

26th March 2013

The Manager Companies
Company Announcements
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

By: e-lodgement (ASX code: IOG)

Dear Sir/Madam

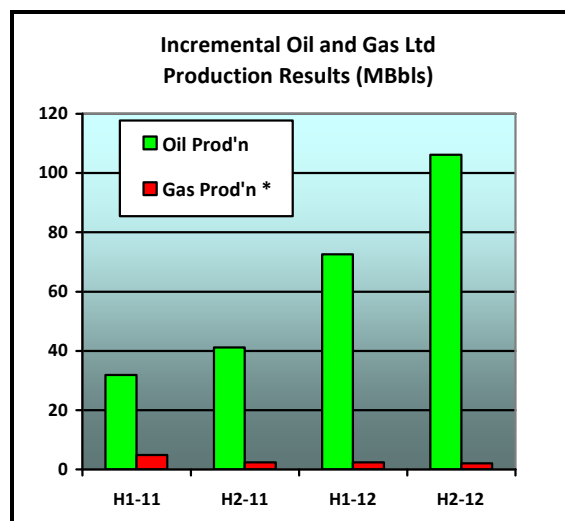
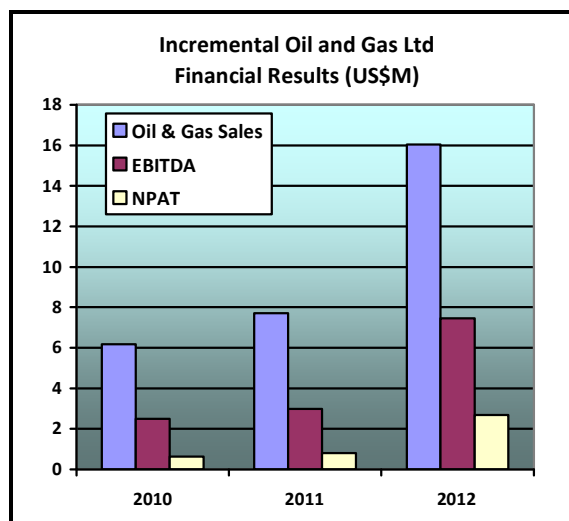
Annual Report December 2012

The Company is pleased to present the audited accounts for the 12 months to 31 December 2012 which are filed with the ASX and are available as a separate document on the Company's web site www.incremental油和gas.com.

2012 Financial results -

Sales revenue from oil and gas	US\$16,037,233
Earnings before interest, tax, depreciation & amortisation (EBITDA):	US\$ 7,452,974
Net profit after tax (NPAT)	US\$ 2,683,835

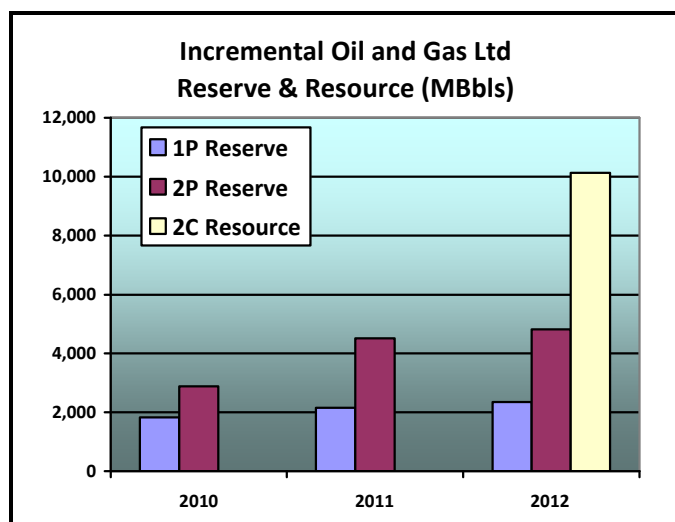
The results demonstrate strong growth by the company over the prior periods.



MBbls – thousands of barrels

* Barrels of oil equivalent (6mcf of gas:1 barrel of oil)

The significant development for Incremental in 2012 was the acquisition of the Florence Oilfield in Colorado which had a positive impact on production, profit and reserves. Satisfactory production from the Sheep Springs and Round Mountain Oilfields in California, with two successful wells drilled at Round Mountain during 2012.



In the Florence Field, the Niobrara Formation underlies the productive Pierre Shale. This Formation produces from hundreds of wells to the north of Florence. Austin Exploration Ltd has recently announced commercial production from a horizontal well from the Niobrara in the Florence Oilfield. Incremental currently has substantial booked Niobrara resources (see graph above) which have the potential to translate to reserves.

Looking Ahead in 2013

Incremental will focus on the development of its existing Colorado assets in 2013. The current Pierre producing wells at Florence have been highly profitable in the 11 months since the project was acquired. A drilling program is scheduled for the US summer of 2013 in order to maintain production from this shallow formation.

Development of the Niobrara Formation in Florence (which has been independently estimated at 10M barrels of contingent resource) is a priority project. There are several options to maximise shareholder value from this exciting opportunity including possible farmout or sole development.

The Company continues to revue new producing projects that are earnings accretive and cash flow positive. It is the objective of the Board to grow the business in a profitable and considered manner given the resources that are at its disposal.

Gerry McGann
Managing Director