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7th September 2011

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

By: e-lodgement (ASX code: IOG)

Dear Sir/Madam

Round Mountain Update

In Incremental's 100% owned Round Mountain project **Smoot 4** was perforated and fraced over a 26' interval and placed on production on 28th August. The well is still cleaning up and present production is about 25 bopd plus 235 bwpd. We will observe the well for several weeks then perforate and frac a shallower reservoir interval of similar pay thickness. The **Smoot 3** horizontal well has been on production since July 15th. Average production in this period has been 30 bopd with minimal water. Operations continue in attempts to increase production to the calculated potential of this well. The oil from both wells is 19° API and sells for about \$5 above WTI.

Smoot 1 and 2 continue to perform well, with the total revenue from the Round Mountain wells drilled just months ago already exceeding US\$1.2 million. In other Round Mountain news, IOG now has access to two water disposal wells that allows us to dispose of any produced water and not to haul it for disposal.

An additional 761 acres have recently been leased on trend with the Round Mountain project. These leases will build on IOG's Round Mountain knowledge and be fully evaluated and drilled in due course.

Yours sincerely

A handwritten signature in black ink that reads "Gerry McGann". The signature is written in a cursive, flowing style.

Gerry McGann
Managing Director