

22 January 2013

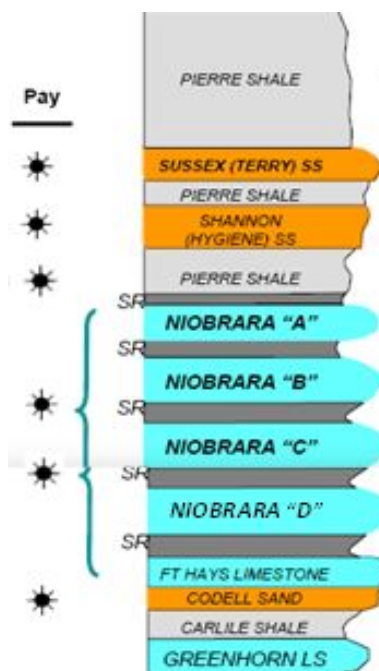
The Manager Companies
Company Announcements
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

By: e-lodgement (ASX code: IOG)

Dear Sir/Madam

Florence Field, Colorado – Independent oil reserves (2P = 0.4m, 2C = 10.1m)

Incremental Oil and Gas Ltd (IOG) is pleased to advise that the company has received an independent reserves report for the Company's 100% owned Florence Field from RPS Energy Services (RPS). A summary of the reserves are shown in Table 1, with 396,000 barrels of proven and probable oil reserves in the Pierre Shale. Additionally, RPS has assigned a Contingent Resource of 10 million barrels of proven and probable oil in the deeper Niobrara reservoir (see Table 2), which is prolifically productive in other fields in Colorado.



Gerry McGann said of this report: "The RPS reserve report identifies the substantial upside (the 3P reserves) in the Pierre shale, which we are beginning to exploit in the first drilling campaign which commenced this week with the Patti Sidetrack well.

Additionally, the 10 million barrels of contingent resources in the underlying Niobrara reservoir would immediately transform into the reserves category once commercial Niobrara production can be established in the Florence area, either by Incremental or another operator."

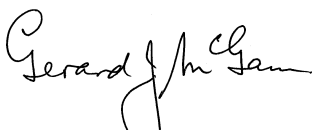
The Niobrara reservoir is being developed by more than 40 rigs in to the North of the Florence Field. Yesterday's announcement by Austin Exploration Ltd (AKK) of substantial oil and gas flows from the Niobrara in their recently drilled Pathfinder C11-12 well begins to suggest that the Niobrara may be a significant economic target in Florence. Pathfinder is less than 400m from IOG's substantial leases in Florence.

Florence Oil Field	Gross (100%) License Basis Oil Mbbls		
Developed Reserves Mbbls (Thousand bbls)			
	1P	2P	3P
Pierre Shale	128	183	415
Undeveloped Reserves Pierre Shales Mbbls			
	1P	2P	3P
Pierre Shale	147	213	316
Total Developed and Undeveloped Reserves	276	396	731
Contingent Resources Pierre Shales Mbbls			
	1C	2C	3C
Pierre Shale	99	135	234

Table 1 - Summary of Reserves and Contingent Resources for the Pierre Shales, Florence Field as of October 31st 2012

Florence Oil Field	Gross (100%) License Basis Oil Million bbls		
Contingent Reserves (Million bbls)			
Niobrara Formation	1C	2C	3C
	5	10	17
Prospective Resources (Million bbls)			
Niobrara Formation	Low	Best	High
	6	13	22

Table 2 - Contingent and Prospective Resources (Niobrara Sections)



**Gerry McGann
Managing Director**