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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 Drilling Programme to Commence this Month**

Incremental's evaluation of its Round Mountain acreage continues with three wells planned in the coming month. A rig has been contracted to start on about May 28<sup>th</sup> and regulatory approvals and locations/roads will be in place by that date.

Two inclined/horizontal wells and one vertical well will be drilled. They target both the reservoir that tested over 100 bopd in Smoot 1 and also two shallower prospective horizons. The programme is expected to take 15 days and cost about \$1.5 million.

Gerry McGann, Managing Director of Incremental Oil and Gas commented: "The evaluation of our Round Mountain lease begins an exciting period for the Company with the prospect of significantly increasing Incremental's production base. Any discovery at Round Mountain can be commercialized within weeks. There are a number of follow-up well locations in the event of success in this campaign."

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

## ABOUT INCREMENTAL OIL and GAS LTD

Incremental Oil and Gas Ltd (IOG) is a producing oil and gas company. Our strategy is to identify and acquire underperforming oil fields and to increase production and recoveries. IOG's primary focus is production rather than high risk exploration, with a strong emphasis on positive cashflow.

The Board and Executive of IOG have a proven track record. They are the same team that acquired and substantially increased oil production in the Selmo oilfield in Turkey through the formerly ASX-listed Incremental Petroleum. This company was subsequently sold in March 2009 to TransAtlantic Petroleum in an \$86.5 million transaction.

IOG was launched in mid-2009 and has been profitable over its first year of operations.

IOG's focus is onshore California. The company has four current projects which are detailed on the website ([incrementaloilandgas.com](http://incrementaloilandgas.com)). These projects range from the producing Sheep Springs and Round Mountain Oilfields to the low risk development project at Gujarral Hills and an exploration project at Raven Pass. IOG's strategy is to develop these and other new and yet to be secured projects into a substantial production base.



Incremental Oil and Gas project locations.

For additional information see [www.incrementaloilandgas.com](http://www.incrementaloilandgas.com)