

28 February 2011

The Manager Companies
Company Announcements
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000
By: e-lodgement (ASX code: IOG)

Dear sir/madam

Incremental Announces Maiden Profit

Preliminary unaudited results for the period ending 31 December 2010:

- o EBITDA - \$2.4 million
- o NPBT - \$1.1 million
- o NPAT - \$588,000
- o EPS - 0.09 cps
- o Production - 85,195 boe

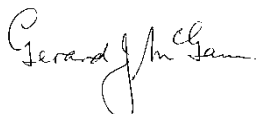
Incremental today released its preliminary unaudited profit of \$588,870 for the first full year of its operations. Commenting on the result Managing Director Gerry McGann said "it was extremely pleasing to be able to demonstrate profitability so early in the Company's life from our cornerstone Sheep Springs project".

Incremental also noted in its release that since 31 December 2010, the Company had drilled two discovery wells.

The first of these, the H&P 2 well at Sheep Springs, would be brought onto production in the coming weeks. Mr McGann said "the H&P 2 well would be important to sustaining and increasing total production from the Sheep Springs field".

The second well was Smoot 1 at the Round Mountain project. Commenting on this well Mr McGann said "this discovery has confirmed the presence of high quality oil bearing sands and would allow for the development of the Round Mountain project into a second and material oil production project within the Incremental portfolio during 2011."

Yours sincerely



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). These projects range from the producing Sheep Springs Oilfield to low risk development projects at Round Mountain and 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