

13 August 2012

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

By: e-lodgement (ASX code: IOG)

Dear Sir/Madam

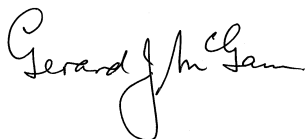
Another California Success

Incremental is pleased to announce that Smoot 7 spudded with the Kenai Rig 4 at 01:00 on 11th August and reached total depth of 1700' at 19:00 on 12th August. Excellent oil and gas shows were encountered in the primary Walker objective between 1400' and 1545' and good oil shows were encountered over the secondary objective between 1060' and 1200'. The present operation is pulling out of the hole in preparation to run logs. Pay numbers based on the wireline logging data will be released when available.

Smoot 7 is a vertical stepout to the successful Smoot 1, which intersected over 90 feet of pay in the Walker Formation, had an initial stabilized production rate of 103 bopd and has produced more than 20,800 barrels of oil in a little over a year.

Incremental holds a 100% working interest in the Round Mountain lease.

Yours sincerely



Gerry McGann
Managing Director