

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 Oilfield Reserve Report
Competent Persons Statement**

Today Incremental Oil and Gas Ltd (IOG) provided information relating to the reserves and resources of oil at its 100% owned and operated Florence Oilfield, Colorado. The information provided in this report was from a Competent Person.

The estimate of oil reserves and resources for the Florence Oilfield were prepared for Incremental Oil and Gas Ltd by Mr David Guise of RPS Energy Services Pty Ltd. The report in relation to the prospective resources has been prepared in accordance with the guidelines set forth in the SPE/WPC/AAPG/SPEE Petroleum Resource Management System (2007). Mr Guise has in excess of 35 years of petroleum engineering experience. He is a Registered Professional Engineer and member of the Society of Petroleum Engineers.

This reserve estimate report has been reviewed by Mr Gerry McGann, Managing Director of Incremental Oil and Gas Ltd. Mr. McGann has over 40 years of industry experience and is a Certified Petroleum Geologist (#5702) with the professional Division of American Association of Petroleum Geologists.

By order of the Board



SIMON ADAMS
Company Secretary