

25 June 2012

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

By: e-lodgement (ASX code: IOG)

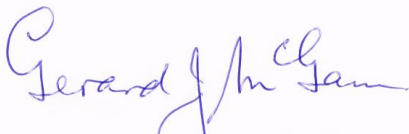
Dear Sir/Madam

SUCCESSFUL CAPITAL RAISING OVERSUBSCRIBED

I am pleased to announce the successful raising of A\$4.6M from the issue of 20 million shares at A\$0.23. The placement was managed by Bell Potter Securities. This raising places the Company in a strong position as we take operational control of the Florence Oilfield in Colorado in early July. Together with a US\$8M loan facility and cash reserves, the funds raised ensure that we can aggressively drill and develop the Florence Field in Colorado and other assets in California.

Three well locations have been chosen and will target the shallow fractured Pierre Shale at Florence. This unit has produced nearly 16 million barrels of oil to date. Applications for approval to drill these wells will be lodged with the relevant authorities in the coming weeks.

The Managing Director said "The Florence Oilfield has been purchased at an excellent price and continues to produce as expected. The Pierre will generate substantial revenue for many years. Meanwhile geological work continues on gaining a better understanding of the deeper Niobrara reservoir that has the potential to be hugely productive and profitable via fracted horizontal wells."



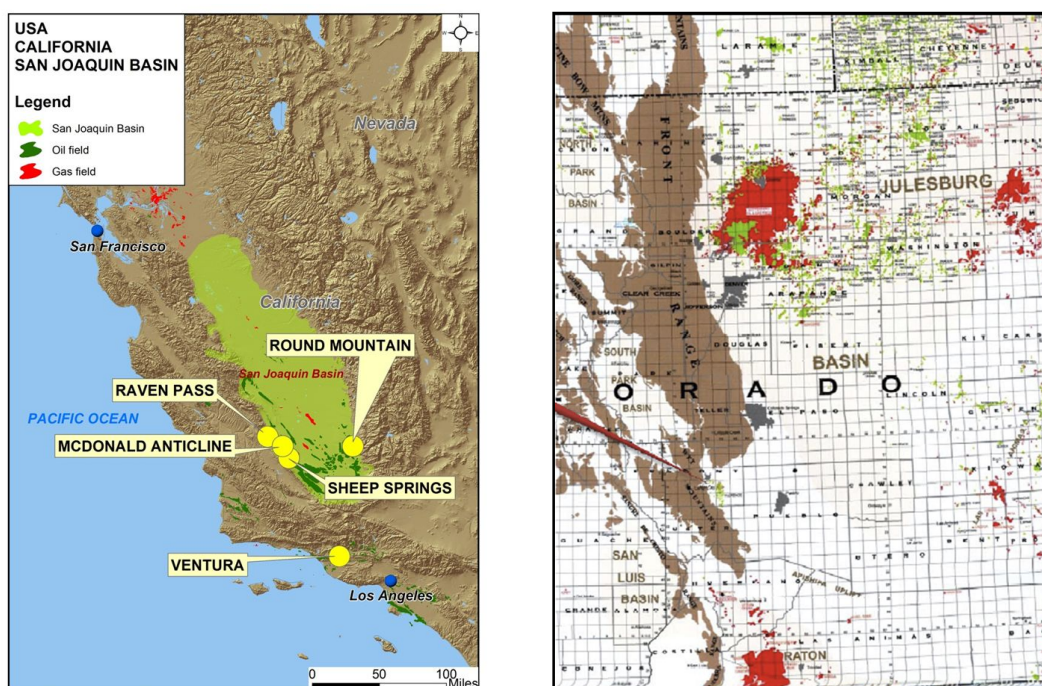
GERRY MCGANN
Managing Director

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.

IOG's focus has been onshore California and Colorado. The company has five current projects which are detailed on the website (www.incrementaloilandgas.com). These projects include producing oilfields at Florence in Colorado plus Sheep Springs and Round Mountain in California. IOG's strategy is to develop these and other new and yet to be secured projects into a substantial production base.

The purchase of the Florence Oilfield in Colorado will provide a significant increase in the production capacity for IOG. The field shows a strong history, both historical and recent, of good production from the Pierre Zone. There is also potential production from the deeper Niobrara which can be explored in the future.



Incremental Oil and Gas project locations California and Colorado.

For additional information see www.incrementaloilandgas.com