2 May 2012

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

By: e-lodgement (ASX code: IOG)

Dear Sir/Madam

Incremental Buys 700 bopd Oilfield

I am pleased to announce that Incremental has signed an agreement with an undisclosed seller to acquire all of its 100% working interests in the Florence Oilfield in Colorado, USA.

The Florence Oilfield was discovered in 1876 and has produced over 15 million barrels of oil. The Field produces from the fractured Pierre Formation from about 3000'. Average recent wells come onto production at 225 bopd with no water. Because of the fractures, initial production varies between 20 to 500 bopd. The average Field production over the 12 months to March 2012 was 707 bopd from 21 wells.
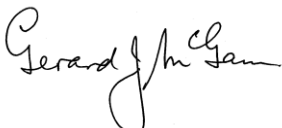
Twenty seven additional drillable Pierre prospects are identified on 3D seismic. The seismic covers most of the 22,672 gross acres leased. There is also significant untapped potential in regionally productive reservoirs below the Pierre Formation.

The agreed purchase price is US$12.25m. The acquisition, which is subject to due diligence, is expected to be concluded in late June, but all net revenue from 1 May will be for Incremental's account. The transaction is planned to be largely internally and debt funded at this time. A number of banks have expressed interest in financing this venture.

"This acquisition is a significant step in Incremental's growth, substantially increasing our production and cash flow. Incremental's technical team has world class experience in optimizing fractured reservoirs and we are excited about the upside opportunities presented by this proven oilfield."

Managing Director Gerry McGann is currently in the US leading the due diligence technical and evaluation team. Any queries should be directed to Anthony Stani, Incremental's corporate advisor on 0419 654 959.

Yours sincerely

Gerry McGann
Managing Director