

4th October 2012

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

By: e-lodgement (ASX code: IOG)

Dear Sir/Madam

Florence Drilling Campaign to start soon

Incremental is pleased to announce that preparations are well advanced to begin the first IOG drilling campaign in its newly acquired Florence Oilfield in Colorado.

Two wells are planned in this initial campaign. These will be Aurora and Patti Sidetrack. A rig has been contracted and the programme is expected to start in November. Both are planned as inclined wells targeting the naturally fractured Pierre Shale, with total measured depths between 3530' and 4490'.

This programme is preliminary to a much larger drilling programme that is planned towards the end of Q1 2013. As many as eight locations will be targeted in that campaign. A multi-disciplinary team is currently working on the technical and permitting aspects of that future programme.

Florence continues to produce above expectations.

Incremental holds a 100% working interest in the Florence project in Colorado.

Yours sincerely



Gerry McGann
Managing Director