

7 March 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's Oil Production 22% Higher**

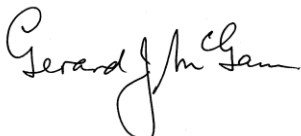
Incremental (IOG.ax) is pleased to announce that the company's net daily production of 233 barrels of oil per day (bopd) was the highest since the company was listed on the ASX in January 2011. Last month's production averaged 120 bopd from the Round Mountain oilfield and 113 bopd from Sheep Springs. These oil rates are 22% higher than the average 2011 production of 192 bopd. Additionally, gas equaling 11 barrels of oil equivalent was produced.

The **Smoot 6** well in Round Mountain is still cleaning up and the oil rate has increased to an average of 33 bopd. The pump capacity has been enlarged several times to handle the volume of fluid from the well.

**Smoot 4** has been returned to co-mingled (Pyramid Hill plus Jewett Formations) production and has an increased oil rate now averaging 32 bopd.

Gerry McGann, Incremental's Managing Director commented, "The results from Smoot 6 and 4 are encouraging. An initial rate exceeding 30 bopd from an inexpensive vertical well means the well pays for itself in less than 5 months. There are at least 6 additional infill locations which Incremental plans to drill in the coming months. These wells can be drilled even more cheaply with batched operations."

Yours sincerely



Gerry McGann  
Managing Director