

31 May 2012

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

By: e-lodgment - (ASX code: IOG)

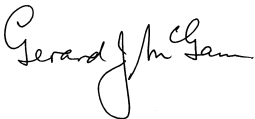
Dear Sir/Madam

DEBT FUNDING APPROVAL FOR FLORENCE ACQUISITION

I am pleased to announce that Incremental Oil and Gas Ltd ("Incremental") has received conditional finance approval from RMB Resources Limited (RMB) to secure a US\$8M loan facility to fund the recently acquired Florence oilfield in Colorado. Settlement of the purchase and sale agreement is due to take place on 29th June 2012.

Our due diligence into issues including finance, land title and environmental compliance has not identified any adverse issues to date. The Florence wells are continuing to perform as expected and the net revenue from these wells will be credited to Incremental's account, effective from 1 May, with proceeds to be applied against the settlement consideration.

Yours sincerely



Gerry McGann
Managing Director