

12 December 2011

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

By: e-lodgement (ASX code: IOG)

Dear Sir/Madam

Incremental signs new Ventura Project

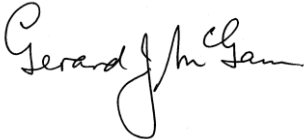
Incremental Oil and Gas has signed a binding letter of intent to farm into a new project in the Ventura Basin some 60 km north of Los Angeles (see map). The lease area is 300 acres within an oilfield that was developed in the 1940's. Individual wells have a gross oil column of as much as 1500' with initial production rates in excess of 300 bopd of light to medium oil. Incremental believes that there is ample scope for as many as five infill wells within the lease.



IOG will earn a 75% working interest in the lease by funding the first well to a depth of 6250'. The well is expected to be drilled mid next year.

Gerry McGann, Incremental's Managing Director commented, "This new Ventura project is a solid addition to IOG's project portfolio. The first well is anticipated to be low risk and offers the prospect of significantly increasing IOG's oil production and cash flow."

Yours sincerely

A handwritten signature in black ink, appearing to read "Gerry McGann". The signature is fluid and cursive, with the first name "Gerry" and last name "McGann" clearly distinguishable.

Gerry McGann
Managing Director