

4 October 2011

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

By: e-lodgement (ASX code: IOG)

Dear Sir/Madam

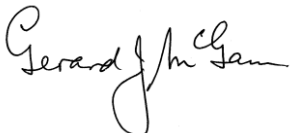
Two new wells planned at Round Mountain

Two new wells are planned to build on the four successful wells already drilled in Incremental's 100% owned Round Mountain project in California. Both wells will be drilled as vertical wells, with plans to perforate and stimulate each to increase potential production rate. The wells will help delineate the extent of the oil bearing reservoirs now productive in Smoot 3 and 4.

Incremental now believes that better overall recovery and sweep efficiency can be achieved at Round Mountain with stimulated vertical wells rather than drilling horizontal wells.

The two wells have been approved by the regulatory authority and we are now awaiting a suitable rig. The first well is expected to spud in the coming weeks. The total completed cost of both wells with stimulation and surface pumping units is estimated to be less than US\$1 million and will be funded from Incremental's cash reserve. An additional six wells at Round Mountain are awaiting regulatory approval.

Yours sincerely



Gerry McGann
Managing Director