

INCREMENTAL OIL and GAS (asx: IOG)

RESOURCES ROADSHOW
JULY 2011

www.incremental油和gas.com



DISCLAIMER AND IMPORTANT NOTICE

This presentation contains forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

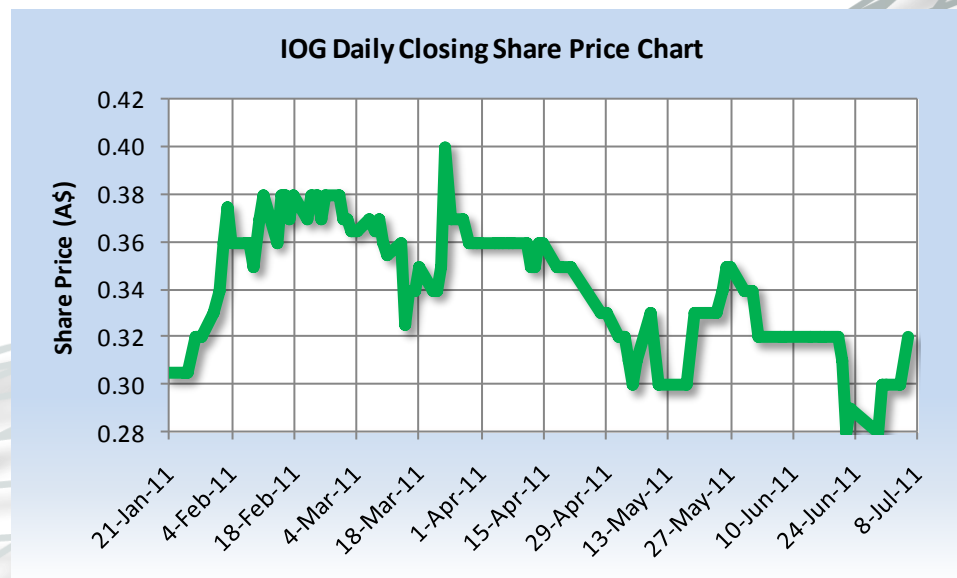
All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

Incremental Business model

- A producing oil company with a cash flow focus
- We acquire underperforming oilfields and increase production
- Focus is Onshore California
 - Four projects:
 - **Sheep Springs** producing Oilfield
 - **Round Mountain** producing Oilfield
 - **Guijarral Hills** development project
 - **Raven Pass** exploration project
- We operate all of our projects

Capital Structure

- Formed 2009 as Private Company
- Listed January 2011 after raising \$5.3m at 30 cents.
- 135.6m shares (Directors and management 43%)
92.8m unlisted options¹
- Market cap about \$40 million
- NO DEBT
- REVENUE \$6.06 million
- EBITDA \$2.40million



1. Options exercisable at \$0.20 on or before 1 November 2014
2. Unaudited annual figures, to year end 2010

IOG TEAM

From left:

Asquith: 20 years CPA.

MacDonald: 13 years in Senate, LLB

Cronin: No 2 in Woodside (23 years)

Stowell: Founder of Anvil and Mawson West, CPA

McGann: 40 years geologist worldwide, CPG



CALIFORNIA

**M Pet Eng,
Over 25 years in
California**

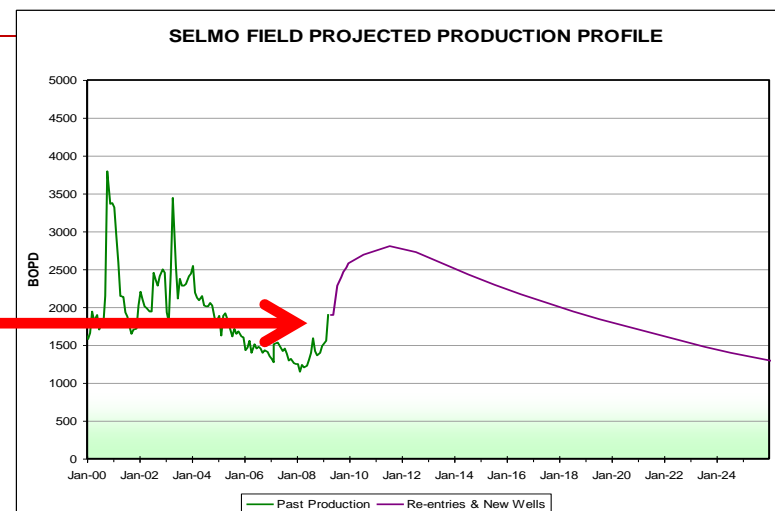
CFO

DIRECTORS



The team have done it before...

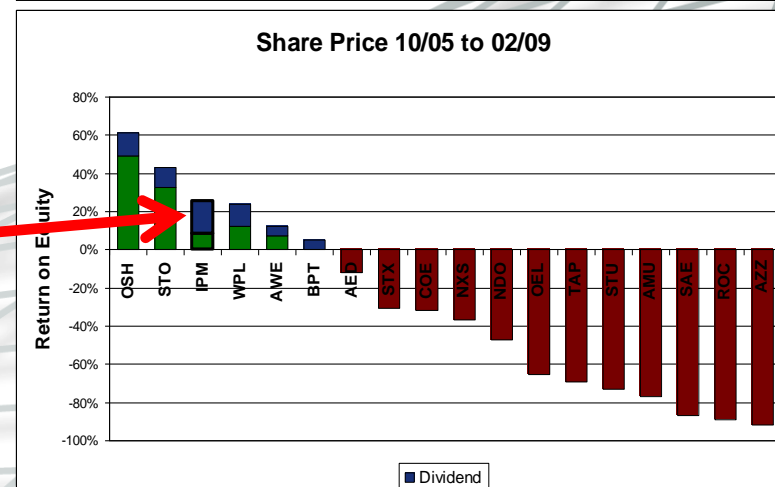
- **INCREMENTAL PETROLEUM** formed 2005.
- Raised \$61m, bought second largest oilfield in **TURKEY**
- Built production from 1500 bopd to 2000 bopd
- Commercialized West Turkey Gas
- Bought California producing assets



HOSTILE TAKEOVER ATTEMPT 2008

SETTLED MARCH 2009.

TOTAL RETURN OVER 3 YEARS 27%



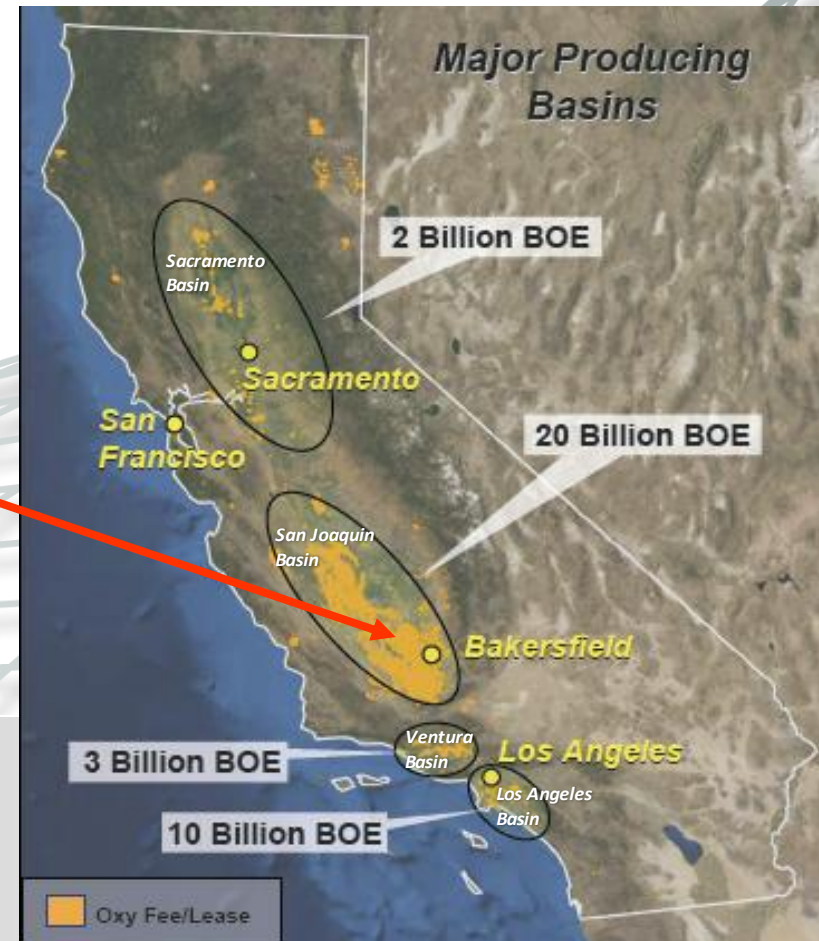
**Similar Board formed
INCREMENTAL OIL & GAS (IOG)
in JULY 2009**

Why California ?

- **Significant bypassed oil left by early producers**
- Few mid-sized oil companies operate in California
- Cheap and competitive service suppliers
- Excellent Fiscal regime

The San Joaquin Basin has:

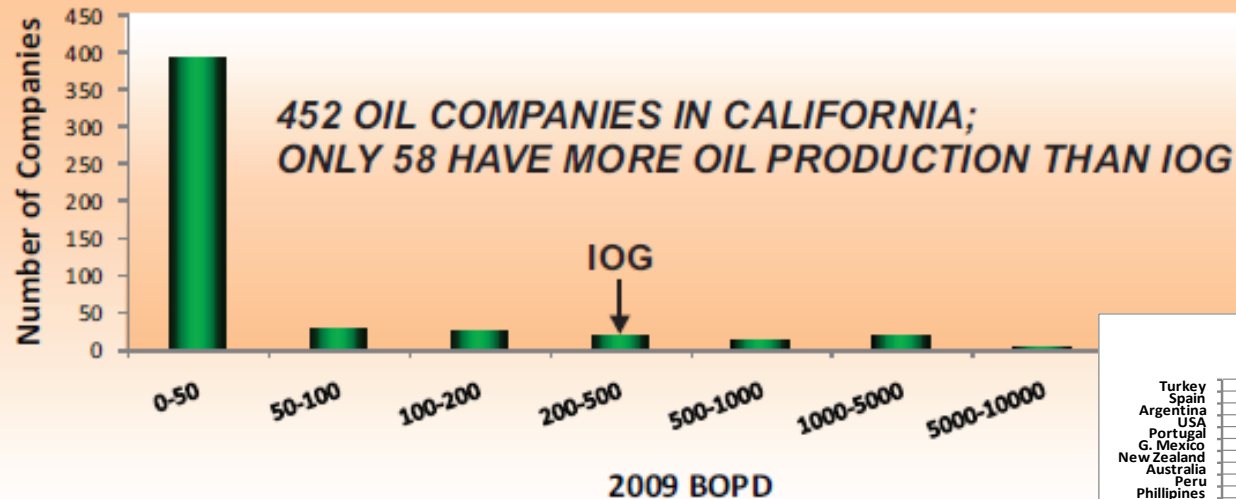
- 10 times Australia's reserves
- 150% Australia's production



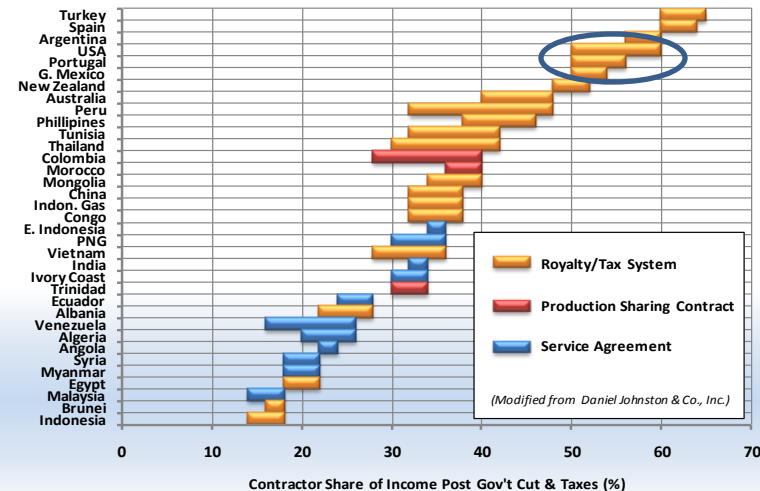
Why California ?

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- Excellent Fiscal regime

Daily Oil Production Distribution among Companies in California



Comparison of Fiscal Terms



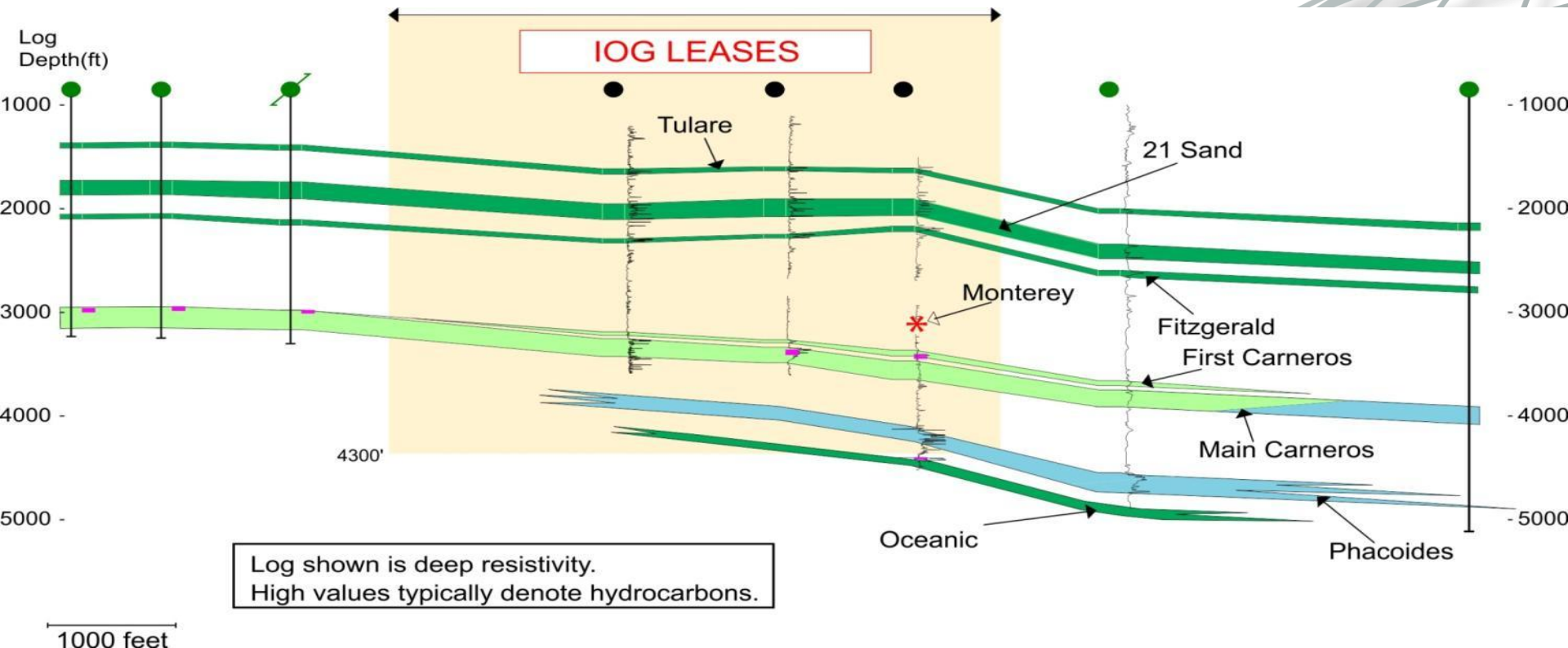
Incremental Projects



- PRODUCING **SHEEP SPRINGS**
- PRODUCING **ROUND MOUNTAIN**
- HIGH PRODUCTIVITY **GUIJARRAL HILLS**
- RAVEN PASS Exploration

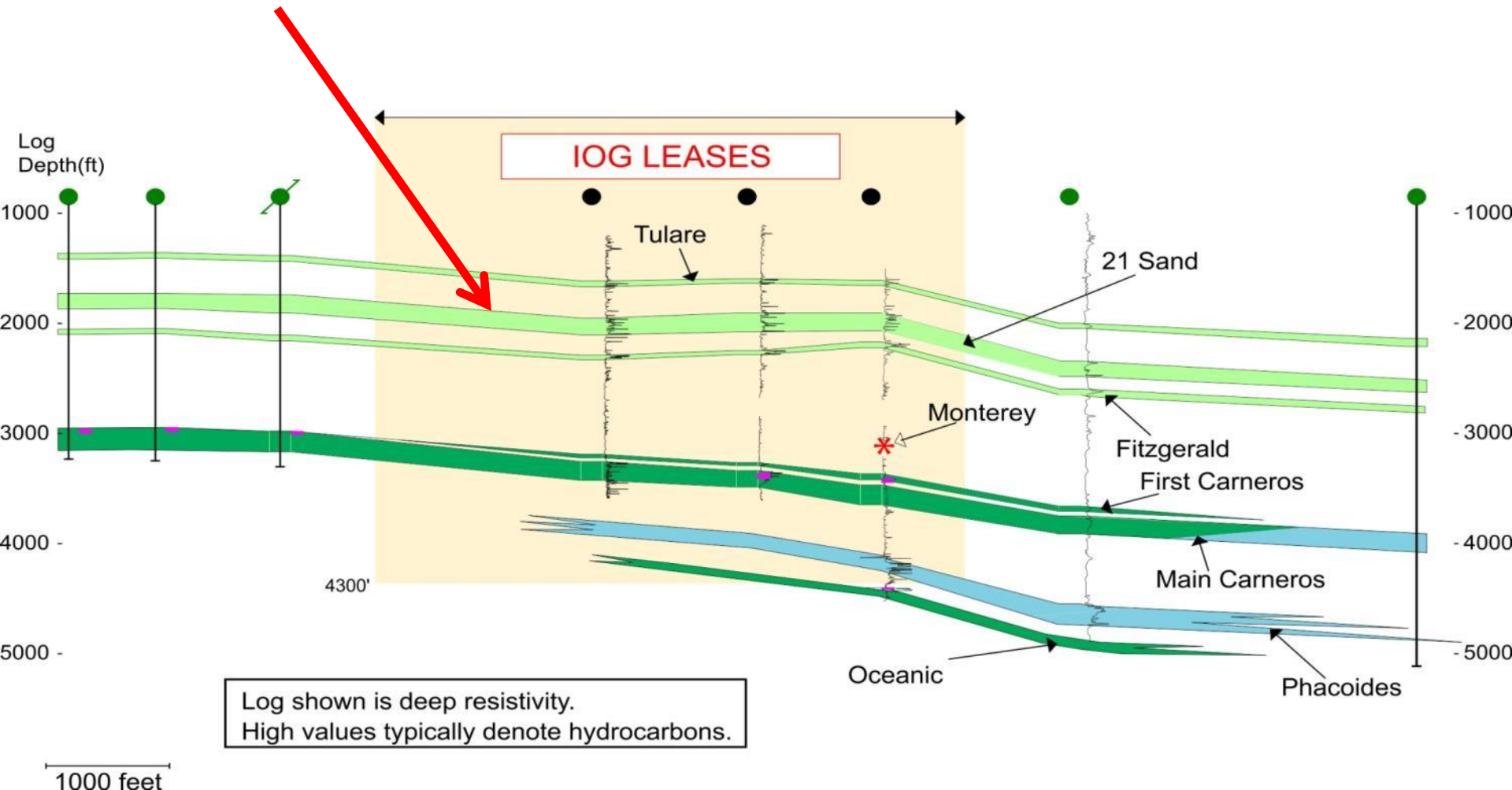
Sheep Springs Oilfield

- 100% owned since January 2010
- Revenue \$4-500k/month
- 3 Undeveloped reservoirs



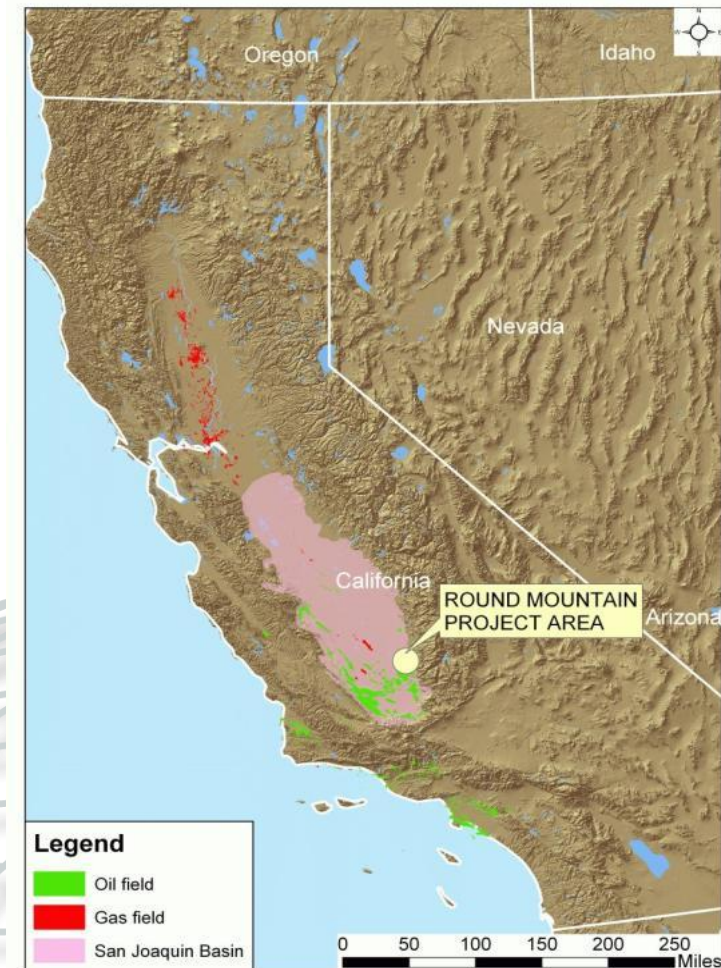
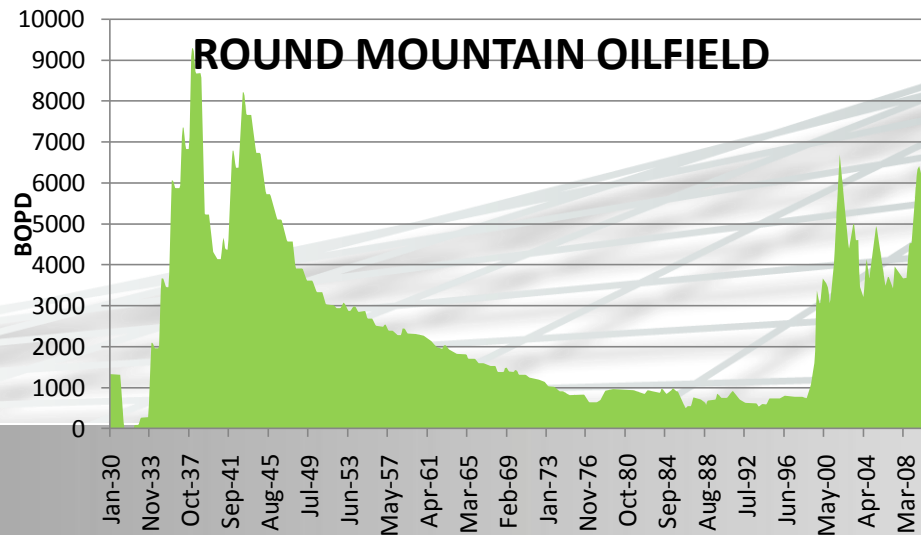
Sheep Springs Oilfield (2)

**Shallow heavier oil (15-17 API)
Produced nearby
Steam pilot in H2 2011**

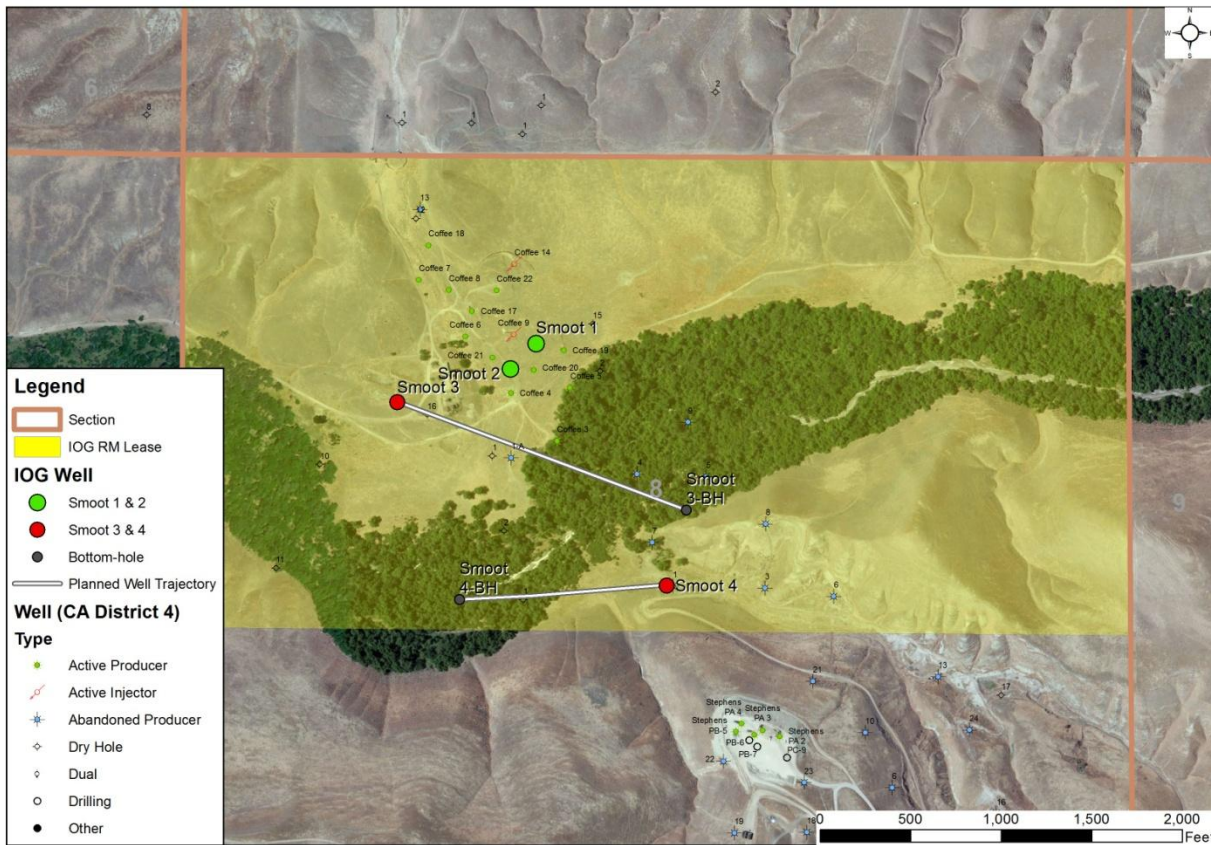


Round Mountain

- Field has produced 110m barrels
- Shallow, 18-20° API gravity oil
- 100% Working Interest



Round Mountain, 2011 drilling



Drilled 4 wells in 2011

All found oil

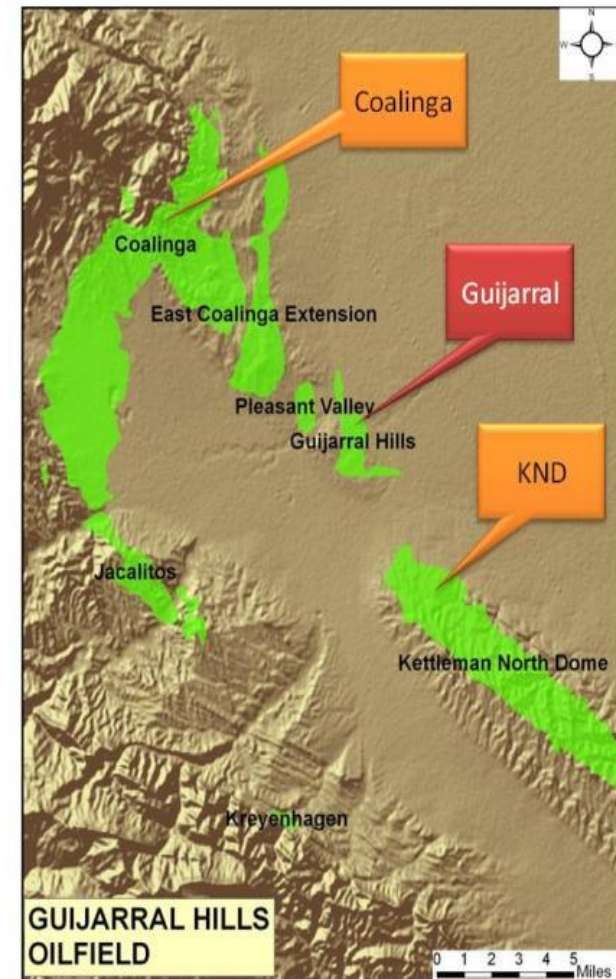
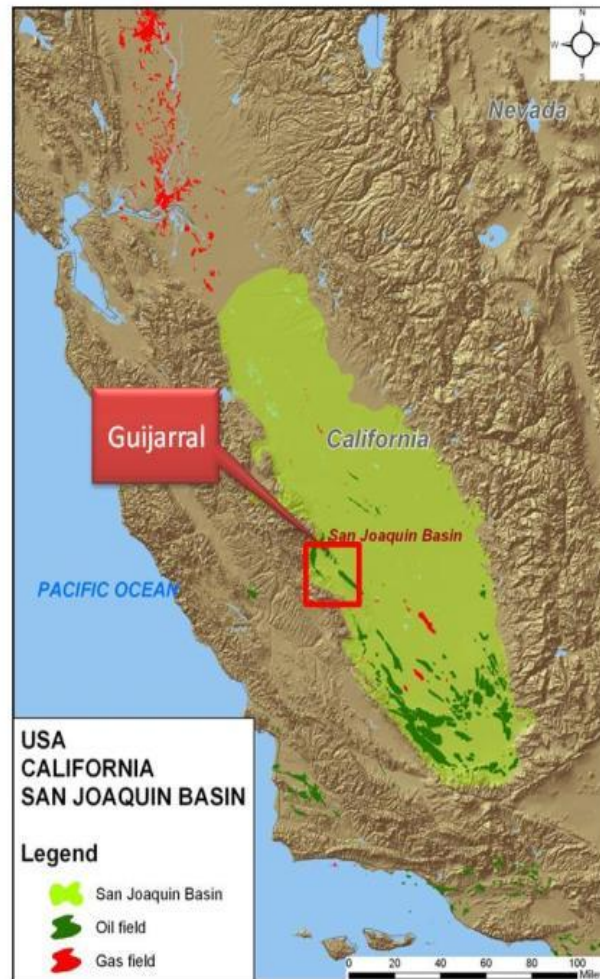
No 1 & 2 produce 130 bopd

No 3 now on production

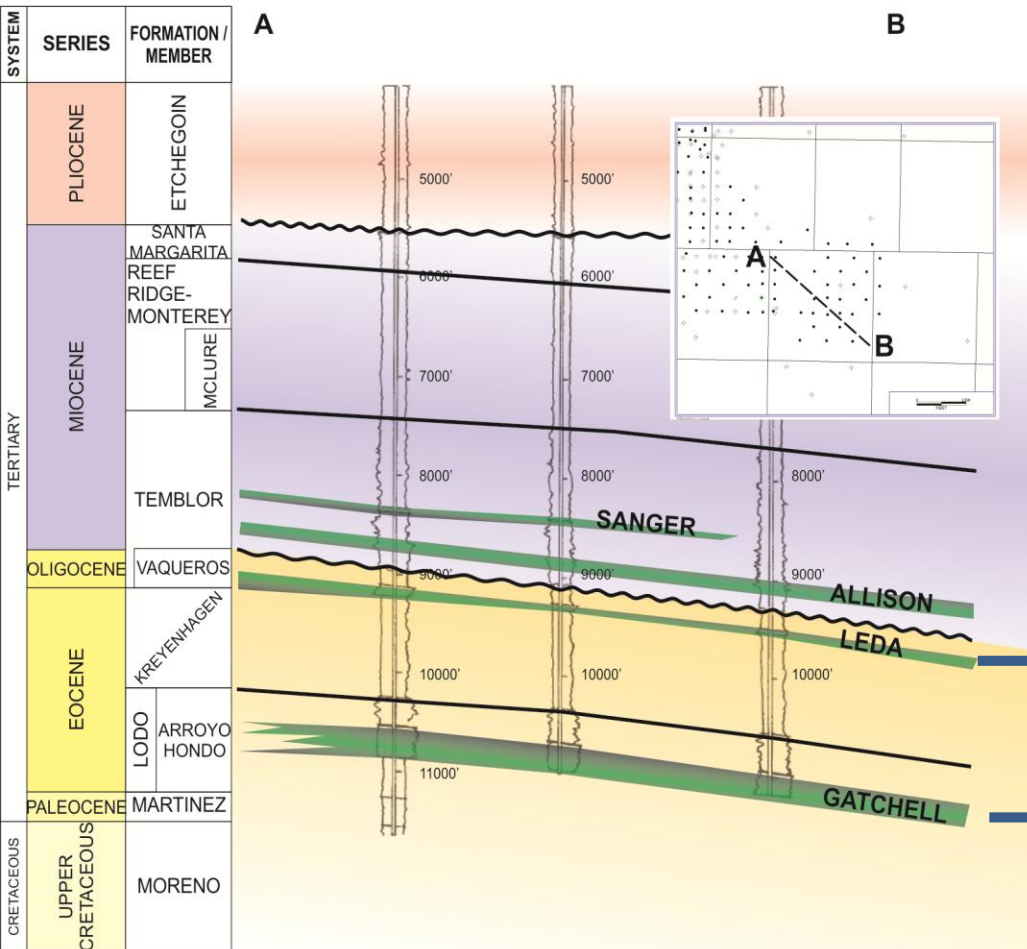
A number of follow-up locations

Guijarral Hills

- Prolific Oilfield in 1950's
- Light oil
- 80-100% Working Interest
- Plan to drill in H2 2011



Guijarral Hills (cont)



- Potential for high rates
- Still acquiring leases. Plan to drill H2 2011

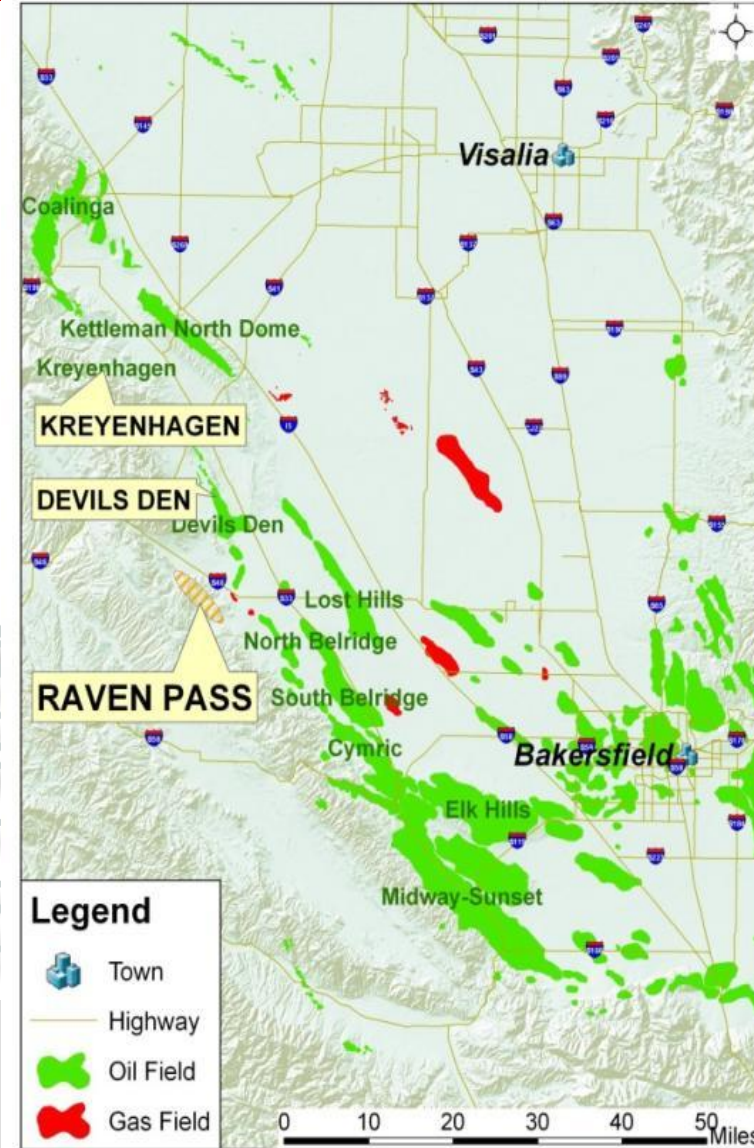
LARGELY UNDRAINED

SIGNIFICANT POTENTIAL

Raven Pass

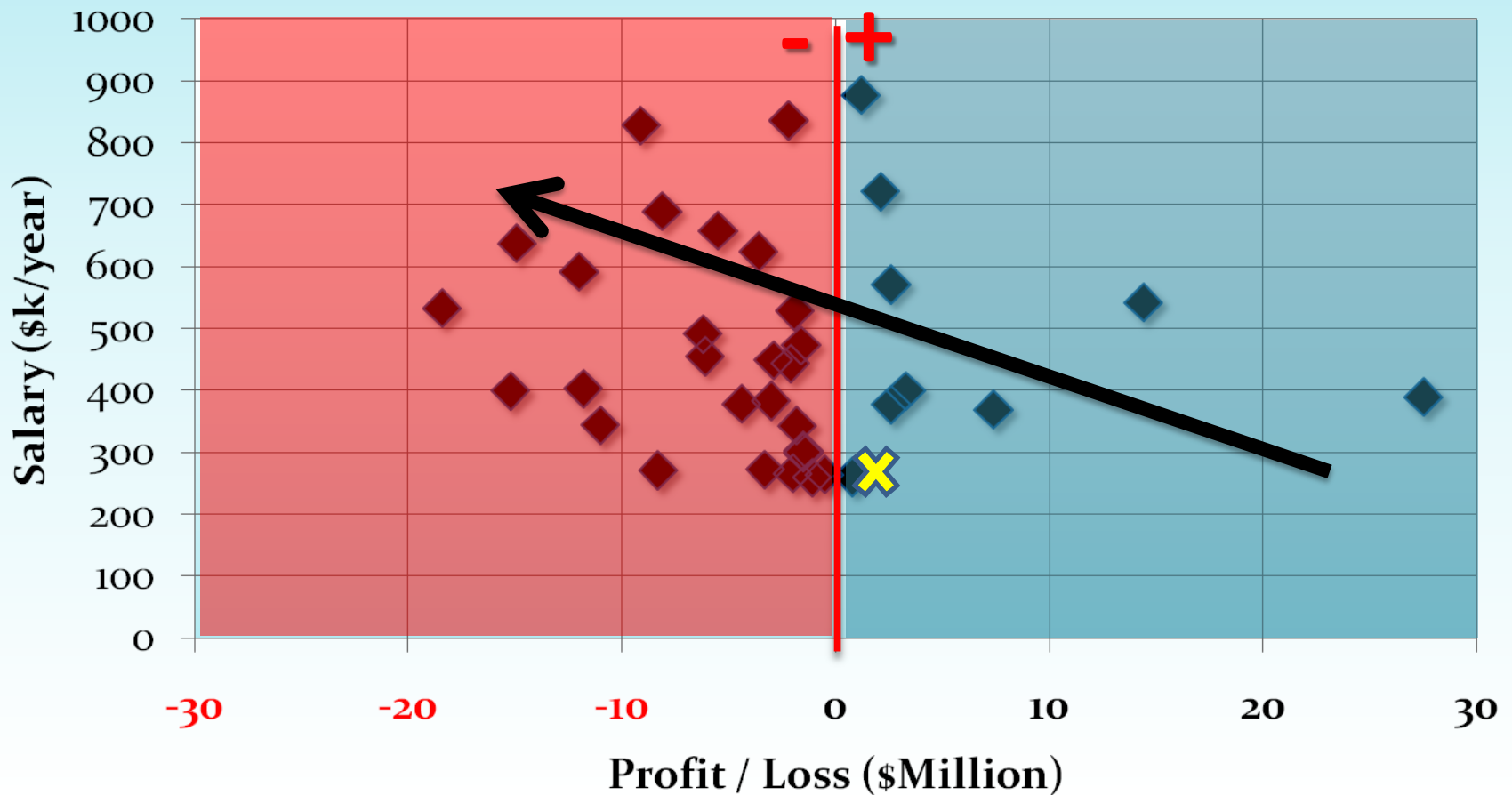
		AGE	LITHOLOGY	FORMATION
TERTIARY		LATE MIOCENE		McLure shale
		EARLY & MIDDLE MIOCENE		Temblor sandstone
		LATE EOCENE		Point of Rocks sandstone
		MIDDLE EOCENE		Avenal sandstone
CRETACEOUS	LATE CRETACEOUS			Moreno shale
				Red Man sandstone
				Moonlight silty shale
				Serpiente sandstone
				Aguila sandstone
				Johnson Peak shale
	EARLY CRETACEOUS			Risco shale
				Badger shale

- Flowed light oil in 1942. Not drilled since
- Reservoir, seal, trap all demonstrated
- \$100k seismic purchased
- 200 m barrel potential
- True wildcat



SMALL CAP GREED...not in IOG !

MD SALARY v's COMPANY PROFIT 2010



2011 Projected News Flow

- Drill Sheep Springs well
- Drill Round Mountain vertical well
- Declare after tax profit in first year
- Drill three wells Round Mountain
- Drill new well Guijarral Hills
- Drill two wells Round Mountain
- Raven Pass seismic acquisition
- Acquire additional projects

