



AGM PRESENTATION 13 MAY 2014

(ASX : IOG)

www.incrementaloilandgas.com



DISCLAIMER AND IMPORTANT NOTICE

This presentation may contain 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 American currency, unless otherwise stated.

CORPORATE SUMMARY

BOARD OF DIRECTORS –

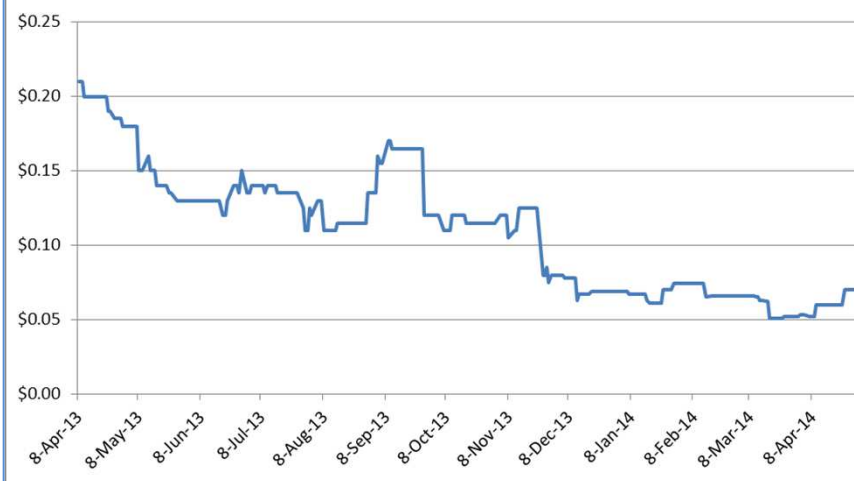
Chris Cronin -	Chairman
Gerry McGann -	Managing Director
Mark Stowell -	Non-executive Director
Matt McCann -	Non-executive Director

CAPITAL STRUCTURE –

Ordinary Shares on issue -	156.2m
Options on issue ^{1,2} -	97.5m
Current Share Price (12 May 14) -	A\$0.075
Market Capitalisation -	A\$11.7m
Net debt ³ -	A\$ 2.0m
Enterprise value -	A\$13.7m

Revolving line of credit available -US\$5m

IOG ASX share price 12 months



1. 92.5m options exercisable at A\$0.20 on or before 1 November 2014
2. 5.0m options exercisable at A\$0.1485 on or before 27 July 2018
3. US\$2.75M term loan less net cash on hand (US\$884k) as at 31 March 2014 converted at US\$0.9221:A\$1.00

INCREMENTAL'S BUSINESS MODEL

- We acquire underperforming oilfields and increase production
- Geographic focus is onshore USA
 - **Florence** producing oilfield, Colorado (100% WI)
 - **Round Mountain** producing oilfield (100% WI)
 - **Sheep Springs** producing oilfield (100% WI)
- Actively seeking Midcon projects
- We currently own (100% WI) and operate all of our projects

OPERATING RESULTS

Financial -

US\$m	2010	2011	2012	2013
REVENUE	6.2	7.7	16.0	10.9
EBITDAX	2.4	3.0	6.9	3.5

Production -

Avg BOPD	2010	2011	2012	2013
Sheep Springs ⁽¹⁾	195	134	110	93
Round Mountain	-	81 ⁽²⁾	106	68
Florence	-	-	429 ⁽³⁾	148
	195	215	645	309

1. Excludes gas (~3%)
2. Round Mountain production started in Mar-11
3. Florence Oilfield was acquired in May-12

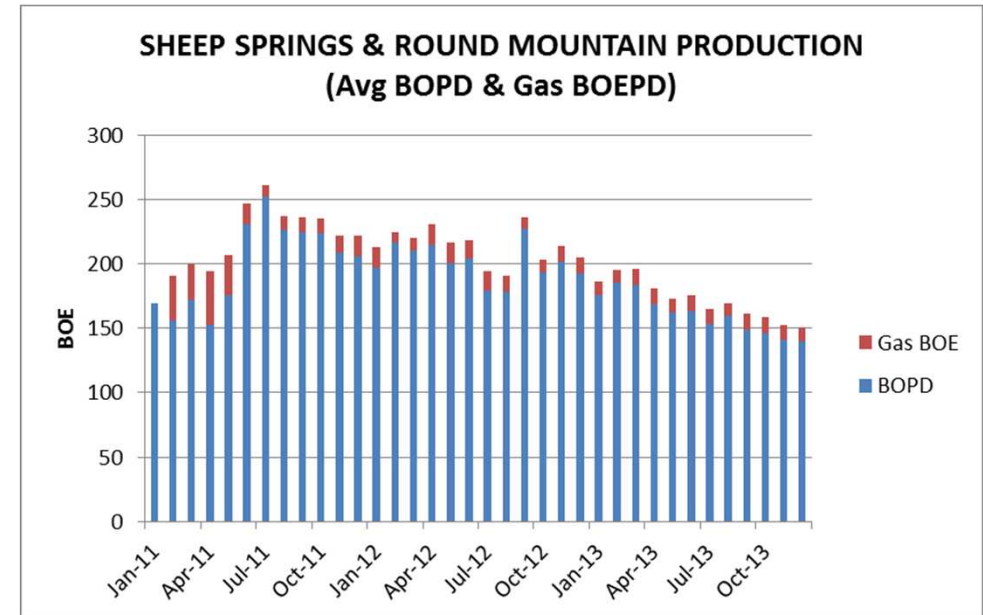
NEW DEBT FACILITY

- New term loan from ANB Bank is repayable over four (4) years and at competitive rates of interest. Replaces loan that was repayable by the end of 2014.
- ANB will provide up to an additional \$5M via a revolving line of credit to assist with acquiring producing oil and gas properties.
- **Line of Credit allows Incremental to find and COMPLETE new acquisitions without going back to the market.**

OPERATING LOCATIONS



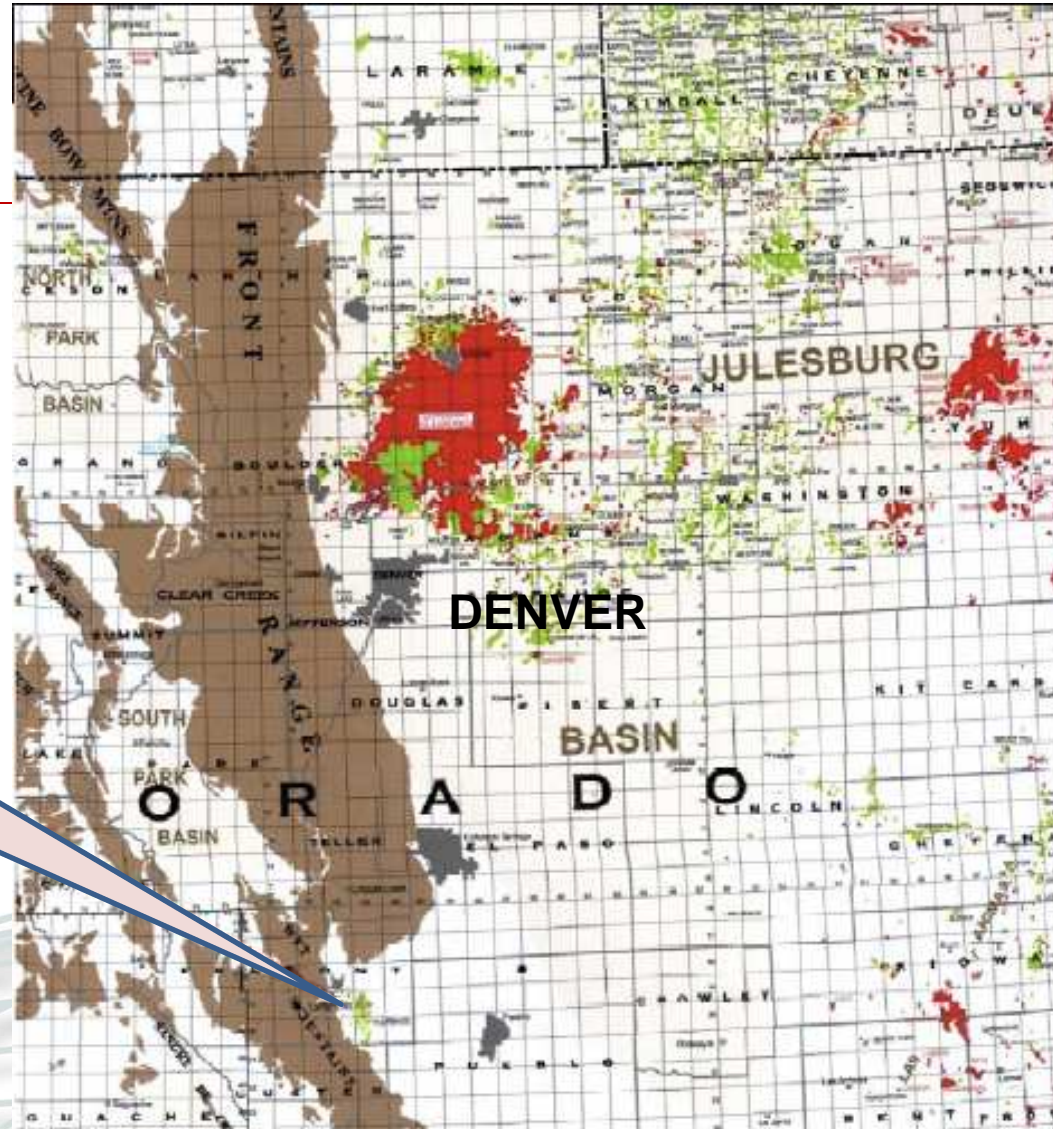
CALIFORNIA PROJECTS



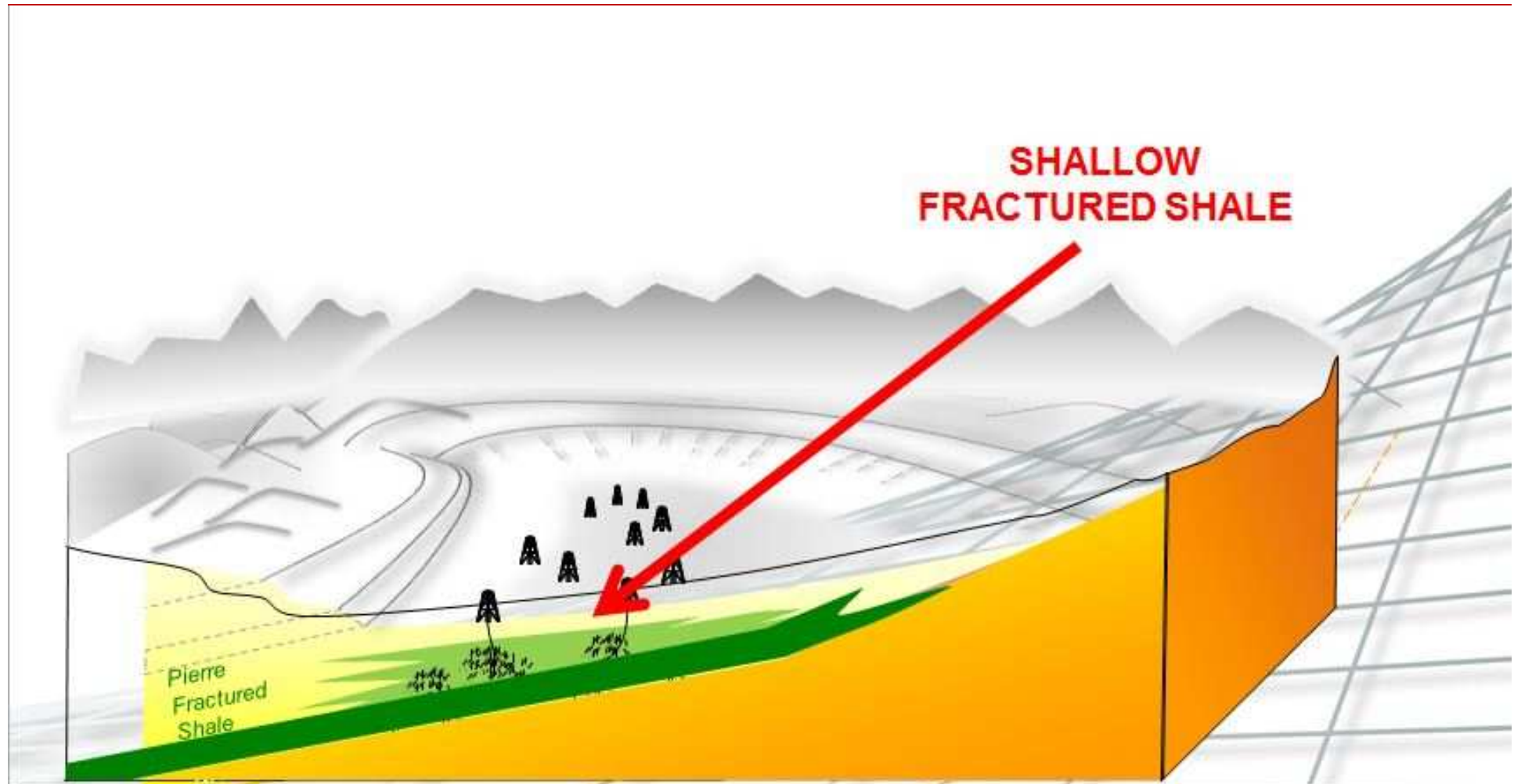
- Net Revenue⁽¹⁾ from Sheep Springs and Round Mountain (2010 to 2013) - \$23m

FLORENCE, COLORADO

FLORENCE OILFIELD



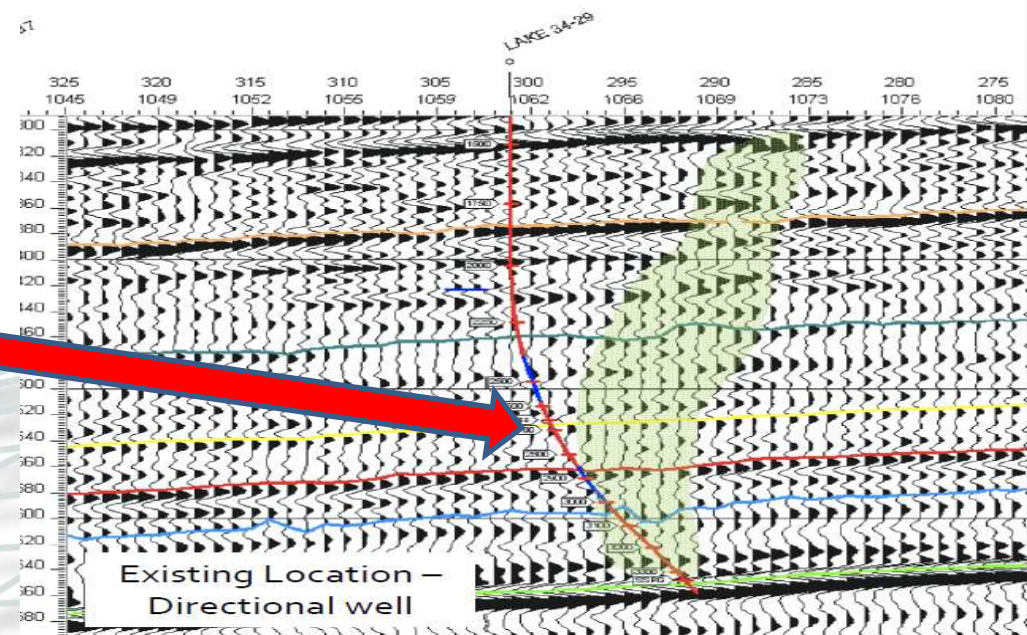
ALL HISTORIC PRODUCTION (15 million bbl)



SHALLOW FRACTURED SHALE POTENTIAL

- At least six drillable targets identified
- Pierre activity taking place in adjoining leases by Austin Exploration (ASX: AKK)

Fracture zones clearly visible and mappable on seismic



REVIEW of IOG OILFIELDS

FIELD	PURCHASE DATE	TOTAL CAPEX ⁽¹⁾ (US\$M)	NET REVENUE ⁽²⁾ (US\$M)	LIFTING COST ⁽³⁾ (US\$/Bbl)
SHEEP SPRINGS	2010	\$12.7	\$15.8	\$8
ROUND MOUNTAIN	2011	\$ 5.6	\$ 7.2	\$35
FLORENCE	2012	\$16.8	\$10.7	\$14
		\$35.1	\$33.7	

- REVENUE HAS EXCEEDED ACQUISITION PRICE FOR ALL PROJECTS
- LOW PRODUCTION/LIFTING COSTS

1. Capex includes acquisition cost
2. Net Revenue from Oil/Gas sales after Royalty from Date of Purchase to 31-Dec-2013
3. Lifting cost based on 2013 lease operating costs for each field at field operating level

REVIEW of IOG OILFIELDS

FIELD	PURCHASE DATE	VALUE ⁽¹⁾ (US\$M)	ROI (from Acquisition to date)
SHEEP SPRINGS	2010	\$ 9.3	38%
ROUND MOUNTAIN	2011	\$ 3.2	27%
FLORENCE	2012	\$ 5.2	-44%
		\$17.6	

- INDEPENDENT VALUATION OF EXISTING 1P RESERVES DEMONSTRATES VALUE OF A\$0.12⁽²⁾ PER SHARE
- FLORENCE ROI IMPACTED BY 2013 DRY HOLE RESULTS

1. Value is based on net present value at 10% discount rate (PV10) as determined by independent engineers (refer Annual Report for details)
2. Exchange rate of US\$0.92:A\$1.00

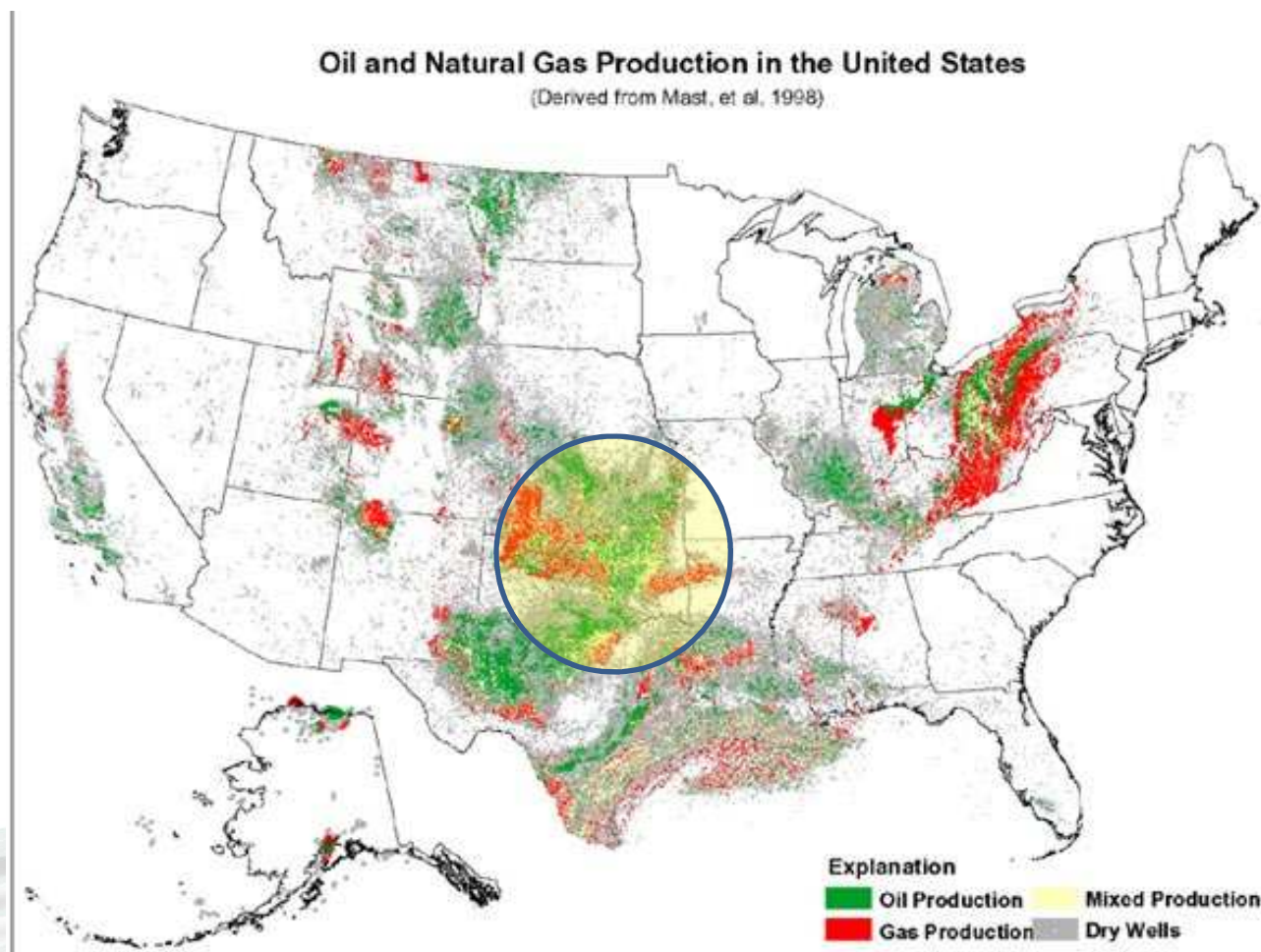
IOG BOARD/MANAGEMENT TEAM

Chris Cronin	Chairman	WOODSIDE: Ex Director, Corporate Strategy and Planning; Director North Australia Gas Projects, INCREMENTAL PETROLEUM: Founder and Director of Incremental Petroleum Ltd from inception.
Gerry McGann	Managing Director	OCCIDENTAL: Ex Manager Oman and Bangladesh. Increased Oman production from 32k to 52k bopd in 3 years. INCREMENTAL PETROLEUM: Founder and Director of Incremental Petroleum Ltd from inception.
Mark Stowell	Non-Exec Director	MAWSON WEST: Significant African based copper/silver mining company, INCREMENTAL PETROLEUM: Founder and Director of Incremental Petroleum Ltd from inception.
Matt McCann	Non-Exec Director	SANDRIDGE: VP 2005-07. TRANSATLANTIC PETROLEUM: CEO. Grew from junior explorer to a significant international oil and gas producer in 2 years.
John Whisler	VP, USA	PETROGULF: VP Operations, Grew from junior to \$500m Company in 8 years. DELEK: CEO. Built \$170m company in 3 years
Simon Adams	CFO	Over 20 years of corporate compliance and financial management experience with a number of ASX listed companies in various sectors

NEW PROJECT STRATEGY

- Retain existing low cost profitable oil fields for cash flow to support core operations and overheads
- Purchase another long life, profitable oilfield with development potential
- Continue to maintain positive cash flow investing surplus funds into new drilling opportunities
- Utilize low cost US debt capital (Line of Credit) as part of funding strategy for growth

Preferred Area for new acquisition



Why IOG sticks to Conventional Oil !

