

INCREMENTAL OIL and GAS (asx: IOG)

ROADSHOW
March 22/23 2011

www.incrementaloilandgas.com



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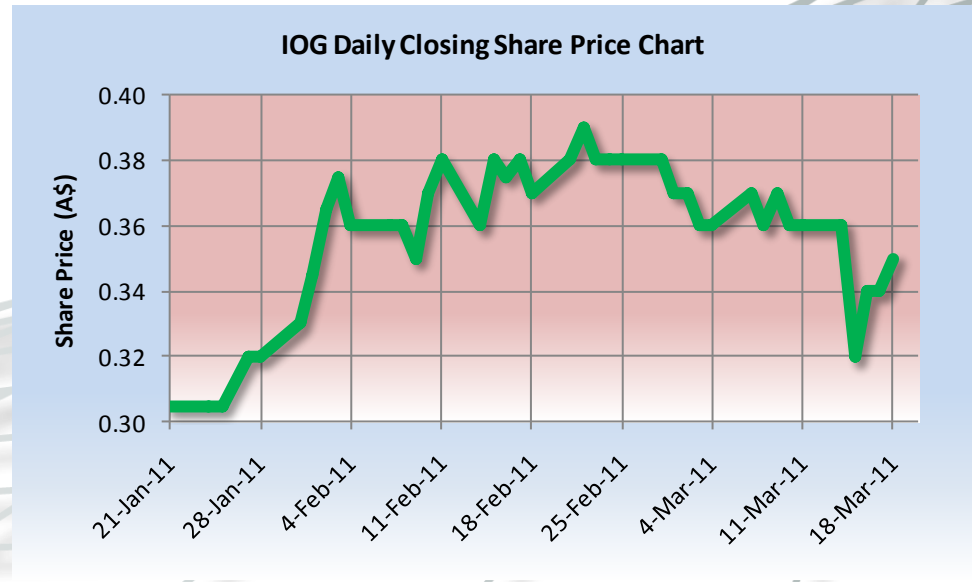
All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

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** development project
 - **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.
- 110.5m shares (Directors and management 42%)
92.8m unlisted options¹
- Market cap about \$40 million
- \$5m CON notes (July 2011, 20 cents)²
- REVENUE 6.06 m³
- EBITDA 2.40m³



1. Options exercisable at \$0.20 on or before 1 November 2014

2. Bearing interest at 10%, may be redeemed at face value or converted at \$0.20 per share and mature on 2 July 2011.

3. 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**

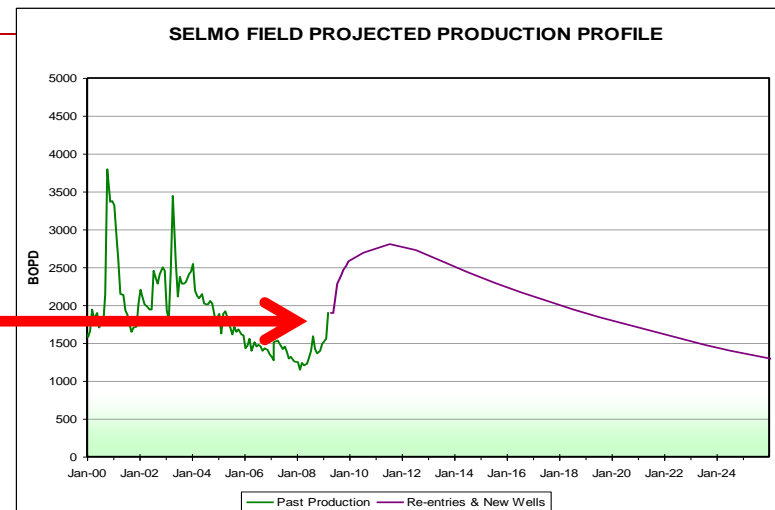
CFO

DIRECTORS



The team have done it before...

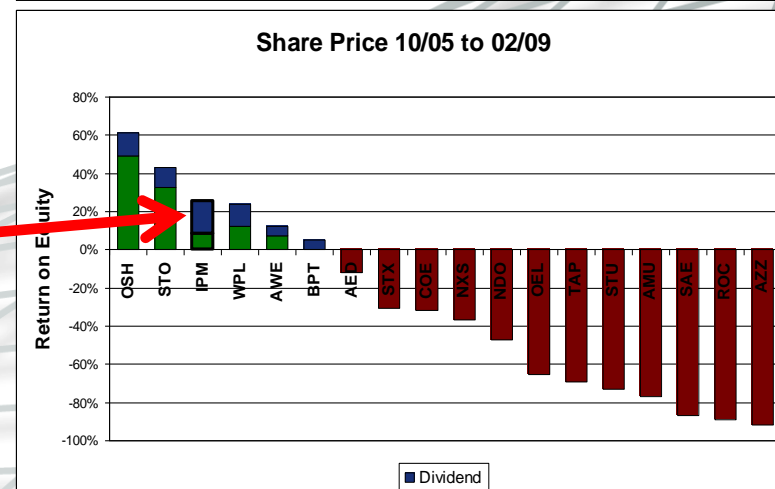
- **INCREMENTAL PETROLEUM** formed 2005.
- Raised \$61m, bought second largest oilfield in **TURKEY**
- Built production from 1500 bopd to 2000 bopd
- Commercialized West Turkey Gas
- Bought California producing assets



HOSTILE TAKEOVER ATTEMPT 2008

SETTLED MARCH 2009.

TOTAL RETURN OVER 3 YEARS 27%



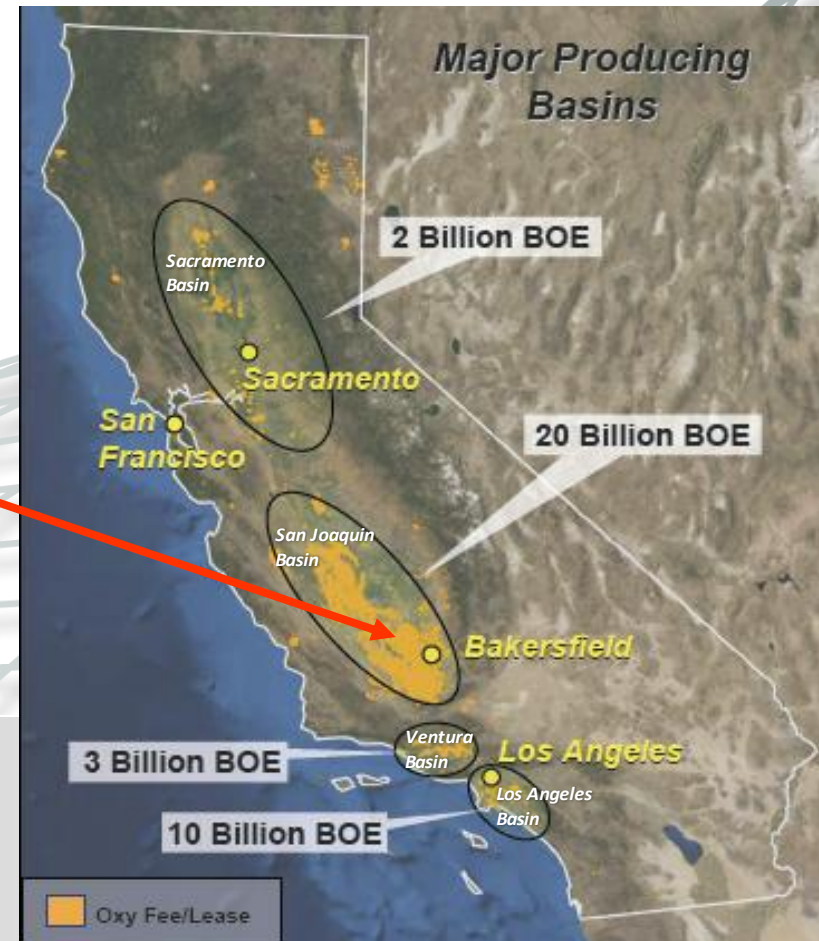
**Similar Board formed
INCREMENTAL OIL & GAS (IOG)
in JULY 2009**

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

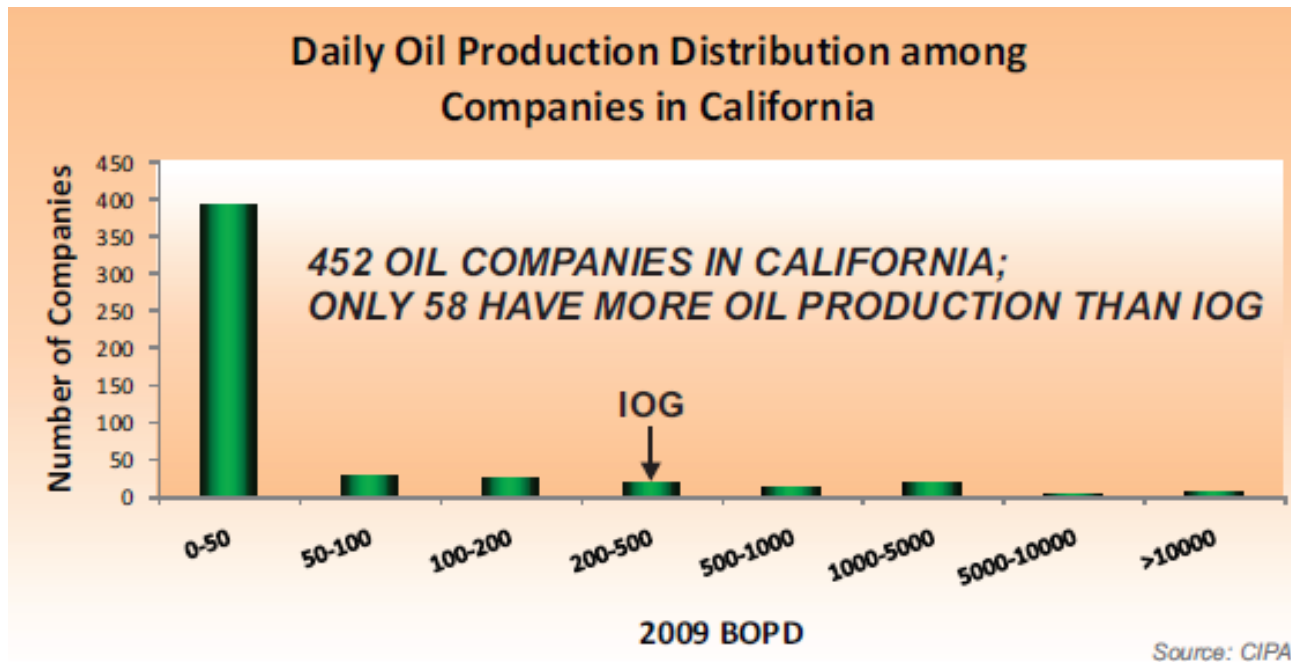
The San Joaquin Basin has:

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



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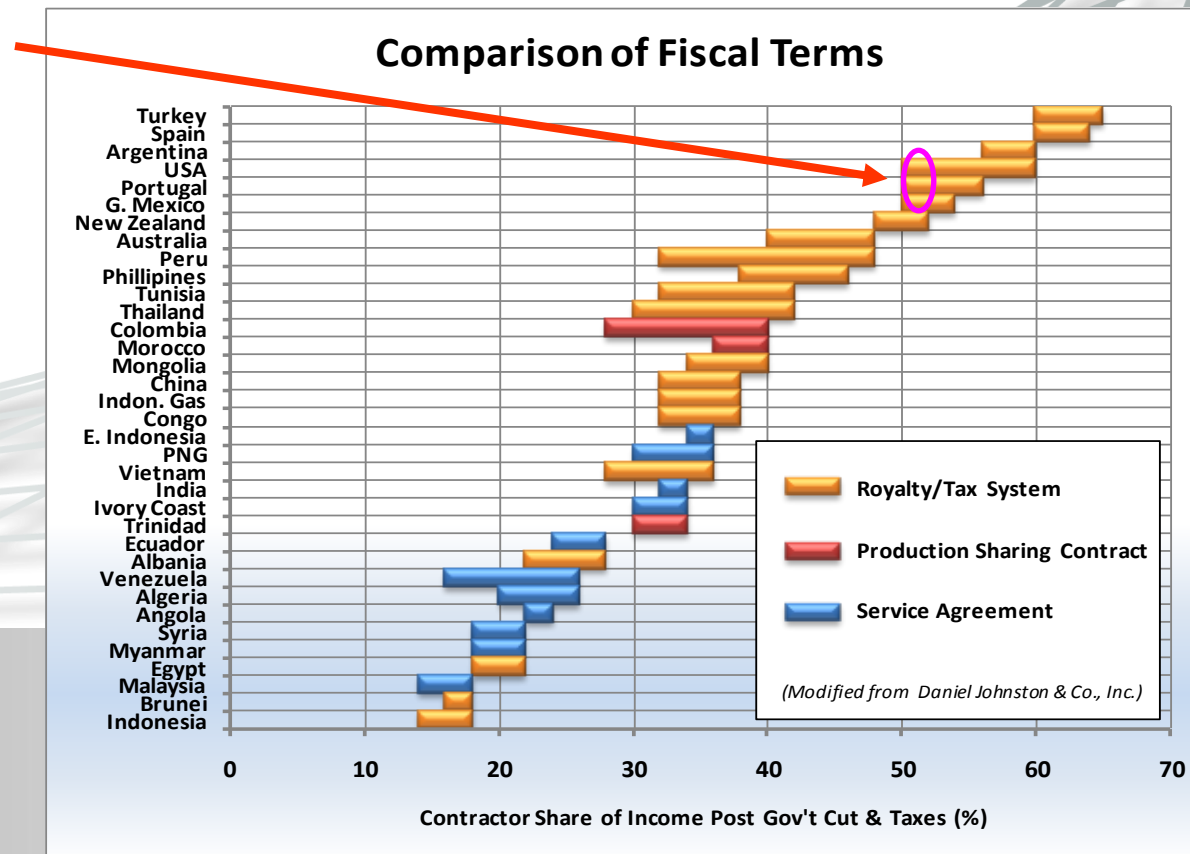
- Significant bypassed and undeveloped oil reserves left by early producers
- Few mid-sized oil companies, the innovators in the oil business, operate in California
- **Cheap and competitive service suppliers**
- Excellent Fiscal regime

	DRILLING RIGS	WORKOVER RIGS	CEMENTING TRUCKS	LOGGING UNITS
BAKERSFIELD	75	200	400	150
AUSTRALIA	10	15	40	25

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**

Royalties 5-10% lower than Texas



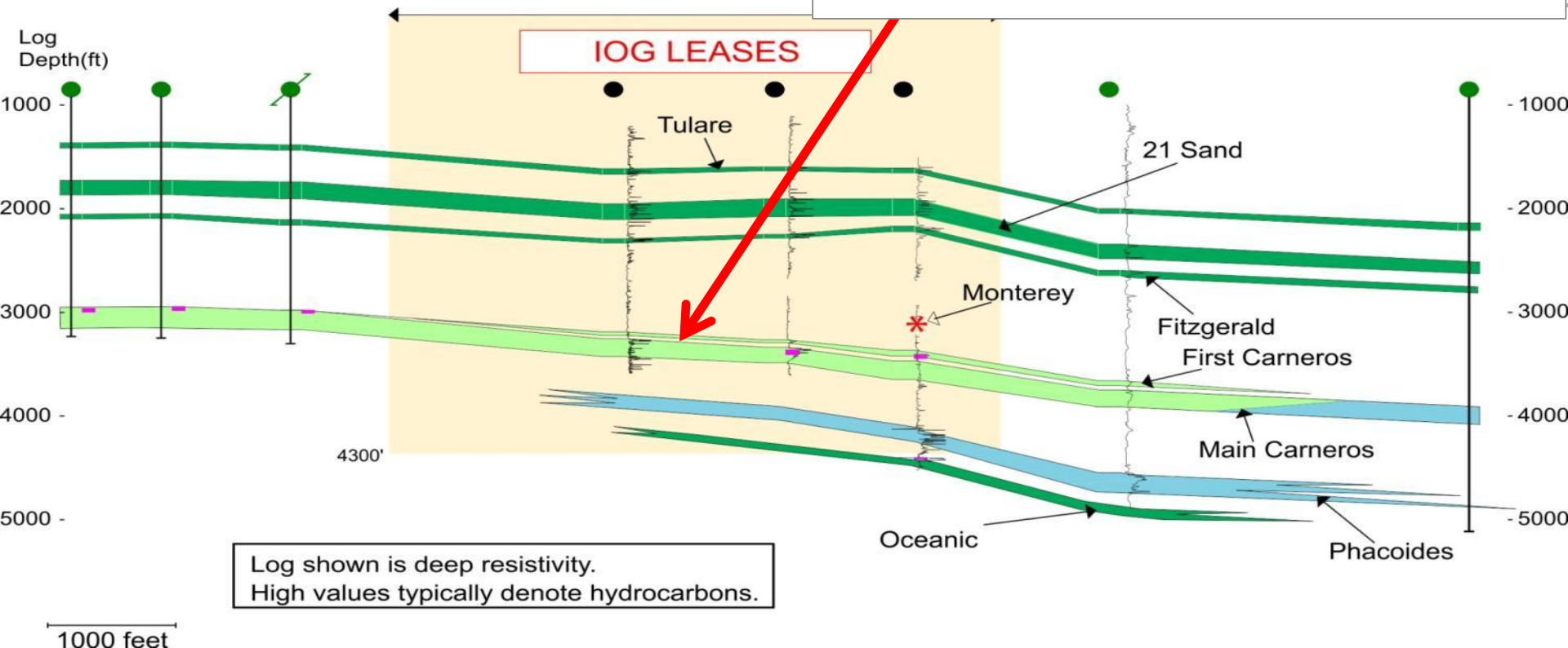
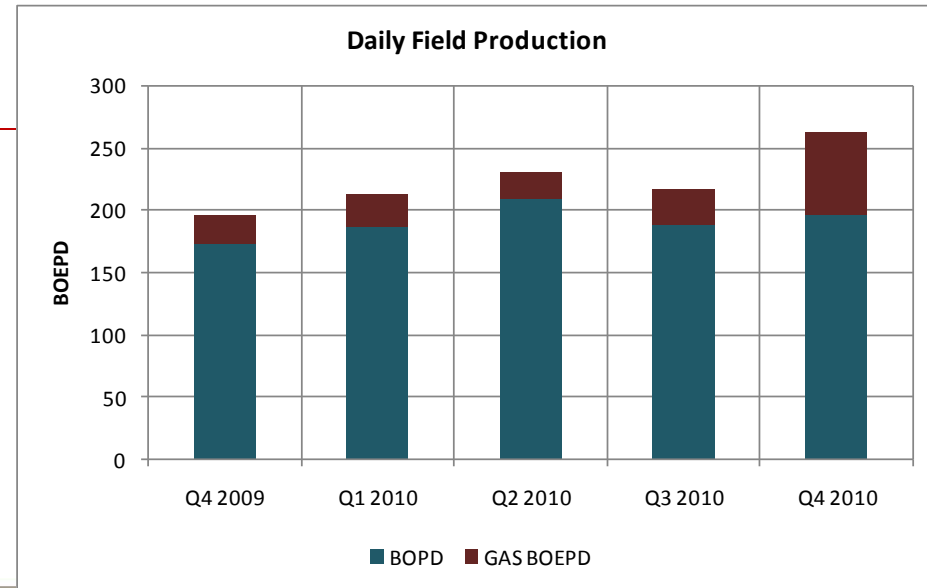
Incremental Projects



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

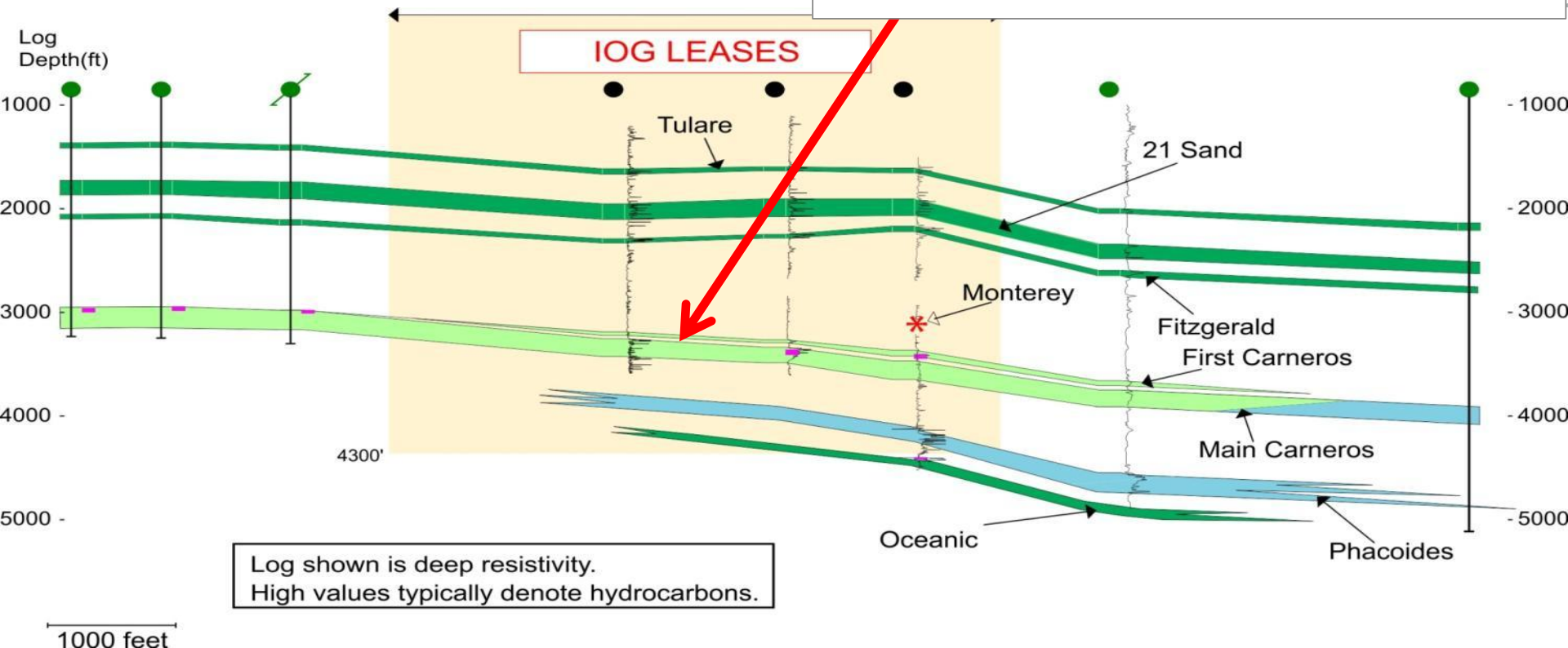
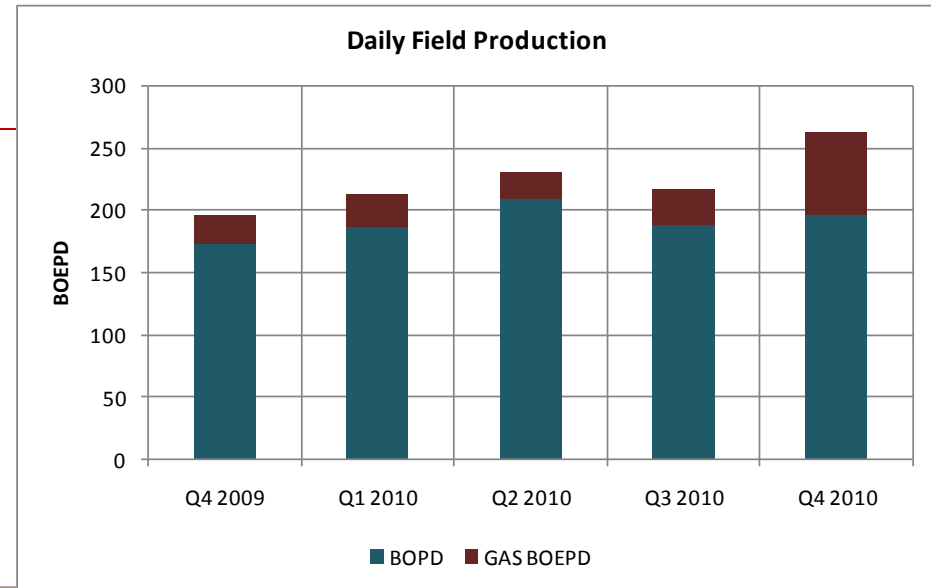
Sheep Springs Oilfield

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



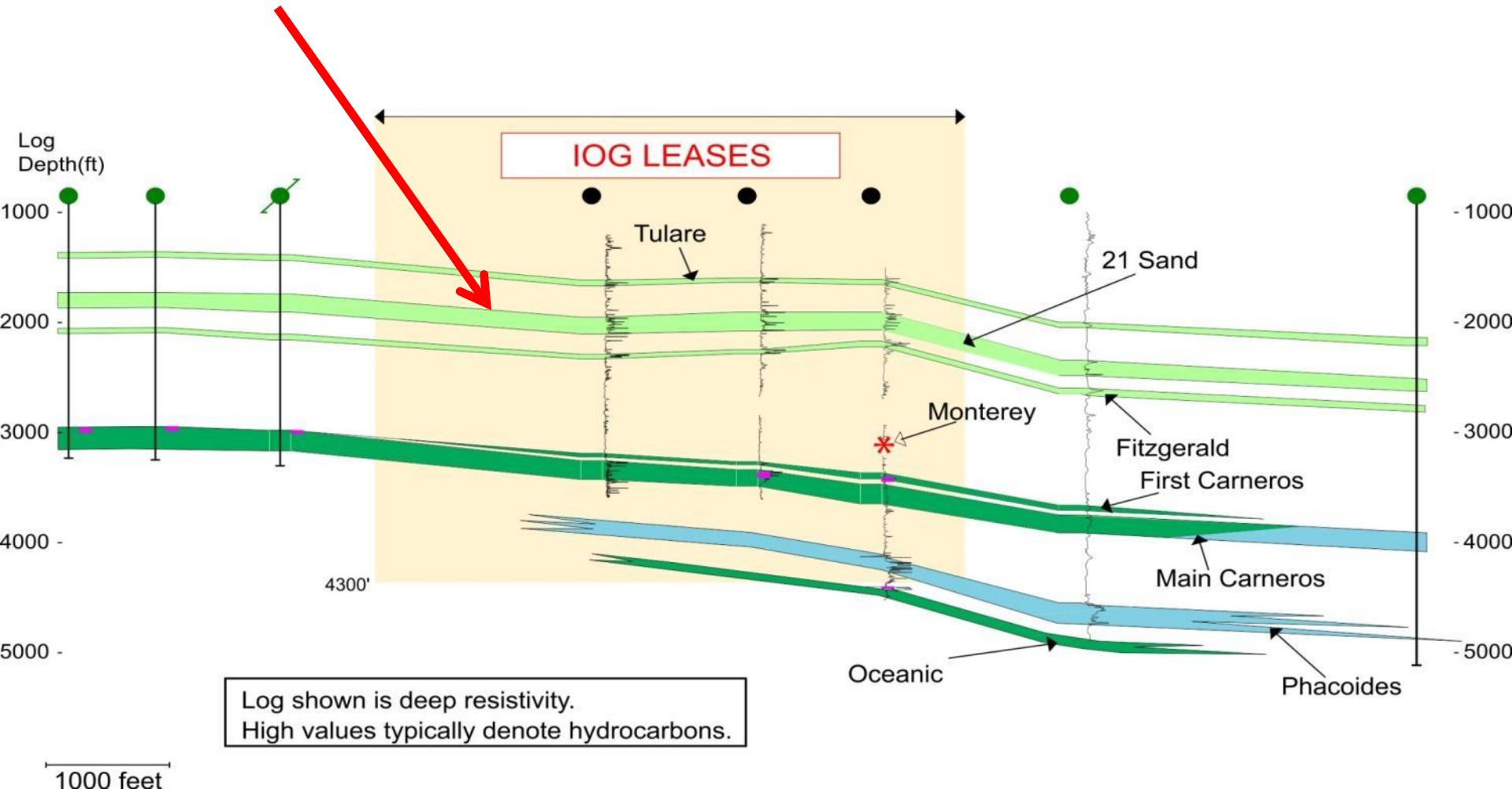
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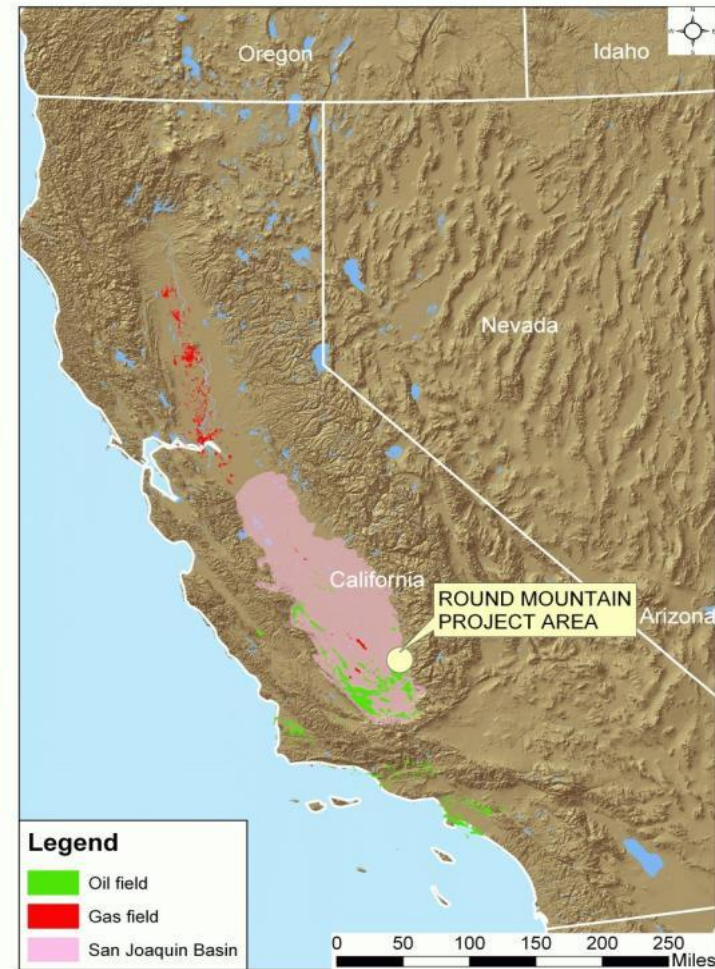
Sheep Springs Oilfield (3)

**Shallow heavier oil (15-17 API)
Produced nearby
Steam pilot in H1 2011**



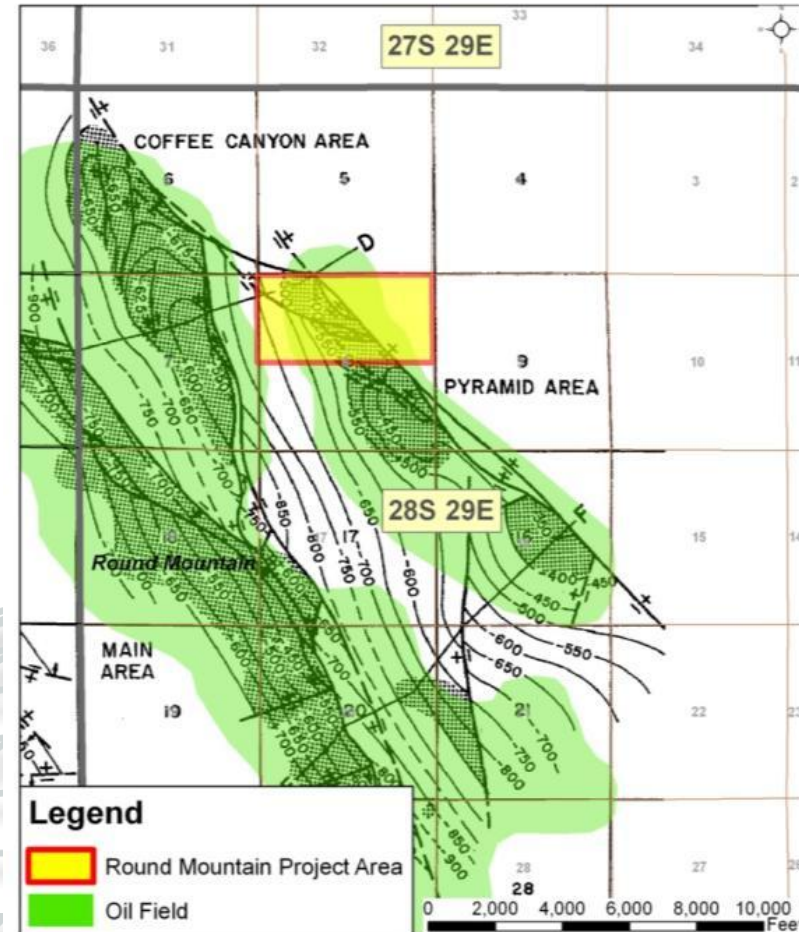
Round Mountain

- Field has produced 110m barrels
- Shallow, 18-20° API gravity oil
- 100% Working Interest
- Production in the total RM oilfield now 8000 bopd



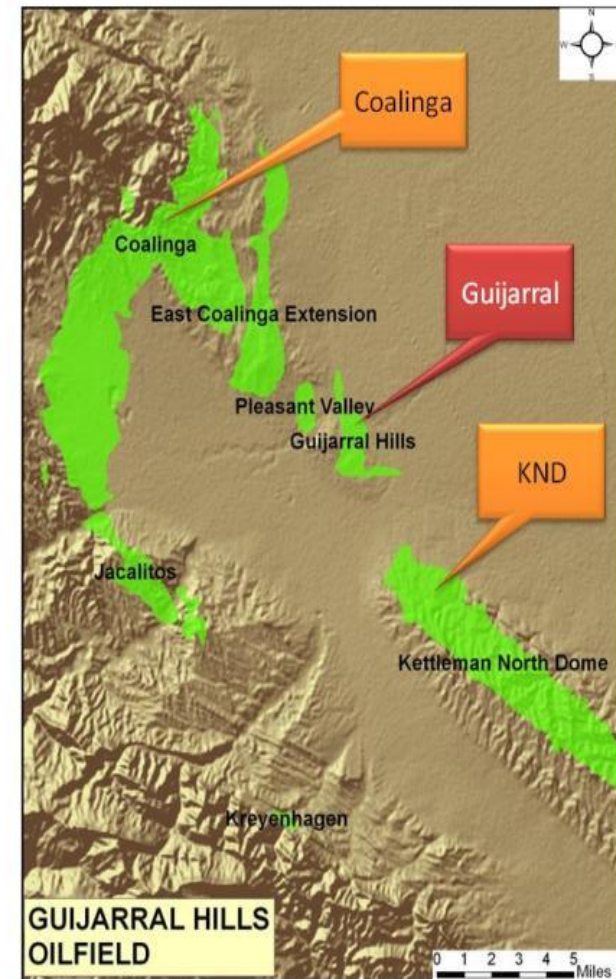
SMOOT 1, Round Mountain

- >550' shows
- Over 100' of net pay
- Cores and high tech logs
- Testing >100 bopd from 40'
- Will form basis of full development plan

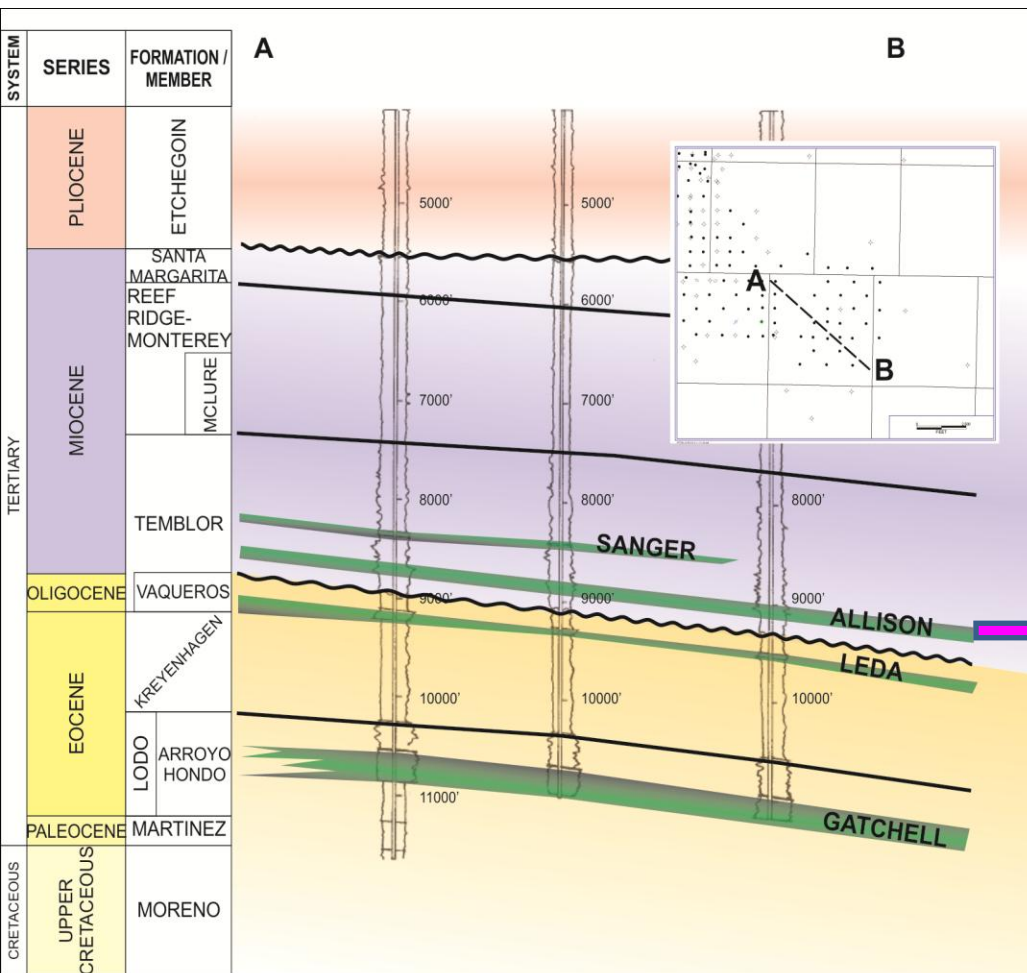


Guijarral Hills

- Prolific Oilfield in 1950's
- Light oil
- 80-100% Working Interest



Guijarral Hills (cont)



- Potential for high rates
- Still acquiring leases. Plan to drill mid year

**WAS NEVER
PRODUCED IN 1950's**

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
	EARLY CRETACEOUS		Johnson Peak shale
			Risco shale
			Badger shale

- Flowed light oil in 1942. Not drilled since
- 200 m barrel potential
- True wildcat



Unrisked Reserves and Resources

PROJECT	2P/2C RESERVES MMB	SOURCE
SHEEP SPRINGS	2.8 ^{2P}	RPS, certified
ROUND MOUNTAIN	4.1 ^{2C}	RIGEL
GUIJARRAL HILLS	1.8 ^{2C}	RIGEL

Projected 12 Month News Flow

- Drill Sheep Springs well
- Drill Round Mountain vertical well
- Declare after tax profit in first year
- Drill two wells Round Mountain
- Re-enter old well Guijarral Hills
- Drill two wells Round Mountain
- Drill new well Guijarral Hills (optional)
- Raven Pass seismic
- Acquire additional projects

