

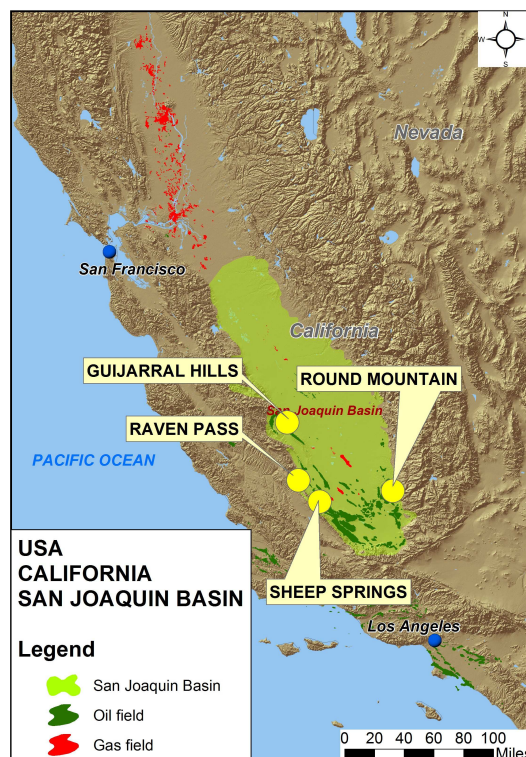
27 April 2011
Australian Stock Exchange
By ASX online

QUARTERLY ACTIVITIES REPORT

For the quarter ended 31 March 2011

HIGHLIGHTS

- Discovered a new oil accumulation at Round Mountain with first well
- Production commenced within weeks of successful testing
- Four wells planned in Q2 in Round Mountain
- Oil and Gas sales Revenues \$1.513m for quarter
- Drilled gas producer at Sheep Springs
- Purchased 49 km seismic at Raven Pass
- Further land leased during the quarter

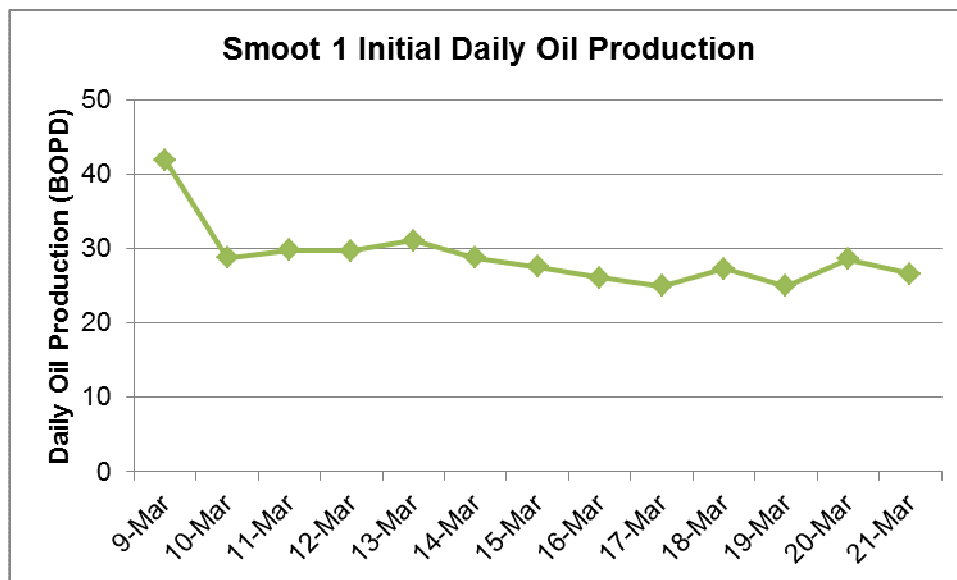


Incremental Oil and Gas project locations

ROUND MOUNTAIN OILFIELD (IOG 100%)

Smoot 1 was IOG's first well drilled on the Round Mountain lease. It was spudded at 20:30 on 15th February, and the well was drilled with full returns to a total depth of 1875 feet, with four cores being cut with 100% recovery. Moderate to good shows were encountered between 950 feet and 1500 feet, with 119 feet of pay calculated between 1115 feet and total depth.

The well was perforated over a 40 foot interval and swabbed 63 barrels of dry 19° API oil over 13 hours (a rate exceeding 100bopd). It was placed on production on 9th March with a beam pump and produced between 42 and 26 bopd with no water or gas from the same perforations. This produced oil will be included in sales in the next quarter as it was still in the tanks at month end.



An additional 44 feet of perforations was added on 23rd March. These lowermost perforations appeared to produce both oil and water and have been temporarily plugged off and the well is again producing dry oil.



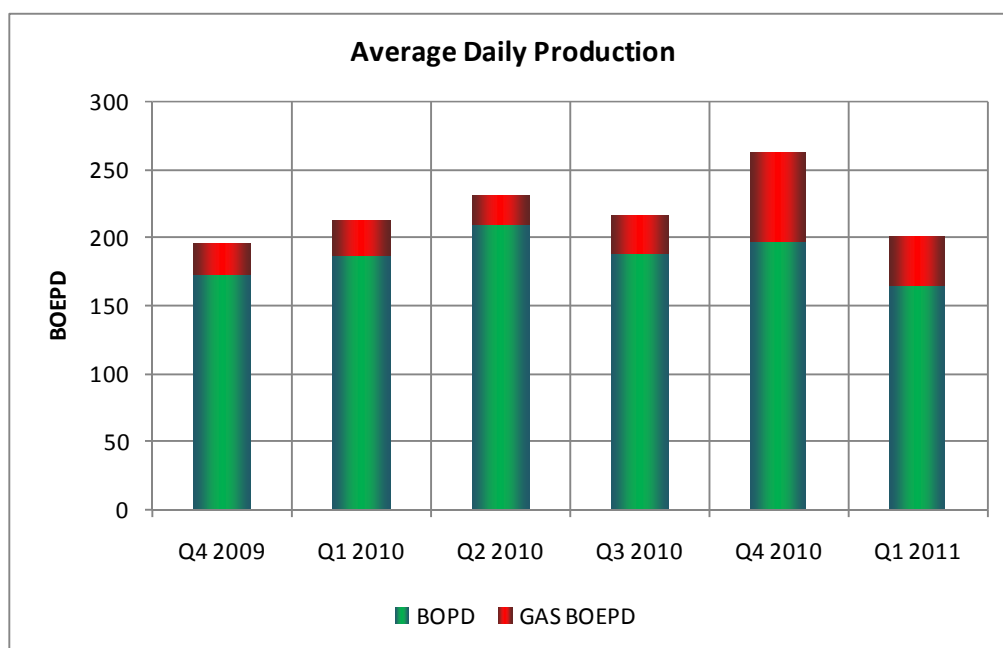
SMOOT 1 Drilling Location

The successful testing and production from Smoot 1 proves IOG's Round Mountain lease. A significant appraisal programme is planned for the second quarter to define the extent and commercial significance of this discovery. There is additional untested potential in Smoot 1 which will be tested with a new well to be drilled next quarter. Four wells are planned in total to be drilled in the second Quarter. A rig has been contacted in mid May, and regulatory approvals are currently being sought.

The cost of the completed Smoot 1 was US\$456k against the AFE of \$534k (16% under budget). Included in this cost were the cutting of four 30' cores plus an extensive logging and evaluation programme, which will not be required in most future wells.

Details of production for the quarter and reference quarters are:

	Q1 2011	Q1 2010	Q4 2010
Production (Av barrels oil per day)	164	186	192
Gas production (Av thousands cubic ft/day)	222	148	414
Average daily production (barrels oil equivalent)	203	210	261
Average price of oil sold (US\$/barrel)	98.50	76.04	83.66
Average price of gas sold (US\$/mcf)	3.14	2.59	3.21
Quarterly revenue (US\$)	1,512,760	1,335,203	1,548,094



The 2011 first quarter production was below the preceeding quarter. This is mainly due to mechanical issues with one well in Sheep Springs. Plans are in hand to undertake a 'Fracpak" on the well to mitigate sand production in an attempt to significantly uplift production in the Sheep Springs Field. Revenues declined slightly from the record Q4 2010 revenues. Realized oil prices increasing over the quarter, from an average of US\$89.03 in January to \$112.92 per barrel in March.

H & P #2 in the Sheep Springs Oilfield was spudded on 1830 hours on 2/2/2011. The well is drilled as a controlled vertical well, using directional tools to negate the normal westward drift of wells in this area. The turbine increased drill rates over previous wells. The following significant shows and pay intervals were encountered:

INTERVAL (ft)	GROSS INTERVAL (ft)	NET PAY (ft)	AV POROSITY %	ROCK TYPE	INTERPRETED FLUID	SHOWS WHILE DRILLING
2160 - 2250	90	26	35	Sandstone	Mod heavy oil	Good oil shows
2555 - 2600	45	28	35	Sandstone	Mod heavy oil	Good oil shows
3300 - 3480	180	Unknown at present	Fractures	Brittle Shale	Mod-Light oil	Excellent oil shows
3584 - 3718	130	43	32	Sandstone	Probable gas and light oil	Excellent oil & gas shows
4564 - 4602	38	24	23	Sandstone		Excellent oil & gas shows
TOTAL	483	121				

The well was swabbed over the perforated Oceanic interval of 4578 feet to 4591 feet. Although logs suggested this zone contained oil, it produced only minor volumes of oil along with water. The well was then perforated in the Carneros reservoir on March 23rd over the interval 3681 feet to 3711 feet. Initial indications are that the well flowed gas with no oil or water at a rate of 275 thousand cubic feet per day (46 barrels of oil equivalent per day).

OTHER PROJECTS:

In The Gujarral Hills and Raven Pass projects geological studies continued and an additional 170 net acres of prospective leasehold acreage was added during the quarter. In the prospective Raven Pass project, 49 km of existing seismic were acquired and an extensive field mapping project was undertaken. IOG's philosophy is to lease only prospective acreage and keep holding costs and lease commitments to a minimum.

CORPORATE

IOG shares were listed on the ASX on January 20th.

The board decided that henceforth the reporting currency of the company will be US\$, as all revenues, and the majority of expenses are in US\$.



Gerry McGann
Managing Director