

The background image shows an oil field in a desert. On the right, a pumpjack is visible, with its long arm and counterweight extending upwards. On the left, there are three large, cylindrical oil storage tanks with a metal staircase leading to the top of one. The ground is dry and dusty. In the distance, there are mountains under a blue sky with scattered white clouds.

INCREMENTAL OIL and GAS (asx: IOG)

**GOODOIL CONFERENCE
SEPTEMBER 4th 2012**

www.incrementaloilandgas.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 American currency, unless otherwise stated.

Incremental Business model

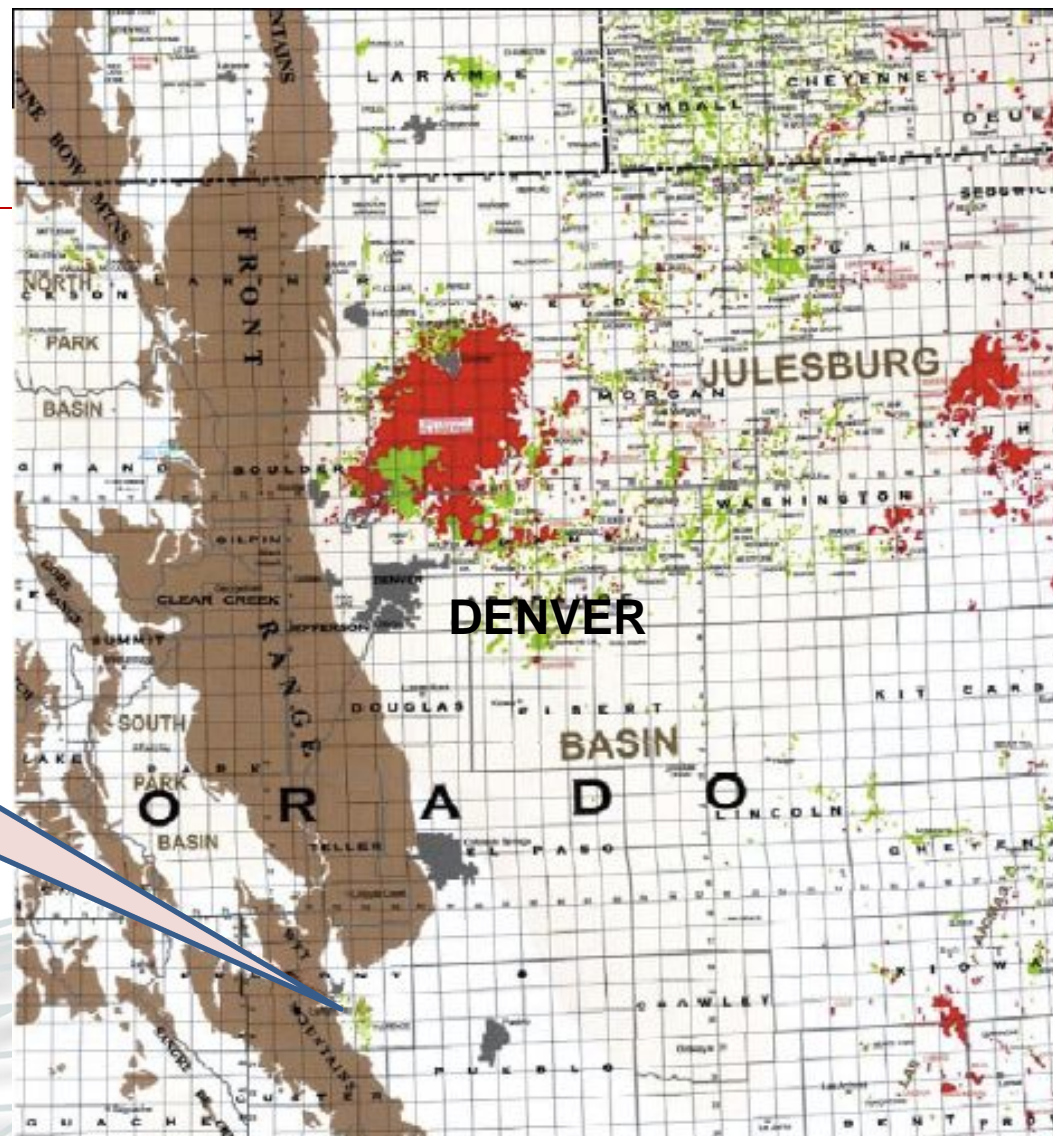
- A producing oil company with a cash flow focus
- We acquire underperforming oilfields and increase production
- Focus is Onshore USA
 - **Florence** producing oilfield, Colorado (100% WI)
 - **Round Mountain** producing oilfield (100% WI)
 - **Sheep Springs** producing oilfield (100% WI)
 - **McDonald Anticline** development project (100% WI)
 - **Ventura** development project (25% WI)
- We operate all of our projects

Incremental Oil and Gas, California & Colorado, USA
Project Location Map



NEW ACQUISITION

FLORENCE OILFIELD



Florence Oil Field

Drilled first in 1862

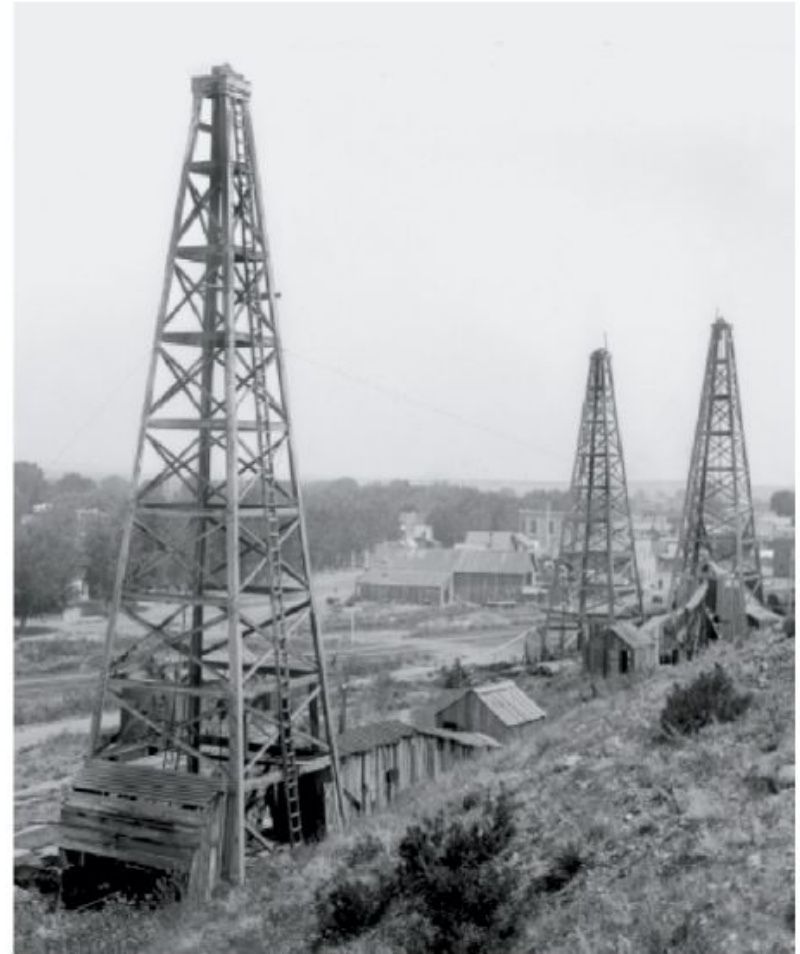
1000 Shallow wells drilled

15m barrels produced

Produces from fractured shale 1800-3600' deep

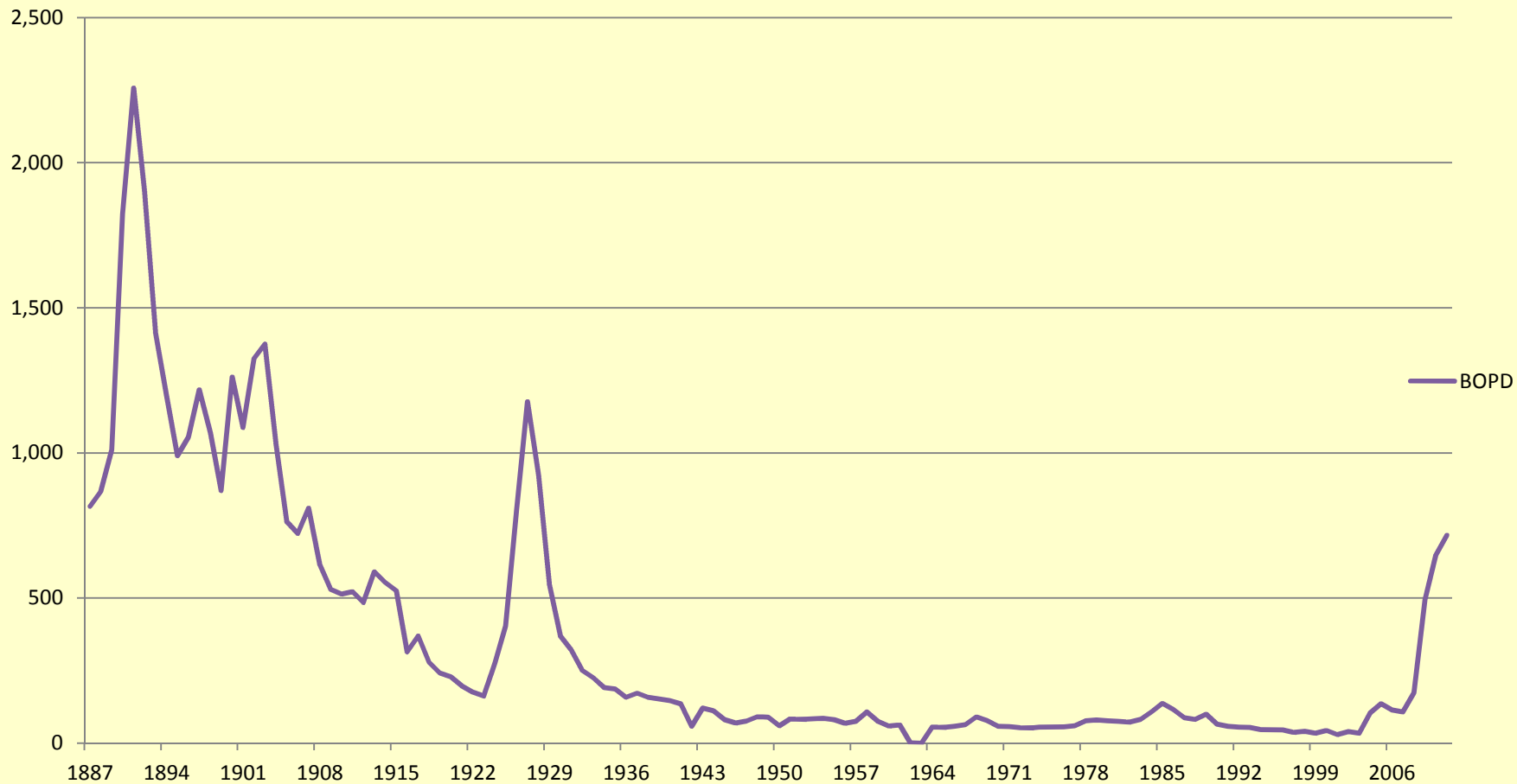
Revitalised by seller in last 4 years

Av 700 bopd over last 2 years



Florence has been producing for over 125 years

BOPD



Early wells rated At >200 BOPD

Pittsburgh Courier Times BIG STRIKE OF OIL 7-18-01 MADE NEAR FLORENCE *Fremont County*

Florence Tribune: At midnight last night the Rocky Mountain Oil company drilled into an immense body of oil in well No. 56, a distance of 1,600 feet northwest of the Weaver "gusher." The well was drilled to a depth of 2,200 feet and the oil came up in the hole over 1,000 feet. Workmen are busy today putting in tubing and it will be in pumping condition tomorrow. The present indications are that it will be a heavy producer and from the oil set well easily produce 200 barrels per day.

This company a little more than a month ago drilled oil in well No. 55, and it is also proving a heavy producer. This gives the company two wells in succession both of which were struck since M. F. Fleming assumed the management of the company.

The strike was made right in the heart of the district where the largest producers are now being found.

The Fremont Oil and Gas company has well No. 6 going down between the "gusher" and the new find and is now down about 3,000 feet and oil may be drilled into at any time.

The new well is within 100 feet of the north line of the Fremont Oil and Gas company's land acquisitions and is two miles east of the Keystone Oil company's possessions and which is now down about 1,444 feet with its first well.

Times 7-18-01

"Will easily produce
200 barrels per
day"

"Will produce easily
200 barrels per
day"

UNITED COMPANY OPENS A BIG PRODUCER NEAR WILL- IAMSBURG.

Rep 1-29-02

STRIKE PROVES THE FLORENCE
DISTRICT MORE EXTENSIVE
THAN WAS SUPPOSED.

Pumps Being Lowered Into the Mc-
Kenzie Well at Boulder for
Operation Friday.

FLORENCE, Colo., Jan. 26.—(Special).—At an early hour this morning the United Oil company opened up a big body of oil in well No. 56 near Williamsburg, two and one half miles southwest of here. When struck the oil came up into the hole more than 1,000 feet. Pumping will be started in a few days when the capacity of the well will be known. Well informed oil men say it will produce easily 200 barrels per day.

By striking oil there it assures the company of a new district and proves that the Florence oil field is much larger than supposed. Oil was opened up in this well two weeks ago, but it did not pay to pump and the company was confident that by drilling deeper a larger body would be opened. The new body was encountered at a depth of 2,200 feet and is one of the deepest producing wells in the field.

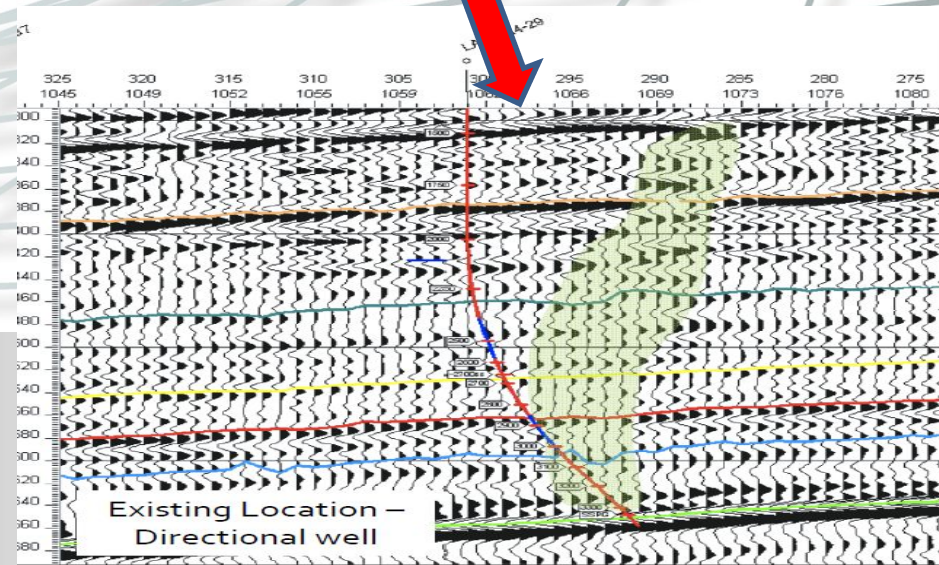
The Florence oil is quoted on the market at \$1.30 a barrel.

FLORENCE FIELD

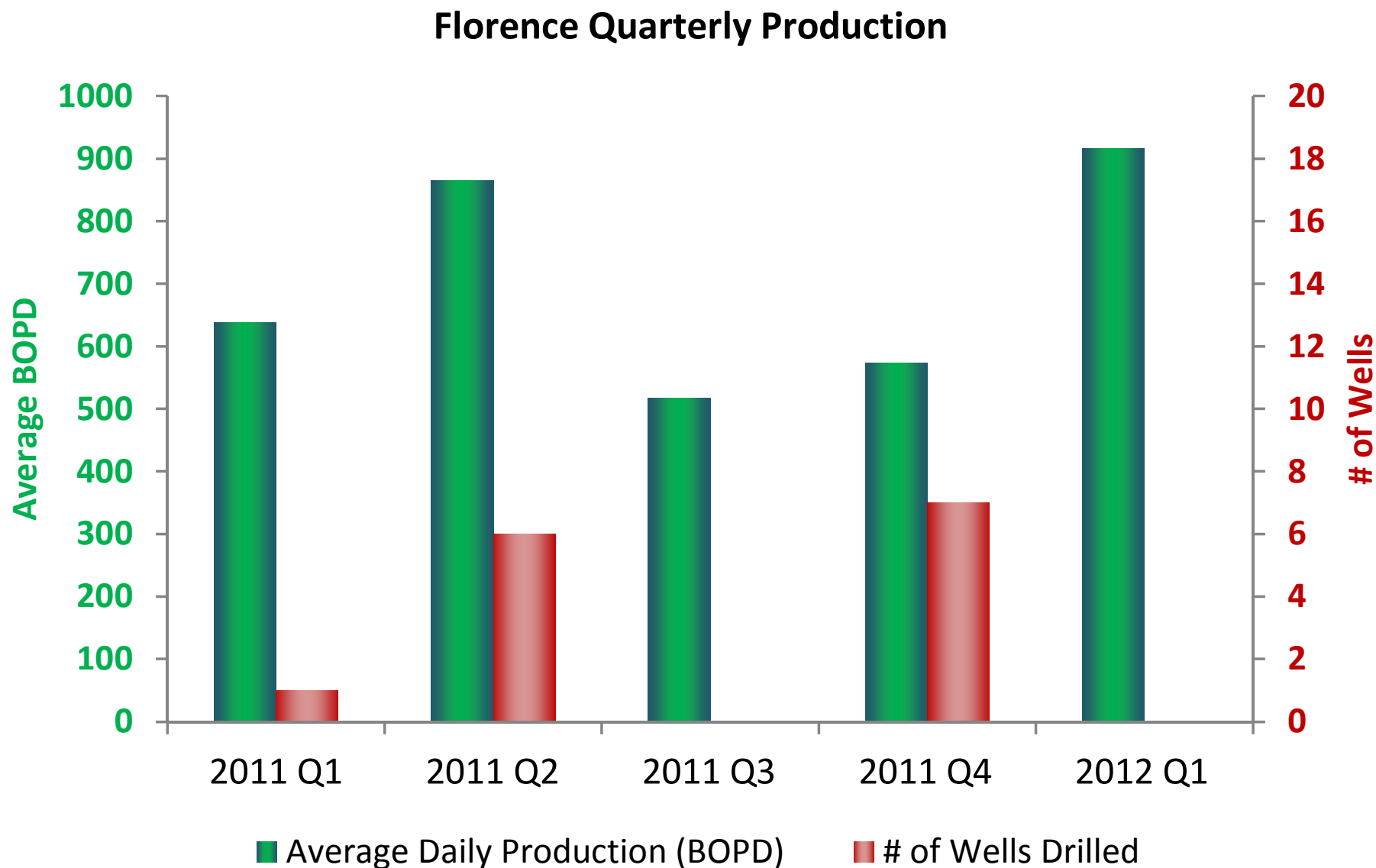
- 21 Producing wells
- High initial rates and quick payout
- Light, sweet crude (WTI pricing)
- Wells inexpensive, simple
- Wells located from 3D seismic
- Wells can decline quickly
- No water production, low opex
- IOG has over 20,000 acres leased
- 100% WI, av 80% NRI

PIERRE FM POTENTIAL

- Excellent quality 3D seismic over nearly all the lease
- Fracture zones clearly visible and mappable on seismic
- At least 30 anomalies remain undrilled
- Will need to drill to maintain production
- First two wells planned for Q3 2012
- We have a world class team in developing fractured oilfields

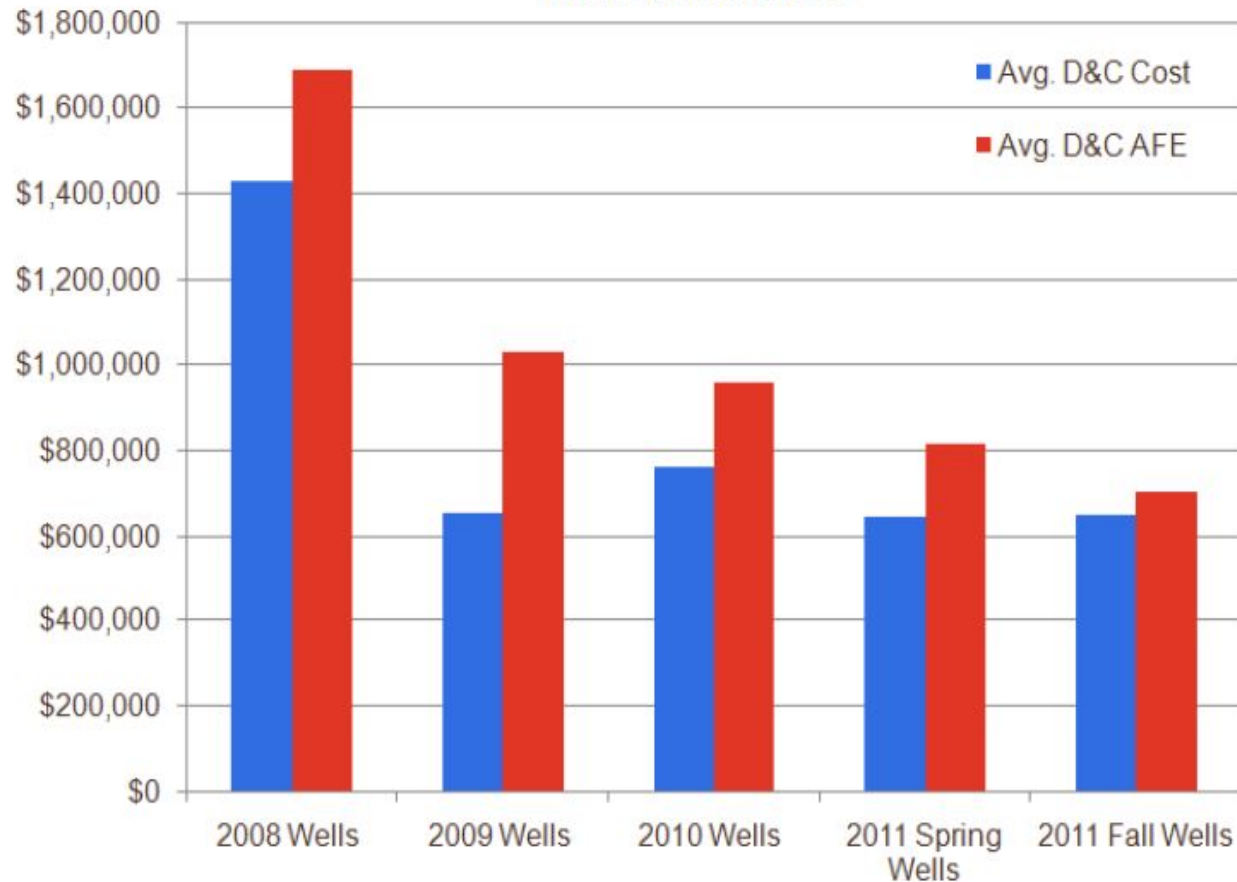


FLORENCE PRODUCTION

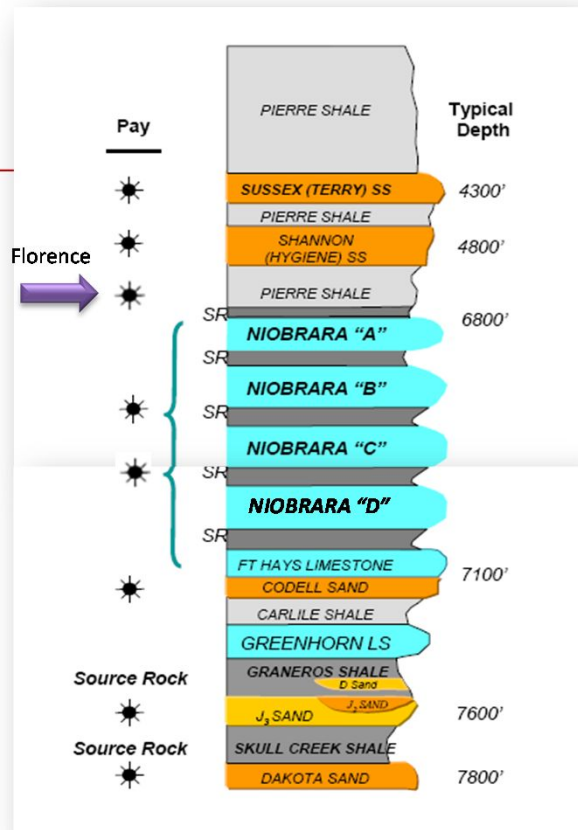


Well costs have come down substantially

Florence Drilling And Completion Well Costs
Directional Wells



Well Costs
improved to
~\$650,000

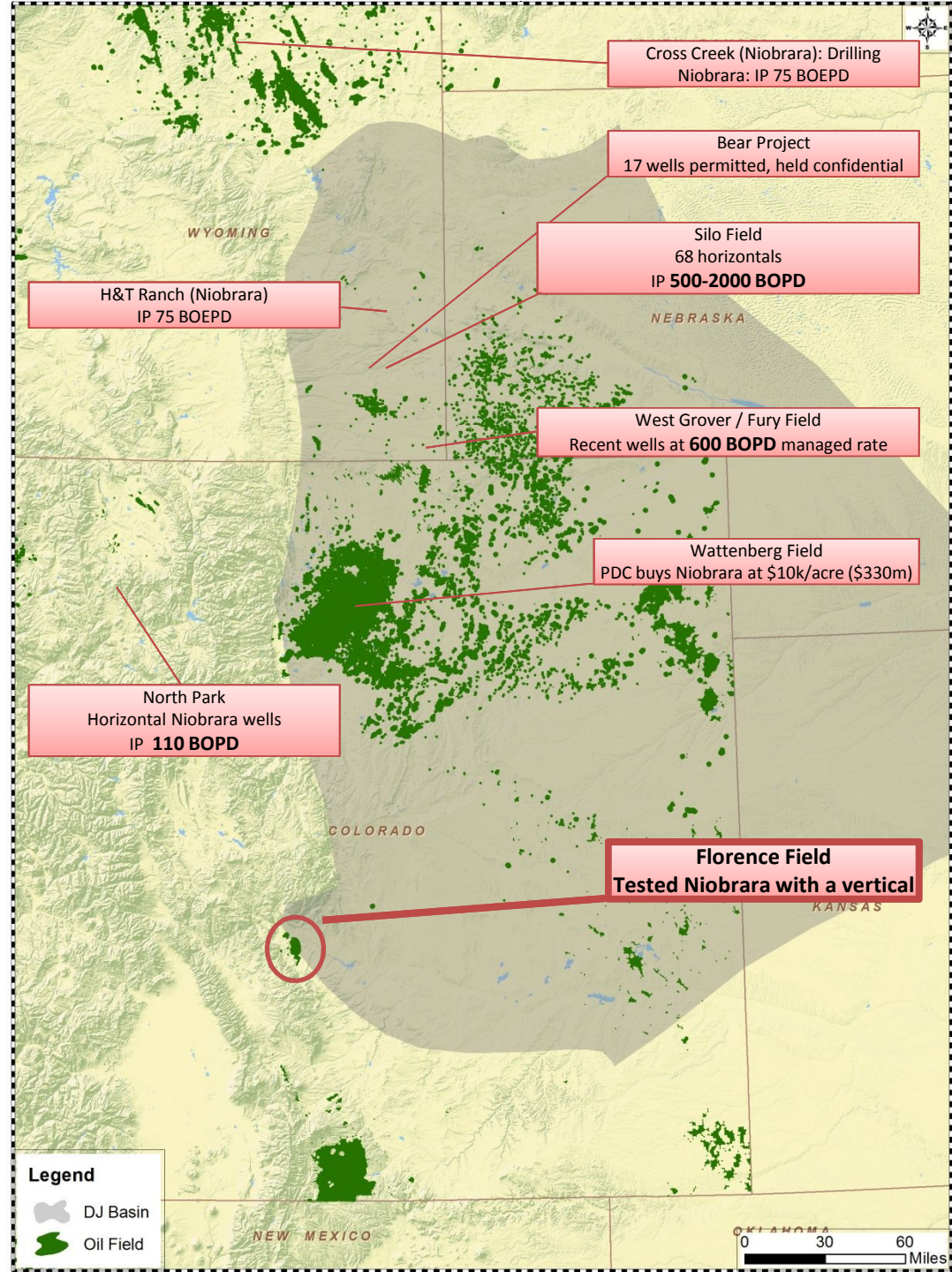


Niobrara

- Very widespread
- Florence same depth and maturity as areas being drilled

Well Economics (Devon)

- Drill & complete cost: \$5m
- EUR: 200-300 MBOE



NEW NIOBRARA WELL ON OUR DOORSTEP

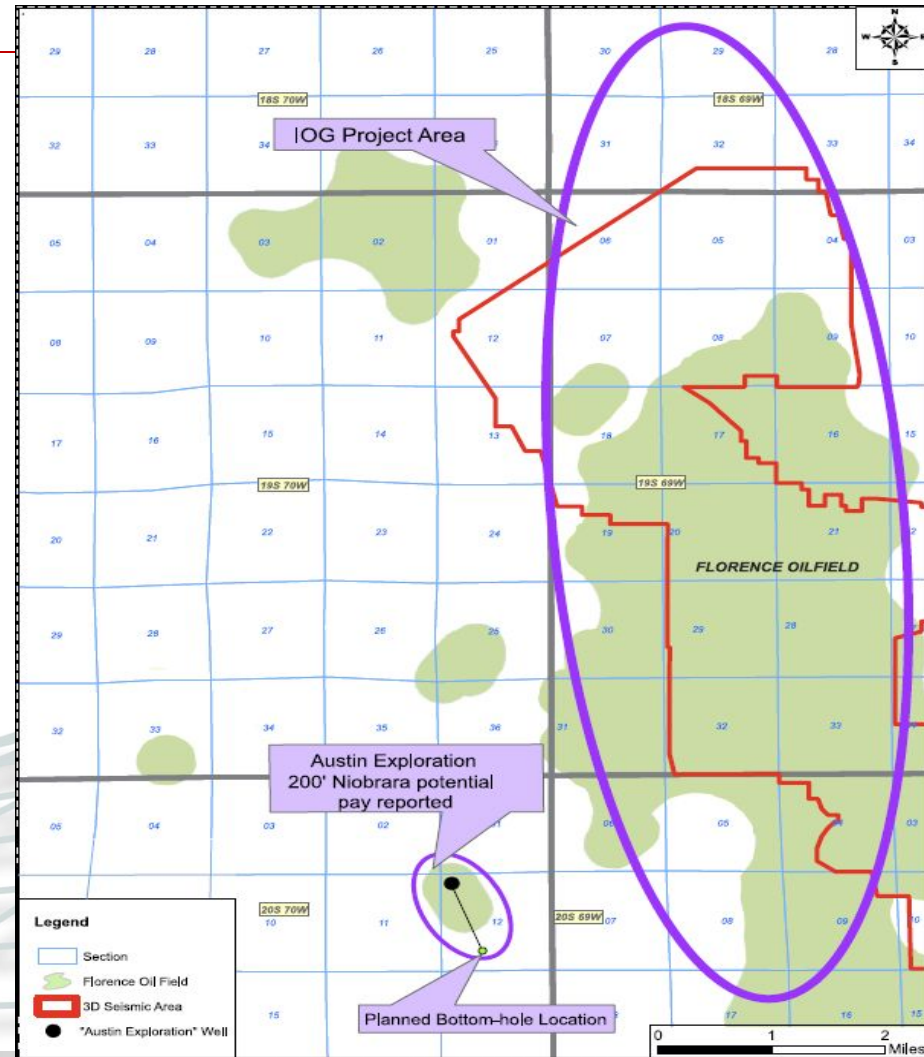
AUSTIN (AKK) drilled 400m from our western boundary

Had no 3D seismic

Reported 200' 'potential pay' in Niobrara

Now planning to drill and frac two horizontal wells

Report 23m barrels of resources from 9700 acres.



IOG Capital Structure

- Formed 2009 as Private Company
- Listed January 2011 after raising \$5.3m at 30 cents.
- 486 shareholders
- 155.6m shares (Directors and management 37.3%)
92.8m unlisted options¹
- Market cap about \$40 million
- US\$6m Debt

	2010	2011
REVENUE	\$6.06m	\$7.72m
EBITDA	\$2.40m	\$3.04m

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

IOG TEAM

From left:

Adams: 20 years Accountant.

MacDonald: 13 years in Senate, LLB

Cronin: No 2 in Woodside (23 years)

Stowell: Founder of Anvil and Mawson West, CA

McGann: 40 years geologist worldwide, CPG



USA

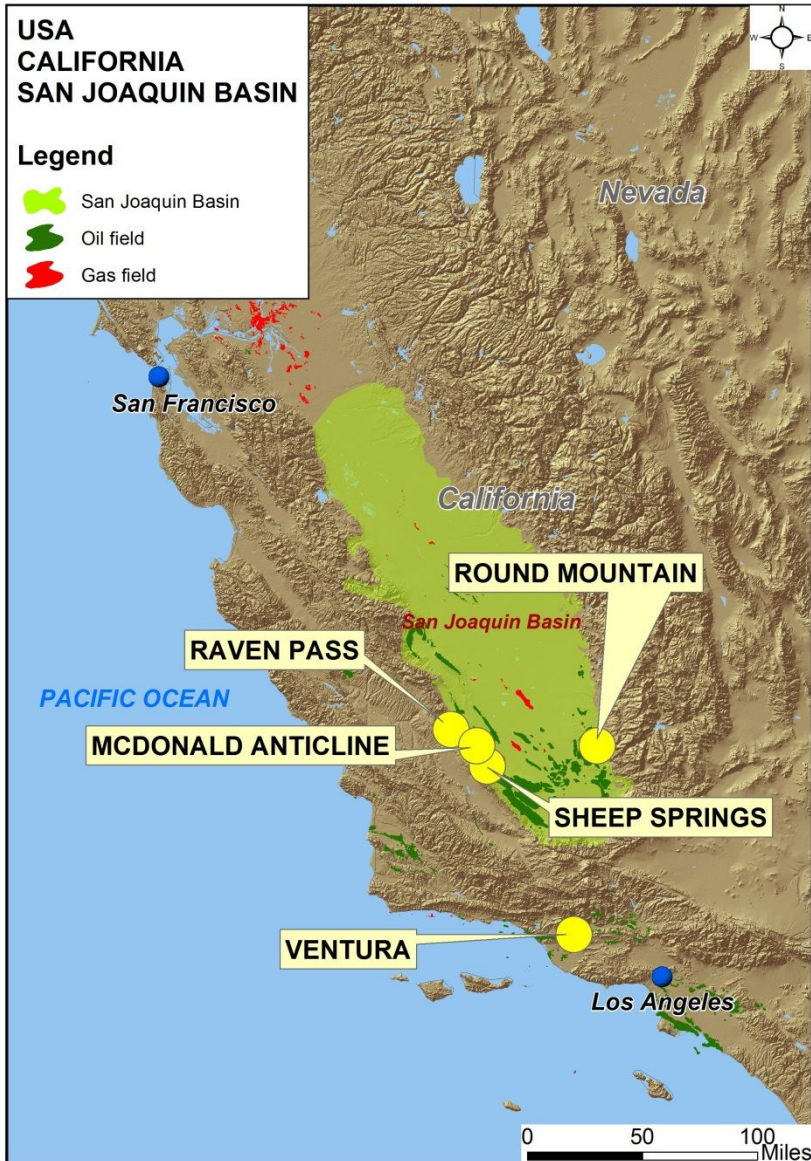
**M Pet Eng,
Over 30 years
experience**

CFO

DIRECTORS



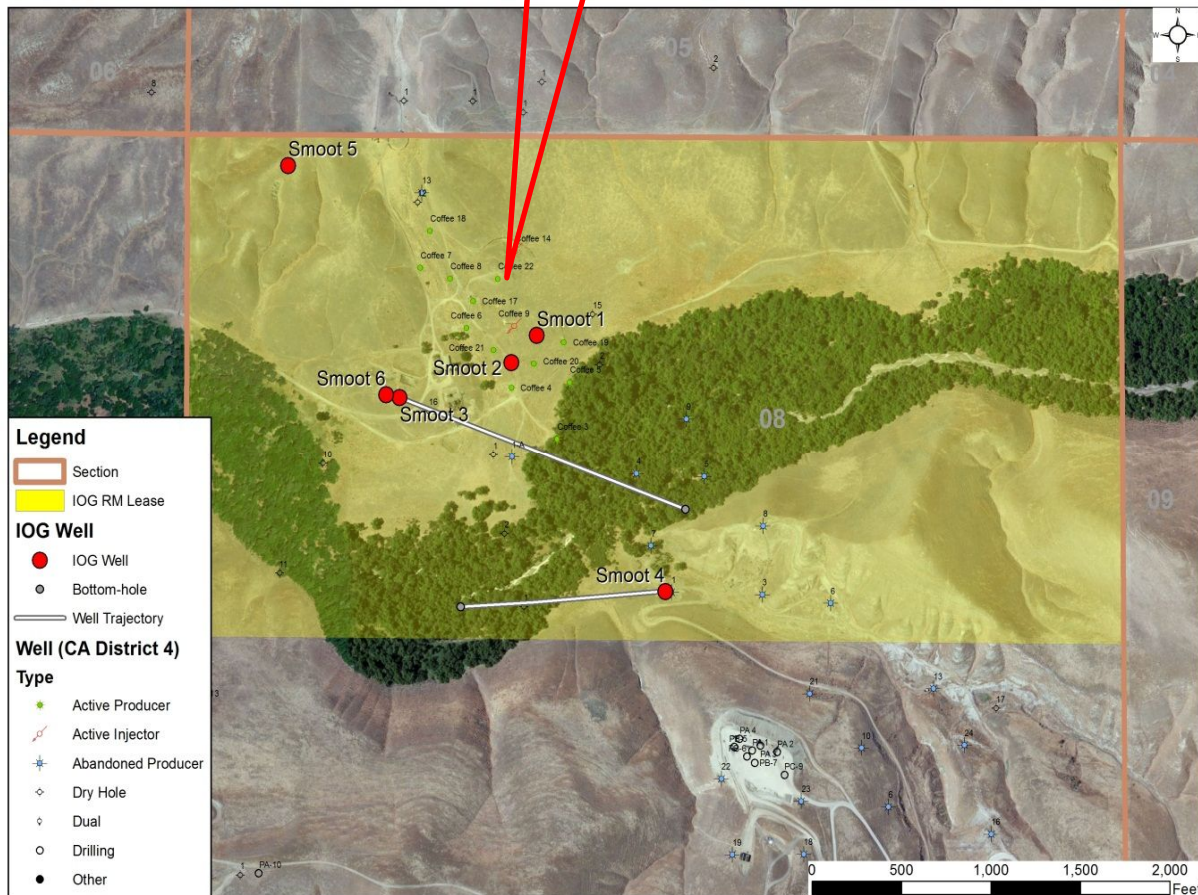
Incremental Projects, California



- Producing **ROUND MOUNTAIN**
- Producing **SHEEP SPRINGS**
- **VENTURA** Development
- **M^cDONALD A/C** Development
- **RAVEN PASS** Exploration

Round Mountain

Smoot 7



Drilled 7 wells so far

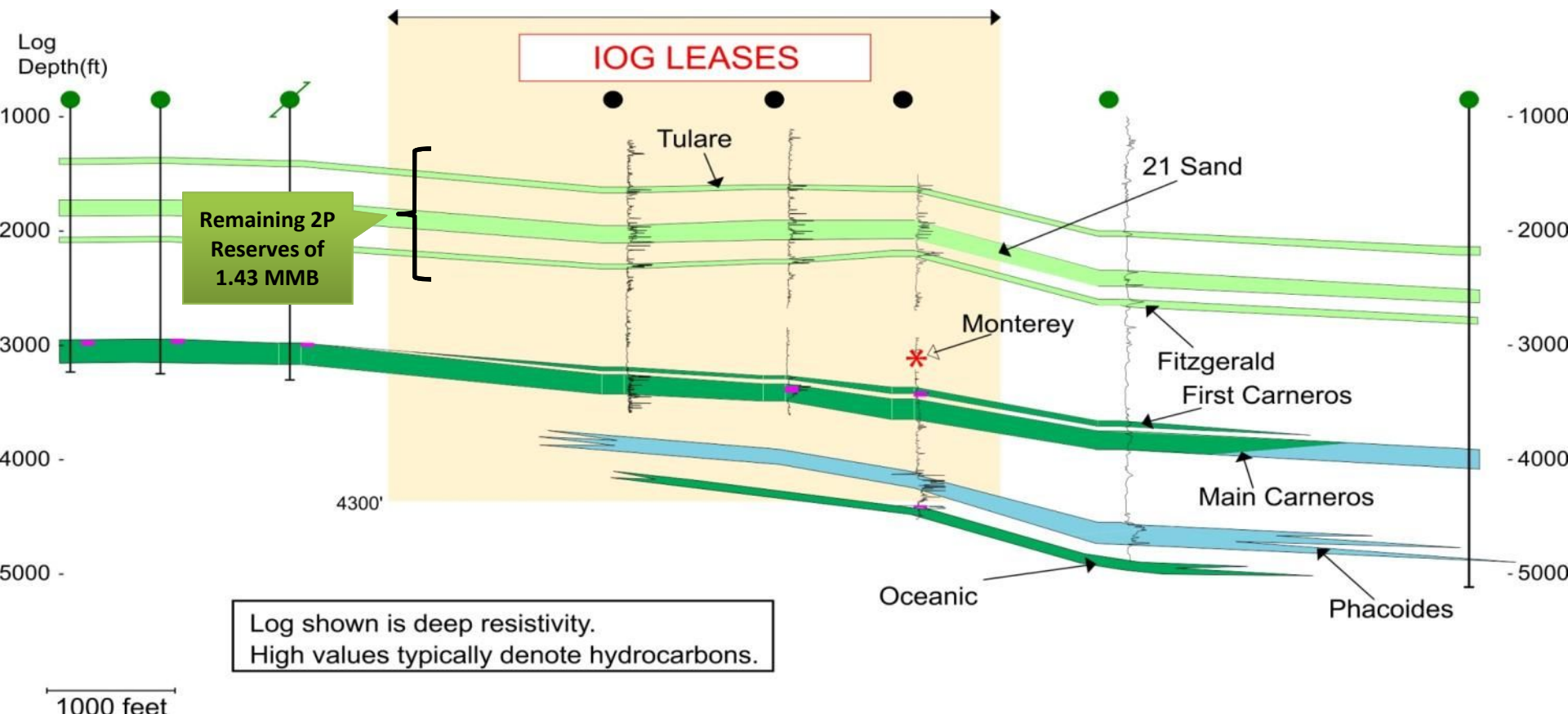
All successful

Production about 90 bopd

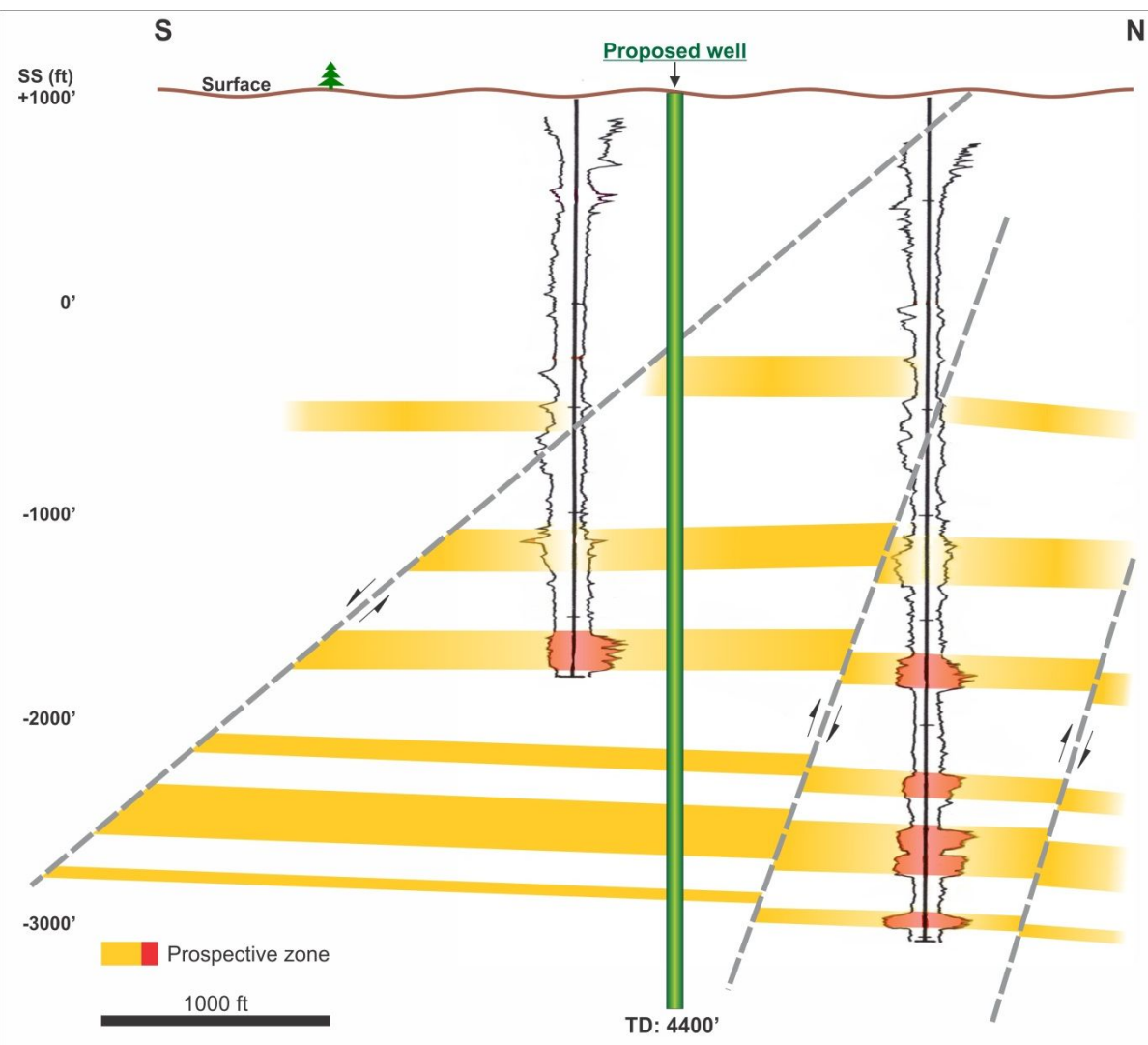
Six additional locations

Sheep Springs Oilfield

STILL PRODUCING 120 BOPD. LOW OPEX



McDonald Anticline



Produced 22 million barrels

Shallow, light oil

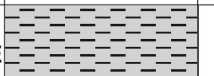



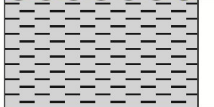

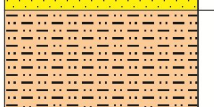


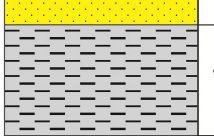
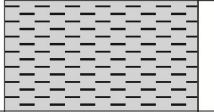
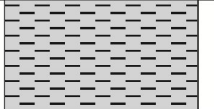
Multi reservoirs

Large land position

Drill in 2012

At least 3 well locations

Raven Pass

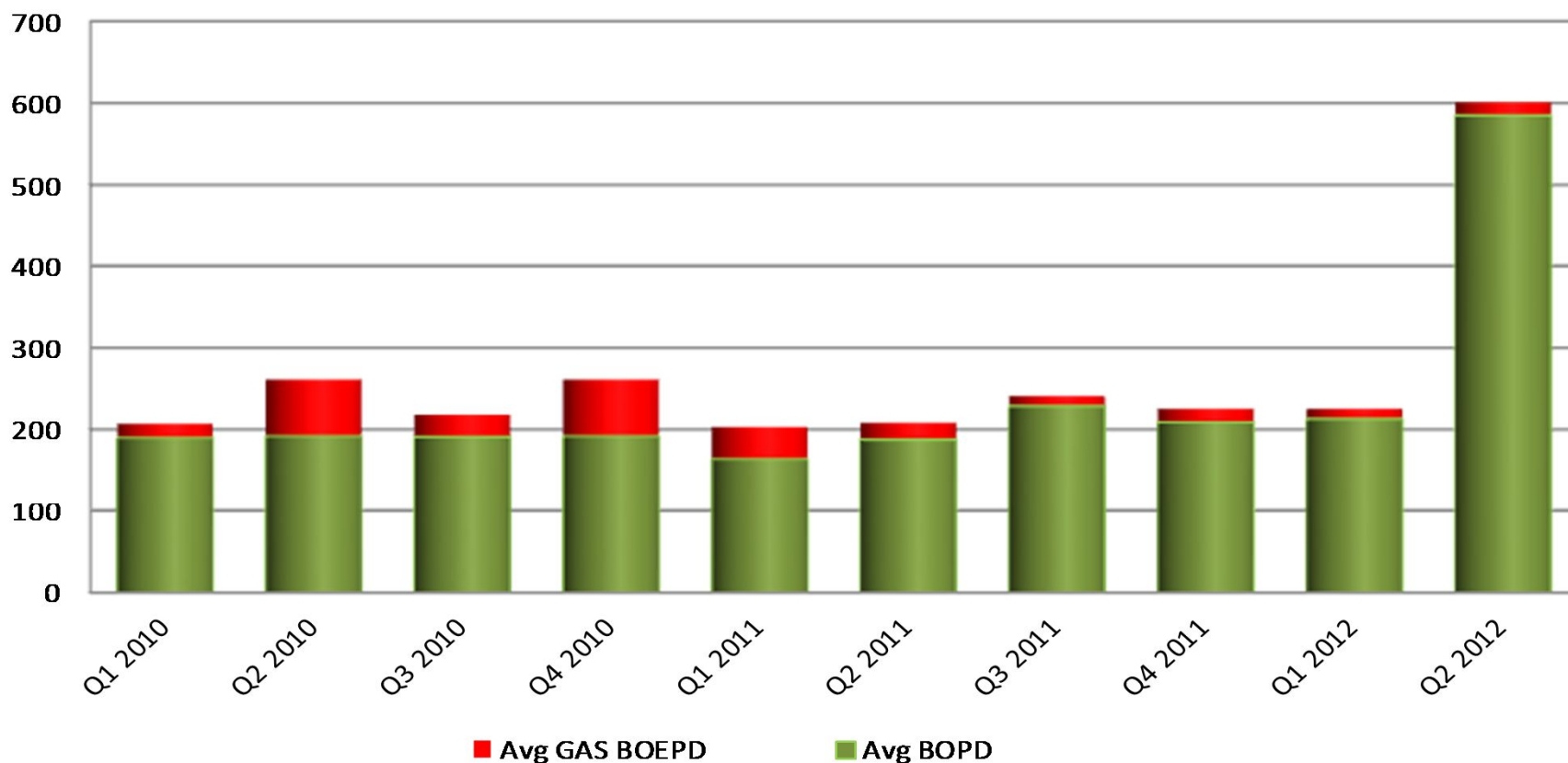
AGE		LITHOLOGY	FORMATION
TERTIARY	LATE MIOCENE		McLure shale
	EARLY & MIDDLE MIOCENE		Tembler sandstone
	LATE EOCENE		Point of Rocks sandstone
	MIDDLE EOCENE		Avenal sandstone
CRETACEOUS	LATE CRETACEOUS		Moreno shale
			Red Man sandstone
			Moonlight silty shale
			Serpiente sandstone
			Aguila sandstone
			Johnson Peak shale
	EARLY CRETACEOUS		Risco shale
			Badger shale
		21	

- Flowed light oil in 1942. Not drilled since
- Reservoir, seal, trap all demonstrated
- 200 m barrel potential
- True wildcat



Production

Incremental Oil and Gas - Quarterly Production



2012 Projected News Flow

- Drill 1 well, Round Mountain ...August
- Drill 2-3 wells, Florence Field.....Q4
- Drill 1 well, McDonald Anticline ... Q4
- Drill 1 wells, Ventura Project.....Q4
- Drill 6-8 wells, Florence FieldQ1 2013
- Declare another after tax profit