

INCREMENTAL OIL and GAS (asx: IOG)

EXCELLENCE IN OIL and GAS
March 1st 2011

www.incrementaloilandgas.com



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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.

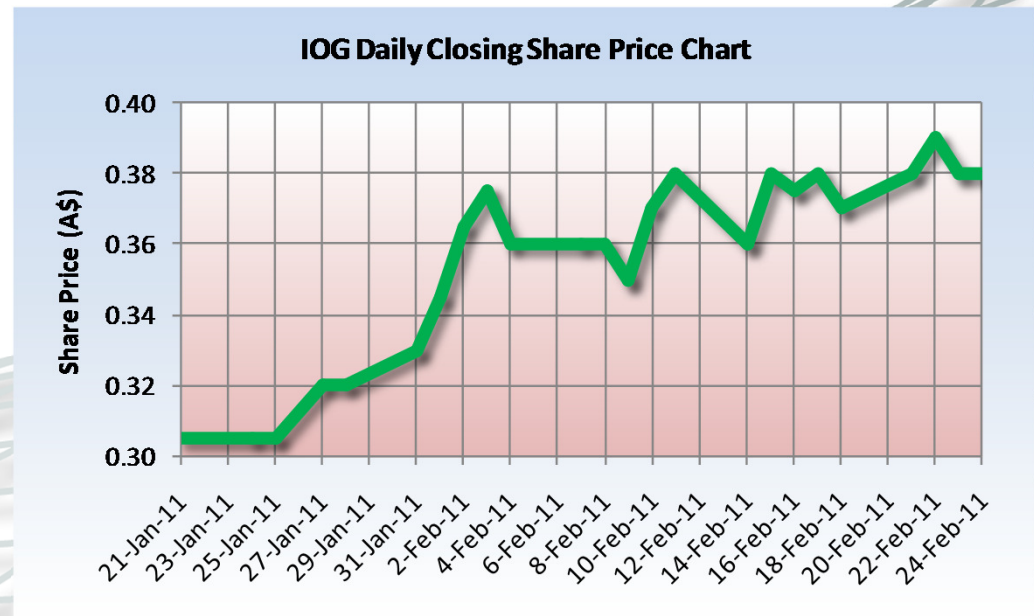
All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

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** 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**

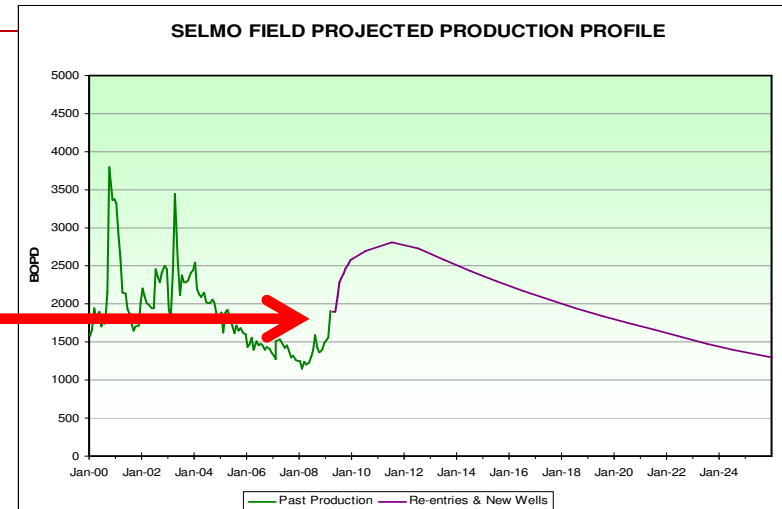
CFO

DIRECTORS



The team have done it before...

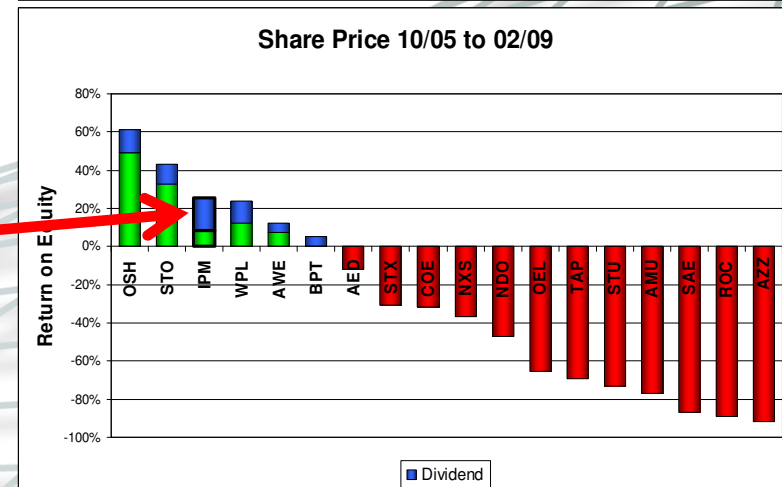
- **INCREMENTAL PETROLEUM** formed 2005.
- Raised \$61m, bought second largest oilfield in **TURKEY**
- Built production from 1500 bopd to 2000 bopd
- Commercialized West Turkey Gas
- Bought California producing assets



HOSTILE TAKEOVER ATTEMPT 2008

SETTLED MARCH 2009.

TOTAL RETURN OVER 3 YEARS 27%



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

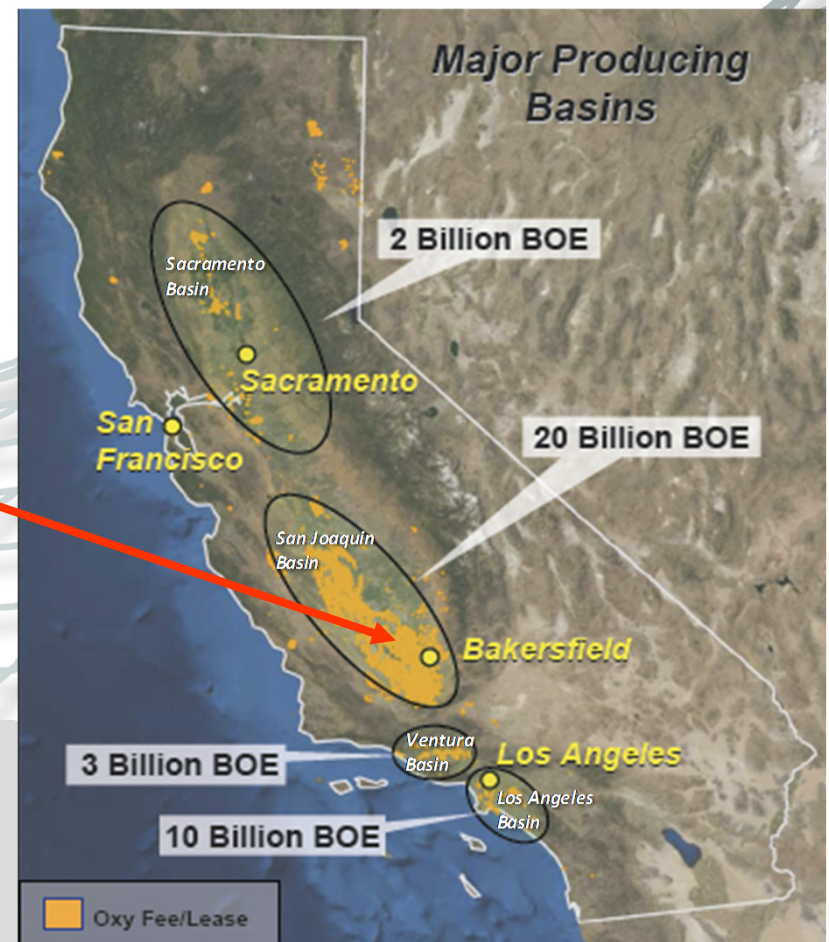
incremental
OIL AND GAS
LTD

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

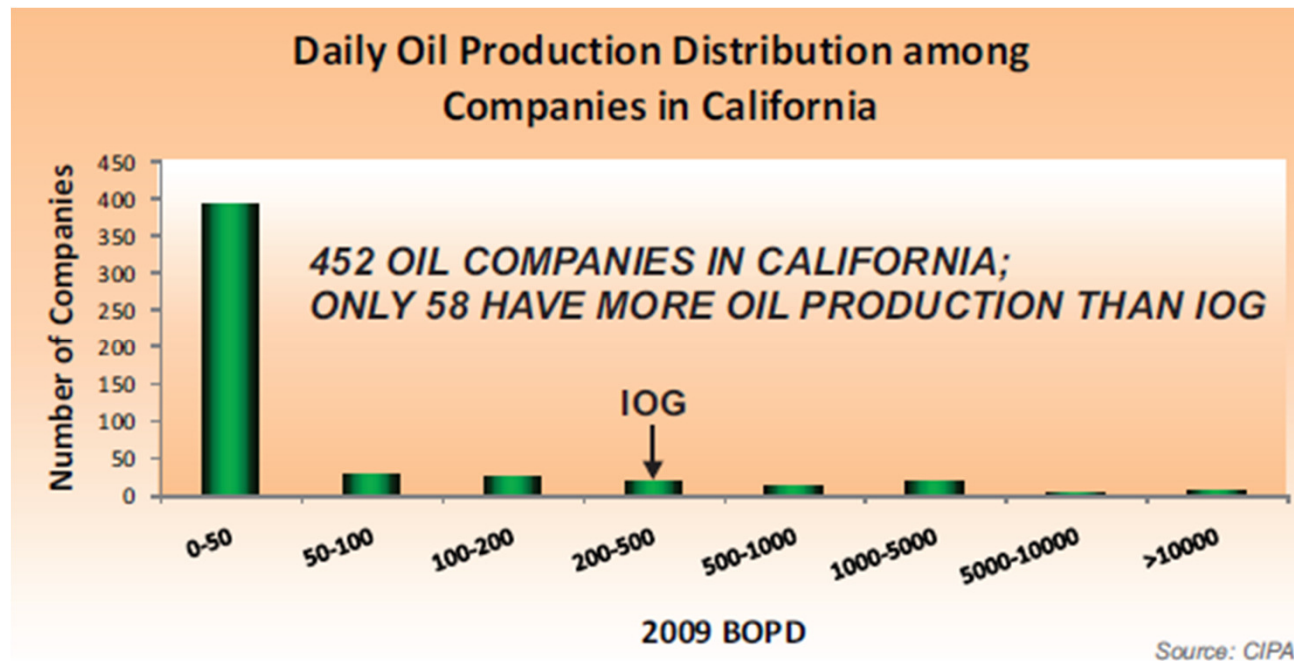
The San Joaquin Basin has:

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



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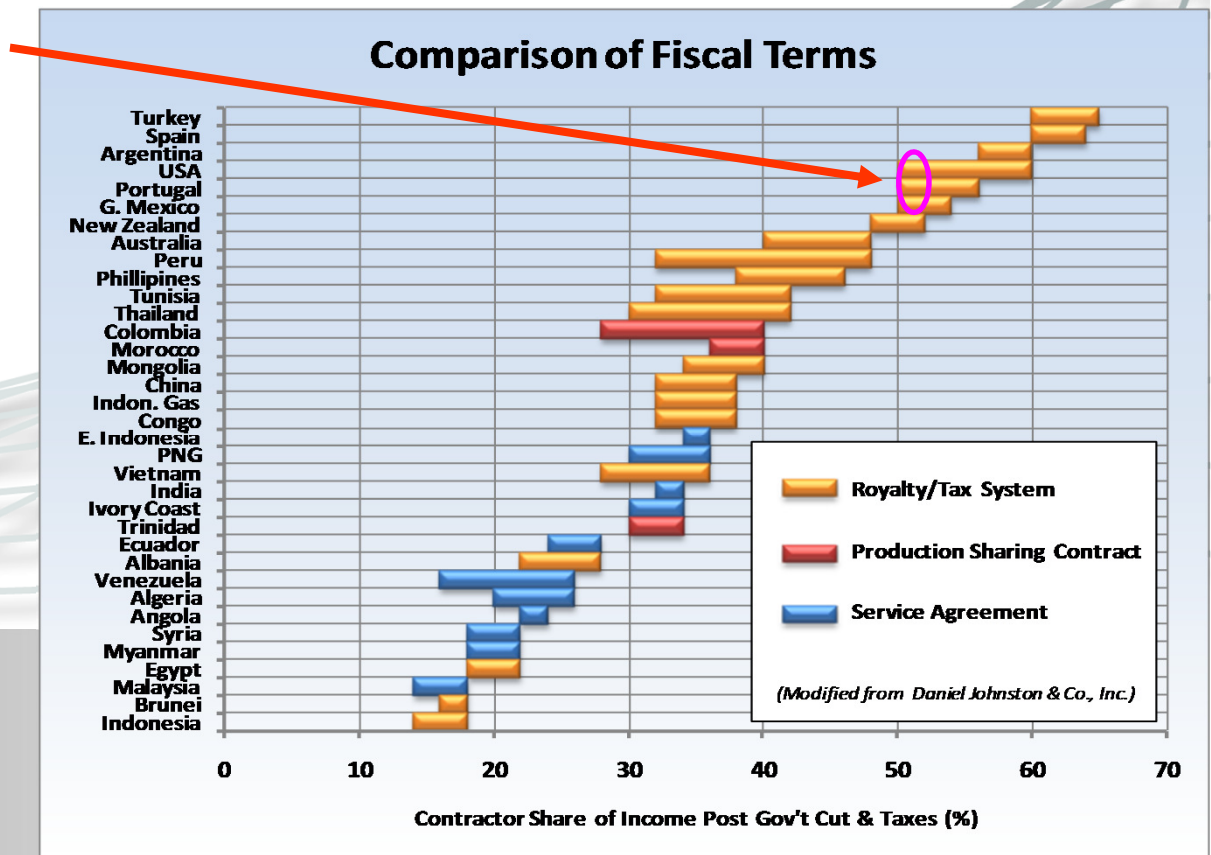
- Significant bypassed and undeveloped oil reserves left by early producers
- Few mid-sized oil companies, the innovators in the oil business, operate in California
- **Cheap and competitive service suppliers**
- Excellent Fiscal regime

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

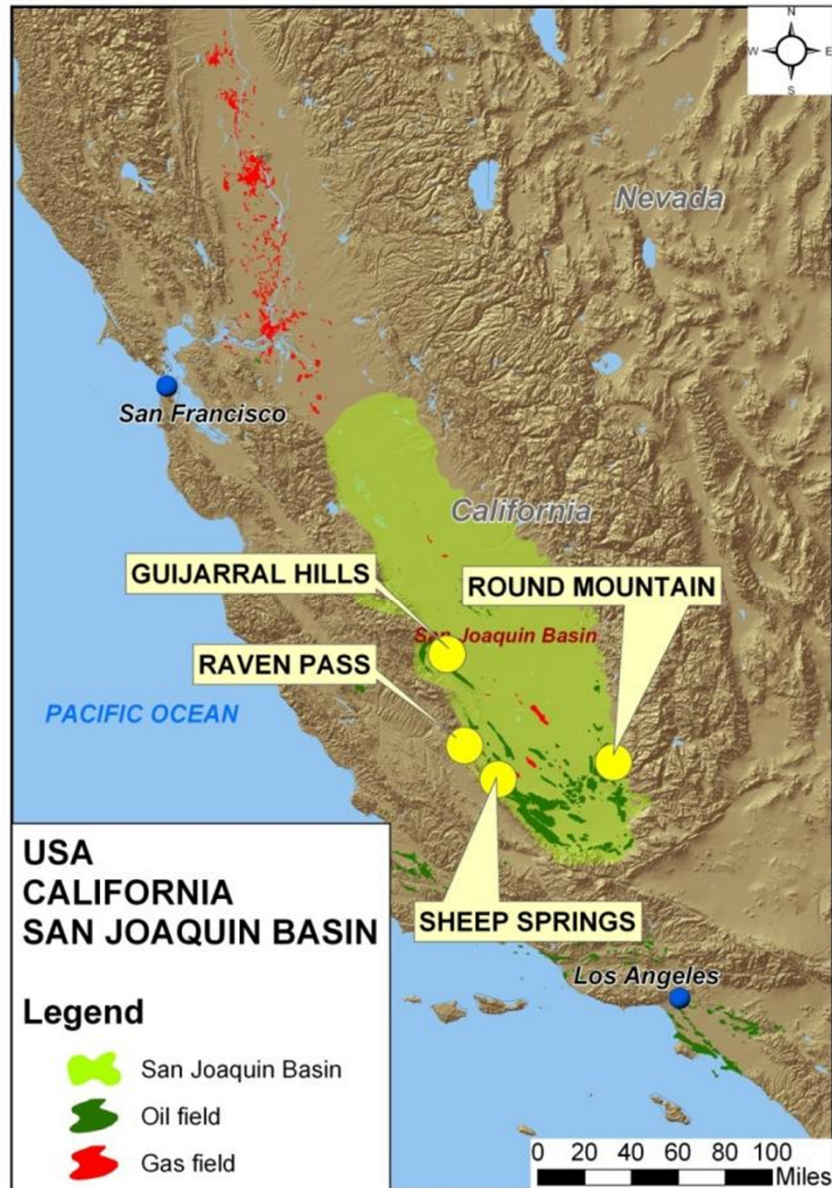
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- Cheap and competitive service suppliers
- **Excellent Fiscal regime**

**Royalties 5-10% lower
than Texas**



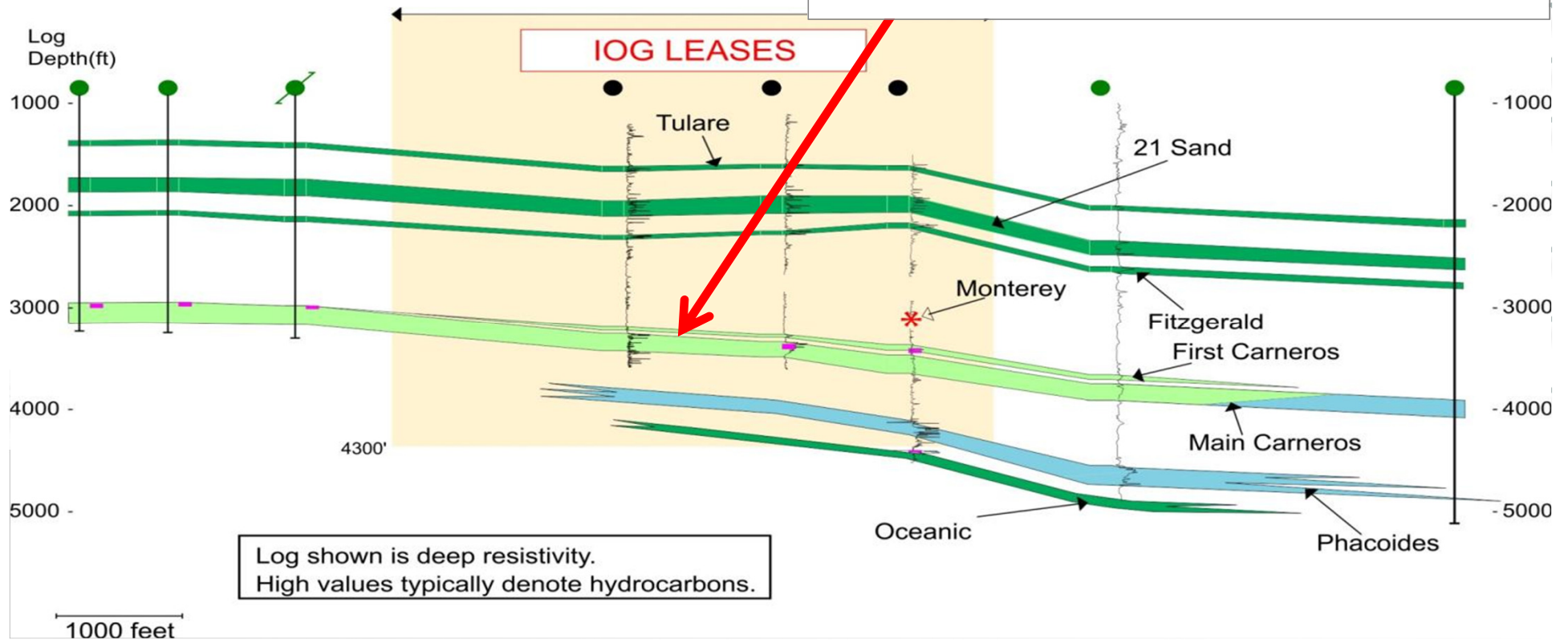
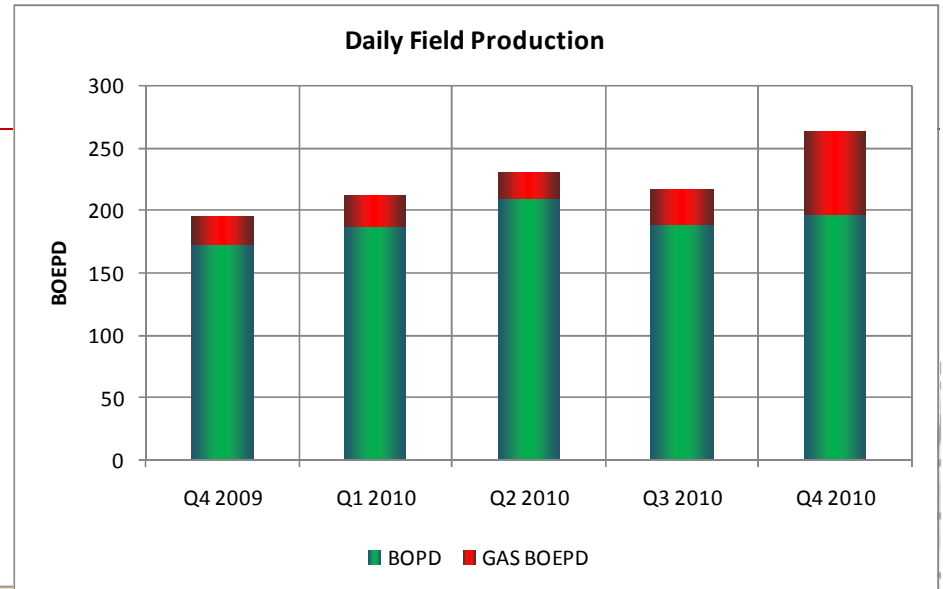
Incremental Projects



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

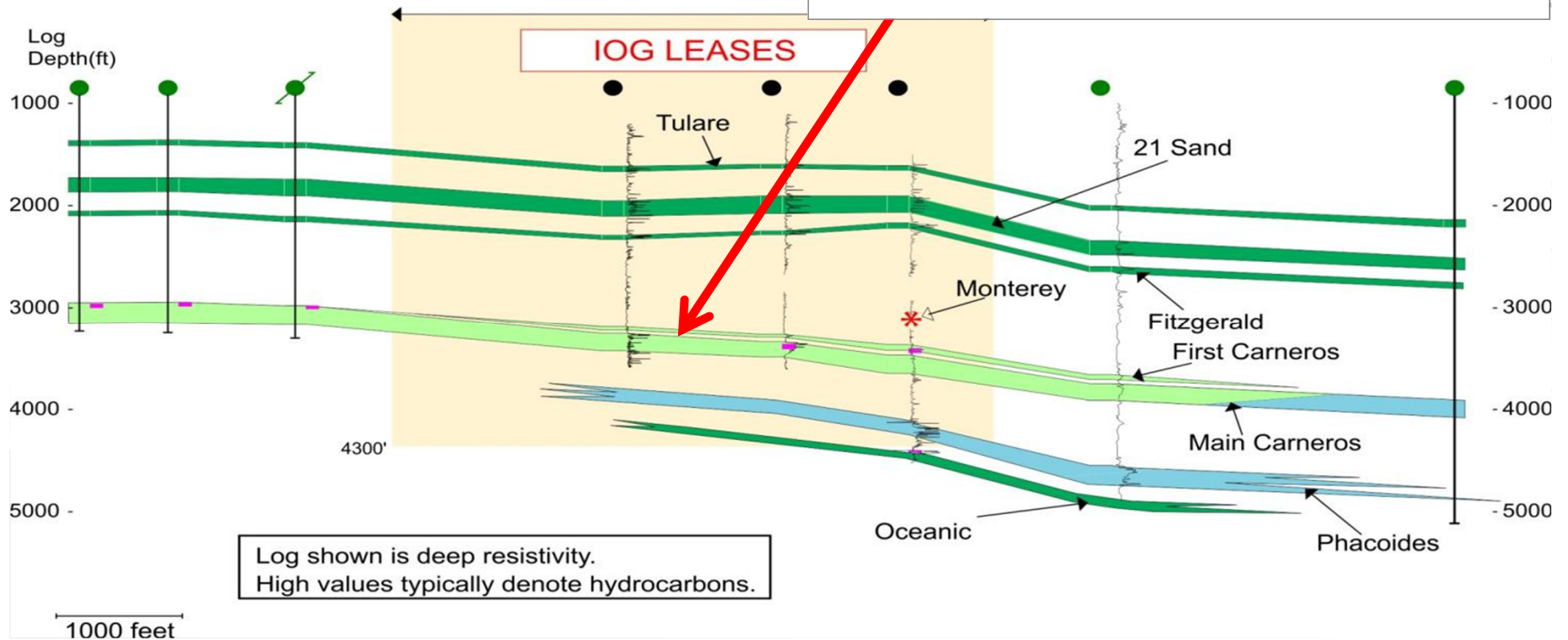
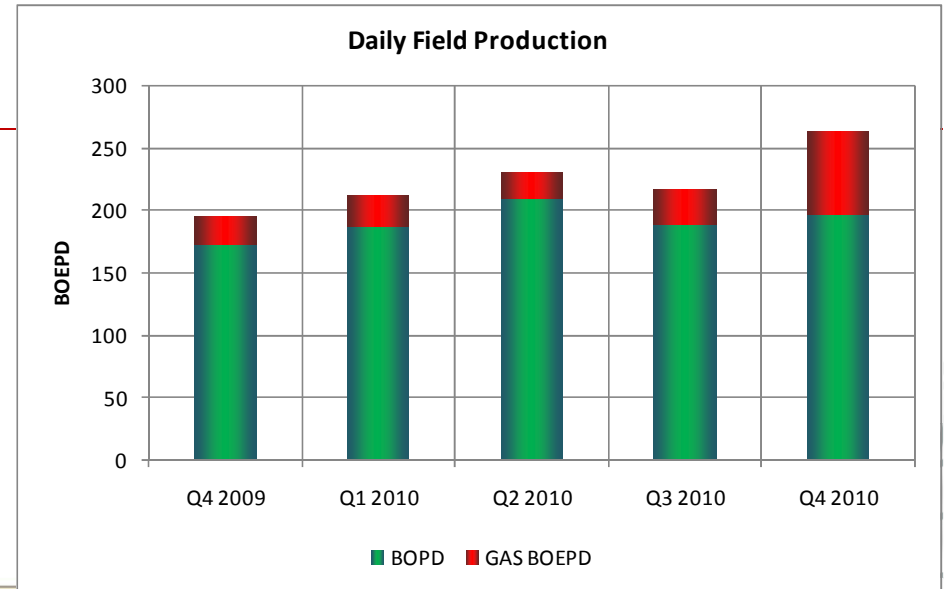
Sheep Springs Oilfield

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



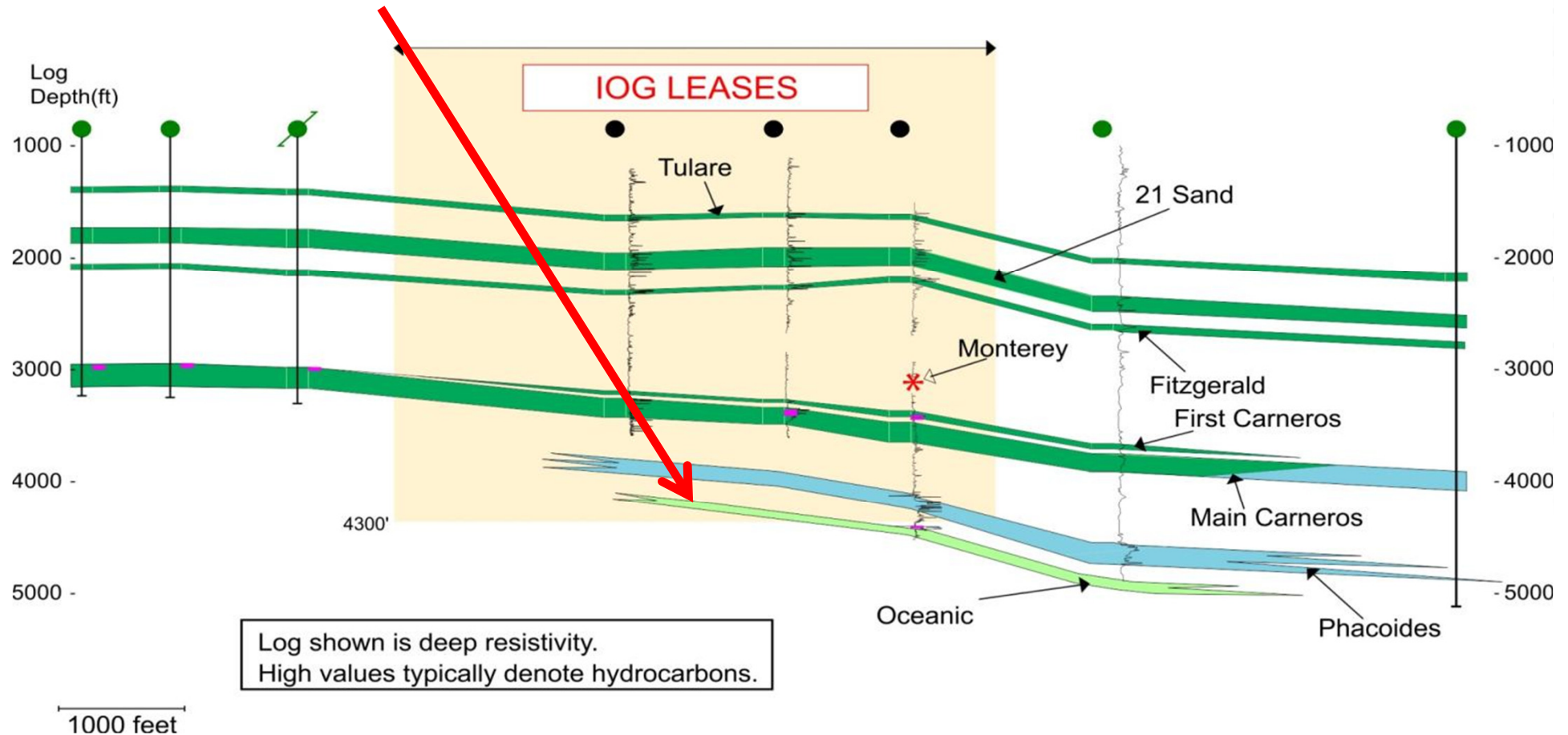
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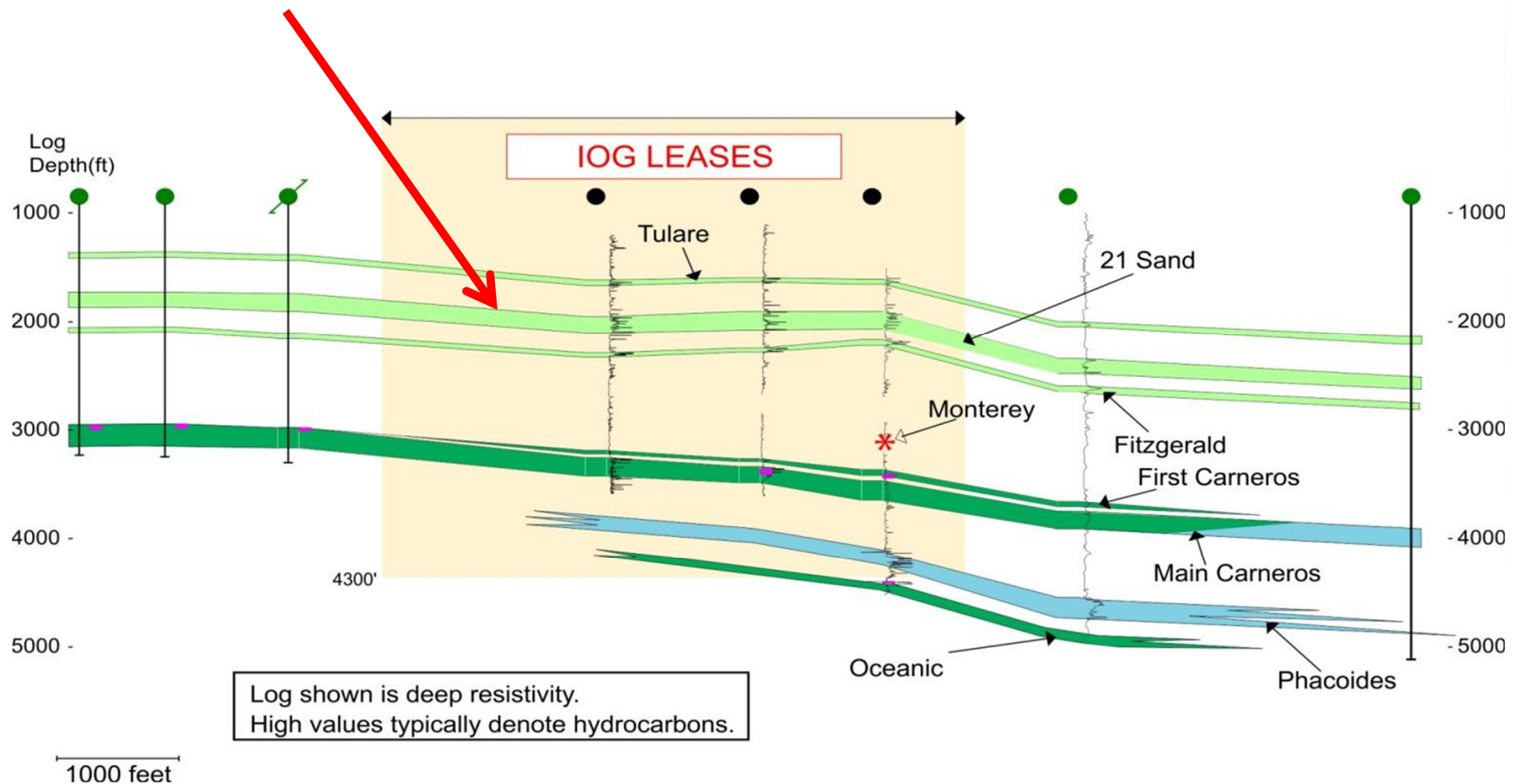
Sheep Springs Oilfield (2)

H &P #2 drilled 3 weeks ago
Targeted deepest know reservoir, light oil
24' pay of excellent shows
To be tested in coming weeks
Many shallow zones to also test



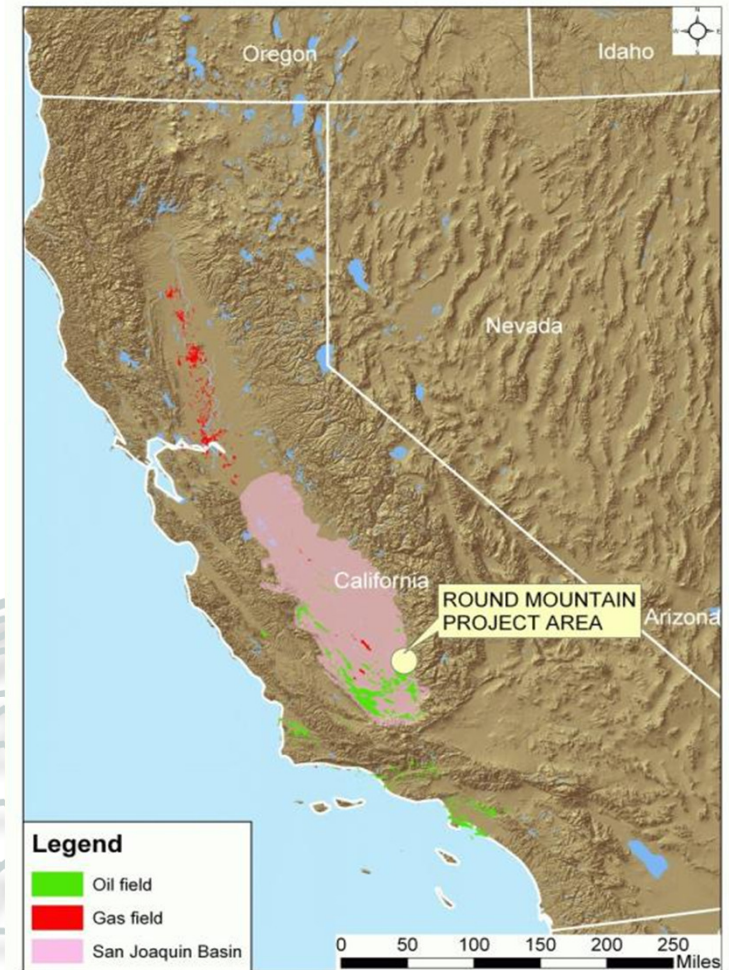
Sheep Springs Oilfield (3)

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

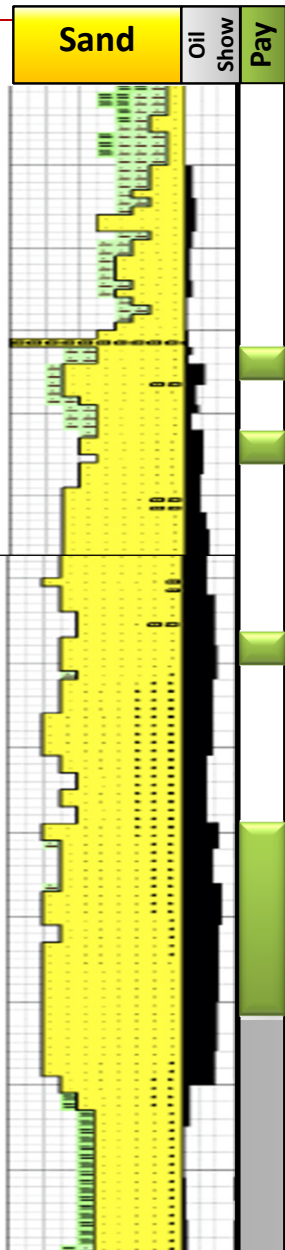


Round Mountain

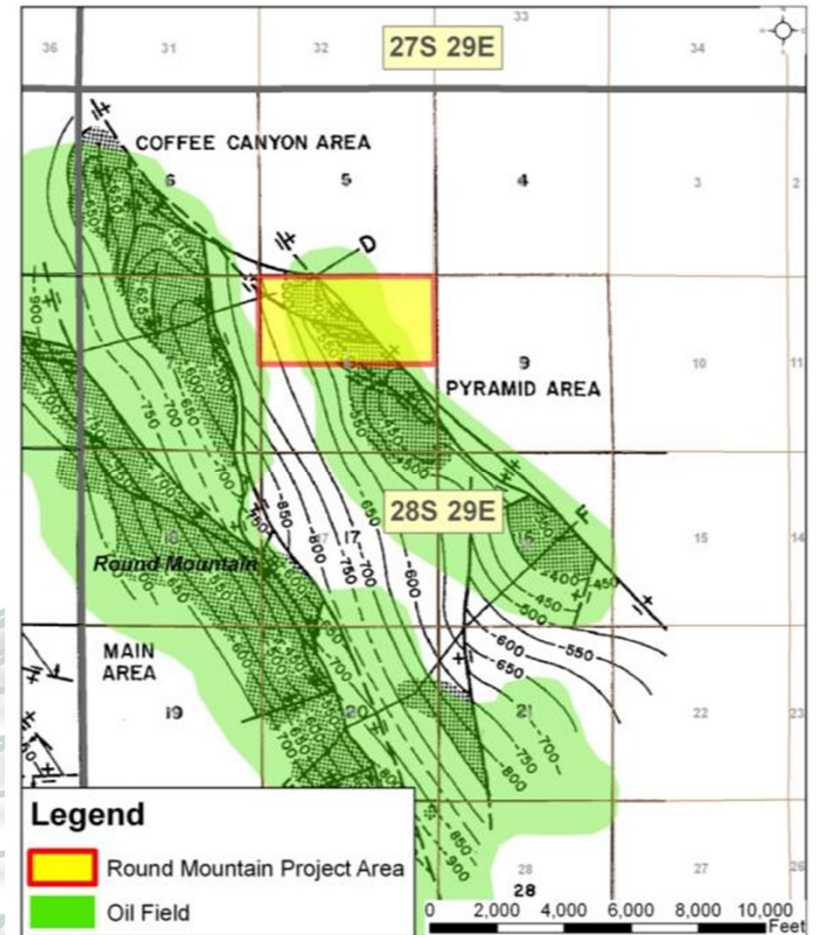
- Field has produced 110m barrels
- Shallow, 18-20° API gravity oil
- 100% Working Interest
- Production in the total RM oilfield now 8000 bopd



SMOOT 1, Round Mountain

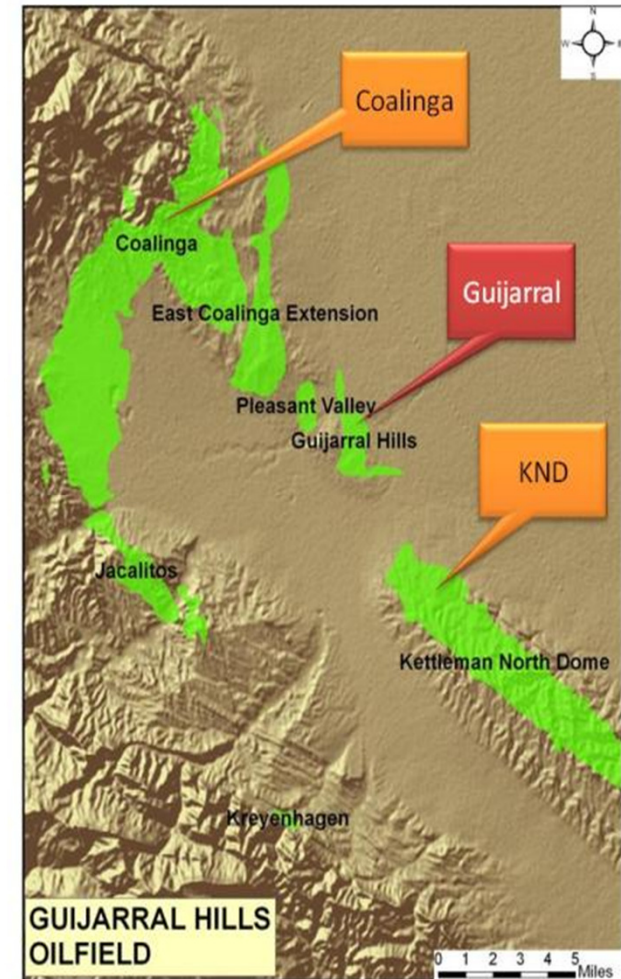
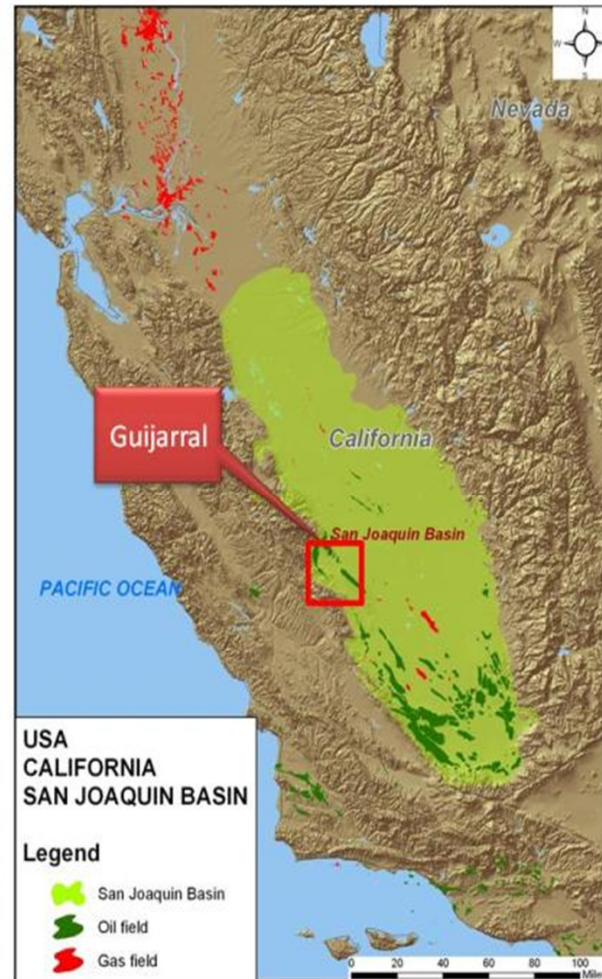


- To gather data
- >550' shows
- Over 100' of net pay
- Cores and high tech logs
- Testing in coming weeks
- Will form basis of full development plan

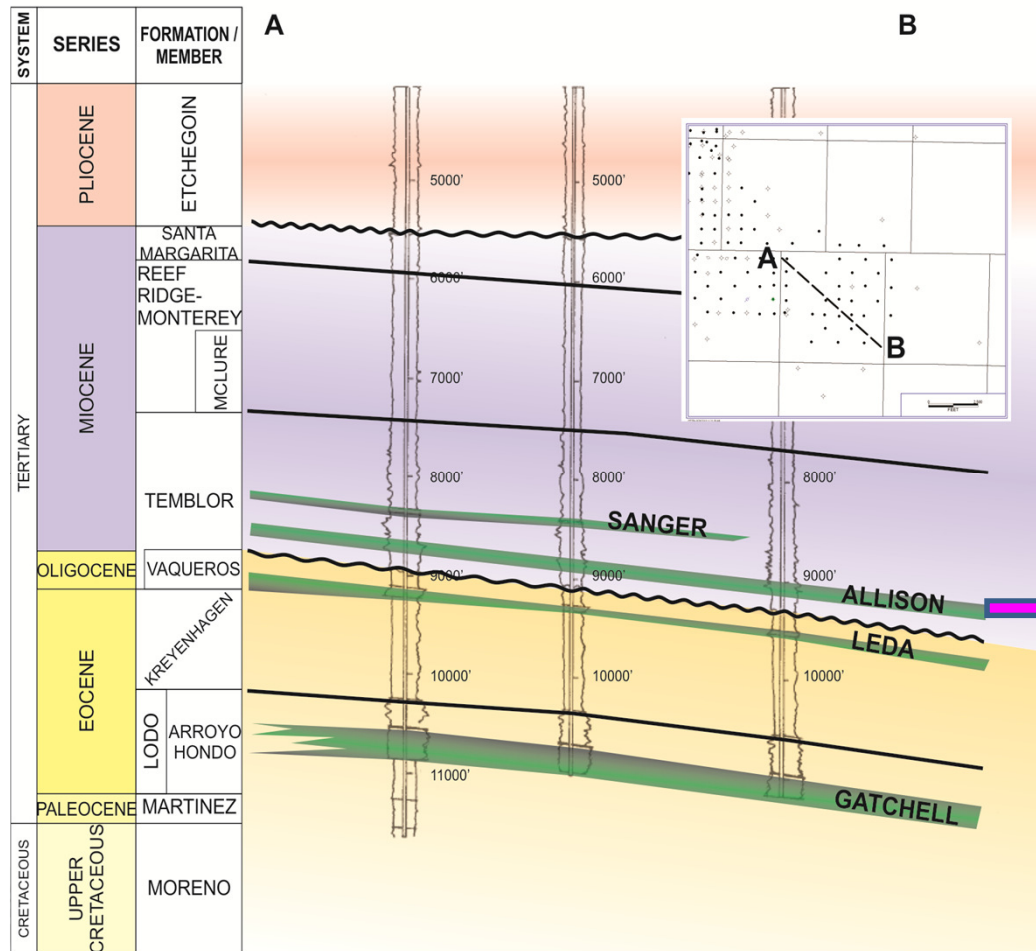


Guijarral Hills

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



Guijarral Hills (cont)



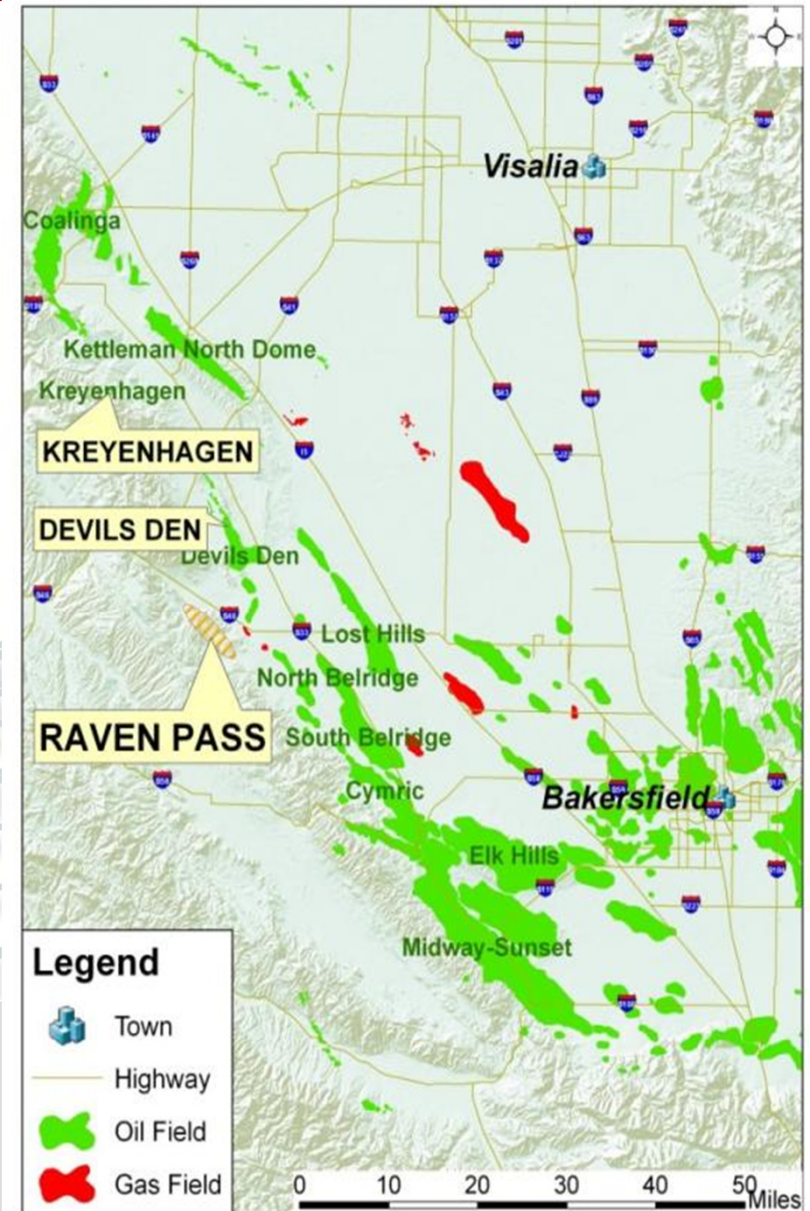
- Potential for high rates
- Still acquiring leases. Plan to drill mid year

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
				Johnson Peak shale
	EARLY CRETACEOUS			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