



**ONCO
PETROLEUM
INC.**

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January 24, 2009

Hello Onco Investors,

As I am sure you are well aware, a new board of directors including myself took over the reigns of our company at the end of September last year. While we were already taking over a company in serious peril, the downward turbulence and uncertainties in the market since taking over, have left the company in a position whereby it is hanging by its fingernails for survival. Through this process, myself and a couple of other concerned shareholders have made financial advances totaling over \$350,000 to try and right the past wrongs. The goal has been to restructure the company into a viable entity, and create a solid foundation from which to build and truly maximize our investment returns.

While there have been several areas of concentration during this process, the key ones at present are as follow:

i) Complete the audits that are past due in order to get a more current financial portrait of the company so that we can effectively deal with outstanding matters with the Ontario Securities Commission, the CNSX (formerly the CNQ), new investors or suitors, and existing creditors.

Note: The audits are now well underway. The former auditor (KPMG) only acknowledged the Notice of Change of Auditor last week, causing a delay in the new auditors going in to review their working papers. Accordingly, with the support of our new auditors, we had no choice but to request and were granted a further extension by the CNSX to May 3, 2009.

ii) Complete the Onco #32 well. As you may recall, in June, 2008 we reported that the first phase of drilling and subsequent testing on Onco #32 recorded a flow rate of 196 MCF per day of sour gas and pressures in the 300 psi range (i.e. commercial production grade). There was also a small show of sweet gas with an indication of sweet, light crude oil. Due to the internal problems that erupted within the company during this period, the second part of the drilling program was never completed hence we have been unable to use these positive results to assist us in obtaining the financial support to move the company forward.

While Farm Out money is available, the price to us could be as high as 50% of production revenues. That is an expensive price to pay for the development of something that we already know is there.

In order to avoid the Farm Out alternative, but at the same time complete the above, we require further investments of \$300-\$400,000, which I cannot do on my own. We require your support. I am available to present the current financing program to any individual or group that is interested.



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On a positive note, the Ministry of Northern Development and Mines has commissioned an airborne geophysical survey to collect magnetic data about the rocks buried in the region encompassing our Tilbury Field acreage. The survey will start in January and run for about two months. The survey may reveal a potential for additional oil and gas production or gas storage in a structural depression -- known as the Chatham Sag -- that was once the site of an ancient tropical sea. It will also help identify buried rock that may be suitable for the storage of carbon dioxide gas, which would aid climate change reduction efforts. This will be a huge dollar savings to Onco, as this was work that formed part of our future plans and will now be available to us at no cost.

This expenditure on the Ontario Governments behalf also supports our strong belief in the potential of the area for further oil and gas exploration and development.

I am away next week, and upon my return I will be working the phones in hopes of securing the funding needed. Failing that, I will have no choice but to seek Farm Out partners or the like so that we can move this project forward.

We thank you in advance for your support and understanding during these difficult times. Please do not hesitate to contact me if you have questions on this financing opportunity.

Sincerely,

Peter O. Bilodeau
Chairman, CEO