

Announcement

16 July 2010

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E admin@intpet.com.au
W www.internationalpetroleum.com.au**International Petroleum Limited**
Market Update

- **Following the successful completion of the acquisition of Eastern Petroleum Corporation Limited, and raising \$30 million, International Petroleum Limited was admitted to Official Quotation on the National Stock Exchange of Australia ("NSX") on 23 June 2010**
- **IOP commences drilling second well within the Alakol Licence Area**
- **The Company continues discussions with ASX following the Appeal Tribunal decision announced on 18 June 2010.**

International Petroleum Limited (ASX: IPO) (NSX: IOP) ("International Petroleum" or the "Company"), the oil and gas exploration and development company with assets in Kazakhstan, is pleased to announce the following operational update:

On 14 July 2010, International Petroleum commenced drilling its second well ("Well A-2"), within its 32,865 km² Alakol licence area in the east of Kazakhstan, on the Chinese border. The Alakol basin is considered to be similar to the Junggar and Zaisan basins across the border in China that are both proven oil provinces. Well A-2 will be drilled to a total depth of 3,500m and is expected to take about 50 days to complete.

International Petroleum has acquired, processed and interpreted 1350 km of 2D seismic data within the licence area and identified 5 prospects and a number of leads. The Company has also completed a number of geological studies and remote sensing work over the licence area. Well A-2 is a follow up well to the first exploration well, Well A-1, drilled on Prospect H in 2009. After Well A-1, the Company reprocessed and reinterpreted the seismic and Well A-2 will test the Paleozoic sequence which is expected to occur from 2,500m and comprise of Permian and Carboniferous sediments underlying the volcanic rocks intersected in Well A-1.

The Company is optimistic that Well A-2 will have the potential to prove that reservoir quality rocks will be found and that the presence of hydrocarbons will be located. Mr. Tony Sage, the Chairman of International Petroleum, stated that "the drilling of the A-2 well is the first phase of the Company's aim to demonstrate that the Alakol basin is a world class petroleum basin that will yield significant hydrocarbon resources."

The Company continues to liaise with the ASX following the Appeal Tribunal decision announced on 18 June 2010.

Yours faithfully

Tony Sage
Chairman

For further information, please contact:

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Additional information:

NSX symbol: IOP
ISIN: AU000000IOP5
Last traded (NSX – 15 July 2010) \$0.31 (market capitalisation approximately \$294m)
ASX symbol: IPO