

NSX Announcement
31 January 2011

Quarterly Reports

Please find attached the following reports relating to the quarter ended 31 December 2010:

- Quarterly Disclosure Declaration;
- Quarterly Activities Report; and
- Quarterly Cash Flow.

Yours faithfully
International Petroleum Limited

Tony Sage
Non-Executive Chairman

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31 January 2011

Mr Ian Craig
Companies Manager
National Stock Exchange of Australia Limited
Level 3, 45 Exhibition Street
MELBOURNE
VIC 3000

Dear Sir

QUARTERLY DISCLOSURE DECLARATION

In accordance with the listing conditions imposed by the National Stock Exchange of Australia (NSX) on International Petroleum Limited (Company), on behalf of the Board of the Company we declare that the Board has reviewed the operations of the Company and, in the opinion of each member of the Board:

- (a) all matters that require disclosure have been disclosed by the Company in accordance with Listing Rules of the NSX; and
- (b) the market remains fully informed as to the prospects and activities of the Company.

Yours sincerely



Tony Sage
Non-Executive Chairman
International Petroleum Limited



Mark Gwynne
Director
International Petroleum Limited



31 January 2011

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010

HIGHLIGHTS

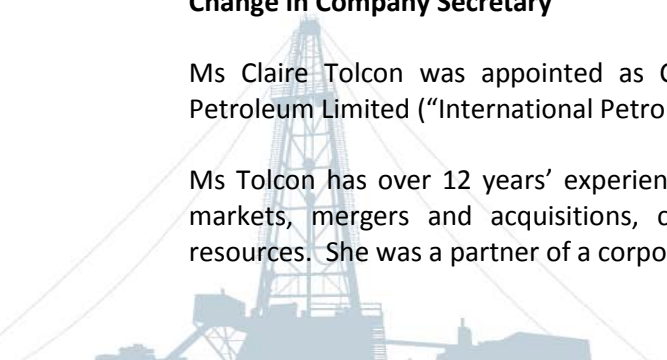
- US\$12.9 million cash at bank at 31 December 2010
- Ms Claire Tolcon appointed as Company Secretary with effect from 1 December 2010
- Mr William McAvock appointed as Chief Financial Officer on 5 January 2011
- Facility for sale of unmarketable parcels of shares established
- Extension of Alakol licence in eastern Kazakhstan to 13 November 2012 finalised
- Well A-2 suspended due to seasonal high velocity winds; drilling to recommence following completion of Well A-2
- Drill rig relocated from Well A-2 to Well A-3 in Alakol licence where high winds are not a factor
- Well A-3 commenced on 17 January 2011, which has a planned target depth of 2,600 metres
- An indirect 75% interest acquired in four exploration blocks, located in the Khanty-Mansiisk Region in Western Siberia ("Krasnoleninskiy Blocks"), the largest oil producing region of Russia
- Turn-key Drilling Contract signed in respect of two of the four Krasnoleninsky Blocks

CORPORATE

Change in Company Secretary

Ms Claire Tolcon was appointed as Company Secretary and in house legal counsel of International Petroleum Limited ("International Petroleum" or "Company") with effect from 1 December 2010.

Ms Tolcon has over 12 years' experience in the legal profession, primarily in the areas of equity capital markets, mergers and acquisitions, corporate restructuring, corporate governance and mining and resources. She was a partner of a corporate law firm for a number of years before joining the Company.



Ms Tolcon holds a Bachelor of Laws and Bachelor of Commerce (Accounting) degree and is a member of FINSIA.

Ms Tolcon replaces Mr Timothy Turner as Company Secretary, who remains a non-executive director of the Company.

Appointment of Chief Financial Officer

Mr William McAvock was appointed as an executive director and Chief Financial Officer of the Company on 5 January 2011. Mr McAvock is a Chartered Certified Accountant and has worked as Group Financial Controller for exploration companies for over 7 years. He spent over 3 years at Adastra Minerals Inc. (which had dual listings on the TSX and AIM stock exchanges) and following its takeover in 2006 by First Quantum Minerals Limited and 4 years at African Minerals Limited (AIM: AMI), which is developing the Tonkolili project in Sierra Leone, West Africa.

Facility for sale of unmarketable parcels of shares

In October 2010, the Company established a sale facility for unmarketable parcels of shares (being shares valued at less than \$500 as at the close of trade on 21 October 2010). As at 21 October 2010, the Company had 727 shareholders holding less than a marketable parcel of shares, totalling 512,753 shares. After following the prescribed notice periods and provision of notices to those relevant shareholders, the Company completed the sale process in January 2011 and 463,905 shares were sold on market on behalf of the shareholders of unmarketable parcels of shares.

EXPLORATION

Alakol License Area – Republic of Kazakhstan

The Company, through its wholly owned subsidiary, North Caspian Petroleum Limited (“NCPL”) operates and owns a 50% interest in subsoil use rights for the exploration of hydrocarbons in an early stage project in eastern and south eastern Kazakhstan (“Alakol License Area” of “Kazakhstan Project”). Remas Corporation LLP, a privately owned Kazakhstan company, holds the remaining 50%.

An extension to the term of the Alakol License Area to 13 November 2012 was finalized during the quarter.

The Alakol License Area is located in eastern Kazakhstan and borders the western boundary of the People’s Republic of China. The main target reservoirs in the Alakol basin are carbonates or sandstones of Paleozoic age occurring at depths ranging between 1,600 and 3,500 metres.

Well A-2, which was being drilled at the commencement of the quarter, is located to the south of the Alakol Lake in an area known as the Junggar Gate where wind speeds can reach velocities in excess of 20 metres per second from October to April. At the beginning of October 2010, wind speeds began to steadily increase and reached a point where operational activities became increasingly dangerous. The Company subsequently suspended the drilling of Well A-2, plugged it to enable the resumption of drilling once wind speeds subside, and relocated the drill rig to Well A-3.

Well A-3 is located 74 kilometers northeast of Well A-2, on a Paleozoic prospect in the eastern portion of the Alakol License Area near a number of artesian wells associated with hydrocarbon seeps or oil films proving generation of hydrocarbons within the basin. Seismic interpretation indicates the possible presence of reservoirs below a capping volcanic seal.

On 17 January 2011, drilling commenced at Well A-3, which has a planned target depth of 2,600 metres. Upon completion of drilling at Well A-3, the rig will return to Well A-2 to complete drilling at that location, by which time the weather conditions at Well A-2 will have improved.

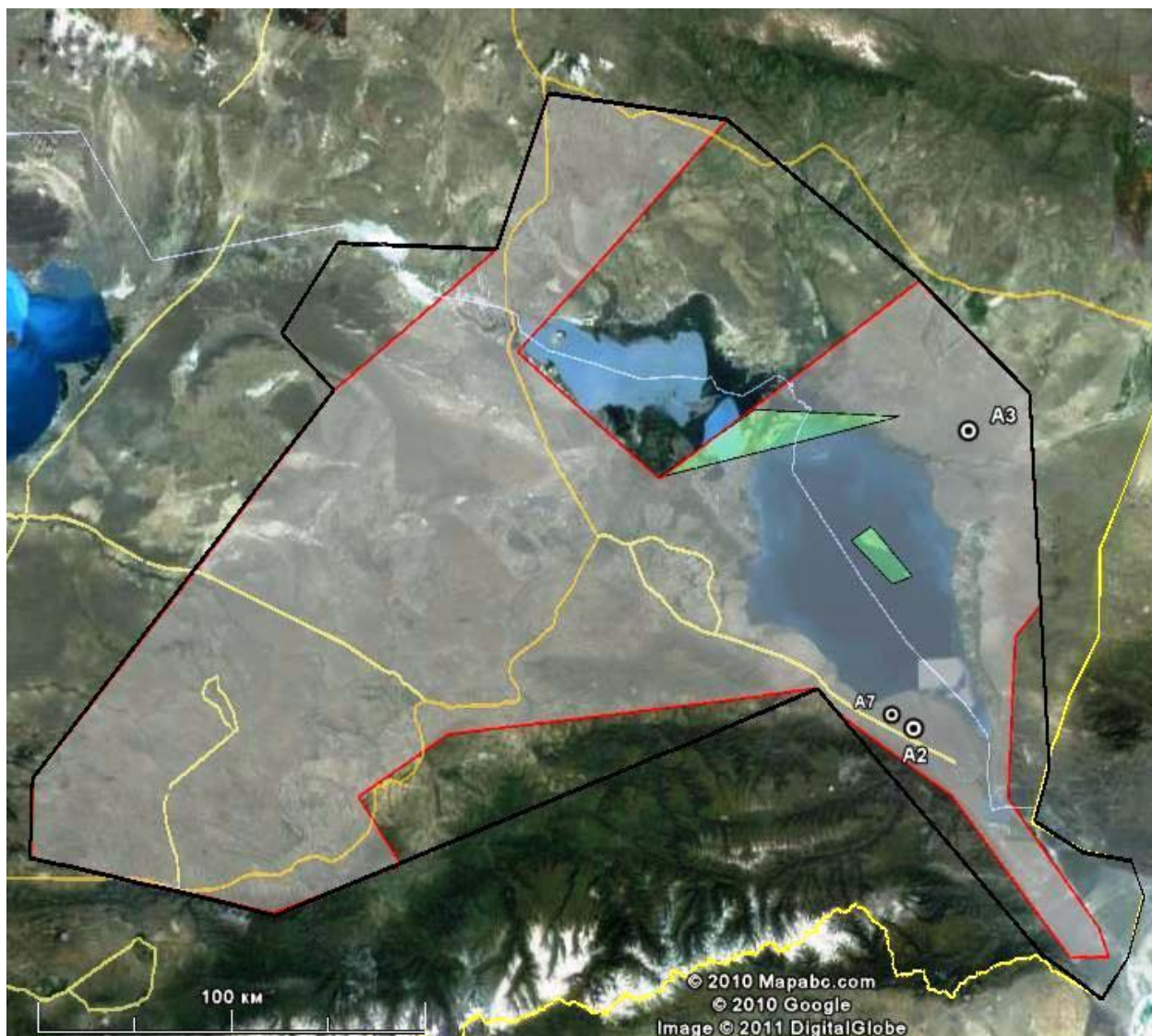


Figure 1: Alakol License Area and drill locations

Black line License area prior to relinquishment

Red line License area following relinquishment

Green areas Nature parks

Relinquishment of 25% of the Alakol License Area pursuant to the terms of the license was completed during the quarter. The areas relinquished were considered non prospective and are outside the known limits of the Alakol hydrocarbon basin.

Krasnoleninskiy License Area – Russia

In October 2010, the Company through its wholly owned subsidiary, IPL Siberia Limited (“IPL Siberia”), completed the acquisition of a 75% equity interest in Souville Investments Limited (Cyprus) (“Souville”) from Assurian Assets Limited (“Assurian Assets”). Souville is the 100% legal and beneficial holder of Irtysh-Neft, a Russian company having exploration rights to the Krasnoleninskiy blocks in Western Siberia (“Krasnoleninskiy Project” or “Krasnoleninskiy Blocks”). Assurian Assets has retained a 25% interest in Souville and by extension, the Krasnoleninskiy Blocks.

The Krasnoleninskiy Blocks are located in the Khanty-Mansiysk Region in Western Siberia, the largest oil-producing region of Russia (Refer Figure 2). The total licensed area of the Krasnoleninskiy Blocks (1,467 km²) has been extensively explored by 2D seismic (1,950 km completed). Ryder Scott Company-Canada, an independent oil and gas consultant, was engaged and estimated unrisks prospective recoverable resources of the Krasnoleninskiy Blocks at 169 (Low Estimate), 260 (Best Estimate) and 385 (High Estimate) mln bbls.¹

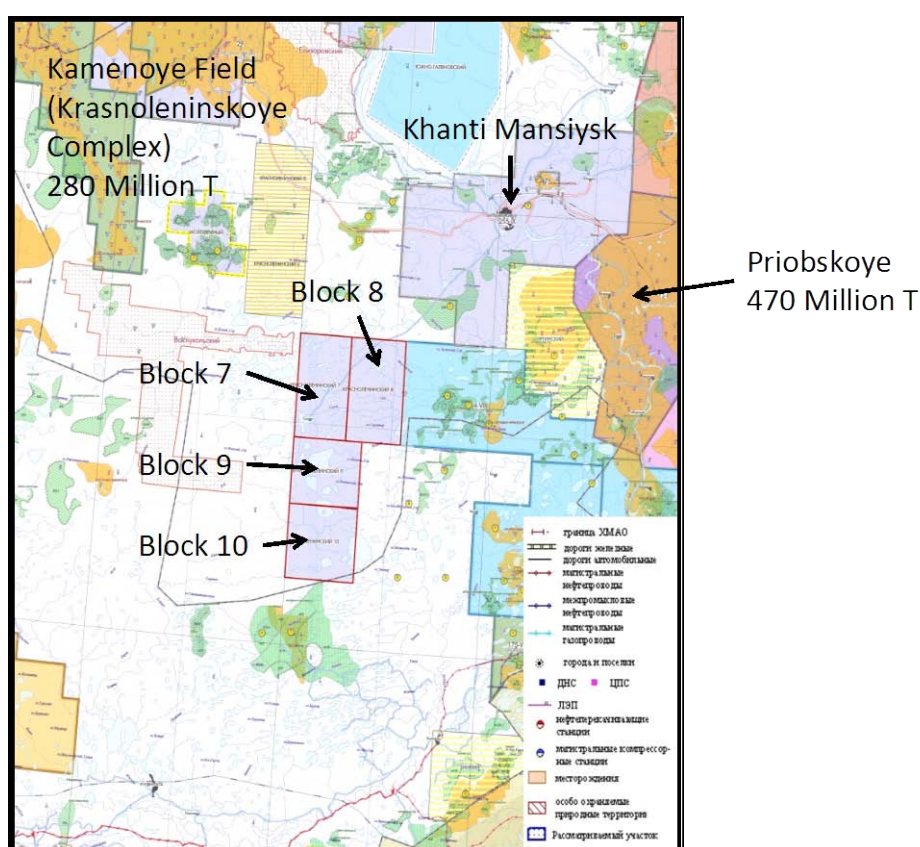


Figure 2: Location Map of Krasnoleninskiy Project

The current work program requires the drilling of 2 wells on the Krasnoleninskiy Blocks by 30 June 2012 and drilling 2 additional wells by 30 December 2012 (“Current Work Program”). International Petroleum, through IPL Siberia, will be the Operator of the Krasnoleninskiy Project and plans to satisfy the Current Work Program by drilling 2 wells in 2011 and 2 additional wells in 2012.

¹ It should be noted that the resources prospects evaluated are all seismic features, which have not been penetrated by any wells. It should be clearly understood that the resources are undiscovered and the project is a medium-high risk exploration play. There is no certainty that any portion of the undiscovered resources will be discovered and that, if discovered, may not be economically viable or technically feasible to produce any of the resources.

A turn-key drilling contract with Pravdinskaya Expedition LLP has been signed for the drilling of one well on each of two of the four Krasnoleninskiy Blocks (Blocks 7 & 8). Preparation of winter access roads and well site construction commenced in January 2011.

Pursuant to the Share Purchase and Funding Agreement ("SPA") between Assuryan Assets and IPL Siberia, IPL Siberia has paid Assuryan Assets US\$ 5 million and is obligated to drill 4 wells on the Krasnoleninskiy Blocks (which will comply with the Current Work Program) in consideration for the acquisition of the 75% interest in Souville. Funding for further exploration of the Krasnoleninskiy Blocks (following the drilling of the initial IPL Siberia funded 4 wells) will be financed by shareholders of Souville in the form of cash call loans in proportion to their shareholdings: 75% by IPL Siberia and 25% by Assuryan Assets.

BUSINESS DEVELOPMENT OPPORTUNITIES

Whilst the Company is focused on exploration at its Kazakhstan Project and Krasnoleninskiy Project, it continues to review nearby or similar provinces for potential opportunities.

Tony Sage

Non-Executive Chairman

For further information, please contact:

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Quarterly Report

Name of entity

INTERNATIONAL PETROLEUM LIMITED

ABN

76 118 108 615

Quarter ended ("current quarter")

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter US\$'000	Year to date (6 months) US\$'000
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) staff costs	(172)	(570)
	(b) advertising and marketing	(25)	(28)
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(2,205)	(3,419)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	174	397
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	(a) Payments for exploration	(3,967)	(7,652)
	(b) Payments for business development	(127)	(2,596)
	(c) Deposit paid on drilling contract	(2,353)	(2,353)
Net operating cash flows		(8,675)	(16,221)

		Current quarter US\$'000	Year to date (6 months) US\$'000
1.8	Net operating cash flows (carried forward)	(8,675)	(16,221)
1.9	Cash flows related to investing activities		
	Payment for acquisition of:		
	(a) businesses (item 5)	(5,000)	(5,000)
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(4)	(4)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	122	122
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)		
	(a) Stamp duty paid		(932)
	(b) Cash acquired through acquisition of business	4	4
	Net investing cash flows	(4,878)	(5,810)
1.14	Total operating and investing cash flows	(13,553)	(22,031)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(13,553)	(22,031)
1.21	Cash at beginning of quarter/year to date	24,964	29,943
1.22	Exchange rate adjustments to item 1.21	1,418	4,917
1.23	Cash at end of quarter	12,829	12,829

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

		Current quarter US\$'000
1.24	Aggregate amount of payments to the parties included in item 1.2	60
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions US\$60,250 has been paid to directors during the quarter for the provision of their services as directors.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available US\$'000	Amount used US\$'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter US\$'000	Previous quarter US\$'000
4.1 Cash on hand and at bank	5,536	9,479
4.2 Deposits at call ¹	7,293	15,485
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	12,829	24,964

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	Souville Investments Limited (Cyprus)	N/A
5.2	Place of incorporation or registration	Cyprus	N/A
5.3	Consideration for acquisition or disposal	US\$5 million	N/A
5.4	Total net assets on acquisition	US\$2.3 million	N/A
5.5	Nature of business	Exploration	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to NSX.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Claire Tolcon
(Company secretary)

Date: 31 January 2011

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** NSX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.