

NSX Announcement  
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## **Drilling update at Alakol Exploration Project, Kazakhstan**

International Petroleum Limited (**NSX: IOP**) ("**Company**"), an oil and gas exploration company with assets in Kazakhstan and Russia, announces that it has reached a total depth of 1,066 metres in Well A-3, located in its Alakol concession in eastern Kazakhstan, and has made the decision to plug and abandon the well.

After drilling through more than 500 metres of massive Mesozoic-age quartzite and silicified sandstones, not seen in Wells A-1 and A-2, before intersecting Paleozoic-age volcanic sediments, the decision has been made to plug and abandon the well. No shows of hydrocarbons were seen during drilling. Though planned for a total depth of 2,600 metres, the unexpected thick interval of metamorphic formations encountered provided clear evidence that the intense heat and pressure associated with mountain building during the Paleogene period in the eastern portion of the Alakol Basin destroyed any existence of reservoir rock properties in the full column of sediments from near surface and below in the A-3 well area. Owing to this event, reservoir quality formations below the Paleozoic volcanics are not anticipated. Therefore, the Company has made the prudent decision to stop drilling and abandon this well. Further drilling for the Paleozoic, including the re-entry of Well A-2, which had been planned for this spring, will be delayed while further studies of the prospectivity of the Paleozoic are completed.

However, based on a recently completed new interpretation incorporating the drilling results, the Company will now focus on drilling for the thick Mesozoic sediments encountered in Well A-3 in areas away from the possible effects of metamorphism, where it is believed reservoir-quality formations could be present. The new Mesozoic drilling program of two wells and two contingent wells, to a depth of approximately 2,000 metres each, is planned for late in the second quarter or early in the third quarter this year.

Additionally, a 3D seismic program of up to 500 km<sup>2</sup> is being planned, which will be contingent on positive drill results from either of the first two wells in the new Mesozoic drilling program. The 3D seismic study (if completed) will allow for immediate movement towards an appraisal drilling program in 2012.

Yours faithfully

Tony Sage  
**Non-Executive Chairman**



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### About International Petroleum

International Petroleum Limited ("**International Petroleum**" or the "**Company**") is an oil and gas exploration company.

The Company is listed on the National Stock Exchange of Australia (**NSX: IOP**).

The Company's key asset is its 50% interest in an early stage project in eastern and south eastern Kazakhstan ("**Kazakhstan Project**"). The Kazakhstan Project covers 24,649 km<sup>2</sup> in eastern Kazakhstan and borders the western boundary of the People's Republic of China. International Petroleum's subsidiary company, North Caspian Petroleum Limited, has exclusive exploration rights to the Kazakhstan Project until November 2012.

Whilst the Company is focused on exploration at its Kazakhstan Project, it intends to review nearby or similar provinces for potential opportunities. In October 2010, the Company took the first step towards expanding its exploration acreage through the acquisition of an indirect 75% equity interest in a Russian company, Irtysh-Neft which holds license rights to explore four blocks covering a total area of 1,467 km<sup>2</sup>, located in the Khanty-Mansiysk Region in Western Siberia – the largest oil producing region of Russia.