

NSX Announcement
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Drilling update at Krasnoleninskiy Exploration Project

International Petroleum Limited (**NSX: IOP**) ("**International Petroleum**" or the "**Company**"), an oil and gas exploration company with assets in Kazakhstan and Russia, is pleased to announce that it has commenced drilling Well No. 2 at the Krasnoleninskiy Exploration Project located in the Khanty-Mansiysk Autonomous Region, Western Siberia, Russia ("**Krasnoleninskiy Project**"). Well No. 2 has a planned target depth of 2,930 metres to investigate formations ranging in age from Cretaceous down through the weathered crust of the Palaeozoic.

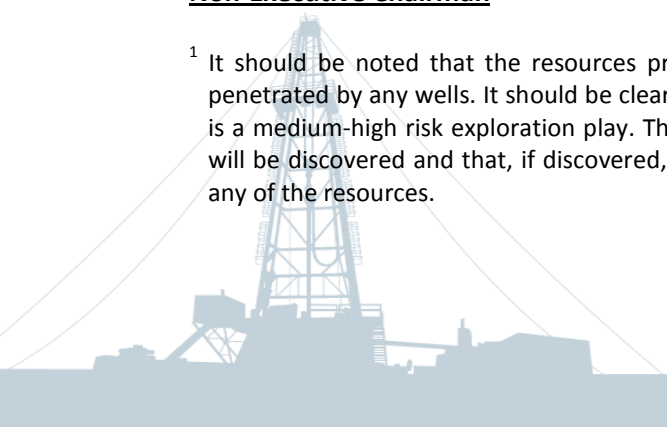
Well No. 2 is the second of four planned wells to be drilled at the Krasnoleninskiy Project and will be drilled simultaneously with Well No. 1, which is currently being drilled. These two wells are being drilled, using two separate drilling rigs, in two of the Company's four licensed blocks, which comprise the Krasnoleninskiy Project and cover a total area of 1,467 km² in the largest oil-producing region of Russia. Well No. 1 and Well No. 2 are both expected to reach total targeted depth by the end of the second quarter.

The area comprising the Company's four licence blocks has been extensively surveyed by 1,450 metres of closely spaced 2D seismic, which identified more than thirty prospects, including five "superstructures". Within these superstructures, there are a number of potential reservoirs, ranging in age from Palaeozoic to Cretaceous, stacked upon each other, offering the potential of multiple producing zones in a single well. Ryder Scott Company-Canada, an independent oil and gas consultant, estimated the unrisks prospective (undiscovered recoverable) resources of the four blocks at 169 (Low Estimate), 260 (Best Estimate) and 385 (High Estimate) million barrels¹. Based on the undiscovered unrisks resource estimates and scoping type resource economic evaluation reports from Ryder Scott Company-Canada, the Company believes that Krasnoleninskiy Project has significant exploration potential.

Yours faithfully

Tony Sage
Non-Executive Chairman

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.



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About International Petroleum

International Petroleum 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 km² 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 licence rights to explore four blocks covering a total area of 1,467 km², located in the Khanty-Mansiysk Autonomous Region in Western Siberia – the largest oil producing region of Russia.