

NSX Announcement
31 May 2011

ABN: 76 118 108 615
Corporate Office

18 Oxford Close
Leederville, WA 6007

P.O. Box 144
West Perth, WA 6872

T +61 8 9388 0744
F +61 8 9382 1411
E admin@intpet.com.au
W www.internationalpetroleum.com.au

Operational Update: Oil Discovered in Krasnoleninskiy Well No. 2 and testing results from Well No. 1

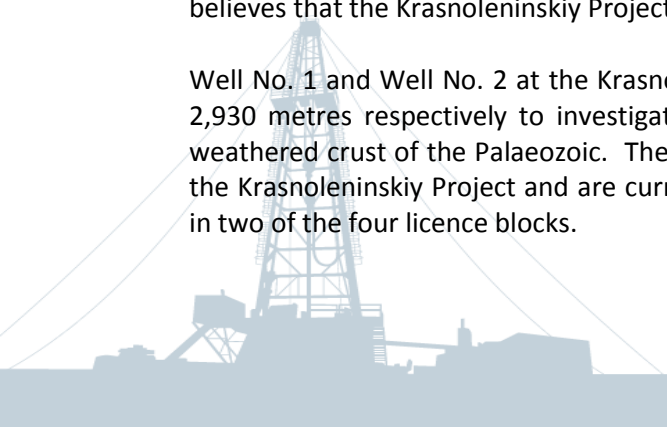
International Petroleum Limited (**NSX: IOP**) ("**International Petroleum**" or the "**Company**"), an oil and gas exploration company with assets in Kazakhstan and Russia, is pleased to announce that oil has been found during drilling of Well No. 2 and provide an update on drilling of Well No. 1 at its Krasnoleninskiy Project in Western Siberia.

Preliminary investigations on core taken from Well No. 2 to date indicate that approximately 23 meters of Bazhenov formation were penetrated with fractured core over 1.8 metres. This layer will be evaluated with wireline logging and then considered for testing later. In the upper Tyumen formation 15.4 metres of oil-saturated core has been recovered in the interval of 2,703 to 2,730 metres. A drill stem test ("**DST**") on Well No. 1 produced approximately one cubic metre of pure oil during a two hour limited draw down test on the Upper Tyumen formation. A similar DST on Well No. 2 produced four cubic meters of oil and mud filtrate during a two hour limited draw down test on the Upper Tyumen formation.

In April 2011, the Company announced the spudding of Well No. 1 and Well No. 2 at its Krasnoleninskiy Project which comprises a 75% equity interest in the exploration rights to four blocks in Western Siberia. The four blocks cover a total area of 1,467 km² and are located in the Khanty-Mansiysk Region in Western Siberia, the largest oil-producing region of Russia.

The four licence blocks have been extensively surveyed by 1,450 kilometres 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. In a report to evaluate the hydrocarbon resource potential dated 1 July 2010, Ryder Scott Company-Canada ("**Ryder Scott**"), 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 barrels. Based on the undiscovered unrisks resource estimates and scoping type resource economic evaluation reports from Ryder Scott and the oil show in Well No. 1, the Company believes that the Krasnoleninskiy Project has significant exploration potential.

Well No. 1 and Well No. 2 at the Krasnoleninskiy Project have planned target depths of 2,850 metres and 2,930 metres respectively to investigate formations ranging in age from Cretaceous down through the weathered crust of the Palaeozoic. These two wells are two of four wells that are planned to be drilled at the Krasnoleninskiy Project and are currently being drilled simultaneously, using two separate drilling rigs, in two of the four licence blocks.



Both wells No. 1 and No.2 have reached their target depths and are now undergoing electrical logging to further investigate the productivity of these discoveries.

Chris Hopkinson, International Petroleum CEO said *"The discovery of oil in both wells at the Krasnoleninskiy Project is very exciting, particularly given that greater thicknesses of oil-bearing formations have been found than were estimated in Ryder Scott's resource estimates. Once the drilling of the two wells has been completed, the results will be incorporated into a revised resource estimate. However, it is important to note that we still have a number of horizons to penetrate and evaluate in both Well No. 1 and Well No. 2".*

"We will now plan pilot production from these two wells during the winter 2011/2012".

Commenting on the oil discoveries, Tony Sage said, *"These two oil discoveries combine to indicate a potential oil resource and represent a turning-point in the Company's history as it will now move into appraisal of the discoveries and look to the future production of oil and generation of cash revenue."*

Yours faithfully

Tony Sage

Non-Executive Chairman

It should be noted that the discoveries are untested and at this time cannot be used to predict productivity or commerciality of this field. It should be clearly understood that these discoveries serve only to de-risk the Ryder Scott-Canada resource estimates in this field and in other exploration plays in this Krasnoleninskiy Project.

For further information, please contact:

Tony Sage
Non-Executive Chairman
International Petroleum Limited
Ph: +61 8 9388 0744

Chris Hopkinson
Chief Executive Officer
International Petroleum Limited
Ph: +44 20 7104 2260

Claire Tolcon
Company Secretary
International Petroleum Limited
Ph: +61 8 9388 0744

David Tasker
Professional Public Relations
Ph: +61 8 9388 0944/ +61 433 112 936
Em: david.tasker@ppr.com.au

Eloise von Puttkammer
Investor Relations
International Petroleum Limited
Ph: +61 8 9388 0744

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 owns a 75% equity interest in the exploration rights to four blocks in Western Siberia (the “**Krasnoleninskiy Project**”). The four blocks comprising the Krasnoleninskiy Project cover a total area of 1,467 km² and are located in the Khanty-Mansiysk Region in Western Siberia, the largest oil-producing region of Russia.

The Company also owns a 50% interest in an early stage project in eastern and south eastern Kazakhstan (the “**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 projects in Russia and Kazakhstan, it continues to evaluate other projects for potential acquisitions.