

NSX Announcement
29 July 2011

Quarterly Reports

Please find attached the following reports relating to the quarter ended 30 June 2011:

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

Yours faithfully
International Petroleum Limited

Tony Sage
Non-Executive Chairman

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28 July 2011

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

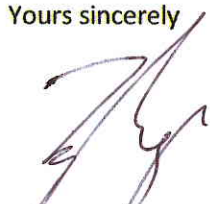
Dear Sir

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.

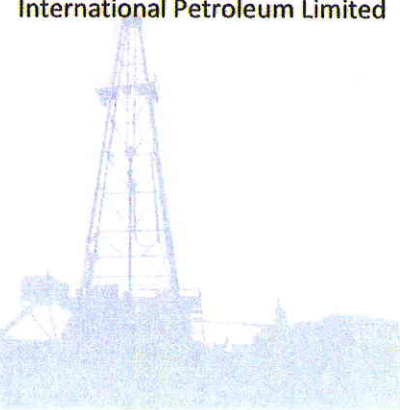
Yours sincerely



Tony Sage
Non-Executive Chairman
International Petroleum Limited



Chris Hopkinson
Director and Chief Executive Officer
International Petroleum Limited



29 July 2011

QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2011

HIGHLIGHTS

- US\$6.7million cash at bank at 30 June 2011.
- Mr Chris Hopkinson appointed as Chief Executive Officer on 13 April 2011.
- Mr Tony Antoniou appointed as Non-Executive Director on 1 June 2011.
- Drilled two wells to target depth at the Krasnoleninskiy Project in Western Siberia during April 2011 and discovered oil in core from multiple intervals in both wells and completed the interpretation of electrical logging.
- Commenced extensive testing of the two wells at the Krasnoleninskiy Project in Western Siberia.
- Commenced drilling Well A-8 at the Kazakhstan Project with a target depth of 2,000 metres to explore potential Jurassic and Triassic reservoirs that are indicated by seismic data to be present as stratigraphic traps on the flanks of Paleozoic-age volcanic intrusions or basement highs.
- US\$10 million standby facility secured to fund exploration expenditure and working capital.

CORPORATE

Appointment of Chief Executive Officer

Mr Chris Hopkinson was appointed as an Executive director and Chief Executive Officer of International Petroleum Limited ("**International Petroleum**" or the "**Company**") on 13 April 2011. He has 22 years' experience in the oil and gas industry. Mr Hopkinson joined International Petroleum from BG Group, where he was Senior Vice President of North Africa. Before that, Mr Hopkinson spent 8 years working in Russia as CEO of Imperial Energy Corporation plc and in senior management positions for TNK-BP, Yukos and Lukoil. Mr Hopkinson started his career with Shell working in various locations worldwide.

Appointment of Non-Executive Director

Mr Tony Antoniou was appointed a Non-Executive director of International Petroleum on 1 June 2011. He is a UK Chartered Accountant with over 30 years public accounting experience in PricewaterhouseCoopers ("**PwC**"), the last 15 years of which were as a partner of PwC in Russia. He is also a non-executive director and audit committee member of Transcreditbank, one of the largest banks in Russia, and a consultant to PwC in Central and Eastern Europe.

Standby Facility

The Company has secured a US\$10 million standby facility to fund exploration expenditure and working capital ("**Standby Facility**").

Pursuant to the terms of the Standby Facility, the Company will have access to US\$10 million, and the amount drawn down under the Standby Facility ("**Facility Amount**") will be repayable by the Company in full on the earlier of 17 November 2012, receipt by the Company of cash consideration from Nkwe Platinum Limited (ASX: NKP) ("**Nkwe**") under its agreement with Nkwe for the sale of the Company's interest in the Tubatse project (the "**Tubatse Project**") or, receipt by the Company of other funds. Any funds received by the Company must first be applied to reduce the Facility Amount.

Interest is payable on the Facility Amount at the cash rate plus 3% and the Standby Facility is secured by a fixed and floating charge over the Company. The Company is also obliged to pay a US\$250,000 commitment fee for the provision of the Standby Facility.

As at 30 June 2011, the Company had drawn down US\$7.6 million of this Standby Facility.

Annual General Meeting

As a result of a change in the financial year from 30 June to 31 December, the Company held its Annual General Meeting on 27 May 2011 at which all resolutions presented to shareholders were passed.

Release of Shares from Escrow

On 23 June 2011, 675,965,359 shares and 135,193,072 options (exercisable at \$0.25 each on or before 30 June 2012) were released from escrow, resulting in the Company having 948,865,364 shares quoted and tradeable on NSX.

EXPLORATION

Krasnoleninskiy Licence Area – Western Siberia, Russia

The Company, through its wholly-owned subsidiary IPL Siberia Ltd, owns a 75% equity interest in Souville Investments Ltd ("**Souville**"). Souville is the 100% legal and beneficial holder of Irtysh-Neft, a Russian company having exploration rights to four blocks in Western Siberia ("**Krasnoleninskiy Project**"). Assuryan Assets Ltd holds the remaining 25% interest in Souville and, by extension, 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.

In late December 2010, a turn-key drilling contract with Pravdinskaya Expedition LLP was signed for the drilling of two wells, one on each of Blocks 7 and 8 of the Krasnoleninskiy Project. Preparation of winter

access roads and well site construction commenced in January 2011, and mobilisation of drilling rigs and other service equipment followed on schedule.

During April 2011, the Company commenced drilling both Well No. 1 and Well No. 2 at Blocks 7 and 8 respectively using two separate drilling rigs. Well No. 1 and Well No. 2 had 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 Paleozoic. The final depths of 2,845 metres and 2,909 metres for Well No. 1 and Well No. 2 were reached by the end of May 2011 and oil was discovered in core from multiple intervals in both wells.

During June 2011, the Company completed its internal interpretation of the electrical logging results from Well No. 1 and Well No. 2 and the interpretation of the electrical logging performed on both wells indicated that the Bazhenov and Tyumen suites are oil-bearing.

A summary of the electrical logging interpretation logs for both wells is shown in the tables below. The interpretation discounts sections that, although may be oil-bearing in the core, are not expected to contribute during production due to their low permeability.

Well No. 1: Electrical Logging Interpretation

| Formation | Net Thickness (metres) | Porosity (%) | Hydrocarbon Saturation (%) | Reservoir Fluid |
|-----------|---------------------------|----------------------------|-------------------------------|-----------------|
| Yu-0 | 14.6 | 10.0 (Matrix+Fractures) | 87 | Oil |
| Yu-2 | 9.7 | 13.0 | 62 | Oil |
| Yu-4 | 4.4 | 13.2 | 61 | Oil |
| Yu-6 | 4.3 | 11.0 | 58 | Oil |
| Yu-7 | 2.4 | 11.0 | 56 | Oil |
| Total | 35.4 | | | |

Well No. 2: Electrical Logging Interpretation

| Formation | Net Thickness (metres) | Porosity (%) | Hydrocarbon Saturation (%) | Reservoir Fluid |
|-----------|---------------------------|---------------------------|-------------------------------|-----------------|
| Yu-0 | 15.3 | 7.4 (Matrix+Fractures) | 84 | Oil |
| Yu-1 | 5.1 | 13.2 | 55 | Oil |
| Yu-2-0 | 8.6 | 22.1 | 60 | Oil |
| Yu-2 | 2.3 | 17.2 | 69 | Oil |
| Yu-3 | 13.1 | 16.9 | 67 | Oil |
| Yu-4 | 10.2 | 11.9 | 58 | Oil |
| Yu-5 | 10.8 | 10.8 | 59 | Oil |
| Total | 65.4 | | | |

The Company commenced an extensive testing programme in Well No. 1 during June 2011 and in Well No. 2 during July 2011. Production casing has been installed and cemented in both wells, and the Company is currently carrying out extensive testing of all zones.

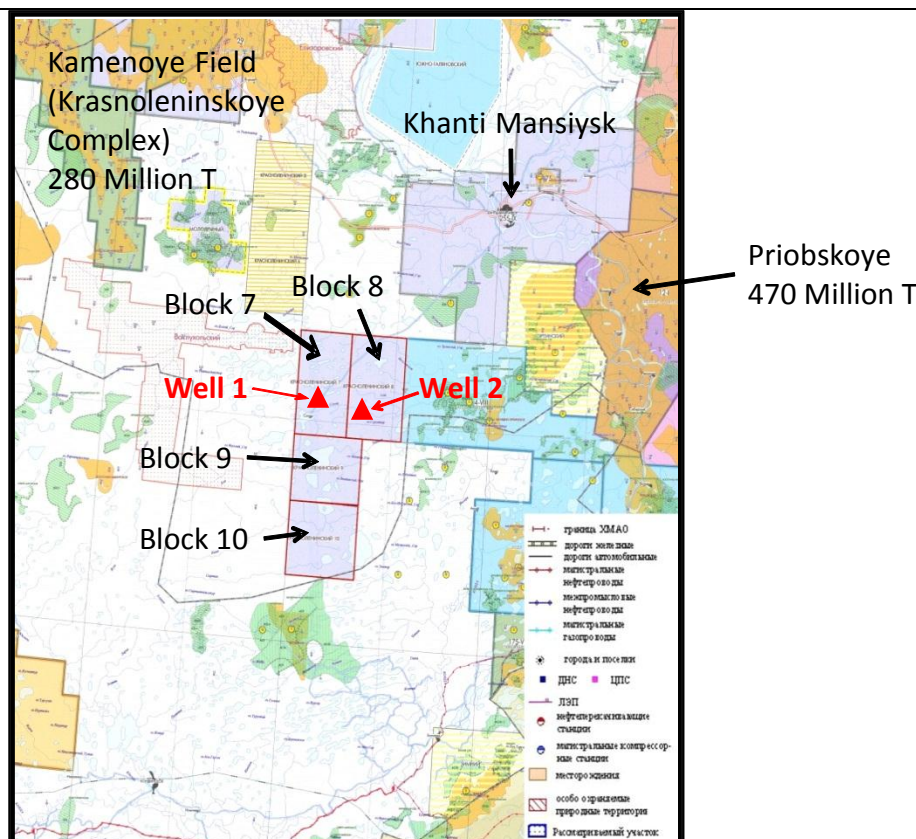


Figure 1: Location Map of Krasnoleninskiy Project and Wells 1 and 2

The 1,467 km² area comprising the Company's four licence blocks has been extensively surveyed by 2,446 line-kilometres of closely-spaced 2D seismic data, which identified more than thirty prospects, including five "superstructures". Within these superstructures, there are a number of potential reservoirs, ranging in age from Paleozoic 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 12 May 2011, Ryder Scott Company-Canada, an independent oil and gas consultant ("**Ryder Scott**"), 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 and the oil shows in Well No. 1 and Well No. 2, the Company believes that the Krasnoleninskiy Project has significant exploration potential.

The current approved work program requires the drilling of two wells on the Krasnoleninskiy blocks by 30 June 2012 and the drilling of two additional wells by 30 December 2012 ("**Current Work Program**"). The Company satisfied the first part of this requirement by drilling Wells No. 1 and No. 2 during 2011 and plans to satisfy the second part of the Current Work Program by drilling Wells No. 3 and No. 4 during the first half of 2012.

¹ It should be noted that the discoveries are unappraised and at this time the log interpretation results cannot be used to predict productivity or commerciality of the discoveries. It should be clearly understood that these discoveries serve only to de-risk the Ryder Scott-Canada resource estimates in the discoveries and in other exploration plays in this Krasnoleninskiy Project.

Alakol Licence Area – Republic of Kazakhstan

The Company, through its wholly owned subsidiary North Caspian Petroleum Ltd, operates and owns a 50% interest in subsoil use rights for the exploration of hydrocarbons in an early stage project in eastern Kazakhstan, bordering the western boundary of the People's Republic of China ("**Alakol Licence Area**" or "**Kazakhstan Project**"). Remas Corporation LLP, a privately owned Kazakhstan company, holds the remaining 50% interest.

Based on an independent seismic interpretation that was completed early in 2011, incorporating the results from drilling three wells, the Company decided to focus on drilling for the thick Mesozoic sediments that were encountered in Well A-3, in areas away from the possible effects of metamorphism, where it is believed reservoir-quality formations could be present.

During June 2011, the Company commenced drilling at Well A-8 of its Kazakhstan Project. Well A-8 is the fourth well to be drilled in the licence area of the Kazakhstan Project and has a target depth of 2,000 metres and a budgeted cost of US\$4million.

Artesian wells in the area are associated with oil seeps and films of oil, proving the Alakol Basin has generated hydrocarbons. Seismic data indicates that potential Jurassic and Triassic reservoirs are present as stratigraphic traps on the flanks of Paleozoic-age volcanic intrusions or basement highs. In a report to evaluate the hydrocarbon resource potential dated 6 June 2011, Ryder Scott estimated the unrisks prospective (undiscovered recoverable) resources at 935 (Low Estimate), 1,379 (Best Estimate) and 1,980 (High Estimate) million barrels² (refer to Figure 2). Based on the undiscovered unrisks resource estimates from Ryder Scott, the Company believes that the Kazakhstan Project has an exploration potential of 1.4 billion barrels (Best Estimate) and plans to drill one other exploration well, in addition to Well A-8, by the end of 2011.

² It should be noted that the resources prospects evaluated are all seismic features, and Well A-8, which is currently being drilled is the first well to penetrate these features. 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.

| Unrisked Estimates of IOIP and Prospective Resources within the Alakol Block, Eastern Part of the Republic of Kazakhstan | | | | | | |
|---|------------------------------------|------------------------------------|------------------------------------|--|--|--|
| As of May 01, 2011 | | | | | | |
| Prospects | IOIP P90 - Unrisked (MMbbls) | IOIP P50 - Unrisked (MMbbls) | IOIP P10 - Unrisked (MMbbls) | Recoverable Oil P90 - Unrisked (MMbbls) | Recoverable Oil P50 - Unrisked (MMbbls) | Recoverable Oil P10 - Unrisked (MMbbls) |
| 1 | 39.4 | 53.544 | 70.275 | 7.640 | 10.635 | 14.397 |
| 2 | 43.8 | 59.419 | 78.149 | 8.464 | 11.800 | 15.998 |
| 3 | 815.7 | 1,222.992 | 1,762.564 | 158.824 | 243.160 | 358.879 |
| 4 | 1,864.8 | 2,790.241 | 4,034.312 | 363.198 | 554.913 | 819.870 |
| 5 | 15.1 | 20.445 | 26.776 | 2.919 | 4.060 | 5.488 |
| 6 | 55.5 | 72.051 | 89.993 | 10.719 | 14.299 | 18.536 |
| 7 | 485.1 | 719.895 | 1,016.613 | 94.433 | 143.009 | 207.065 |
| 8 | 248.0 | 367.850 | 517.901 | 48.386 | 73.028 | 105.514 |
| 9 | 1,134.3 | 1,482.154 | 1,926.252 | 218.560 | 295.129 | 395.262 |
| 10 | 57.7 | 75.074 | 93.640 | 11.147 | 14.900 | 19.332 |
| 11 | 25.4 | 33.036 | 41.192 | 4.909 | 6.558 | 8.499 |
| 12 | 29.6 | 40.089 | 52.624 | 5.732 | 7.963 | 10.800 |
| Total | 4,814.47 | 6,936.79 | 9,710.29 | 934.93 | 1,379.45 | 1,979.64 |



Figure 2: Table showing unrisked estimates of oil in place and prospective resources within the Alakol Block per Ryder Scott report dated 6 June 2011

Additionally, a 3D seismic program of up to 500 km² is planned, 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.

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 opportunities to acquire additional exploration projects.

Tony Sage

Non-Executive Chairman

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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 owns a 75% equity interest in the exploration rights to four blocks in Western Siberia ("**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 covering 24,649 km² in eastern Kazakhstan ("**Kazakhstan Project**"), which 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 acquisition.

Quarterly Report

Name of entity

INTERNATIONAL PETROLEUM LIMITED

ABN

76 118 108 615

Quarter ended ("current quarter")

30 June 2011

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 | (463) | (842) |
| | (b) advertising and marketing | (95) | (108) |
| | (c) research and development | - | - |
| | (d) leased assets | - | - |
| | (e) other working capital | (1,676) | (3,842) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 22 | 150 |
| 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 | (5,480) | (9,228) |
| | (b) Payments for business development | (103) | (166) |
| Net operating cash flows | | (7,795) | (14,036) |

| | | Current quarter US\$'000 | Year to date (6 months) US\$'000 |
|------|---|-------------------------------------|---|
| 1.8 | Net operating cash flows (carried forward) | (7,795) | (14,036) |
| 1.9 | Cash flows related to investing activities | | |
| | Payment for acquisition of: | | |
| | (a) businesses (item 5) | - | - |
| | (b) equity investments | - | - |
| | (c) intellectual property | - | - |
| | (d) physical non-current assets | (2) | (5) |
| | (e) other non-current assets | - | - |
| 1.10 | Proceeds from disposal of: | | |
| | (a) businesses (item 5) | - | - |
| | (b) equity investments | - | - |
| | (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 | 14 | 14 |
| 1.13 | Other (provide details if material) | | |
| | (a) Performance bonds put in place | - | (122) |
| | (b) Performance bonds relinquished | 229 | 229 |
| | (c) Security for facilities put in place | (158) | (158) |
| | Net investing cash flows | 83 | (42) |
| 1.14 | Total operating and investing cash flows | (7,712) | (14,078) |
| | 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 | 7,600 | 7,600 |
| 1.18 | Repayment of borrowings | - | - |
| 1.19 | Dividends paid | - | - |
| 1.20 | Other (provide details if material) | - | - |
| | Net financing cash flows | 7,600 | 7,600 |
| | Net increase (decrease) in cash held | (112) | (6,478) |
| 1.21 | Cash at beginning of quarter/year to date | 6,592 | 12,822 |
| 1.22 | Exchange rate adjustments to item 1.21 | 267 | 403 |
| 1.23 | Cash at end of quarter | 6,747 | 6,747 |

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 | 246 |
| 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\$245,908 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 | 2,400 | 7,600 |
| 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 | 6,590 | 6,412 |
| 4.2 | Deposits at call | 157 | 180 |
| 4.3 | Bank overdraft | | |
| 4.4 | Other (provide details) | | |
| Total: cash at end of quarter (item 1.23) | | 6,747 | 6,592 |

Acquisitions and disposals of business entities

| | | Acquisitions (Item 1.9(a)) | Disposals (Item 1.10(a)) |
|-----|---|-------------------------------|-----------------------------|
| 5.1 | Name of entity | N/A | N/A |
| 5.2 | Place of incorporation or registration | N/A | N/A |
| 5.3 | Consideration for acquisition or disposal | N/A | N/A |
| 5.4 | Total net assets on acquisition | N/A | N/A |
| 5.5 | Nature of business | N/A | 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: 29 July 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.