

NSX Announcement
5 August 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: Discovery of oilfield at Krasnoleninskiy Project, MOU signed to acquire additional exploration project in Siberia and drilling of Well A-8 at Kazakhstan Project has reached target depth

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 update the market on recent activities.

Discovery of oilfield at Krasnoleninskiy Project

The Company has discovered an oilfield at Well No. 2 at its Krasnoleninskiy Project in Western Siberia. The volume of oil produced per day during testing from the J4 formation at the interval between 2,740 metres and 2,745 metres has been deemed commercial.

Currently, testing of the J4 formation at this interval will continue and then the Company plans to file a notice of oilfield discovery with the relevant authority in Russia. The Company plans to give it the name "Yanlotskoye oilfield".

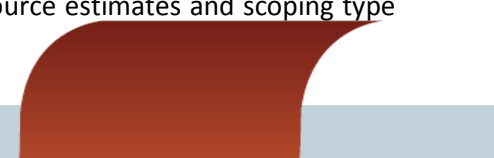
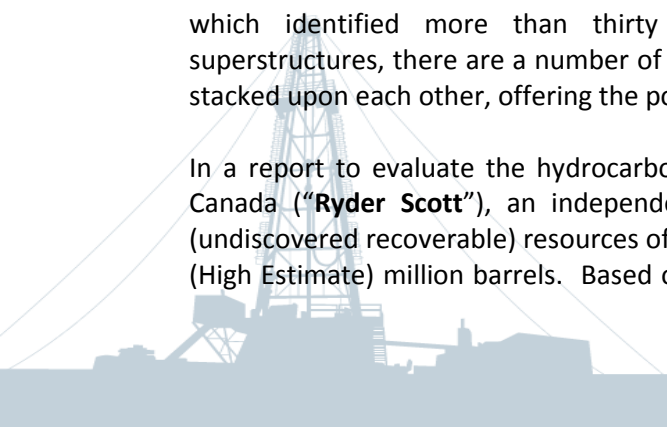
Once the testing of the J4 formation has been completed, the Company will test other prospective intervals in Well No. 2.

At Well No. 1 at its Krasnoleninskiy Project, an extensive testing programme continues to test all prospective intervals.

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 12 May 2011, 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 recent oil discoveries in Well No. 1 and Well No. 2, the Company believes that the Krasnoleninskiy Project has significant exploration potential.

During the first half of 2011, Well No. 1 and Well No. 2 were drilled in two of the Company's four licence blocks at the Krasnoleninskiy Project. Two further wells, in the remaining two licence blocks, are planned to be drilled during the winter of 2011/2012.

Signing of MOU to acquire a further exploration project in Siberia

The Company has signed a memorandum of understanding to acquire 75% of the shares in OOO VostokNefteGaz ("**Acquisition**"), a company that owns an exploration licence in the Tomsk region of Western Siberia ("**Tomsk Exploration Licence**").

The consideration for the Acquisition is the issue of 6,666,667 shares in International Petroleum ("**IOP Shares**") and a commitment to fund all of the exploration work in order to fulfil the minimum work programme as stipulated in the Tomsk Exploration Licence. The 6,666,667 IOP Shares will be subject to escrow until the earlier of:

- a) a commercial discovery has been made in the Tomsk Exploration Licence;
- b) OOO VostokNefteGaz acquires an oil-producing asset in the Tomsk region of Russia; or
- c) a period of five years from the date of the Acquisition.

Completion of the Acquisition is subject to due diligence to the satisfaction of the Company and the execution of a full form agreement in respect of the Acquisition.

Drilling of Well A-8 at the Kazakhstan Project has reached Target Depth

The Company has reached the final depth of 2,019 metres at Well A-8 of its Kazakhstan Project. Currently, well logging data is being evaluated and drill stem testing of prospective intervals is being carried out.

Well A-8 is the fourth well to be drilled in the licence area of the Kazakhstan Project and is located in the Almaty Province of eastern Kazakhstan, near the border with China. 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 unrisksed prospective (undiscovered recoverable) resources at 935 (Low Estimate), 1,379 (Best Estimate) and 1,980 (High Estimate) million barrels¹. Based on the undiscovered unrisksed resource estimates from Ryder Scott, the Company believes that the Kazakhstan Project has the massive exploration potential of 1.4 billion barrels (Best Estimate).

Chris Hopkinson, International Petroleum CEO said *"This is the first oilfield discovered by the Company and we expect to build on this success with further discoveries when other prospective intervals in Well No. 1 and Well No. 2 have been tested. The potential reserves in the Krasnoleninskiy Project will underpin the value of the company, while there is plenty of exploration upside from the Company's existing projects in Western Siberia and Kazakhstan."*

¹ It should be noted that the resources prospects evaluated are all seismic features, and Well A-8, which has just been drilled and is currently being tested 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.

Also, I am excited to have signed a MOU to acquire a 75% equity interest in some exploration rights in the Tomsk region of Western Siberia, because, having previously been CEO of Imperial Energy Corporation plc and built a successful oil exploration, development and production business in that region, I believe that the Company is well placed to rapidly explore and develop exploration projects in the Tomsk region and I look forward to working again with the many friends and contacts that I have in Tomsk".

Yours faithfully

Tony Sage

Non-Executive Chairman

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 ("**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 and south 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.