

NSX Announcement
8 September 2011

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Proposed Placement of Shares

International Petroleum Limited (**NSX: IOP**) ("**International Petroleum**" or the "**Company**"), an oil and gas exploration company with assets in Russia and Kazakhstan, is pleased to announce that it plans to raise US\$25 million by issuing new shares for cash in a placing (the "**Placing**") with institutional investors in the coming weeks.

Commenting on the proposed Placing, Chris Hopkinson, International Petroleum CEO said *"Besides the ongoing capex and working capital needs, the proceeds of the Placing would also enable the Company to acquire Vamaro Investments Limited and the 55 mmboe of proved and probable reserves that the Company has internally estimated that it owns and to cover the capital and operating expenditure required to achieve oil production and revenue in the Vamarov Project, thus transforming the Company from an explorer to a producer."*

Yours faithfully

Tony Sage
Non-Executive Chairman

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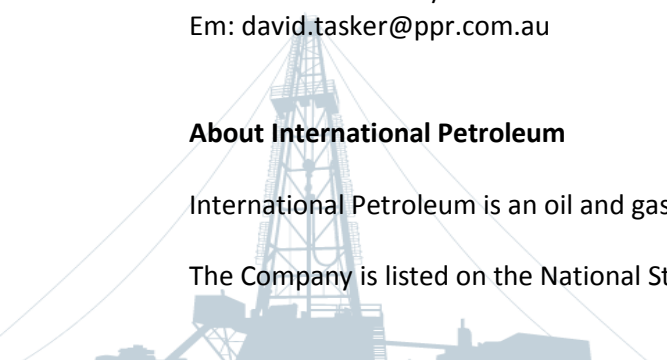
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About International Petroleum

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. The four blocks comprising the Krasnoleninsky Project cover a total area of 1,467 km² and are located in the Khanty-Mansiysk Autonomous Region in Western Siberia, the largest oil-producing region of Russia.

In August 2011, the Company signed a Share Purchase Agreement to acquire 100% of the shares in Vamaro Investments Limited ("**Vamaro**") with its current shareholder. Vamaro owns two licences for geological study of subsoil, prospecting and extraction of oil and gas in the Khanty-Mansiysk Autonomous Region in Western Siberia (the "**Vamarov Project**").

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.

* * *

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Roadshow Presentation

September 2011

Not for distribution in the United States, Australia, Canada or Japan.

Agenda

- Transaction Summary
- Management Team
- Assets at a Glance
- Recent Developments
- Investment Highlights
- Company's Objectives
- Corporate Overview
- Institutional Investors
- Assets Overview
 - Krasnoleninsky Project (Russia)
 - Vamarov Project (Russia)
 - Druzhny Project (Russia)
 - Alakol Project (Kazakhstan)
- Update on Sale of Tubatse Project Stake
- Near-term Development Plan
- Sources and Uses of Funds
- Future M&A plans
- Conclusions
- Appendices

Transaction Summary

Offer type	<ul style="list-style-type: none"> Follow on primary offering on the NSX (Australia) 		
Offer size	<ul style="list-style-type: none"> US\$25 million (A\$23.6 million) 		
Market cap	<ul style="list-style-type: none"> Pre-money A\$237.2 (US\$251.4) million at share price of A\$0.25 as of September 6, 2011 Post-money A\$260.8 (US\$276.4) million, pre-acquisitions 		
Shares outstanding	<ul style="list-style-type: none"> 948,865,364 pre-money 1,122,258,436 pre-money fully diluted 55,000,000 shares (not subject to lock up) to be issued for the Vamarov Project acquisition (ongoing); 6,666,667 shares to be issued for the Druzhny Project acquisition (ongoing, to be put in escrow) 		
Free float	<ul style="list-style-type: none"> Approx. 30% pre-money 		
Lock up	<ul style="list-style-type: none"> 180 days for Company and controlling shareholder, i.e. Frank Timis 		
Use of proceeds	<ul style="list-style-type: none"> Cash payment for the acquisition of Vamaro Investments Ltd and repayment of its certain liabilities Capital and operating expenditures General corporate purposes 		
Timetable	<table> <tr> <td> <ul style="list-style-type: none"> From Thu, 8th September Wed, 14th September Mon, 19th September </td><td> <ul style="list-style-type: none"> Management Roadshow and start of bookbuilding Pricing and allocation Settlement (TBC) </td></tr> </table>	<ul style="list-style-type: none"> From Thu, 8th September Wed, 14th September Mon, 19th September 	<ul style="list-style-type: none"> Management Roadshow and start of bookbuilding Pricing and allocation Settlement (TBC)
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Management Team



Chris Hopkinson
BSc (Hons)
CEO

- Extensive Russian, CIS and international experience
- CEO, Imperial Energy
- VP Western Siberia, TNK-BP
- Director PM at Lukoil
- VP Production at Yukos
- SVP North Africa, BG-Group
- Shell International



William McAvock
BA (Hons), FCCA
CFO

- Significant experience in finance functions of mineral resource companies
- Group Financial Controller, African Minerals Ltd (AIM: AMI)
- Group Financial Controller, Adastra Minerals Inc. (TSX and AIM)



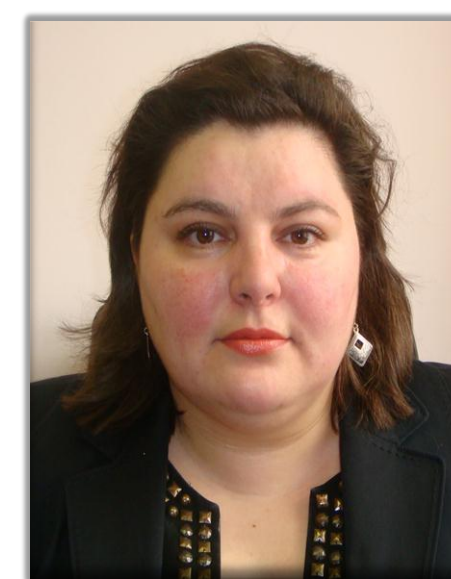
Alexander Osipov
MA (Hons)
VP Russia (Country Mgr)

- 20-year experience in the energy industries of North America and the CIS
- VP, Eastern Petroleum Limited
- VP, Geneco Inc.



Ken Hopkins
MSc
Country Mgr Kazakhstan

- Extensive Russian, CIS and international experience
- Director of Exploration, Aral Petroleum Capital LLP
- SVP, Orient Petroleum (Central Asia)
- International Advisor, Oryx Energy



Anya Belogortseva
Director General
Kazakhstan

- Extensive experience in the oil and gas industry
- European Hydrocarbons Ltd
- PetroKazakhstan Inc
- Denton Wilde Sapte, Kazakhstan
- Lukoil
- BP
- Clore & Co Solicitors

Assets at a Glance

Russia

1 Krasnoleninsky Project (Russia, KhMAO)

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

2 Vamarov Project (Russia, KhMAO, ongoing acquisition)

In August 2011, the Company signed an SPA to acquire a 100% interest in the Vamarov Project, which includes Zapadno-Novomolodezhny and Yuzhno-Sardakovsky fields in the Khanty-Mansiysk Autonomous Region of Western Siberia

3 Druzhny Project (Russia, Tomsk region, ongoing acquisition)

The Company has signed an MOU to acquire a 75% interest in the Druzhny Project, which comprises one licence block on the right bank of the river Ob in the Tomsk Region of Western Siberia, with a total area of 2,172 km², in a non-cash transaction

Kazakhstan

4 Alakol Project

The Company owns a 50% interest in an early stage exploration project in eastern and south eastern Kazakhstan (Alakol 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 Alakol Project until November 2012

Asset Location Map

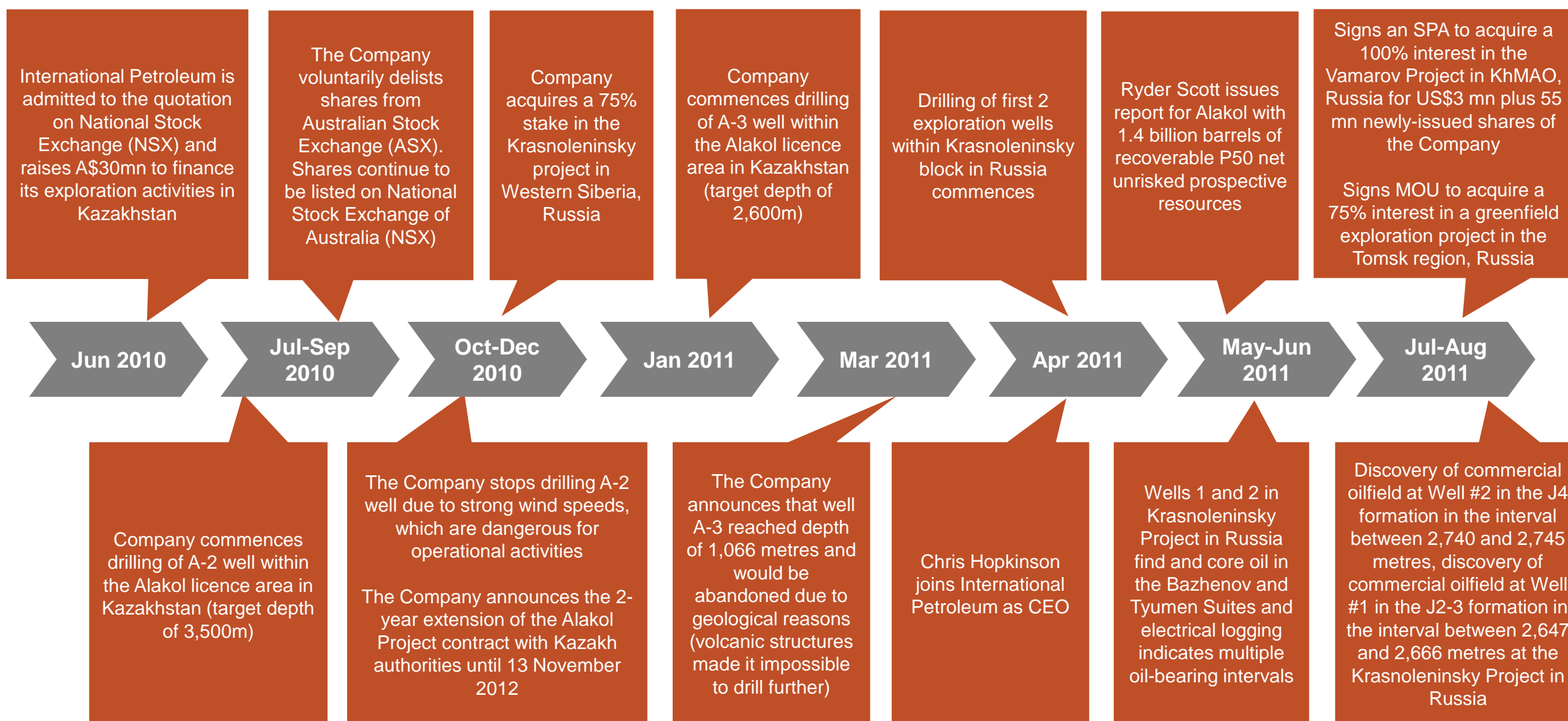


Assets Summary

Project	Stake	Gross reserves/resources	Production start
Krasnoleninsky	75%	Unrisked prospective resources of 260 mmboe	Jan 2012
Vamarov	100%	2P reserves of 55 mmboe	Oct 2011
Druzhny	75%	D2 resources of 41 mmboe (Russian classification)	TBD
Alakol	50%	Unrisked prospective resources of 1,38 bn boe	TBD

Source: Company's data

Recent Developments



Investment Highlights

Entrepreneurial E&P Player with a strong footprint in Russia/CIS

- High potential exploration and development blocks in major oil producing provinces of Russia (KhMAO and Tomsk Regions)
- Early exploration play in Kazakhstan
- Cost efficient near-term development plan being implemented to maximize the shareholder value

Transformational, value creative acquisition of the Vamarov Project aiming to balance the portfolio of existing assets

- The Vamarov Project to provide up to 55 mmboe of 2P reserves immediately
- Developed asset with existing infrastructure
- High value accretive transaction given the acquisition price of just 40 US cents per barrel of 2P reserves
- Balances the portfolio of the existing exploration assets

Commencement of production before the end of 2011

- Targeting commercial production by the end of 2011 with a ramp up from 2013 onwards
- Minimal capex required to commence production at the Vamarov Project in 4Q2011
- Most recent drilling results proving substantial production potential at the Krasnoleninsky Project with first oil to come in early 2012
- Expected monthly cashflow from operations of US\$ 0.5-1.0 mn (net of G&A costs) on the back of daily production of 2.0-2.5 kpobd, once production commences at the Vamarov and Krasnoleninsky Projects

Unique platform for future M&A transactions

- Effective platform to acquire onshore assets in Russia, the CIS and worldwide
- Disciplined approach to deploying capital
- Unique access to a range of opportunities in the Tomsk region post-acquisition of the Druzhny Project

Best-in-class management team

- Experienced management team with successful track record of similar and more challenging projects in Russia, the CIS and worldwide
- Chris Hopkinson has an extensive Russian and international experience and brings unique expertise to the Company

Strong support from controlling shareholder

- Frank Timis has a track record of creating shareholder value (African Minerals, African Petroleum)
- Invested across the capital structure (equity and standby loan facility)
- Fully committed to support the development of the business going forward

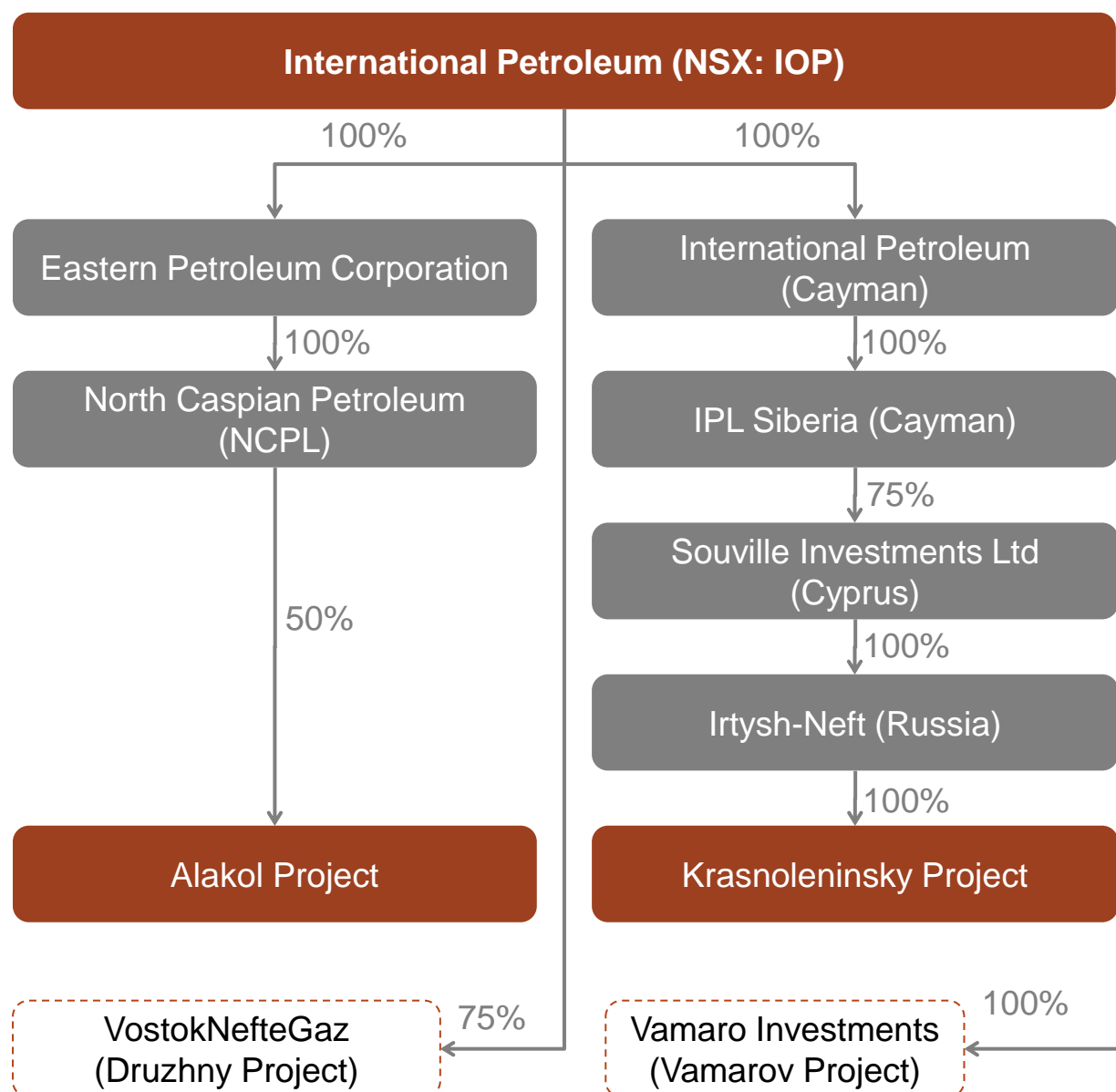
Company's Objectives

- Complete acquisitions of the Vamarov Project and Druzhny Project in Russia
- Bring the existing fields to production stage as soon as practically possible and maximize shareholder return
- Locate, assess and acquire material exploration projects in Russia and quickly establish oil and gas reserves – **Existing Basins**
- Opportunistically review and acquire projects in both established oil and gas provinces and greenfield areas worldwide – **New Frontiers**

Corporate Overview

Shareholders

Organisation chart



Source: Company's data

Shares on Issue

948,865,364

Unlisted options (granted to employees and private shareholders)

Exp 30 Jun 2012 at \$0.25 135,193,072

Exp 1 Jun 2014 at \$0.30 200,000

Exp 16 Nov 2015 at \$0.30 8,000,000

Exp 17 Mar 2016 at \$0.25 6,000,000

Exp 15 Apr 2016 at \$0.25 3,000,000

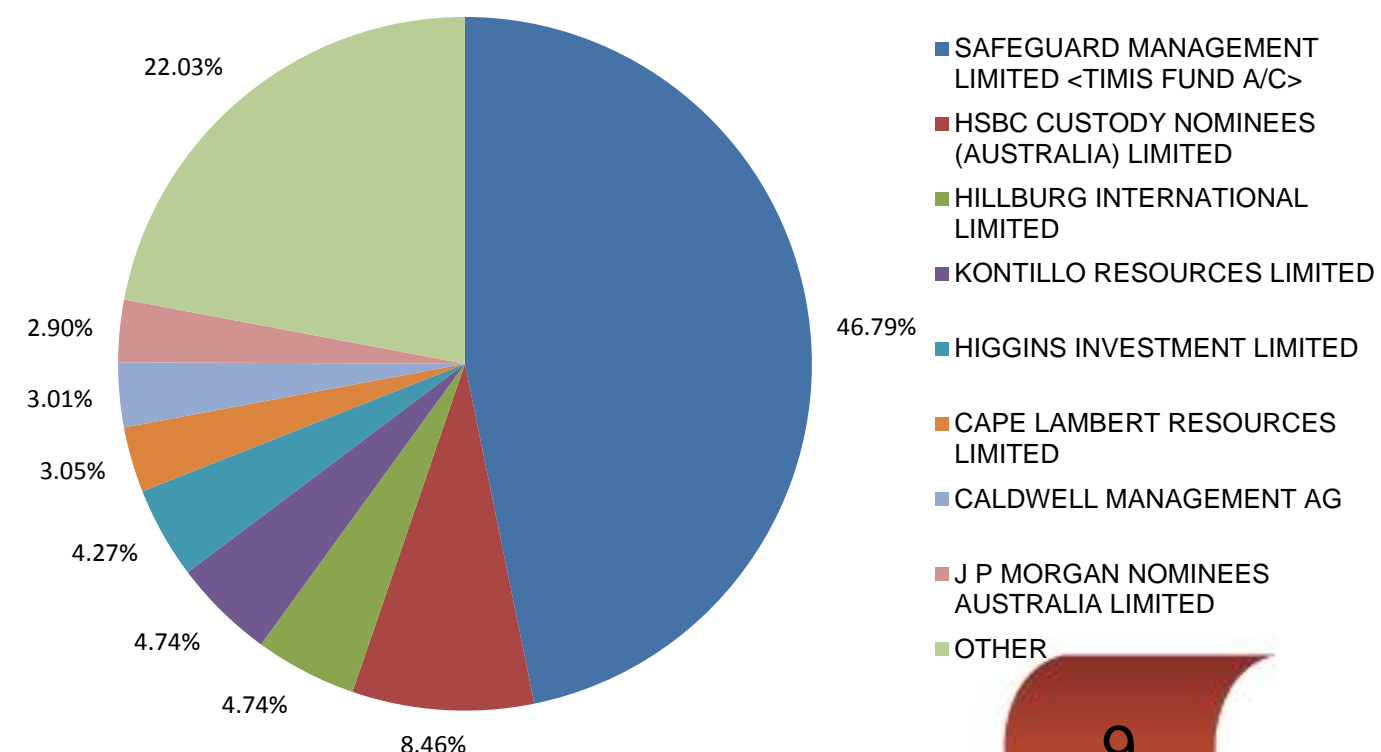
Exp 1 Jun 2016 at \$0.25 18,000,000

Exp 8 Aug 2016 at \$0.25 3,000,000

Fully Diluted

1,122,258,436

Shareholdings as at 31 March 2011



Institutional Investors

amiyacapital



BLACKROCK

J.P.Morgan



CD | capital

NORTH OF SOUTH CAPITAL

RAB CAPITAL

ETON PARK CAPITAL MANAGEMENT

Krasnoleninsky Project

General overview

- Krasnoleninsky Project includes four blocks in Khanty-Mansiysk Autonomous Region, Western Siberia, with a total area of 1,467 km²
- The blocks are located in close proximity to the large western Siberia fields of Kamennoye (280 million tonnes of reserves, Lukoil, TNK-BP) and Priobskoye (470 million tonnes of reserves, Gazpromneft)
- The Company acquired its 75% interest in Krasnoleninsky Project in October 2010
- The Company is to finance all necessary capex and opex on the first four wells

Current status

- Well #1 and well #2 were drilled using two separate rigs in April-May 2011 with final depths of 2,845 metres and 2,909 metres respectively
- **Well #2: oil commerciality was established in the J4 formation at the interval between 2,740 metres and 2,745 metres, from which an unstimulated daily inflow of 6 cubic meters of oil was recorded. Using the data from this test, the Company estimated oil flow rates after hydraulic fracturing to be 202 barrels per day (low case), 419 barrels per day (base case), and 508 barrels per day (high case) from this interval only**
- **Well #1: oil commerciality was established in the J2-3 formation at the interval between 2,647 metres and 2,665.5 metres, from which an unstimulated daily inflow of 5.5 cubic meters of oil was recorded**
- The Company plans to frac these two wells in January 2012 and commence oil production thereafter. Wells #3 and #4 are expected to be drilled in 1H2012

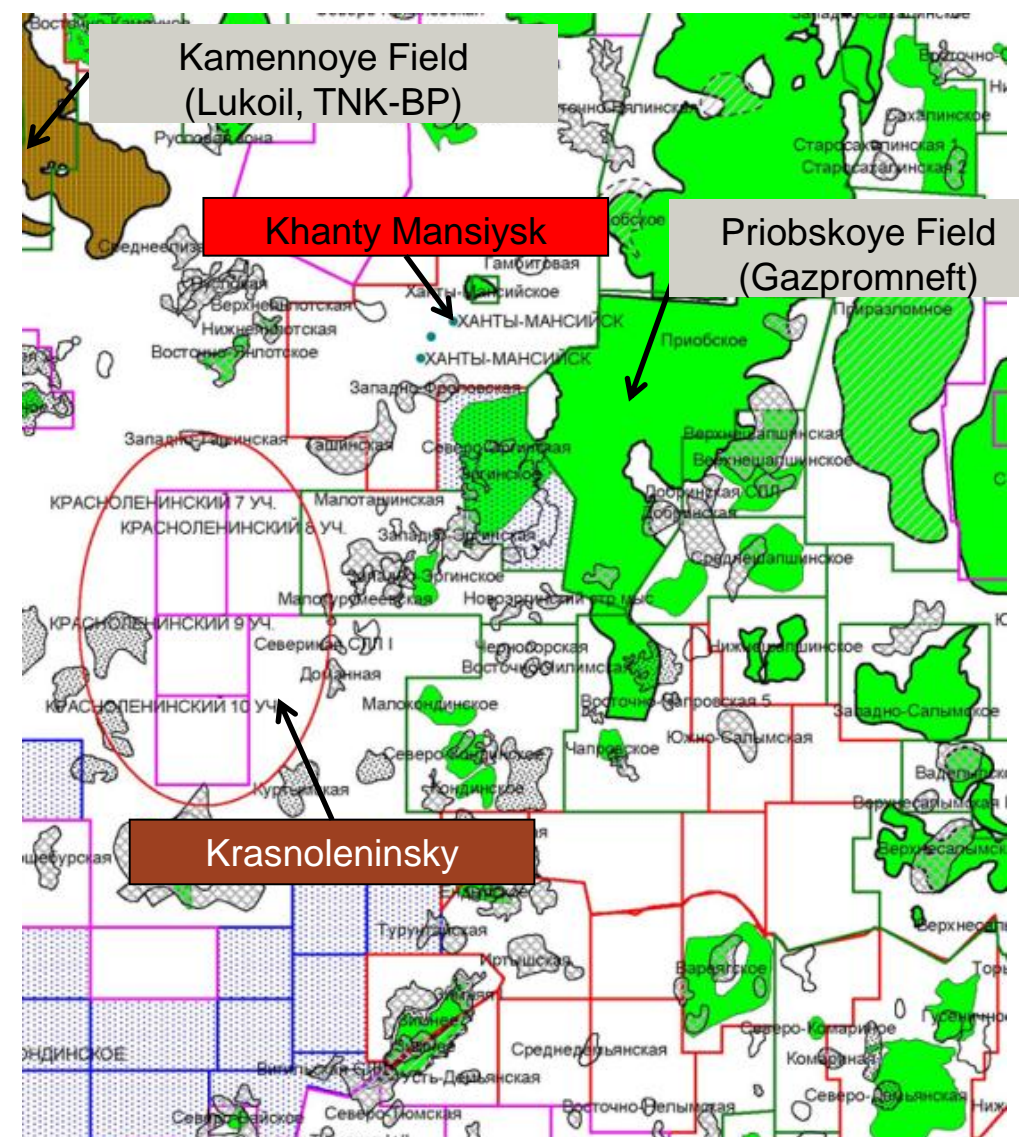
Reserves/Resources

- Krasnoleninsky Project P90, P50 and P10 unrisked prospective resources are estimated at 169, 260 and 385 mmbbl, respectively (Ryder Scott, dated 12 May 2011)
- New Ryder Scott report covering recent drilling results is expected to be available by the end of 2011

Infrastructure

- Transneft's trunk oil pipeline lies 100 km south of blocks
- Before the pipeline connecting the blocks with Transneft pipeline together with own production facilities are constructed, the plan is to transport oil by trucks during the winter season (starting early 2012)

Location Map



Vamarov Project

General overview

- In August 2011, the Company signed an SPA to acquire a 100% interest in the Vamarov Project, which includes Zapadno-Novomolodezhny and Yuzhno-Sardakovsky fields in the Khanty-Mansiysk region of Western Siberia
- Consideration for the acquisition will comprise US\$3 million in cash and the issuance of 55 million newly-issued shares in International Petroleum (not subject to a lock-up). The Company will also assume certain liabilities of Vamaro, including US\$1 million payable by 9 November 2011 and a further US\$4 million payable by 27 December 2011
- The transaction is to be approved by the Company's shareholders

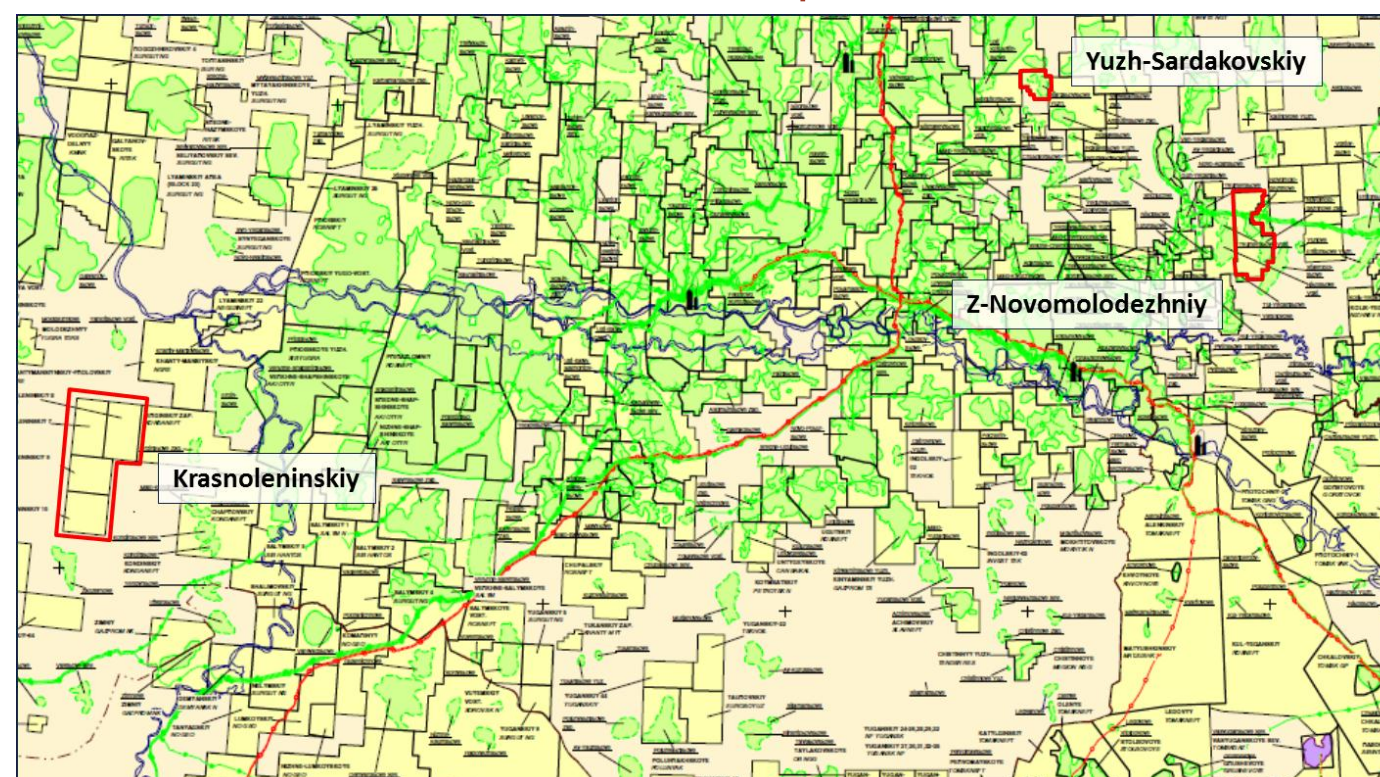
Current status

- **Zapadno-Novomolodezhny** field has 13 wells drilled and the Company is currently evaluating well candidates to work over and bring onto production in 4Q2011
- Intra-field pipelines and production facilities are present. The field can be accessed year round by an all-weather road
- 3 wells are planned to be put in operation between Oct 2011 and Dec 2011, expected initial flow rates of ca. 417 bopd each (1,251 bopd jointly)
- **Yuzhno-Sardakovsky** field has 6 production wells. The field is 15km from oilfield treatment and transport facilities. Candidate wells for work-over and stimulation are being assessed
- 4 wells are planned to be put in operation between Jan 2012 and Apr 2012, expected initial flow rates of between 240 and 377 bopd each (1,233 bopd jointly)

Reserves/Resources

- IPL to engage Ryder Scott to audit its internal base-case 2P reserves estimate of 55 mmboe, the reserve report is expected by the end of 2011

Location Map



Reserves, mmboe

	Zapadno-Novomolodezhny		Yuzhno-Sardakovsky		Total	
	Original oil in place	Remaining reserves	Original oil in place	Remaining reserves	Original oil in place	Remaining reserves
Low case	61.1	17.1	65.3	15.0	126.4	32.0
Base case	64.7	18.0	151.4	36.6	216.1	54.6
High case	191.0	53.1	266.8	65.6	457.9	118.7

Source: Company's estimates

Druzhny Project

General overview

- In August 2011, the Company signed a MOU to acquire 75% of OOO VostokNefteGaz, a company that owns an exploration licence in the Tomsk region of Western Siberia (Russia) with a total area of 2,172 km². The Company expects to complete the acquisition in October 2011
- The 5-year exploration licence was registered in October 2010 and expires in October 2015
- The consideration for the acquisition will comprise the issuance of 6,666,667 shares in International Petroleum and a commitment to fund all of the exploration work necessary to fulfill the minimum work programme. The shares will be subject to escrow until the earlier of: (a) a commercial discovery having been made in the block; (b) VostokNefteGaz having acquired an oil-producing asset in the Tomsk region; and (c) a period of five years from the date of the VostokNefteGaz acquisition
- The Company is to finance all necessary CAPEX and operating expenses on the minimum work programme (2,000 line km of 2D seismic, 3 wells by October 2015)

Current status

- Due diligence ongoing
- Drafting and negotiation of share purchase agreement
- 1,000 km of 2D seismic surveys are planned for 2011/2012 winter season

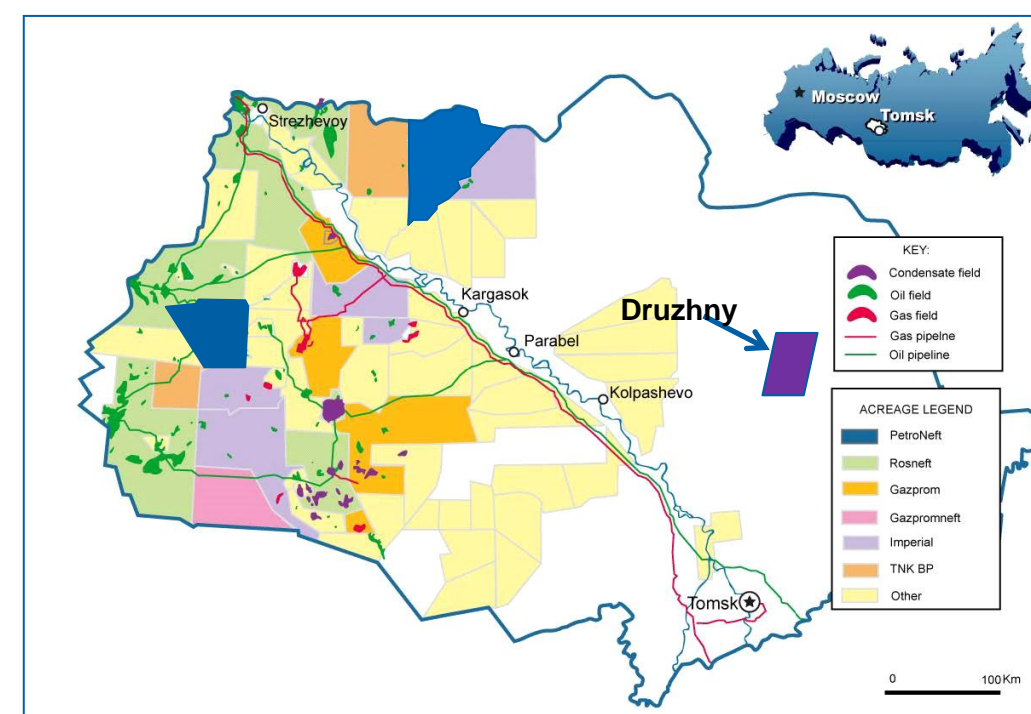
Reserves/Resources

- Exploration programme to be devised once 2D seismic data has been interpreted
- Block's D2 resources based on the Russian classification were 5.6 mn tonnes as at 1 January 2002

Growth Potential

- Local Administration fully support IPL's buy into the Druzhny project
- Access being given to data on a number of available producing licence blocks on the left bank of the Ob River
- Excellent relations with Governor and local service companies
- Expect to acquire additional assets in the Tomsk region in the future

Location Map



Minimum work programme

Commitment	To be fulfilled by
Develop, negotiate and obtain the approval of the programme of exploration and appraisal work	October 2011
Carry out at least 1,000 line km of 2D seismic survey	October 2012
Carry out at least 2,000 line km of 2D seismic survey (including 1,000 line km to be done by October 2012)	October 2013
Commence drilling of the first exploration well	October 2014
Complete drilling of at least three exploration wells	October 2015
Implement a full program of exploration and appraisal of hydrocarbon reserves in line with the programme of exploration and appraisal work	October 2015

Source: Company's data

Alakol Project

General overview

- The Company holds and operates a 50% interest in Alakol Project, South-Eastern Kazakhstan
- The Alakol Basin is situated on the opposite side of the Kazakhstan/China border from the multibillion barrel oilfield complex of Junggar-Karamay Fields in China
- The Alakol Project includes 12 drillable prospects, total area under contract 24,649km²
- Exploration contract for Alakol is until November 2012, the Company is the operator of the project

Current status

- Four exploration wells have been drilled at Alakol up to date
- The Company has recently drilled Well A-8 and tested two zones. While well A-8 confirmed that reservoir-quality sands are present on the flanks of Paleozoic-age volcanic intrusions or basement highs, no hydrocarbons have been found in this well
- The Company had previously planned to drill Well A-9 after Well A-8 was completed, but, it has now determined to postpone the drilling of Well A-9 in order to carry out a 3D seismic study of 500 km² and gain a better understanding of the potential reservoirs and stratigraphic traps in the area before continuing drilling further wells
- Subject to the results of the 3D seismic study, expected in 2H2012, the Company will decide whether to proceed with drilling of Well A-9. If the 3D seismic survey does not identify any prospects suitable for future drilling, the Company could delay or postpone further exploration at the Kazakhstan Project

Reserves/Resources

- Alakol recoverable oil P50 unrisked prospective resources are estimated at 1.38 bn bbl (Ryder Scott, dated 6 June 2011)

Infrastructure

- Existing rail and pipeline infrastructure within the licence area
- Strategic location across an oil pipeline into north-west China with current capacity of 200,000 bopd (with expansion to 400,000 bopd in 2013)
- Tank farm and refinery facilities commissioned in 2009 in Alakol Basin

Location Map



Update on sale of Tubatse Project stake

History

- In October 2009, the Company entered into an agreement with Nkwe Platinum Limited (Nkwe) to sell its 15% interest in the Tubatse Project in South Africa in two tranches. The first tranche (5% for A\$10mn) was completed in 2010, but the conditions for the second tranche (10% for A\$50mn) have not been fulfilled yet

Recent developments

- Since early 2011, International Petroleum has been in discussions with Nkwe in connection with the sale to Nkwe of the Company's remaining 10% interest
- Discussions have primarily related to removing conditions precedent in the sale and purchase agreement in respect of the sale of the remaining 10% interest and, in consideration, discounting the price from AU\$50 million that was previously agreed to AU\$45 million.
- During 2011, Nkwe has suffered delays to their plans to complete the transaction owing to certain licence disputes in South Africa and JV negotiations aiming to raise funding for the Tubatse Transaction
- Nkwe is to execute the transaction by 31 December 2011 based on agreement with IPL

Future prospects

- The Company understands that Nkwe will be able to proceed with the transaction once it has been able to raise the funding (either by completing a JV transaction or by raising equity financing)
- Given the uncertainties with timing of the above activities, the Company can not be certain that the contemplated transaction will be completed before the end of 2011

Near-term Development Plan^[1]

Drilling

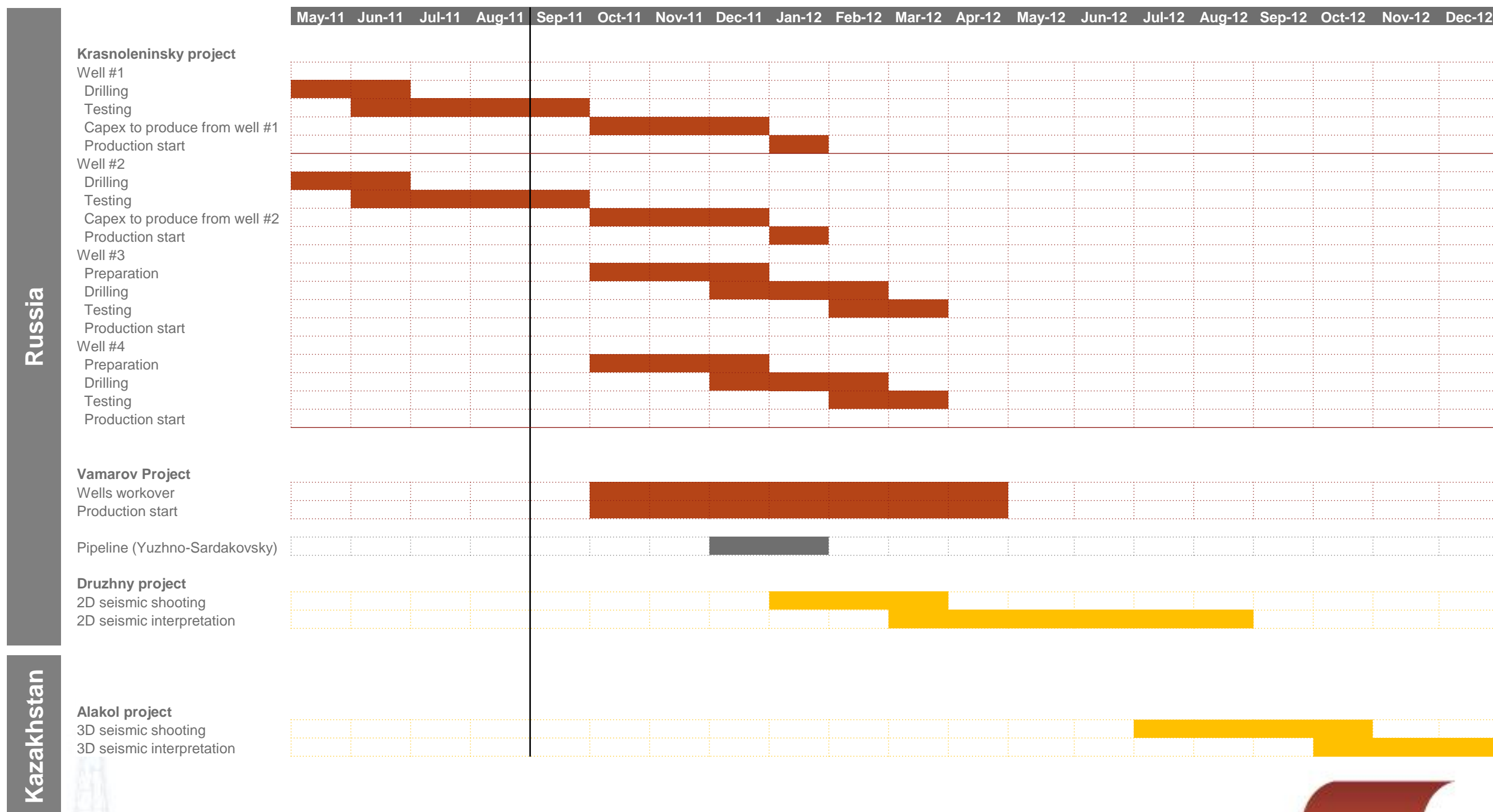
Seismic

Infrastructure

Russia	Krasnoleninsky	<ul style="list-style-type: none"> Wells #3 and #4 are to be drilled in 1H2012 (target drilling depths of 1,700-3,000 meters) Company will seek a local contractor Average drilling period per exploration well is 75 days for 3,000 meters well Average drilling cost – US\$ 4 mn per well 		<ul style="list-style-type: none"> Construct an oil preparation facility at the Krasnoleninsky Project in the 2H2012 could be considered Estimated cost – US\$ 10.0 mn
	Vamarov	<ul style="list-style-type: none"> Currently the Company plans to work over 7 wells and bring them into production in 2011/2012 Other potential targets for work overs are being analysed Estimated work over costs are US\$ 2.3 mn (US\$ 0.33 mn per well) 		<ul style="list-style-type: none"> Construction of 16 km pipeline at Yuzhno-Sardakovsky block for US\$ 1 mn
	Druzhny		<ul style="list-style-type: none"> Carry out 1,000 line km of 2D seismic survey Local contractor Estimated costs – US\$ 2.5 mn 	
Kazakhstan	Alakol		<ul style="list-style-type: none"> Acquire additional 500 km² of 3D seismic in 2H2012 Local or international contractors Estimated cost for 500 km² of 3D seismic acquisition, processing and interpretation US\$ 6 mn 	

[1] subject to receiving the proceeds from the sale of the Tubatse stake and commencement of oil production at the Vamarov and Krasnoleninsky Projects

Development Plan Timetable^[1]



[1] subject to receiving the proceeds from the sale of the Tubatse stake and commencement of oil production at the Vamarov and Krasnoleninsky Projects

Sources and Uses of Funds for September 2011 – June 2012

Sources of Funds

Sources of Funds	US\$ mn
Cash available as at 5 September 2011	1.3
Proceeds from the offering ^[1]	up to 24
Sources of funds before other proceeds	up to 25.3
Oil sales - cash flow from operations (October 2011-June 2012) ^[2]	8.8
Vamarov Project	7.5
Krasnoleninsky Project	1.3
Cash to be received from sale of the Tubatse project ^{[3], [4]}	47.3
Total	up to 81.4

[1] Proceeds from the offering were derived based on maximum US\$25 mn gross proceeds, expected costs and expenses were deducted from the US\$ amount

[2] Cash flow from operations was derived by deducting estimated cash costs from estimated revenues for Krasnoleninsky and Vamarov projects

[3] Consideration of A\$45 million, converted using 1.05 US\$/A\$ exchange rate

[4] Once the proceeds from the sale of the Tubatse stake are received, apart from financing certain capex in 1H2012, as per the table to the right, they will be used to:

(a) construct an oil preparation facility at the Krasnoleninsky Project (US\$ 10mn)

(b) conduct 500 km² 3D seismic works at Alakol Project in 2H2012 (US\$6mn)

Uses of Funds

Uses of Funds	US\$ mn
Krasnoleninsky Project	3.3
Payables for wells #1 and #2	3.3
Vamarov Project	8.0
Cash consideration to the seller	3.0
Assumed liability payable until December 2011	5.0
Alakol Project	1.9
Payables for A-8 well	1.9
General and administrative costs	6.9
Uses of funds before capex	20.1
Krasnoleninsky Project	12.9
Drilling of wells #3 and #4	7.9
Capex to produce from wells #1 and #2	5.0
Vamarov Project	3.3
Work over of wells	2.3
Construction of 16 km pipeline at Yuzhno-Sardakovsky block	1.0
Druzhny Project	2.5
1,000 km 2D seismic works	2.5
Uses of funds before standby facility repayment	38.8
Standby loan facility repayment (incl. interest and fees)	10.6
Total	49.4

Future M&A plans

- Following acquisition of the Druzhny project in Tomsk region and given the Company has a good relationship with the local government of the Tomsk region, the Company believes it will be able to acquire further exploration and producing assets in the region over the next 12 months
- The Company is also actively looking for attractive exploration and development opportunities in Russia (particularly, in Khanty-Mansiysk Autonomous Region) and expects possible acquisitions over the next 12 months

Conclusions

- International Petroleum is an NSX-listed company with:
 - **Discovered oil with exploration upside in the Krasnoleninsky Project in the centre of Russia's main oil region, production is expected in early 2012**
 - **The Vamarov Project has proved reserves, infrastructure and potential for production start up in 2011**
 - **The Druzhny project is an exploration play, which shall allow for acquisition of reserves and production in the main oil basin of the Tomsk region. There are currently a number of licenses available and the local administration is supportive**
 - **Potential reservoir rocks have been penetrated in Well A-8 in Alakol but with no hydrocarbons. IPL intends to acquire 3D seismic before continuing with the drilling programme**
- **The Company has significant and growing resource base with upside potential. Production is targeted to commence in 2011 with ramp up coming from 2013**
- **Recently appointed CEO with many years of experience and successful track record in similar projects shall substantially strengthen management team of International Petroleum**

Appendices



Financial Statements

Balance Sheet

BALANCE SHEET (US\$ m)	31-Dec-10	30-Jun-10
Current Assets		
Cash and cash equivalents	12.8	29.9
Other current assets	6.0	3.8
Total Current Assets	18.8	33.7
Non Current Assets		
Exploration and Evaluation expenditures	100.8	71.7
Other non-current assets	4.4	3.6
Total Non Current Assets	105.2	75.3
Total Assets	124.0	109.0
Current Liabilities		
Trade and other payables	4.9	2.0
Income tax payable	1.6	1.4
Total Current Liabilities	6.5	3.4
Non Current Liabilities		
Deferred tax liability	5.8	5.8
Borrowings	12.6	-
Provisions	0.2	0.2
Total Non Current Liabilities	18.6	6.0
Total Liabilities	25.1	9.4
Total Equity	98.9	99.6

Cash Flow Statement

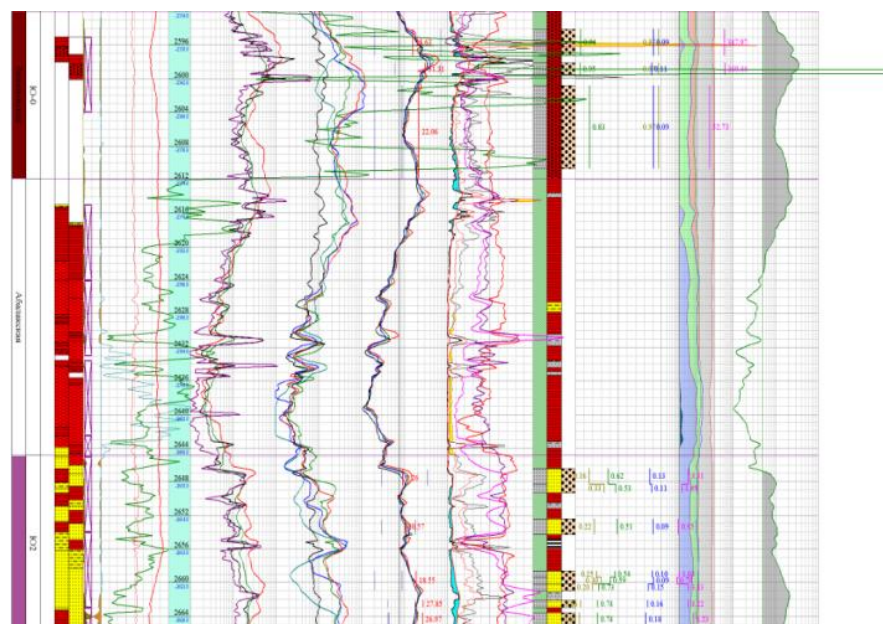
CASH FLOW STATEMENT (US\$)	6 months ending 30 Jun 11	6 months ending 31 Dec 10	6 months ending 30 June 10
Cash flow from operations	(14.0)	(7.1)	(2.4)
Cash flow from investing	(0.1)	(13.2)	28.5
Cash flow from financing	7.6	(0.1)	3.3
Net cash flow	(6.5)	(20.4)	29.4
Cash at the end of the period	6.7	12.8	29.9

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME (US\$)	6 months ending 31 Dec 10	6 months ending 30 June 10	12 months ending 31 Dec 2010
Continuing Operations			
Revenue	0.5	0.3	0.8
Operating expenses	(7.1)	(1.8)	(8.9)
Profit on sale of assets	0.1	0.0	0.1
Finance costs	(0.1)	0.0	(0.1)
Impairment of goodwill	0.0	(7.4)	(7.4)
Loss from continuing operations	(6.6)	(8.9)	(15.5)
Other comprehensive income, net of tax	3.1	0.2	3.3
Total comprehensive loss for the period	(3.6)	(8.7)	(12.3)

Krasnoleninsky Block – Drilling Results

Well No. 1 (Krasnoleninsky-7)



Drilling Results

- Spud date – 25 March 2011
- Target depth – 2,850 m
- Drilling ended at depth – 2,845 m

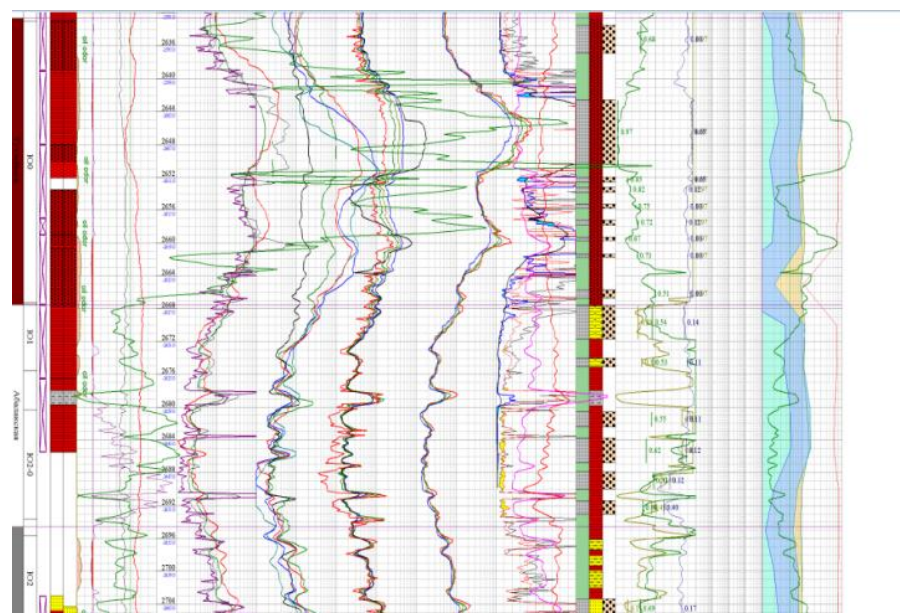
Formation	Net Thickness (metres)	Porosity (%)	Hydrocarbon Saturation (%)	Reservoir Fluid
Yu-0	14.6	10.0 (Matrix+ Fractures)	87	Oil
Yu-2	9.7	13.0	62	Oil
Yu-4	4.4	13.2	61	Oil
Yu-6	4.3	11.0	58	Oil
Yu-7	2.4	11.0	56	Oil
PZ	5.7	Fractured	Oil Potential	Oil Potential
Total (Excluding PZ)	35.4			

Coring Results



Core from Bazhenov Suite

Well No. 2 (Krasnoleninsky-8)



- Spud date – 6 April 2011
- Target depth – 2,930 m
- Drilling ended at depth – 2,909 m

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
PZ	20.1	Fractured	Oil Potential	Oil Potential
Total (Excluding PZ)	65.4			



Core from Tyumen Suite

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