

NSX Announcement  
27 October 2011

## **Quarterly Reports**

Please find attached the following reports relating to the quarter ended 30 September 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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27 October 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

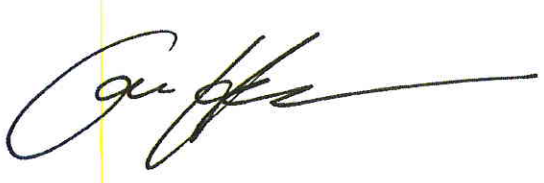
In accordance with the listing conditions imposed by the National Stock Exchange of Australia (NSX) on International Petroleum Limited (Company), on behalf of the Board of the Company we declare that the Board has reviewed the operations of the Company and, in the opinion of each member of the Board:

- (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.

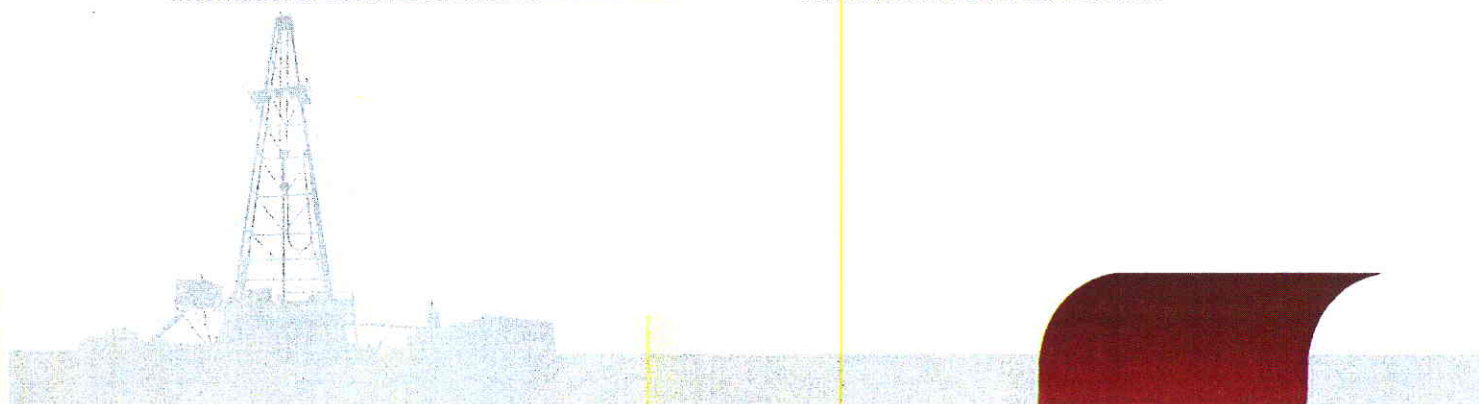
Yours sincerely



Tony Sage  
Non-Executive Chairman  
International Petroleum Limited



Chris Hopkinson  
Director and Chief Executive Officer  
International Petroleum Limited



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## **QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

### **HIGHLIGHTS**

- US\$1.9 million cash at bank at 30 September 2011.
- Discovered two oilfields at the Krasnoleninsky Project in Western Siberia – one at Well No. 1 and the other at Well No. 2.
- Reached a final depth of 2,019 metres at Well A-8 at the Company's Kazakhstan Project, however since no hydrocarbons were found, it was plugged and abandoned.
- Entered into a Share Purchase Agreement to acquire 100% of the shares in Vamaro Investments Limited, which holds licences for geological study of subsoil, prospecting and extraction of oil and gas within the territories of the Yuzhno-Sardakovsky block and the Zapadno-Novomolodezhniy block in the Khanty-Mansiysk Autonomous Region in Western Siberia, Russia.
- Entered into a memorandum of understanding to acquire 75% of the Druzhny Project in the Tomsk Region of Western Siberia, Russia.
- A\$45 million receivable from Nkwe Platinum Limited by 31 December 2011, following varied terms to the Asset Sale Agreement.
- Subsequent to the quarter end, appointed Merriman Capital, Inc. to assist with application to list on OTCQX International in New York.

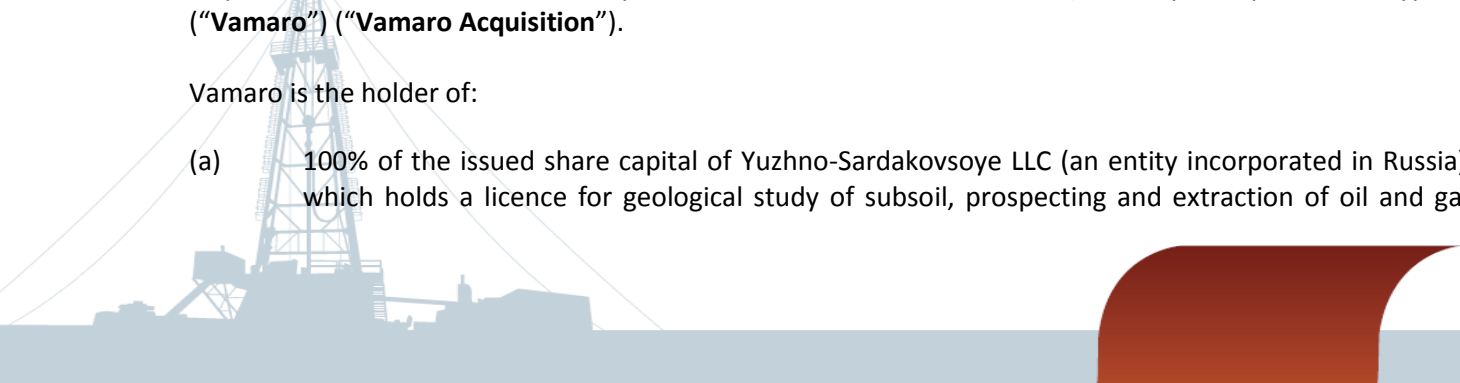
### **CORPORATE**

#### **Acquisition of the Vamarov Project – Western Siberia, Russia**

During August 2011, the Company entered into a Share Purchase Agreement ("**Vamaro Agreement**") to acquire 100% of the issued share capital of Vamaro Investments Limited (an entity incorporated in Cyprus) ("**Vamaro**") ("**Vamaro Acquisition**").

Vamaro is the holder of:

- (a) 100% of the issued share capital of Yuzhno-Sardakovsoye LLC (an entity incorporated in Russia), which holds a licence for geological study of subsoil, prospecting and extraction of oil and gas



within the territory of the Yuzhno-Sardakovsky block in the Khanty-Mansiysk Autonomous Region in Western Siberia, Russia; and

- (b) 100% of the issued share capital of Zapadno-Novomolodezhnoye LLC (an entity incorporated in Russia), which holds a licence for geological study of subsoil, prospecting and extraction of oil and gas within the territory of the Zapadno-Novomolodezhniy block in the Khanty-Mansiysk Autonomous Region in Western Siberia, Russia,

(together, the “**Vamarov Project**”).

The Company has studied the data from the Vamarov Project, including an independent assessment of the original oil in place and the volume of remaining recoverable oil, and believes that the Vamarov Project may contain up to 55 mmbbl of proved and probable (“**2P**”) reserves. This internal estimate is based on the original oil in place as estimated by the independent assessment, but uses different recovery factors, which the Company believes are appropriate for production using hydraulic fracturing techniques in the region.

13 wells have been drilled on the Zapadno-Novomolodezhniy block and the Company is currently evaluating wells to work over and bring into production, subject to completion of the Vamaro Acquisition, by the end of December 2011. A communication corridor passes through the northern part of the Zapadno-Novomolodezhniy block and includes pipelines and a hard-surface all-weather road, which can be used throughout the year, and a power transmission line.

8 wells have been drilled on the Yuzhno-Sardakovsky block and commencement of oil production in this block is expected to occur in the first quarter of 2012. The nearest oil pipelines are 16 km from the block and the nearest hard-surface road is 11 km from the block.

Subject to Shareholder approval to be sought at the Company’s General Meeting on 9 November 2011, in consideration for the acquisition of Vamaro the Company has agreed to pay US\$3 million in cash and issue 55,000,000 Shares (“**Vamarov Consideration Shares**”) to the shareholder of Vamaro.

In accordance with the terms and conditions of the Vamaro Agreement, 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).

Settlement of the Vamaro Acquisition is subject to a number of conditions precedent, including due diligence and obtaining regulatory and Shareholder approvals (together, the “**Conditions**”).

Settlement of the Vamaro Acquisition will occur as soon as practicable following satisfaction of the Conditions.

#### **Acquisition of the Druzhny Project – Western Siberia, Russia**

During August 2011, the Company entered into a memorandum of understanding to acquire 75% of the issued share capital of OOO VostokNefteGaz (an entity incorporated in Russia) (“**VNG**”) (“**VNG Acquisition**”).

VNG owns an exploration licence in the Tomsk region of Western Siberia (the “**Tomsk Exploration Licence**” or the “**Druzhny Project**”).

In consideration for the VNG Acquisition, the Company agreed to:

- (a) issue 6,666,667 Shares (“**VNG Consideration Shares**”) to the shareholder of VNG; and

- (b) fund all of the exploration work necessary to fulfil the minimum work programme as stipulated in the Tomsk Exploration Licence.

Completion of the VNG Acquisition is subject to receipt of shareholder approval to be sought at the Company's General Meeting on 9 November 2011.

The minimum work programme as stipulated in the Tomsk Exploration Licence is as follows:

<b>Commitment</b>	<b>To be fulfilled by</b>
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

If deposits are discovered, the Company intends to carry out an operational estimate of hydrocarbon reserves and file the estimate for Russian state expert evaluation not later than six months after the production well test date.

The Company plans to meet the requirements of the minimum work programme by carrying out at least 1,000 line km of 2D seismic survey during the winter of 2011/12.

The VNG Consideration Shares will be subject to escrow until the earlier of:

- (a) a commercial discovery having been made in the Tomsk Exploration Licence;
- (b) VNG having acquired an oil-producing asset in the Tomsk region of Russia; or
- (c) a period of five years from the date of settlement of the VNG Acquisition.

With effect from completion of the VNG Acquisition, the Company will be the Operator of VNG.

#### **Sale of interest in Tubatse Project to Nkwe Platinum Limited for A\$45 million**

During August 2011, the terms of an Asset Sale Agreement entered into with Nkwe Platinum Limited (ASX: NKP) ("**Nkwe**") relating to the Company's interest in the Tubatse Project in South Africa were varied to reduce the consideration payable by Nkwe to the Company from US\$53 million (A\$50 million) to US\$48million (AU\$45 million) to be paid by 31 December 2011 and removing the trigger conditions that required Nkwe to make the payment.

## Standby loan facility

On 13 May 2011, the Company secured a US\$10 million standby facility ("**Standby Facility**") to fund exploration expenditure and working capital.

During August 2011, certain terms of the Standby Facility agreement were amended such that the amount drawn down under the Standby Facility will be repayable by the Company in full on the earlier of 1 June 2012, receipt by the Company of cash consideration from Nkwe under its agreement with Nkwe for the sale of the Company's interest in the Tubatse project (comprising a 10% interest in the 3 farms located in the eastern limb of South Africa's Bushveld Complex, namely Hoepakrantz, Nooitverwacht and Eerste Geluk (the "**Tubatse Project**")) and receipt of any other funding except for the funding that the Company plans to raise in November 2011.

## Placing

In September 2011, the Company announced it proposed to raise up to US\$25 million through a placement of shares to institutions and sophisticated investors. The placement is now planned to take place in November 2011.

## Listing on OTCQX International in New York

Subsequent to the quarter end, in October 2011, the Company appointed Merriman Capital, Inc. ("**Merriman**") to act as its Principal American Liaison ("**PAL**") for the Company's securities to trade on the OTCQX International marketplace in the United States ("**OTCQX**").

Initially, Merriman will advise on the creation of a Level 1 American Depositary Receipt ("**ADR**"), representing the Company's securities, to trade on OTCQX and on the selection of an ADR provider. It is envisaged that the process of completing the formalities to trade on OTCQX will take approximately 8 weeks, subject to approval by OTC Markets Group Inc.

Merriman is one of a select group of investment bank sponsors registered by the OTCQX to work with international and domestic companies as a PAL. In addition, Merriman will assist the Company to increase its visibility in the world's largest market by coordinating research coverage, taking the Company on road shows in the United States and providing other investment banking services.

OTCQX is the top tier of the OTC market and, if the Company is successful in its application to trade on OTCQX, it will provide the Company with exposure to U.S. institutional and retail investors. OTCQX is reserved for companies that are listed on a qualified stock exchange in their home country, providing a visible presence in the U.S. without the duplicative disclosure and compliance requirements typical of a U.S. stock exchange.

## EXPLORATION

### Krasnoleninsky Project – 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 ("**Krasnoleninsky Project**"). Assuryan Assets Ltd holds the remaining 25% interest in Souville and, by extension, the Krasnoleninsky Project. The four blocks comprising the Krasnoleninsky Project cover a total area of 1,467 km<sup>2</sup> and are located in the Khanty-Mansiysk Region in Western Siberia, the largest oil-producing region of Russia.

The 1,467 km<sup>2</sup> 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 barrels<sup>1</sup>. 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 Krasnoleninsky Project has significant exploration potential.

In May 2011, drilling at both Well No. 1 and Well No.2 reached the target depths of 2,850 metres and 2,930 metres respectively and oil was found during drilling of both wells. The results of the interpretation of electrical logging of Well No. 1 and Well No. 2 were obtained in June 2011, and the interpretation of the electrical logging indicated that the Bazhenov and Tyumen suites are oil-bearing. In addition, the interpretation of the Palaeozoic suite indicated that the fractured zones in both wells are potentially oil-bearing.

During August 2011, the Company discovered an oilfield at Well No. 2. Oil commerciality was established in the J4 formation at the interval between 2,740 metres and 2,745 metres of Well No. 2, from which an unstimulated daily inflow of 6 cubic meters of oil was received. Using the data from this test, the Company has 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.

Later in August 2011, the Company also discovered an oilfield during testing of Well No. 1. Oil commerciality was established in the J2-3 formation at the interval between 2,647 metres and 2,665.5 metres of Well No. 1, from which an unstimulated daily inflow of 5.5 cubic metres of oil was recorded.

In September 2011, changes were made to the expiry dates and other terms of the four exploration licences, covering the four blocks. The expiry date of all four licences has been extended to 31 December 2015 and the following licence commitments have been added:

1. Licence over block 7: second exploration well to be completed by 31 July 2015 (i.e. in addition to Well No. 1 that has already been drilled);
2. Licence over block 8: second exploration well to be completed by 31 July 2015 (i.e. in addition to Well No. 2 that has already been drilled);
3. Licence over block 9: second dependent exploration well to be completed by 31 July 2015 (i.e. dependent on the successful outcome of the first exploration well); and
4. Licence over block 10: second dependent exploration well to be completed by 31 July 2015 (i.e. dependent on the successful outcome of the first exploration well).

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<sup>1</sup> It should be noted that the discoveries are unappraised and that these discoveries increase the confidence in the Ryder Scott-Canada resource estimates relating to the drilled prospects (which will be the subject of reserves report to be completed by 31 December 2011) and de-risks the undrilled prospects in the Krasnoleninsky Project.

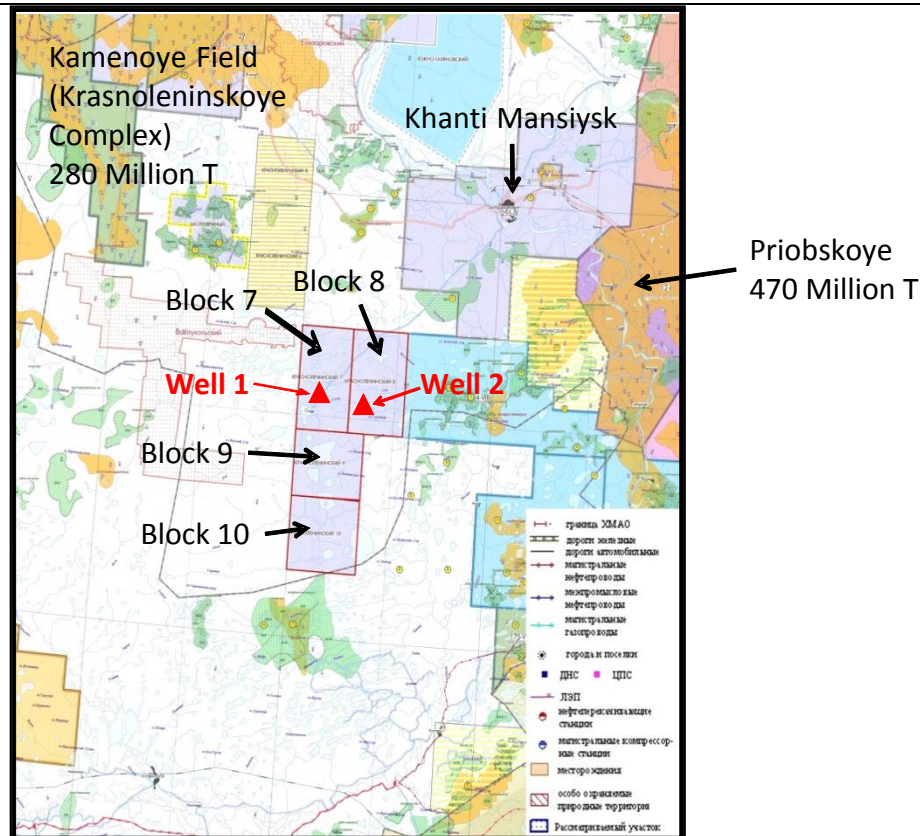


Figure 1: Location Map of Krasnoleninsky Project and Wells No. 1 and No. 2

During October 2011, the Company completed the testing programme at Well No. 1 and Well No. 2.

The Company currently plans to conduct a stimulation programme in these two wells in January 2012 and commence oil production thereafter, and intends to issue a reserve report for the Krasnoleninsky Project in accordance with the industry standard SPE-PRMS standards by the end of December 2011.

The current approved work program requires the drilling of two wells on the Krasnoleninsky 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 in licence blocks 9 and 10 respectively during the first half of 2012.



## Kazakhstan Project – 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 Kazakhstan (“**Alakol Licence Area**” or “**Kazakhstan Project**”). The remaining 50% is owned by Remas Corporation LLP, a privately owned Kazakhstan company.

The Alakol Licence Area is located in eastern Kazakhstan and borders the western boundary of the People’s Republic of China. The main target reservoirs in the Alakol basin are carbonates or sandstones of Paleozoic age occurring at depths ranging between 1,600 and 3,500 metres. The Alakol basin is considered to be similar to the Junggar and Zaisan basins, which are both proven oil-containing basins, across the border in China.

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
<b>Total</b>	<b>4,814.47</b>	<b>6,936.79</b>	<b>9,710.29</b>	<b>934.93</b>	<b>1,379.45</b>	<b>1,979.64</b>


 RYDER SCOTT COMPANY  
PETROLEUM CONSULTANTS

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

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 unrisked prospective (undiscovered recoverable) resources at 935 (Low Estimate), 1,379 (Best Estimate) and 1,980 (High Estimate) million barrels<sup>2</sup> (refer to Figure 2).

<sup>2</sup> It should be noted that the resources prospects evaluated are all seismic features and Well A-8 was 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.

In June 2011, the Company commenced drilling Well A-8, the fourth well to be drilled in the Alakol Licence Area. Seismic data indicated that potential Jurassic and Triassic reservoirs were present as stratigraphic traps on the flanks of Paleozoic-age volcanic intrusions or basement highs.

At the end of July 2011, a final depth of 2,019 metres was reached at Well A-8. Well logging data has been evaluated and drill stem testing of prospective intervals has been carried out. Well A-8 was the first well to test the geological model that formed the basis of the Ryder Scott Report and, while it confirmed that reservoir-quality sands are present on the flanks of Paleozoic-age volcanic intrusions or basement highs, no hydrocarbons were found in this well. Consequently, during August 2011, the Company plugged and abandoned Well A-8.

Currently, the Company plans to carry out a 3D seismic program of approximately 500 km<sup>2</sup> during the second half of 2012 in order to gain a better understanding of the potential reservoirs and stratigraphic traps in the area before drilling further exploration wells.

#### **BUSINESS DEVELOPMENT OPPORTUNITIES**

Whilst the Company is focused on exploration at its existing Krasnoleninsky Project and Kazakhstan Project, and at its soon-to-be-acquired Vamarov Project and Druzhny Project, it continues to review other provinces for opportunities to acquire additional exploration and/or production projects.

Yours faithfully

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, covering a total area of 1,467 km<sup>2</sup>, located in the Khanty-Mansiysk Autonomous Region in Western Siberia, the largest oil-producing region of Russia (the “**Krasnoleninsky Project**”). During 2011, the Company drilled two exploration wells in the Krasnoleninsky Project and discovered commercial quantities of oil in both wells.

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 km<sup>2</sup> 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.

## About OTCQX

OTCQX is the top tier of the OTC market designed for the best OTC companies that meet the highest financial standards and undergo a qualitative review. Investors can find current financial disclosure and real-time level 2 quotes for companies that are listed on OTCQX on [www.otcmarkets.com](http://www.otcmarkets.com).

## About OTC Markets Group Inc.

OTC Markets Group Inc. (OTCQX: OTCM) operates the world’s largest electronic marketplace for broker-dealers to trade unlisted stocks. The OTC Link™ platform supports an open network of competing broker-dealers that provide investors with the best prices in over 10,000 OTC securities. The wide spectrum of OTC-traded companies is categorised into three tiers – OTCQX (the quality-controlled marketplace for investor friendly companies), OTCQB® (the U.S. reporting company marketplace for development stage companies), and OTC Pink™ (the speculative trading marketplace) – so investors can identify the level and quality of information companies provide.

## About Merriman Capital, Inc.

Merriman Capital, Inc. is an investment banking firm providing equity and options execution services; OTCQX research, advisory services, and market making; and capital raise and M&A services. Merriman Capital, Inc. is a wholly owned subsidiary of Merriman Holdings, Inc. (NASDAQ: MERR) and is the premier investment banking firm for OTCQX companies. For more information, please go to <http://www.merrimanco.com>.

Merriman Capital, Inc. is a registered broker-dealer and member of The Financial Industry Regulatory Authority (FINRA) <http://www.finra.org> and the Securities Investor Protection Corporation (SIPC) <http://www.sipc.org/contact.cfm>.

# Quarterly Report

Name of entity

INTERNATIONAL PETROLEUM LIMITED

ABN

76 118 108 615

Quarter ended ("current quarter")

30 September 2011

## Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter US\$'000	Year to date (9 months) US\$'000
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) staff costs	(845)	(1,687)
	(b) advertising and marketing	(12)	(120)
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(769)	(4,611)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	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	(6,079)	(15,307)
	(b) Payments for business development	-	(166)
<b>Net operating cash flows</b>		<b>(7,705)</b>	<b>(21,741)</b>

		<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
1.8	Net operating cash flows (carried forward)	<b>(7,705)</b>	<b>(21,741)</b>
1.9	<b>Cash flows related to investing activities</b>		
	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(25)	(31)
	(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	(24)	(24)
1.12	Loans repaid by other entities	-	14
1.13	Other (provide details if material)		
	(a) Performance bonds put in place	-	(122)
	(b) Performance bonds relinquished	-	229
	(c) Security for facilities put in place	-	(158)
	<b>Net investing cash flows</b>	<b>(49)</b>	<b>(92)</b>
1.14	<b>Total operating and investing cash flows</b>	<b>(7,754)</b>	<b>(21,833)</b>
	<b>Cash flows related to financing activities</b>		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	3,635	11,235
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>3,635</b>	<b>11,235</b>
	<b>Net increase (decrease) in cash held</b>	<b>(4,119)</b>	<b>(10,598)</b>
1.21	Cash at beginning of quarter/year to date	6,747	12,822
1.22	Exchange rate adjustments to item 1.21	(749)	(345)
1.23	<b>Cash at end of quarter</b>	<b>1,879</b>	<b>1,879</b>

**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	262
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\$262,399 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	-	10,000
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	1,734	6,590
4.2 Deposits at call	145	157
4.3 Bank overdraft		
4.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.23)	1,879	6,747

## 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: 27 October 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.