

NSX Announcement
10 January 2012

Completion of Acquisition and Revision of Terms of Disposal

International Petroleum Limited (NSX: IOP; OTCQX: ITPLY) (“**International Petroleum**” or the “**Company**”), an oil and gas exploration company with assets in Russia and Kazakhstan, is pleased to update the market on the completion of an acquisition and the revision of the terms of a disposal.

Acquisition of the Druzhny Project – Western Siberia, Russia

On 4 November 2011, the Company entered into a Share Purchase and Funding Agreement (“**Druzhny Agreement**”) to acquire 75% of the issued share capital of Charlize Investments Limited (an entity incorporated in Cyprus) (“**Charlize**”) (“**Charlize Acquisition**”).

Charlize owns 100% of the issued share capital of OOO VostokNefteGaz (an entity incorporated in Russia) (“**VNG**”). VNG owns an exploration licence in the Tomsk region of Western Siberia (the “**Tomsk Exploration Licence**” or the “**Druzhny Project**”).

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

- (a) issue 6,666,667 Shares (“**Charlize Consideration Shares**”) to the seller of the interest in Charlize; and
- (b) fund all of the exploration work necessary to fulfil the minimum work programme as stipulated in the Tomsk Exploration Licence.

On 9 November 2011, at the Company’s General Meeting, shareholder approval was obtained for the allotment and issue of the Charlize Consideration Shares in part consideration for the Charlize Acquisition.

Following the issue of the Charlize Consideration during December 2011, the Charlize Acquisition has now completed and the Company is the operator of VNG and the Druzhny Project.

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

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

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 Charlize 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 Charlize Acquisition.

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

During August 2011, the terms of an asset sale agreement (the "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 AU\$50 million to AU\$45 million to be paid by 31 December 2011 and removing the trigger conditions that required Nkwe to make the payment.

On 11 November 2011, Nkwe's shares were suspended from trading on the Australian Securities Exchange ("**ASX**"), at the request of Nkwe, pending the release of an announcement regarding the outcome of joint venture negotiations.

On 23 December 2011, Nkwe announced that it has been trying to settle a dispute about the ownership of certain mineral farms in South Africa and that there had been substantial agreement between the parties, but that certain technical difficulties had arisen and a concerted effort was being made to find resolution in the quickest possible time frame.

The Company has entered into an agreement to vary the terms of the Asset Sale Agreement in order to extend the latest date by which the AU\$45 million consideration is payable from 31 December 2011 to 30 June 2012 and, in the event of a change of control in Nkwe, to increase the consideration payable by Nkwe to the Company from AU\$45 million to AU\$50 million.

As of today, Nkwe's shares remain suspended on the ASX, pending an announcement of a binding outcome of this dispute.

Nkwe has indicated to the Company that, once it releases an announcement regarding a binding outcome of this dispute and its shares resume trading on ASX, it will be able to raise the funding it needs in order to pay the AU\$45 million cash consideration to the Company.

Commenting on completion of an acquisition and the revision of the terms of a disposal, Chris Hopkinson, International Petroleum CEO said, *"We are pleased to complete the acquisition of the Druzhny Project, because, having previously been CEO of Imperial Energy Corporation plc and built a successful oil exploration, development and production business in the Tomsk region of Western Siberia, 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. Also, the revised agreement with Nkwe confirms that Nkwe is committed to the purchase of the Company's interest in the Tubatse Project for AU\$45 million cash"*.

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 3435 7676

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, covering a total area of 1,467 km², located in the Khanty-Mansiysk Autonomous Region in Western Siberia, the largest oil-producing region of Russia in Western Siberia (the **"Krasnoleninsky Project"**). During 2011, the Company drilled two exploration wells in the Krasnoleninsky Project and discovered commercial quantities of oil in both wells.

The Company owns a 75% equity interest in an exploration licence in the Tomsk region of Western Siberia (the **"Tomsk Exploration Licence"** or the **"Druzhny 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.

In August 2011, the Company signed a Share Purchase Agreement to acquire 100% of the shares of 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**"). Completion of the acquisition of Vamaro is expected to occur by the end of February 2012.

Whilst the Company is focused on exploration at its projects in Russia and Kazakhstan, it continues to evaluate other projects for potential acquisition.