

NSX Announcement
31 July 2012

Quarterly Reports

Please find attached the following reports relating to the quarter ended 30 June 2012:

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

Yours faithfully
International Petroleum Limited

Tony Sage
Non-Executive Chairman

For further information, please contact:

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30 July 2012

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

Dear Sir

QUARTERLY DISCLOSURE DECLARATION

On behalf of the Board of International Petroleum Limited 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.

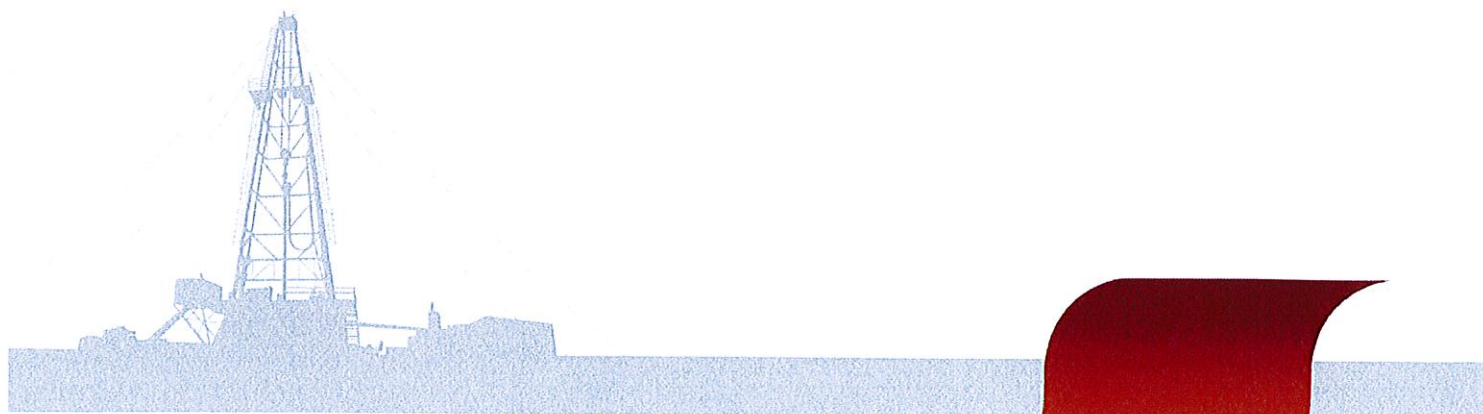
Yours sincerely



Tony Sage
Non-Executive Chairman
International Petroleum Limited



Chris Hopkinson
Director and Chief Executive Officer
International Petroleum Limited



NSX Announcement
31 July 2012

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QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2012

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 present its quarterly activities report for the quarter ended 30 June 2012.

HIGHLIGHTS

- US\$1.6 million cash at bank at 30 June 2012.
- Varied the terms of a US\$10 million loan facility.
- At the Vamarov Project, completed the work-over and hydraulic fracturing of existing wells and the construction of infrastructure, including intra-field pipelines on the Zapadno-Novomolodezhny block to tie some of these wells into the existing pipeline.
- Commenced drilling Well number 34, which is an appraisal well, at the Vamarov Project's Yuzhno-Sardakovsky field.
- Commenced drilling Well number 4, which is an exploration well to evaluate the first prospect in licence block 10 of the Krasnoleninsky Project.

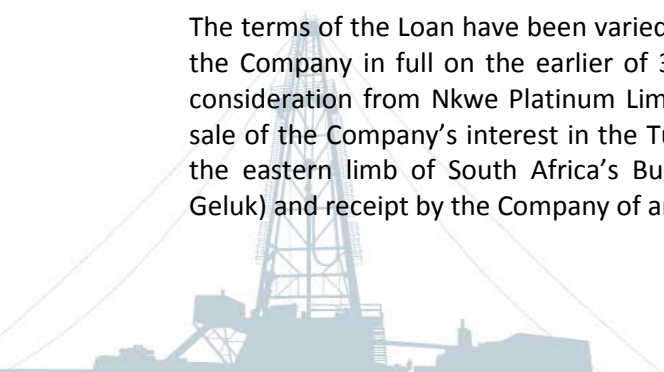
CORPORATE

Variation of Loan Agreement

In May 2011, the Company obtained a US\$10 million loan facility (the "**Loan**") from a company that has four common directors with International Petroleum. The Loan is secured by a fixed and floating charge over the Company.

During 2011, the Loan was fully drawn down.

The terms of the Loan have been varied, such that the funds drawn down under the Loan are repayable by the Company in full on the earlier of 31 March 2013, receipt by the Company of the A\$45 million 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 (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) and receipt by the Company of any equity or convertible loan funding exceeding US\$10 million.



Annual General Meeting

At the Company's Annual General Meeting held on 25 May 2012, all resolutions were passed.

American Depositary Receipt program terminated

The Company's sponsored Level 1 American Depositary Receipt ("ADR") program terminated with effect from 7 May 2012.

Removal of Conditions of Quotation of the Company

In June 2012, the National Stock Exchange of Australia ("NSX") reviewed and removed nine of the ten conditions that were imposed on the Company upon it being admitted to the official list of NSX.

The Company listed on NSX on 15 June 2010 subject to the Company agreeing to the conditions imposed by NSX (refer NSX Announcement dated 18 June 2010). NSX has now removed the following conditions:

1. the establishment and maintenance of a Continuous Disclosure Committee. Details of the Company's Continuous Disclosure Charter is included on the Company's website;
2. the submission of a quarterly declaration signed by the Chairman and Chief Executive Officer that certifies that the Board of Directors has reviewed the Company's operations and declares that, in its opinion, there are no issues that require additional disclosure and that the market remains fully informed about the Company's prospects and activities;
3. the review of all market releases by the Company's Nominated Advisor;
4. the Company not change its Nominated Advisor for a period of two years without NSX's consent;
5. the Company's Board of Directors being comprised of a majority of Non-Executive Directors;
6. the provision of an executed deed restricting the voting rights of Mr Frank Timis and his associated entities;
7. Mr Timis not having an executive role in the Company;
8. Mr Timis agreeing not to become a member of the Continuous Disclosure Committee; and
9. Mr Timis holding no position of influence of the Company's discharge of its continuous disclosure obligations and having no authority to make any announcement of behalf of the Company.

The remaining condition imposed on the Company is the obligation on the Company to lodge quarterly activities and cash flow reports.

EXPLORATION

Vamarov Project – Western Siberia, Russia

In February 2012, the Company completed the acquisition of Vamaro Investments Limited ("Vamaro"), the 100% legal and beneficial owner of two licences for geological study of subsoil, prospecting and extraction of oil and gas in the Yuzhno-Sardakovsky field and in the Zapadno-Novomolodezhny field in the Khanty-Mansiysk Autonomous Region in Western Siberia (the "Vamarov Project").

Prior to the acquisition of Vamaro by the Company, 13 exploration wells had been drilled in the Zapadno-Novomolodezhny field and six exploration wells had been drilled in the Yuzhno-Sardakovsky field.

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.

Historically, 13 wells had been drilled on the Zapadno-Novomolodezhny block and eight wells had been drilled on the Yuzhno-Sardakovsky block.

During the quarter ended 30 June 2012, the Company completed the work-over and hydraulic fracturing of some of these wells and the construction of a short pipeline on the Zapadno-Novomolodezhny block to tie some of these wells into the existing pipeline. The commencement of oil production in Zapadno-Novomolodezhny block is expected to occur in the third quarter of 2012. A communication corridor passes through the northern part of the Zapadno-Novomolodezhny block and includes pipelines and a hard-surface all-weather road, which can be used throughout the year, and a power transmission line.

During the quarter ended 30 June 2012, the Company commenced drilling Well number 34 at its Yuzhno-Sardakovsky field. This well is an appraisal well that was drilled with the purposes of increasing proved reserves in known reservoirs, discovering new production reservoirs, obtaining new core data, clarifying well production potential and preparing for production drilling of the field. During July 2012, the well had been drilled to its final depth of approximately 3,500 metres and testing of the well continues.

The commencement of oil production in the Yuzhno-Sardakovsky block is expected to occur during winter 2012/2013. The nearest oil pipelines are 16 km from the block and the nearest hard-surface road is 11 km from the block.

The Company intends to issue a reserve report covering the Vamarov Project in accordance with the industry standard SPE-PRMS standards during the third quarter of 2012.

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 km² and are located in the Khanty-Mansiysk Region in Western Siberia, the largest oil-producing region of Russia.

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 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.

¹ 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 during the first quarter of 2012) and de-risks the undrilled prospects in the Krasnoleninsky Project.

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.

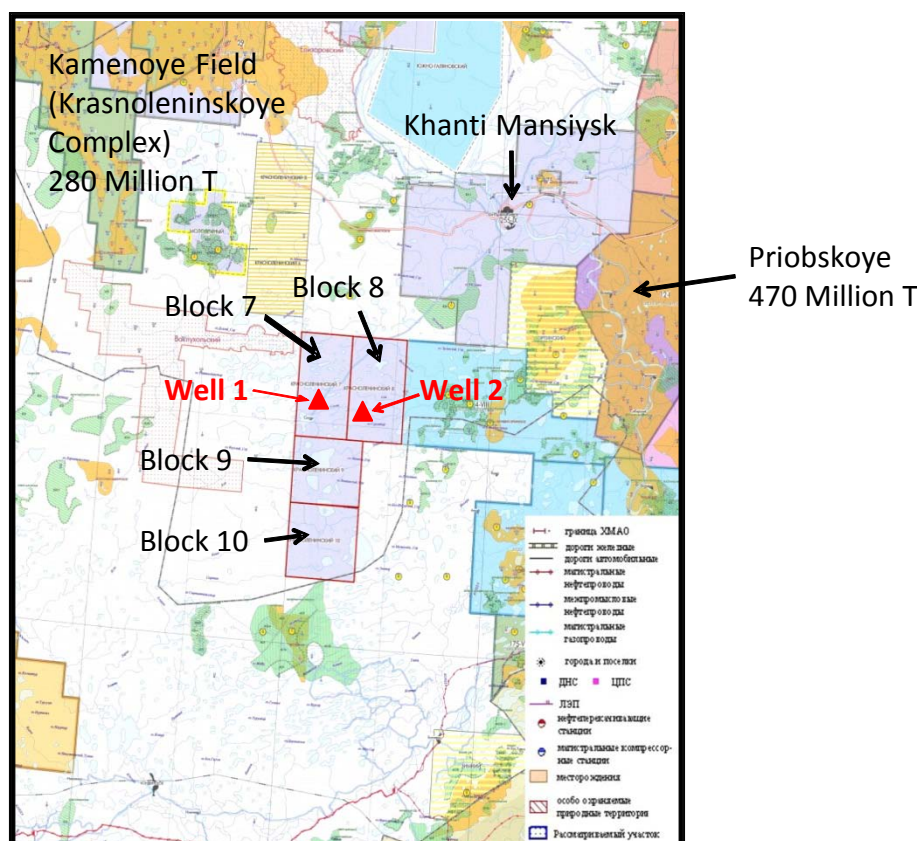


Figure 1: Location Map of Krasnoleninsky Project and Wells No. 1 and No. 2

The Company conducted a stimulation programme using hydraulic fracturing in these two wells during the first quarter of 2012.

The Company intends to issue a reserve report covering blocks 7 and 8 of the Krasnoleninsky Project (where Well No. 1 and No. 2 were drilled) in accordance with the industry standard SPE-PRMS standards during the third quarter of 2012.

During the quarter ended 30 June 2012, the Company commenced drilling Well number 4, which is an exploration well to evaluate the first prospect in licence block 10 of the Krasnoleninsky Project and is expected to take approximately two months to drill the well to its target true vertical depth of approximately 3,100 metres.

During 2012, the Company plans to drill two exploration wells (Well number 4 in licence block 10 and Well number 3 in licence block 9, which is expected to commence during the third quarter of 2012) in the Krasnoleninsky Project.

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:

1. 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.
2. a 100% equity interest in 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"**).
3. a 75% equity interest in an exploration licence in the Tomsk region of Western Siberia (the **"Tomsk Exploration Licence"** or the **"Druzhny Project"**).
4. 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 existing projects in Russia and Kazakhstan, it continues to review other companies and areas, such as Russia and Africa, for opportunities to acquire additional exploration and/or production projects.

Quarterly Report

Name of entity

INTERNATIONAL PETROLEUM LIMITED

ABN

76 118 108 615

Quarter ended ("current quarter")

30 June 2012

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	(514)	(1,046)
	(b) advertising and marketing	(54)	(77)
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(856)	(946)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	31
1.5	Interest and other costs of finance paid	(1)	(235)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	(a) Payments for exploration	(8,599)	(17,645)
	(b) Payments for business development	(713)	(870)
Net operating cash flows		(10,736)	(20,788)

		Current quarter US\$'000	Year to date (6 months) US\$'000
1.8	Net operating cash flows (carried forward)	(10,736)	(20,788)
1.9	Cash flows related to investing activities		
	(a) payment of cash consideration for controlled entity acquired in prior year	-	(3,000)
	(b) payment of liabilities assumed (controlled entity acquired in prior year)	-	(4,000)
	(c) purchase of equity investments	-	-
	(d) purchase of intellectual property	-	-
	(e) purchase of physical non-current assets	(683)	(703)
	(f) purchase of 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	-	-
1.13	Other (provide details if material)		
	(a) Performance bonds put in place	-	-
	(b) Performance bonds relinquished	-	-
	(c) Security for facilities put in place	-	-
	Net investing cash flows	(683)	(7,703)
1.14	Total operating and investing cash flows	(11,419)	(28,491)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares (net of costs)	-	34,049
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	2,200
1.18	Repayment of borrowings	-	(7,110)
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	Net financing cash flows	-	29,139
	Net increase (decrease) in cash held	(11,419)	648
1.21	Cash at beginning of quarter/year to date	13,034	918
1.22	Exchange rate adjustments	(51)	(2)
1.23	Cash at end of quarter	1,564	1,564

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	298
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\$298,037 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	Nil ¹	10,000
3.2	Credit standby arrangements	-	-

¹ Loan facility has been drawn down in full.

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	1,413	12,880
4.2 Deposits at call	151	154
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	1,564	13,034

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity			
5.2 Place of incorporation or registration			
5.3 Consideration for acquisition or disposal			
5.4 Total net assets on acquisition			
5.5 Nature of business			

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: 31 July 2012

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.