

NSX Announcement  
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## **Approval of Production Sharing Contracts over 4 Blocks in Niger**

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 the Council of Ministers of the Republic of Niger has considered and adopted the draft decrees that include the approval of four production sharing contracts (the "**PSCs**") between the Republic of Niger and International Petroleum Limited, which is incorporated in the Cayman Islands (the "**Contractor**") and is a wholly-owned subsidiary of the Company, relating to four blocks known as Manga 1, Manga 2, Aborak and Ténéré Ouest (the "**Blocks**"), as shown in the attached map.

The Company expects that the PSCs will be signed before the end of the third quarter of 2012.

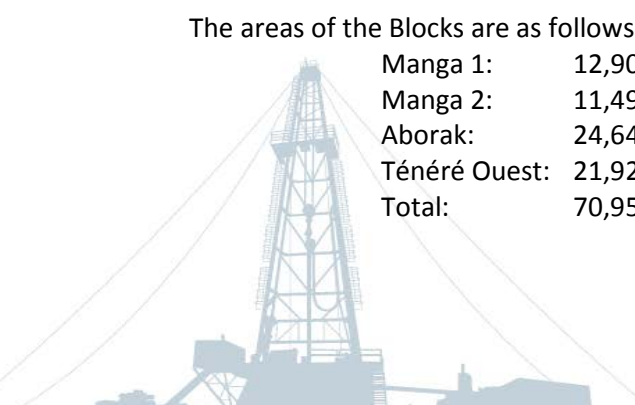
The Contractor will be the operator with a 100% ownership interest in the PSCs. The Exclusive Exploration Authority ("**EEA**") is granted for an initial period of four years and can be renewed twice for a period of two years per renewal period, provided that the total duration of the validity of the EEA resulting from the aggregation of the initial period of four years and renewal periods does not exceed eight years. If a commercial deposit is established, an application is made for allocation of an Exclusive Development Authorisation ("**EDA**") with an initial duration not exceeding 25 years and renewal for a maximum of ten years.

During the initial four year period of the EEA, the minimum work program is to conduct a gravity and magnetic survey, reprocess and reinterpret existing seismic lines, acquire and interpret new 2D seismic profiles and conduct exploration well drilling.


### **Location and area of the Blocks**

The Blocks are located in the south east of Niger in the West African Rift Subsystem, which is a component of the Western Central African Rift System and include parts of the Termit and N'Dgel Edgi rift basins, which contain continental to marine Early Cretaceous to Recent clastic sediments.

The areas of the Blocks are as follows:



Manga 1:	12,900 sq km
Manga 2:	11,490 sq km
Aborak:	24,640 sq km
Ténéré Ouest:	21,920 sq km
Total:	70,950 sq km



### **Other oil operations in Niger**

The Blocks are adjacent to the blocks known as Agadem and Ténéré, which are owned and operated by China National Petroleum Corporation (“CNPC”).

On 28 November 2011, phase 1 of the Agadem upstream and downstream integrated project was completed and became operational. It includes a 1 million tonnes per year oilfield, the 1 million tonnes per year Zinder Refinery and a 462.5 km oil pipeline, which connects the oilfield to the Zinder Refinery. The Zinder Refinery produces petroleum, diesel, fuel oil, and LPG, which will be first supplied to the domestic market of Niger and then exported to surrounding countries. The Ténéré Block covers the northern portion of the Termit-Ténéré Rift Basin in eastern Niger. The Termit-Ténéré Rift Basin is one arm of a series of rift basins that extend across north-central Africa. Similar basins in Libya, Chad and Sudan are currently in oil production. The southern half of the Termit-Ténéré Rift is covered by the adjacent Agadem Block, where CNPC has made a series of oil and gas discoveries.

Commenting on the approval of the PSCs relating to the Blocks, Chris Hopkinson, International Petroleum CEO said, *“To date, the Company has been focussed entirely on Russia and the Commonwealth of Independent States, but the acquisition of these four exploration Blocks in Niger is the Company’s first step in its strategy of diversifying into Africa, where it plans to acquire more oil and gas exploration and/or production assets in the future. Since the Blocks in Niger are in the West African Rift Subsystem and are adjacent to blocks owned and operated by CNPC with numerous discovered oilfields with hundreds of millions of barrels of 2P reserves, a refinery and an export pipeline, I am particularly excited about them.”*

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 km<sup>2</sup>, 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 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 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.

**REPUBLIC OF NIGER**  
**MINISTRY OF ENERGY AND PETROLEUM**

**PETROLEUM BLOCKS (March 2012)**

-  Block under license
-  Open block

