

NSX Announcement
7 August 2012

ABN: 76 118 108 615
Corporate Office

32 Harrogate Street
West Leederville, WA 6007

P.O. Box 1385
West Leederville, WA 6901

T +61 8 9388 0744
F +61 8 9382 1411
E admin@intpet.com.au
W www.internationalpetroleum.com.au

Convertible Loan Facility Secured

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 has secured a US\$2 million convertible loan facility (**Loan Facility**) from Varesona Participation Corporation, an entity controlled by non-executive director Frank Timis, to fund exploration expenditure and working capital.

Pursuant to the terms of the Loan Facility, the Company will have access to US\$2 million and the amount drawn down under the Loan Facility (**Loan Amount**) will attract interest at the rate of 5% per annum and will be repayable by the Company 12 months from the date of the agreement (unless extended by the parties) (**Repayment Date**).

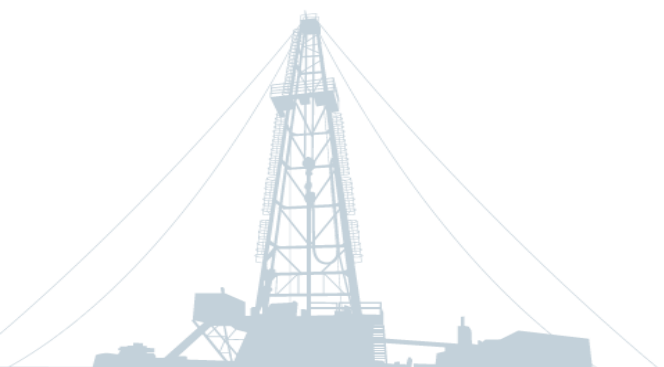
If the Loan Amount is not repaid by the Repayment Date, the Loan Amount will be converted, subject to the receipt of all necessary shareholder approvals, into shares at a deemed issue price equal to A\$0.15 per share. If all necessary shareholder approvals for the conversion of the Loan Amount into shares are not obtained, the Company must satisfy the Loan Amount in cash and not shares.

To allow the Company the future flexibility to determine whether to satisfy the Loan Amount in cash or shares, the Company may seek all necessary shareholder approvals for the conversion of the Loan Amount into shares prior to the Repayment Date.

Funds drawn down from the Loan Facility will be applied towards exploration expenditure and general working capital.

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:

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.