International Petroleum Limited

(ABN 76 118 108 615)

Half-year Financial Report
for the Period Ended
30 June 2012

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CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN
Antony Sage

NON-EXECUTIVE DIRECTORS
Frank Timis
Mark Ashurst
Tony Antoniou
Timothy Turner
Pierre Godec
Vladimir Mangazeev

EXECUTIVE DIRECTORS
Chris Hopkinson
William McAvock

COMPANY SECRETARY
Claire Tolcon

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STOCK EXCHANGE LISTING
National Stock Exchange of Australia
Code: IOP

Your Directors present their report on International Petroleum Limited ("International Petroleum" or the "Company") together with its subsidiaries (the "Group") for the half-year ended 30 June 2012.

OFFICERS

Directors

The names of Directors in office during the half-year and up to the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Antony Sage
Mr Chris Hopkinson
Mr Frank Timis
Mr Mark Ashurst
Mr Mark Gwynne (resigned 1 March 2012)
Mr Tony Antoniou
Mr Timothy Turner
Mr William McAvock
Mr Pierre Godec (appointed 17 February 2012)
Mr Vladimir Mangazeev (appointed 1 March 2012)

Company Secretary

Ms Claire Tolcon

PRINCIPAL ACTIVITIES

The Company's principal activity is oil and gas exploration.

REVIEW OF OPERATIONS

CORPORATE

Director appointments and resignation

On 17 February 2012, the Company appointed Pierre Godec as a Non-Executive Director. Mr Godec has 40 years' experience in the international oil industry. He spent 32 years with Groupe Elf Aquitaine ('Elf'), having held senior positions at Elf in the UK, Russia, France, USA, Canada, Kazakhstan, Nigeria and Norway. Between 2000 and 2004, Mr Godec worked as an independent international consultant with companies such as McKinsey, Accenture and Northern Oil. He was a Non-Executive Director of Imperial Energy Corporation plc from July 2004 until its acquisition by ONGC Videsh Limited in January 2009. At Imperial Energy Corporation plc, which was originally listed on AIM but moved up to the London Stock Exchange main board and entered the FTSE 250 index, he was the Senior Non-Executive Director and was Chairman of the audit committee and the remuneration committee. Currently, Mr Godec is a director of Petrolia E&P Holdings plc and Petroresources Ltd, which are both energy companies registered in Cyprus, controlled by the Larsen Group, with operations outside Cyprus, and he is President of the French Trade Board in Cyprus. He is a Chevalier de la Legion d'Honneur, Chevalier de l'Ordre National du Merite, and a Fellow of the Energy Institute in London.

On 1 March 2012, Mark Gwynne resigned as Non-Executive Director and the Company appointed Vladimir Pavlovich Mangazeev as a Non-Executive Director. Mr Mangazeev has over 45 years' experience in the oil industry in Russia. In 1966, he graduated from Tomsk Polytechnic University, majoring in Petroleum Geology and Exploration for Oil & Gas Fields and worked for Tomskneft, where he worked his way up from Petroleum Geologist to Chief Geologist by 1978. From 1978 to 1990, Mr Mangazeev was responsible for supervising the geological and petroleum industry of the Tomsk region. In 1990, he returned to the industry in the position of Deputy Director General for Geology and took charge of Tomskneft's Geological Department. From 1994 to 1998, as the First Vice-President of VNK (Eastern Oil Company), and, from 1999 to 2007, as the Executive Vice-President of Yukos Oil Company ("Yukos"), Mr Mangazeev was consistently involved in the modernisation of the petroleum sector, suggesting unprecedented engineering and technological solutions. He initiated and managed some of the most complex field projects such as the development of the Tomsk region, including the gas condensate fields and the largest Eastern Siberian gas-oil field, Yurubcheno-Tokhomskoye. In 2000, Yukos became the second largest Russian oil company in terms of oil production and entered international markets. New and sophisticated technologies, which had emerged in the late 20th Century, required qualified specialists to apply them, so Mr Mangazeev put forward the idea of establishing a centre that would train world-class petroleum engineers for Yukos. This centre became the internationally renowned Heriot-Watt University

Approved Support Centre (the "HWUASC"). Mr Mangazeev is an Honorary Doctor of Engineering of Heriot-Watt University. During the last four years, Mr Mangazeev has been President Advisor of JSC Vostokgazprom.

Issue of shares
On 6 February 2012, the Company completed a share placement to institutions and sophisticated investors of 165,730,000 fully paid ordinary shares at an issue price of A$0.20 per share raising A$33,146,000 (US$35,523,023) before transaction costs amounting to US$1,474,506.

Loan facilities
In the prior year, the Company secured a US$10 million loan facility ("Loan Facility A") from a company related to four of the directors of International Petroleum to fund exploration expenditure and working capital. Subsequent to the half-year end, certain terms of the Loan Facility agreement have been amended such that the amount drawn down under the Loan Facility ("Facility Amount") will be repayable by the Company in full on the earlier of (a) 31 March 2013, (b) 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 (the "Tubatse Project")) and (c) receipt by the Company of any equity or convertible loan funding exceeding US$10m cumulatively until 31 March 2013 unless otherwise agreed in writing by the lender.

Interest is payable on the Facility Amount at the cash rate plus 3% and Loan Facility A is secured by a fixed and floating charge over the Company. In consideration of extending the repayment date of the funding facility, an additional US$125,000 commitment fee is payable. The Company is now obliged to pay total commitment fees of US$375,000 for the provision of the Loan Facility.

In September 2011, International Petroleum Services Limited secured a US$10,000,000 loan facility ("Loan Facility B") from Pan African Minerals Limited. Interest was payable on Loan Facility B at the cash rate plus 3% per annum. Interest incurred on Loan Facility B for the half year ended 30 June 2012 was US$20,021 and was capitalised to the loan amount (half year ended 31 December 2011: US$21,592). Funds drawn down under Loan Facility B (US$7,110,000) and interest (US$41,613) were repaid in full on 8 February 2012.

Pursuant to the acquisition of Souville Investments Ltd in October 2010, the Company acquired a loan of US$12,500,000 owing to Assuryan Assets Ltd. The loan bears interest at the rate of 3.75% per annum. Interest incurred on the loan for the half year ended 30 June 2012 is US$238,283 and has been capitalised to the loan amount (half year ended 30 June 2011: US$232,449). The loan is due for repayment on 27 September 2013.

PROJECTS

Krasnoleninsky Project
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 (the "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.

During the first quarter of 2012, the Company conducted a stimulation programme using hydraulic fracturing in Well No. 1 (in block 7) and Well No. 2 (in block 8), which were drilled during 2011.

The Company intends to issue a reserve report covering blocks 7 and 8 of the Krasnoleninsky Project 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 No. 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.

Subsequent to the current half year period, the Company commenced drilling Well No. 3, which is an exploration well to evaluate the first prospect in licence block 9 and is expected to take approximately two months to drill the well to its target true vertical depth of approximately 3,000 metres.

Vamarov Project
The acquisition of Vamaro Investments Limited ("Vamaro"), which was accounted for in November 2011, was completed in February 2012, following the payment of cash and issue of shares as consideration. Vamaro is 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").

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 mmboe 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.

Druzhny Project
On 4 November 2011, the Company entered into a Share Purchase and Funding 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").

The acquisition of Charlize Investments Limited, which was accounted for in December 2011, completed during January 2012, following the fulfilment of the closing conditions.

During the second half of 2012, the Company plans to carry out a 2D seismic study.

Kazakhstan Project
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 across the border in China which are both proven oil provinces.

During the second half of 2012, the Company plans to carry out a 3D seismic study in order to assist with targeting the reservoir-quality sands and selecting the locations of future exploration wells.

RESULT

The Group incurred a loss after income tax of US$5,636,283 for the 6 months ended 30 June 2012 (30 June 2011: loss of US$5,478,775).

SUBSEQUENT EVENTS

The significant events and transactions that have taken place subsequent to 30 June 2012 are detailed in note 12 to the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

NON AUDIT SERVICES

The Group incurred expenses of US$356,988 in respect of non-audit services provided by the Company's auditors, Ernst & Young during 6 months ended 30 June 2012.

This report is made in accordance with a resolution of the Board of Directors.

Antony Sage
Director **Perth, 23 August 2012**

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Auditor's Independence Declaration to the Directors of International Petroleum Limited

In relation to our review of the financial report of International Petroleum Limited for the half-year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth
23 August 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	30 June 2012 US$	30 June 2011 US$
Continuing operations			
Revenue	3(a)	**48,517**	114,807
Employee remuneration	3(b)	**(1,942,367)**	(2,376,886)
Consulting expenses		**(1,775,562)**	(1,163,309)
Compliance and regulatory expenses		**(215,241)**	(88,021)
Occupancy costs		**(155,084)**	(152,358)
Travel costs		**(377,640)**	(312,342)
Other expenses		**(360,142)**	(538,840)
Foreign currency losses		**(617,326)**	(136,469)
Depreciation expense		**(5,311)**	(2,756)
Finance costs		**(746,394)**	(520,987)
Impairment loss on financial assets available for sale		**(1,644,253)**	-
Loss from continuing operations before income tax		**(7,790,803)**	(5,177,161)
Income tax benefit / (expense)		**2,154,520**	(301,614)
Loss for the period attributable to the members		**(5,636,283)**	(5,478,775)
Other comprehensive income / (loss)			
Fair value loss on financial assets available for sale recognised as an impairment loss for the period		**1,644,253**	-
Tax on fair value loss on financial assets available for sale recognised as an impairment loss for the period		**(493,276)**	-
Realised gain transferred to loss for the period, net of tax		**(28,086)**	-
Fair value loss on financial assets available for sale		**(510,175)**	(709,176)
Tax on fair value loss on financial assets available for sale		**153,053**	223,420
Foreign exchange (loss) / gain on translation of foreign operations		**(1,900,253)**	108,138
Other comprehensive loss for the period, net of tax		**(1,134,484)**	(377,618)
Total comprehensive loss for the period		**(6,770,767)**	(5,856,393)
(Loss) / profit for the period is attributable to:			
Non-controlling interest		**486,028**	(53,887)
Owners of the parent		**(6,122,311)**	(5,424,888)
		(5,636,283)	(5,478,775)
Total comprehensive loss for the period is attributable to:			
Non-controlling interest		**(49,877)**	(53,887)
Owners of the parent		**(6,720,890)**	(5,802,506)
		(6,770,767)	(5,856,393)
EPS attributable to members			
Basic/diluted loss per share (cents)		**(0.49)**	(0.57)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2012 US$	31 December 2011 US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**1,563,516**	918,421
Trade and other receivables		**3,703,883**	1,213,595
Prepayments		**212,539**	131,268
Inventories		**16,392**	8,479
TOTAL CURRENT ASSETS		**5,496,330**	2,271,763
NON CURRENT ASSETS			
Restricted cash		**247,493**	245,956
Plant and equipment		**708,554**	57,770
Financial assets available-for-sale		**521,004**	1,032,909
Deferred tax asset		**18,552**	-
Exploration and evaluation expenditure	5	**154,790,201**	140,217,437
TOTAL NON CURRENT ASSETS		**156,285,804**	141,554,072
TOTAL ASSETS		**161,782,134**	143,825,835
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	**11,312,924**	15,695,199
Borrowings	7	**10,729,812**	15,366,801
Income tax payable		**1,818,202**	1,937,023
TOTAL CURRENT LIABILITIES		**23,860,938**	32,999,023
NON CURRENT LIABILITIES			
Borrowings	7	**13,329,036**	13,090,753
Deferred tax liability		**7,135,750**	9,004,327
Provisions		**1,288,134**	1,312,737
TOTAL NON CURRENT LIABILITIES		**21,752,920**	23,407,817
TOTAL LIABILITIES		**45,613,858**	56,406,840
NET ASSETS		**116,168,276**	87,418,995
EQUITY			
Issued capital	8	**266,253,720**	232,205,203
Reserves	9	**(89,599,797)**	(90,472,749)
Accumulated losses		**(61,472,695)**	(55,350,384)
Non-controlling interest		**987,048**	1,036,925
TOTAL EQUITY		**116,168,276**	87,418,995

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital US$	Accumulated losses US$	Share-based payment reserve US$	Revaluation reserve US$	Merger reserve US$	Foreign currency translation reserve US$	Total - owners of the parent US$	Non-controlling interest US$	Total equity US$
AT 1 JANUARY 2012	**232,205,203**	**(55,350,384)**	**5,276,264**	**(765,769)**	**(101,516,017)**	**6,532,773**	**86,382,070**	**1,036,925**	**87,418,995**
(Loss) / profit for the period	**-**	**(6,122,311)**	**-**	**-**	**-**	**-**	**(6,122,311)**	**486,028**	**(5,636,283)**
Other comprehensive income / (loss) for the period	**-**	**-**	**-**	**765,769**	**-**	**(1,364,348)**	**(598,579)**	**(535,905)**	**(1,134,484)**
Total comprehensive income / (loss) for the period	**-**	**(6,122,311)**	**-**	**765,769**	**-**	**(1,364,348)**	**(6,720,890)**	**(49,877)**	**(6,770,767)**
Transactions with owners in their capacity as owners									
Issue of shares	**34,048,517**	**-**	**-**	**-**	**-**	**-**	**34,048,517**	**-**	**34,048,517**
Share based payments	**-**	**-**	**1,471,531**	**-**	**-**	**-**	**1,471,531**	**-**	**1,471,531**
AT 30 JUNE 2012	**266,253,720**	**(61,472,695)**	**6,747,795**	**-**	**(101,516,017)**	**5,168,425**	**115,181,228**	**987,048**	**116,168,276**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital US$	Accumulated losses US$	Share-based payment reserve US$	Revaluation reserve US$	Merger reserve US$	Foreign currency translation reserve US$	Total - owners of the parent US$	Non-controlling interest US$	Total equity US$
AT 1 JANUARY 2011	223,082,207	(28,589,063)	1,115,175	(138,774)	(101,516,017)	3,276,722	97,230,250	1,666,667	98,896,917
Loss for the period	-	(5,424,888)	-	-	-	-	(5,424,888)	(53,887)	(5,478,775)
Other comprehensive income / (loss) for the period	-	-	-	(485,756)	-	108,138	(377,618)	-	(377,618)
Total comprehensive income / (loss) for the period	-	(5,424,888)	-	(485,756)	-	108,138	(5,802,506)	(53,887)	(5,856,393)
Transactions with owners in their capacity as owners									
Share based payments	-	-	1,370,904	-	-	-	1,370,904	-	1,370,904
AT 30 JUNE 2011	223,082,207	(34,013,951)	2,486,079	(624,530)	(101,516,017)	3,384,860	92,798,648	1,612,780	94,411,428

CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	30 June 2012 US$	30 June 2011 US$
Cash flows from operating activities			
Payments to suppliers and employees		**(2,939,141)**	(5,208,461)
Interest received		**31,273**	149,734
Interest paid		**(235,152)**	-
Net cash flows used in operating activities		**(3,143,020)**	(5,058,727)
Cash flows from investing activities			
Payments for plant and equipment		**(702,783)**	(5,371)
Cash backing security for applications in Kazakhstan returned		**-**	107,470
Cash backing security provided for banking facilities		**-**	(158,425)
Payment for exploration and evaluation activities		**(17,645,318)**	(8,745,561)
Payment for acquisition of controlled entity		**(3,000,000)**	-
Payment of liabilities assumed through acquisition of controlled entity		**(4,000,000)**	-
Proceeds from the repayment of loans from related party		**-**	14,453
Net cash used in investing activities		**(25,348,101)**	(8,787,434)
Cash flows from financing activities			
Proceeds from issue of shares		**35,523,023**	-
Transaction costs of issue of shares		**(1,474,506)**	-
Proceeds from borrowings		**2,200,000**	7,600,000
Repayment of borrowings		**(7,110,000)**	-
Net cash from financing activities		**29,138,517**	7,600,000
Net increase / (decrease) in cash and cash equivalents		**647,396**	(6,246,161)
Cash and cash equivalents at the beginning of period		**918,421**	12,821,534
Net foreign exchange (loss) / gain		**(2,301)**	171,802
Cash and cash equivalents at end of period	**4**	**1,563,516**	6,747,175

1. CORPORATE INFORMATION

The financial report of International Petroleum Limited and its subsidiaries ('the Group') for the half-year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 23 August 2012.

International Petroleum Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the National Stock Exchange of Australia.

2. BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose condensed financial report for the half-year ended 30 June 2012 has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 31 December 2011 and considered together with any public announcements made by International Petroleum Limited during the half-year ended 30 June 2012 in accordance with the continuous disclosure obligations of the NSX Listing Rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

New and amended standards adopted by the Group
In the half-year ended 30 June 2012, the Group has reviewed all of the new and revised Standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2012. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

The financial report is presented in United States dollars.

Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. As at 30 June 2012, the Group had net current liabilities of US$18,364,608 (30 June 2011: net current liabilities of US$30,727,260).

The ability of the Group to continue its planned exploration and evaluation activities is dependent on the Group raising additional capital within the next 12 months. At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to raise additional capital to enable it to meet its obligations as and when they fall due. In forming this view, the directors have considered the Group's position, and its available financing options, including planned private equity placements that are expected to be completed during the second half of 2012, additional loan facility arrangements with related parties, and the proceeds receivable on the sale of its remaining 10% interest in the Tubatse project.

Should the Group not achieve the matters set out above, there is uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.

3. REVENUE AND EXPENSES

Components of revenue and expenditure that require separate disclosure are as follows:

	30 June 2012 US$	30 June 2011 US$
(a) Revenue		
Interest revenue	**31,299**	114,807
Other revenue	**17,218**	-
	48,517	114,807
(b) Employee remuneration		
Directors' remuneration	**(668,832)**	(399,305)
Employee benefits expense	**(453,275)**	(606,677)
Share based payments expense[1]	**(820,260)**	(1,370,904)
	(1,942,367)	(2,376,886)

[1]Share based payments comprise the issue of unlisted options and performance shares. The options have been valued using the Black-Scholes option pricing model and an amount of US$665,054 (30 June 2011: US$1,312,915) has been recognised within the line item "Share based payments" in the Statement of Comprehensive Income. The performance shares awarded during the current period have been valued using the share price on grant date. The issue of the shares is subject to various service and performance conditions. None of the shares have been issued as at 30 June 2012. An amount of US$155,206 (30 June 2011: US$57,989) has been recognised within the line item "Share based payments" in the Statement of Comprehensive Income.

During the current period the following options were granted:

No. of options	Exercise Price	Expiry Date	Fair Value at Grant Date	Fair Value at Grant Date
1,500,000	A$0.25	18 July 2017	A$0.16	US$0.17
500,000	A$0.25	30 June 2013	A$0.12	US$0.13
500,000	A$0.35	30 June 2013	A$0.11	US$0.12
500,000	A$0.45	30 June 2013	A$0.10	US$0.11
500,000	A$0.55	30 June 2013	A$0.09	US$0.10
500,000	A$0.65	30 June 2013	A$0.09	US$0.09

During the prior period the following options were granted:

No. of options	Exercise Price	Expiry Date	Fair Value at Grant Date	Fair Value at Grant Date
1,875,000[2]	A$0.25	16 March 2016	A$0.21	US$0.21
200,000	A$0.30	1 June 2014	A$0.19	US$0.20
18,000,000	A$0.25	1 June 2016	A$0.19	US$0.20
1,500,000	A$0.25	15 April 2016	A$0.17	US$0.18
1,500,000	A$0.25	15 April 2016	A$0.19	US$0.20

[2] During the prior period, these options were forfeited following the termination of the employment of the option-holder.

135,193,072 options expired during the current period. As at 30 June 2012, there were 42,700,000 options on issue (31 December 2011: 179,393,072 options on issue).

4. CASH AND CASH EQUIVALENTS

	30 June 2012 US$	31 December 2011 US$
Cash at bank and on hand	**1,412,436**	767,377
Deposits at call	**151,080**	151,044
	1,563,516	918,421

5. EXPLORATION AND EVALUATION

	30 June 2012 US$	31 December 2011 US$
Costs carried forward in respect of areas of interest in exploration and evaluation phases:	**154,790,201**	140,217,437
Opening balance	**140,217,437**	106,094,586
Exploration and evaluation expenditure incurred	**16,783,118**	37,862,127
Exploration expenditure acquired pursuant to a business combination	**-**	22,331,421
Allowance for impairment [1]	**-**	(23,112,555)
Foreign exchange losses arising on translating functional currency to presentation currency	**(2,210,354)**	(2,958,142)
	154,790,201	140,217,437

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and commercial exploitation of the areas of interest, or alternatively, by their sale.

[1] On 4 October 2009, the Company entered into an asset sale agreement with Nkwe Platinum Ltd ('Nkwe') to sell its 15% interest in the South African platinum project ('Tubatse Project'). As at 30 June 2012, the sale has not been finalised. An allowance for impairment loss of US$23,112,555 was recognised in the prior period on the carrying value of capitalised exploration expenditure for the Tubatse Project, owing to uncertainty surrounding the ownership title on two of the three farms that comprise the Tubatse Project.

6. TRADE AND OTHER PAYABLES

	30 June 2012 US$	31 December 2011 US$
Trade payables	**9,645,793**	11,750,624
Other payables	**1,667,131**	944,575
Deferred consideration	**-**	3,000,000
	11,312,924	15,695,199

7. BORROWINGS

	Note	30 June 2012 US$	31 December 2011 US$
Current			
Secured loans from related parties[1]		**10,729,812**	10,435,209
Unsecured loan from related party[2]		**-**	4,931,592
		10,729,812	15,366,801
Non current			
Unsecured loan[3]		**13,329,036**	13,090,753
		13,329,036	13,090,753
Total borrowings		**24,058,848**	28,457,554

[1] In May 2011, the Company obtained a US$10 million loan facility ("Loan Facility A") from a company which has four common directors with that of International Petroleum. Loan Facility A is secured by a fixed and floating charge over the Company.

The amount drawn down under Loan Facility A will be repayable by the Company in full on the earlier of;

- 31 March 2013;
- receipt by the Company of the A$45,000,000 cash consideration from Nkwe Platinum Limited ("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 of any equity or convertible loan facility exceeding US$10,000,000 cumulatively until 31 March 2013 unless otherwise agreed in writing by the lender.

Interest is payable on Loan Facility A at the cash rate plus 3% per annum. At 30 June 2012, Loan Facility A has been drawn down in full. Interest incurred on Loan Facility A for the half year ended 30 June 2012 was US$169,603 and was capitalised to the loan amount (year ended 31 December 2011: US$185,209). The Company is also obliged to pay commitment fees of US$250,000 (which was recognised in the year ended 31 December 2011) for the provision of the loan facility and US$125,000 (which was recognised in the half year ended 30 June 2012) for the extension of the facility.

[2] In September 2011, International Petroleum Services Limited secured a US$10,000,000 loan facility ("Loan Facility B") from Pan African Minerals Limited. Interest was payable on Loan Facility B at the cash rate plus 3% per annum. Interest incurred on Loan Facility B for the half year ended 30 June 2012 was US$20,021 and was capitalised to the loan amount (half year ended 31 December 2011: US$21,592). Funds drawn down under Loan Facility B (US$7,110,000) and interest (US$41,613) were repaid in full on 8 February 2012.

[3] Pursuant to the acquisition of Souville Investments Ltd in October 2010, the Company acquired a loan of US$12,500,000 owing to Assuryan Assets Ltd. The loan bears interest at the rate of 3.75% per annum. Interest incurred on the loan for the half year ended 30 June 2012 is US$238,283 and has been capitalised to the loan amount (half year ended 30 June 2011: US$232,449). The loan is due for repayment on 27 September 2013.

8. ISSUED CAPITAL

	30 June 2012 US$	31 December 2011 US$
At beginning of reporting period	**232,205,203**	223,082,207
Issue of shares[1]	**34,048,517**	-
Shares issued to acquire controlled entity[2]	**-**	9,122,996
At end of reporting period	**266,253,720**	232,205,203

[1] On 6 February 2012, the Company completed a share placement to institutions and sophisticated investors of 165,730,000 fully paid ordinary shares at an issue price of A$0.20 per share raising A$33,146,000 (US$35,523,023) before transaction costs of US$1,474,506.

[2] 6,666,667 shares were issued on 28 December 2011, as part consideration for the acquisition of Charlize Investments Limited. A further 55,000,000 shares were issued on 7 February 2012, as part consideration for the acquisition of Vamaro Investments Limited.

9. RESERVES

	30 June 2012 US$	31 December 2011 US$
Share-based payments reserve		
At beginning of reporting period	**5,276,264**	1,115,175
Share based payments	**1,471,531**	4,161,089
At reporting date	**6,747,795**	5,276,264
Revaluation reserve		
At beginning of reporting period	**(765,769)**	(138,774)
Revaluation during the period	**(510,175)**	(910,926)
Tax effect of revaluation	**153,053**	283,931
Fair value loss on financial assets available for sale recognised as an impairment loss for the period	**1,644,253**	-
Tax on fair value loss on financial assets available for sale recognised as an impairment loss for the period	**(493,276)**	-
Realised gain transferred to loss for the period, net of tax	**(28,086)**	-
At reporting date	**-**	(765,769)
Merger reserve		
At beginning of reporting period	**(101,516,017)**	(101,516,017)
At reporting date	**(101,516,017)**	(101,516,017)
Foreign currency translation reserve		
At beginning of reporting period	**6,532,773**	3,276,722
Gain / (loss) due to translation of functional currency to presentation currency	**(1,364,348)**	3,256,051
At reporting date	**5,168,425**	6,532,773
Total reserves	**(89,599,797)**	(90,472,749)

10. SEGMENT REPORTING

The operating segments are identified by management based on the business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

The Group only has one operating segment being exploration for hydrocarbons. Although the Group retains a 10% interest in the South African Tubatse Project, it does not fund, operate or manage this project.

The analysis of the location of non-current assets is as follows:

	30 June 2012 US$	**31 December 2011 US$**
Australia	**526,882**	1,032,909
Africa	**15,451,072**	15,352,898
Kazakhstan	**67,313,045**	68,154,999
Russia	**72,994,805**	57,013,266
	156,285,804	141,554,072

11. COMMITMENTS AND CONTINGENCIES

There are no changes to the commitments and contingencies disclosed in the most recent annual financial report.

12. EVENTS SUBSEQUENT TO REPORTING DATE

The following significant events and transactions have taken place subsequent to 30 June 2012:

- The Company commenced drilling Well No. 3, which is an exploration well to evaluate the first prospect in licence block 9 and is expected to take approximately two months to drill the well to its target true vertical depth of approximately 3,000 metres.

- 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"). 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.

- The Company 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.

- The Company revised the terms of the disposal of the Company's interest in three mineral farms in South Africa (the "Tubatse Project"). During October 2009, the Company entered into a sale agreement (the "Sale Agreement") with Nkwe Platinum Limited (ASX: NKP) ("Nkwe") relating to the Company's interest in the Tubatse Project. On 9 January 2012, the Company entered into an agreement to vary the terms of the Sale Agreement in order to extend the latest date by which the A$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 A$45 million to A$50 million (together, the "Consideration"). In August 2012, the Company entered into a further agreement to vary the terms of the Sale Agreement in order to extend the latest date by which the Consideration is payable from 30 June 2012 to 31 December 2012.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of International Petroleum Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of International Petroleum Limited for the period ended 30 June 2012 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of its financial position as at 30 June 2012 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

(b) subject to the matters set out in note 2 in the financial statements, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Antony Sage
Director

Perth, 23 August 2012

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To the members of International Petroleum Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of International Petroleum Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of International Petroleum Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of International Petroleum Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of the matter described in note 2 to the financial report, there is significant uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Ernst & Young

Ernst & Young

Lewsen

D S Lewsen
Partner
Perth
23 August 2012

FORM: Half yearly report

Name of *issuer*

INTERNATIONAL PETROLEUM LIMITED

ACN or ARBN	Half yearly	Preliminary final	Half-year ended ('Current period')
119 108 615	X		30 June 2012

The results for the current period are for the half year ended 30 June 2012. The results for the comparative period are for the half year ended 30 June 2011.

Results for announcement to the market

Extracts from this statement for announcement to the market *(see note 1)*.

				$US'000
Revenue	down	58%	to	49
Profit (loss) for the period	up	3%	to	(5,636)
Profit (loss) for the period attributable to security holders	up	13%	to	(6,122)

Income Distributions	Current period	Previous corresponding period
N/A	N/A	N/A

Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

N/A

Earnings per *Security*

Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:

Current period

Loss for the period attributable to members: $6,122,311

Weighted average number of shares on issue: 1,143,299,157

Previous corresponding period

Loss for the period: $5,424,888

Weighted average number of shares on issue: 948,865,364

Income distributions

Date the income distribution is payable	N/A
Record date to determine entitlements to the income distribution (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)	N/A

The distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices to the distribution plans	N/A

Any other disclosures in relation to distributions

N/A

Distributions paid or provided for on all *securities*

(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)

	Current period - US$'000	Previous corresponding period - US$'000	Franking rate applicable
Distributions paid or provided for during the reporting period			
Current year interim	N/A	N/A	N/A
Previous year final	N/A	N/A	N/A

Distributions per *security*
(as per paragraph Aus126.4 of AASB 101: Presentation of Financial Statements)

	Current year	Previous year	Franking rate applicable
Distributions paid or provided for during the reporting period			
Current year interim	N/A	N/A	N/A
Previous year final	N/A	N/A	N/A

Details of aggregate share of profits (losses) of associates and joint venture entities

(equity method)

(under AASB 128: Investments in Associates paragraph Aus 37.1 and AASB 131: Interests in Joint Ventures paragraph Aus 57.3)

Name of associate or joint venture entity	N/A
Reporting entities percentage holding	N/A

		Current period - US$'000	Previous corresponding period - US$'000
15.1	Profit (loss) before income tax	-	-
15.2	Income tax	-	-
15.3	**Profit (loss) after tax**	-	-
15.4	Impairment losses	-	-
15.5	Reversals of impairment losses	-	-
15.6	Share of non-capital expenditure contracted for (excluding the supply of inventories)	-	-
15.7	**Share of net profit (loss) of associates and joint venture entities**	-	-

Control gained over entities having material effect
(*See note 8*)

Name of *issuer* (or *group*)	N/A

	US$'000
Consolidated profit (loss) after tax of the *issuer* (or *group*) since the date in the current period on which control was acquired	N/A
Date from which profit (loss) in *item 16.2* has been calculated	N/A
Profit (loss) after tax of the *issuer* (or *group*) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect
(See note 8)

17.1	Name of *issuer* (or *group*)	N/A

		US$'000
17.2	Consolidated profit (loss) after tax of the entity (or *group*) for the current period to the date of loss of control	N/A
17.3	Date from which the profit (loss) in *item 17.2* has been calculated	N/A
17.4	Consolidated profit (loss) after tax of the entity (or *group*) while controlled during the whole of the previous corresponding period	N/A
17.5	Contribution to consolidated profit (loss) from sale of interest leading to loss of control	N/A

Material interests in entities which are not controlled entities
The economic entity has an interest (that is material to it) in the following entities.

	Percentage of ownership interest (ordinary securities, units etc) held at end of period or date of disposal		Contribution to profit (loss)	
Equity accounted associated entities	Current period	Previous corresponding period	Current period - US$'000	Previous corresponding period - US$'000
			Equity accounted	
	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A
Other material interests			Non equity accounted	
	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A

NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary *security*	(3.28) cents	(1.65) cents

International Financial Reporting Standards

Under paragraph 39 of AASB 1: First –time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity's first Australian-equivalents-to-IFRS's financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS's. See IG63 in the appendix to AASB 1 for guidance.

N/A

Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.

N/A

An *issuer* shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. *(as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)*

N/A

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year *(as per paragraph 16(d) of AASB 134: Interim Financial Reporting)*

N/A

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence *(as per paragraph 16(c) of AASB 134: Interim Financial Reporting)*

N/A

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations *(as per paragraph 16(i) of AASB 134: Interim Financial Reporting)*

N/A

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used	N/A

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.

3. This statement does/does not* *(delete one)* give a true and fair view of the matters disclosed (see note 2).

4. This statement is based on financial statements to which one of the following applies:

☐	The financial statements have been audited.	√	The financial statements have been subject to review by a registered auditor (or overseas equivalent).
☐	The financial statements are in the process of being audited or subject to review.	☐	The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)

6. The *issuer* has/does not have* (*delete one*) a formally constituted audit committee.

Sign here: .... Date: 23 August 2012

(Company secretary)

Print name: .Claire Tolcon...

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. *Issuers* are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.

2. **True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.

3. **Consolidated statement of financial performance**

Item 1.1	The definition of "revenue" is set out in *AASB 118: Revenue*
Item 1.6	This item refers to the total tax attributable to the amount shown in *item 1.5.* Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg. fringe benefits tax).

4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the issuer must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franking rate applicable" for items in *section 9.*

5. **Consolidated statement of financial position**

   Format The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 134: Interim Financial Reporting, and AASB 101: Presentation of Financial Statements.* Banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

   Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 116: Property, Plant and Equipment.* If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.

6. **Consolidated statement of cash flows** For definitions of "cash" and other terms used in this statement see *AASB 107: Cash Flow Statements. Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 107.*

7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary *securities* (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security.*

8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the *issuer's* consolidated operating profit

(loss) after tax by more than 5% compared to the previous corresponding period.

9. **Equity accounting** If an *issuer* adopts equity accounting, no comparative equity accounting figures are required in the first period following its adoption.

10. **Rounding of figures** This statement anticipates that the information required is given to the nearest $1,000. However, an *issuer* may report exact figures, if the $A'000 headings are amended. If an *issuer* qualifies under *ASIC* Class Order 98/0100 dated 15 July 2004, it may report to the nearest million dollars, or to the nearest $100,000, if the $A'000 headings are amended.

11. **Comparative figures** Comparative figures are to be presented in accordance with *AASB 101: Presentation of Financial Statements* or *AASB 134: Interim Financial Reporting* as appropriate and are the unadjusted figures from the last annual or half year report as appropriate. However, if the previously reported figures are adjusted to achieve greater comparability, in accordance with an accounting standard or other reason, a note explaining the adjustment must be included with this statement. If no adjustment is made despite a lack of comparability, a note explaining the position should be attached.

12. **Additional information** An *issuer* may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement. The requirement under the listing rules for an *issuer* to complete this statement does not prevent the *issuer* issuing statements more frequently. Additional material lodged with the *ASIC* under the *Corporations Act* must also be given to the *Exchange*. For example, a *directors*' report and declaration, if lodged with the *ASIC*, must be given to the *Exchange.*

13. **Accounting Standards** the *Exchange* will accept, for example, the use of International Accounting Standards for *foreign issuers*. If the standards used do not address a topic, the Australian standard on that topic (if one exists) must be complied with.

14. **Borrowing corporations** This statement may be able to be used by an *issuer* required to comply with the *Corporations Act* as part of its half yearly financial statements if prepared in accordance with Australian Accounting Standards.

15. **Details of expenses** *AASB 101: Presentation of Financial Statements* requires disclosure of expenses according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by the *Exchange*. *Issuers* must disclose details of expenses using the layout (by nature or function) employed in their accounts.

    The information in *items 7.1 - 7.2* may be provided in an attachment to Appendix 3

    Relevant items *AASB 101: Presentation of Financial Statements* requires the separate disclosure of specific revenues and expenses which are of a size, nature or incidence that disclosure is *relevant,* as defined in *AASB 101,* in explaining the financial performance of the *issuer*. There is an equivalent requirement in *AASB 134: Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by the *Exchange.*

16. **Dollars** If reporting is not in A$, all references to $A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value.

17. **Discontinuing operations** Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by *paragraph 7.5 (g) of AASB 134: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their accounts in accordance with *AASB 5: Non-current Assets for Sale and Discontinued Operations* In any case, the information may be provided as an attachment to this Appendix 3.