

NSX Announcement  
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## **Oil and gas reserves and prospective resources reports**

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 DeGolyer and MacNaughton ("**D&M**") has issued two reports appraising the reserves and prospective resources of the company's existing projects.

One report presents an appraisal, as of 31 July 2012, of the estimates of the extent of the proved, probable and possible oil and natural gas reserves and the estimates of the value of the proved reserves ("**1P Reserves**") and proved-plus-probable reserves ("**2P Reserves**") of the Vostochno-Kamskoye, Yanlotskoye, Yuzhno-Sardakovsky and Zapadno-Novomolodezhny fields as shown in tables 1 and 2 below. This report also presents estimates of the contingent resources of the Zapadno-Novomolodezhny field.

- The reserves and prospective resources estimates presented in the DeGolyer and MacNaughton report have been prepared in accordance with the Petroleum Resources Management System ("**PRMS**") approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers.
- "Reserves" as reported by D&M are defined as those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.
- "Prospective resources" as reported by D&M are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.

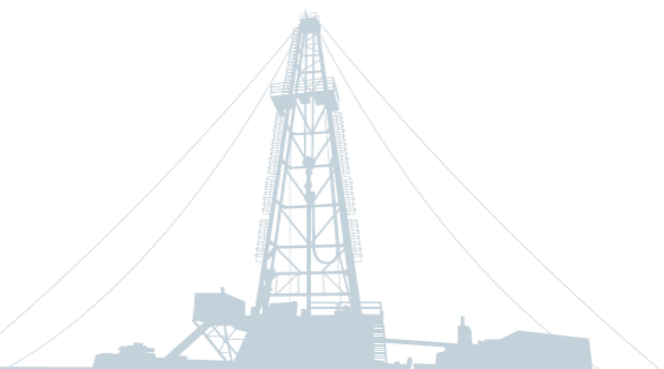


Table 1 - estimates of the Company's share of the extent of the proved, probable and possible oil and natural gas reserves

	Reserves (net) 1P Proved bbls	Reserves (net) 2P Proved+Probable bbls	Reserves (net) 3P Proved+Probable+Possible bbls
Vostochno-Kamskoye	111,000	3,984,000	46,078,000
Yanlotskoye	866,000	3,527,000	26,132,000
	977,000	7,511,000	72,210,000
Yuzhno-Sardakovsky	374,000	56,711,000	97,693,000
Zapadno-Novomolodezhny	2,288,000	11,870,000	63,612,000
	2,662,000	68,581,000	161,305,000
	3,639,000	76,092,000	233,515,000

Table 2 - estimates of the Company's share of the net present value of the proved-plus-probable reserves at a 10% discount rate

	Present Value at 10% (net) 2P Proved+Probable US\$
Vostochno-Kamskoye	6,107,000
Yanlotskoye	3,085,000
	9,192,000
Yuzhno-Sardakovsky	273,667,000
Zapadno-Novomolodezhny	36,064,000
	309,731,000
	318,923,000

The other report presents estimates, as of 31 July 2012, of the prospective petroleum resources of 12 oil and gas prospects that have been identified in the Alakol Project in Kazakhstan and three oil prospects that have been identified in the Druzhny Project in Siberia, Russia as shown in table 3 below. The prospective resources volumes tabulated below have not been adjusted for geological or economic risks.

- Low, Best and High estimates means there is a 90%, 50% and 10% chance, respectively, that an estimated quantity of resources volume will be equalled or exceeded assuming a discovery has been made (success case).
- There is no certainty that any portion of the prospective resources estimated by D&M on behalf of the Company will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

Table 3 - estimates of the prospective petroleum resources

	Low estimate P90 bbls	Best estimate P50 bbls	High estimate P10 bbls	Mean estimate bbls
Gross prospective oil resources - Druzhny Project	85,802,000	144,858,000	262,522,000	160,698,000
Gross prospective oil resources - Alakol Project	305,744,000	517,307,000	980,994,000	600,844,000
Gross prospective oil resources - Total	391,546,000	662,165,000	1,243,516,000	761,542,000

	Low estimate P90 cubic feet	Best estimate P50 cubic feet	High estimate P10 cubic feet	Mean estimate cubic feet
Gross prospective raw natural gas resources - Alakol Project	42,605,000,000	122,656,000,000	317,064,000,000	156,629,000,000

The two reports are available on the Company's website.

Commenting on the estimates of reserves and prospective resources by D&M, Chris Hopkinson, International Petroleum CEO said, *"The fact that D&M has estimated the Company's share of 2P reserves to be 76 million barrels with a net present value of US\$319 million is recognition of the Company's exploration successes in discovering two oil fields with only the two wells that it drilled at the Krasnoleninsky Project in 2011 and its acquisition success in purchasing the Yuzhno-Sardakovsky and Zapadno-Novomolodezhny fields with 69 million barrels of 2P reserves for US\$11 million. During 2012, the Company plans to drill additional wells in the two oil fields at the Krasnoleninsky Project, with the realistic expectation that the results from drilling more than one well in each oil field will lead to an increase in the proved reserves"*.

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 and registered these two oil fields as the Vostochno-Kamskoye field and the Yanlotskoye field.
2. a 100% equity interest in a licence over the Yuzhno-Sardakovsky field for geological study of subsoil, prospecting and extraction of oil and gas in the Khanty-Mansiysk Autonomous Region in Western Siberia (the "**Yuzhno-Sardakovsky Project**").
3. a 100% equity interest in a licence over the Zapadno-Novomolodezhny field for geological study of subsoil, prospecting and extraction of oil and gas in the Khanty-Mansiysk Autonomous Region in Western Siberia (the "**Zapadno-Novomolodezhny Project**").
4. a 75% equity interest in an exploration licence in the Tomsk region of Western Siberia (the "**Tomsk Exploration Licence**" or the "**Druzhny Project**").
5. a 50% interest in an early stage project covering 24,649 km<sup>2</sup> in eastern and south eastern Kazakhstan (the "**Alakol 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.