

NSX Announcement
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First production and sales of oil

International Petroleum Limited (**NSX: IOP**) ("**International Petroleum**" or the "**Company**"), an oil and gas exploration and production company with assets in Russia and Kazakhstan, is pleased to announce that it has commenced production and sales of oil from well number 52 at the Zapadno-Novomolodezhny field.

During August 2011, the Company entered into an agreement to acquire Vamaro Investments Limited ("**Vamaro**"). Vamaro is the 100% legal and beneficial holder of Zapadno-Novomolodezhny LLC, a Russian company having rights 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**").

During February 2012, the Company completed the acquisition of Vamaro.

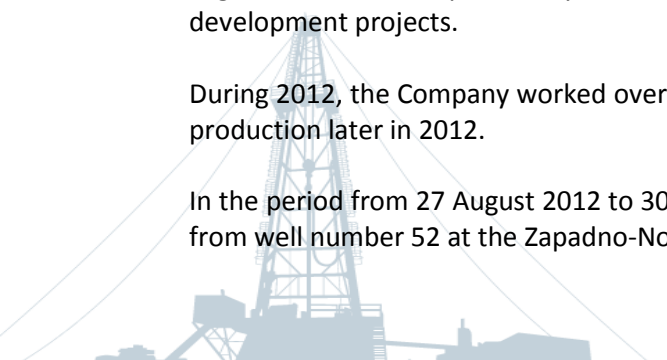
In a report, as of 31 July 2012, DeGolyer and MacNaughton ("**D&M**") estimated:

- the extent of the proved, probable and possible oil and natural gas reserves and estimated the value of the proved reserves ("**1P Reserves**"), proved-plus-probable reserves ("**2P Reserves**") and proved-plus-probable-plus-possible reserves ("**3P Reserves**") of the Zapadno-Novomolodezhny field to be 2,288,000 barrels, 11,870,000 barrels and 63,612,000 barrels respectively; and
- the net present value at a discount rate of 10% of the **2P Reserves** of the Zapadno-Novomolodezhny field to be US\$36,064,000.

The reserves and prospective resources estimates presented in the D&M 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.

During 2012, the Company worked over some of the historical well stock, with a view to bringing them into production later in 2012.

In the period from 27 August 2012 to 30 September 2012, the Company produced 8,000 barrels of 100% oil from well number 52 at the Zapadno-Novomolodezhny field at an average flow rate of 244 barrels per day.



By 30 September 2012, the Company had sold 8,000 barrels of crude oil to local offtakers and had received 100% prepayments for all sales.

The Company is currently using electric submersible pumps to test wells number 18 and 25 at the Zapadno-Novomolodezhny field, with a view to bringing them into production later in 2012.

Commenting on the commencement of production and sales of oil from well number 52 at the Zapadno-Novomolodezhny field, Chris Hopkinson, International Petroleum CEO said, *"This first oil production, only six months after completing the acquisition of the oilfield, is a great milestone for the Company, because it marks the move from a exploration company to an exploration and production company and demonstrates the speed at which International Petroleum can bring oil exploration projects into production."*

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 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 km² 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.