

FORM: Preliminary final report

Name of issuer

INTERNATIONAL PETROLEUM LIMITED

ACN or ARBN

118 108 615

Half yearly
(tick)

Preliminary
final (tick)

X

Half year/financial year ended
(‘Current period’)

Financial year ended
31 December 2012

For announcement to the market

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

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

					\$US
Revenue (item 1.1)	down	5%	to	117,247	
Loss for the year(item 1.9)	down	88%	to	(3,362,144)	
Loss for the year attributable to members of the parent (item 1.11)	down	87%	to	(3,560,998)	
Dividends					
Franking rate applicable:					
		Year ended 31 December 2012		Year ended 31 December 2011	
Final dividend (preliminary final report only)(item 10.13-10.14)					
Amount per security		N/A		N/A	
Franked amount per security					
Interim dividend (Half yearly report only) (item 10.11 – 10.12)					
Amount per security		N/A		Nil	
Franked amount per security					
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:					
N/A					

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-Tokhomskeye. 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) gross proceeds, before transaction costs amounting to US\$1,477,539.

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. Loan Facility A was fully drawn down as at the end of 2011. In July 2012, certain terms of the Loan Facility agreement were amended such that the amount drawn down under the Loan Facility ("Facility Amount") and interest and fees 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 million 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 year ended 31 December 2012 was US\$20,021 and was capitalised to the loan amount (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.

In August 2012, the Company secured a US\$2m convertible loan facility from Varesona Participation Corporation ("Varesona"), an entity controlled by non-executive director Mr Frank Timis, to fund exploration expenditure and working capital. In September 2012, the Company secured an additional US\$2m convertible loan facility from Varesona, and, in October 2012, the Company secured a third convertible loan facility from Varesona. All three convertible loan facilities were fully drawn down during the current year ("Convertible Loan Amounts") and interest is payable on the Convertible Loan Amounts at 5% per annum. Interest incurred on the Convertible Loan Amounts for the year ended 31 December 2012 is US\$251,225. The Convertible Loan Amounts plus interest ("Outstanding Amounts") are due for repayment 12 months from the date of each of the loan agreements. A further US\$0.2 million drawn down during the current year was an advance in respect of a further convertible loan facility of US\$5.2 million with Varesona concluded in January 2013.

If the Outstanding Amounts are not repaid by the repayment dates, the Company will, subject to the receipt of all necessary shareholder approvals, issue new shares of the Company with a value, using a price equal to A\$0.15 per share, equal to the Outstanding Amounts. If all necessary shareholder approvals for the conversion of the Convertible Loan Amounts into shares are not obtained, the Company must satisfy the Convertible Loan Amounts in cash and not shares.

Pursuant to the acquisition of Souville Investments Ltd in October 2010, the Consolidated Entity acquired a loan of US\$12,500,000 owing to Assurian Assets Ltd. The loan bears interest at the rate of 3.75% per annum. Interest incurred on the loan for year ended 31 December 2012 is US\$474,584 and has been capitalised to the loan amount (2011: US\$468,750). The loan is due for repayment on 27 September 2013 provided that any repayment of the loan may only be made from the proceeds after deducting costs (including expenses, taxes, royalties, etc.) of sales of oil or other assets ("Net Proceeds"), and to the extent that Net Proceeds are not sufficient to repay the loan and interest, then the term of repayment shall be extended for one year periods until the loan is fully paid or waived. Since it is not expected that Net Proceeds will be sufficient to repay any of the loan and interest by 27 September 2013, it is expected that the term of repayment shall be extended for one year until 27 September 2014.

PROJECTS

Yuzhno-Sardakovsky and Zapadno-Novomolodezhny Projects (in Western Siberia, Russia)

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 Russian companies that own 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 (respectively, the "Yuzhno-Sardakovsky Project" and the "Zapadno-Novomolodezhny Project").

Prior to the acquisition of the Yuzhno-Sardakovsky Project and the Zapadno-Novomolodezhny Project by the Company, 14 exploration wells had been drilled in the Zapadno-Novomolodezhny field and eight exploration wells had been drilled in the Yuzhno-Sardakovsky field. A communication corridor passes through the northern part of the Zapadno-Novomolodezhny field and includes pipelines and a hard-surface all-weather road, which can be used throughout the year, and a power transmission line.

During the year ended 31 December 2012, the Company worked over some of the historical well stock and constructed a short pipeline on the Zapadno-Novomolodezhny Project, to tie some of these wells

into the existing pipeline, and completed the drilling of wells number 34 and 38 at its Yuzhno-Sardakovsky Project to final depths of approximately 3,500 metres. These wells were appraisal wells that were 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.

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,
- 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 extent of the proved, probable and possible oil and natural gas reserves and estimated the value of the 1P Reserves, 2P Reserves and 3P Reserves of the Yuzhno-Sardakovsky field to be 374,000 barrels, 56,711,000 barrels and 97,693,000 barrels respectively, and
- the net present value at a discount rate of 10% of the 2P Reserves of the Yuzhno-Sardakovsky field to be US\$273,667,000.

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.

The reserves report by D&M is available on the Company's website.

In the period from 27 August 2012 to 31 December 2012, the Company produced 25,000 barrels of oil from well number 52 at the Zapadno-Novomolodezhny Project at an average flow rate of 197 barrels per day. By 31 December 2012, the Company had sold 24,500 barrels of crude oil to local offtakers and had received payments for 99.6% of these sales and was using electric submersible pumps to test wells number 18 and 25 at the Zapadno-Novomolodezhny Project, with a view to bringing them into production during 2013.

The commencement of oil production in the Yuzhno-Sardakovsky block is expected to occur by April 2013. The nearest oil pipelines are 16 km from the block and the nearest hard-surface road is 11 km from the block.

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 ("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.

In May 2011, drilling at both Well 1 and Well 2 reached the target depths of 2,850 metres and 2,930 metres respectively and oil was found during drilling of both wells. The results of the interpretation of electrical logging of Well 1 and Well 2 were obtained in June 2011, and the interpretation of the electrical logging indicated that the Bazhenov and Tyumen suites are oil-bearing. In addition, the

interpretation of the Palaeozoic suite indicated that the fractured zones in both wells are potentially oil-bearing.

During August 2011, the Company discovered an oilfield at Well 2 ("Yanlotskoye Field"). Oil commerciality was established in the J4 formation at the interval between 2,740 metres and 2,745 metres of Well 2, from which an unstimulated daily inflow of 6 cubic meters of oil was received. Using the data from this test, the Company has estimated oil flow rates after hydraulic fracturing to be 202 barrels per day (low case), 419 barrels per day (base case), and 508 barrels per day (high case) from this interval only.

Later in August 2011, the Company also discovered an oilfield during testing of Well 1 ("Vostochno-Kamskoye Field"). Oil commerciality was established in the J2-3 formation at the interval between 2,647 metres and 2,665.5 metres of Well 1, from which an unstimulated daily inflow of 5.5 cubic metres of oil was recorded.

During the year ended 31 December 2012, the Company conducted a stimulation programme using hydraulic fracturing in Well 1 and Well 2, and completed drilling Well 3 and Well 4, which were exploration wells to evaluate the first prospects in licence blocks 9 and 10 respectively of the Krasnoleninsky Project and took approximately two months to drill the well to their target true vertical depths of approximately 3,100 metres.

In a report, as of 31 July 2012, DeGolyer and MacNaughton estimated:

- the extent of the proved, probable and possible oil and natural gas reserves and estimated the value of the 1P Reserves, 2P Reserves and 3P Reserves of the Vostochno-Kamskoye Field to be 111,000 barrels, 3,984,000 barrels and 46,078,000 barrels respectively,
- the net present value at a discount rate of 10% of the 2P Reserves of the Vostochno-Kamskoye Field to be US\$6,107,000,
- the extent of the proved, probable and possible oil and natural gas reserves and estimated the value of the 1P Reserves, 2P Reserves and 3P Reserves of the Yanlotskoye Field to be 866,000 barrels, 3,527,000 barrels and 26,132,000 barrels respectively, and
- the net present value at a discount rate of 10% of the 2P Reserves of the Yanlotskoye Field to be US\$3,085,000.

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.

In a report, as of 31 July 2012, DeGolyer and MacNaughton estimated the prospective petroleum resources of three oil prospects that have been identified in the Druzhny Project in Siberia, Russia as:

- Low estimate 85,802,000 barrels
- Best estimate 144,858,000 barrels
- High estimate 262,522,000 barrels

The prospective resources volumes above have not been adjusted for geological or economic risks.

- "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.
- 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.

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.

In a report, as of 31 July 2012, DeGolyer and MacNaughton estimated the prospective petroleum resources of 12 oil and gas prospects that have been identified in the Alakol Project in Kazakhstan as:

- Low estimate 305,744,000 barrels
- Best estimate 517,307,000 barrels
- High estimate 980,994,000 barrels

The prospective resources volumes above have not been adjusted for geological or economic risks.

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.

Tubatse Project

During the year ended 31 December 2012, 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.

During the year ended 31 December 2012, Nkwe announced that it:

- had been trying to settle a dispute about the ownership of two of the three mineral farms that comprise the Tubatse Project (the "Dispute") and maintained that the legal tenure of the farms cannot be abrogated and had received legal advice confirming this view, and
- was finalising negotiations with suitable joint venture partners (the "Joint Venture Negotiations"), who will contribute cash to Nkwe.

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").

Owing to the continued delays to the settlement of the Dispute and the Joint Venture Negotiations, Nkwe had not been able to pay the A\$45 million consideration to the Company by 30 June 2012. Therefore, 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.

Currently, owing to further delays to the Joint Venture Negotiations, Nkwe has not been able to pay the A\$45 million consideration to the Company and, therefore, the Company is negotiating with Nkwe about entering 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 31 December 2012 to 30 June 2013.

Niger Project

On 30 November 2012, 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") were signed.

The PSCs are expected to come into force during late March 2013, when the Company expects to pay the signature bonus to the Republic of Niger.

The Contractor will be the operator with a 100% ownership interest in the PSCs. The Exclusive Exploration Authorisation ("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.

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

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 CNPC's Agadem upstream and downstream integrated project was completed and became operational. It includes a 1 million tonnes per year oilfield, the Zinder Refinery (with 1 million tonnes per year capacity) 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. CNPC's 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.

Result

The Consolidated Entity incurred a loss after income tax of US\$3,362,144 for the year ended 31 December 2012 (2011: loss of US\$27,463,912). The difference between the loss after income tax the current year, compared with the previous year, is mainly explained by an impairment loss of US\$23,112,555 that was recognised during the previous year on the carrying value of capitalised exploration expenditure for the Tubatse Project, owing to uncertainty surrounding the ownership title of two of the three farms that comprise the Tubatse Project.

Consolidated income statement *(The figures are not equity accounted)**(see note 3)**(as per paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)*

	Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US
1.1 Revenues <i>(item 7.1)</i>	117,247	123,322
1.2 Expenses, excluding finance costs <i>(item 7.2)</i>	(8,410,487)	(29,259,755)
1.3 Finance costs	(1,520,892)	(924,417)
1.4 Share of net profits (losses) of associates and joint ventures <i>(item 15.7)</i>	-	-
1.5 Loss before income tax	(9,814,132)	(30,060,850)
1.6 Income tax benefit <i>(see note 4)</i>	6,451,988	2,596,938
1.7 Loss from continuing operations	(3,362,144)	(27,463,912)
1.8 Loss from discontinued operations <i>(item 13.3)</i>	-	-
1.9 Loss for the year	(3,362,144)	(27,463,912)
1.10 Profit / (loss) attributable to minority interests	198,854	(702,591)
1.11 Loss attributable to members of the parent	(3,560,998)	(26,761,321)
1.12 Basic earnings per security <i>(cents) (item 9.1)</i>	(0.31)	(2.79)
1.13 Diluted earnings per security <i>(cents) (item 9.1)</i>	(0.31)	(2.79)
1.14 Dividends per security <i>(item 9.1)</i>	-	-

Comparison of half-year profits*(Preliminary final statement only)*

	Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US
2.1 Consolidated loss after tax attributable to members reported for the 1st half year <i>(item 1.11 in the half yearly statement)</i>	(6,122,311)	(5,424,888)
2.2 Consolidated profit / (loss) after tax attributable to members for the 2nd half year	2,561,313	(21,336,433)

Consolidated statement of financial position

(See note 5)

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

Current assets		Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US
3.1	Cash and cash equivalents	374,980	918,421
3.2	Trade and other receivables	4,707,481	1,232,340
3.3	Inventories	670,305	8,479
3.4	Other current assets (derivative financial instruments)	3,955,072	-
3.5	Total current assets	9,707,838	2,159,240
Non-current assets			
3.6	Available for sale investments	357,250	1,032,909
3.7	Other financial assets (restricted cash)	113,781	245,956
3.8	Investments in associates	-	-
3.9	Deferred tax assets	42,716	13,535
3.10	Exploration and evaluation expenditure capitalised (see para. 71 of AASB 1022 – new standard not yet finalised)	177,941,094	140,217,437
3.11	Development properties	-	-
3.12	Property, plant and equipment (net)	1,483,316	57,770
3.13	Investment properties	-	-
3.14	Goodwill	-	-
3.15	Other intangible assets	-	-
3.16	Other	-	-
3.17	Total non-current assets	179,938,157	141,567,607
3.18	Total assets	189,645,995	143,726,847
Current liabilities			
3.19	Trade and other payables	27,183,163	15,695,199
3.20	Short term borrowings	16,790,164	15,366,801
3.21	Current tax payable	247,135	1,937,023
3.22	Short term provisions	-	-
3.23	Current portion of long term borrowings	-	-
3.24	Other current liabilities	-	-
		44,220,462	32,999,023
3.25	Liabilities directly associated with non-current assets classified as held for sale (para 38 of AASB 5)	-	-
3.26	Total current liabilities	44,220,462	32,999,023
Non-current liabilities			

		Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US
3.27	Long-term borrowings	13,565,337	13,090,753
3.28	Deferred tax liabilities	4,873,436	8,905,339
3.29	Long term provisions	3,623,819	1,312,737
3.30	Other (provide details if material)	-	-
3.31	Total non-current liabilities	22,062,592	23,308,829
3.32	Total liabilities	66,283,054	56,307,852
3.33	Net assets	123,362,941	87,418,995
	Equity		
3.34	Share capital	266,250,687	232,205,203
	Other contributed equity	3,998,625	-
3.35	Other reserves	(89,368,130)	(90,472,749)
3.36	Accumulated losses	(58,911,382)	(55,350,384)
	Amounts recognised directly in equity relating to non-current assets classified as held for sale	-	-
3.37	Parent interest	121,969,800	86,382,070
3.38	Non-controlling interest	1,393,141	1,036,925
3.39	Total equity	123,362,941	87,418,995

Consolidated statement of changes in equity

(as per paragraphs 96-97 of AASB 101: Presentation of Financial Statements)

	Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US
Revenues recognised directly in equity:		
Fair value loss on available for sale investments recognised as impairment loss	1,644,254	-
Tax on fair value loss on available for sale investments recognised as impairment loss	(493,276)	-
Foreign exchange gain on translation of foreign operations	-	2,945,236
Expenses recognised directly in equity:		
Fair value loss on available for sale investments	(684,532)	(910,926)
Tax on fair value loss on available for sale investments	153,052	283,931
Foreign exchange loss on translation of foreign operations	(1,404,193)	-
Other realised gains transferred to loss for the year, net of tax	(28,086)	-
4.1 Net (loss) / income recognised directly in equity	(812,781)	2,318,241
4.2 Loss for the year	(3,362,144)	(27,463,912)
4.3 Total recognised income and expense for the year	(4,174,925)	(25,145,671)
Attributable to:		
4.4 Members of the parent	(4,531,141)	(24,132,265)
4.5 Minority interest	356,216	(1,013,406)
Effect of changes in accounting policy (as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors):		
4.6 Members of the parent entity	-	-
4.7 Minority interest	-	-

Consolidated statement of cash flows

(See note 6)

(as per AASB 107: Cash Flow Statements)

		Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US
	Cash flows related to operating activities		
5.1	Receipts from customers	-	-
5.2	Payments to suppliers and employees	(3,506,553)	(1,931,219)
5.3	Interest and other costs of finance paid	-	-
5.4	Income taxes paid	(8,897)	-
5.5	Other	-	-
	Interest received	40,607	155,935
5.6	Net cash used in operating activities	(3,474,843)	(1,775,284)
	Cash flows related to investing activities		
5.7	Payments for purchases of property, plant and equipment	(1,519,666)	(33,096)
5.8	Proceeds from sale of property, plant and equipment	-	-
	Payments for exploration and evaluation activities	(23,775,922)	(24,297,004)
	Receipt / (payment) of security deposits	152,332	(144,234)
5.9	Payment for purchases of equity investments	-	-
5.10	Proceeds from sale of equity investments	-	-
5.11	Loans to other entities	-	-
5.12	Loans repaid by other entities	-	14,453
5.14	Dividends received	-	-
	Cash balances acquired through acquisition of controlled entities	-	5,007
	Payment for acquisition of controlled entity	(3,000,000)	-
	Payment of liabilities assumed through acquisition of controlled entity	(4,000,000)	-
5.15	Other	-	-
5.16	Net cash used in investing activities	(32,143,256)	(24,454,874)
	Cash flows related to financing activities		
5.17	Proceeds from issue of shares (net of transaction costs)	34,045,484	-
5.18	Proceeds from borrowings	8,400,000	14,931,592
5.19	Repayment of borrowings	(7,110,000)	-
5.20	Dividends paid	-	-
5.21	Other (provide details if material)	(233,631)	-
5.22	Net cash used in financing activities	35,101,853	14,931,592

	Net increase (decrease) in cash and cash equivalents	(516,246)	(11,298,566)
5.23	Cash at beginning of year (see <i>Reconciliations of cash</i>)	918,421	12,821,534
5.24	Exchange rate adjustments to item 5.23	(27,195)	(604,547)
5.25	Cash at end of year (see <i>Reconciliation of cash</i>)	374,980	918,421

Reconciliation of cash provided by operating activities to profit or loss

(as per paragraph Aus20.1 of AASB 107: Cash Flow Statements)

		Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US
6.1	Loss for the year (item 1.9)	(3,362,144)	(27,463,912)
6.2	Adjustments for:		
6.3	Income tax benefit	(6,451,988)	(2,596,938)
6.4	Depreciation	10,989	5,228
6.5	Profit on sale of equity investments	(17,329)	-
6.6	Gain on revaluation of derivative financial instruments	(484,677)	-
6.6	Share based payments	812,891	1,432,253
6.7	Interest income	(38,650)	(123,322)
6.8	Finance costs	1,520,892	924,417
6.9	Foreign currency losses / (gains)	404,761	(63,900)
6.10	Allowances for impairment	1,925,527	23,112,555
6.11	(Increase) / decrease in trade and other receivables	(246,844)	1,700,113
6.12	(Increase) /decrease in inventories		(6,645)
6.13	Increase)/(decrease) in trade and other payables	2,420,019	(223,450)
6.14	Increase in deferred tax liability	-	1,372,382
6.15	Interest received	40,607	155,935
6.16	Tax paid	(8,897)	-
6.17	Net cash from operating activities (item 5.6)	(3,474,843)	(1,775,284)

Notes to the financial statements

Details of revenues and expenses

(see note 16)

(Where items of income and expense are material, disclose nature and amount below in accordance with paragraphs 86-87 of AASB 101: Presentation of Financial Statements)

		Year ended 31 December 2012	Year ended 31 December 2011
		\$US	\$US
	Revenue		
	Interest income	38,650	123,322
	Other revenue	78,597	-
7.1	Total revenue	117,247	123,322
	Expenses		
	Employee remuneration	(525,097)	(1,150,978)
	Directors' remuneration	(791,089)	(1,014,049)
	Share based payments	(812,891)	(1,432,253)
	Consulting expenses	(2,375,300)	(736,034)
	Compliance and regulatory expenses	(649,063)	(325,816)
	Occupancy costs	(129,817)	(78,990)
	Other administrative expenses	(1,270,976)	(1,467,752)
	Foreign currency (losses) / gains	(421,744)	63,900
	Depreciation expense	(10,989)	(5,228)
	Profit on disposal of financial assets	17,329	-
	Gain on revaluation of derivative financial instruments	484,677	-
	Finance costs	(1,520,892)	(924,417)
	Allowances for impairment	(1,925,527)	(23,112,555)
7.2	Total expenses	(9,931,379)	(30,184,172)
	Loss before tax	(9,814,132)	(30,060,850)

	Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US
Income tax (per note 4)		
The prima facie tax on loss before income tax from continuing operations is reconciled to the income tax benefit as follows:		
Prima facie tax benefit based on loss before income tax from continuing operations at 30%	(2,944,239)	(9,018,255)
Foreign tax rate adjustment	570,174	3,612,297
	(2,374,065)	(5,405,958)
Add / (less) tax effect of:		
- Adjustment to current tax related to prior years	(1,718,417)	-
- Permanent differences	447,594	16,777
- Adjustment to deferred tax related to prior years	(3,737,215)	-
- Unrecognised deferred tax asset attributable to tax losses and other temporary differences	930,115	2,792,243
Income tax benefit attributable to the Consolidated Entity	(6,451,988)	(2,596,938)

Ratios

	Year ended 31 December 2012	Year ended 31 December 2011
Loss before tax / revenue		
8.1 Consolidated loss before tax (<i>item 1.5</i>) as a percentage of revenue (<i>item 1.1</i>)	(8,370%)	(24,376%)
Loss after tax / equity interests		
8.2 Consolidated loss after tax attributable to members (<i>item 1.11</i>) as a percentage of equity (similarly attributable) at the end of the year (<i>item 3.37</i>)	(2.9%)	(30.6%)

Earnings per Security

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

Year ended 31 December 2012

Loss attributable to members of the parent: US\$3,560,998

Weighted average number of shares on issue during the year: 1,159,960,720

Basic loss per share: 0.31 US cents

Diluted loss per share: 0.31 US cents

Year ended 31 December 2011

Loss attributable to members of the parent: US\$26,761,321

Weighted average number of shares on issue during the year: 957,828,833

Basic loss per share: 2.79 US cents

Diluted loss per share: 2.79 US cents

Dividends

- 10.1 Date the dividend is payable

N/A

- 10.2 Record date to determine entitlements to the dividend (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

- 10.3 If it is a final dividend, has it been declared?

N/A

- 10.4 The *dividend or distribution plans* shown below are in operation.

N/A

The last date(s) for receipt of election notices to the *dividend or distribution plans*

N/A

- 10.5 Any other disclosures in relation to *dividends or distributions*

N/A

Dividends paid or provided for on all securities*(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)*

		Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US	Franking rate applicable
	Dividends paid or provided for during the year	NIL	NIL	N/A
10.6	Current year interim	NIL	NIL	N/A
10.7	Franked dividends	NIL	NIL	N/A
10.8	Previous year final	NIL	NIL	N/A
10.9	Franked dividends	NIL	NIL	N/A
	Dividends proposed and not recognised as a liability	NIL	NIL	N/A
10.10	Franked dividends	NIL	NIL	N/A

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

		Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US	Franking rate applicable
	Dividends paid or provided for during the year	NIL	NIL	N/A
10.11	Current year interim	NIL	NIL	N/A
10.12	Franked dividends – cents per share	NIL	NIL	N/A
10.13	Previous year final	NIL	NIL	N/A
10.14	Franked dividends – cents per share	NIL	NIL	N/A
	Dividends proposed and not recognised as a liability	NIL	NIL	N/A
10.15	Franked dividends – cents per share	NIL	NIL	N/A

Exploration and evaluation expenditure capitalised

To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

		Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US
11.1	Opening balance	140,217,437	106,094,586
11.2	Expenditure incurred during current year	38,260,101	29,738,612
11.3	Expenditure written off during current year	(130,090)	(23,112,555)
11.4	Impact of acquisition of controlled entities	-	24,053,985
11.5	Expenditure transferred to Development Properties	-	-
	Foreign exchange differences on translation of foreign operations	(406,354)	3,442,809
11.6	Closing balance as shown in the consolidated balance sheet (item 3.10)	177,941,094	140,217,437

Movements in equity

(as per paragraph 97 of AASB 101: Financial Statement Presentation)

		Number issued	Number listed	Paid-up value US cents	Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US
14.1	Preference securities (description)	N/A	N/A	N/A	N/A	N/A
14.2	Balance at start of year	N/A	N/A	N/A	N/A	N/A
14.3	a) Increases through issues	N/A	N/A	N/A	N/A	N/A
14.4	a) Decreases through returns of capital, buybacks etc.	N/A	N/A	N/A	N/A	N/A
14.5	Balance at end of year	N/A	N/A	N/A	N/A	N/A
14.6	Ordinary securities (fully paid ordinary shares)					
14.7	Balance at start of year	1,010,532,031	1,010,532,031	N/A	232,205,203	223,082,207
14.8	a) Increases through issues	165,730,000	165,730,000	N/A	34,045,484	9,122,996
14.9	b) Decreases through returns of capital, buybacks etc.	-	-	N/A	-	-
14.10	Balance at end of year	1,176,262,031	1,176,262,031		266,250,687	232,205,203

		Number issued	Number listed	Paid-up value	Year ended 31 December 2012	Year ended 31 December 2011
				US cents	\$US	\$US
14.11	Convertible debt securities <i>(description & conversion factor)</i>	N/A	N/A	N/A	N/A	N/A
14.12	Balance at start of year	N/A	N/A	N/A	N/A	N/A
14.13	a) Increases through issues	N/A	N/A	N/A	N/A	N/A
14.14	b) Decreases through maturity, converted.	N/A	N/A	N/A	N/A	N/A
14.15	Balance at end of year	N/A	N/A	N/A	N/A	N/A
14.16	Options <i>(over ordinary shares)</i>					
14.17	Balance at start of year	173,893,072	-	-	4,829,404	1,115,173
14.18	Issued during year	5,500,000	-	-	1,464,245	3,714,231
14.19	Exercised during year	-	-	-	-	-
14.20	Expired or lapsed during year	(137,693,072)	-	-	-	-
14.21	Balance at end of year	41,700,000	-	-	6,293,649	4,829,404
14.22	Debentures <i>(description)</i>	N/A	N/A	N/A	N/A	N/A
14.23	Balance at start of year	N/A	N/A	N/A	N/A	N/A
14.24	a) Increases through issues	N/A	N/A	N/A	N/A	N/A
14.25	b) Decreases through maturity, converted	N/A	N/A	N/A	N/A	N/A
14.26	Balance at end of year	N/A	N/A	N/A	N/A	N/A

		Number issued	Number listed	Paid-up value US cents	Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US
14.27	Unsecured notes <i>(description)</i>	N/A	N/A	N/A	N/A	N/A
14.28	Balance at start of period	N/A	N/A	N/A	N/A	N/A
14.29	a) Increases through issues	N/A	N/A	N/A	N/A	N/A
14.30	b) Decreases through maturity, converted	N/A	N/A	N/A	N/A	N/A
14.31	Balance at end of year	N/A	N/A	N/A	N/A	N/A
14.32	Total securities	1,217,962,031	1,176,262,031	N/A	272,544,336	237,034,607

		Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US
	Reserves		
14.33	Balance at start of year	(90,472,749)	(97,262,894)
14.34	Transfers to/from reserves	-	-
	Net gain / (loss) on available for sale investments	591,412	(626,995)
	Foreign exchange differences on translation of operations to presentation currency	(1,561,555)	3,256,051
	Share based payments	2,074,762	4,161,089
14.35	Total for the year	1,104,619	6,790,145
14.36	Balance at end of year	(89,368,130)	(90,472,749)
14.37	Total reserves	(89,368,130)	(90,472,749)
	Accumulated losses		
14.38	Balance at start of year	(55,350,384)	(28,589,063)
14.39	Changes in accounting policy	-	-
14.40	Restated balance	(55,350,384)	(28,589,384)
14.41	Loss for the year	(3,560,998)	(26,761,321)
14.42	Total for the year	(3,560,998)	(26,761,321)
14.43	Dividends	-	-
14.44	Balance at end of year	(58,911,382)	(55,350,384)

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

(equity method)

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

Name of associate or joint venture entity	N/A
---	-----

Reporting entities percentage holding	N/A
---------------------------------------	-----

		Year ended 31 December 2012 \$US	Year ended 31 December 2011 \$US
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)

16.1	Name of <i>issuer</i> (or <i>group</i>)	N/A
------	--	-----

		\$US
16.2	Consolidated profit (loss) after tax of the <i>issuer</i> (or <i>group</i>) since the date in the current year on which control was acquired	N/A
16.3	Date from which profit (loss) in <i>item 16.2</i> has been calculated	N/A
16.4	Profit (loss) after tax of the <i>issuer</i> (or <i>group</i>) for the whole of the previous corresponding year	N/A

Loss of control of entities having material effect

(See note 8)

17.1	Name of issuer (or group)	N/A
17.2	Consolidated profit (loss) after tax of the entity (or group) for the current year to the date of loss of control	\$US 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 year	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 year or date of disposal		Contribution to profit (loss) (item 1.9)	
18.1	Equity accounted associated entities	31 December 2012	31 December 2011	31 December 2012 \$US	31 December 2011 \$US
	N/A	N/A	N/A	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	N/A	N/A	N/A
18.2	Total	N/A	N/A	N/A	N/A
18.3	Other material interests	N/A	N/A	Non equity accounted (i.e. part of item 1.9)	
		N/A	N/A	N/A	N/A
		N/A	N/A	N/A	N/A
18.4	Total	N/A	N/A	N/A	N/A

Reports for industry and geographical segments

For management purposes, the Group is organised into one main operating segment, which involves exploration for hydrocarbons. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The Consolidated Entity only has one operating segment being exploration for hydrocarbons.

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

	31 December 2012 \$US	31 December 2011 \$US
Australia	357,250	1,032,909
Africa	15,647,031	15,352,898
Kazakhstan	63,474,580	68,154,999
Russia	100,459,296	57,026,801
	179,938,157	141,567,607

NTA Backing

(see note 7)

	31 December 2012 US cents	31 December 2011 US cents
20.1		
Net tangible asset backing per ordinary security	N/A	N/A

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show the comparative amount.

21.1	<p>Financing activities</p> <p>During the year, the Company drew down an aggregate US\$6,200,000 in convertible loans from a shareholder, Varesona Participation Corporation, an entity controlled by non-executive director, Mr Frank Timis, who is a significant shareholder via Safeguard Management Limited. The aggregate initial fair value of the loans of US\$5,659,476 compared to the face value generated a discount of US\$540,524. The convertible loan terms resulted in the conferral of put option rights to the Company over the Company's shares, with an initial aggregate fair value of US\$3,458,101 included in derivative financial assets. In total, the convertible loans gave rise to a contribution of equity from the shareholder of US\$3,998,625.</p> <p>Investing activities</p> <p>Share based payments for the year includes US\$1,261,871 (2011: US\$2,728,900) that has been included in capitalised exploration and evaluation expenditure.</p>
------	---

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.

22.1

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.

22.2

N/A

Comments by directors

Comments on the following matters are required by the Exchange. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. If there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for available for sale investments and assets and liabilities acquired pursuant to a business combination, which have been measured at fair value.

The financial report is presented in United States dollars ("US dollars").

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

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.

During the year ended 31 December 2012, the Consolidated Entity incurred a net loss after tax of US\$3,362,144 and a net cash outflow used in operating activities of US\$3,474,843. The cash and cash equivalents balance as at 31 December 2012 was US\$374,980. The consolidated entity's net current liability position at 31 December 2012 was US\$34,512,624.

The ability of the Consolidated Entity to continue its planned exploration and evaluation activities and maintain its going concern status is dependent on the Consolidated Entity raising additional capital within the short term. At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Consolidated Entity will be able to raise additional capital in order to enable it to meet its obligations as and when they fall due. In forming this view, the directors have considered the Consolidated Entity's position and are pursuing multiple financing options, including (a) agreements with trade creditors, (b) the completion of at least one of the financing deals that are currently being negotiated, (c) raising additional equity finance, and (d) the proceeds receivable on the sale of certain assets.

Should the Consolidated Entity 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 this financial report. This financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

Subsequent events

In January 2013, the Company secured a US\$5,200,000 million convertible loan facility from Varesona Participation Corporation, an entity controlled by non-executive director Mr Frank Timis. The convertible loan facility was fully drawn down in January 2013 ("Loan Amount"), including an advance of US\$200,000 received in the current year. The Loan Amount plus interest payable at 5% per annum is repayable at any time subject to 5 business days' written notice.

If the Loan Amount is not repaid by the repayment dates, 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\$0.07 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.

Any other factors which have affected the results in the year, or which are likely to affect results in the future, including those where the effect could not be quantified.

NIL

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

N/A – no prospect for paying fully or partly franked dividends for at least the next year

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

(Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)

NIL

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)*

NIL

Revisions in estimates of amounts reported in previous years. 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)*

NIL

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

Contingent assets

The Company revised the terms of the disposal of its 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. The Company is currently negotiating a further agreement with Nkwe to further extend the latest date by which the Consideration is payable.

Contingent liabilities

There were no contingent liabilities as at 31 December 2012.

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)*

NIL

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

Annual meeting*(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

To be advised

Date

To be advised

Time

To be advised

Approximate date the annual report will be available

Statutory financial statements to be lodged on NSX platform by 28 March 2013.

Annual report to be despatched to shareholders by 26 April 2013.

Compliance statement

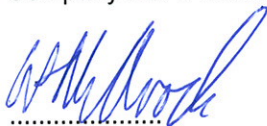
1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

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). |
| <input checked="" type="checkbox"/> The financial statements are in the process of being audited or subject to review. | The financial statements have <i>not</i> yet been audited or reviewed. |
5. The accounts are in the process of being audited. Consequently the audit report is not attached. Details of any audit report qualifications will be published as soon as they are available.
6. The Company has a formally constituted Audit and Risk Committee.

Sign here:



Date: 15 March 2013

(Director/Company secretary)

Print name:

WILLIAM McAROCK