



International
Petroleum

ABN 76 118 108 615

NOTICE OF GENERAL MEETING

TIME: 9am (WST)

DATE: 15 November 2013

PLACE: 32 Harrogate Street
West Leederville WA 6007
Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9388 0744.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9.00am (WST) on 15 November 2013 at:

32 Harrogate Street
West Leederville WA 6007
Australia

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria, 3001, Australia; or
- (b) facsimile to Computershare Investor Services Pty Ltd on facsimile number 1800 783 447 (within Australia) and +61 3 9473 2555 (outside Australia),

so that it is received not later than 9.00am (WST) on 13 November 2013.

Proxy Forms received later than this time will be invalid. Enquiries in respect of the proxy form should be made on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Proxy Forms received later than this time will be invalid.

Changes to Proxy Voting

Shareholders and their proxies should be aware that pursuant to sections 250BB and 250BC of the Corporations Act:

- (a) if the proxy votes, they must cast all directed proxies as directed; and

- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB (1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting; or
 - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 9am (WST) on 15 November 2013 at 32 Harrogate Street, West Leederville, Western Australia.

The Explanatory Statement provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at opening of business on 14 November 2013.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

SPECIAL BUSINESS

RESOLUTION 1 –SALE OF RUSSIAN ASSETS AND KAZAKHSTAN ASSETS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 32 of the Constitution of the Company and Listing Rule 6.41(ii) of the NSX Listing Rules and for all other purposes, approval is given for the sale by the Company of its subsidiary companies, IPL Siberia Limited (a company incorporated in the Cayman Islands) and Eastern Petroleum Corporation Limited (a company incorporated in England and Wales), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 14 OCTOBER 2013

BY ORDER OF THE BOARD



CLAIRE TOLCON
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 9:00am (WST) on 15 November 2013 at 32 Harrogate Street, West Leederville, Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution in the Notice of Meeting.

1. RESOLUTION 1 –SALE OF RUSSIAN ASSETS AND KAZAKHSTAN ASSETS

1.1 General

In October 2013, the Company entered into two binding conditional terms sheets (individually **Terms Sheet** or together **Terms Sheets**) pursuant to which the Company has agreed to sell its assets in Kazakhstan (**Kazakhstan Assets**) and Russia (**Russian Assets**) via the sale of its subsidiary companies, IPL Siberia Limited (a company incorporated in the Cayman Islands) and Eastern Petroleum Corporation Limited (a company incorporated in England and Wales), to an unrelated company incorporated in Hong Kong (**Buyer**).

A summary of the key terms of the Terms Sheets are set out below:

Kazakhstan Assets

- (a) pursuant to the Terms Sheet between the Company and the Buyer, the Company will sell 100% of the issued shares in the Company's wholly-owned subsidiary company, Eastern Petroleum Corporation Limited (**EPCL**), which is the owner of 100% of the issued shares in North Caspian Petroleum Limited (**NCPL**), which is:
 - (i) the holder of a 50% interest in the subsurface use contract, which confers rights to conduct exploration of hydrocarbon resources in the Alakol Basin in the Republic of Kazakhstan and was registered by Ministry of Oil and Gas (formerly Ministry of Energy and Mineral Resources) under registration number 1766 on 13 June 2005 (**Subsurface Use Contract**); and
 - (ii) the owner of 100% issued shares in a Republic of Kazakhstan entity, North Caspian Petroleum Company (NCPK) Limited Liability Partnership (**NCPK**), which acts as an operator for the holders of the Subsurface Use Contract in Kazakhstan.
- (b) the consideration for the acquisition is 10million US dollars;
- (c) the completion of the transaction is conditional on the following:
 - (i) receipt of a letter from the Buyer to confirm satisfactory due diligence by the Buyer of the Kazakhstan Assets;
 - (ii) receipt of the approvals by shareholders and/or directors of both the Company and the Buyer; and
 - (iii) receipt of the approval from the Kazakhstan Ministry of Oil and Gas of the sale and purchase of the Kazakhstan Assets (**Government Approval**).

- (d) the Buyer will deposit 10million US dollars into an escrow account with an international law firm in two stages; 1million US dollars within 3 days of the signing of the Terms Sheet and 9million US dollars within 3 days from issuance of the satisfactory due diligence report and receipt of the Government Approval.
- (e) payments from the escrow account will be made to the Company in two instalments: 2million US dollars against presentation of the share transfer form, receipt of the satisfactory due diligence report and receipt of Government Approval and 8million US dollars against receipt of a letter from the Company certifying that all debts of EPCL, NCPL and NCPK (amounting to approximately US\$2million as at 31 August 2013) have been fully and finally settled.

Russian Assets

- (a) Pursuant to the Terms Sheet between the Company's wholly-owned subsidiary, International Petroleum Limited (a company incorporated in the Cayman Islands) (**Seller**) and the Buyer, the Seller will sell to the Buyer 100% of the issued shares in the Seller's wholly-owned subsidiary company, IPL Siberia Limited (**IPL Siberia**), which is the owner of 100% of the issued shares in Vamaro Investments Limited (a company incorporated in Cyprus) (**Vamaro**), which owns:
 - (i) 100% of the issued shares in Yuzhno-Sardakovskoye LLC (a company incorporated in Russia), which is the holder of:
 - (A) the licence with number KhMN 14621 NE for geological study of subsoil, prospecting and extraction of oil and gas within Yuzhno-Sardakovskoye field; and
 - (B) the licence with number KhMN 02777 NP for geological study of subsoil and prospecting of oil and gas within Yanchinsky block;
 - (ii) 100% of the issued shares in Zapadno-Novomolodezhnoye LLC (a company incorporated in Russia), which is the holder of the licence with number KhMN 14622 NE for geological study of subsoil, prospecting and extraction of oil and gas within Zapadno-Novomolodezhnoye and Novomolodezhnoye fields;
 - (iii) 100% of the issued shares in Souville Investments Limited (a company incorporated in Cyprus), which owns 100% of the issued shares in Irtysh-Neft LLC (a company incorporated in Russia), which is the holder of:
 - the licence with number KhMN 01996 NP for geological study and prospecting within Krasnoleninsky Block-7;
 - the licence with number KhMN 01997 NP for geological study and prospecting within Krasnoleninsky Block-8;
 - the licence with number KhMN 01998 NP for geological study and prospecting within Krasnoleninsky Block-9;
 - the licence with number KhMN 01999 NP for geological study and prospecting within Krasnoleninsky Block-10;
 - the licence with number KhMN 15581 NE for exploration and extraction within Vostochno-Kamskoye field;
 - the licence with number KhMN 15580 NE for exploration and extraction within Yanlotskoye field;
 - (iv) 75% of the issued shares in Charlize Investments Limited (a company incorporated in Cyprus), which owns 100% of the issued shares in

Vostokneftegaz LLC (a company incorporated in Russia), which is the holder of the licence with number TOM 01561NP for geological study and prospecting within Druzhny Block; and

- (v) 100% of the issued shares in International Petroleum Services Limited (**MNSK**), acting as an operator for the holders of the licences in Russia;
- (b) the consideration for the acquisition is 50million US dollars;
- (c) the completion of the transaction is conditional on the following:
 - (i) receipt of a letter from the Buyer to confirm satisfactory due diligence by the Buyer of the Russian Assets; and
 - (ii) receipt of the approvals by shareholders and directors of the Seller and the Buyer.
- (d) the Buyer will deposit 50million US dollars into an escrow account with an international law firm in two stages; 5million US dollars within 3 days of the signing of the Terms Sheet and 45million US dollars within 10 days from issuance of the satisfactory due diligence report.
- (e) payments from the escrow account will be made to the Company in two instalments; 30million US dollars against presentation of the share transfer form and receipt of the satisfactory due diligence letter and 20million US dollars against receipt of a letter from the Seller certifying that all debts of IPL Siberia and its subsidiaries (amounting to approximately US\$27million as at 31 August 2013) have been fully and finally settled.

1.2 Intentions of the Company

The Company will apply the funds received from the transactions towards repayment of creditors and loans, general working capital and future exploration expenditure.

Following completion of the transactions:

- (a) the Company will continue to be engaged in the business of exploration for oil & gas, but its geographic focus will shift away from Russia and Kazakhstan and towards the other regions that its already owns projects in (e.g. Africa); and
- (b) the Company will seek a lifting of the suspension of its shares on the National Stock Exchange of Australia (**NSX**).

1.3 Indicative Timetable

Subject to NSX Listing Rules, the Constitution and the Corporations Act, the Company anticipates completion of the transactions will be in accordance with the following timetable:

The key events relating to the sale of the Kazakhstan Assets are set out below

Event	Approximate time from Terms Sheet signing

Completion of due diligence by the Buyer	13 days
Execution of share sale and purchase agreement	27 days
Shareholder and director approvals	33 days
Government Approval	193 days
Buyer pays first instalment of 2million US dollars to the Company	202 days
Buyer pays second instalment of 8million US dollars to the Company	212 days

The key events relating to the sale of the Russian Assets are set out below

Event	Approximate time from Terms Sheet signing
Completion of due diligence by the Buyer	13 days
Execution of share sale and purchase agreement	26 days
Shareholder and director approvals	33 days
Buyer pays first instalment of 30million US dollars to the Seller	35 days
Buyer pays second instalment of 20million US dollars to the Seller	45 days

1.4 Technical Information

Clause 32 of the Constitution states:

“For so long only as any of the securities of the Company are Listed Securities then, notwithstanding anything to the contrary contained in this Constitution, any sale or disposal of the Company’s main undertaking shall be conditional upon approval by an ordinary resolution of the Shareholders.”

The Russian Assets and the Kazakhstan Assets represent significant assets of the Company and, based on the carrying value of these assets in the Company’s financial accounts, represent the Company’s main undertaking. Accordingly, Shareholder approval is required for their proposed sale in accordance with clause 32 of the Constitution.

NSX Listing Rule 6.41(ii) states:

“The issuer shall provide full details to the Exchange as soon as practicable of any proposed significant change to the nature or scale of its activities. The issuer must do any of the following if required by the Exchange:

- (i) Provide additional information to the Exchange;*
- (ii) Obtain the approval of members for the change; or*
- (iii) Meet the requirements of Chapter 4 as if applying for a listing.”*

The NSX has advised that the sale of the Russian Assets and the Kazakhstan Assets represents a sale of the Company’s main undertaking and, as such, it requires shareholder approval under NSX Listing Rule 6.41(ii).

1.5 Advantages and Disadvantages

The Directors believe that the following non-exhaustive list of advantages of voting in favour of the Resolution may be relevant to a Shareholder’s decision on how to vote on the proposed transactions:

- (a) the Company will receive total cash consideration of 60million US dollars;
- (b) cash consideration of 60million US dollars received by the Company will be applied to discharge approximately 30million US dollars of liabilities of the Kazakhstan Assets and the Russian Assets, leaving net cash of approximately 30million US dollars to be applied towards repayment of other liabilities, general working capital and future exploration expenditure;
- (c) following completion of the sale of the Russian Assets and the Kazakhstan Assets, the Company intends to seek a lifting of the suspension of its Shares on the NSX.

The Directors believe that the following non-exhaustive list of disadvantages of voting against the Resolution may be relevant to a Shareholder’s decision on how to vote on the proposed transactions:

- (a) the Company will continue to have outstanding creditors and, in order to satisfy those creditors, will need to consider alternative transactions, which may be on inferior terms to the terms of the current transactions; and
- (b) the sale of the Russian Assets and the Kazakhstan Assets and the consequent shift in geographic focus towards the other regions that its already owns projects in (e.g. Africa) may not be consistent with the investment objectives of all Shareholders.

1.6 Directors’ Recommendation

Based on the information available, all of the Directors consider that the proposed sale of the Russian Assets and the Kazakhstan Assets on the terms set out in this Explanatory Statement is in the best interests of the Company and recommend that the Shareholders vote in favour of the Resolution.

2. ENQUIRIES

Shareholders are requested to contact the Company Secretary on (+ 61 8) 9388 0744 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

Company means International Petroleum Limited (ABN 76 118 108 615).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.