

NSX Announcement
11 August 2014

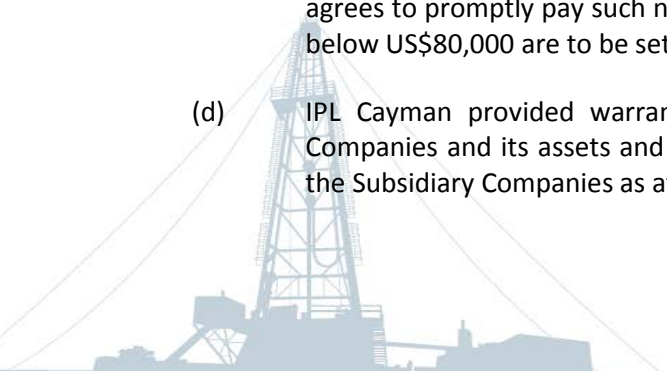
Sale of Russian Assets, Conversion of US\$33,693,577 Loans into Shares and Notice of Meeting

International Petroleum Limited (NSX: IOP) (**International Petroleum** or the **Company**) advises that it has entered into share purchase agreement (**Agreement**) pursuant to which it will sell subsidiary companies, IPL Siberia Limited (a company incorporated in the Cayman Islands) (**IPL Siberia**) and International Petroleum Company Limited (a company incorporated in Russia) (**IPL Russia**) (together IPL Siberia and IPL Russia are referred to as the **Subsidiary Companies**), to an unrelated company incorporated in the British Virgin Islands (**Buyer**) for US\$13million (**Transaction**).

IPL Siberia indirectly holds the Yuzhno-Sardakovsoye Block Licence, the Yanchinsky Block Licence, the Zapadno-Novomolodezhnoye Block Licence, the Krasnoleninsky Block Licences and the Druzhny Block Licences in Russia further described below (together, the **Russian Assets**).

A summary of the key terms of the Agreement are set out below:

- (a) the Company (through its wholly owned subsidiary) will transfer 100% of the issued shares in the Subsidiary Companies to the Buyer for US\$13million (**Acquisition**).
- (b) As part of the Transaction IPL Cayman will novate to the Buyer any and all debts owed to it or the Company by any of the companies within the Company Group (**Novated Loans**).
- (c) As part of the Transaction, the Buyer, with such reasonable assistance as may be requested from IPL Cayman, shall use reasonable efforts to negotiate and settle other third party debts of the Subsidiary Companies (and their subsidiaries) (**Third Party Debts**) within 4 and a half months after Acquisition. If the Buyer fails to achieve any settlement agreement in respect to any of the Third Party Debts which exceed US\$80,000 or are in respect to salaries of employees of Russian subsidiaries within 4 and a half months after Acquisition, the Buyer agrees to promptly pay such non-settled Third Party Debts. All remaining Third Party Debts below US\$80,000 are to be settled no later than 6 months after Acquisition.
- (d) IPL Cayman provided warranties to the Buyer in respect to the status of Subsidiary Companies and its assets and liabilities, including in respect to the total of debts owed by the Subsidiary Companies as at 31 March 2014.



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

Following completion of the Transaction, the Company will seek to satisfy outstanding statutory accounting requirements and then seek a lifting of the suspension of its shares on the National Stock Exchange of Australia (**NSX**).

Conversion of US\$33,693,577 Loans into Shares

The Company also advises that it has agreed with African Petroleum Corporation Limited (**African Petroleum**), Range Resources Limited (**Range Resources**) and Varesona Participation Corporation (**Varesona**) to convert, subject to receipt of shareholder approvals, US\$33,693,577 of loans into fully paid ordinary shares (**Shares**).

US\$21,515,791 of loans and interest payable to African Petroleum and Range Resources will be converted at a deemed issue price of A\$0.06 per Share (being the last trading price of Shares on NSX), US\$6,579,151 of loans and interest payable to Varesona will be converted at a deemed issue price of A\$0.15 and US\$5,598,635 of loans and interest payable to Varesona will be converted at a deemed issue price of A\$0.07 per share. In addition, 5million Options exercisable at A\$0.06 per Option will be issued to each of African Petroleum and Range Resources and they will each be entitled to nominate one person to the Board of the Company.

Following conversion of the loans and interest payable to African Petroleum, Range Resources and Varesona, the Company will not have any outstanding loans payable.

Notice of Meeting

A Notice of Meeting of Shareholders has been despatched to shareholders (and is attached to this announcement) seeking approval from its shareholders for the sale of the Russian Assets and conversion of the loans into Shares.

The Meeting of Shareholders is to be held at 9am (WST) at 32 Harrogate Street, West Leederville, WA 6007 on 8 September 2014.

Further information is included in the Explanatory Statement in the Notice of Meeting.

END

For further information, please contact:

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International
Petroleum

ABN 76 118 108 615

NOTICE OF GENERAL MEETING

TIME: 9am (WST)
DATE: 8 September 2014
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 8 September 2014 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 6 September 2014.

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.

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 8 September 2014 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 8 September 2014.

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

AGENDA

SPECIAL BUSINESS

RESOLUTION 1 – SALE OF RUSSIAN 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 International Petroleum Company Limited (a company incorporated in Russia), 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.

RESOLUTION 2 – APPROVAL TO ISSUE SHARES ON CONVERSION OF CONVERTIBLE LOANS – VARESONA

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

"That, subject to the passing of Resolution 3 and 4 and issue of the Shares proposed under those resolutions, for the purposes of NSX Listing Rules 6.25 and 6.44 and for all other purposes, approval is given for the Directors to issue Shares to Varesona Participation Corporation (an entity controlled by Director, Frank Timis) on conversion of convertible loan notes of US\$11.2million and interest fixed as at 31 July 2014 on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Frank Timis, Varesona or 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.

RESOLUTION 3 – APPROVAL TO ISSUE SHARES AND OPTIONS IN SATISFACTION OF LOAN – RANGE RESOURCES LIMITED

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

"That, subject to the passing of Resolutions 2 and 4, for the purposes of NSX Listing Rule 6.25 and for all other purposes, approval is given for the Directors to issue Shares and 5,000,000 Options to Range Resources Limited (or its nominee) in satisfaction of a loan totalling US\$8,029,110 and loan interest fixed as at 31 July 2014 less any repayment of the loan on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. 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.

RESOLUTION 4 – APPROVAL TO ISSUE SHARES AND OPTIONS IN SATISFACTION OF LOAN – AFRICAN PETROLEUM CORPORATION LIMITED

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

"That, subject to the passing of Resolutions 2 and 3, for the purposes of NSX Listing Rule 6.25 and for all other purposes, approval is given for the Directors to allot and issue Shares to African Petroleum Corporation Limited (or its nominee) in satisfaction of loans totalling US\$11.235 million plus interest and commitment fees and 5,000,000 Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. 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: 5 AUGUST 2014

BY ORDER OF THE BOARD

**JASON BREWER
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 8 September 2014 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 Resolutions in the Notice of Meeting.

1. BACKGROUND TO RESOLUTIONS

The Company suspended its Shares in March 2013 because of a proposed merger of the Company and Range Resources and the Shares have been suspended since that time while the Company addressed its financial position. Over the last year the Board has been focussed on improving the cash position of the Company and settling outstanding liabilities and debts of the Company through the sale of assets and negotiating the terms of various loans to the Company.

The Meeting has been convened to seek approval for:

- (a) the sale of the assets in Russia owned by the Company; and
- (b) the conversion of US\$30,464,110 of loans plus interest, into Shares.

If all of the Resolutions are passed and completed, the Company will seek to satisfy outstanding statutory accounting obligations and will seek a lifting of the suspension of its Shares.

The effect on the share capital of the Company following the issue of the Shares proposed under the Resolutions is set out below:

Holder	Number	% of Issued Capital
Current Shareholders	1,176,262,031	69.61%
Shares issued to Varesona ¹ (Resolution 2)	131,818,138	7.8%
Shares issued to Range Resources (Resolution 3)	147,803,270	8.75%
Shares issued to African Petroleum (Resolution 4)	233,890,450	13.84%
TOTAL	1,689,773,889	100%

- 1. Varesona is an entity controlled by Director Frank Timis. Following the issue of Shares proposed under the Resolutions, Mr Timis and his associates will hold 575,836,558 Shares, representing approximately 34.08% of the Company (down from approximately 38% of the Company as at the date of this Notice).
- 2. The exact number of Shares to be issued pursuant to Resolutions 2, 3 and 4 is calculated on the basis of the interest amount fixed as at 31 July 2014 and conversion of the amounts from US\$ (being the currency of the loan amount and interest calculation) to AU\$ (being the issue price of the Shares) fixed at the conversion rate of 1.06441.

2. RESOLUTION 1 – SALE OF RUSSIAN ASSETS

2.1 General

The Company's wholly owned subsidiary International Petroleum Limited (a company incorporated in the Cayman Islands (**IPL Cayman**)) has entered into share purchase agreement (**Agreement**) pursuant to which IPL Cayman has agreed to sell subsidiary companies, IPL Siberia Limited (a company incorporated in the Cayman Islands) (**IPL Siberia**) and International Petroleum Company Limited (a company incorporated in Russia) (**IPL Russia**) (together IPL Siberia and IPL Russia are referred to as the **Subsidiary Companies**), to an unrelated company incorporated in the British Virgin Islands (**Buyer**). IPL Siberia indirectly holds the Yuzhno-Sardakovsoye Block Licence, the Yanchinsky Block Licence, the Zapadno-Novomolodezhnoye Block Licence, the Krasnoleninsky Block Licences and the Druzhny Block Licences further described below (together, the **Russian Assets**).

A summary of the key terms of the Agreement are set out below:

- (a) IPL Cayman will transfer to the Buyer 100% of the issued shares in IPL Siberia and IPL Russia (**Acquisition**). IPL Siberia is the owner of:
 - (i) 100% of the issued shares in Vamaro Investments Limited (a company incorporated in Cyprus) (**Vamaro**), which owns:
 - 1. 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;
 - 2. 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;
 - (ii) 100% of the issued shares in Souville Investments Limited (a company incorporated in Cyprus), which owns:
 - 1. 100% of the issued shares in Irtysh-Neft LLC (a company incorporated in Russia), which is the holder of:
 - (A) the licence with number KhMN 01996 NP for geological study and prospecting within Krasnoleninsky Block-7;
 - (B) the licence with number KhMN 01997 NP for geological study and prospecting within Krasnoleninsky Block-8;
 - (C) the licence with number KhMN 01998 NP for geological study and prospecting within Krasnoleninsky Block-9;
 - (D) the licence with number KhMN 01999 NP for geological study and prospecting within Krasnoleninsky Block-10;
 - (iii) 75% of the issued shares in Charlize Investments Limited (a company incorporated in Cyprus), which owns:
 - 1. 100% of the issued shares in Vostokneftegaz LLC (a company incorporated in Russia), which is the holder of:
 - (A) the licence with number TOM 01561NP for geological study and prospecting within Druzhny Block; and
 - (iv) 100% of the issued shares in International Petroleum Services Limited (**MNSK**).

IPL Siberia through its respective subsidiaries holds the licences for the Russian Assets and MNSK and IPL Russia acts as the operators for the holders of the licences for the Russian Assets.

- (b) Upon Acquisition, IPL Cayman will novate to the Buyer debts owed to it or the Company by IPL Russia, IPL Siberia and any of its subsidiary companies (**Novated Loans**).
- (c) Upon the Acquisition the Buyer will pay to the Company the consideration of US\$13 million.
- (d) The Buyer, with such reasonable assistance as may be requested from IPL Cayman, shall use reasonable efforts to negotiate and settle other third party debts of the Subsidiary Companies (and their subsidiaries) (**Third Party Debts**) within 4 and a half months after the Acquisition. If the Buyer fails to achieve any settlement agreement in respect to any of the Third Party Debts which exceed US\$80,000 or are in respect to salaries of employees of Russian subsidiaries within 4 and a half months after the Acquisition, the Buyer agrees to promptly pay such non-settled Third Party Debts. All remaining Third Party Debts below US\$80,000 are to be settled no later than 6 months after the Acquisition.
- (e) IPL Cayman provided warranties to the Buyer in respect to the status of Subsidiary Companies and its assets and liabilities, including in respect to the total of debts owed by the Subsidiary Companies as at 31 March 2014.

It is expected that as soon as practicable following Shareholder approval, the Agreement will be completed.

2.2 Intentions of the Company

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

Following completion of the Acquisition:

- (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 towards the other regions that it already owns projects in (e.g. Africa); and
- (b) the Company will seek to satisfy outstanding statutory accounting requirements and then seek a lifting of the suspension of its shares on the National Stock Exchange of Australia (**NSX**).

2.3 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 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 represents a sale of the Company's main undertaking and, as such, it requires shareholder approval under NSX Listing Rule 6.41(ii).

2.4 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 approximately US\$13 million;
- (b) the Buyer will assume the Third Party Debts of the Subsidiary Companies that are being sold pursuant to the Acquisition;
- (c) following the Acquisition, the Company intends to satisfy outstanding statutory accounting requirements and then 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 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.

2.5 Directors' Recommendation

Based on the information available, all of the Directors consider that the proposed sale of the Russian 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.

3. RESOLUTION 2 – ISSUE OF SHARES ON CONVERSION OF LOANS - VARESONA

3.1 General

As previously announced, the following convertible loans are owed by the Company to Varesona Participation Corporation (**Varesona**), an entity controlled by Frank Timis, a non-executive Director:

- (a) US\$2,000,000 pursuant to a loan agreement dated 6 August 2012;
- (b) US\$2,000,000 pursuant to a loan agreement dated 14 September 2012;
- (c) US\$2,000,000 pursuant to a loan agreement dated 16 October 2012; and
- (d) US\$5,200,000 pursuant to a loan agreement dated 31 January 2013,

(together the **Loan Agreements**).

Interest is payable on each of the loans at a rate of 5% per annum.

Pursuant to the terms of the Loan Agreements, the loan amount and interest (**Amount Outstanding**) 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 in respect to the Loan Agreements referred to in (a)-(c) above and at a deemed issue price of A\$0.07 in respect to the Loan Agreement referred to in (d) above.

Accordingly, the Company seeks Shareholder approval for the issue of Shares in satisfaction of the Amount Outstanding under the Loan Agreements. The exact number of Shares that will be issued in satisfaction of the Amount Outstanding is 131,818,138, which is based on the interest amount fixed at 31 July 2014 and conversion of the amounts from US\$ (being the currency of the loan amount and interest calculation) to AU\$ (being the issue price of the Shares) fixed at exchange rate of 1.06441. Resolution 2 is conditional on the passing of Resolutions 3 and 4 and the issue of Shares contemplated under those Resolutions.

Following issue of the Shares to Varesona, the Company will be released from all obligations under the Loan Agreements, as varied. If approval is not granted by Shareholders, the Company will need to repay Varesona US\$11.2million (plus accrued interest).

3.2 Impact on the Company

The proposed issue of the Shares to Varesona (or its nominee) will result in various advantages and disadvantages to the Company which Shareholders should consider prior to exercising their vote. The advantages include the following:

- (a) by issuing the Shares in satisfaction of the Amount Outstanding, the net asset position of the Company is improved as the loans and interest owing under the Loan Agreements liabilities are eliminated for no cash outlay;
- (b) the deemed issue price of the Shares issued in satisfaction of the Amount Outstanding is A\$0.15 in respect to US\$6million and A\$0.07 in respect to US\$5.2million, which is higher than the latest trading price of the Shares (A\$0.06) prior to the Shares being suspended from trading on NSX;
- (c) there is a continuing incentive for Varesona to ensure the Company becomes a viable company as Varesona will continue to have a significant interest (of around 34% post issue of Shares in satisfaction of the Amount Outstanding, the Range Resources Loan (Resolution 3) and the African Petroleum Loan (Resolution 4). Varesona is taking a risk in investing further in the Company (via the conversion and subsequent elimination of the Loan Agreements).

The disadvantages include the following:

- (a) the number of Shares on issue would rise and dilute the shareholding of the non-associated Shareholders.
- (b) an increased influential shareholding of the Company is being given to Varesona, as a result of the issue of the Shares in satisfaction of the Amount Outstanding.

3.3 Corporations Act and NSX Listing Rules

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, NSX Listing Rule 6.44 also requires shareholder approval by special resolution to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in NSX's opinion, such that approval should be obtained unless an exception in NSX Listing Rule 6.44 applies.

The issue of Shares to Varesona in satisfaction of the Amount Outstanding requires the Company to obtain Shareholder approval under NSX Listing Rule 6.44 because Varesona is controlled by Frank Timis, a Director of the Company and therefore a related party of the Company.

The issue of the Shares to Varesona in satisfaction of the Amount Outstanding constitutes a 'financial benefit' as defined in the Corporations Act. Accordingly, the issue of Shares to Varesona will constitute the provision of a financial benefit to a related party of the Company.

It is the view of the Directors (with Frank Timis abstaining) that the exception under section 210 of the Corporations Act (arm's length terms) applies to the issue of the Shares to Varesona in satisfaction of the Amount Outstanding given the deemed issue price of the Shares is at a price higher than the most recent trading price of Shares and the fact the Loan Agreements were negotiated on arm's length terms. Accordingly, the Directors (with Frank Timis abstaining) have determined not to seek shareholder approval under section 208 of the Corporations Act.

3.4 Shareholder Approval (Listing Rule 6.44)

Pursuant to and in accordance with the requirements of NSX Listing Rule 6.44, the following information is provided in relation to the issue of Shares to Varesona in satisfaction of the Amount Outstanding pursuant to Resolution 2:

- (a) the related party is Varesona. Varesona is a related party by virtue of being controlled by Frank Timis, a Director;
- (b) Shares with a deemed issue price of A\$0.15 will be issued in satisfaction US\$6million (plus interest) and Shares with a deemed issue price of A\$0.07 will be issued in satisfaction of US\$5.2million (plus interest). The exact number of Shares that will be issued in satisfaction of the Amount Outstanding is 131,818,138, which is based on the interest amount fixed at 31 July 2014 and conversion of the amounts from US\$ (being the currency of the loan amount and interest calculation) to AU\$ (being the issue price of the Shares) fixed at exchange rate of 1.06441.;
- (c) the Shares will be issued to Varesona no later than 1 month after the date of the Meeting subject to the passing of Resolutions 3 and 4 and the issue of Shares pursuant to those Resolutions;
- (d) the Shares will be granted for nil cash consideration as they are being issued in satisfaction of the Amount Outstanding, accordingly no funds will be raised; and
- (e) the Shares issued will rank equally with existing Shares on issue.

Approval for the purposes of NSX Listing Rule 6.25 will be obtained by virtue of receiving approval for the purposes of NSX Listing Rule 6.44. Accordingly, the issue of the Shares to Varesona will not be included in the 15% calculation of the Company's annual placement capacity pursuant to NSX Listing Rule 6.25.

4. RESOLUTION 3 – APPROVAL TO ISSUE SHARES IN SATISFACTION OF LOAN – RANGE RESOURCES LIMITED

4.1 Background

As announced by the Company in April 2013, the Company entered into a loan facility agreement with Range Resources pursuant to which Range Resources agreed to provide a loan facility of US\$15million to the Company (**Range Loan Facility**). Pursuant to the terms of the Range Loan Facility, interest was charged at the rate of 8% per annum on the amount drawn down by the Company and the amount was due to be repaid by 30 April 2014. The Company drew down US\$8,029,110 from the loan facility (**Range Loan**).

Range Resources and the Company have agreed to vary the Range Loan Facility such that the Range Loan (and interest) less AU\$500,000 which will be repayable in cash, is convertible, subject to receipt of Shareholder approval and subject to the passing of Resolutions 2 and 4, into Shares at a deemed issue price of A\$0.06 per Share (the latest trading price of Shares on NSX). The exact number of Shares that will be issued in satisfaction of the Range Loan is 147,803,270, which is based on the interest amount fixed at 31 July 2014 and conversion of the amounts from US\$ (being the currency of the loan amount and interest calculation) to AU\$ (being the issue price of the Shares) fixed at exchange rate of 1.06441. The Shares to be issued to Range Resources would represent 8.75% of the issued capital of the Company. In addition, the Company will issue Range Resources 5,000,000 Options exercisable at AU\$0.06 per Option within 24 months from the date of issue.

Pursuant to the terms of the deed of variation, Range Resources will be entitled to nominate one person to the Board for a period of 12 months from the date of issue of the Shares and Options.

Following issue of the Shares and Options to Range Resources, the Company will be released from all obligations under the Range Loan Facility, as varied. If approval is not granted by Shareholders, the Company will need to repay Range Resources US\$8,029,110 (plus accrued interest) by 30 November 2014.

Accordingly, the Company seeks Shareholder approval for the issue of Shares and Options in satisfaction of all monies owing by the Company to Range Resources pursuant to the Range Loan Facility.

Range Resources is not a related party of the Company.

NSX Listing Rule 6.25 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 3 will be to allow the Directors to issue Shares and Options to Range Resources in satisfaction of all monies owing pursuant to the Range Loan Facility and retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in NSX Listing Rule 6.25 without the requirement to obtain prior Shareholder approval.

4.2 Technical information

The following information is provided in relation to Resolution 3:

- (a) Shares with a deemed issue price of A\$0.06 will be issued in satisfaction of the Range Loan. The exact number of Shares that will be issued in satisfaction of the Range Loan is 147,803,270, which is based on the interest amount fixed at 31 July 2014 and conversion of the amounts from US\$ (being the currency of the loan amount and interest calculation) to AU\$ (being the issue price of the Shares) fixed at exchange rate of 1.06441. In addition, Range Resources will be issued 5,000,000 Options;
- (b) the Shares and Options will be issued to Range Resources (or its nominee) who is not a related party of the Company;
- (c) the Shares and Options will be issued no later than 3 months after the date of the Meeting and it is intended that allotment will occur on the same date;
- (d) the Shares and Options will be issued for nil cash consideration as they are being issued in satisfaction of all monies owing by the Company to Range Resources under the Range Loan plus interest less any repayment of the Loan; and
- (e) the Shares issued will rank equally with Shares currently on issue. The Options will be issued on the terms set out in the Schedule.

5. RESOLUTION 4 – APPROVAL TO ISSUE SHARES IN SATISFACTION OF LOAN – AFRICAN PETROLEUM CORPORATION LIMITED

5.1 Background

In 2011 the Company entered into a loan facility agreement (as varied) with African pursuant to which African Petroleum agreed to provide a loan facility of US\$10million to the Company (**African Petroleum Loan Facility**). Pursuant to the terms of the African Petroleum Loan Facility, interest is charged at the cash rate plus 3% per annum on the amount drawn down by the Company and the amount was due to be repaid by 31 December 2014. The Company drew down US\$10million from the loan facility (**African Petroleum Loan**). The African Petroleum Loan is secured by a deed of guarantee provided by subsidiary company International Petroleum Cayman and a deed of charge over certain assets of International Petroleum Cayman.

The Company also owes African Petroleum an additional US\$1,235,000 that was loaned by African Petroleum to the Company in 2013 (**Additional African Petroleum Loan**).

African Petroleum and the Company have agreed to vary the African Petroleum Loan Facility such that the African Petroleum Loan (and interest and commitment fees) and the Additional African Petroleum Loan is convertible, subject to receipt of Shareholder approval and subject to the passing of Resolutions 2 and 3, into Shares at a deemed issue price of A\$0.06 per Share (the latest trading price of Shares on NSX). The exact number of Shares that will be issued in satisfaction of the African Petroleum Loan and Additional African Petroleum Loan is 233,890,450, which is based on the interest amount fixed at 31 July 2014 and conversion of the amounts from US\$ (being the currency of the loan amount and interest calculation) to AU\$ (being the issue price of the Shares) fixed at exchange rate of 1.06441. The amount of Shares to be issued to African Petroleum would represent 13.84% of the issued capital of the Company.

In addition, the Company will issue African Petroleum 5,000,000 Options exercisable at AU\$0.06 per Option within 24 months from the date of issue in consideration for funds lent by African Petroleum to the Company.

Pursuant to the terms of the deed of variation, African Petroleum will be entitled to nominate one person to the Board for a period of 12 months from the date of issue of the Shares and Options

Following issue of the Shares and Options to African Petroleum, the Company will be released from all obligations under the African Petroleum Loan (as varied) and Additional African Petroleum Loan the security will be discharged. If approval is not granted by Shareholders, the Company will need to repay African Petroleum approximately US\$11.235million plus interest and commitment fees by 30 June 2016.

Accordingly, the Company seeks Shareholder approval for the issue of Shares and Options in satisfaction of all monies owing by the Company to African Petroleum in respect of the African Petroleum Loan and the Additional African Petroleum Loan.

African Petroleum is not a related party of the Company. Directors Frank Timis, Tony Sage were previously directors of African Petroleum. Director Timothy Turner remains a director of African Petroleum.

NSX Listing Rule 6.25 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Directors to issue Shares and Options to African Petroleum in satisfaction of all monies owing in respect of the African Petroleum Loan and the Additional African Petroleum Loan and retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in NSX Listing Rule 6.25 without the requirement to obtain prior Shareholder approval.

5.2 Technical information

The following information is provided in relation to Resolution 4:

- (a) Shares with a deemed issue price of A\$0.06 will be issued in satisfaction of the African Petroleum Loan and the Additional African Petroleum Loan. The exact number of Shares that will be issued in satisfaction of the African Petroleum Loan and Additional African Petroleum Loan is 233,890,450, which is based on the interest amount fixed at 31 July 2014 and conversion of the amounts from US\$ (being the currency of the loan amount and interest calculation) to AU\$ (being the issue price of the Shares) fixed at exchange rate of 1.06441. 5,000,000 Options will be issued in addition to the Shares;
- (b) the Shares and the Options will be issued to African Petroleum (or its nominee) which is not a related party of the Company;
- (c) the Shares and Options will be issued no later than 3 months after the date of the Meeting and it is intended that allotment will occur on the same date;
- (d) the Shares and Options will be issued for nil cash consideration as they are being issued in satisfaction of all monies owing by the Company (including interest and commitment fees) to African Petroleum under the African Petroleum Loan Facility; and
- (e) the Shares issued will rank equally with Shares currently on issue. The Options will be issued on the terms set out in the Schedule.

6. ENQUIRIES

Shareholders are requested to contact the Company Secretary on (+ 61 8) 9380 9555 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

African Petroleum means African Petroleum Limited (ACN 125 419 730).

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.

Option means an option to acquire a Share on the terms set out in the Schedule.

Proxy Form means the proxy form accompanying the Notice.

Range Resources means Range Resources Limited (ACN 002 522 009).

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.

Varesona means Varesona Participation Corporation.

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

SCHEDULE - TERMS AND CONDITIONS OF OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00pm (WST) on that date which is 24 months from the date of issue (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.06 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;(**Exercise Notice**).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank *pari passu* in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on NSX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on NSX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the NSX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

Lodge your vote:**Online:**www.investorvote.com.au**By Mail:**Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 AustraliaAlternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com**For all enquiries call:**(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

**Vote online**

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:**Control Number: 999999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 9:00am (WST) Saturday, 6 September 2014**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.**A proxy need not be a securityholder of the Company.**

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.**GO ONLINE TO VOTE,
or turn over to complete the form →**

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of International Petroleum Limited hereby appoint

☐

the Chairman of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of International Petroleum Limited to be held at 32 Harrogate Street, West Leederville, Western Australia on Monday, 8 September 2014 at 9:00am (WST) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Sale of Russian assets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to issue Shares on conversion of convertible loans - Varesona	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to issue Shares and Options in satisfaction of loan - Range Resources Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to issue Shares and Options in satisfaction of loan - African Petroleum Corporation Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /