

5 June 2015

**Quarterly activities report for the three quarters ending
30 September 2014, 31 December 2014 and 31 March 2015**

International Petroleum Limited (NSX: IOP) ("International Petroleum" or the "Company"), an oil and gas exploration company is pleased to present its activities report for the three months ending 30 September 2014, 31 December 2014 and 31 March 2015.

UPDATE ON KEY ISSUES

- US\$4,387k cash at bank at 31 March 2015
- Update on Niger project
- Update on Kazakhstan project
- Sale of Non-Core South African Assets
- Conversion of Loans Outstanding
- NSX suspension from official quotation

CORPORATE**Niger project**

As a result of the political and security instability in the Republic of Niger and the country's declaration of the state of emergency in the regions where the company's licences are held, a force majeure was officially declared by the Company in February 2015 in accordance with the PSCs and accepted by the Ministry of Energy and Petroleum of Niger. The Company plans to resume all operational activities once the force majeure is lifted and the country's security situation normalises.

Kazakhstan project

In August 2014, the Group received a notification from the Ministry of Energy of the Republic of Kazakhstan (formerly the Ministry of Oil and Gas) ("ME") that its rights to the Alakol licence had been withdrawn by ME unilaterally. The Company did not accept this as being justified and filed a lawsuit against ME demanding that the licence be reinstated back to the Company. A first instance court hearing was held on 16 January 2015 to address our claim for the licence to be reinstated and was decided in our favour. It was also



recommended by the court of first instance that the licence expiry date be extended to account for lost time since the date the licence was withdrawn. ME has appealed this decision, and recently won. Following this appeal court decision, the Company immediately submitted a cessation appeal against it on 28 April 2015 and expects an official ruling on the matter by the end of June 2015. At the date of approval of this update the dispute has not yet been resolved.

Sale of Non-Core South African Assets

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 a South African platinum project (“Tubatse Project”).

Owing to the continued delays to the settlement of the dispute about the ownership of two of the three mineral farms that comprise the Tubatse Project and the negotiations with suitable joint venture partners, Nkwe had not been able to pay the A\$45 million consideration to the Company by the revised agreement date of 31 December 2012. The Directors are currently seeking legal advice on how to proceed.

Hoepakrantz 291 KT, together with prospecting licenses Nooitverwacht 324 KT and Eerste Geluk 327 KT, were known as the Tubatse Project (a South African platinum project). Hoepakrantz 291 KT now forms part of the Garatau Project, with 2 other prospecting licences in which the Company has no interest.

During Quarter 4, 2013, NKWE announced the formation of a strategic partnership with Zijin Mining Group (“Zijin”), in respect of the development of Nkwe’s South African PGM assets and a A\$20m investment by Zijin into Nkwe, all of which has been advanced.

Conversion of loans

On 8 September 2014, a General Meeting was held whereby shareholder approval was obtained for the conversion of loans to fully paid ordinary shares of the Company. A summary of the loan conversions approved is set out below:

- US\$13,184,231 of loans, associated commitment fees and interest, payable to African Petroleum Corporation Limited (“African Petroleum”), into 233,890,450 fully paid ordinary shares at a deemed price of A\$0.06 per share
- US\$8,331,560 of loans and interest, payable to Range Resources, into 147,803,270 fully paid ordinary shares at a deemed price of A\$0.06 per share
- US\$5,200,000 of loans, payable to Varesona Participation Corporation (“Varesona”), into 79,070,457 fully paid ordinary shares at a deemed price of A\$0.07 per share
- US\$6,000,000 of loans, payable to Varesona, into 42,576,400 fully paid ordinary shares at a deemed price of A\$0.15 per share

The loan conversions to fully paid ordinary shares, as detailed above, were completed on 2 October 2014.

In addition to the loans converted, 5,000,000 options exercisable at A\$0.06 per Option were issued to each of African Petroleum and Range Resources on 2 October 2014, and both companies will be entitled to nominate one person to the Board of the Company.

As part of the agreement with Range Resources the Company paid US\$500,000 on 21 October 2014, as final settlement of the borrowings owed to Range Resources.

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

NSX suspension from official quotation

Since 27 March 2013, the Company's shares have been suspended from trading on the NSX market, at the Company's request, and suspension from trading is expected to be lifted in quarter 3, 2015 once the Company has held an Annual General Meeting for shareholders to approve the Group's 2014 & 2015 Annual Reports.

Yours faithfully

Tony Sage
Non-Executive Chairman

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International Petroleum Limited
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About International Petroleum

International Petroleum is an oil and gas exploration and production company. The Company is listed on the National Stock Exchange of Australia (**NSX: IOP**).

The Company owns:

1. a 100% interest in four production sharing contracts and four Exclusive Exploration Authorisations relating to four blocks in the Republic of Niger known as Manga 1, Manga 2, Aborak and Ténéré Ouest (the "**Niger Project**").
2. a 50% interest in an early stage project covering 24,649 km² in eastern Kazakhstan (the "**Alakol Project**"), which borders the western boundary of the People's Republic of China. *See update on Kazakhstan project above for details of licence dispute.*

Quarterly Report

Name of entity

INTERNATIONAL PETROLEUM LIMITED

ABN

76 118 108 615

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (9 months)
		\$US'000	\$US'000
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) staff costs	(722)	(843)
	(b) advertising and marketing	-	-
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(1,677)	(2,232)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	1
1.5	Income taxes paid	-	-
1.6	Other (provide details if material)		
	(a) business development	-	-
	(b) VAT/GST refunded	4	33
	(c) rent deposit received	-	36
Net operating cash flows		(2,394)	(3,005)

	Current quarter \$US'000	Year to date (9 months) \$US'000
1.7 Net operating cash flows (carried forward)	(2,394)	(3,005)
Cash flows related to investing activities		
1.8 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
(f) exploration and evaluation expenditure	(244)	(1,167)
1.9 Proceeds from disposal of:		
(a) businesses (item 5)	-	11,511
(b) equity investments	-	374
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)		
(a) performance bonds put in place	-	-
(b) performance bonds relinquished	-	9
(c) security for facilities put in place	-	-
(d) security for facilities relinquished	2	13
(e) cash subjected to restrictions	-	-
Net investing cash flows	(242)	10,740
1.13 Total operating and investing cash flows	(2,636)	7,735
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc (net of costs)	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Interest and other costs of finance paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(2,636)	7,735
1.21 Cash at beginning of quarter/year to date	10,540	211
1.22 Exchange rate adjustments	(7)	(49)
1.23 Cash at end of quarter	7,897	7,897

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$US'000
1.24	Aggregate amount of payments to the parties included in item 1.2	215
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

US\$214,619 has been paid to directors during the quarter for the provision of their services as directors, all of which has been included within item 1.2 (e) within operating cash flows.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$US'000	Amount used \$US'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$US'000	Previous quarter \$US'000
4.1	Cash on hand and at bank	7,897	10,540
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		7,897	10,540

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A
5.2	Place of incorporation or registration	N/A
5.3	Consideration for acquisition or disposal	N/A
5.4	Total net assets	N/A
5.5	Nature of business	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to NSX.
- 2 This statement gives a true and fair view of the matters disclosed.

Print name: Jason Brewer

Date: 5 June 2015

Quarterly Report

Name of entity

INTERNATIONAL PETROLEUM LIMITED

ABN

76 118 108 615

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (12 months)
		\$US'000	\$US'000
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) staff costs	(761)	(1,604)
	(b) advertising and marketing	-	-
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(602)	(2,834)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	2
1.5	Income taxes paid	-	-
1.6	Other (provide details if material)		
	(a) business development	-	-
	(b) VAT/GST refunded	57	90
	(c) rent deposit received	7	43
Net operating cash flows		(1,298)	(4,303)

	Current quarter \$US'000	Year to date (12 months) \$US'000
1.7 Net operating cash flows (carried forward)	(1,298)	(4,303)
1.8 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(1)	(1)
(e) other non-current assets	-	-
(f) exploration and evaluation expenditure	(303)	(1,470)
1.9 Proceeds from disposal of:		
(a) businesses (item 5)	-	11,511
(b) equity investments	-	374
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)		
(a) performance bonds put in place	-	-
(b) performance bonds relinquished	-	9
(c) security for facilities put in place	(15)	(15)
(d) security for facilities relinquished	-	13
(e) cash subjected to restrictions	-	-
Net investing cash flows	(319)	10,421
1.13 Total operating and investing cash flows	(1,617)	6,118
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc (net of costs)	(19)	(19)
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	(500)	(500)
1.18 Dividends paid	-	-
1.19 Interest and other costs of finance paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	(519)	(519)
Net increase (decrease) in cash held	(2,136)	5,599
1.21 Cash at beginning of quarter/year to date	7,897	211
1.22 Exchange rate adjustments	(72)	(121)
1.23 Cash at end of quarter	5,689	5,689

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$US'000
1.24	Aggregate amount of payments to the parties included in item 1.2	37
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

US\$37,000 has been paid to directors during the quarter for the provision of their services as directors, all of which has been included within item 1.2 (e) within operating cash flows.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

The Company's loan agreements with African Petroleum Corporation Limited, Varesona Participation Corporation and Range Resources Limited have been converted to shares in the Company on 2 October 2014.

- 121,646,857 Shares have been issued to Varesona Participation Corporation on conversion of US\$11.2million convertible loans;
- 147,803,270 Shares and 5,000,000 unlisted options exercisable at A\$0.06 per option on or before 2 October 2016, have been issued to Range Resources Limited, along with a payment of US\$500,000 paid on 21 October 2014, in satisfaction of all monies owing by the Company to Range Resources; and
- 233,890,450 Shares and 5,000,000 unlisted options exercisable at A\$0.06 per option on or before 2 October 2016, have been issued to African Petroleum Corporation Limited in satisfaction of all monies owing by the Company to African Petroleum.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$US'000	Amount used \$US'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$US'000	Previous quarter \$US'000
4.1 Cash on hand and at bank	5,689	7,897
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,689	7,897

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to NSX.
- 2 This statement gives a true and fair view of the matters disclosed.

Print name: Jason Brewer

Date: 5 June 2015

Quarterly Report

Name of entity

INTERNATIONAL PETROLEUM LIMITED

ABN

76 118 108 615

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (3 months)
		\$US'000	\$US'000
1.1	Receipts from customers	84	84
1.2	Payments for		
	(a) staff costs	(229)	(229)
	(b) advertising and marketing	-	-
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(381)	(381)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	1
1.5	Income taxes paid	-	-
1.6	Other (provide details if material)		
	(a) business development	-	-
	(b) VAT/GST paid	(102)	(102)
Net operating cash flows		(627)	(627)

	Current quarter \$US'000	Year to date (3 months) \$US'000
1.7 Net operating cash flows (carried forward)	(627)	(627)
Cash flows related to investing activities		
1.8 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(12)	(12)
(e) other non-current assets	-	-
(f) exploration and evaluation expenditure	(634)	(634)
1.9 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)		
(a) performance bonds put in place	-	-
(b) performance bonds relinquished	-	-
(c) security for facilities put in place	-	-
(d) security for facilities relinquished	-	-
(e) cash subjected to restrictions	-	-
Net investing cash flows	(646)	(646)
1.13 Total operating and investing cash flows	(1,273)	(1,273)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc (net of costs)	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Interest and other costs of finance paid	(2)	(2)
1.20 Other (provide details if material)	-	-
Net financing cash flows	(2)	(2)
Net increase (decrease) in cash held	(1,275)	(1,275)
1.21 Cash at beginning of quarter/year to date	5,689	5,689
1.22 Exchange rate adjustments	(27)	(27)
1.23 Cash at end of quarter	4,387	4,387

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$US'000
1.24	Aggregate amount of payments to the parties included in item 1.2	37
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

US\$37,000 has been paid to directors during the quarter for the provision of their services as directors, all of which has been included within item 1.2 (e) within operating cash flows.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$US'000	Amount used \$US'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$US'000	Previous quarter \$US'000
4.1	Cash on hand and at bank	4,387	5,689
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		4,387	5,689

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A
5.2	Place of incorporation or registration	N/A
5.3	Consideration for acquisition or disposal	N/A
5.4	Total net assets	N/A
5.5	Nature of business	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to NSX.
- 2 This statement gives a true and fair view of the matters disclosed.

Print name: Jason Brewer

Date: 5 June 2015

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** NSX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.