

12 January 2016

Quarterly activities report for the quarter ending 30 September 2015

International Petroleum Limited (**NSX: IOP**) ("**International Petroleum**" or the "**Company**"), an oil and gas exploration company presents its activities report for the three months ending 30 September 2015.

UPDATE ON KEY ISSUES

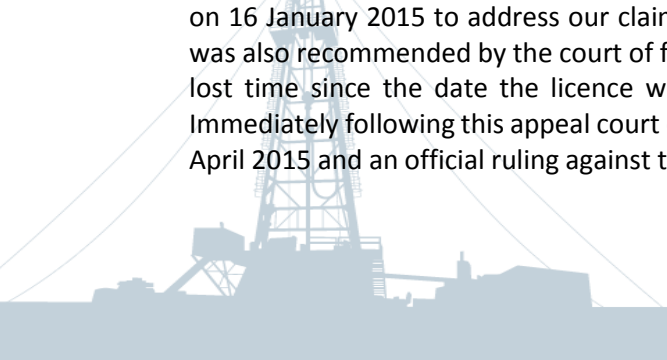
- US\$2,696k cash at bank at 30 September 2015
- Update on Niger project
- Update on Kazakhstan project
- Sale of Non-Core South African Assets
- NSX suspension from official quotation

CORPORATE**Niger project**

Due to the continuing threats to security along the Niger-Nigeria border and the Republic of Niger's declaration of the state of emergency in this region, including areas contained within the Company's exploration blocks, 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

On 4 August 2014, the Company 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the Republic of Kazakhstan (formerly the Ministry of Oil and Gas) ("ME") that its rights to the Alakol licence had been withdrawn by ME unilaterally.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of first instance that the licence expiry date be extended to account for lost time since the date the licence was withdrawn.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. Immediately following this appeal court decision, the Company submitted a cessation appeal against it on 28 April 2015 and an official ruling against this was issued on 10 June 2015. The Company maintains its position



and is currently reviewing its strategy which includes an option to pursue the last remaining legal channel available. The Company has one year from 10 June 2015 to submit its appeal to the Supreme Court.

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 Company is currently in the process of negotiating a settlement with Nkwe and hopes to have a resolution in the coming weeks.

NSX suspension from official quotation

At the Company's request the Company's shares have been suspended from trading on the NSX since 27 March 2013. The Company is currently working towards meeting its reporting obligations and will apply to the NSX and request that trading resume in due course. An announcement will be sent to shareholders once the trading suspension is lifted.

Yours faithfully

Tony Sage
Non-Executive Chairman

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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 2015

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	41	204
1.2	Payments for		
	(a) staff costs	(209)	(730)
	(b) advertising and marketing	-	-
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(527)	(1,368)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	1
1.5	Income taxes paid	-	(35)
1.6	Other (provide details if material)		
	(a) business development	-	-
	(b) VAT/GST received/(paid)	33	(43)
Net operating cash flows		(662)	(1,971)

	Current quarter \$US'000	Year to date (9 months) \$US'000
1.7 Net operating cash flows (carried forward)	(662)	(1,971)
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	-	(18)
(e) other non-current assets	-	-
(f) exploration and evaluation expenditure	(59)	(916)
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	(59)	(934)
1.13 Total operating and investing cash flows	(721)	(2,905)
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	-	(3)
1.20 Other (provide details if material)	-	-
Net financing cash flows	-	(3)
Net increase (decrease) in cash held	(721)	(2,908)
1.21 Cash at beginning of quarter/year to date	3,464	5,689
1.22 Exchange rate adjustments	(47)	(85)
1.23 Cash at end of quarter	2,696	2,696

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	26
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\$25,819 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 (a) 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	2,696	3,464
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		2,696	3,464

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: 12 January 2016

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.