

Corporate Office

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ASX Announcement
6 April 2010

IPO to remain in suspension pending appeal

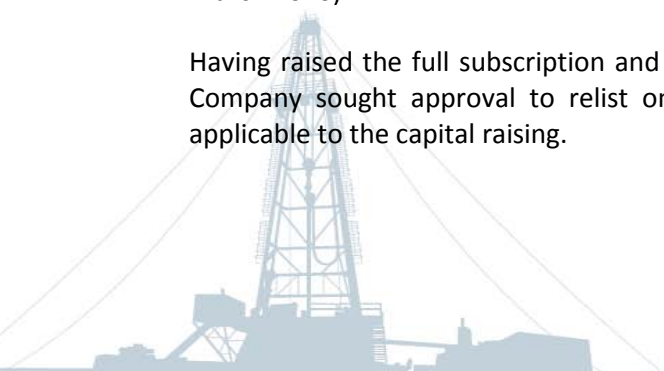
Key points:

- In October 2009, ASX reviewed a Notice of Meeting setting out IPO's acquisition of Eastern Petroleum,
- Shareholders overwhelmingly approved the acquisition at IPO's AGM in November 2009,
- IPO has provided approximately A\$5 million in funding to Eastern Petroleum post obtaining shareholder approval for the acquisition,
- Prospectus was lodged in February 2010 and closed fully subscribed (A\$30 million) subject to a long stop date of 18 March 2010,
- Some 5 months after becoming aware of the transaction and in an unprecedented decision, ASX has advised that it will not reinstate IPO's securities to quotation unless it announces to the market that it is not proceeding with the acquisition of Eastern Petroleum,
- ASX's decision based on its view that IPO will not comply with its continuous disclosure obligations post the transaction,
- IPO has appealed this decision, and has reserved its legal rights and retained Martin Bennett.

ASX listed International Petroleum Limited (**ASX: IPO**) ("**IPO**" or the "**Company**"), announced on 7 October 2009 that it had entered into a transaction valued at approximately A\$152 million to acquire private company, Eastern Petroleum Corporation Limited ("Eastern Petroleum"). Eastern Petroleum's wholly owned subsidiary operates and owns a 50% interest in subsurface use rights for the exploration of hydrocarbons in blocks in eastern and south eastern Kazakhstan covering approximately 32,000 square kilometres.

The Notice of Meeting that outlined the acquisition of Eastern Petroleum by the Company (the "Transaction") was reviewed by ASX in October 2009. Shareholders overwhelmingly approved the Transaction at the Company's AGM in November 2009. The Company lodged a prospectus with ASIC in February 2010 and has raised the maximum amount of A\$30 million through firm commitments from international institutions, which had a long stop date of 18 March 2010 (refer ASX Announcement dated 2 March 2010).

Having raised the full subscription and satisfied or waived other conditions to settle the Transaction, the Company sought approval to relist on ASX. The Company also informed ASX of the long stop date applicable to the capital raising.



ASX has now advised the Company that ASX will not admit IPO to admission and quotation if it completes the Transaction and IPO's securities will not be reinstated to quotation until it announces to the market that it is not proceeding with the Transaction. ASX's decision, as advised to the Company, stems from its concerns over the influence that Mr Frank Timis, as a substantial shareholder and non executive director, will have on the Company's ability to comply with its continuous disclosure obligations post the Transaction, with disregard to the other directors and officers of the Company.

Prior to the Company receiving ASX's decision, it provided to ASX a number of additional undertakings in relation to the conduct of the Company, particularly in relation to corporate governance. The Company has specifically advised ASX that it will form a continuous disclosure committee, of which Mr Timis will not be a member, and that Mr Timis will not be responsible for determining if an announcement will be required or approving an announcement for release.

Attached herewith is a response the Company provided to ASX on 1 April 2010 which indicates the lengths the Company has undertaken to comply with its continuous disclosure obligations since receipt of the ASX decision.

The A\$30 million firm commitments received pursuant to the prospectus are from leading UK based institutions with their own compliance departments and corporate governance guidelines, and are an indication of the support from institutional investors as to Mr Timis' involvement with the Company post completion of the Transaction.

The Company is of the view that ASX does not have the discretion or the authority to make this decision and has appealed ASX's decision on that basis. The Company has also reserved all rights that it may have against ASX, and has retained Martin Bennett to act on its behalf.

The Company is currently considering the full impact of ASX's decision and will advise shareholders as more information becomes available. The Board appreciates shareholders' patience during this time.

Yours faithfully

International Petroleum Limited

Tony Sage
Executive Chairman

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1 April 2010

Elizabeth Harris
Senior Advisor, Issuers (Perth)
ASX Market Supervision Pty Ltd
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Elizabeth

RE: RESPONSE TO INTERNATIONAL PETROLEUM LIMITED – ASX QUERY

I refer to your letter dated 1 April 2010 requesting a response from the Company regarding a decision by ASX that it would not admit the Company to admission and quotation following the proposed acquisition of Eastern Petroleum Corporation Limited (the “Decision”).

In response to your questions we advise as follows:

1. *Does the Company believe that the Information (or any part of it) is material to the Company?*

Yes (refer to point 4 below).

2. *When did the Company become aware of the Information?*

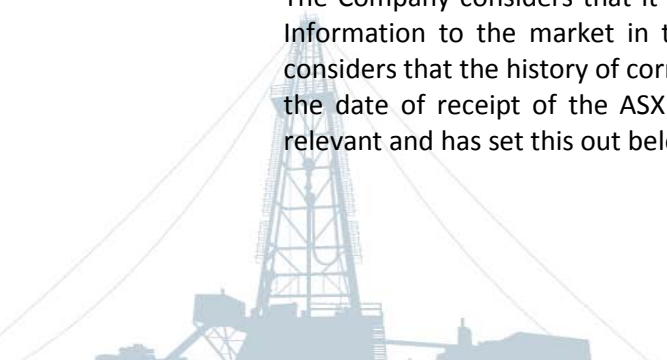
The Company’s legal representative received correspondence from the ASX at approximately 1.27pm (WST) on 26 March 2010, which was immediately relayed to the Company.

3. *If the answer to question 1 is “no”, please advise the basis on which the Company does not consider the information to be material?*

Not applicable given our response to Question 1.

4. *If the answer to question 1 is “yes” why has no disclosure been made to the market about the information, notwithstanding ASX’s requests on a number of occasions that the disclosure of the information be made immediately? Please comment specifically on the application of Listing Rule 3.1 and the exceptions to the rule in Listing Rule 3.1A.*

The Company considers that it has attempted to disclose the Information and the impact of that Information to the market in the most timely manner available. In this regard, the Company considers that the history of correspondence and dialogue between the Company and ASX between the date of receipt of the ASX letter (after close of trade on 26 March 2010) and today to be relevant and has set this out below:



- (a) The Company lodged an announcement on the ASX platform on Sunday, 28 March 2010, which was prior to the market opening on the first trading day following receipt of the Decision by the Company (**First Announcement**);
- (b) Prior to open of trade on 29 March 2010, ASX phoned the lawyers for the Company and advised that they would not release the First Announcement as they considered the reference to the Company and ASX being in “discussions” was inaccurate despite the Company lodging an appeal and sending a letter to ASX attempting to address ASX’s concerns culminating in the Decision, to ASX on Sunday 29 March 2010. In that conversation ASX was not certain what the announcement should contain as the lawyers confirmed that the announcement would NOT be stating that the transaction was not proceeding, which was the requirement under the ASX Letter. ASX took this point on board and stated that they would consider this issue and revert back to the lawyers and the Company on the form the announcement should take;
- (c) By the end of trade on Monday 29 March 2010, neither the Company nor its lawyers had received confirmation from ASX on the required content of the announcement considering the announcement would not be stating that the transaction was not proceeding. The Company’s lawyers contacted ASX on the evening of 29 March 2010 and referred to the fact that ASX was to revert to the Company on this issue and the Company was still waiting for guidance and clarity on this issue;
- (d) On the afternoon of 30 March 2010, ASX phoned the Company’s lawyers and advised that the announcement for the Company (and Global Iron Limited, which received a similar decision from ASX) should refer to the Decision and the Company’s decision to appeal and that would form the basis for the reinstatement of the Company securities back into trade. The Company’s lawyer queried this as it was in contrast to the ASX letter which clearly stated *“IPO’s securities will not be reinstated to quotation until it announces to the market that it is not proceeding with the proposed acquisition of Eastern Petroleum”*. There was a discussion with ASX in respect of this and ASX stated that they would need to check this and revert to the Company which was not done until approximately 3.30pm (WST) at which time ASX confirmed that IPO would not go back into trading until it announced it was not proceeding with the transaction and ASX had still not formed its view as to whether IPO would have sufficient assets to go back into trade following termination of the transaction. Until this time, the Company (and it would appear ASX) was uncertain of the form or context of the announcement that should be made. ASX requested that the next draft of the announcement be provided to them for review rather than releasing straight to the platform;
- (e) On the evening of 30 March 2010 (following confirmation of the required content of the announcement from ASX that afternoon), the Company, through its lawyers, requested in writing clarification from ASX on a number of points to ensure the announcement that they released comprehensively addressed the concerns and requirements of shareholders.
- (f) ASX advised the Company on 31 March 2010 at 10.15am (WST) that it required an announcement to be released and although it would respond to the questions posed, it

would not do so prior to the release of the announcement. To date, the Company has still not received responses to the queries that the Company asked of ASX;

- (g) In response to ASX's request for an announcement, the Company, through its lawyers, responded to ASX's letter at 2.20pm (WST) on 31 March 2010 and set out that both IPO and GFE recognised their continuous disclosure obligations and had sought responses to the questions posed to ASX to enable them to update shareholders of IPO and GFE fully of the Decision and how that decision impacted on the shareholders of those Companies. With that letter the Company provided ASX with a draft announcement (**Second Announcement**). The Company advised that the board was still waiting for approval of the Second Announcement from the Chairman who was travelling;
- (h) ASX advised at approximately 4.30pm (WST) on 31 March 2010 that it required a couple of amendments to the Second Announcement;
- (i) The Company again conveyed in writing to ASX today, 1 April 2010 that the board had considered the Second Announcement (including the amendments requested by ASX) and formed the view that it did not contain sufficient information for shareholders particularly in respect of the appeal and due to ASX not responding to the queries asked of it, the Company was seeking further information from its barrister in the appeal. The Company advised ASX that the comprehensive announcement including the Information and the impact of that Information would be released to the market prior to the next trading day; and
- (j) ASX was advised that between the lodgement of the initial announcement with ASX (on Sunday 28 March 2010) and today, the Chairman of the Company was travelling and not available at all times for discussion and review of announcements, causing some delay with approvals. Considering the unprecedented decision, it was deemed essential that he be comfortable with the release made to be made to the market. Despite this, at least 2 announcements were provided to ASX.

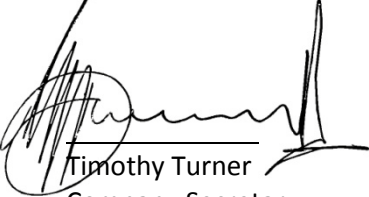
5. *Please confirm that the Company is in compliance with Listing Rule 3.1.*

Based on the comments in point 4 above and in particular the fact that:

- (a) ASX was unsure of the required content of the announcement until 30 March 2010;
- (b) the Company has provided 2 draft announcements to ASX for review; and
- (c) the Company requested additional information from ASX to allow the Company to comprehensively and fully advise its shareholders on this unprecedented decision but did not receive any response to those queries and accordingly the Company has had to seek clarification from its barrister,

International Petroleum Limited believes it is in compliance with Listing Rule 3.1.

Yours faithfully
International Petroleum Limited

A handwritten signature in black ink, appearing to read 'Timothy Turner', written over a horizontal line. The signature is stylized with a large initial 'T' and a long, sweeping tail.

Timothy Turner
Company Secretary