



IPB

IPB PETROLEUM LTD
(ABN 52 137 387 350)



QUARTERLY REPORT & APPENDIX 5B

DECEMBER 2014

Date: 30 January 2015

30 January 2015

(ASX CODE: IPB)

DECEMBER 2014 QUARTERLY REPORT

SUMMARY OF KEY EVENTS FOR THE QUARTER

The Pryderi-1 exploration well in WA-424-P (IPB 75%) was drilled incident free, with only residual hydrocarbons being encountered.

IPB received notice from CalEnergy (Operator of WA-424-P) of their intention not to remain on the WA-424-P permit title from the commencement of permit year 4, being 13 April 2015.

CalEnergy also advised of their intention not to exercise an option with IPB to gain a 25% interest in the WA-471-P permit.

Activities associated with the technical and commercial assessment of potential new acreage and business development opportunities continued.

The Company completed an expenditure review resulting in expected material cost savings whilst still supporting an appropriate level of ongoing activity.

Since Quarter End

IPB appointed Mr Martin Warwick as Company Secretary replacing Ms Lee Anne Harris.

ACTIVITIES - PERMITS

WA-424-P Permit (IPB 75%, CalEnergy 25% and Operator)

Pryderi-1 Exploration Well

During the quarter the Pryderi-1 exploration well in WA-424-P (IPB 75%, CalEnergy 25% and Operator) was drilled incident free to a total depth of 694m (RT) in 12.25" hole using the Stena Clyde Semi-Submersible drill rig. The well was logged before being plugged and abandoned having failed to find moveable hydrocarbons.

IPB conducted a detailed analysis and evaluation of the well results and was able to achieve a good post well correlation between the seismic signature of the interpreted Pryderi channel and the processed well log data.

As a result the Company's view is that the interpreted Pryderi channel contained only residual hydrocarbons within a reservoir facies, which exhibited low resistivity measurements, and increased background gas readings whilst drilling. In summary while no moveable hydrocarbons were encountered, and IPB has concluded that oil and gas has migrated through the permit at the Pryderi location.

Future CalEnergy Participation

During the quarter IPB also received notice from CalEnergy (25% working interest and Operator of WA-424-P) that it does not intend to remain on the WA-424-P permit title from the commencement of permit year 4, beginning 13 April 2015.

Gwydion Discovery and Mathonwy Prospect- Review

Following the Pryderi-1 result and consistent with its pre-drill strategy, IPB commenced a review of the permit's existing Gwydion oil discovery and adjacent Mathonwy prospect.

By way of background, Gwydion-1 (WA-424-P) was drilled by BHP in 1995. It encountered 14m of gas in a glauconitic reservoir over 10m of oil in a good quality sandstone reservoir, with 30deg API oil recovered to surface in an RFT. Gwydion's oil water contact as measured in the well is below the interpreted seismic structural spill point.

Following the analysis of the results at Pryderi-1 it is now considered that 3D seismic within the permit provides good predictability for gas, but less so for oil.

IPB has attributed 12 MMBBLS (P50 in place), or 5.5 MMBBLS contingent resources (C2) to Gwydion in conformance with the interpreted structural closure. However if it can be demonstrated that the oil leg at Gwydion is actually deeper than the structural spill point interpreted from the 3D seismic data, then there is the possibility of significantly larger volumes of oil than those currently attributed to the Gwydion discovery, and potentially Mathonwy.

This review is being conducted to support a possible future farm out, or further exploration, appraisal and if successful possible development of the discovered accumulation at Gwydion.

The current permit year 4 work programme consists of studies and a new 500km² seismic survey. It is IPB's intention to apply for a variation to this proposed work programme prior to entry into this permit year at 100% working interest as Operator.

WA-471-P (IPB 100%) and WA-485-P (IPB 100%)

During the quarter the Company continued to progress discussions with seismic contractors in relation to the acquisition of a potential new 3D seismic survey in both WA-485-P and WA-471-P during the first half of 2015.

New Ventures Activities

During the quarter, IPB submitted bids for potential new permits with government authorities.

The Company subsequently learned that it had been unsuccessful in one of its applications being for a new exploration permit in the offshore Taranaki Basin, New Zealand. The company is yet to hear of its success or otherwise in relation to its other bids.

ACTIVITIES – CORPORATE AND FINANCIAL

As at 31 December 2014 the Company held \$2.48 million in cash, slightly ahead of its internal budgets. (For further details please refer to the attached Appendix 5B)

As part of its normal internal financial planning IPB commenced a review of its costs and projected expenditure for the coming twelve months.

Taking into account the Pryderi-1 well result, changes to investor and industry sentiment and the consequential implications on future funding options to support ongoing activity, the Company commenced a cost saving initiative that has so far reduced its average expected monthly cash costs by around 25%, whilst still supporting an appropriate level of ongoing activity.

Since Quarter End

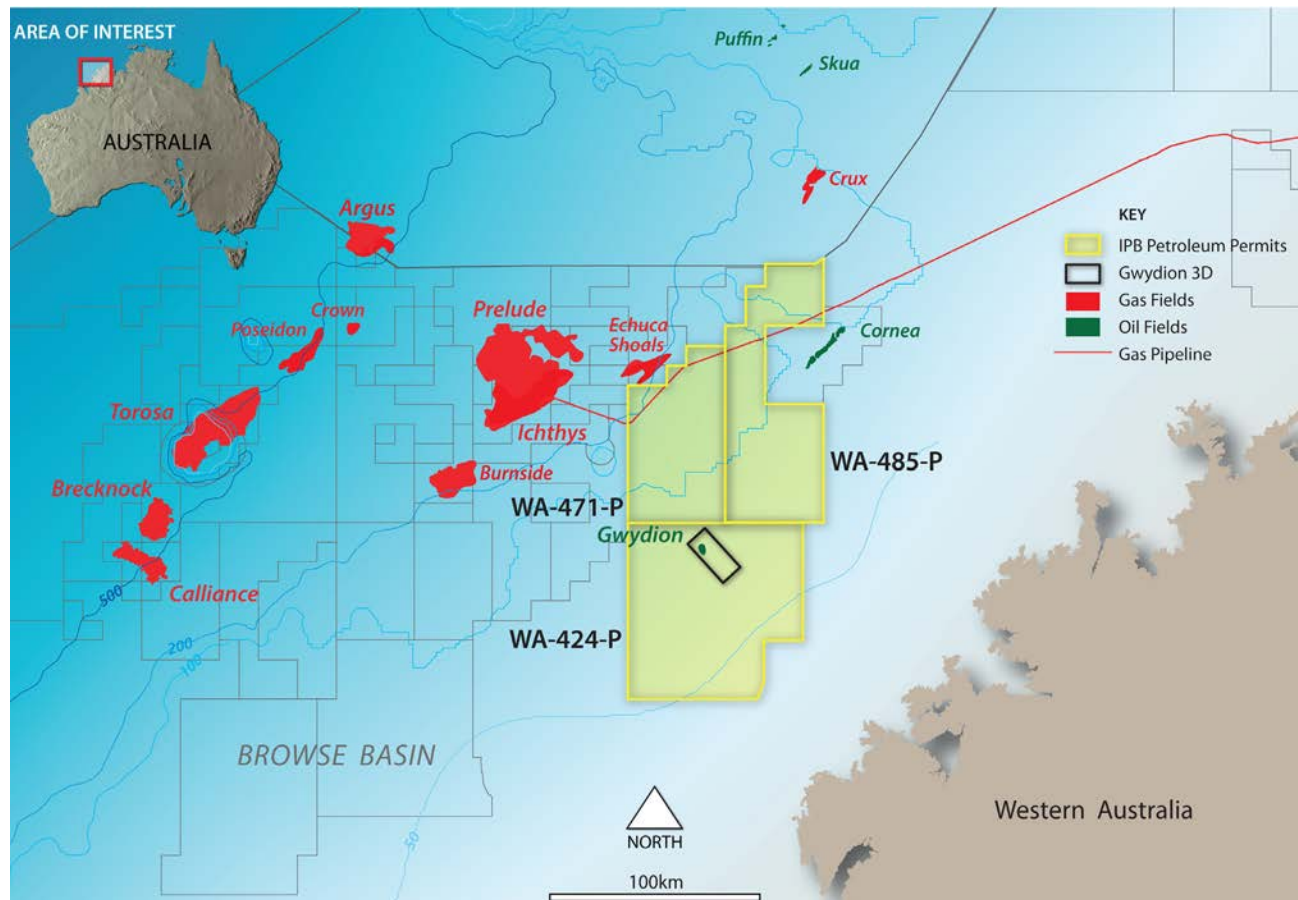
IPB appointed Mr Martin Warwick as Company Secretary of IPB Petroleum Limited and its subsidiaries following the resignation of Ms Lee Anne Harris.

Brendan Brown
Managing Director

For further information contact Brendan Brown, Managing Director +61 3 9598 0188 or admin@ipbpet.com.au

About IPB Petroleum

IPB Petroleum is an Australian conventional oil exploration company that has built a strategic position in what it believes to be a potential new oil fairway along the south margin of the Browse Basin offshore North West Australia.



IPB Petroleum Permits Browse Basin Offshore North West Australia

IMPORTANT NOTICE: RESOURCES

The resources evaluation of petroleum permits is subject to uncertainty because it involves judgments on many parameters that cannot be precisely assessed and which may change as new information becomes available.

Prospective Resources are estimated quantities of petroleum that may be potentially recovered by the application of future development project(s) that relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration and appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

All resources quantities contained in this report have been independently estimated by ISIS Petroleum Consultants Pty Ltd (ISIS) for and on behalf of IPB Petroleum Ltd. Further the resources quantities contained within this presentation have been prepared in full compliance and adherence to The Society of Petroleum Engineers Guidelines for the application of the Petroleum Resources Management System (SPE-PRMS). The qualification of the ISIS persons who prepared the resources estimates for and on behalf of IPB Petroleum Ltd and contained within this presentation are as follows: Dr Douglas Gillies holds a BSc and a PhD in Geology. He is a member of the Society of Petroleum Engineers (SPE) and has over 25 years' experience in the petroleum industry in Europe, USA, FSU, Middle East, Asia and Australia; Mr Richard Carter holds a BAppSc (Geophysics), and a Graduate Diploma in Applied Physics (Geophysics). He has 18 years' experience in petroleum exploration and development and a further 6 years as a full time independent investor in the Australian oil and gas industry. He worked as a Senior Geophysicist with BHP Petroleum for 14 years; Mr Werner Ribul holds a MSc in Petroleum Engineering. He has over 24 years of petroleum and reservoir engineering experience with specific focus on recovery optimisation opportunities, reserves determination and classification. Dr. Enrique Carballido is the Chief Operating Officer of ISIS. He holds a Bachelors degree in Geological Engineering and a Ph.D. in Geology. He has over 20 years of exploration, appraisal and development experience in the petroleum industry in the, USA, FSU, Asia and Australia, including 17 years with Shell. For further information, including assumptions, limitations and qualifications relating to the estimation of resources contained within this presentation, please refer to the Independent Technical Expert's Report by ISIS in IPB's Prospectus dated 1 March 2013, and IPB's ASX Release "IPB gains additional prospective resources from WA-485-P" dated 27 May 2013 available on the Company website www.ipbpet.com.au.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

IPB PETROLEUM LIMITED

ABN

52 137 387 350

Quarter ended ("Current Quarter")

31 DECEMBER 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current Quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related Debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(298) - - (428)	(495) - - (948)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	0	57
Net Operating Cash Flows	(718)	(1374)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (6)	- - (6)
1.9 Proceeds from sale of: (a) prospect (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(6)	(6)
1.13 Total operating and investing cash flows (carried forward)	(724)	(1380)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(724)	(1380)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,132	1,132
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	1,132	1,132
	Net increase (decrease) in cash held	408	(248)
1.20	Cash at beginning of quarter/year to date	2,076	2,732
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2484	2,484

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 \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	187
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Executive Director salaries and Non-executive Director fees paid

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

None

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

During the quarter, CalEnergy drilled the Pryderi-1 exploration well in WA-424-P (IPB 75% working interest) at 100% cost to CalEnergy (25% working interest) in satisfaction of their obligations under the Farmin Agreement between the parties. IPB's estimate of outlays by CalEnergy associated with this activity during the quarter are approximately \$16.7 million

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	N/A
3.2 Credit standby arrangements	Nil	N/A

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
4.3 Production	-
4.4 Administration	335
Total	485

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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,484	2,076
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,484	2,076

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	No change		
6.2	Interests in mining tenements acquired or increased	No change		

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	None			
7.2 Changes during quarter	N/A			
7.3 +Ordinary securities	113,668,586	56,776,008	Not required	Fully paid
7.4 Changes during quarter	3,726,375	3,726,375	\$0.32	Fully paid
7.5 +Convertible debt securities <i>(description)</i>	None			
7.6 Changes during quarter	N/A			
7.7 Options <i>Employee Options –</i>	None			
7.8 Issued during quarter	No change			
7.9 Exercised during quarter	No change			
7.10 Expired during quarter	No change			
7.11 Debentures	None			
7.12 Unsecured notes	None			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date:
 (Director)

Print name: Brendan Brown

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 "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the

+ See chapter 19 for defined terms.

entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.

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