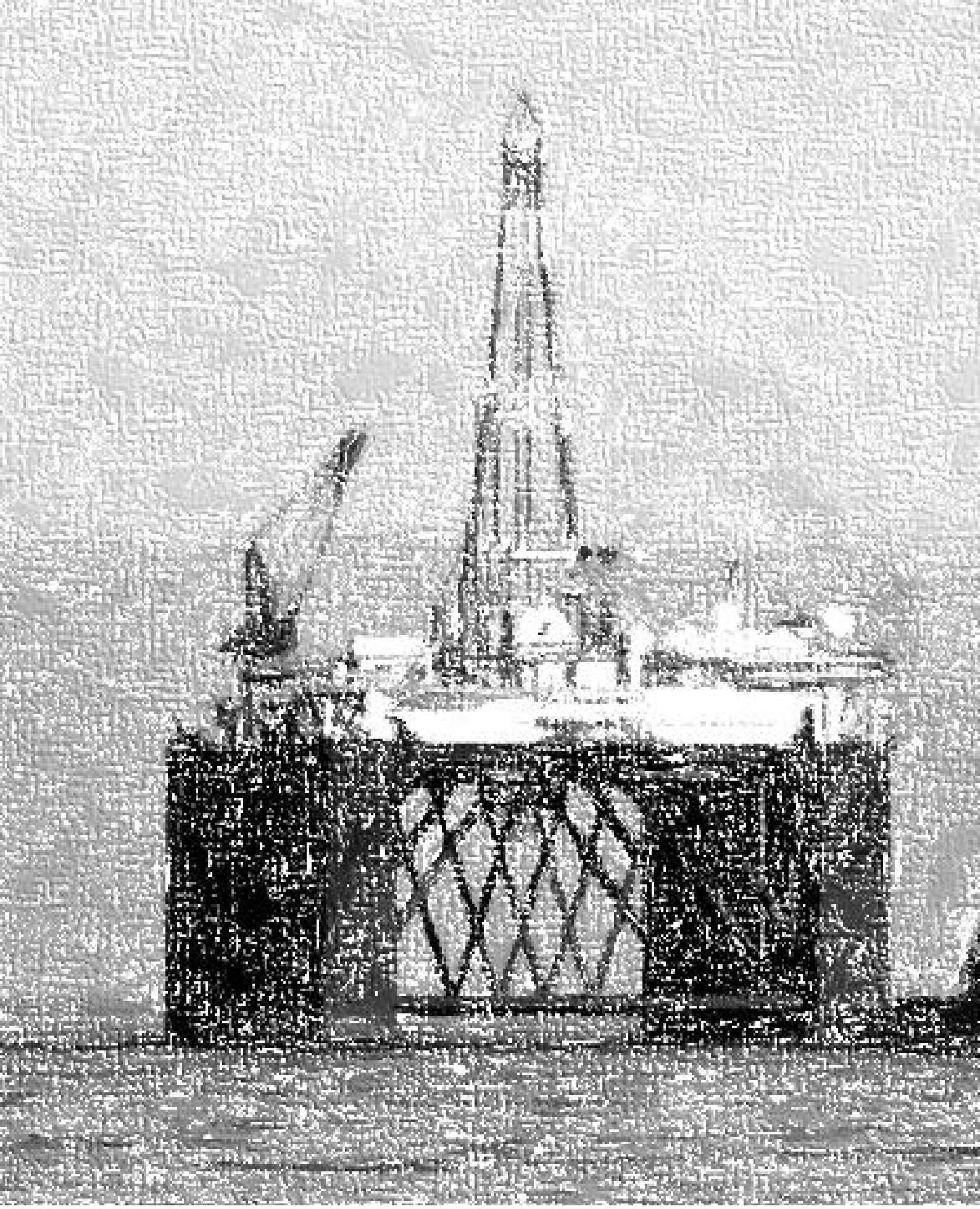


IPB PETROLEUM

ANNUAL REPORT 2016

ACN 137 387 350

COMPANY PROFILE

IPB Petroleum Limited (ACN 137 387 350) is an Australian oil and gas exploration company. IPB Petroleum has built a strategic position in what it believes to be in the oil prone southern margin of the Browse Basin offshore northwest Australia.

Our aim is to achieve superior returns for our shareholders, through successful exploration, appraisal and subsequent development of oil and gas assets.

ANNUAL GENERAL MEETING

The Annual General Meeting of IPB Petroleum will be held on:

10:00 am on Thursday, 17 November 2016

At the offices of:

Baker & McKenzie
Level 19, 181 William Street
Melbourne VIC 3000
Australia

This report meets our compliance and governance requirements, and is designed to provide easy to read information for shareholders on IPB Petroleum's performance for the year to 30 June 2016.

Front Cover:

Image from photo of Sedco 702 Drill Rig (Gwydion discovery 1995 BHP)

PGS's Pacific Explorer in Darwin ahead of Gwydion MC3D survey in IPB's WA-424-P (2011)

CONTENTS

Stena Clyde drilling Pryderi-1 exploration well (2014)

Chairman's Letter ..... *Page 3*

Managing Director's Overview ..... *Page 5*

Directors' Report ..... *Page 7*

Auditor's Independence Declaration ..... *Page 23*

Financial Report ..... *Page 24*

Financial Statements ..... *Page 25*

Notes to the Financial Statements ..... *Page 29*

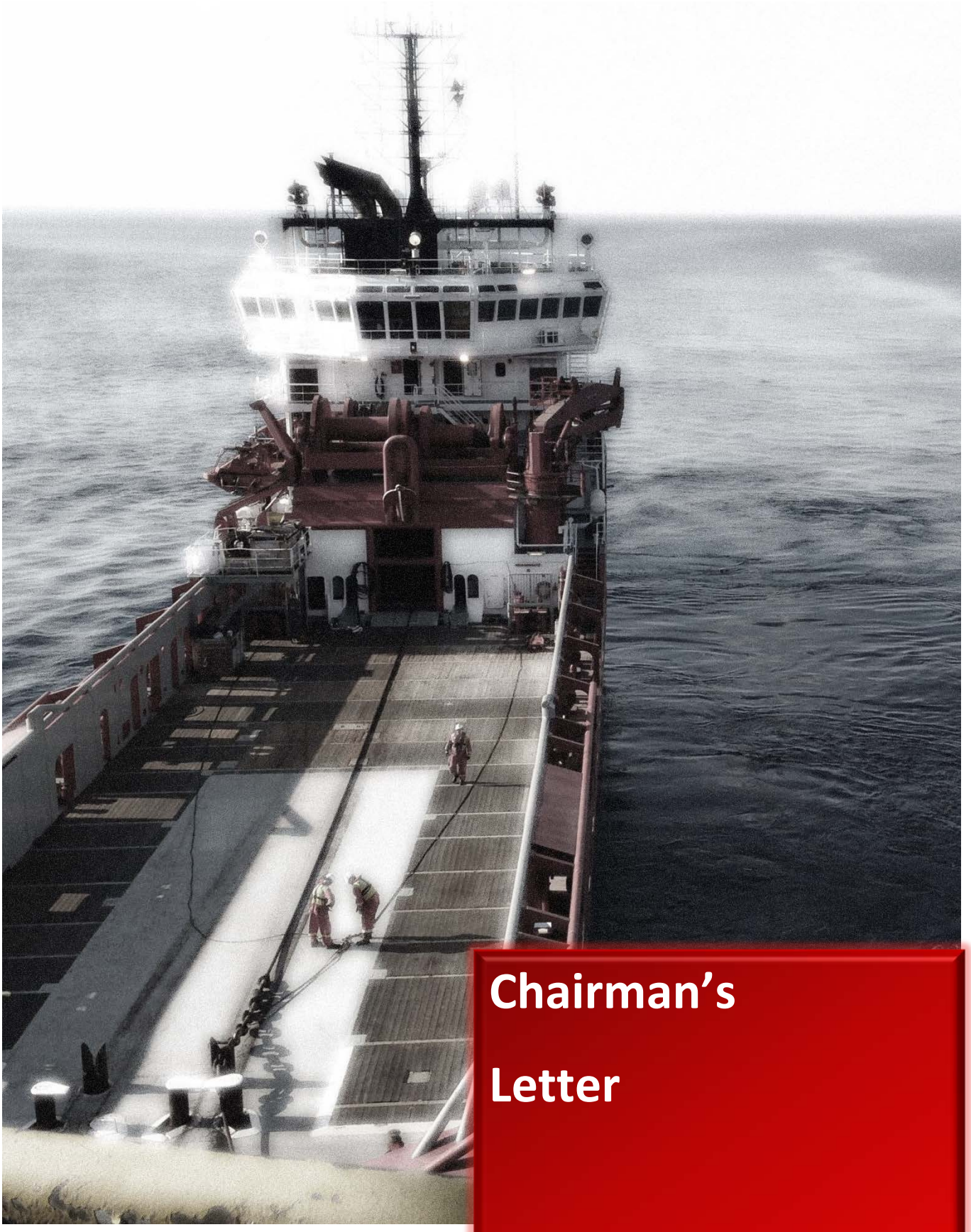
Directors Declaration ..... *Page 59*

Auditor's Report ..... *Page 61*

ASX Additional Information ..... *Page 63*

Glossary ..... *Page 67*

Corporate Directory ..... *Page 68*



Chairman's Letter

IPB Petroleum Limited
(ACN 137 387 350)
Level 1, 181 Bay Street
Brighton VIC 3186
Australia
Ph: +61 3 9598 0188
Fax: +61 3 9598 0199

4 August 2016

Dear Shareholder,

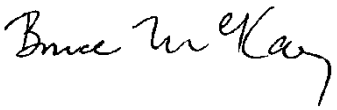
In a highly challenging industry environment over the last year, IPB Petroleum Limited ("IPB" or "the Company") has focused on a steady course to retain assets and preserve options which ultimately can deliver increased value to shareholders. The Board and management remain convinced that our three permits in the Browse Basin represent valuable assets warranting serious exploration and evaluation. However it is clear that IPB cannot fund the work programmes required to adequately appraise the permits and it has always been the Company's objective and strategy to attract an operating company with the financial and technical capacity to undertake and fund seismic and drilling in exchange for an equity share in the blocks.

Accordingly management with the support and assistance of the non-executive directors has actively pursued farm-out strategies not only for the Idris prospect in WA 424P but also for larger plays across all three permits including WA 471P and WA 485P. While the Company has received positive and constructive feedback on the opportunities from several significant oil companies, both domestic and international, we have not yet concluded a deal.

There appear to be signs emerging that the worst of the industry's recent malaise has passed and we believe that the fundamentals of global demand versus supply dictate that current oil prices are unsustainable in the long term. Nevertheless we must be prepared that recovery could be gradual and hence it is important that we seek to maintain our acreage position as long as possible as well as diligently constrain discretionary expenditure. The Company was successful in reaching agreement with Government for variations and/or deferrals of work programmes as well as significantly reducing costs in the business. The Company will continue to progress the farmout strategy as the best alternative for shareholder value but recognizes that if unsuccessful, other actions will be necessary.

Given the environment faced not only by IPB but also by the entire industry, shareholders can be confident that the Board and management have conscientiously exercised their duties and responsibilities to shareholders. I thank them for their contributions, sacrifices and counsel.

IPB remains optimistic that industry confidence will improve and we can achieve our objectives.



Bruce McKay
Non-Executive Chairman

Managing Directors Overview

"A year testing commitment, determination, and resourcefulness."

Recognising the substantial challenges facing the industry and the company, IPB Petroleum set itself four key objectives for the 2016 financial year:

- Complete the necessary technical and commercial work to support a farmout to drill an exploration well on the Idris prospect;
- Further reduce ongoing cash operating costs;
- Maintain the Browse Basin acreage position in good standing; and
- Farmout part of the Browse Basin acreage achieving commercial terms that are attractive to IPB Petroleum

The company successfully completed the first three of these objectives. In relation to a farmout, IPB Petroleum has made material progress, however the process has proved to be more lengthy than anticipated, and remains ongoing as at the date of this report.

Farmout

As mentioned by our Chairman, the farming out of our acreage for the funding of future work programmes forms part of the company's core strategy, and is an important milestone towards creating future shareholder wealth. It is also a path well-trodden by our peers, and one that has been successfully executed by IPB Petroleum in the past.

Progress

The company commenced its farmout process through an extensive yet targeted marketing of its acreage which focussed on the Idris prospect for drilling in WA-424-P. The aim being, to obtain sufficient funds for the drilling of an appraisal well (Idris-1) to test the interpreted existence of an up-dip extension to the Gwydion oil discovery. IPB Petroleum has estimated the cost of Idris-1 to be under US$15 million.

The technical work completed by the company has been very thorough as has been the commercial process for identifying a farm-in partner.

Despite a depressed industry environment, risk aversion, and lack of new funding available within and external to the industry, IPB Petroleum has received positive feedback from a number of interested parties.

Some of the discussions have revealed possible interest in more than one of IPB's permits. One potential success based scenario is that a farminee may fund a new seismic survey preferentially before the drilling of any future wells.

Next steps…

Although IPB's farmout process has taken longer than anticipated, the company maintains that this strategy, if successful, is the best way to create substantial shareholder value.

IPB Petroleum has received genuine interest in this regard, however there still remains many aspects to the process including potential farminee decision-making that are outside the control of the company.

This makes predicting the outcome and timing of a farmout difficult, but does not make it substantially any less valid.

Symptomatic of the lower oil price environment over the past 18 months, capital markets remain disinterested in supporting in a requisite and material way small exploration companies such as IPB.

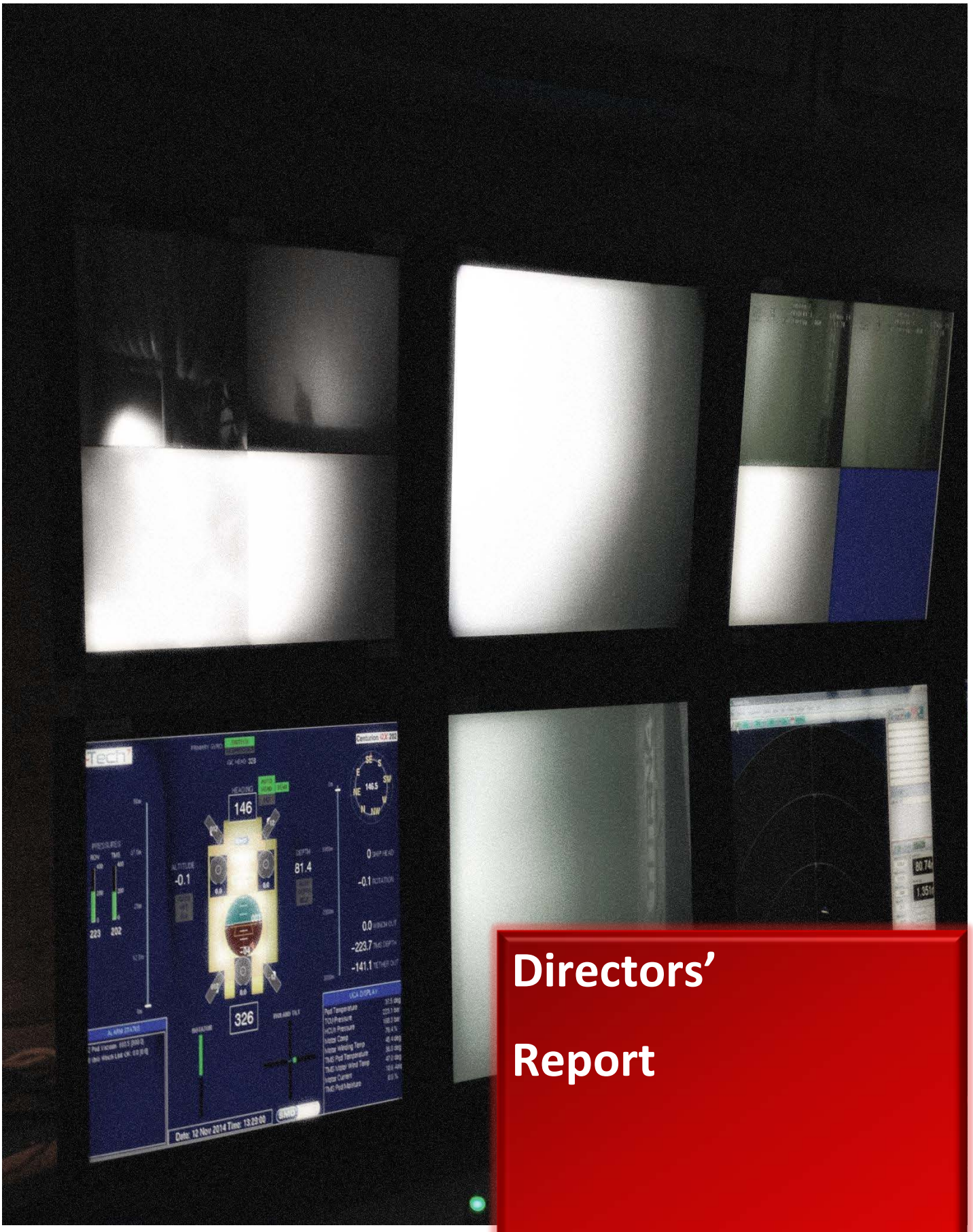
This has rendered the only source for ongoing funding of our business plan ahead of any successful potential farmout to be cost control and capital preservation.

IPB has been disciplined, pragmatic and resourceful in relation to managing its limited internal finances. I would like to thank all suppliers, consultants and Directors for their contribution in this regard.

These savings have allowed the Company to continue to support and maintain all three of its Browse Basin exploration permits, its corporate listing, and progress the stated farmout activities.

Brendan Brown

Managing Director



Directors' Report

The Directors present their report of IPB Petroleum Limited ('IPB Petroleum') and subsidiaries ('Group') for the Financial Year ended 30 June 2016 and the independent auditor's report thereon.

Board of Directors

The Board of Directors of the company ('Board') as at the end of the Financial Year and to the date of this report are:

Bruce G McKay

Non-Executive Chairman

Qualifications
BSc (Hons), FAICD, FIEAust

Experience and Expertise
Bruce McKay has over 40 years' experience in the oil and gas and resources industries. He commenced his career with Esso Australia where he worked for more than 23 years in exploration, operations and executive management in Australia and overseas. At the culmination of his career with Esso and Exxon affiliates, he held the positions of General Manager Production for Esso Australia and Chief Executive Officer of Delhi Petroleum. Subsequently he was Director of Personnel at Telstra and then was appointed Chief Executive and Head of School of the Australian Graduate School of Engineering Innovation in 1994. From 1996 to 2002 he was on the Board of Normandy Mining, then Australia's largest gold mining company. From 1997 to 2010 Bruce was Non-Executive Chairman of AWE Limited, which achieved considerable success with its growth from start-up to an ASX100 company. More recently he has been Non-executive Chairman of Epic Energy (gas pipelines), Digitalcore (technology services) and KUTh Energy (geothermal). He is currently chairman of ANU Enterprise and the Advisory Board of Management for the Australian School of Petroleum at Adelaide University. He is an Honorary Life Member of APPEA where he was Chairman between 1991-92. He is also a member of AAPG and PESA.

Directorships Held in Other Listed Entities

During the last four years, Bruce McKay was Non-Executive Chairman of KUTh Energy (until January 2014).

Brendan Brown

Managing Director

Qualifications
BSc, BE (Hons), MBA (Melb), F.Fin

Experience and Expertise
Brendan Brown has 25 years' experience in the oil and gas and finance industries. He commenced his career as an engineer with BHP Petroleum, where he was involved in various projects and operations including the Jabiru, Challis, Skua and Griffin oil field developments. He has also been a successful analyst and corporate adviser with ANZ Investment Bank. Prior to establishing IPB Petroleum in 2009, Mr Brown was General Manager Finance and Business Development at Nexus Energy where he was responsible for managing the group's corporate activities and financing functions and the negotiation and maintenance of its key commercial arrangements.

Directorships Held in Other Listed Entities

Brendan Brown has not been a Director of any other publicly listed companies in the past four (4) years.

Philip Smith

Technical Director

Qualifications

BSc Physics (Hons), MSc Geophysics, Grad Dip App Fin & Inv

Experience and Expertise

Philip Smith was appointed as the Technical Director in October 2010. He has over 30 years' experience working as an Exploration Geoscientist and commenced his career in London with Phillips Petroleum and Kufpec before coming to Australia to join Woodside Petroleum and then BHP Petroleum. Mr Smith's positions in his 15 years with BHP Petroleum were in senior technical and managerial roles, mainly involved in offshore basins around Australia. He was involved in oil and gas discoveries in Elang, Laminaria, Maple and Argus. Later he joined Nexus Energy where he was responsible for building the exploration portfolio and was involved in the Longtom and Crux appraisal and development projects.

Directorships Held in Other Listed Entities

Philip Smith has not been a Director of any other publicly listed companies in the past four (4) years.

Geoffrey King

Non-Executive Director

Qualifications

BSc (Hons),GAICD

Experience and Expertise

Geoffrey King was appointed to the Board in February 2013 as a Non-Executive Director and is also a member of the Audit Committee. He brings over 30 years' experience within the oil and gas industry, having commenced his career with Esso Australia. Mr King then joined BHP Petroleum where he held a number of management positions and was directly involved in oil and gas discoveries at Macedon, Pyrenees, Montara, Argus and Gwydion. He was the Vice President of Exploration Australia/Asia for four years with BHP Billiton and has experience in offshore basins around Australia. With his wealth of knowledge in the Australian market, Mr King also has experience in the oil and gas sector in the United States and South East Asia. He brings a particular insight into the area of exploration in the Browse Basin.

Directorships Held in Other Listed Entities

Mr King has not been a Director of any other publicly listed companies in the past four (4) years.

Brodrick Wray

Non-Executive Director

Qualifications

BE (Chem) SPE

Experience and Expertise

Brod joined Santos as a reservoir engineer in 1985 after graduating from Adelaide University and has worked for more than 28 years in engineering, commercial, executive management and consulting roles in the Energy Industry. After ten years in petroleum and reservoir engineering at Santos, Brod spent 5 years in a variety of commercial management roles in the electricity industry during the privatisation of the South Australian Electricity business before rejoining Santos in 2001 in gas marketing and undertook a number of different commercial roles, including Manager of LNG marketing during the evolution of Santos substantial LNG business. In 2008 Brod joined AWE Ltd as General Manager Commercial and Business and Development. Since 2012 he has been an independent consultant to the oil and gas industry. Brod is Chairman of IPB Petroleum's Audit Committee.

Directorships Held in Other Listed Entities

Brodrick Wray has not been a Director of any other publicly listed companies in the past four (4) years.

Table 1 displays the appointment and cessation dates as applicable of all directors who held office during the year.

Name	Role	Date of Appointment	Date of Cessation
Bruce McKay	Non-Executive Chairman	26 May 2014	-
Brendan Brown	Managing Director	28 May 2009	-
Philip Smith	Technical Director	5 October 2010	-
Geoffrey King	Non-Executive Director	5 February 2013	-
Brodrick Wray	Non-Executive Director	26 May 2014	-

Table 1 – Directors' dates of appointment and cessation

Company Secretary

Martin Warwick was appointed as Company Secretary on 29 January 2015. Martin is a professional Accountant and served as Company Secretary for Templeton Global Growth Fund Limited (ASX:TGG) for over 8 years until his appointment as Non- Executive Director of TGG in July 2014. Martin's credentials include being an Associate of the Governance Institute of Australia, and the Institute of Chartered Secretaries and Administrators and a Member of the Australian Institute of Company Directors.

Directors' Meetings

Table 2 below sets out the Board members who held office during the year and the Committees of the Board ('Committees'), as well as the corresponding number of meetings of the Board and Audit Committee held during 2016 and the number of meetings attended during each Director's period of office.

Director	Board		Audit Committee	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Bruce McKay	8	8	2	2
Brendan Brown	8	8	-	-
Philip Smith	8	8	-	-
Geoffrey King	8	8	2	2
Brodrick Wray	8	8	2	2

Table 2 – Directors' attendance at Board and Committee Meetings

Principal Activities

During the year, the principal activities of IPB Petroleum consisted of conventional hydrocarbon exploration and associated complementary activities in relation to its three exploration permits along the southern margin of the Browse Basin offshore northwest Australia.

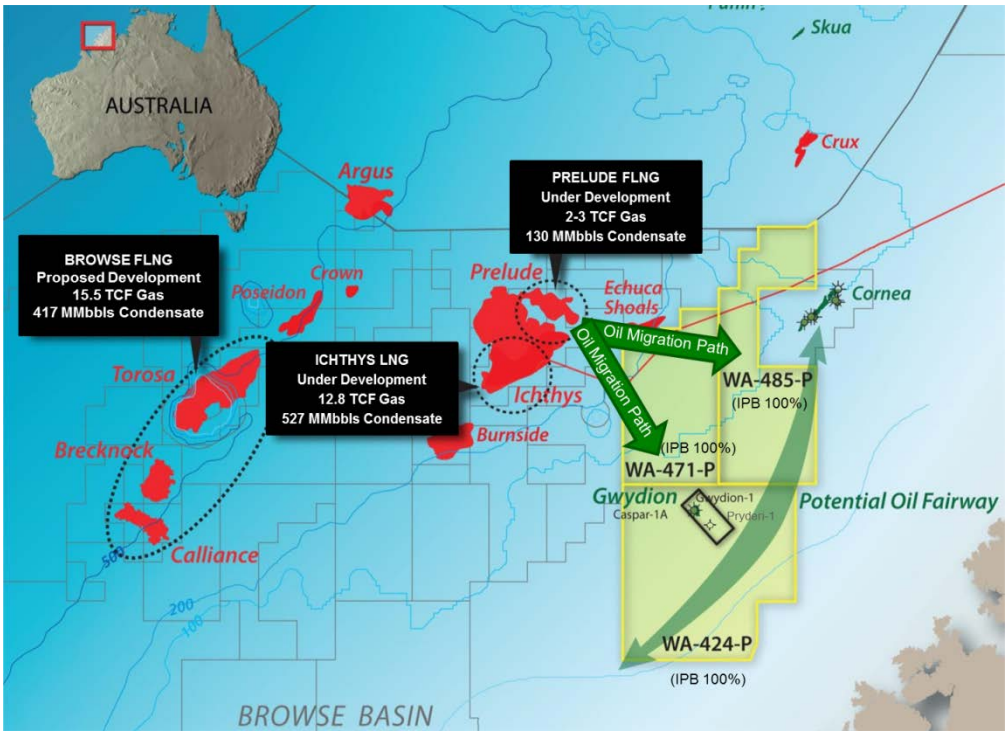


Figure 1 - IPB Petroleum's Permits in the Browse Basin offshore north west Australia

Table 3 shows IPB Petroleum's current working interest in each of its Permits.

Exploration Permit	IPB Petroleum's Interest
WA-424-P	100% interest and Operator
WA-471-P	100% interest and Operator
WA-485-P	100% interest and Operator

Table 3 – IPB Petroleum's exploration permits and current working interest

Significant Changes in State of Affairs

The significant changes in the state of affairs of IPB Petroleum that occurred during the year are summarised as follows:

The company continued to reduce its operating costs in response to the funding challenges facing it and the rest of the industry.

As a result IPB Petroleum:

- Re-located its registered office and principal place of business to Level 1, 181 Bay Street, Brighton Victoria 3186.
- Re-negotiated Executive and Non-Executive remuneration and retention arrangements. (Refer Remuneration Report)

Review of Operations

Statement of Profit and Loss

As an exploration company, IPB Petroleum has no income generating assets, and accordingly the company's consolidated net profit/(loss) after income tax for the Financial Year ended 30 June 2016 was ($0.48 million) (2015: ($4.26 million)). The 2015 net (loss) included a write-off of $3.14 million of previously capitalised exploration and evaluation expenditure as a consequence of the unsuccessful Pryderi-1 exploration well in WA-424-P drilled in November 2014.

During the year, IPB Petroleum received other revenue of $53,342 (2015: $265,400), which consisted of reimbursements of $32,478 associated with tax incentives for research and development activities as well as interest income of $15,499.

IPB Petroleum incurs costs in performing its exploration, business development and company administration activities, which are either expensed or capitalised in accordance with the relevant Australian Accounting Standards.

Recurring expenses were reduced during the year to a total of $0.536 million (2015: $1.39 million) and were related to administration, depreciation, corporate and other non-capitalised exploration costs.

Statement of Financial Position

As at 30 June 2016, IPB Petroleum's financial position and capital structure reflects the nature of its activities. That is, no debt and two major asset classes being cash of $0.77 million (2015: $1.73 million) and capitalised exploration and evaluation expenditure of $4.38 million (2015: $3.94 million).

The net assets of the company have decreased over the 2016 Financial Year from $5.64 million at end June 2015 to $5.16 million as at end June 2016. The change in net assets of ($0.48) million is substantially explained as the net reduction in cash of $0.95 million (cash spent) less increase in capitalised exploration expenditure of $0.44 million, less cash received of $0.05 million from interest and tax incentive.

IPB Petroleum has accumulated losses of $10.14 million plus capitalised exploration costs of $4.38 million (largely expensed for taxation purposes) plus Petroleum Resource Rent Tax ('PRRT') credits of $10.41 million for which it has not recognised any future taxation benefits in its financial statements due to the company's early stage exploration status, with no commercial reserves.

Under the terms of grant by government, exploration permit holders such as IPB Petroleum are committed to complete minimum work programmes during the tenure of the permit unless varied by agreement with the relevant government authority. If a permit holder does not fulfil the agreed permit work programme the penalty for the company is potential forfeiture of the permit. As there are no financial penalties, the work commitment programmes are not recognised in the company's Financial Statements as a liability in accordance with the relevant accounting standards.

Further details of the work programmes relating to IPB Petroleum's three permits are included in the sections *"Operational Activities within IPB Petroleum's Exploration Permits"* and *'Future Developments Prospects and Business Strategies'.*

Operational Activities within IPB Petroleum's Exploration Permits

Exploration Permit WA-424-P (IPB Petroleum 100% and Operator)

During the year IPB Petroleum completed the Idris-1 design rationale document, detailing basic design and costings for the proposed Idris-1 well and approximate location in WA-424-P. Final costings support a most likely well cost of under US $15m.

3D seismic inversion and imaging studies were also completed on and around the Idris prospect. The outcome of this work did not provide any new or substantive information more than what the Company has been able to-date to extract from its 3D dataset.

This work did however support IPB Petroleum's prior analysis that gas is highly visible within facies at the shallow reservoir depths, and there is extremely good conformance of the observed gas cap with the structural closure at the Gwydion oil discovery and that the measured oil leg in the well is below structure and therefore stratigraphically trapped in a larger accumulation.

IPB Petroleum also completed further internal study work on assessing the potential for upside within a broader area within this permit and on Amplitude versus Offset (AVO) analysis within its WA-424-P Gwydion MC 3D dataset.

Permit Work Programme:

The remaining work commitment programme from 1 July 2016 for WA-424-P on a 100% permit basis is detailed in Table 4 below:

Term*	Year of Permit	Permit Year Start Date	Permit Year End Date	Remaining Minimum Work Required	Indicative Expenditure A$
Secondary	Year 5	Current	12 April, 2017	Geotechnical Studies	200,000
Secondary	Year 6	13 April, 2017	12 April, 2018	1 Exploration Well Geotechnical Studies	14,000,000 200,000

Table 4 : WA-424-P (IPB 100% and Operator) Secondary Term Work Programme

*Note: Only the first three years (Primary Term) of the six (6) year permit grant are part of the committed work programme. A permit can be relinquished by the holder at the end of Year 3 and then at the end of each subsequent year (in the Secondary Term).

If the permit holders do not comply with the work programme and are not able to agree with the relevant government authority to a modification of the work programme, then the subject permit would lapse. If a permit does lapse the holders of the permit do not have any ongoing liability for expenditure or work programme in respect of the lapsed permit.

Exploration Permit WA-471-P (IPB Petroleum 100%) and **WA-485-P** (IPB Petroleum 100%)

During the year IPB Petroleum continued with further geological study work on its permits centred on additional follow up potential to that identified with the Idris prospect in WA-424-P.

Specifically the company has focussed on the integration of the interpretation of existing 2D seismic data within IPB's 3 permits into the Company's Gwydion MC 3D dataset in the WA-424-P permit.

IPB Petroleum has also continued to develop dialogues with a number of seismic contractors in relation to a future potential seismic survey covering these permits and more broadly including its WA-424-P permit.

During the reporting period the company applied for and received approval from the Commonwealth – Western Australia Joint Authority for a 12 month Suspension and corresponding Extension for both WA-485-P and WA-471-P permit work programmes.

The remaining work commitment programme from 1 July 2016 for WA-471-P on a 100% permit basis is detailed as follows:

Term*	Year	Start	End	Minimum Work Requirements	Estimated Expenditure A$
Primary	Year 2	Current	3 May, 2017	600 km^2 3D Seismic Survey	7,500,000
Primary	Year 3	4 May, 2017	3 May, 2018	Geotechnical Studies 1 Exploration Well	500,000 15,000,000
Secondary	Year 4	4 May, 2018	3 May, 2019	Geotechnical Studies	200,000
Secondary	Year 5	4 May, 2019	3 May, 2020	1 Exploration Well Geotechnical Studies	15,000,000 200,000
Secondary	Year 6	4 May, 2020	3 May, 2021	Geotechnical Studies	200,000

Table 5: WA-471-P Work Programme (IPB 100% and Operator)

The remaining work commitment programme from 1 July 2016 for WA-485-P on a 100% permit basis is detailed as follows:

Term*	Year	Start	End	Minimum Work Requirements	Estimated Expenditure A$
Primary	Year 2	Current	13 May, 2017	900 km^2 New 3D Seismic Survey	7,500,000
Primary	Year 3	14 May, 2017	13 May, 2018	Geological & Geophysical Studies 2 Exploration Wells	250,000 24,000,000
Secondary	Year 4	14 May, 2018	13 May, 2019	Geological & Geophysical Studies 500 km^2 New 3D Seismic Survey	250,000 7,000,000
Secondary	Year 5	14 May, 2019	13 May, 2020	Geological & Geophysical Studies 1 Exploration Well	250,000 12,000,000
Secondary	Year 6	14 May, 2020	13 May, 2021	Geological & Geophysical Studies	250,000

Table 6 : WA-485-P Work Programme (IPB 100% and Operator)

*Note: Only the first three years (Primary Term) of the six year permit grant are part of the committed work programme. A permit can be relinquished by the holder at the end of Year 3 and then at the end of each subsequent year (in the Secondary Term).

If the permit holders do not comply with the work programme and are not able to agree with the relevant government authority to a modification of the work programme, then the subject permit would lapse. If a permit does lapse the holders of the permit do not have any ongoing liability for expenditure or work programme in respect of the lapsed permit.

Farmout Activities

In order to fund the proposed substantive future exploration activities within its three permits, IPB commenced a farmout process during the reporting period.

The Company marketed the opportunity widely in the first half of the reporting period including presentations during this year's Good Oil Conference and the 2015 AAPG ICE which was followed up at the 2016 APPEA Conference in June 2016.

Following a number of presentations and associated activities, and consistent with standard process, IPB Petroleum has provided data access to a small number of sufficiently interested parties to conduct more detailed due diligence in relation to a possible farm-in to potentially all three of its permits.

As at the date of this report these activities and associated discussions are ongoing.

Future Developments, Prospects and Business Strategies

Near Term Developments and Prospects

Given IPB Petroleum's limited internal financial resources, the company's near term objective is to achieve a farmout for funding of future exploration commitments within its three permits.

If the company is not able to achieve an acceptable farmout in the near term, given some of the positive feedback received to-date from potentially interested farminees, it may consider further delaying or extending such activity until such time as the external industry environment improves.

Further, if it cannot conclude a successful farmout, and/or secure sufficient funding, and cannot agree further extensions or variations to its permit work programmes with government, the company may consequently have to forfeit of relinquish its permits.

Business Strategy

IPB's Petroleum's aim is to achieve superior returns for its shareholders through the early entry, exploration and appraisal, and if successful development and production from its hydrocarbon assets. The company has oil discovered at Gwydion (BHP 1995) within its WA-424-P permit. IPB Petroleum's short to medium term aim is to achieve through a farmout the funding of future seismic and drilling activity within its permits to ultimately increase and convert contingent and prospective resources to reserves and thereby increase the commercial value of these assets.

As it relates to new opportunities (the company's now secondary focus), the strategy will be one of continuing to position itself with a high level of equity at the early stage of an oil and gas asset life cycle. It is here that IPB Petroleum believes that associated entry commitment costs may not be overly prohibitive, and in aiming to manage the commensurate greater risk (*Refer: Risks*), it is possible that the company can achieve substantial and superior economic returns for its shareholders.

A requirement of initial high equity is seen by the company as providing leverage to exploration upside in the event of success, while enabling potential funding of future work programmes through a potential farmout or monetisation of a portion of the initially high equity position. This was the strategy executed by IPB in relation to its WA-424-P permit, with the 2014 drilling of Pryderi-1 well funded by a farminee.

Risks

The company has identified certain business risks associated with its strategy and business plans. These risks are summarised as follows:

Funding risks

As an early stage exploration company a key risk for IPB Petroleum is the funding of future activities. Until sufficient exploration and development success is achieved and with it likely access to alternate forms of funding and positive sources of net cashflow, the company will continue to need to raise/or receive additional funds as and when it may be required from:

(i) further farmouts;
(ii) asset sales/divestments; or
(iii) new share issues.

IPB Petroleum will aim to utilize the most appropriate funding source at the most opportune time. It may also consider reducing certain commitments as another option in managing its overall working capital if funding is not available.

Key Person Retention Risks

There is a risk that given the company's limited financial resources and reduced remuneration arrangements for all Key Management Personnel, that the company may not be able to continue to retain the requisite or most suitable personnel to be able to execute on its business plans. The ability of the company to retain Key Management Personnel will be dependent on amongst other things, the ability of the company to provide market competitive remuneration.

IPB Petroleum may in the future have to consider supplemental ways of retaining and remunerating requisite Key Management Personnel in order to mitigate some of this risk.

Exploration risks

As an exploration company, IPB Petroleum may be unsuccessful with its exploration activities. Strategies to manage this type of risk include;

(i) completing as much technical work to de-risk exploration prospects as possible;
(ii) farming out interests to cover costs; and
(iii) achieving diversification through an exploration/ asset portfolio approach.

IPB Petroleum intends to continue to apply some or all of these risk mitigation strategies as and when appropriate. It is important to highlight that there is a level of material risk in certain activities, such as exploration drilling that cannot be reduced any further until that activity is undertaken.

Operational risks

Exploration activities carry numerous risks such as delays, interruptions, and potential changes to scale and scope that cannot always be fully mitigated. IPB Petroleum may experience operational delays in relation to any potential future seismic or drilling activity for example due to cyclonic weather related event or equipment failure and/or lack of availability. These risks can cause schedule and cost increases to the company's budgeted activities. One of the ways IPB has managed such risk in the past has been through obtaining a financial commitment from a farminee cover estimated costs plus contingencies before IPB would be required to provide further unbudgeted funding.

Environmental risks

Risks to operating schedules, such as delays to environmental approvals, could materially and adversely affect schedules and costs associated with the company's planned and future activities IPB Petroleum intends to comply at all times with all requisite environmental laws and regulations. Despite this there is always a possible risk that accidental environmental pollution could occur such that the company may be subject to substantial potential liability and the cost of any clean-up activities.

Counterparty and contractual risks

Contractual disputes with joint venture partners, operators and contractors can arise from time to time. When a venture partner does not act in the best commercial interests of the joint venture project or IPB Petroleum, it could have a material adverse effect on the company.

Permit commitments and tenure risks

The terms and conditions of the Permits held by IPB Petroleum require guaranteed annual work commitments to be completed. Whilst not a liability in terms of the relevant accounting standards and therefore not recordable in the company's Statement of Financial Position, a failure to meet a guaranteed work commitment may render a permit liable to be cancelled, unless an extension of time or waiver of the requirement is granted by government.

Dividends

The Directors' of the company do not recommend and have not declared or paid any dividend for the Financial Year ended 30 June 2016 (2015: zero).

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which, significantly affect the operations of the company, the results of those operations, or state of affairs of the company in future financial years.

Proceedings on Behalf of the Company

No person or entity has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the Financial Year.

Environmental Regulation

IPB Petroleum seeks to fully comply with its environmental obligations. Under environmental legislation there is a requirement that the operations activities within the company's permits obtain environmental approvals from NOPSEMA.

During the Financial Year, the company was not aware of any material breach of any particular or significant Commonwealth, State, Territory or other regulation in respect to environmental management.

Share Options

Unissued shares under option

At the date of this report, there are no outstanding options over unissued ordinary shares of IPB Petroleum Limited.

During or since the end of the reporting period no options were granted over unissued shares or interests in IPB Petroleum Limited or any controlled entity within the Group.

On the 1st of September 2015, the following share options issued under the Employee Option Plan lapsed unexercised:

Grant date	Exercise price	Number of shares under option
24 January 2014	$0.75	150,000

Indemnification of Directors and Officers

During the Financial Year, the company paid a premium in respect of a contract insuring the Directors of IPB Petroleum and the Company Secretary and of any related body corporate against any liability incurred as a Director or Company Secretary to the extent permitted by the Corporations Act 2001. In accordance with commercial practice, the insurance policy underwriter restricts disclosure of the terms of the policy. IPB Petroleum has not otherwise, during or since the end of the Financial Year indemnified or agreed to indemnify an officer or auditor of the company or any related body corporate against a liability incurred as an officer or auditor. During the period the amount paid for Directors and Officers insurance was $22,000.

Remuneration Report

The Directors of IPB Petroleum present this Remuneration Report for the Financial Year ended 30 June 2016 in accordance with Section 300A of the Corporations Act 2001. The information provided in this report has been audited as required by section 308 (3C) of the Corporations Act 2001. The Remuneration Report forms part of the Directors' Report.

IPB Petroleum is committed to delivering value for our shareholders. Ensuring we maintain a Director and Executive remuneration framework which aligns with this objective is a key priority for the Board.

The Remuneration Report sets out remuneration information pertaining to the company's Directors and Executives who are the key management personnel of the group for the purposes of the Corporations Act 2001 and the Australian Accounting Standards.

The Directors and Executives, being the key management personnel of the company, disclosed in the Remuneration Report that held office during the 30 June 2016 Financial Year are shown in Table 7 below.

Director	Position
Bruce McKay	Non-Executive Director and Chairman
Brendan Brown	Managing Director
Philip Smith	Technical Director
Geoffrey King	Non-Executive Director
Brodrick Wray	Non-Executive Director

Table 7 – IPB Petroleum Director's & Executives

The Remuneration Report is structured into the following sections:

1. Executive Remuneration Policy and Framework
2. Executive Directors' Remuneration and Employment Agreements
3. Executive Remuneration
4. Employee Option Plan
5. Remuneration and Performance
6. Remuneration for the Financial Year Ended 30 June 2016
7. Non-Executive Directors' Fees
8. Shareholdings

1. Executive Remuneration Policy and Framework

Remuneration Policy

IPB Petroleum aims to remunerate Executives fairly, responsibly and competitively for their contribution to the business. In line with this objective, IPB Petroleum's policy is to review Executive remuneration packages against comparable companies. Executive pay levels are determined on a combination of external benchmarks and an assessment of individual performance.

The key objective of the remuneration policy is to ensure IPB Petroleum:

- provides competitive remuneration and rewards which attract, retain and motivate Executives of the highest calibre within the resources of the company;
- aligns the interests of shareholders, employees and other stakeholders;
- establishes deliverables which are linked to an Executive's remuneration;
- benchmarks remuneration against appropriate industry groups and other listed entities; and
- complies with applicable legal and corporate governance requirements.

The remuneration policy is reviewed and approved annually by the Board and the company may use independent remuneration advisers for advice on Executive remuneration and Non-Executive Director fees. During the year, the company did not employ a remuneration consultant to provide recommendation in respect of the remuneration of the key management personnel.

2. Executive Directors' Remuneration and Employment Agreements

Managing Director – Brendan Brown

- Brendan Brown was appointed as Managing Director effective 1 October 2010. On 1 June 2015, the company and Mr Brown mutually agreed to 6 month's notice of termination of this prior engagement. The company subsequently executed a new engagement securing the services of Mr Brown, on a month to month basis as required from 1 December 2015. This agreement was mutually varied in April 2016 such that Mr Brown will provide his services on an as required basis summarised as follows:

- Base Remuneration of $1,675 per day plus GST
- Reimbursement for general expenses incurred in the performance of his duties
- No notice period

Technical Director – Philip Smith

- Philip Smith commenced as Technical Director effective 1 November 2010. On 1 June 2015, the company and Mr Smith mutually agreed to 6 months' notice of termination of this engagement. The company subsequently executed a new engagement securing the services of Mr Smith, on a month to month basis as required from 1 December 2015. This agreement was mutually varied in April 2016 such that Mr Smith will provide his services to the company as follows:

- Base Remuneration of $1,000 per month plus GST
- On an as required basis supplemental technical management services at $1,500 per day plus GST
- No notice period

3. Executive Remuneration

The Board may reward Executives through base salary increases, payment of cash bonuses, the issue of new shares or the issue of options under the company's Employee Option Plan (EOP) as described below. Any new shares or options to be issued to Executives that are also Directors of the company require shareholder approval prior to issue. All remuneration paid to Executives is valued at the cost to the company and expensed. New shares given to Executives are expensed as the difference between the market price of those shares and the amount paid by the Executive. Options are valued as prescribed by Australian Accounting Standard AASB 2.

The Board expects that the remuneration structure will result in the company being able to attract and retain the best Executives to run the company within the resources available to the company. It will also provide Executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, granting of options and other incentive payments are reviewed by the Board as part of the review of Executive remuneration. All bonuses, options and incentives will be linked to retention and/ or performance.

The Board can exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to prescribed outcomes and objectives.

There has been no performance linked component of remuneration paid to Key Management Personnel in the Financial Year ending 30 June 2016.

The company makes superannuation contributions for its employees and Directors as required by law.

4. Employee Option Plan

IPB Petroleum has an Employee Option Plan (EOP) for qualifying persons in order to motivate and reward them. The plan is open to qualifying employees and officers of IPB Petroleum.

Under the EOP, the Board may offer options to full or part-time employees or officers, including Directors of the company (subject to shareholder approval), which the Board determines should be entitled to participate in the EOP. Any options granted to eligible employees or officers will be free, unless the Board determines otherwise. The company will not apply for ASX quotation of any options issued under the EOP.

Any exercise price and life of the options will be set by the Board at its discretion. The Board may determine and specify at the time of grant of options:

i. the time periods or other conditions that must be satisfied before options are vested; and/or
ii. any exercise conditions that must be satisfied before options can be exercised.

Subject to the satisfaction of any applicable vesting and/or exercise conditions before options can be exercised, options are exercisable during the specified exercise period, or within six months of certain prescribed events such as retirement, death and permanent disability, by giving notice of the exercise to the IPB Petroleum and by paying the exercise price for the options exercised. Each option entitles the holder to subscribe for one share. The shares allotted upon exercise of the options will rank equally in all respects with all other issued ordinary shares of the company. The company will apply for official quotation on ASX of those shares after they are issued.

5. Remuneration and Performance

No performance linked components were included in the remuneration paid to key management personnel in the Financial Year ending 30 June 2016.

6. Remuneration for the Financial Year ended 30 June 2016

Details of the remuneration of key management personal of IPB Petroleum are shown in Table 8 and 9 below.

		Short term benefits	Post-employment benefits	Long term benefits	Equity settled share based payments	Total
Executive Directors		**$**	**$**	**$**	**$**	**$**
Brendan Brown Managing Director	2015 2016	342,500 300,573	18,784 7,826	- -	- -	361,284 308,399
Philip Smith Technical Director	2015 2016	288,818 193,296	35,000 14,583	- -	- -	323,818 207,879

Table 8 – Executive Director Remuneration

		Short term benefits	Post-employment benefits	Long term benefits	Equity settled share based payments	Total
Non – Executive Directors		**$**	**$**	**$**	**$**	**$**
Bruce McKay Non-Executive Chairman	2015 2016	70,350 46,968	- -	- -	- -	70,350 46,968
Brodrick Wray Non-Executive Director	2015 2016	36,450 24,612	- -	- -	- -	36,450 24,612
Geoffrey King Non-Executive Director	2015 2016	33,036 22,642	3,138 2,151	- -	- -	36,174 24,793

Table 9 – Non – Executive Director Remuneration

7. Non-Executive Directors' Fees

The amount of aggregate remuneration approved by shareholders and the fee structure is reviewed periodically by the Board against fees paid to Non-Executive Directors of comparable companies. Where appropriate the Board may secure independent advice regarding Non-Executive Directors remuneration when reviewing fees.

Each Director has entered into an agreement as to the terms of their appointment as a Director of IPB Petroleum and (other than the Managing Director and the Technical Director) receives remuneration as a Director, by way of a fee plus superannuation. Under such agreements current at the date of this report, there are no annual, long service leave, other termination entitlements or retirement benefits other than statutory superannuation. The Constitution and ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by members in a general meeting. An amount not exceeding the amount determined is then divided between the Non- Executive Directors as agreed. The company's Constitution stipulates the aggregate annual remuneration to $500,000 per year and IPB Petroleum has not sought to increase that amount.

Non-Executive Directors are encouraged by the Board to hold shares in the Company. No additional remuneration is paid to Directors for service on Board committees or on the Boards of wholly owned subsidiaries.

During the year all Non-Executive Directors severally and mutually agreed with the Company to reduce their monthly Director's Fees to $1,000 per month for each Non- Executive Director, and $1,500 per month for the Non-Executive Chairman. In addition, the Directors are entitled to be paid all travelling and other expenses they incur in attending to the company's affairs, including attending and returning from general meetings of the company or meetings of the Directors or of committees of the Directors.The aggregate remuneration of Directors, other than salaries paid to Executive Directors, was $96,373 in the year ended 30 June 2016.

The remuneration of Non-Executive Directors for the year ended 30 June 2016 is detailed in Table 9 of this report.

8. Shareholdings

KMP Shareholdings

The number of ordinary shares in IPB Petroleum held by each KMP of the Group during the Financial Year ending 30 June 2016 is as follows:

30 June 2015	Direct Balance at Beginning of Year	Indirect Balance at Beginning of Year	On market purchase (sale) of direct during the Year	On market purchase (sale) of indirect during the Year	Direct Balance at end of Year	Indirect Balance at End of Year
Bruce McKay	172,592	100,000	-	-	172,592	100,000
Brendan Brown	-	26,993,400	-	-		26,993,400
Philip Smith	26,394,737	50,000	-	-	26,394,737	50,000
Geoffrey King	-	100,000	-	-	-	100,000
Brodrick Wray	70,000	40,000	-	-	70,000	40,000
Totals	**26,637,329**	**27,283,400**	**-**	**-**	**26,637,329**	**27,283,400**

Table 10 – Ordinary Shares held by KMP

KMP Options and Rights Holdings

No KMP held options during the Financial Year ending 30 June 2016.

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

Auditor

In accordance with the provisions of the Corporations Act 2001 the Company's auditor, Pitcher Partners, continues in office.

Non-audit services – detail and schedule

The company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the company are important. The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

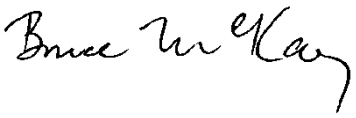
No non-audit services were provided by the auditor during or since the end of the year ended 30 June 2016.

Services provided by the Auditor during the year	$
Audit and review of financial reports	31,000
Non-audit Services	Nil
Total	**31,000**

Auditor's independence statement

A copy of the auditor's independence declaration for the Financial Year ended 30 June 2016 has been received as required under Section 307C of the Corporations Act 2001 and is included on page 27.

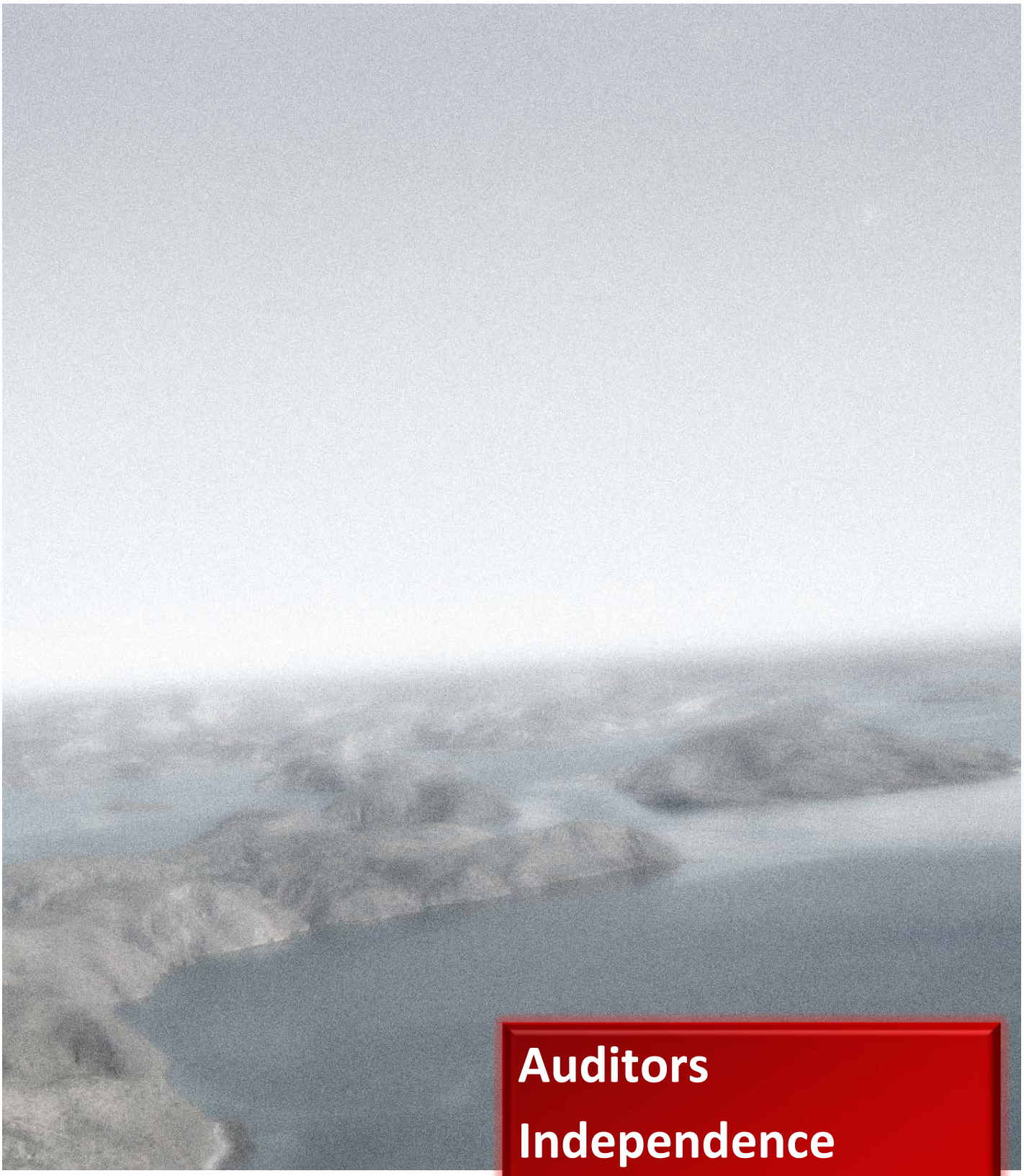
The Directors' Report is made in accordance with a resolution of the Board. On behalf of the Board :



Bruce McKay

Chairman

Dated at Melbourne this 4th day of August 2016.



Auditors Independence Declaration

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF IPB PETROLEUM LIMITED
ACN 137 387 350

In relation to the audit for the year ended 30 June 2016, to the best of my knowledge and belief there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

b) no contraventions of any applicable code of professional conduct.

This declaration is in respect of IPB Petroleum Limited and the entities it controlled during the financial year.

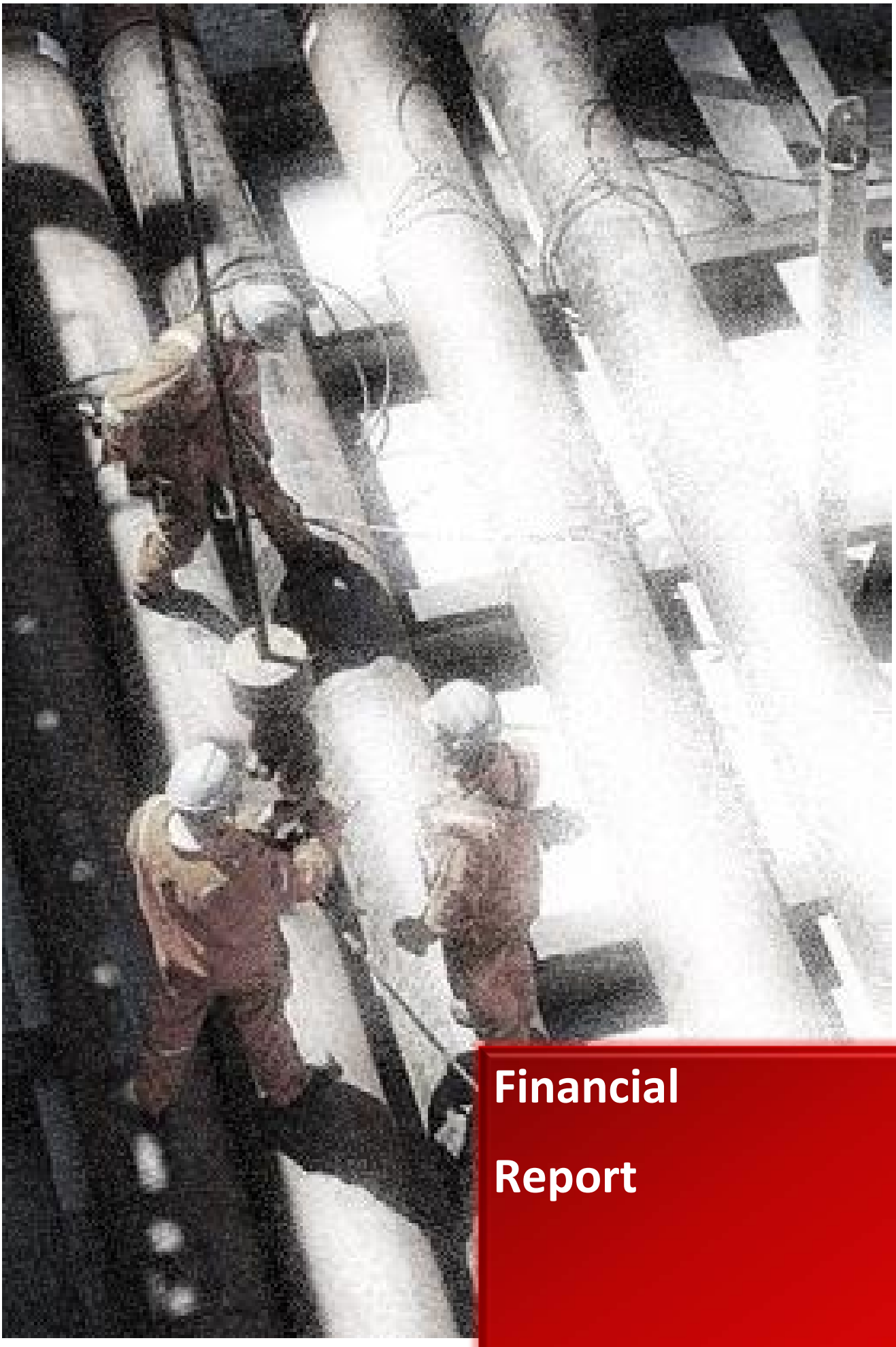
ROD SHANLEY
Partner

PITCHER PARTNERS
Sydney

3 August 2016

An independent New South Wales Partnership. ABN 35 415 759 892
Level 22 MLC Centre, 19 Martin Place, Sydney NSW 2000
Liability limited by a scheme approved under Professional Standards Legislation

Pitcher Partners is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane| Newcastle
An independent member of Baker Tilly International



Financial Report

IPB Petroleum Limited Consolidated
ACN 137 387 350
Statement of Profit or Loss and Other comprehensive income
FOR the YEAR ENDED 30 June 2016

	Note	2016	2015
		$	$
Continuing operations			
Revenue	3	-	-
Other income	3	53,342	265,400
Impairment of exploration and evaluation expenditure	13	-	(3,138,770)
Employee benefits and directors fees		(266,008)	(694,741)
Consulting & contractors		(36,078)	(79,259)
Legal, audit & accounting		(81,762)	(205,493)
Travel		(10,415)	(46,858)
Shareholder relations		(12,057)	(22,978)
Listing & filing fees		(17,488)	(73,328)
Occupancy		(59,543)	(47,955)
Depreciation and amortisation		(11,334)	(19,980)
Finance costs		(67)	(200)
Other expenses		(41,723)	(199,224)
Loss before income tax	4	(483,133)	(4,263,386)
Income Tax expense	5	-	-
Net Loss for the year	4	(483,133)	(4,263,386)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(483,133)	(4,263,386)
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	8	(0.004)	(0.04)
Diluted earnings per share (cents)	8	(0.004)	(0.04)

IPB Petroleum Limited Consolidated
ACN 137 387 350
Statement of Financial Position
As at 30 June 2016

	Note	2016	2015
		$	$
Current Assets			
Cash and Cash Equivalents	9	772,860	1,727,614
Trade and Other Receivables	11	17,737	52,575
Other Current Assets	12	20,600	27,817
Total Current Assets		811,197	1,808,006
Non-Current Assets			
Property, Plant and Equipment	14	5,806	21,741
Intangible Assets	15	4,947	4,947
Exploration & Evaluation Assets	13	4,383,252	3,938,794
Total Non-Current Assets		4,394,005	3,965,482
Total Assets		5,205,202	5,773,488
Current Liabilities			
Trade and Other Payables	16	46,467	53,708
Short Term Provisions	17	-	77,912
Total Current Liabilities		46,467	131,620
Total Liabilities		46,467	131,620
Net Assets		5,158,735	5,641,868
Equity			
Issued Capital	18	15,234,393	15,234,393
Reserves	21	62,327	62,327
Accumulated Losses	23	(10,137,985)	(9,654,852)
Total Equity		5,158,735	5,641,868

IPB Petroleum Limited Consolidated
ACN 137 387 350
Statement of Changes in Equity
For the Year ended 30 June 2016

	Notes	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2014		14,101,575	62,327	(5,391,466)	8,772,436
Comprehensive Income					
Loss for Year	4	-	-	(4,263,386)	(4,263,386)
Total Comprehensive Income for year		-	-	(4,263,386)	(4,263,386)
Transactions with owners, in their capacity as owners, and other transfers					
Proceeds from issues of shares (less transaction costs)		1,132,818	-	-	1,132,818
Total Transactions with owners and other transfers		1,132,818	-	-	1,132,818
Balance at 30 June 2015		15,234,393	62,327	(9,654,852)	5,641,868
Balance at 1 July 2015		15,234,393	62,327	(9,654,852)	5,641,868
Comprehensive Income					
Loss for Year	4	-	-	(483,133)	(483,133)
Total Comprehensive Income for year		-	-	(483,133)	(483,133)
Transactions with owners, in their capacity as owners, and other transfers					
Proceeds from issues of shares (less transaction costs)		-	-	-	-
Total Transactions with owners and other transfers		-	-	-	-
Balance at 30 June 2016		15,234,393	62,327	(10,137,985)	5,158,735

IPB Petroleum Limited Consolidated
ACN 137 387 350
Statement of Cash Flows
For the Year ended 30 June 2016

	Note	2016	2015
		$	$
Cash Flows from Operating Activities			
Receipts from customers		5,365	75
Government grant income		32,478	200,499
Payments to suppliers and employees		(565,695)	(1,523,614)
Interest received		15,499	64,826
Finance costs		(67)	(200)
Net Cash Outflow from Operating Activities	10	(512,420)	(1,258,413)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		-	(6,176)
Proceeds from sale of property, plant and equipment		2,124	-
Payments for exploration & evaluation expenditure		(444,458)	(872,795)
Net Cash Outflow from Investing Activities		(442,334)	(878,971)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	1,132,818
Net Cash Inflow from Financing Activities		-	1,132,818
Net Decrease in Cash Held		(954,754)	(1,004,566)
Cash and Cash Equivalents as at 1 July 2015		1,727,614	2,732,179
Cash and Cash Equivalents as at 30 June 2016		772,860	1,727,614

	Note	2016	2015
		$	$

These consolidated financial statements and notes represent those of IPB Petroleum Limited and Controlled Entities (the "consolidated group" or "group").

The separate financial statements of the parent entity, IPB Petroleum Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 4 August, 2016 by the directors of the company.

Going Concern

The financial report of the company has been prepared on a going concern basis. This basis has been applied because in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable over the next twelve months .

1. Summary of Significant Accounting Policies

a. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

b. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (IPB Petroleum Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 24.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

c. Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

	Note	2016	2015
		$	$

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

The Group has formed an income tax consolidated Group under the Tax Consolidation Regime from 3 October 2011. The tax consolidated Group has entered into a tax funding agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated Group. In addition, the agreement provides for the allocation of income tax liabilities between entities. In addition to its own current and deferred tax amounts, the Group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group. Assets or liabilities arising under the tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities the Group.

Petroleum Rent Resources Tax (PRRT)

Petroleum Resource Rent Tax (PRRT) is recognised as an income tax under AASB112 - Income Taxes. From 1 July 2012, the PRRT regime was extended to all Australian onshore oil and gas projects. Accounting for PRRT involves judging the impact of the combination of production licences into PRRT projects, the taxing point of projects, the measurement of the starting base of projects, the impact of farm-ins, the deductibility of expenditure and the impact of legislative amendments.

	Note	2016	2015
		$	$

A deferred tax asset is recognised in relation to the carry forward deductible PRRT expenditure of projects only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. At this stage the Group has no taxable profits and therefore does not recognise a deferred tax asset in the financial statements. The Group will determine the carry forward deductible PRRT expenditure of projects including augmentation on expenditure categories in the calculation of future taxable profit when assessing the extent to which a deferred tax asset should be recognised in the financial statements for future years. Deferred tax assets in respect of PRRT are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

d. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Office Equipment	25%
Furniture & Fittings	20%
Computer Equipment	50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

	Note	2016	2015
		$	$

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e. Exploration and Development Expenditures

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Expenditure settled by the farmee under the farm in arrangements is not recorded as expenditure (whether this would have been capitalised or expensed immediately) by the Group in its capacity as farmor.

f. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated Group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

g. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

	Note	2016	2015
		$	$

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

Impairment losses were recognised for exploration and evaluation expenditures in the prior year. Refer to Note 13.

h. Joint Operations

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

i. Intangibles

Computer Software

Computer software is recognised at cost on acquisition. Computer software costs have a finite life and are carried at cost less accumulated amortisation and any impairment losses. Computer software costs are amortised over their useful life on a straight-line basis of generally two years.

j. Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

	Note	2016 $	2015 $

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

k. Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave entitlements are recognised as provisions in the statement of financial position. The Group currently has no long service leave provision obligations.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

l. Reserves

Options Reserve

The options reserve is used to recognise the fair value of shares and other equity instruments issued to employees under the employee share and options plans.

	Note	2016	2015
		$	$

m. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

n. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

o. Revenue and Other Income

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

p. Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

q. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

r. Trade and Other Receivables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

	Note	2016	2015
		$	$

s. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

t. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

u. New and Amended Accounting Policies Adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from the related Amending Standards, from the mandatory application date of 1 January 2014:

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- Interpretation 21: Levies
- AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5: Amendments to Australian Accounting Standards – Investment Entities
- AASB 2014-1: Amendments to Australian Accounting Standards
  Part A of this Standard makes the following significant amendments:
  - revises/adds the definitions of the terms “market condition”, “performance condition” and “service condition” in AASB 2: Share-based Payment;
  - clarifies that contingent considerations arising in a business combination should be accounted for as items of equity or liability and not as provisions in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets;
  - requires additional disclosures when an entity aggregates its operating segments into one reportable segment in accordance with AASB 8: Operating Segments; and
  - includes an entity that provides key management personnel services (a “management entity”) to a reporting entity (or a parent of the reporting entity) within the definition of a “related party” in AASB 124: Related Party Disclosures.
  - This part also makes other editorial corrections to various Australian Accounting Standards. Refer to Note 22 Share Based Payments in the Group's financial statements.

	Note	2016	2015
		$	$

- Part B of this Standard permits an entity to recognise the amount of contributions from employees or third parties in a defined benefit plan as a reduction in service cost for the period in which the related service is rendered, if the amount of contributions is independent of the number of years of service. Since the Group has not accepted any contributions from either employees or third parties to date, this part does not impact its financial statements.
- Part C of this Standard deletes the reference to AASB 1031: Materiality in particular Australian Accounting Standards and does not impact the Group's financial statements.

v. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgements

Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related exploration permit itself or, if not, whether it successfully recovers the related hydrocarbon exploration and evaluation asset through sale. Factors that could affect the future recoverability include the level of economically recoverable reserves, future technological changes which could impact the cost of development, future legal changes (including changes to environmental and restoration obligations) and changes to commodity prices. To the extent that capitalised hydrocarbon exploration and evaluation expenditure is determined not to be recoverable in the future, financial results and net assets will be reduced during the financial period in which this determination is made.

In addition, hydrocarbon exploration and evaluation expenditure is carried forward on the basis that activities in the areas of interest have not at the end of the reporting period reached a stage that allows a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing. To the extent it is determined in the future this capitalised expenditure should be written off in the statement of comprehensive income, financial results and net assets will be reduced during the financial period in which this determination is made. Information on the reasonable existence or otherwise of economically recoverable reserves is progressively gained through geological analysis and interpretation, drilling activity and prospect evaluation during a normal permit term. A reasonable assessment of the existence or otherwise of economically recoverable reserves can generally only be made, therefore, at conclusion of those exploration and evaluation activities. The Group's accounting policy for exploration and evaluation expenditure is set out in Note 1(e). The carrying amount of hydrocarbon exploration and evaluation assets is disclosed in Note 13.

	Note	2016 $	2015 $

w. Share Based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share based payments would have no impact on the carrying amounts of the assets and liabilities within the next annual reporting period but may impact profit and loss and other comprehensive income.

x. Income Tax

The Group is subject to income taxes in Australia. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group Estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax balances in the financial period in which such determination is made.

The Group has not recognised a deferred tax asset with respect to the carried forward un-deducted expenditure.

Deferred tax assets not recognised

Deferred tax assets not recognised attributable to

Tax Losses	4,347,593	3,979,850
Temporary Differences	(1,225,983)	(1,012,924)
Total deferred tax assets not recognised	3,121,610	2,966,926

The above potential tax benefit, excluding deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

The taxation benefits of tax losses and temporary difference not brought to account will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the company continues to comply with the conditions for deductibility imposed by law; and
- no change in tax legislation adversely affects the company in realising the benefits from deducting the losses.

y. New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 2014-4: Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138) (applicable to annual reporting periods beginning on or after 1 July 2016).

  AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

	Note	2016	2015
		$	$

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The directors consider that the adoption of this standard is not expected to impact the Group's financial statements.

- AASB 9*: Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The directors consider that the adoption of AASB 9 is not expected to impact the Group's financial statements.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

  The directors consider that the adoption of AASB 15 is not expected to impact the Group's financial statements.

- AASB 1057 Application of Australian Accounting Standards (applicable to annual reporting periods commencing on or after 1 July 2016).

	Note	2016	2015
		$	$

This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible.

The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.

The directors consider that the adoption of this standard is not expected to impact the Group's financial statements.

- AASB 2015-2 Amendments to Australian Accounting Standards – Annual Improvements (applicable to annual reporting periods commencing on or after 1 July 2016).

  Principal amendment to AASB 119 Employee Benefits:

  Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.

  The directors consider that the adoption of this standard is not expected to impact the Group's financial statements.

- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative (applicable to annual reporting periods commencing on or after 1 July 2016).

  The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

  The directors consider that the adoption of this standard is not expected to impact the Group's financial statements.

- 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112] (applicable to annual reporting periods commencing on or after 1 July 2017).

  This Standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

  The directors consider that the adoption of this standard is not expected to impact the Group's financial statements.

- 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 (applicable to annual reporting periods commencing on or after 1 July 2017).

	Note	2016	2015
		$	$

This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The directors consider that the adoption of this standard is not expected to impact the Group's financial statements.

- IFRS 2 (Amendments) Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2] [AASB 136] (applicable to annual reporting periods commencing on or after 1 July 2018).

  This standard amends to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

  - The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
  - Share-based payment transactions with a net settlement feature for withholding tax obligations
  - A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled

  The directors consider that the adoption of this standard is not expected to impact the Group's financial statements.

	Note	2016 $	2015 $
2. Parent Information			
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.			
Statement of Financial Position			
Assets			
Current Assets		811,197	1,808,006
Non-Current Assets		4,394,005	3,965,484
Total Assets		5,205,202	5,773,490
Liabilities			
Current Liabilities		46,467	131,622
Total Liabilities		46,467	131,622
Net Assets		5,158,735	5,641,868
Equity			
Issued Capital	18	15,234,393	15,234,393
Reserves	21	62,327	62,327
Accumulated Losses	23	(10,137,985)	(9,654,852)
Total Equity		5,158,735	5,641,868
Statement of Profit or Loss and Other Comprehensive Income			
Total profit(loss)	4	(483,133)	(4,263,386)
Total Comprehensive Income		(483,133)	(4,263,386)

Guarantees
During the reporting period IPB Petroleum Limited did not enter into a deed of cross guarantee with any of its subsidiaries.

Contingent liabilities
At 30 June 2016, IPB Petroleum Limited had no contingent liabilities.

Contractual commitments
At 30 June 2016, IPB Petroleum Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment.

	Note	2016 $	2015 $
3. Revenue and Other Income			
Other Income			
Interest Received		15,499	64,826
Other Revenue		174	75
Government Grant Income		32,478	200,499
Foreign Currency Exchange Gain		686	-
Profit on Sale of Equipment		6,982	-
Loss on Disposal of Property, Plant & Equipment		(2,477)	-
		53,342	265,400
4. Loss for the Year			
Loss before income tax expense includes the following specific expenses:			
Charging as Expense			
Finance Costs		67	200
Depreciation			
- Office Furniture and Equipment		3,098	6,162
- Furniture and Fittings		2,329	2,614
- Computer Equipment		5,907	11,204
		11,334	19,980
Impairment			
Impairment - Exploration Expenditure		-	3,138,770
		-	3,138,770
Provisions			
- Employee Benefits		(77,914)	(47,505)
Remuneration of the Auditor			
- Audit &/or review of financial statements		31,000	29,500
- All other services		-	-
		31,000	29,500
Foreign Currency Translation Losses		-	3,918

	Note	2016 $	2015 $

5. Income Tax Expense

(a) The components of tax (expense)/income comprise:

Current Tax	-	-
Deferred Tax	-	-
Total	-	-

b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:

Prima Facie Tax on profit from ordinary activities at 30%	(144,940)	(1,279,016)
Add:		
Tax effect of:		
- Other Non Allowable Items	-	315
- Unused Income Tax Losses Not Taken Up as an Asset	144,940	1,278,701
Income tax attributable to entity	Nil	Nil
The applicable weighted average effective tax rates are as follows:	0%	0%

	Note	2016 $	2015 $

6. Key Management Personnel Compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2016.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

Short-term employee benefits	588,091	771,154
Post-employment benefits	24,560	56,922
Total KMP compensation	612,651	828,076

Total KMP compensation is larger than total employee benefits as it also includes directors' fees expense and also shows salaries and wages expenses that have been capitalised to the exploration and evaluation asset in accordance with AASB 6.

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

7. Dividends

No dividends were paid or proposed for the year.

Balance of franking account at year end	Nil	Nil

	Note	2016 $	2015 $
8. Earnings per Share			
(a) Reconciliation of earnings to profit or loss:			
Earnings used to calculate basic EPS		(483,133)	(4,263,386)
Earnings used in the calculation of dilutive EPS		(483,133)	(4,263,386)
		No.	**No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		113,668,586	112,423,058
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS		113,668,586	112,423,058
Antidilutive options on issue not used in dilutive EPS calculation		**-**	173,219

Potential Ordinary Shares

Options outstanding at the end of the Financial Year are considered to be potential ordinary shares and have been included in the determination of diluted (loss) per share to the extent to which they are dilutive. As the options were determined not to be dilutive the options have not been included in the determination of basic earnings/(loss) per share.

9. Cash and Cash Equivalents

Cash at bank and on hand	772,860	1,727,614
	772,860	1,727,614

The effective interest rate on short-term bank deposits was 1.383% (2015: 1.46%); these deposits are at call.

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and Cash Equivalents	772,860	1,727,614

	Note	2016 $	2015 $
10. Cash Flow Information			
Reconciliation of Cash Flow from Operations with Profit after Income Tax			
Loss after Income Tax		(483,133)	(4,263,386)
Non-Cash Flows in Profit:			
- Depreciation		11,334	19,980
- Impairment		-	3,138,770
- Share based payment expense		-	-
- Net Loss on Disposal of Property, Plant and Equipment		2,477	-
Changes in Assets and Liabilities:			
- Increase in Trade and Other Receivables		34,838	(20,178)
- Increase in Other Current Assets		7,217	-
- Decrease in Trade and Other Payables		(7,241)	(86,094)
- Decrease in Provisions		(77,912)	(47,505)
Cash outflow from Operating Activities		(512,420)	(1,258,413)

11. Trade and Other Receivables

Current		
GST Refundable	8,636	17,461
Payroll Tax Refundable	9,101	-
Rental Deposit	-	35,114
Total	17,737	52,575

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 11. The class of assets described as “trade and other receivables” is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has no significant credit risk exposures in Australia.

Collateral Held as Security

No collateral is held as security.

	Note	2016 $	2015 $

12. Other Assets

Current

Prepayments	20,600	27,817
	20,600	27,817

13. Evaluation & Exploration Assets

Exploration Expenditure		
- Exploration & Evaluation Phase	7,522,022	7,077,564
Less Accumulated Impairment Losses	(3,138,770)	(3,138,770)
Total	4,383,252	3,938,794

Exploration Expenditure

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of petroleum.

Capitalised costs amounting to $444,458 (2015: $872,796) have been included in cash flows from investing activities in the statement of cash flows.

Movements in Carrying Values

Movements in the carrying amounts for exploration permit between the beginning and the end of the current financial year:

Area of Interest	**WA-424-P** $	**WA-471-P** $	**WA-485-P** $	**Total** $
Balance as at 1 July 2014	4,660,834	479,664	1,064,270	6,204,768
Exploration and evaluation expenditure	554,507	202,669	115,620	872,796
Less Impairment Losses	(3,138,770)	-	-	(3,138,770)
Balance as at 30 June 2015	2,076,571	682,333	1,179,890	3,938,794
Balance as at 1 July 2015	2,076,571	682,333	1,179,890	3,938,794
Exploration and evaluation expenditure	331,458	62,611	50,389	444,458
Balance as at 30 June 2016	2,408,029	744,944	1,230,279	4,383,252
Cost	5,546,799	744,944	1,230,279	7,522,022
Less Accumulated Impairment Losses	(3,138,770)	-	-	(3,138,770)
Balance as at 30 June 2016	2,408,029	744,944	1,230,279	4,383,252

	Note	2016 $	2015 $

Impairment disclosures

Recoverability of the carrying amount of exploration, development and sale of petroleum assets is dependent on the successful exploration, development and sale of commercial hydrocarbons.

In 2015, as a result of the unsuccessful Pryderi-1 well that was drilled in WA-424-P during the half-year and the significant reduction in oil prices over the same period, the carrying value of the Exploration and Evaluation Assets was reviewed for impairment by the directors.

It was determined that all 2015 costs directly attributable to the Pryderi-1 well were to be written off. In addition a further 50% of the cost of seismic survey data obtained by the company in respect of WA-424-P has been attributed to the Pryderi prospect and written off. The remaining carrying value of the Exploration and Evaluation Assets in respect of permit WA-424-P represents 50% of the cost of acquisition of the seismic survey data and is attributed to the remaining non- Pryderi prospect area within the WA-424-P permit which also covers the existing Gwydion oil discovery. This write off recognises the reduction in the size of the area of interest within the seismic survey area acquired within the WA-424-P permit. The directors are of the view that the remaining carrying value is likely to be less than the replacement cost of such seismic survey data within the permit. The company continues to carry on exploration and evaluation within its WA-424-P, WA-471-P and WA-485-P permits.

The directors recognise that the carrying amount of the Group's non-cash assets is more than that implied by its market capitalisation. This has been considered in the context of a further potential impairment of these assets. As at the date of this report the directors continue to pursue activities so as to enable the company to realise future economic benefits from these assets and will continue to monitor market conditions so as to update their impairment assessment as required.

Capitalised costs written off amounting to $0 (2015: $3,138,770) have been included in the statement of profit or loss.

14. Property, Plant and Equipment

Plant and Equipment

Office Equipment	7,202	24,650
Less Accumulated Depreciation & Impairment	5,497	17,378
	1,705	7,272
Furniture & Fittings	-	13,011
Less Accumulated Depreciation & Impairment	-	8,551
		4,460
	-	
Computer Equipment	58,685	93,075
Less Accumulated Depreciation & Impairment	54,584	83,066
	4,101	10,009
Total	5,806	21,741

	Note	2016 $	2015 $

Movements in Carrying Values

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Total Plant & Equipment

Balance at 1 July	21,741	35,545
Additions	-	6,176
Disposals	(4,601)	-
Depreciation Expense	(11,334)	(19,980)
Balance as at 30 June	5,806	21,741

15. Intangible Assets

Non-Current

Formation Expenses	4,947	4,947
Net carrying amount	4,947	4,947

Formation Expenses

Balance at 1 July	4,947	3,517
Additions	-	1,430
Disposals	-	-
Balance as at 30 June	4,947	4,947

Intangible assets, other than goodwill, have finite useful lives.

The current amortisation charges for intangible assets are included as a tax deduction in the Groups income tax return.

16. Trade and Other Payables

Current

Unsecured Liabilities:		
Trade Payables	1,453	11,049
Sundry payables and accrued expenses	45,014	42,659
Total Trade and Other Payables	46,467	53,708

	Note	2016 $	2015 $
17. Provisions			
Current			
Provision for Employee Benefits		-	77,912
		-	77,912
Current Provision for Annual Leave			
Balance as at 1 July		77,912	125,419
Additional provisions		-	94,818
Unused amounts reversed		(77,912)	(142,325)
Balance as at 30 June		-	77,912

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

18. Issued Capital

113,668,586 (2015: 113,668,586) fully paid ordinary shares	15,234,393	15,234,393

The company has authorised share capital amounting to 113,668,586 ordinary shares.

Ordinary Shares	**No.**	**No.**
At the beginning of the reporting period	113,668,586	109,942,211
Shares issued during the year:		
- Nov 2014 Capital Raising	-	3,726,375
At the end of the reporting period	113,668,586	113,668,586

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	Note	2016 $	2015 $

Options

For information relating to the IPB Petroleum Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 22.
For information relating to share options issued to key management personnel during the financial year, refer to Note 22.

Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

19. Capital and Leasing Commitments

Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

Payable – minimum lease payments:		
- not later than 12 months	-	51,163
- between 12 months and 5 years	-	-
- later than 5 years	-	-
	-	51,163

The property lease was a non-cancellable lease with a 2-year term, with rent payable monthly in advance.

The lease expired during the year and was not renewed.

	Note	2016 $	2015 $

20. Operating Segments

Management has determined that the Group has one reportable segment, being Oil and Gas Exploration in Australia.

The Group's activities are therefore classified as one business segment.

21. Reserves

Options Reserve	62,327	62,327
	62,327	62,327
Employee Share Options Reserve		
Opening Balance for the year	62,327	62,327
Expensed During Year	-	-
	62,327	62,327

The option reserve records items recognised as expenses on valuation of employee share options.

22. Share-based Payments

(a) On 24 January 2014, a total of 300,000 share options were granted to specialist professional employees as part of their remuneration package to take up ordinary shares at an exercise price of $0.75 each. The options were fully vested and exercisable on or before 23 January 2016. The options held no voting or dividend rights and were not transferable.

The company established the IPB Petroleum Employee Option Plan (EOP) on 20 February 2013 as a long-term incentive scheme to recognise and attract valuable Executives and incentivise them for performance which results in long-term growth in shareholder value. Under the EOP options may be offered to full or part-time employees or officers of IPB Petroleum, including Directors of the company (subject to Shareholder approval), which the Board determines should be entitled to participate in the EOP. Any options granted to eligible employees or officers will be free, unless the Board determines otherwise.

Any vesting conditions, exercise price and life of the options will be set by the Board at its discretion. The Board may determine and specify at the time of grant of options:

i. the time periods or other conditions that must be satisfied before options are vested; and/or
ii. any exercise conditions that must be satisfied before options can be exercised.

Subject to the satisfaction of any applicable vesting and/or exercise conditions before options can be exercised, options are exercisable during the specified exercise period, or within 6 months of certain prescribed events such as retirement, death and permanent disability, by giving notice of the exercise to the company and by paying the exercise price for the options exercised. Each option entitles the holder to subscribe for one share. The Shares allotted upon exercise of the options will rank equally in all respects with all other issued ordinary shares of the company. The company applied for official quotation on ASX of those shares after they were issued.

	Note	2016 $	2015 $

A summary of the movements of all company options issues is as follows:

	Number	Weighted Average Exercise Price $
Options outstanding as at 1 July 2014	300,000	$0.75
Granted	-	-
Exercised	-	-
Expired	150,000	$0.75
Options outstanding as at 30 June 2015	150,000	$0.75
Options outstanding as at 1 July 2015	150,000	$0.75
Granted	-	-
Forfeited	-	-
Exercised	-	-
Expired	150,000	$0.75
Options outstanding as at 30 June 2016	-	-

During the year 150,000 employee options with an exercise price of $0.7500 lapsed, having not been exercised within 60 days of cessation of employment of the recipient in accordance with the terms of there issue.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was Nil (2015: Nil). This is included under other expenses in the Statement of Profit or Loss.

23. Accumulated Losses

Accumulated Losses at the Beginning of the Financial Year	(9,654,852)	(5,391,466)
Less		
Net loss attributable to members of the company	(483,133)	(4,263,386)
Accumulated Loss at the End of the Financial Year	(10,137,985)	(9,654,852)

	Note	2016 $	2015 $

24. Interests in Subsidiaries

Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group	
		2016 %	2015 %
IPB WA 424P Pty Ltd	Level 1, 181 Bay Street Brighton VIC 3186	100	100
IPB Browse Pty Ltd	Level 1, 181 Bay Street Brighton VIC 3186	100	100
IPB West Pty Ltd	Level 1, 181 Bay Street Brighton VIC 3186	100	100
IPB Exploration Pty Ltd	Level 1, 181 Bay Street Brighton VIC 3186	100	100
IPB Operations Pty Ltd	Level 1, 181 Bay Street Brighton VIC 3186	100	100
IPB Development Pty Ltd	Level 1, 181 Bay Street Brighton VIC 3186	100	100
IPB Offshore Pty Ltd	Level 1, 181 Bay Street Brighton VIC 3186	100	100

25. Related Party Transactions

There were no related party transactions.

a. The Group's related parties are as follows:

i. Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 6: Key Management Personnel Compensation.

	Note	2016 $	2015 $

ii. Entities subject to significant influence by the Group

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

The ultimate parent entity and its subsidiaries did not exert significant influence over any associate entities during the 2016 or 2015 years.

iii. Joint Venture entities accounted for under the equity method

The Group does not have any joint ventures which are accounted for under the equity method.

iv. Joint Arrangements

The Group does not have any joint arrangements which are accounted for under the proportional consolidation method..

v. Other related parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

b. Transactions with related parties

There were no transactions with related parties during the year.

26. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable, accounts payable and loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

Financial assets			
Cash and cash equivalents	9	772,860	1,727,614
Trade and other receivables at amortised cost	11	17,737	52,575
Total financial assets		790,597	1,780,189
Financial liabilities			
Trade and other payables at amortised cost	16	46,467	53,708
Total financial liabilities		46,467	53,708

	Note	2016	2015
		$	$

Financial Risk Management Policies

The Board is responsible for, among other issues, managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, liquidity risk and interest rate risk.

The Board's overall risk management strategy seeks to assist the consolidated Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk related to balances with banks and other financial institutions is managed by the Board in accordance with company policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA—.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts. The Group manages this risk through the maintenance of rolling cash flow forecasts.

All financial assets and liabilities of the Group are current and are able to be settled or realised within 12 months.

(c) Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the Group to interest rate risk are cash and cash equivalents.

No reasonable change in interest rates would have a material effect on the profit and equity values reported in the financial statements.

	Note	2016	2015
		$	$

Fair Values

Fair value estimation

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in statement of financial position and notes to financial statements.

27. Joint Arrangements

Information about Principal Joint Operations

As at 30th June 2016, the company was not a party to any Joint Operations.

28. Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

Nil

29. Company Details

The registered office of the company is:
IPB Petroleum Limited
Level 1, 181 Bay Street, Brighton VIC 3186

The principal place of business is:
IPB Petroleum Limited
Level 1, 181 Bay Street, Brighton VIC 3186

The principal activities of the business include:
Oil & Gas Exploration

In accordance with a resolution of the Directors of IPB Petroleum Limited (ACN 137 387 350), the directors of the company declare that:

1. the financial statements and notes, as set out on pages 25 - 58 are in accordance with the *Corporations Act 2001* and:

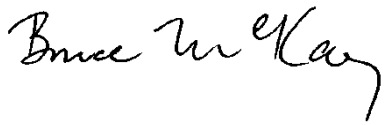
   a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated Group;

2. in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3. the Directors have been given the declarations required by S295A of the *Corporations Act 2001* from the Managing Director and the company's Accounting Manager.

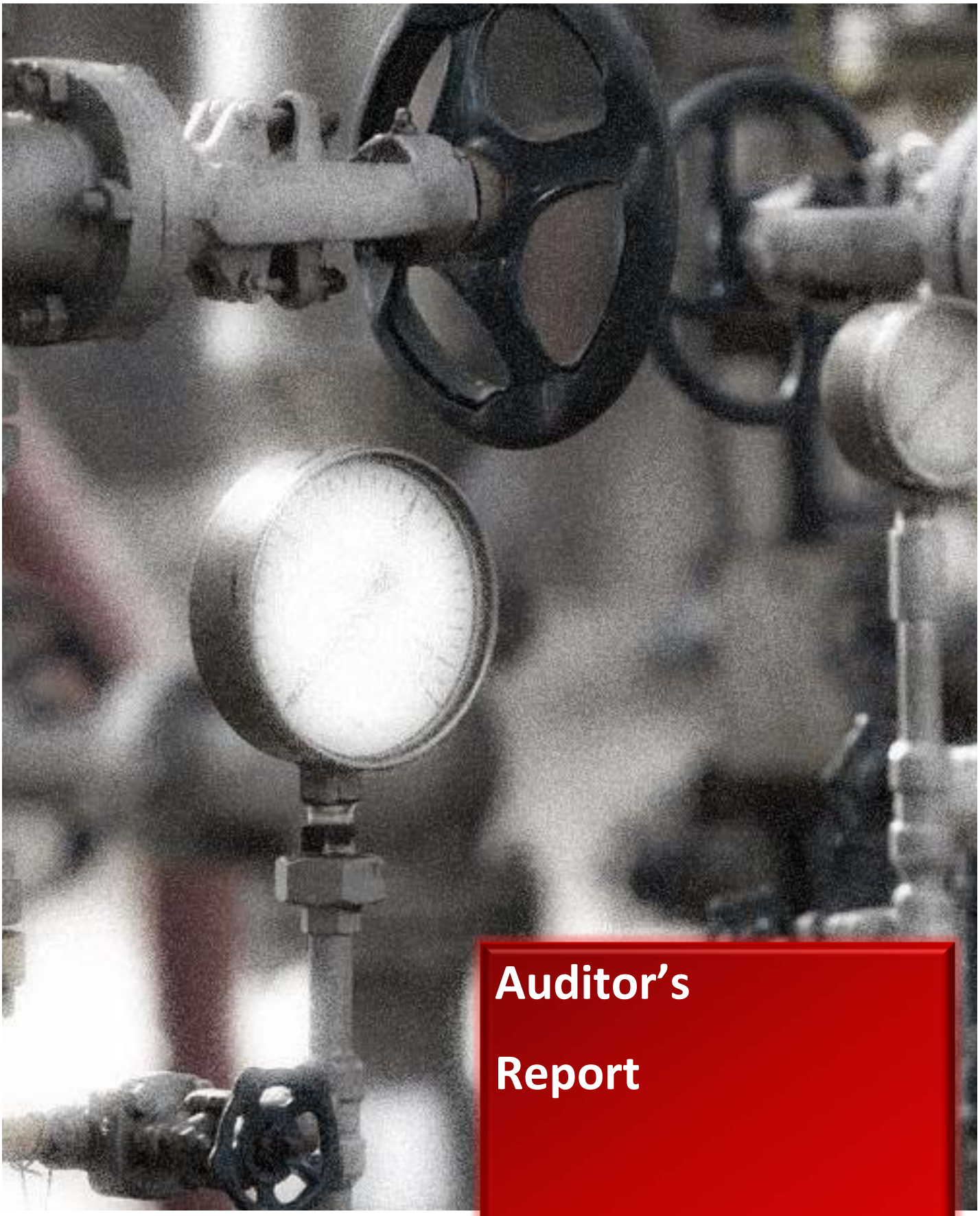
At the date of this declaration, there are reasonable grounds to believe that IPB Petroleum and its subsidiaries will be able to meet any obligations or liabilities which fall due.



Bruce McKay

Non-Executive Chairman

Dated this 4rd day of August 2016



Auditor's Report

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IPB PETROLEUM LIMITED
ACN 137 387 350

Report on the Financial Report

We have audited the accompanying financial report of IPB Petroleum Limited and its Controlled Entities (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of IPB Petroleum Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state that, in accordance with AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

An independent New South Wales Partnership. ABN 35 415 759 892
Level 22 MLC Centre, 19 Martin Place, Sydney NSW 2000
Liability limited by a scheme approved under Professional Standards Legislation

Pitcher Partners is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane| Newcastle
An independent member of Baker Tilly International

PITCHER PARTNERS

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IPB PETROLEUM LIMITED
ACN 137 387 350

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

a) the financial report of IPB Petroleum Limited and its Controlled Entities is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; *and*

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 20 of the directors' report for the year ended 30 June 2016. The directors of IPB Petroleum Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

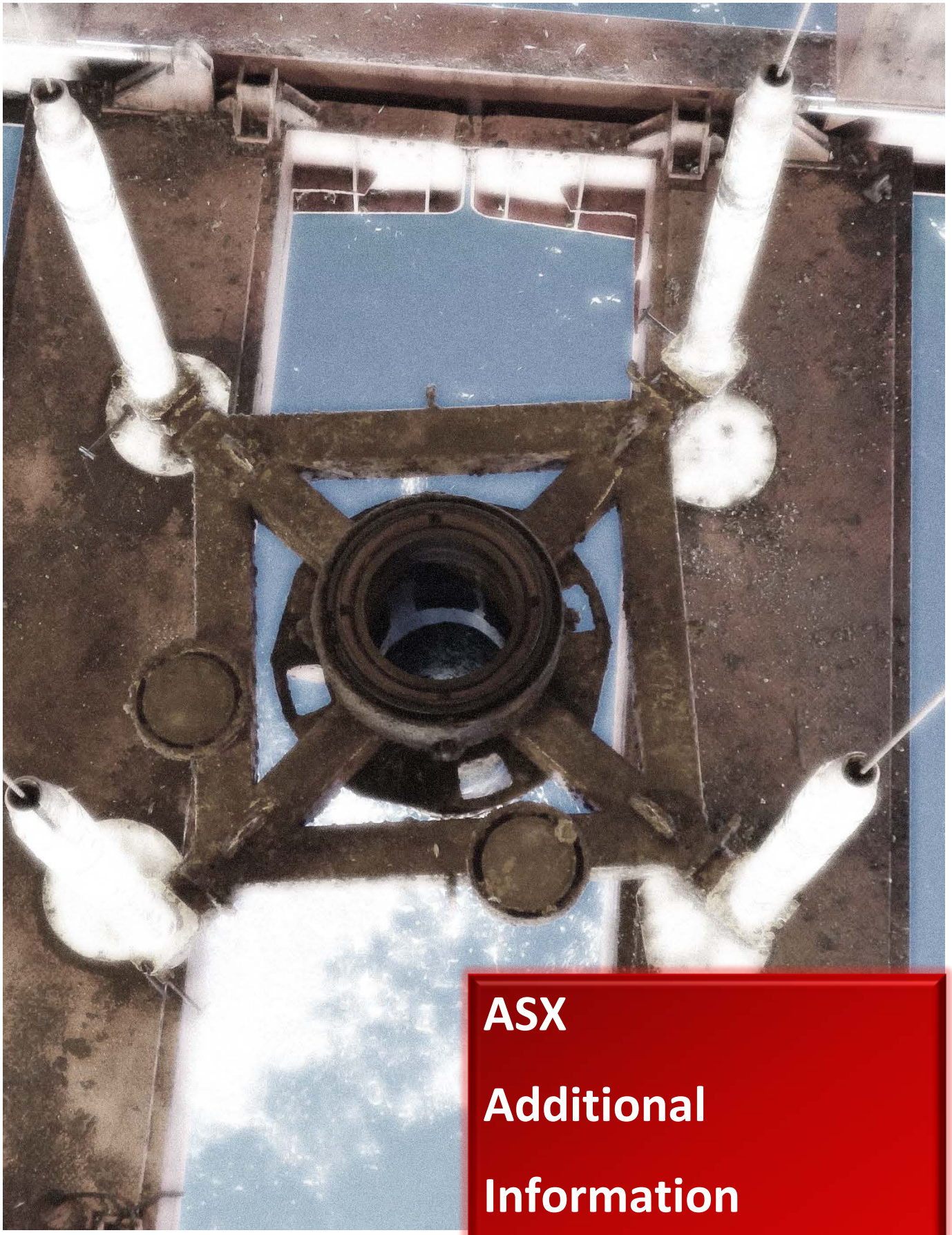
Opinion

In our opinion the Remuneration Report of IPB Petroleum Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001.*

ROD SHANLEY
Partner

PITCHER PARTNERS
Sydney

4 August 2016



ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 26 July 2016.

a) Distribution of Shareholders

Analysis of numbers of shareholders by size of holding:

Ordinary Shares	
1-1000	27
1,001–5,000	144
5,001–10,000	152
10,001–100,000	316
100,001 and over	124
Total Shareholders	**763**

The number of shareholders holding less than a marketable parcel of shares is 481

b) Classes of Securities and Voting Rights

IPB Petroleum has fully paid ordinary shares on issue. The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held.

c) Top 20 shareholders

The names of the 20 largest holders of ordinary shares are listed below as at 26 July 2016:

Name	Number of ordinary shares	% ordinary shares
PHILIP SMITH	26,394,737	23.22
BTMB INVESTMENTS PTY LTD	26,250,000	23.09
MR PHILIP ALAN KENNETH NAYLOR & MRS ANDREA NAYLOR	4,000,000	3.52
MR PHILIP ALAN KENNETH NAYLOR & MR RAYMOND JAMES SHAW	2,000,000	1.76
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,817,942	1.60
VAREEN PTY LTD	1,500,000	1.32
DDVM SUPERANNUATION NOMINEES PTY LTD	1,385,798	1.22
BRYLET INVESTMENTS PTY LTD	1,200,000	1.06
WILMARIDGE PTY LTD	1,100,000	0.97
MR MANIKANDAN SETHUPATHI	1,045,395	0.92
YULANG PTY LIMITED	1,030,000	0.91
MR GIUSEPPE SURACE & MRS GIOVANNA MARIA SURACE	1,000,000	0.88
FIRST INVESTMENT PARTNERS PTY LTD	1,000,000	0.88
MR PETER ANDRE JOVIC & MRS ANNE KATHLEEN MCGRATH	796,450	0.70
MINSK PTY LTD	796,205	0.70
LONG TERM SUPER PTY LTD	743,400	0.65
SEEKAY PTY LTD	600,000	0.53
BOND STREET CUSTODIANS LIMITED	597,500	0.53
MITSUB PTY LTD	587,000	0.52
CJC (QLD) PTY LTD	550,000	0.48
MR GARRY VINCENT WHITE & MRS CAROLYN JOAN WHITE	519,664	0.46
Top 20 Ordinary Shareholders Total	74,914,091	**65.91%**
Total Ordinary Shares as at 26 July 2016	**113,668,586**	**100%**

d) Substantial Shareholders

Substantial holders in IPB Petroleum are set out below:

Name	Number of ordinary shares held	% ordinary shares held
B. BROWN	26,993,400	23.75%
P. SMITH	26,444,737	23.26%
P. A. K. NAYLOR	8,285,002	7.29%

e) Schedule of Petroleum Exploration Permits Held

Permit	Basin/Country	Titleholders	Equity %	Operator
WA-424-P	Browse Basin / Australia	IPB WA 424P Pty Ltd	100%	IPB WA 424P Pty Ltd
WA-471-P	Browse Basin / Australia	IPB Browse Pty Ltd	100%	IPB Browse Pty Ltd
WA-485-P	Browse Basin / Australia	IPB West Pty Ltd	100%	IPB West Pty Ltd

Further detail on Permits and works can be found in the Review of Operations pages 11-14.

$, Aus. or Dollars, $ AUD	Australian dollars unless otherwise stated
ASIC	Australian Securities & Investment Commission
ASX	ASX Limited
ASX Listing Rules	The listing rules of ASX
Board	IPB Petroleum Board of Directors
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.
Constitution	The Constitution of the Company
Corporations Act	The *Corporations Act 2001* (Cth)
Director	A Director of IPB Petroleum Limited
EOP	The IPB Petroleum Limited Employee Option Plan
IPB Petroleum	IPB Petroleum Limited (ABN 52 137 387 350)
Km	Kilometres
Km²	Squared Kilometres
Permits	The WA-424-P, WA-471-P, WA-485-P petroleum exploration permits
Primary Term	The first 3 years of the 6-year period for which an exploration permit is initially awarded. The work activity for the first 3 years of the program are guaranteed work program commitments by the permit holders
Prospect	A ready-to-drill subsurface drilling target
Prospective Resources	Prospective Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.
PRRT	Petroleum Resources Rent Tax
Secondary Term	The second 3 years of the 6-year period for which an exploration permit is initially awarded. On the commencement of the 4th year, the secondary work program becomes guaranteed on a year by year basis by the permit holders. Once a year has commenced the permit holders must complete all the specified work for that year. The work proposed in the secondary term can be varied prior to the commencement of the secondary term permit year.

DIRECTORS AND COMPANY SECRETARY

Bruce McKay
Non-Executive Director and Chairman

Brendan Brown
Managing Director

Philip Smith
Technical Director

Geoffrey King
Non-Executive Director

Brodrick Wray
Non-Executive Director

Martin Warwick
Company Secretary

SOLICITORS

Baker & McKenzie
Level 19, 181 William Street
Melbourne VIC 3000

SHARE REGISTRY

Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

Phone	1300 554 474 (toll free)
Fax	+61 2 9287 0303
Email	registrars@linkmarketservices.com.au
Website	www.linkmarketservices.com.au

REGISTERED OFFICE AND PRINCIPLE PLACE OF BUSINESS

IPB Petroleum Limited
Level 1, 181 Bay Street
Brighton VIC 3186
Australia

Phone	+61 3 9598 0188
Fax	+61 3 9598 0199
Email	admin@ipbpet.com.au
Website	www.ipbpet.com.au

AUSTRALIAN BUSINESS NUMBER

52 137 387 350

AUDITOR

Pitcher Partners
Level 22, MLC Centre
Martin Place
Sydney NSW 2000

IPB Petroleum Limited

www.ipbpet.com.au