



IPB PETROLEUM LTD  
(ABN 52 137 387 350)

## **QUARTERLY REPORT & APPENDIX 5B**

**for the Quarter Ending 30 June 2018**

Date: 31 July 2018



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## JUNE 2018 QUARTERLY ACTIVITIES REPORT

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### SUMMARY OF KEY EVENTS FOR THE QUARTER

- Core WA-424-P Permit renewed for up to an additional 5 years from 18 June 2018
- Idris Prospective Resources significantly increased, P50 Best Estimate now 69 MMBBLs (100%)
- Farmout process re-commenced with encouraging interest received from industry
- WA-471-P Variation approved by the Joint Authority
- Consideration of complementary business development activities continued
- Engagement with consortium to secure seismic EP covering all IPB permits commenced

### SINCE QUARTER END

- WA-485-P Variation approved by the Joint Authority
- On 20 July IPB successfully placed 40 million new shares at 2 cps to Professional and Sophisticated investors raising \$800,000 before costs

### Permit WA-424-P (IPB 100%)

#### Permit Renewal and Partial Relinquishment

During the quarter IPB received and accepted an offer to renew its core WA-424-P permit for up to another 5 years from the Commonwealth-Western Australia Joint Authority (Joint Authority).

Having satisfied all requirements associated with WA-424-P's Primary and Secondary work programmes, IPB lodged an application for renewal and partial relinquishment of permit WA-424-P (IPB 100%) in March 2018.

Under the relevant guidelines a titleholder is required to relinquish 50% of a permit's area as part of a compliant application for renewal of a exploration permit. Accordingly IPB proposed a relinquishment of that portion of WA-424-P that was considered least prospective and to not contain the key Idris exploration play.

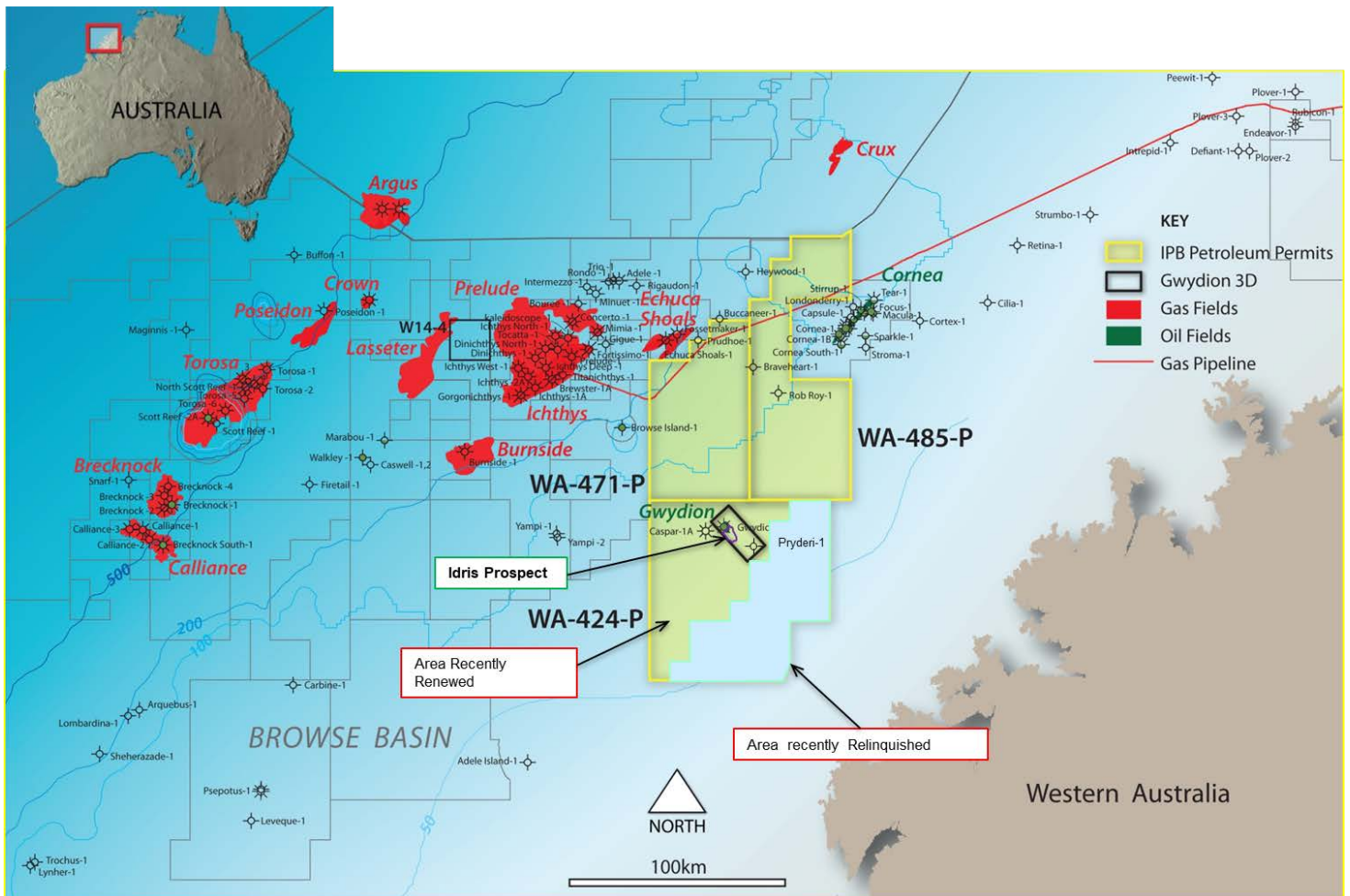
As part of the proposed renewal terms, an exploration well is required to be drilled during the first three years of the WA-424-P Renewal from 18 June 2018. The renewal period also offers a further two optional secondary term years, providing a total permit renewal period of up to five years.

The renewed minimum work programme for WA-424-P is detailed as follows:

Term	Dates	Remaining Minimum Work Requirements	Estimated Expenditure A\$
<b>Primary Years 1-3</b>	18/6/18-17/6/21	Geotechnical Studies including Seismic Re-interpretation of 75km <sup>2</sup> depth conversion around the Idris Prospect One Exploration Well	40,000 15,000,000
<b>Secondary Year 4</b>	18/6/21-17/6/22	Detailed assessment and re-interpretation of well and 3D seismic data following drilling of commitment well	100,000
<b>Secondary Year 5</b>	18/6/22-17/6/23	Technical studies to support a renewal and relinquishment strategy	100,000

**Table 1: Renewed minimum work programme for WA-424-P**

The Location Map below details IPB's permits including the renewed WA-424-P Permit and the area relinquished. The area relinquished is considered by IPB to be the least prospective, and does not contain the Idris exploration play.



**Location Map : IPB Exploration Permits WA-424-P**

## Idris Prospective Resources Significantly Increased

Following the completion of the Company's 3D seismic reprocessing and depth conversion project, IPB completed a thorough technical review of the prospective oil resources attributed to the Idris prospect.

As a result the Prospective Resources attributed to the Idris prospect were significantly increased on a most likely basis (P50) from 33 MMBBLS to 69 MMBBLS of oil (recoverable). Similarly prospective resource estimates were increased at the Low Estimate (P90), and High Estimate (P10) levels to being 20 MMBBLS of oil (recoverable) and 159 MMBBLS of oil (recoverable) respectively. Table 2 below provides a summary of the Prospective Resources attributed to the Idris Prospect.

Prospect	Prospective Resources Million Barrels of Oil (Unrisked) <sub>1</sub>		
	Low Estimate	Best Estimate	High Estimate
Idris (100%)	19.8	68.6	159

**Table 2 : Prospective Oil Resources Attributed to Idris (WA-424-P IPB 100%)**

*The resources estimates contained in Table 1 have been prepared in accordance with SPE-PRMS and adherence to Chapter 5 of the ASX Listing Rules.*

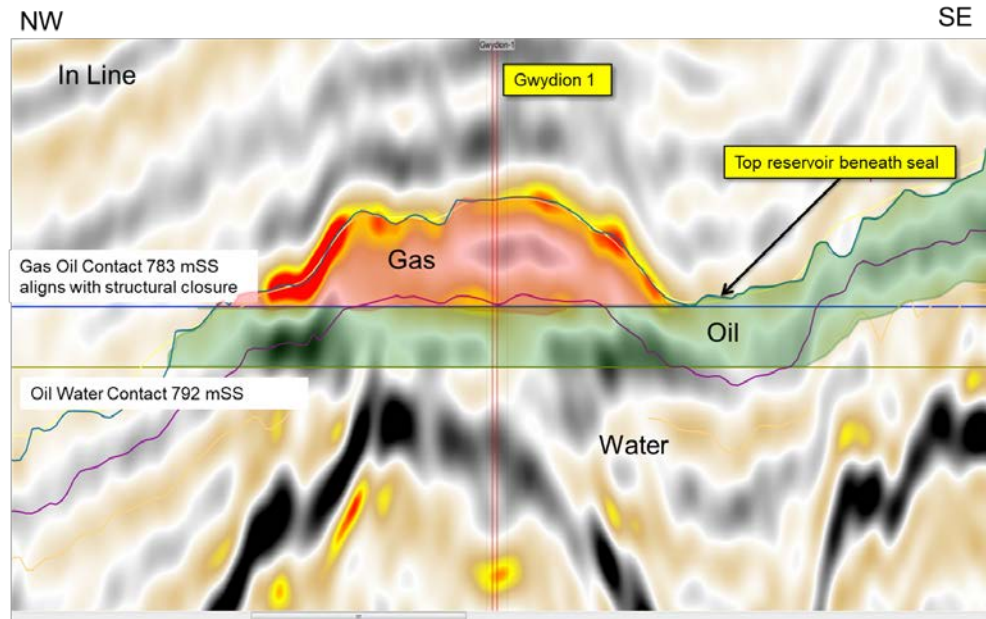
**Subscript 1:** Prospective resources are estimated quantities of petroleum that may potentially be recovered by the application of future development project(s) and relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

For further information, including assumptions, limitations and qualifications relating to the estimation of resources publicly reported by IPB and contained within this presentation, please refer to IPB's ASX Release titled "Idris Prospective Resources Significantly Increased" dated 11 May 2018.

IPB Petroleum is not aware of any new information or data, that materially affects the information relating to these publicly disclosed resources, since this release to the market, and all material assumptions and technical parameters underpinning these estimates continue to apply and has not materially changed.

**Note:** The subject prospective resource estimates relate to the immediate up-dip interpreted stratigraphic extension of the existing Gwydion oil discovery. With the benefit of our reprocessed 3D over the Gwydion discovery well and up dip area and our recently completed depth conversion project, Idris could be considered an appraisal well. However IPB has conservatively categorized the associated resources as Prospective given the stratigraphic nature of the interpreted hydrocarbon trap at Idris.

The Figure below highlights the location of the Gwydion 1 well and interpreted oil below structural closure associated with the Idris Prospective Resources.



3D Seismic Line over Gwydion and Idris (in depth) with oil and gas and water contacts superimposed as measured in the Gwydion 1 well

### Farmout Progress

During the quarter IPB commenced an updated farmout process on the back of the successful Seismic Depth Conversion Project. The Company has received encouraging interest so-far since it allowed access to its dataroom from early June.

Several companies have entered the dataroom, with a number of additional potential farminees also expressing interest. Further more recent and ongoing presentations may yield additional potential farmin candidates.

The Company's proposal for a farmout involves the funding by a farminee (or farminees) of the drilling of an appraisal well at Idris to validate the updip potential of the oil leg encountered at Gwydion as well as verify the likey minimum commercial volumes in exchange for a to-be negotiated interest in WA-424-P.

Well costs are estimated to be around US\$12m, and IPB will also be seeking a re-imbusement of certain backcosts in exchange for an interest in its WA-424-P Permit. As part of a farm-in the Company may also offer an option for a faminee to fund certain exploration activities for an interest in the Company's other two Browse Basin permits WA-471-P and WA-485-P.

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

### Variations Approved

As a consequence of not being able to complete the Year 2 work programmes involving new 3D seismic surveys, the Company applied for a Variation during the quarter to both permits' work programmes. The requested Variation to WA-471-P's work programme was approved by the Joint authority in June, with WA-485-P's requested Variation approved in July.

The approved Variations now combine the remaining Primary term work programmes for each permit's Years 2 and 3, into a single Primary Term period. As a consequence IPB now has a further 12 months with which to satisfy the requirement to acquire a new 3D survey in each permit.

The Company expects to have to also apply in the future for an extension of time to complete the required drilling activities also part of each Permit's Primary Term Work Programme.

These permits were initially acquired to secure potential upside exposure to any success in the Company's independently held core WA-424-P Permit, for example a success with the proposed Idris well. In order to maintain tenure of these permits the Company will have to satisfy each Permit's Work Programmes or obtain approval for further Variations or Extensions of time to satisfy such Permit Work Programmes. The subject varied permit work programmes are detailed in Tables 3 and 4 below.

Term Year of Permit	Permit Year Starts	Permit Year Ends	Minimum Work Required	Estimated Expenditure \$A
<b>Primary Years 1- 3</b>	4 May 13	3 May 19	Geophysical and Geological Studies 600 km <sup>2</sup> 3D Seismic Survey 1 exploration well	1,500,000 7.5 million 15 million
<b>Secondary Year 4</b>	4 May 19	3 May 20	Geophysical and Geological Studies	200,000
<b>Secondary Year 5</b>	4 May 20	3 May 21	1 exploration well Geophysical and Geological Studies	15 million 200,000
<b>Secondary Year 6</b>	4 May 21	3 May 22	Geophysical and Geological Studies	200,000

**Table 3: Approved varied minimum work programme for WA-471-P**



Term Year of Permit	Permit Year Starts	Permit Year Ends	Minimum Work Required	Estimated Expenditure \$A
<b>Primary Years 1- 3</b>	14 May 14	13 May 19	Geophysical and Geological Studies 900 km <sup>2</sup> 3D Seismic Survey 2 exploration wells	750,000 7.5 million 24 million
<b>Secondary Year 4</b>	14 May 19	13 May 20	500km <sup>2</sup> 3D Seismic Survey Geological and Geophysical Studies	7 million 250,000
<b>Secondary Year 5</b>	14 May 20	13 May 21	1 exploration well Geological and Geophysical Studies	12 million 250,000
<b>Secondary Year 6</b>	14 May 21	13 May 22	Geological and Geophysical Studies	250,000

**Table 4: Approved varied minimum work programme for WA-485-P**

### Sesimic and Environmental Plan Activities

During the quarter the Company ceased discussions with a shortlisted seismic contractor as a result of an unwillingness by them to progress an Environmental Plan ( EP) as previously agreed between the parties.

IPB subsequently engaged with a newly proposed consortium, consisting of seismic and other permit operators, with plans to to secure an broader seismic EP which will cover all of IPB's current Permits. The Company expects to progress to signing such an agreement in the current quarter, with EP work to commence shortly thereafter. IPB considers securing EP approval cost effectively and efficiently as an important and necessary first step in maintaining progress with the two permits' work programmes.

### Activities – Corporate and Financial

During the quarter the Company continued to investigate complementary business development opportunities.

As at the end of the quarter IPB Petroleum had a cash balance of \$0.34 million with no debt. For further details refer to the attached Appendix 5B.

Post quarter end on 20 July 2018 the Company successfully completed a Placement of 40 million new shares to Professional and Sophisticated Investors raising approximately \$750,000 after costs of 6%. The issue was settled on 27 July, 2018.

The proforma 30 June end cash Balance cash balance on the Company was approximately \$1.09 million as a result of this raising.

The proceeds of the Placement are planned to be applied towards funding :

- Environmental plan costs for future potential seismic activities required for permits including WA-485-P and WA-471-P
- Farmout activities and associated costs - Technical, Legal and Commercial
- Ongoing permit study work and
- Working capital

## PERMIT HOLDINGS AND INTERESTS AND ACTIVITIES

During the quarter no changes occurred to the interests held by IPB Petroleum (IPB or the Company) in its three petroleum exploration permits.

As at the end of the quarter, and also as at the date of this report, the Company held the following interests in three Browse Basin exploration permits: **WA-424-P** (IPB 100% and Operator), **WA-471-P** (IPB 100% and Operator), **WA-485-P** (IPB 100% and Operator)

For further information contact Brendan Brown, Managing Director +61 3 9598 0188 or [admin@ipbpet.com.au](mailto:admin@ipbpet.com.au)



## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

IPB Petroleum Limited	
<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
52 137 387 350	30 <sup>th</sup> June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(87)	(192)
(b) development	-	-
(c) production	-	-
(d) staff costs	(61)	(227)
(e) administration and corporate costs	(29)	(186)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(177)</b>	<b>(605)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	273
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(7)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>266</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	518	679
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(177)	(605)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	266
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>340</b>	<b>340</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	340	518
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>340</b>	<b>518</b>

**6. Payments to directors of the entity and their associates**

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	103
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Executive and Non-Executive Fees Paid.

**7. Payments to related entities of the entity and their associates**

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	90
9.2 Development	
9.3 Production	
9.4 Staff costs	50
9.5 Administration and corporate costs	60
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>200</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-			

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  
(Managing Director)

Date: 30 July 2018.....

Print name: Brendan Brown .....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.