



IPB

IPB PETROLEUM LTD
(ABN 52 137 387 350)



QUARTERLY REPORT & APPENDIX 5B
for the Quarter Ending 31 December 2018

Date: 31 January 2019

DECEMBER 2018 QUARTERLY ACTIVITIES REPORT

SUMMARY OF KEY EVENTS FOR THE QUARTER

- The Company received the results of a seismic imaging project over the Idris Prospect in WA-424-P, and also investigative inversion studies.
- IPB commenced an investigation into the benefits, and feasibility of an Extended Well Test (EWT) at the Idris and Gwydion locations with encouraging results so far.
- The NERA consortium, of which IPB is a member, commenced preparatory work relating to a new seismic acquisition Environmental Plan (EP) covering all three IPB Permits in the Browse Basin offshore NW Australia.

PERMIT WA-424-P (IPB 100%)

Farmout Progress

During the quarter IPB continued to progress with its farmout process, with access to the Company's dataroom and seismic project provided to interested parties.

As reported previously IPB has encountered delays with the engagement by industry in its farmout. This is largely a result of competing agendas, human resource limitations, and in some instances changing strategies.

The Company remains positive about the potential for achieving a farmout for the drilling of a well at Idris, however the process may take longer than expected, and would also in IPB's opinion benefit from a more certain, and a less capital constrained industry.

Extended Well Test Study (Idris prospect, Gwydion oil field)

One of the important challenges associated with Idris and the Gwydion oil field is determining how ultimately large the size of the oil accumulation may be. Evidence based on the discovery well at Gwydion, and IPB's interpretation of the recently completed 3D seismic reprocessing and depth conversion project at this location is that the accumulation if continuing beyond Idris (approximately 1 km away) is likely to be very significant.

The objective of an extended well test (EWT) would be to resolve this uncertainty and provide valuable information on the ultimate size economic oil reservoir may be.

Progress to-date has identified the likely scenario for EWT project to be as follows:

Drill a vertical well at Idris and log. If this well is successful :

- a. Complete a horizontal well at this location and production test for 120 to 180 days;

otherwise,

- b. Without moving the rig, complete a horizontal well at the original Gwydion location and production test for 120 to 180 days

Under both scenarios the oil produced – estimated to be approximately 1.8 MMBLS in total would be transferred to a tanker at location and sold for profit.

Initial costings developed in discussions with key suppliers and contractors including drilling rig operators, well testing service providers and tanker operators indicate that the project could be very profitable at US\$60 / bbl for Tapis or Cossack grade crude.

The project will require regulatory approvals including Titles (NOPTA), Environmental (including NOPSEMA), and financing. Likely timing is anticipated to be no earlier than Second Quarter 2020 for actual drilling and production, as the Company anticipates that 12-14 months will be needed to reliably achieve critical path milestones such as environmental approvals.

IPB is working with vendors and financiers to develop a financing strategy to fund the project without which the project cannot proceed. However with a substantial profit on offer, the Company is hopeful of being able to conclude a financing strategy to take the project from a study phase through to commitment and commencement.

The EWT project if commissioned, does not necessarily exclude the possibility of a farmout in future, in fact it could result in the Company holding more resources and less dilution in its asset should the Company subsequently accept a future farm-in offer.

Other Studies

The Company received the results of a seismic imaging project over the Idris Prospect in WA-424-P, and while the results were consistent with expectations, unfortunately they did not provide further evidence of how large the ultimate container may be a Gwydion and Idris.

Similarly, initial investigative work into the merits of further seismic inversion work did not provide sufficient encouragement that further expenditure in this area with the current dataset would provide any more valuable information.

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

Seismic and Environmental Plan Activities

During the quarter Environmental Planning (EP) work was commenced by the NERA consortium of which IPB is a member. IPB has been advised that a new Seismic EP covering its permits is planned to be lodged during first half of 2019.



IPB Petroleum

IPB considers that securing EP approval cost effectively and efficiently is an important and necessary first step in maintaining progress with the two permits' work programmes, and thereby retaining further upside associated with any future success in WA-424-P adjoining to the south.

Activities – Corporate and Financial

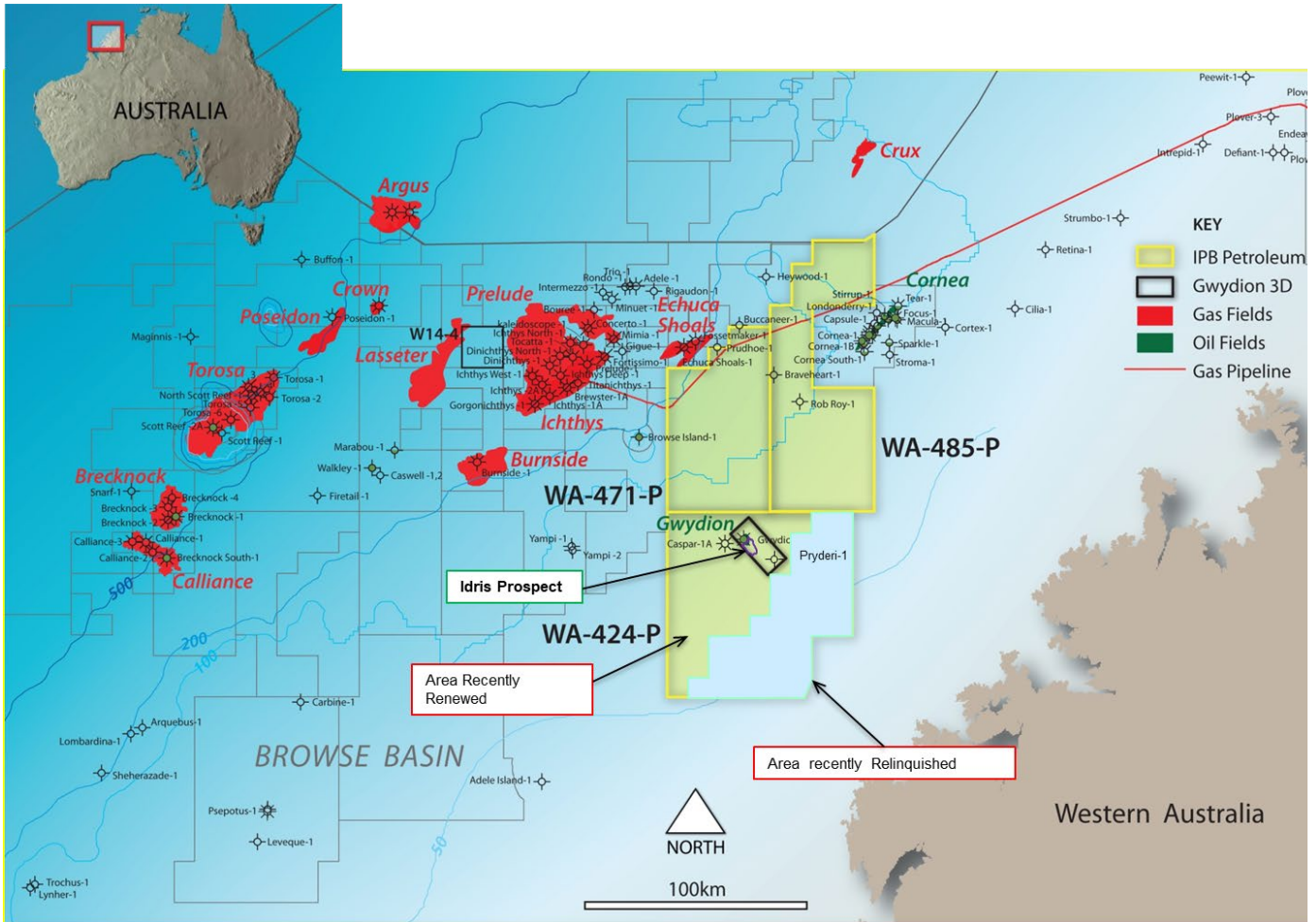
On 22 November 2018 the Company issued 4.75 million unlisted employee options, to Directors and Officers of the Company. The options have an exercise price of 4.65 cents per option, and expire 22 November 2022, or within 60 days cessation of employment – whichever is earlier. The options were issued following relevant approvals received at the Company's Annual General Meeting on 22 November 2018.

As at the end of the quarter IPB Petroleum had a cash balance of \$0.646 million with no debt. For further details refer to the attached Appendix 5B.

PERMIT HOLDINGS AND INTERESTS

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); and **WA-485-P** (IPB 100% and Operator)



Location Map : IPB Exploration Permits – Browse Basin

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

ABN

52 137 387 350

Quarter ended ("current quarter")

31 Dec 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(41)	(145)
(b) development	-	-
(c) production	-	-
(d) staff costs	(42)	(103)
(e) administration and corporate costs	(100)	(195)
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)	-	-
1.9 Net cash from / (used in) operating activities	(183)	(444)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	800
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	-	(50)
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)	-	-
3.10	Net cash from / (used in) financing activities	-	750

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	829	340
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(183)	(444)
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)	-	750
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	646	646

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	646	829
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	646	829

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
(95)
-

Executive and Non-Executive Fees Paid.

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

- 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

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(70)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(47)
9.5 Administration and corporate costs	(40)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(137)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
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: Date 31 January 2019.....
(Managing Director)

Print name: Brendan Brown

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity 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.