

# COMPANY PROFILE

IPB Petroleum Limited (ACN 137 387 350) is an Australian oil and gas exploration company. IPB Petroleum has built a material 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 if successful development and production from oil and gas assets.

# ANNUAL GENERAL MEETING

The Annual General Meeting of IPB Petroleum is proposed to be held on:

6 November 2019 at 11 am

At the offices of:

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

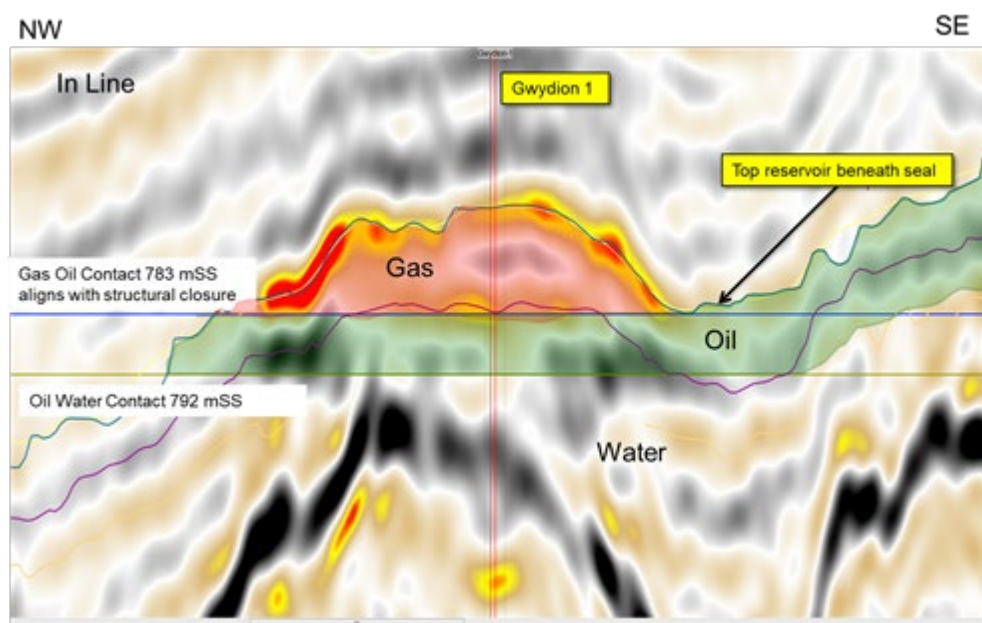
This report meets our compliance and governance requirements and is designed to provide easy to read information for shareholders on IPB Petroleum's performance for the year to 30 June 2019.

## Front Cover:

*3D Seismic line in depth through Gwydion oil discovery (WA-424-P) with marked gas and oil columns as measured and updip interpreted stratigraphic trap and faulting*

## Below:

*3D Seismic line in depth through Gwydion oil discovery (WA-424-P) with marked gas and oil columns as measured by well logs.*





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*Image of Stacked drill casing*



*Image of a semi-submersible drill rig*

# Letter from the Chair

30 September 2019

Dear Shareholder,

Over the course of the last year, IPB Petroleum has pragmatically focussed its attention to its core asset, WA-424P and the appraisal of the existing Gwydion oil discovery through the drilling of a well at Idris.

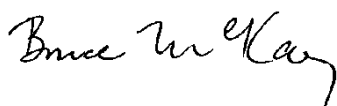
Progress has been made on increasing our confidence that oil is trapped below the structural spill point at Gwydion and that a well at Idris will ultimately confirm our expectations. While our strategy, supported by encouraging overseas interest, remains to farmout a carried interest in this well, management also identified an innovative approach to achieve the objective by seeking debt funding to drill Idris, conduct a well test to establish commerciality and/or subject to approval by NOPTA, the Joint Authority regulator, proceed to early development of the oil already discovered at Gwydion .

IPB is engaged with two advisory firms in the Middle East with the objective of securing debt financing or facilitating a farmin by farminees/investors in that region. The Company has received sufficient encouragement to actively progress these initiatives.

Consistent with the strategic direction, the Board decided to relinquish the Company's less mature adjacent permits being WA-471P and WA-485P recognising that the work and expenditure commitments were unlikely to be met in the required time frame, and under some circumstances may be a disincentive for IPB to achieve its ultimate objective of creating shareholder wealth. The Joint Authority has accepted IPB's surrender, and has accordingly cancelled the subject Permits.

In order to efficiently pursue the range of activities, the Company completed two successful over-subscribed placements during the year: once again we were pleased to welcome new shareholders as well as thank those existing sophisticated investors who participated in the placements. IPB continues to closely monitor its financial position and diligently manage costs, while committing the necessary funds to position the Company most effectively to deliver value to shareholders.

With these multiple initiatives, it has been an active year and I must commend the Managing Director Brendan Brown for his efforts and also my fellow Directors for their contributions. We remain optimistic about the year ahead.



**Bruce McKay**

Non-Executive Chair





*Image of drilling rig workers making a connection during drilling operations*

# Managing Director's Overview

***“IPB has been able to progress its core asset through a period of industry downturn to now be in a position to progress external funding towards the appraisal of the Gwydion oil discovery at Idris.”***

The 2019 Financial Year commenced optimistically within the local industry. A backdrop of strengthening of crude oil prices combined with local exploration and appraisal success and corporate acquisition activity gave many small companies, our management and our Board increasing confidence for the year ahead.

This industry confidence did not however continue to mature such that we would see a material increase in domestic farmout/farmin activity.

Large multinationals remain focussed on brownfields expansion relating to their large LNG exposure, whilst preserving dividends, constrained local budgets, and looking for the next big thing in overseas jurisdictions.

The smaller end of the local industry still remains cash poor, with subdued investor or market support, and all segments of the industry remaining risk averse when compared to historical behaviour.

Continued increasing production from the United States has maintained a cautionary market outlook for oil prices, however recent unrest in other parts of the globe has seen a re-emergence of a modest risk premium in international oil prices, which may persist for some time.

### **Extended well Test and Farmout**

Faced with local partnering challenges, IPB embarked on a fall-back strategy that offered a potential path to self-determination through a proposed extended well test at Idris and Gwydion referred to as the DLT Project.

The benefits on offer remain sound such that an extended well test could better define the size of the reservoir at Idris in the event of success, - and particularly in an upside case, whilst providing positive cashflow to offset operational costs.

If Idris were to be unsuccessful then a follow up drilling at Gwydion with latest completion technologies could offer a fallback strategy where costs may also be offset by the income from the produced oil.

Based on this strategy IPB commenced a multi-disciplined evaluation study covering:

- Technical feasibility including reservoir simulation;
- Scoping and project cost estimation including initial tendering;
- Debt financing and
- Regulatory approvals

An ongoing dialogue with NOPTA – the National Offshore Petroleum Titles Administrator, has been constructive, such that NOPTA have advised IPB that in order to produce oil for sale under an extended well test a Production License must be in place. They have also advised that it is possible to apply for a Production License over Gwydion.

In conjunction with progressing a financing for the proposed DLT Project in the Middle East, based on co-incidental interest IPB has also progressed early discussions for a farmout with several parties in this region. Some discussions have also included potential further appraisal and or development finance should success be achieved at Idris.

Although such activities are at an immature stage the company remains hopeful of a positive result in either a farmout, or progressing the DLT Project over the coming 6 months.

### **Looking ahead**

IPB has been pleasantly surprised by the interest shown internationally in its Gwydion- Idris opportunity.

Although there are a number of material uncertainties outside the control of the company in achieving success and funding to unlock the potential value at Idris, management and the Board remain committed and confident of a positive outcome based on the solid technical and commercial work completed over the last twelve months.

With this in mind we all look forward to a positive 2020 financial year, and the prospect of moving the Idris opportunity closer to realisation.

**Brendan Brown**  
Managing Director



*Image of Source Deck of Pacific Explorer just before WA-424-P Gwydion MC3D Survey in April 2011. Courtesy of PGS.*

# Directors' Report



The Directors present their report of IPB Petroleum Limited ('IPB Petroleum') and subsidiaries ('Group') for the Financial Year ended 30 June 2019 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 45 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), KUTh Energy (geothermal) and the Advisory Board of Management for the Australian School of Petroleum at Adelaide University. He is currently chairman of ANU Enterprise. He is an Honorary Life Member of APPEA where he was Chairman between 1991-92. He is also a member of AAPG and PESA. Bruce is also a member of the Audit Committee.

#### Directorships Held in Other Listed Entities

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

### Brendan Brown

#### Managing Director

##### Qualifications

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

##### Experience and Expertise

Brendan Brown has over 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 an 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. Mr Brown is also a Life Member of The Society of Petroleum Engineers.

#### 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. Geoff is also a member of the Audit Committee.

#### 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 re-joining 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.

## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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
<b>Bruce McKay</b>	Non-Executive Chairman	26 May 2014	-
<b>Brendan Brown</b>	Managing Director	28 May 2009	-
<b>Philip Smith</b>	Technical Director	5 October 2010	-
<b>Geoffrey King</b>	Non-Executive Director	5 February 2013	-
<b>Brodrick Wray</b>	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 2019 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
<b>Bruce McKay</b>	7	7	2	2
<b>Brendan Brown</b>	7	7	-	-
<b>Philip Smith</b>	7	7	-	-
<b>Geoffrey King</b>	7	7	2	2
<b>Brodrick Wray</b>	7	7	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 activities relating to its three exploration permits along the southern margin or the Browse Basin offshore northwest Australia. The company also investigated and /or pursued a number of other complementary business development activities.

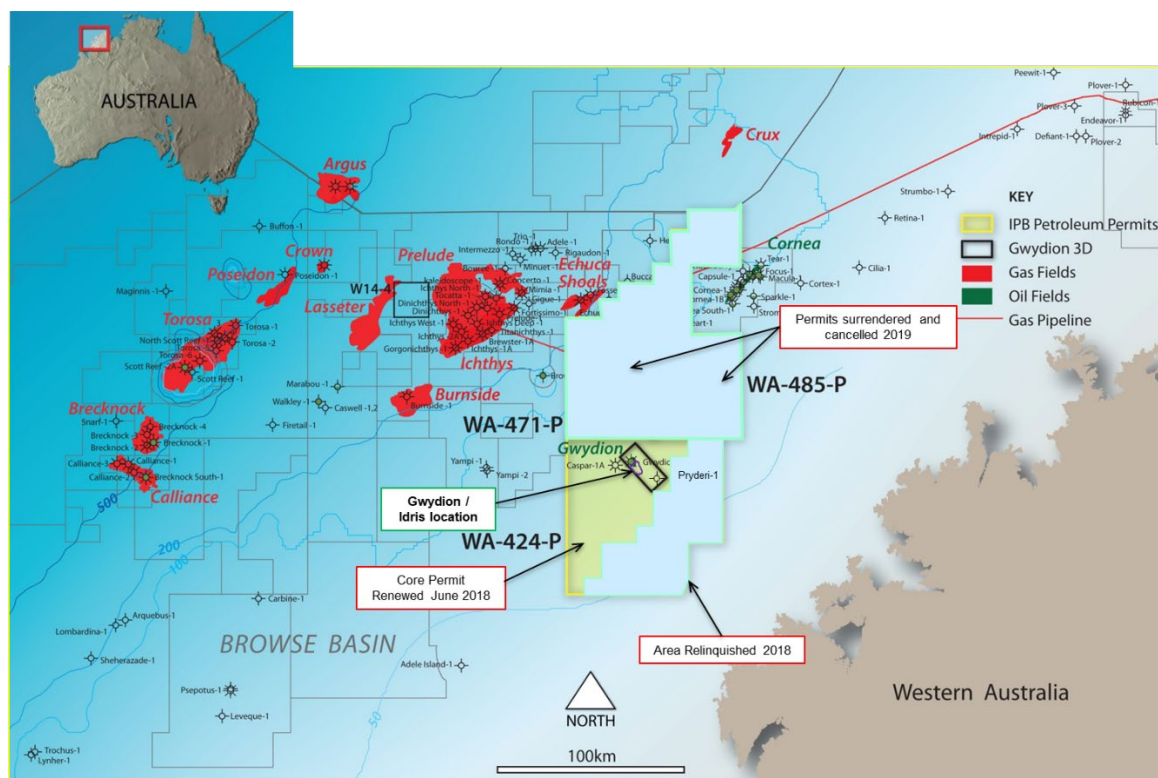


Figure 1 - IPB Petroleum's Permits in the Browse Basin offshore North-Western Australia recently relinquished

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

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:

On 27 July 2018 the Company settled a placement of 40 million new shares to professional and sophisticated investors at a price of 2.0 cents per share raising a net \$750,000 after costs of \$50,000.

On 22 November 2018, following receipt of Shareholder Approval at the Company's AGM, IPB issued 4.75 million Share Options to Directors and Officers of the Company as part of their remuneration. The Share Options have an exercise price of 4.65 cents and are exercisable up until 22 November 2022, or no later than 6 months after the employee ceases to be employed by IPB whichever is earlier.

On 13 March 2019, IPB issued 2.1 million share options to associates of Atoll Financial as part consideration for the provision of debt funding services. The Options have an exercise price of 20 cents, and become exercisable following a successful funding and expire if not exercised on 13 September 2022.

On 9 May 2019 the Company settled a placement of approximately 30.3 million new shares to professional and sophisticated investors at a price of 4.0 cents per share raising a net \$1.133 million after costs of approximately \$79,000.

## DIRECTORS' REPORT

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### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

During the quarter end June 2019, the Company handed back Permits WA-471-P and WA-485-P to the Government.

#### Post Financial Year End

On 12 September 2019, IPB Petroleum received advice from the National Offshore Petroleum Titles Administrator (NOPATA) that exploration permits WA-471-P and WA-485-P had been cancelled.

## 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 (loss) after income tax for the Financial Year ended 30 June 2019 was (\$0.754 million) (2018: (\$0.470 million)). The 2019 net (loss) included an impairment charge of \$0.014 million against exploration and evaluation expenditure capitalised for WA-471-P and WA-485-P permits during the year (2018: 0.036 million). The underlying (loss) for 2019, excluding this impairment was (\$0.740 million).

During the year, IPB Petroleum received other revenue of \$547 (2018: \$409), relating to a modest amount of interest received.

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.

Total Expenses increased during the year to a total of \$0.753 million (2018: \$0.470 million) as a result of renewed focus and activity in relation to proposed extended well test activities and Farmout and funding activities

### Statement of Financial Position

As at 30 June 2019, 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 \$0.991 million (2018: \$0.340 million) and capitalised exploration and evaluation expenditure of \$3.125 million (2018: \$2.655 million).

The net assets of the company have increased over the 2019 Financial Year from \$2.890 million at end June 2018 to \$4.062 million as at end June 2019. The change in net assets of approximately \$1.17 million is substantially explained by net cash increase of \$0.650 million and an increase in receivables of \$0.030 million and reduction in payables \$0.018 million combined with an increase in Exploration Assets associated with permit WA-424-P of \$0.470 million.

IPB Petroleum has accumulated losses of \$13.864 million plus capitalised exploration costs of \$3.126 million (largely expensed for taxation purposes) plus Petroleum Resource Rent Tax ('PRRT') credits of approximately \$9.5 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.

#### Permits

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.

### Operational Activities within IPB Petroleum's Exploration Permits

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

#### **Farmout and Proposed extended well test related Activities**

As part of a renewed farmout strategy, IPB has continued to have positive contact with potential farmin partners and their representatives in both Australasia and the Middle East during the last quarter of the year and since year end.

Interest has been developed as a result of the detailed technical and commercial studies completed on the Gwydion oil discovery and proposed Idris appraisal well throughout the year.

## DIRECTORS' REPORT

### FOR FINANCIAL YEAR ENDED 30 JUNE 2019

In particular new reservoir simulation work completed in April 2019 and more rigorous project costings developed throughout the year has contributed to increased interest and confidence in the technical feasibility of the proposed extended well test – ie the drilling logging and testing project (DLT Project) and a future full field development contingent on success at Idris.

Although likely to be technically feasible the proposed DLT project remains subject to a number of key milestones including regulatory approval, including NOPTA, requiring the application for a production license and successful financing.

The company recently met with NOPTA post year end and the regulator has clarified that IPB Petroleum will be required to apply for a production license if it wishes to conduct well tests for an extended period and recover petroleum for sale.

In order to progress the DLT project, the company will therefore be required to apply for a Production license over the Gwydion oil discovery.

As at the date of this report the company is progressing a dual strategy – preferentially to attract a new Farminee to drill Idris and potentially develop the field should the well be successful, and also the fall back strategy to conduct the proposed DLT Project following an application for a production license and debt funding.

Permit WA-424-P was renewed on 18 June 2018. 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 period. The renewal period also offers a further two optional secondary term years, providing a total permit renewal period of up to five years.

#### Permit Work Programme:

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

Term	Period	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 4: Renewed minimum work programme for WA-424-P (IPB Petroleum 100% and Operator)**

\*If permit holders do not comply with an agreed work programme and are not able to agree with the relevant government authority to a suspension and or extension or modification of an agreed 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 towards the work programme in respect of the lapsed permit.

#### **Exploration Permits WA-471-P and WA-485-P - relinquished and cancelled**

Both WA-471-P and WA-485-P permits reached the end of their Primary Term (3 year) work programmes in May 2019 with substantial seismic and drilling commitments incomplete.

IPB considered the cost of maintaining these permits together with their outstanding, and under the current environment unfundable, work programmes and considered it to be in the Company's best interests to hand the permits back to the Government and focus on our core WA-424-P permit and the existing oil discovery at Gwydion.



Since quarter end IPB has been advised by NOPTA that WA-471-P and WA-485-P have been cancelled. IPB has for the previous two financial years attributed no value to WA-471-P and WA-485-P and flagged the potential loss of these two permits. Under the permit terms both IPB and the Directors of IPB will be "not in good standing" in relation to any new exploration permit application for a period of five years.

This is not expected to affect progress with the WA-424-P Permit which continues to remain in "good standing".

### **Financing Activities**

Refer to "Significant Changes in the State of Affairs" above.

## **Future Developments, Prospects and Business Strategies**

### **Near Term Developments and Prospects**

Given IPB Petroleum's business model and limited internal financial resources, the company's nearer term objective is to achieve a successful farmout for WA-424-P and the drilling of the Idris well as well as pursuing the alternative DLT Project strategy.

Over the longer term the company will continue to require funding of future commitments within its WA-424-P Permit and any future assets it may acquire. If it cannot conclude a successful farmout, and/or secure sufficient funding, to drill Idris and or cannot agree an extension or variations to its permit work programmes with government, the company may ultimately have to forfeit or relinquish its permits.

The renewal of the company's core WA-424-P Permit in June 2018 has given the company substantial time with which to achieve a farmout and drill the Idris well as late as June 2021 without any extensions.

The company also sees substantial merit in its complementary DLT Project strategy. The company intends to continue develop this initiative as a potential alternative to a successful farmout at Idris.

### **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 core WA-424-P permit. IPB Petroleum's short to medium term aim is to achieve through a farmout the funding of drilling within its permit to ultimately increase and convert contingent and prospective resources to reserves, thereby increasing the commercial value of these assets.

As it relates to other initiatives, and as mentioned above, the company intends to pursue its DLT Project to provide a fall back strategy should a Farmout of Idris prove unsuccessful.

## **Risks**

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

### Funding risks

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

- (i) farmouts;
- (ii) asset sales/divestments; or
- (iii) new share issues
- (iv) possible future secured asset acquisition related debt funding
- (v) possible high yield bond issue

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.

## DIRECTORS' REPORT

### FOR FINANCIAL YEAR ENDED 30 JUNE 2019

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#### 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.

The company may in the future have to continue to consider supplemental ways of retaining and remunerating requisite Key Management Personnel in order to mitigate this ongoing risk further.

#### Exploration risks

As an exploration and appraisal company, IPB Petroleum may be unsuccessful with its exploration and appraisal 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/ production / other 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 and appraisal 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 to cover estimated costs plus contingencies before IPB would be required to provide further unbudgeted funding.

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.

#### Environmental risks

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 2019 (2018: Nil).

## After Balance Date Events

Other than as disclosed below no other 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.

On 12 September 2019, IPB Petroleum received advice from the National Offshore Petroleum Titles Administrator (NOPTA) that exploration permits WA-471-P and WA-485-P had been cancelled. As these permits had zero carrying value the cancellation did not affect the reported net assets of the company.

## 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, the following options over unissued ordinary shares of IPB Petroleum Limited are detailed as follows:

Grant date	Exercise price	Number of shares under option	Expiry Date
17 November 2016	3.2 cents	4,750,000 <sup>1</sup>	17 November 2020
22 November 2018	4.65 cents	4,750,000 <sup>1</sup>	22 November 2022
13 March 2019	20 cents	2,100,000 <sup>2</sup>	13 September 2022

1      *These options were issued under IPB Petroleum Limited Employee Option Plan (IPBLEOP) following shareholder approval at the 2016 and 2018 Annual General Meetings and were issued to Directors and an Officer of the company.*

2      *These options were issued to Atoll Financial and associated entities and are exercisable upon a successful financing event in accordance with the agreement between IPB Petroleum and Atoll*

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.

## 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 \$17,300 including fees and brokerage.



## **Rounding**

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the Financial Report have been rounded to the nearest dollar unless otherwise stated.

## Remuneration Report

The Directors of IPB Petroleum present this Remuneration Report for the Financial Year ended 30 June 2019 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 2019 Financial Year are shown in Table 5 below.

Director	Position
<b>Bruce McKay</b>	Non-Executive Director and Chair
<b>Brendan Brown</b>	Managing Director
<b>Philip Smith</b>	Technical Director
<b>Geoffrey King</b>	Non-Executive Director
<b>Brodrick Wray</b>	Non-Executive Director

Table 5 – 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 2019
7. Non-Executive Directors' Fees and other remuneration
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, and in accordance with the resources available to the company. 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 for days worked
- 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 – Directors Duties
- 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 IPB Petroleum Limited Employee Option Plan (IPBLEOP) 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 2019.

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 (IPBLEOP) for qualifying persons in order to motivate and reward them. The plan is open to qualifying employees and officers of IPB Petroleum.



**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

Under the IPBLEOP, 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 IPBLEOP. 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 IPBLEOP.

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.

During Financial Year end June 2019, following approval at the Annual General Meeting held on 22 November 2018, the company issued 4,750,000 Employee Options expiring 22 November 2022 with an Exercise Price of 4.65 cents per option to various Directors and Officers of the company. These options were issued under the IPB Petroleum Limited Employee Option Plan (IPBLEOP) in consideration of reduced income and fees over the preceding period and as an increased loyalty and bonus/retention mechanism for recipients.

## 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 2019.

## 6. Remuneration for the Financial Year ended 30 June 2019

Details of the remuneration of key management personal of IPB Petroleum are shown in Table 6 and 7 below.

		Short term benefits	Post-employment benefits	Long term benefits	Equity settled share based payments*	Total
<b>Executive Directors</b>		\$	\$	\$	\$	\$
Brendan Brown Managing Director	2018	215,311	-	-	-	215,311
	2019	350,868	-	-	13,308	364,176
Philip Smith Technical Director	2018	56,282	-	-	-	56,282
	2019	33,500	-	-	11,090	44,590

\* Equity Settled share Based Payments relates to grant of Options on 22 November 2018 under IPBLEOP as approved at the 2018 Annual General Meeting

**Table 6 – Executive Director Remuneration**

		Short term benefits	Post-employment benefits	Long term benefits	Equity settled share based payments*	Total
<b>Non – Executive Directors</b>		\$	\$	\$	\$	\$
Bruce McKay Non-Executive Chairman	2018	21,265	-	-	-	21,265
	2019	26,375	-	-	7,098	33,473
Brodrick Wray Non-Executive Director	2018	14,260	-	-	-	14,260
	2019	13,000	-	-	4,436	17,436
Geoffrey King Non-Executive Director	2018	12,000	1,140	-	-	13,140
	2019	12,000	1,140	-	4,436	17,576

\* Equity Settled share Based Payments relates to grant of Options on 22 November 2018 under IPBLEOP as approved at the 2018 Annual General Meeting

**Table 7 – Non – Executive Director Remuneration**

## 7. Non-Executive Directors' Fees and other remuneration

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) and except for Geoffrey King who receives remuneration as a Director, by way of a fee plus superannuation the other Non-Executive Directors invoice their fees from their respective consulting entities. 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.

In 2016 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. These fees remained unchanged during the 2019 year. 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.

During the year entities associated with Directors Broderick Wray and Bruce McKay provided additional consulting services to the company at \$1,675 per day plus GST. This compensation has been included in the above Table 7.

The aggregate remuneration of Directors, other than salaries paid to Executive Directors, was \$68,485 in the year ended 30 June 2019.

The remuneration of Non-Executive Directors for the Financial Year ended 30 June 2019 is detailed in Table 7 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 2019, is as follows:

	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	600,000	-	-	172,592	600,000
Brendan Brown	-	30,527,667	-	-	-	30,527,667
Philip Smith	26,394,737	2,050,000	-	-	26,394,737	2,050,000
Geoffrey King	-	200,000	-	-	-	200,000
Brodrick Wray	70,000	1,040,000	-	-	70,000	1,040,000
<b>Totals</b>	<b>26,637,329</b>	<b>34,417,667</b>	<b>-</b>	<b>-</b>	<b>26,637,329</b>	<b>34,417,667</b>

Table 8 – Ordinary Shares held by KMP

**KMP Options and Rights Holdings\***

	Balance at Beginning of Year*	Granted during the Year as part Remuneration**	Exercised During the Year	Lapsed during the Year	Balance at End of Year
Bruce McKay	800,000	800,000	-	-	1,600,000
Brendan Brown	1,500,000	1,500,000	-	-	3,000,000
Philip Smith	1,250,000	1,250,000	-	-	2,500,000
Geoffrey King	500,000	500,000	-	-	1,000,000
Brodrick Wray	500,000	500,000	-	-	1,000,000
<b>Totals</b>	<b>4,550,000</b>	<b>4,550,000</b>	<b>-</b>	<b>-</b>	<b>9,100,000</b>

**Table 9 – Options held by KMP**

\* Following approval at the Annual General Meeting held on 17 November 2016, the company issued 4,750,000 Employee Options expiring 17 November 2020 with an Exercise Price of 3.2 cents per option to various Directors and Officers of the company.

\*\* Following approval at the Annual General Meeting held on 22 November 2018, the company issued 4,750,000 Employee Options expiring 22 November 2022 with an Exercise Price of 4.65 cents per option to various Directors and Officers of the company.

A total of 9,500,000 Options have been issued to Directors and Officers of the company. These Options were issued under the IPB Petroleum Limited Employee Option Plan (IPBLEOP) in consideration of reduced income and fees over the relevant periods and as an increased loyalty and bonus/retention mechanism for recipients.

**Other KMP Transactions**

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

**- End of Remuneration Report -**

## 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

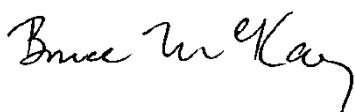
The company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the company are important. The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the 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 2019

Services provided by the Auditor during the year	\$
Audit and review of financial reports	34,956
Non-audit Services	Nil
<b>Total</b>	<b>34,956</b>

## Auditor's independence statement

A copy of the auditor's independence declaration for the Financial Year ended 30 June 2019 has been received as required under Section 307C of the Corporations Act 2001 and is included on page 24. The Directors' Report is made in accordance with a resolution of the Board. On behalf of the Board.



**Bruce McKay**

Non-Executive Chairman

Dated at Melbourne this 30<sup>th</sup> day of September 2019





*Image of Pacific Explorer, taken at Darwin Harbour 2011 before despatch to WA-424-P for Gwydion MC3D seismic survey, courtesy of PGS*

# Auditor's Independence Declaration



Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2000

Postal Address  
GPO Box 1615  
Sydney NSW 2001

p. +61 2 9221 2099  
e. [sydneypartners@pitcher.com.au](mailto:sydneypartners@pitcher.com.au)

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

I declare that to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

- (i) the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in dark ink, appearing to read 'S S Wallace'.

**S S WALLACE**  
Partner

**PITCHER PARTNERS**  
Sydney

30 September 2019

**Adelaide Brisbane Melbourne Newcastle Perth Sydney**

**Pitcher Partners is an association of independent firms.**

An independent New South Wales Partnership. ABN 17 795 780 962. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.



[pitcher.com.au](http://pitcher.com.au)



*Image of metering equipment*

# Financial Report

**IPB Petroleum Limited Consolidated**  
**ACN 137 387 350**  
**Consolidated Statement of Profit or Loss and Other comprehensive income**  
**FOR the YEAR ENDED 30 June 2019**

	Note	2019	2018
		\$	\$
<b>Continuing operations</b>			
Revenue	Note 3	-	-
Other income	Note 3	547	409
Impairment of exploration and evaluation expenditure	Note 13	(13,856)	(35,733)
Employee benefits and directors fees	Note 4	(266,344)	(226,691)
Consulting & contractors		(159,923)	(10,700)
Legal, audit & accounting		(86,345)	(76,272)
Travel expenses		(69,320)	(6,521)
Shareholder relations		(31,108)	(16,683)
Listing & filing fees		(46,039)	(24,414)
Occupancy		(42,656)	(11,179)
Depreciation and amortisation		-	(8,276)
Finance costs		(87)	(13)
Other expenses		(38,820)	(54,300)
<b>Loss before income tax</b>		<b>(753,951)</b>	<b>(470,373)</b>
Income Tax expense	Note 5	-	-
<b>Net Loss for the year</b>		<b>(753,951)</b>	<b>(470,373)</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(753,951)</b>	<b>(470,373)</b>
<b>Earnings per share</b>			
<b>From continuing operations:</b>			
Basic earnings per share (cents)	Note 8	(0.004)	(0.003)
Diluted earnings per share (cents)	Note 8	(0.004)	(0.003)

*The above Statement of Profit and Loss and other Comprehensive Income should be read in conjunction with the accompanying Notes*



**IPB Petroleum Limited Consolidated**  
**ACN 137 387 350**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2019**

	Note	2019	2018
		\$	\$
Current Assets			
Cash and Cash Equivalents	Note 9	990,662	339,645
Trade and Other Receivables	Note 11	52,345	22,395
Other Current Assets	Note 12	13,211	9,825
<b>Total Current Assets</b>		<b>1,056,218</b>	<b>371,865</b>
Non-Current Assets			
Property, Plant and Equipment	Note 14	-	-
Intangible Assets	Note 15	-	-
Exploration & Evaluation Assets	Note 13	3,125,568	2,655,483
<b>Total Non-Current Assets</b>		<b>3,125,568</b>	<b>2,655,483</b>
<b>Total Assets</b>		<b>4,181,786</b>	<b>3,027,348</b>
Current Liabilities			
Trade and Other Payables	Note 16	119,995	137,198
<b>Total Current Liabilities</b>		<b>119,995</b>	<b>137,198</b>
<b>Total Liabilities</b>		<b>119,995</b>	<b>137,198</b>
<b>Net Assets</b>		<b>4,061,791</b>	<b>2,890,150</b>
Equity			
Issued Capital	Note 17	17,789,842	15,906,393
Reserves	Note 19	135,824	93,681
Accumulated Losses	Note 21	(13,863,875)	(13,109,924)
<b>Total Equity</b>		<b>4,061,791</b>	<b>2,890,150</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying Notes*

**IPB Petroleum Limited Consolidated**  
**ACN 137 387 350**  
**Consolidated Statement of Changes in Equity**  
**For the Year ended 30 June 2019**

	Notes	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2017</b>		15,640,876	93,681	(12,639,551)	3,095,006
<b>Comprehensive Income</b>					
Loss for Year		-	-	(470,373)	(470,373)
<b>Total Comprehensive Income for year</b>		-	-	(470,373)	(470,373)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Proceeds from issues of shares (less transaction costs)		265,516	-	-	265,516
<b>Total Transactions with owners and other transfers</b>		265,516	-	-	265,516
<b>Balance at 30 June 2018</b>		15,906,393	93,681	(13,109,924)	2,890,150
<b>Balance at 1 July 2018</b>		15,906,393	93,681	(13,109,924)	2,890,150
<b>Comprehensive Income</b>					
Loss for Year	Note 4	-	-	(753,951)	(753,951)
<b>Total Comprehensive Income for year</b>		-	-	(753,951)	(753,951)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Proceeds from issues of shares (less transaction costs)		1,883,449	-	-	1,883,449
Option Reserve			42,143		42,143
<b>Total Transactions with owners and other transfers</b>		1,883,449	42,143	-	1,925,592
<b>Balance at 30 June 2019</b>		17,789,842	135,824	(13,863,875)	4,061,791

*The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes*

**IPB Petroleum Limited Consolidated**  
**ACN 137 387 350**  
**Consolidated Statement of Cash Flows**  
**For the Year ended 30 June 2019**

	Note	2019	2018
		\$	\$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		-	-
Payments to suppliers and employees		(748,951)	(363,145)
Interest received		547	409
Finance costs		(87)	(13)
<b>Net Cash Outflow from Operating Activities</b>	Note 10	(748,491)	(362,749)
<b>Cash Flows from Investing Activities</b>			
Payments for exploration & evaluation expenditure		(483,941)	(242,163)
<b>Net Cash Outflow from Investing Activities</b>		(483,941)	(242,163)
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		2,012,180	273,743
Costs of issue of shares		(128,731)	8,227
<b>Net Cash Inflow from Financing Activities</b>		1,883,449	265,516
Net Increase/(Decrease) in Cash Held		651,017	(339,396)
Cash and Cash Equivalents as at 1 July 2018		339,645	679,041
<b>Cash and Cash Equivalents as at 30 June 2019</b>	Note 9	990,662	339,645

*The above Statement of Cash Flows should be read in conjunction with the accompanying Notes*

**IPB Petroleum Limited Consolidated**  
**ACN 137 387 350**  
**Notes to the Financial Statements**  
**For the Year ended 30 June 2019**

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	Note	2019 \$	2018 \$
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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 been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 30 September 2019 by the directors of the company.

### **Going Concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business. The group incurred a loss after income tax of \$753,951 (2018: loss after income tax of \$470,373), and was in a net asset position of \$936,223 (2018: net asset position of \$234,667). The group generated negative cash flows from operations of \$748,491 (2018: cash outflows of \$362,749), cash outflow from investing activities of \$483,941 (2018: cash outflow of \$242,163) and net cash inflows from financing activities of \$1,883,449 (2018: net cash inflows of \$265,516).

The continuing viability of the group, its ability to continue as a going concern and to continue to invest similar levels in its exploration permit WA-424-P, is dependent upon the group being successful in securing additional funding.

To address the risks associated with the funding requirements of the group, the directors have undertaken the following initiatives:

- engaged an advisor to assist with a proposed bond issue; and
- entered into discussions with third parties regarding a farmout and potential debt financing.

On this basis, no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the group be unable to raise further debt or capital with the initiatives detailed above then, the Group may in the future not be able to continue as a going concern and may therefore be required to cancel the exploration permit WA-424-P, realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial report.

## **1. 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.



**IPB Petroleum Limited Consolidated**  
**ACN 137 387 350**  
**Notes to the Financial Statements**  
**For the Year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>b. Principles of Consolidation</b>			
<p>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 22.</p> <p>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.</p>			
<b>c. Income Tax</b>			
<p>The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).</p> <p>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.</p> <p>Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>			

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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.

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.

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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.

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.

### **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

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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 Non-financial 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.

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 year to 2019. Refer to Note 13.

**h. 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.

**i. Employee Benefits**

**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

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for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

**j. 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, and other options issues.

**k. 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.

**l. 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 expected credit loss.

At the end of each reporting period, the Group assesses whether there is any indication that the 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, less recovery costs, to the asset's carrying amount and any expected credit loss.

**m. Trade and Other Payables**

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.

**n. 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.



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**o. 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.

**Initial application of AASB9: Financial Instruments**

The Group has adopted AASB 9 : Financial Instruments with an initial application date of 1 July 2018.

There were no financial assets/liabilities which the Group had previously designated as fair value through profit or loss under AASB 139 that were subject to reclassification/elected reclassification upon the application of AASB 9 : *Financial Instruments: Recognition and Measurement* . There were no financial assets/liabilities or expected credit loss which the Group has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

**p. 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

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<p>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.</p>			

**q. New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The directors have decided not to early-adopt any of the new and amended pronouncements. The following sets out their assessment of the pronouncements that are relevant to the Group but applicable in future reporting periods.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

The Group has chosen not to early-adopt AASB 16. However, the Group has conducted a preliminary assessment of the impact of this new Standard, as follows.

A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees as the standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance to this new Standard. There are, however, two exceptions allowed: short-term and low-value leases.

The effect of AASB 16 is not expected to have a material effect on the Group.

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## 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		1,056,218	371,865
Non-Current Assets		3,125,568	2,655,483
<b>Total Assets</b>		<b>4,181,786</b>	<b>3,027,348</b>

#### Liabilities

Current Liabilities		119,995	137,198
<b>Total Liabilities</b>		<b>119,995</b>	<b>137,198</b>
<b>Net Assets</b>		<b>4,061,791</b>	<b>2,890,150</b>

#### Equity

Issued Capital	Note 17	17,789,842	15,906,393
Reserves	Note 19	135,824	93,681
Accumulated Losses	Note 21	(13,863,875)	(13,109,924)
<b>Total Equity</b>		<b>4,061,791</b>	<b>2,890,150</b>

### Statement of Profit or Loss and Other Comprehensive Income

Total profit(loss)	Note 4	(753,951)	(470,373)
Total Comprehensive Income		(753,951)	(470,373)

#### Guarantees

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

#### Other potential liabilities not brought to account

At 30 June 2019, IPB Petroleum Limited had potential future liabilities as follows:

- On 13 March 2019, 2,100,000 unlisted options were issued to Atoll Financial Limited. The unlisted options are convertible into fully paid ordinary shares on a 1 for 1 basis, exercisable at \$0.20 per option on or before 13 September 2022 but only after successful completion of the financing being the subject of the agreement with the party. The estimated fair value of the options as at issue date and reporting date is \$8,400.

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**Contractual commitments**

At 30 June 2019, IPB Petroleum Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment.

**3. Revenue and Other Income**

Interest Received	547	409
	547	409

**4. Loss for the Year**

Loss before income tax expense includes the following specific expenses:

**Charging as Expense**

Finance Costs	87	13
Depreciation		
- Office Furniture and Equipment	-	905
- Computer Equipment	-	2,424
	-	3,329
Impairment		
Impairment - Exploration Expenditure	13,856	35,733
	13,856	35,733
Remuneration of the Auditor		
- Audit &/or review of financial statements	34,956	32,843
	34,956	32,843
Foreign Currency Translation Losses	-	356

**5. Income Tax Expense**

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

Current Tax	-	-
Deferred Tax	-	-
Total	-	-

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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%		(226,185)	(141,112)
Add:			
Tax effect of:			
- Other Non-Allowable Items		-	-
- Share Options Expensed During Year		12,643	-
- Unused Income Tax Losses Not Taken Up as an Asset		213,542	141,112
Income tax attributable to entity		Nil	Nil
The applicable weighted average effective tax rates are as follows:			
		0%	0%
c) Deferred tax assets not recognised			
Tax Losses		5,150,555	4,783,387
Temporary Differences		(887,853)	(775,315)
Total deferred tax assets not recognised		4,262,702	4,008,072

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.

## 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 2019.

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

Short-term employee benefits	435,743	319,118
Post-employment benefits	1,140	1,140
Equity settled share based payments	40,369	-
Total KMP compensation	477,252	320,258



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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.

**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
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**8. Earnings per Share**

(a) Reconciliation of earnings to profit or loss:

Earnings used to calculate basic EPS	(753,951)	(470,373)
Earnings used in the calculation of dilutive EPS	(753,951)	(470,373)
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	201,853,109	159,785,266
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	201,853,109	159,785,266
Antidilutive options on issue not used in dilutive EPS calculation	11,600,000	4,750,000

**Potential Ordinary Shares**

As the options were determined to be antidilutive the options have not been included in the determination of basic earnings/(loss) per share.

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**Ordinary Shares**

During the year two capital raisings were conducted resulting in the issuance of 70,304,500 shares for a contribution of \$2,012,180 (less associated costs of \$128,731).

The basic earnings per share as at 30 June 2019 was (0.004), (2018: (0.003)).

The diluted earnings per share as at 30 June 2019 was (0.004), (2018: (0.003)).

**9. Cash and Cash Equivalents**

Cash at bank and on hand	990,662	339,645
	<u>990,662</u>	<u>339,645</u>

The effective interest rate on short-term bank deposits was 0.8% (2018: 1.055%); 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	<u>990,662</u>	<u>339,645</u>
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**10. Cash Flow Information**

**Reconciliation of Cash Flow from Operations with Profit after Income Tax**

Loss after Income Tax	(753,951)	(470,373)
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Non-Cash Flows in Profit:

- Depreciation	-	3,329
- Amortisation	-	4,947
- Impairment	13,856	35,733
- Share based payment expense	42,143	-

Changes in Assets and Liabilities:

- Decrease in Trade and Other Receivables	(29,949)	(5,460)
- Decrease in Other Current Assets	(3,387)	5,385
- Decrease in Trade and Other Payables	(17,203)	63,690
Cash outflow from Operating Activities	<u>(748,491)</u>	<u>(362,749)</u>

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<b>11. Trade and Other Receivables</b>			
<b>Current</b>			
GST Refundable		52,345	22,395
Total		52,345	22,395

**Collateral Held as Security**  
No collateral is held as security.

**12. Other Assets**

<b>Current</b>			
Prepayments		13,211	9,825
		13,211	9,825

**13. Evaluation & Exploration Assets**

Exploration Expenditure			
- Exploration & Evaluation Phase		6,264,338	7,819,043
Less Accumulated Impairment Losses		(3,138,770)	(5,163,560)
Total		3,125,568	2,655,483

**Exploration Expenditure**

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

Capitalised costs amounting to \$483,941 (2018: \$242,163) 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 2017	2,449,053	-	-	2,449,053
Exploration and evaluation expenditure	206,430	18,033	17,700	242,163
Less Impairment Losses	-	(18,033)	(17,700)	(35,733)
Balance as at 30 June 2018	2,655,483	-	-	2,655,483

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Balance as at 1 July 2018	2,655,483	-	-	2,655,483
Exploration and evaluation expenditure	470,085	6,815	7,041	483,941
Less Impairment Losses		(6,815)	(7,041)	(13,856)
Balance as at 30 June 2019	3,125,568	-	-	3,125,568
Cost	6,264,338	794,240	1,280,139	8,338,717
Less Accumulated Impairment Losses	(3,138,770)	(794,240)	(1,280,139)	(5,213,149)
Balance as at 30 June 2019	3,125,568	-	-	3,125,568

#### **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 the preparation of the 2018 Financial Statements the Directors re-assessed the carrying value of the company's exploration permits. As a consequence the Directors determined to impair two of IPB Petroleum's exploration permits being WA-471-P and WA-485-P to the full extent of their prior capitalised values. This policy has also been adopted in the preparation of the 2019 Financial statements.

These impairments resulted from the determination of a risk to the ability to satisfy the subject permits' work programmes within set timeframes resulting from a reduced likelihood of obtaining further suspension and extensions and or variations to these permit work programmes from the Commonwealth-Western Australia Joint Authority (Joint Authority) in future.

This has resulted in a 2019 Financial Year further impairment of \$6,815 for the WA-471-P exploration permit asset and \$7,041 for the WA-485-P exploration permit asset. As at the 30 June 2019 the carrying values of these two assets remains nil. IPB's core WA-424-P permit has not been impaired in the 2018 Financial Report and had a carrying value as at June 30, 2019 of \$3,125,568.

During May 2019 IPB Petroleum resolved to hand WA-471-P and WA-485-P back to the Government. As a result on 12 September 2019, IPB Petroleum received advice from the National Offshore Petroleum Titles Administrator (NOPTA) that exploration permits WA-471-P and WA-485-P had been cancelled

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 WA-424-P and will continue to monitor market conditions so as to update their impairment assessment as required. Capitalised costs written off amounting to \$13,856 (2018: \$35,733) have been included in the statement of profit or loss.

## **14. Property, Plant and Equipment**

### **Plant and Equipment**

Office Equipment	7,202	7,202
Less Accumulated Depreciation & Impairment	(7,202)	(7,202)
	-	-
Computer Equipment	58,685	58,685
Less Accumulated Depreciation & Impairment	(58,685)	(58,685)
Total	-	-

**IPB Petroleum Limited Consolidated**  
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**Notes to the Financial Statements**  
**For the Year ended 30 June 2019**

	Note	2019 \$	2018 \$
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**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	-	3,329
Additions	-	-
Disposals	-	-
Depreciation Expense	-	(3,329)
Balance as at 30 June	-	-

**15. Intangible Assets**

**Non-Current**

Formation Expenses	-	-
Net carrying amount	-	-

**Formation Expenses**

Balance at 1 July	-	4,947
Additions	-	-
Disposals	-	-
Amortisation Expense	-	(4,947)
Balance as at 30 June	-	-

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

**16. Trade and Other Payables**

**Current**

Unsecured Liabilities:

Trade Payables	25,952	99,182
Sundry Payables and Accrued Expenses	94,043	38,016
Total Trade and Other Payables	119,995	137,198

**IPB Petroleum Limited Consolidated**  
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**Notes to the Financial Statements**  
**For the Year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>17. Issued Capital</b>			
230,639,752 (2018: 160,335,252) fully paid ordinary shares		17,789,842	15,906,393

The company has authorised share capital amounting to 230,639,752 ordinary shares.

	No.	No.
<b>Ordinary Shares</b>		
At the beginning of the reporting period	160,335,252	142,085,729
Shares issued during the year:	70,304,500	18,249,523
	<u>230,639,752</u>	<u>160,335,252</u>
At the end of the reporting period		

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.

#### **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 20.

For information relating to share options issued to key management personnel during the financial year, refer to Note 20.

#### **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.

#### **18. 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.



**IPB Petroleum Limited Consolidated**  
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**Notes to the Financial Statements**  
**For the Year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>19. Reserves</b>			
Options Reserve		135,824	93,681
		<u>135,824</u>	<u>93,681</u>
<b>Employee Share Options Reserve</b>			
Opening Balance for the year		93,681	93,681
Expensed During Year		42,143	-
		<u>135,824</u>	<u>93,681</u>

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

**20. Share-based Payments**

On 22 November 2018, and following shareholder approval, a total of 4,750,000 share options were granted to Directors and Officers of the company under the IPBLEOP as part of their remuneration package to take up ordinary shares at an exercise price of \$0.0465 each. The options are fully vested and exercisable on or before 22 November 2022. The options hold no voting or dividend rights and are only transferable for the purpose of exercise.

The company established the IPB Petroleum Limited Employee Option Plan (IPBLEOP) 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 IPBLEOP 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 IPBLEOP. 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.

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

**IPB Petroleum Limited Consolidated**  
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**Notes to the Financial Statements**  
**For the Year ended 30 June 2019**

	Note	2019 \$	2018 \$
		Number	Weighted Average Exercise Price \$
<b>Options outstanding as at 1 July 2017</b>		4,750,000	\$0.0320
Granted		-	-
Exercised		-	-
Expired		-	-
<b>Options outstanding as at 30 June 2018</b>		4,750,000	\$0.0320
<b>Options outstanding as at 1 July 2018</b>		4,750,000	\$0.0320
Granted		6,850,000	\$0.0088
Exercised		-	-
Expired		-	-
<b>Options outstanding as at 30 June 2019</b>		11,600,000	\$0.0077

The fair value of the 4,750,000 options granted to employees is deemed to be additional compensation for Director and Officer contribution received during the year but not paid in Base Remuneration.

Atoll Financial Limited were granted 2,100,000 options during the year for nil consideration. These have not been expensed but reported as a potential future liability should they vest and become exercisable. The total expense has been estimated to be \$8,400 should this occur.

The fair value of employee options granted and expensed during the year was \$42,143 (2018: \$0). This is included under other expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The values of the Employee Options issued and expensed were calculated using the Black-Scholes option pricing model applying the following inputs:

- ☐ Underlying Share Price on Date of Issue = 2.6 cents per share
- ☐ Exercise Price= 4.65 cents
- ☐ Expiry Date of the Options: 22 November 2022, Life 3.75 years
- ☐ Volatility 65%\*
- ☐ Risk Free Cost of Capital: 2.23 % - Based on Australian Commonwealth Bond Market indicative rates.

\* Historical volatility of IPB Petroleum shares over the previous 6 and 12 months as it is assumed that this is indicative of future movements in IPB's share price at the valuation date.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

**IPB Petroleum Limited Consolidated**  
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**Notes to the Financial Statements**  
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	Note	2019 \$	2018 \$
<b>21. Accumulated Losses</b>			
Accumulated Losses at the Beginning of the Financial Year		(13,109,924)	(12,639,551)
Less			
Net loss attributable to members of the company		(753,951)	(470,373)
Accumulated Loss at the End of the Financial Year		(13,863,875)	(13,109,924)

**22. 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	
		2019 %	2018 %
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

**23. Related Party Transactions**

There were no related party transactions other than as identified in the Remuneration Report,

**IPB Petroleum Limited Consolidated**  
**ACN 137 387 350**  
**Notes to the Financial Statements**  
**For the Year ended 30 June 2019**

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	Note	2019 \$	2018 \$
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All Directors except Mr Geoffrey King have received their Base Remuneration as disclosed in the Remuneration Report through consulting entities that are deemed related parties of these Directors.

Note 6 and the Remuneration Report provide further details on Director Remuneration.

**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.

*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 2019 or 2018 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**

Other than those disclosed elsewhere in these financial statements, there were no transactions with related parties during the year.

**IPB Petroleum Limited Consolidated**  
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**Notes to the Financial Statements**  
**For the Year ended 30 June 2019**

	Note	2019 \$	2018 \$
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## 24. 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 9 : *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

### Financial assets

Cash and cash equivalents	Note 9	990,662	339,645
<b>Total financial assets</b>		<b>990,662</b>	<b>339,645</b>

### Financial liabilities

Trade and other payables at amortised cost	Note 16	119,995	137,198
<b>Total financial liabilities</b>		<b>119,995</b>	<b>137,198</b>

### 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.

**IPB Petroleum Limited Consolidated**  
**ACN 137 387 350**  
**Notes to the Financial Statements**  
**For the Year ended 30 June 2019**

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	Note	2019 \$	2018 \$
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**(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.

**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.

**25. Events After the Reporting Period**

Other than as disclosed below no other 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.

During May 2019 IPB Petroleum resolved to hand non core permits WA-471-P and WA-485-P back to the Government. As a result on 12 September 2019, IPB Petroleum received advice from the National Offshore Petroleum Titles Administrator (NOPTA) that exploration permits WA-471-P and WA-485-P had been cancelled.

**26. 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



## DIRECTORS' DECLARATION

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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 26 – 52 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 2019 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.

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 30<sup>th</sup> day of September 2019



*Image of semi-submersible drill rig Sedco 702. The Sedco 702 was used by BHP to drill the Gwydion oil discovery in 1995*

# Auditor's Report



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

**Report on the Audit of the Financial Report**

We have audited the financial report of IPB Petroleum Limited and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

**Opinion**

In our opinion, the accompanying financial report of IPB Petroleum Limited and its controlled entities is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors, would be in the same terms if given to the directors as at the time of this auditor's report.

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

**Material uncertainty in relation to going concern**

We draw attention to the Going Concern note on page 30 in the financial report, which indicates that the Group incurred a loss after income tax of \$753,951, a negative cash outflow from operations of \$748,491 and a net cash outflow from investing activities of \$483,941 during the year ended 30 June 2019. As stated in the Going Concern note, these events or conditions, along with other matters as set forth in the Going Concern note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Carrying Value of Evaluation and Exploration Assets <i>Refer to Note 13 Evaluation and Exploration Assets</i>	
<p>The Group has capitalised exploration expenditure with a carrying value of \$3,125,568. We determined this to be a key audit matter due to the significant management judgement involved in assessing the carrying value in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, including:</p> <ul style="list-style-type: none"> <li>Assessing whether any indicators of impairment are present, and if so, judgements applied to determine and quantify any impairment loss</li> <li>Determination of whether exploration activities have progressed to a stage at which the existence of an economically recoverable mineral reserve may be assessed.</li> </ul>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Critically reviewing management's assessment of impairment indicators for the Group's capitalised exploration assets under AASB 6 by: <ul style="list-style-type: none"> <li>Assessing the period for the rights to explore the areas of interest have not expired or will not expire in the near future without an expectation of renewal.</li> <li>Reviewing forecasts to ensure that they indicate further planned exploration expenditure in the areas of interest.</li> <li>Understanding whether any data exists that indicates the carrying value of these exploration and evaluation assets are unlikely to be recovered from successful development or by sale.</li> </ul> </li> <li>Assessing the reasonableness of management's determination of the impairment loss the asset.</li> <li>Considering the adequacy of the financial report disclosures in Note 13.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Letter from the Chair, Managing Director's Overview, Directors' Report, ASX Additional Information, Glossary and Corporate Directory which was obtained as at the date of our audit report, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### ***Auditor's Responsibilities for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 17 to 21 of the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of IPB Petroleum Limited and its controlled entities, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors 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.

A handwritten signature in dark ink that reads 'S S Wallace'.

**S S WALLACE**  
Partner

A handwritten signature in dark ink that reads 'Pitcher Partners'.

**PITCHER PARTNERS**  
Sydney

30 September 2019

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*Image of oil rig helideck*

**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 19 September 2019.

**a) Distribution of Shareholders**

Analysis of numbers of shareholders by size of holding:

Ordinary Shares	Number of shareholders
1-1000	44
1,001-5,000	131
5,001-10,000	147
10,001-100,000	391
100,001 and over	248
<b>Total Shareholders</b>	<b>961</b>

The number of shareholders holding less than a marketable parcel of shares is 430

**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 19 September 2019:

Name	Number of ordinary shares	% ordinary shares
PHILIP SMITH	26,394,737	11.44
BTMB INVESTMENTS PTY LTD	26,250,000	11.38
KALAN SEVEN PTY LTD	10,607,075	4.60
RYLET PTY LIMITED	10,192,708	4.42
MR PHILIP ALAN KENNETH NAYLOR & MRS ANDREA NAYLOR	9,000,000	3.90
CPAC HOLDINGS PTY LIMITED	8,000,000	3.47
MRS SUZANNE JANE ROULENT	5,000,000	2.17
LONG TERM SUPER PTY LTD	4,277,667	1.85
CALLAHORN PTY LTD	3,000,000	1.30
MR IAN JAMES PITCHER	2,883,000	1.25
VICTORIA'S BASEMENT PTY LIMITED	2,850,000	1.24
MILDURA EQUITY CHAMBERS MANAGEMENT PTY LTD	2,607,190	1.13
BRYLET INVESTMENTS PTY LTD	2,500,000	1.08
JOPARK PTY LTD	2,500,000	1.08
LORGRAY NOMINEES PTY LTD	2,500,000	1.08
STRATH DEE PTY LTD	2,500,000	1.08
MR ROSS JAMES OLIVER MACTIER	2,100,000	0.91
TRAVELOPP PTY LTD	2,050,000	0.89
OCEAN MIST PTY LTD	2,000,000	0.87
MR DARREN JAN WOLBERS & MRS TARA LOUISE WOLBERS	3,600,000	1.56
<b>Top 20 Ordinary Shareholders Total</b>	<b>130,812,377</b>	<b>56.7%</b>
<b>Total Ordinary Shares as at 19 September 2019</b>	<b>230,639,752</b>	<b>100%</b>

**d) Substantial Shareholders**

Substantial holders in IPB Petroleum are set out below according to the most recent lodged Form 604 Notice\* of change of Interests of the Substantial Holder.

Name	Date of Notice	Number of ordinary shares held	% ordinary shares held
B. BROWN	6 August 2018	30,527,267	13.24%
P. SMITH	6 August 2018	28,444,737	12.33%
P. A. K. NAYLOR	5 June 2017	14,523,308	6.30%

**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

Further detail on Permits and works can be found in the Review of Operations pages 11-13.

<b>\$, Aus. or Dollars, \$ AUD</b>	Australian dollars unless otherwise stated
<b>ASIC</b>	Australian Securities & Investment Commission
<b>ASX</b>	ASX Limited
<b>ASX Listing Rules</b>	The listing rules of ASX
<b>Board</b>	IPB Petroleum Board of Directors
<b>Constitution</b>	The Constitution of the company
<b>Corporations Act</b>	The <i>Corporations Act 2001</i> (Cth)
<b>Director</b>	A Director of IPB Petroleum Limited
<b>IPBLEOP</b>	The IPB Petroleum Limited Employee Option Plan
<b>IPB, IPB Petroleum or company</b>	IPB Petroleum Limited (ABN 52 137 387 350) or IPB Petroleum Consolidated Group or a wholly owned subsidiary
<b>Km</b>	Kilometres
<b>Km²</b>	Squared Kilometres
<b>Permit</b>	The WA-424-P petroleum exploration permit
<b>Primary Term</b>	The first 3 years of the 6-year initial period or 5 year renewal period for which an exploration permit is awarded. The work activity for the first 3 years of the program are guaranteed work program commitments by the permit holders
<b>Prospect</b>	A ready-to-drill subsurface drilling target
<b>PRRT</b>	Petroleum Resources Rent Tax
<b>Secondary Term</b>	The second 3 years of the initial 6-year period or 2 years of a 5 year renewal period for which an exploration permit is 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

Tower 4, 727 Collins Street

Docklands VIC 3008

**Phone** 1300 554 474 (toll free)

**Fax** +61 2 9287 0303

**Email** [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

**Website** [www.linkmarketservices.com.au](http://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](mailto:admin@ipbpet.com.au)

**Website** [www.ipbpet.com.au](http://www.ipbpet.com.au)

#### AUSTRALIAN BUSINESS NUMBER

52 137 387 350

#### AUDITOR

Pitcher Partners

Level 16, Tower 2 Darling Park

201 Sussex Street Sydney NSW 2000

GPO Box 1615, Sydney NSW 2001

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