



**IPB Petroleum Limited**

ABN 52 137 387 350

## **CHAIRMAN'S ADDRESS TO THE 2019 ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Fellow shareholders,

In addressing this year's Annual General Meeting, I would have liked to advise that we have achieved funding for the drilling of the Idris well. However, we are not there yet. I am pleased that our Managing Director Brendan Brown is present today at this Annual General Meeting because up until Sunday evening he was an apology, intending to be in the Middle East progressing discussions with interested parties within the region. That trip will now take place in the next few weeks and it follows two earlier encouraging visits to the UAE by Brendan as MD and myself as Chair. During these visits we were introduced to a number of companies and investor groups, several of which continue to progress the opportunity of participating with IPB in the drilling of the Idris well to appraise the Gwydion oil discovery, then if successful, proceeding to a commercial development of the field.

We have attracted this increased interest by outlining the technical rationale for oil below structural spill at Gwydion with the corollary that there is a stratigraphic trap of a significantly larger accumulation.

The Gwydion well drilled by BHP in 1995 was at the time a non-commercial gas and oil discovery: it encountered gas on oil with good quality reservoir and fluid properties. There is sidewall core evidence of residual oil in the gas column indicating that gas has displaced oil and the pressure data indicates that the gas, oil and water are in hydraulic communication in one container.

It has been well documented by Geoscience Australia that the oil encountered in the Browse Basin (at Caswell and Gwydion) was sourced deeper in the basin and generated relatively early in the basin geological evolution then migrated significant distance towards the basin margin adjacent to the Australian continent. Subsequently, the massive gas resources, including those which have been developed as world-class LNG projects at Ichthys and Prelude, were generated later in geological time and migrated to the existing structural traps and also to the basin margin on the Yampi Shelf.

Following the acquisition of 3D seismic by PGS for IPB in 2011, recent reprocessed depth imaging corroborated the observations of the seismic amplitudes and the interpretation that the three adjacent structural closures at Gwydion, Mathonwy and Gilfaethwy were gas filled suggesting that the oil column at Gwydion is trapped by another mechanism below structural closure. This is also supported by seismic signatures indicating gas at Mathonwy and Gilfaethwy in conformance with the small but simple structural closures demonstrating total gas fill and suggesting that the three structures are in hydraulic communication.



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Taking all of this into consideration plus some bubble point data, since oil has been intersected, measured and sampled below the gas cap at Gwydion we can conclude that the oil is not structurally trapped and is therefore likely a much larger accumulation.

Collectively with our various industry backgrounds and experience, your Board has quite rightly questioned and attempted to disprove the concept in accordance with scientific method. However we consistently return to the premise that there is likely a stratigraphic trapping mechanism and there is an oil column in good quality reservoir prognosed at the Idris location and the only way to prove its existence is to drill a well.

Nevertheless our experience also reminds us that nothing is risk free, but the “size of the prize”, backed up by solid reliable technical analysis, leads us to conclude that this activity represents the greatest initiative that can create substantial value for IPB shareholders. Therefore our efforts over the year have focussed on realising the opportunity on offer at Idris.

So it was consistent with this strategic direction to relinquish the Company’s less mature adjacent permits WA-471P and WA-485P with their extensive work and expenditure commitments and concentrate on our primary asset of WA-424P and Idris. Management also identified and explored the innovative approach of an Extended Well Test and continues to work this option specifically how to achieve our objectives within the regulatory framework and financing constraints.

I would like to thank both our loyal existing shareholders who continue to support our efforts as well as welcome those new shareholders who participated in our successful capital raisings during the year, which has allowed us to pursue our objectives with vigour while always monitoring and managing our costs. I also thank my fellow directors with special mention of Brendan Brown as Managing Director and Phil Smith our Technical Director, both of whom are major shareholders in the company and have driven the farmout effort with enthusiasm and expertise.

Your Directors present will also be available for further discussion at the conclusion of today’s formal business.

**Bruce McKay**  
Non-Executive Chair