



IPB Petroleum Limited

ABN 52 137 387 350

ADDRESS FROM THE CHAIR

Annual General Meeting

30 November 2020

Dear Fellow Shareholders,

What a year it has been in so many respects but from the perspective of IPB and its shareholders, our significant news just released is that we have successfully executed a farm-in and funding agreement which will allow us to achieve our long-held objective of drilling of the Idris well in WA-424-P in the Browse Basin offshore north Western Australia.

After engaging in late 2019 with a number of companies and funding groups, who had expressed interest in the Idris opportunity, the drop in world oil prices early in 2020 followed by the Coronavirus outbreak severely hampered efforts to expeditiously progress constructive discussions.

The basis of interest in Idris stemmed from the technical rationale for oil below structural spill discovered at Gwydion-1 with the corollary that there is a stratigraphic trap of a significantly larger oil accumulation. The directors remain positive in their interpretation that there is likely an oil column in good quality reservoir at the Idris location and that the only way to validate its existence with the aim to move towards commerciality, is to drill an appraisal well.

So we are delighted that we have reached agreement with Quay Resource Investments to fund the drilling of Idris thereby earning an interest in the WA-424-P permit. We began discussions with Quay in January 2020 but it has only been over the last few months, that we have been able to progress detailed funding negotiations culminating in the execution of the Farm-in and Funding Agreement over the past weekend and even that process had to be completed in the virtual environment with electronic signatures.



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On behalf of your Board I encourage all shareholders to read our more detailed ASX release of earlier this morning, as what follows in this address is a higher level summary of the key points of this exciting and company transforming transaction.

Quay Resources Investments is a subsidiary of Quay Corporation, a privately-owned Australian company, with Australian management and leadership. Quay's management have experience and are directly involved in the energy and commodities trading industries and also have substantial experience in other industrial sectors such as property development.

Quay will initially provide a US\$31 million loan to the WA-424-P Joint Venture of which an IPB wholly-owned subsidiary will retain a 50% working interest and remain the Permit Operator. Of the funds advanced, US\$3.75 million will be reimbursed to IPB Petroleum as compensation for past monies invested in the WA-424-P Permit. The balance of this first tranche will be applied towards interest costs of US\$6.0 million, and the budgeted cost and success-based testing of Idris estimated at US\$21.25 million.

Following the drilling of Idris, which we anticipate will be in the next 12-18 months, Quay have the option to provide a second tranche of funding to the WA-424-P Joint Venture totalling US\$203 million, covering interest and estimated development costs for a first stage Idris success case development.

Both loans are to be repaid by the Joint Venture partners in accordance with their working interest out of net production receipts.

Considering the various alternatives we have explored and pursued over the last 24 months in particular, we are satisfied that this transaction represents the best opportunity to optimally create substantial potential future value for IPB shareholders.

At the end of the meeting, our Managing Director Brendan Brown will refresh your memories regarding the prospect and provide



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more details on the transaction with Quay and the planned timing of activity up to the drilling of the well.

As I said earlier, what a year – nevertheless we have persevered and carefully stewarded the company’s finances as we pursued our opportunities which has culminated in today’s exciting announcement.

I thank our loyal existing shareholders who have supported our efforts and also welcome new shareholders who participated in our capital raising in June 2020.

I must commend my fellow Directors especially Brendan Brown, our Managing Director, for their continued commitment and tenacity. Over the last five years, your Board have provided their expertise, insight and services at significantly reduced remuneration. In recognition of those sacrifices and to provide a retention incentive, two of our previous AGMs have approved the award of options to the directors and officers at a premium to the prevailing share price. On the agenda for this meeting are five resolutions to award similar tranches of options under the same rationale and I encourage your positive consideration of those resolutions.

As announced to ASX last week I can also re-confirm that, of the options awarded following the 2016 AGM, due to expire 17 November 2020, 4,250,000 were exercised last week at 3.2 cents per share raising an additional \$136,000 for the company, which I believe is a very acceptable outcome for everyone.

As can often be the case in our industry, it has been a long journey for your company, but I am glad we all can now share the prospect of an exciting and funded programme for our core asset.

Bruce McKay
Non-executive Chair