



IPB

IPB PETROLEUM LTD
(ABN 52 137 387 350)

QUARTERLY REPORT & APPENDIX 5B **for the Quarter Ending 31 December 2020**

Date: 31 January, 2021



DECEMBER 2020 QUARTERLY ACTIVITIES REPORT

SUMMARY OF KEY EVENTS FOR THE QUARTER

- Farmout and Funding Agreement and Joint Venture Operating Agreement signed with Quay Resource Investments Pty Ltd (Quay) in relation to permit WA-424-P
- Studies and commercial activities commenced on scoping, sourcing and scheduling for environmental planning and well management and testing services for the proposed Idris appraisal well
- IPB received a 24 month extension from NOPTA for its WA-424-P Permit work programme
- IPB through NERA continued to progress future seismic environmental plan activities

PERMIT WA-424-P (IPB 100%)

Farmout and Funding Activities and Idris Appraisal Well

During the quarter, IPB WA 424P Pty Ltd, signed a Farmout and Funding Agreement and Joint Venture Operating Agreement in relation to its 100% held Permit WA-424-P.

A summary of the key points of this transaction are provided below. For more detailed and supplemental information including the proposed Idris appraisal well please refer to the Company's more comprehensive ASX release dated 30 November 2020.

In summary, Quay will earn a 50% working interest in Permit WA-424-P by providing a US\$31m loan secured against the Permit, for the costs budgeted for drilling the proposed Idris appraisal well: approximately US\$21.25m, back costs to IPB of US\$3.75 million and prepaid interest of US\$6 million. The repayment of the loan is to be paid out of future Joint Venture (IPB 50% and Operator and Quay 50%) free cashflow from a development.

Quay has the option to maintain its 50% working interest by providing further funds to the Joint Venture by providing a further loan of US \$203 million secured against the Permit, of which \$US175 million is to be applied towards the estimated stage 1 field development costs and the balance of US\$28 million for prepaid interest. The repayment of the loan is to be paid out of future Joint Venture (IPB 50% and Operator and Quay 50%) free cashflow from a development. If this funding is not provided, Quay's interest reduces to 35% working interest in the permit and Joint Venture.

Update on Timing of proposed receipt of Funds.

IPB has been advised by Quay that funding drawdowns for application towards Joint Venture Activities can occur during the first 2 weeks of February 2021, with full drawdown of funding to be completed by end April 2021. This schedule will allow the Joint Venture to confidently commit to long lead items and planning activities comfortably ahead of likely contractual commitment dates.

IPB intends to lodge relevant title transfer documentation with NOPTA within the coming 1-2 weeks.

Idris Appraisal Well Activities

During the quarter, studies and commercial activities commenced on scoping, sourcing and scheduling for environmental planning and well management and testing services for the proposed Idris appraisal well.

As Operator of the WA-424-P Joint Venture, IPB aims to award certain key contracts within the coming 3 months and commence detailed Environmental Planning work within the coming month, which is considered a critical path item. Under current scheduling, IPB is aiming to be ready to drill Idris by 1st Quarter 2022.

Title Extension

With reference to the Company's ASX release of 17 December 2020, IPB received a 24 month Suspension and Extension to its WA-424-P Permit work Programme. This timing allows for a comfortable margin to complete the drilling, success based testing and evaluation for Idris well ahead of other potential permit related activities.

Activities – Corporate and Financial

During the Quarter, 4,250,000 Employee Options held by Directors and Officers with an exercise price of 3.2 cents expiring 17 November 2020 were exercised raising an additional \$136,000 for the Company.

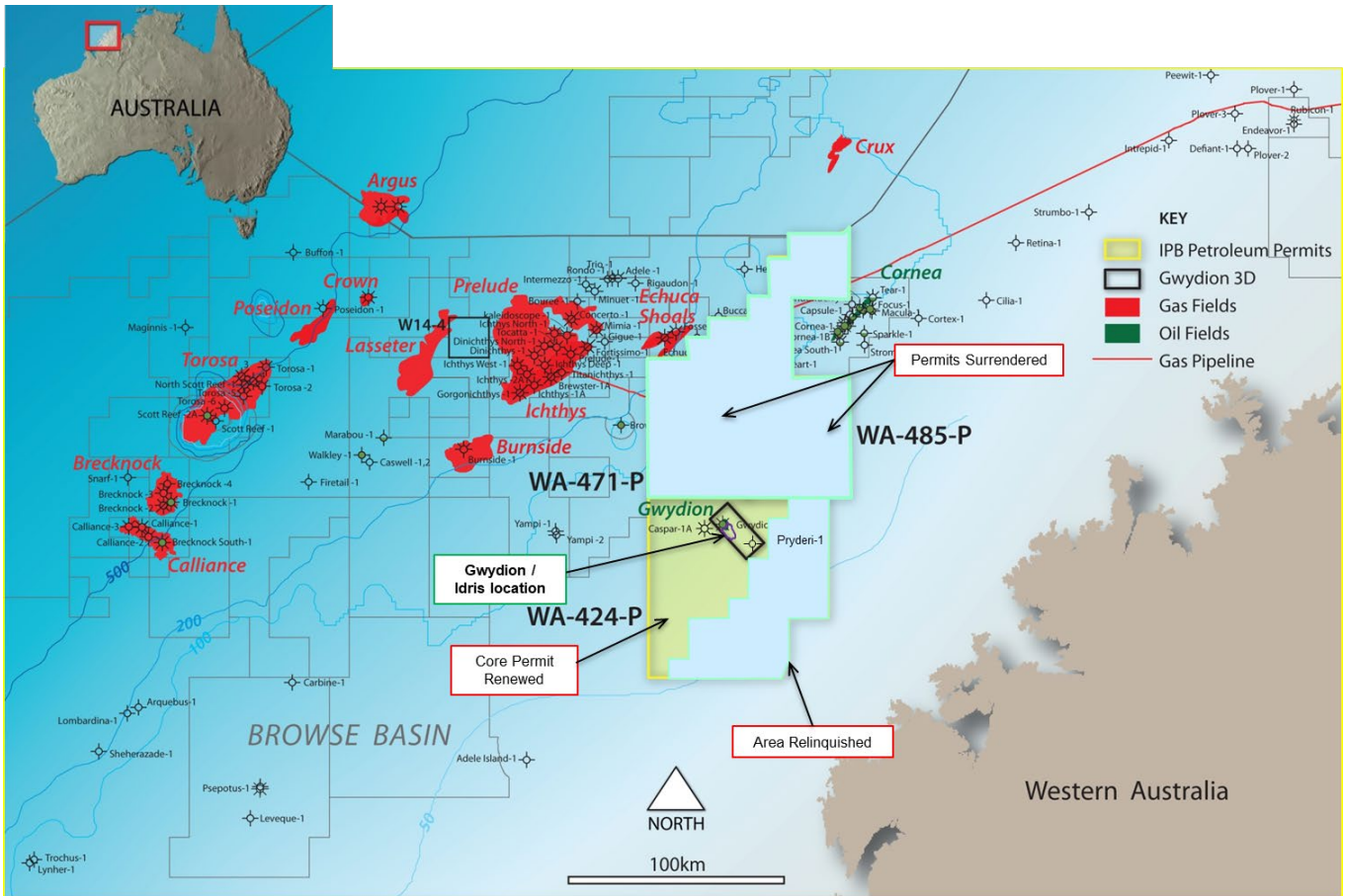
The Company held its AGM on 30 November 2020 by way of virtual interface. Following approval at this meeting, the Company issued a total of 4,750,000 Options expiring 7 December 2024 with an exercise price 5.65 cents to Directors and Officers of the Company.

As at the end of the Quarter, IPB Petroleum had a cash balance of approximately \$0.523 million with no debt.

For further details refer to the attached Appendix 5B.

PERMIT HOLDINGS AND INTERESTS

As at the end of the Quarter, and also as at the date of this report, the Company held an interest in the Browse Basin exploration permit **WA-424-P** (IPB 100% and Operator). Under the Farmout and Funding Agreement with Quay, IPB expects to transfer a 50% working interest in Permit WA-424-P to Quay during the current quarter.



Location Map : IPB Exploration Permit WA-424-P – Browse Basin

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

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

IPB Petroleum Limited

ABN

52 137 387 350

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(49)	(56)
(e) administration and corporate costs	(108)	(179)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	5
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(157)	(230)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(8)	(41)
(e) investments	-	-
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:	-	-
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(8)	(41)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	36
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	136	136
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(35)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	136	137

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	551	657
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(157)	(230)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(41)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	136	137

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	-	-
		523	523

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	523	551
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	523	551

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
(49)
(7)

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The Payments for items 6.1 above relate to Executive and Non-Executive Fees Paid.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		n/a
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(157)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(8)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(164)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	523
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	523
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.2

8.8 **If Item 8.7 is less than 2 quarters**, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

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

Date: 31 January 2021

Authorised by: Brendan Brown - Managing Director
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.