

**FINANCIAL REPORT FOR THE HALF YEAR ENDED  
31 DECEMBER 2019**



**IPB**

**IPB PETROLEUM LTD**  
(ACN 137 387 350)



## Table of Contents

Directors' Report .....	2
Review of Operations .....	4
Auditor's Independence Declaration .....	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	7
Consolidated Statement of Financial Position .....	8
Consolidated Statement of Changes in Equity .....	9
Consolidated Statement of Cash Flows.....	10
Notes to the Consolidated Financial Statements .....	11
Directors' Declaration .....	18
Auditor's Review Report .....	19
Corporate Directory .....	21

# DIRECTORS' REPORT

## FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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The Directors present their report of IPB Petroleum Limited ('IPB Petroleum') ('Company') ('IPB') and subsidiaries ('Group') for the Half Year ended 31 December 2019 and the independent auditor's review report thereon.

### Board of Directors

The Board of Directors of the Company ('Board') has been in office since the start of the Half Year to date of this report unless otherwise stated:

#### Bruce G McKay

##### Non-Executive Director and Chair

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.

# DIRECTORS' REPORT

## FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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### 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 HALF YEAR ENDED 31 DECEMBER 2019

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### Review of Operations

#### PERMIT WA-424-P (IPB 100%)

##### Farmout and Proposed Drilling, Testing and related Activities.

During the Half Year IPB continued to progress discussions and information exchanges with potential farm partners, debt financiers and their representatives both locally and internationally. The Company has made further progress since Half Year End with interested parties.

However, it is important to confirm that until negotiations around terms conclude there are no guarantees that any of these or other expressions of interest will conclude with a binding acceptable transaction.

#### NOPTA

During the Half Year IPB progressed discussions with NOPTA, the government's titles regulator, in relation to its proposed drilling and testing activities. The Company now has a much clearer view of how NOPTA interprets and is likely to administer the relevant Regulations in relation to proposed well testing activities. The conclusion being that if Idris is drilled and successful, the Company's likely activity will be to conduct a more typical drill stem test, before determining whether to apply for a production licence and early field development plan as opposed to the previously proposed extended well test. If Idris is unsuccessful the options available are likely to include submitting a field development plan with a production licence for Gwydion, or deferring a development and possibly applying for a retention lease.

#### Engineering, Studies and Costing work

Further concept, costing study work and economic analysis confirms robust economics on the success case for the proposed Idris appraisal well, and marginal but positive economics for the downside scenario of a potential development of the better quality sand unit at the original Gwydion location -depending on oil prices and operations spread costs.

This study work has been helpful supporting discussions and finance options for a farm-in and contingent and success-based future development at Idris.

#### Permits WA-471-P and WA-485-P (Surrendered and Cancelled)

IPB was also advised by NOPTA during the Half Year that the surrendered WA-485-P and WA-471-P Permits were successfully cancelled.

### Corporate and Financial Activities

During the half year the Company has continued to operate on a prudent basis, whilst continuing to progress permit studies, farmout activities and proposed funding activities.

Net cash outflows from Operating Activities for the 6 months to December 2019 was approximately (\$0.30 million), (HY Dec 2018 (0.30 million)). Cash outflows for Investing Activities were increased during the half year to approximately (\$0.240 million) as a result of the increased study and engineering work to support farmout activities, (HY Dec 2018 (\$ 0.145 million)).

Total net change in cash for the reporting period was a decrease of \$0.545 million (HY Dec 2018 (increase of \$0.306 million)) following cash inflows during the previous HY Dec 2018 from financing activities of \$0.750 million.

As at 31 December 2019 the Company held approximately \$ 0.45 million in cash with no debt.

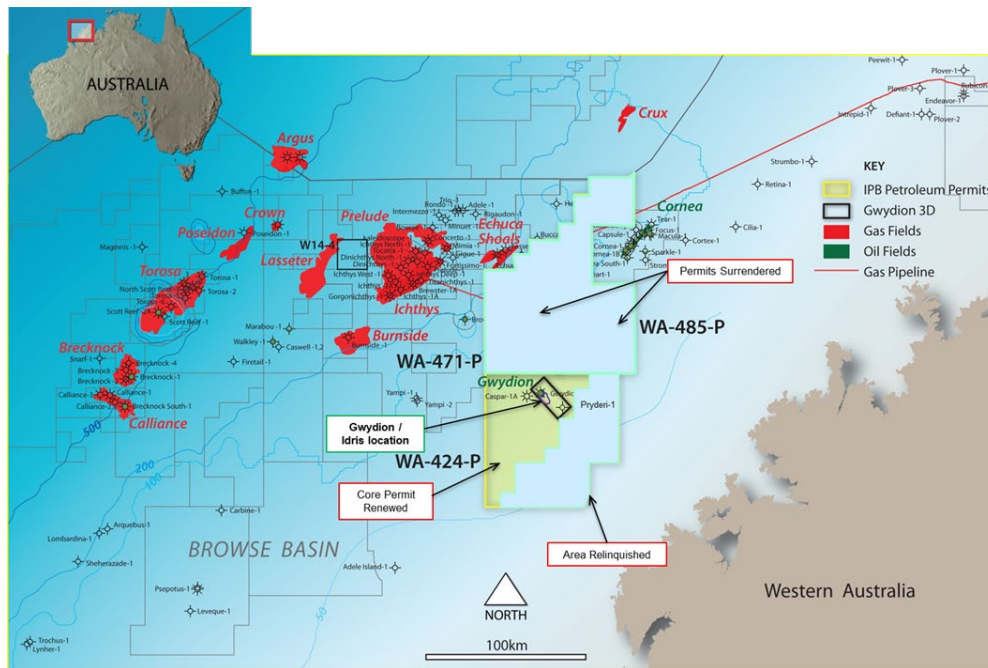
#### Dividends

The Directors have not declared a dividend for the reporting period ended 31 December 2019

### Events occurring after the reporting period

There has not been any matter or circumstance, other than referred to in the financial statements or notes thereto, that has arisen since the end of the reporting period, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years

# DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2019



Location Map: IPB Petroleum Permits Browse Basin Offshore North West Australia

## Rounding of amounts to nearest dollar

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

## Auditor's independence declaration

A copy of the auditor's independence declaration for the Half Year ended 31 December 2019 has been received as required under Section 307C of the Corporations Act 2001 and is included on page 6. 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 13th day of March 2020

Brendan Brown  
Managing Director  
Dated at Melbourne this 13th day of March 2020

# AUDITOR'S INDEPENDENCE DECLARATION



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**Auditor's Independence Declaration**  
**To the Directors of IPB Petroleum Limited**  
**ACN 137 387 350**

In relation to the independent auditor's review of IPB Petroleum Limited for the half year ended 31 December 2019, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act* 2001; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect to IPB Petroleum Limited and the entities it controlled during that period.

A handwritten signature in black ink that reads "Wallace".

**Sylvia Wallace**  
Partner

**Pitcher Partners**  
Sydney

13 March 2020

Adelaide Brisbane Melbourne Newcastle Perth Sydney

6

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An independent New South Wales Partnership. ABN 35 415 759 892. 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.

The Baker Tilly logo, consisting of a stylized 'b' inside a circle, followed by the text "bakertilly" in a bold, sans-serif font.  
NETWORK MEMBER

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

**IPB Petroleum Limited**  
**ACN 137 387 350**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the Half Year ended 31 December 2019**

	Note	31 December 2019 \$	31 December 2018 \$
<b>Continuing operations</b>			
Revenue	3	128	216
Employee benefits and directors' fees		(98,687)	(103,370)
Consulting & Contractors		(79,672)	(6,500)
Legal, Audit & Accounting		(16,164)	(27,480)
Travel		(49,514)	(12,738)
Shareholder Relations		(11,840)	(23,437)
Listing & filing fees		(28,229)	(26,449)
Occupancy		(16,850)	(21,612)
Finance costs		(22)	(5)
Other expenses		(28,603)	(64,794)
<b>Loss before income tax</b>		<u>(329,453)</u>	<u>(286,169)</u>
Income Tax expense		-	-
<b>Net Loss for the half year</b>		<u>(329,453)</u>	<u>(286,169)</u>
<b>Other comprehensive income for the half year</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half year</b>		<u><u>(329,453)</u></u>	<u><u>(286,169)</u></u>
<b>Earnings per share</b>			
<b>From continuing operations:</b>			
Basic earnings per share (cents)		(0.001)	(0.001)
Diluted earnings per share (cents)		(0.001)	(0.001)

**IPB Petroleum Limited**  
**ACN 137 387 350**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2019**

	Note	31 December 2019 \$	30 June 2019 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	4	445,351	990,662
Trade and Other Receivables	6	29,325	52,345
Other Current Assets		5,284	13,211
<b>Total Current Assets</b>		<u>479,960</u>	<u>1,056,218</u>
<b>Non-Current Assets</b>			
Exploration and Evaluation Assets	7	3,365,625	3,125,568
<b>Total Non-Current Assets</b>		<u>3,365,625</u>	<u>3,125,568</u>
<b>Total Assets</b>		<u>3,845,585</u>	<u>4,181,786</u>
<b>Current Liabilities</b>			
Trade and Other Payables		113,247	119,995
<b>Total Current Liabilities</b>		<u>113,247</u>	<u>119,995</u>
<b>Total Liabilities</b>		<u>113,247</u>	<u>119,995</u>
<b>Net Assets</b>		<u>3,732,338</u>	<u>4,061,791</u>
<b>Equity</b>			
Issued Capital	8	17,789,842	17,789,842
Reserves	9	135,824	135,824
Accumulated Losses		(14,193,328)	(13,863,875)
<b>Total Equity</b>		<u>3,732,338</u>	<u>4,061,791</u>

**IPB Petroleum Limited**  
**ACN 137 387 350**  
**Consolidated Statement of Changes in Equity**  
**For the Half Year ended 31 December 2019**

	Notes	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2018</b>		15,906,393	93,681	(13,109,924)	2,890,150
<b>Comprehensive Income</b>					
Loss for Half Year				(286,169)	(286,169)
<b>Total Comprehensive Income for half year</b>				(286,169)	(286,169)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Proceeds from issues of shares		800,000			800,000
Less transaction costs		(50,000)			(50,000)
Options Reserve			42,143		42,143
<b>Total Transactions with owners and other transfers</b>		750,000	42,143		792,143
<b>Balance at 31 December 2018</b>		16,656,393	135,824	(13,396,093)	3,396,124
<b>Balance at 1 July 2019</b>	8, 9	17,789,842	135,824	(13,863,875)	4,061,791
<b>Comprehensive Income</b>					
Loss for Half Year				(329,453)	(329,453)
<b>Total Comprehensive Income for half year</b>				(329,453)	(329,453)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Proceeds from issues of shares		-			-
Less transaction costs		-			-
Options Reserve			-		-
<b>Total Transactions with owners and other transfers</b>		-	-		-
<b>Balance at 31 December 2019</b>	8, 9	17,789,842	135,824	(14,193,328)	3,732,338

**IPB Petroleum Limited**  
**ACN 137 387 350**  
**Consolidated Statement of Cash Flows**  
**For the Half Year ended 31 December 2019**

	Note	31 December 2019 \$	31 December 2018 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		-	-
Payments to suppliers and employees		(305,360)	(298,868)
Interest received	3	128	216
Finance costs		(22)	(5)
<b>Net Cash Outflow from Operating Activities</b>	5	<u>(305,254)</u>	<u>(298,657)</u>
<b>Cash Flows from Investing Activities</b>			
Payments for exploration & evaluation expenditure	7	(240,057)	(145,026)
<b>Net Cash Outflow from Investing Activities</b>		<u>(240,057)</u>	<u>(145,026)</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		-	750,000
<b>Net Cash Inflow from Financing Activities</b>		<u>-</u>	<u>750,000</u>
Net (decrease)/increase in Cash Held		(545,311)	306,317
Cash and Cash Equivalents at beginning of the Half Year		990,662	339,645
<b>Cash and Cash Equivalents at End of the Half Year</b>	4	<u><u>445,351</u></u>	<u><u>645,962</u></u>

IPB Petroleum is a publicly listed company limited by shares and is listed in Australia on the ASX. It is incorporated and domiciled in Australia. The registered office of IPB Petroleum and the principal place of business is Level 1, 181 Bay Street, Brighton, Victoria 3186.

## **1. Statement of Significant Accounting Policies**

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2019 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by IPB Petroleum Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

The accounting policies have been consistently applied by the Group throughout the reporting period and are consistent with those applied in the 30 June 2019 Annual Financial Report.

### **New and Revised Accounting Requirements Applicable to the Current Half Year Reporting Period**

The Group has considered the application of new or amended Accounting Standards for both this half year, the half year to December 2019 and the year to June 2019 and has determined that the application is either not relevant or not material.

## **2. Going Concern**

For the period ended 31 December 2019 the Group held approximately \$ 0.45 million in cash. For the period ended 31 December 2019 and as at the date of this report the Group remains in a trading loss position. Net cash outflows from Operating Activities for the 6 months to December 2019 was approximately (\$0.305 million). Cash outflows from Investing Activities for the 6 months to December 2019 was approximately (\$0.240 million).

The Group has prepared a detailed cashflow forecast covering 12 months from the date of the financial report, incorporating reduced corporate overhead costs. The forecast assumes the Directors will be able to manage the Group's expected expenditure within the current cash resources available to the Group without additional financing required over this period. Over the last twelve months cash outflow was directed towards farmout, funding, drilling and engineering activities. Subsequent to year end the Group has received a letter of intent, non-binding from a party to provide future financing. The Directors have yet to accept the letter of intent.

Should this financing not eventuate the Directors will consider other funding options including:

- Raising additional capital. The group has demonstrated its ability to raise capital in the past.
- to continue to pursue opportunities to farm-out part of the group's exploration interest.

At the date of this report no agreements have been signed.

**IPB Petroleum Limited ACN 137 387 350**  
**Notes to the Consolidated Financial Statements**  
**For the Half Year Ended 31 December 2019**

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 unsuccessful 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 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 statements.

<b>3. Revenue</b>	Half Year Ended 31 December 2019	Half Year Ended 31 December 2018
	\$	\$
Other Revenue		
Interest Received	128	216
	<u>128</u>	<u>216</u>

<b>4. Cash and Cash Equivalents</b>	As at 31 December 2019	As at 30 June 2019
	\$	\$
Cash at bank and on hand	445,351	990,662
	<u>445,351</u>	<u>990,662</u>

The effective interest rate on short-term bank deposits was 0.1% (Year Ended 30 June 2019: 0.8%); 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>445,351</u>	<u>990,662</u>
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<b>5. Cash Flow Information</b>	Half Year Ended 31 December 2019	Half Year Ended 31 December 2018
	\$	\$

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

Loss after Income Tax	(329,453)	(286,169)
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Non-Cash Flows in Profit:

- Share Based Payment Expense	-	42,143
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**IPB Petroleum Limited ACN 137 387 350**  
**Notes to the Consolidated Financial Statements**  
**For the Half Year Ended 31 December 2019**

<b>5. Cash Flow Information – continued</b>	Half Year Ended 31 December 2019	Half Year Ended 31 December 2018
	\$	\$
- (Increase)/Decrease in Trade & Other Receivables	23,020	(2,588)
- (Increase)/Decrease in Other Current Assets	7,927	6,550
- Increase/(Decrease) in Trade & Other Payables	(6,748)	(58,593)
Cash outflow from Operating Activities	<u>(305,254)</u>	<u>(298,657)</u>

<b>6. Trade and Other Receivables</b>	As at 31 December 2019	As at 30 June 2019
	\$	\$
<b>Current</b>		
GST Refundable	<u>29,325</u>	<u>52,345</u>
Total Current Trade and Other Receivables	<u>29,325</u>	<u>52,345</u>

**7. Exploration and Evaluation**

**Non-Current**

Exploration Expenditure		
- Exploration & Evaluation Phase	6,504,395	6,264,338
Less Accumulated Impairment Losses	(3,138,770)	(3,138,770)
Total exploration expenditure	<u>3,365,625</u>	<u>3,125,568</u>

**Exploration Expenditure**

Capitalised costs amounting to \$240,057 (30 June 2019: \$483,941) have been included in cash flows from investing activities in the statement of cash flows.

**(a) Movement in Carrying Values**

Movements in the carrying amounts for exploration permit between the beginning and the end of the current half year:

<b>Exploration Permit - Area of Interest</b>	<b>WA-424-P</b>
	\$
Balance as at 1 July 2019	<u>3,125,568</u>
Exploration and evaluation expenditure	240,057
Balance as at 31 December 2019	<u>3,365,625</u>

**Exploration permit commitments and tenure risks**

The terms and conditions of the exploration permits held by IPB Petroleum require guaranteed annual work

**IPB Petroleum Limited ACN 137 387 350**  
**Notes to the Consolidated Financial Statements**  
**For the Half Year Ended 31 December 2019**

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. If an exploration permit were cancelled, the Company would be required to fully impair the carrying value of the exploration and evaluation expenditure associated with the subject permit.

**Carrying Values for exploration and evaluation expenditure**

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 order to fund substantive future exploration activities within its permits, IPB continued with its farmout and funding process during the reporting period. The Company also completed further a feasibility and costing studies to support various economic outcomes from the results of the proposed Idris appraisal well. As at the date of this report, the farmout activities are not concluded, however if they are successful the Company will be in a position to fund its current exploration work programme within its sole Permit WA-424-P.

As at the date of this report, the directors continue to pursue activities relating to funding and farming out an interest in Permit WA-424- so as to enable the company to realise future economic benefits from its assets. The directors will continue to monitor market conditions so as to update their impairment assessments of its assets as required.

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

**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.*

**IPB Petroleum Limited ACN 137 387 350**  
**Notes to the Consolidated Financial Statements**  
**For the Half Year Ended 31 December 2019**

<b>8. Issued Capital</b>	As at 31 December 2019	As at 30 June 2019
	\$	\$
230,639,752 (30 June 2019:230,639,752) fully paid ordinary shares	17,789,842	17,789,842

<b>Ordinary Shares</b>	<b>No.</b>	<b>No.</b>
At the beginning of the reporting period	230,639,752	160,335,252
Shares issued during the year	-	70,304,500
At the end of the reporting period	230,639,752	230,639,752

<b>9. Reserves</b>	As at 31 December 2019	As at 30 June 2019
	\$	\$
Options Reserve	135,824	135,824
<b>Employee Share Options Reserve</b>	135,824	135,824
Opening Balance for the year	135,824	93,681
Expensed During Year	-	42,143
	135,824	135,824

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

**Options**

For information relating to the IPB Petroleum Limited employee share option plan, including details of options issued, exercised and lapsed during the half year and the options outstanding at period end, refer to Note 10.

**10. 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.

**IPB Petroleum Limited ACN 137 387 350**  
**Notes to the Consolidated Financial Statements**  
**For the Half Year Ended 31 December 2019**

**10. Share-based Payments - continued**

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:

	Number	Weighted Average Exercise Price \$
<b>Options outstanding as at 1 July 2019</b>	11,600,000	\$0.0077
Forfeited	-	-
Exercised	-	-
Expired	-	-
Issued	-	-
<b>Options outstanding as at 31 December 2019</b>	11,600,000	\$0.0077

The fair value of the additional 4,750,000 options granted to employees in the prior year is deemed to represent the value of the employee services received over the vesting period.

Atoll Financial Limited were granted 2,100,000 options during the prior 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 \$9,000 should this occur.

The fair value of employee options granted and expensed during the half year was \$0 (2018: \$42,143). 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.

## 11. 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.

## 12. 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	
		Half Year Ended 31 December 2019	Year Ended 30 June 2019
		%	%
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

## 13. Events occurring after the reporting period

There has not been any matter or circumstance, other than referred to in the financial statements or notes thereto, that has arisen since the end of the reporting period, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years

## 14 Dividends

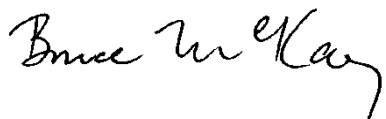
No dividends were declared during the period ended 31 December 2019

## DIRECTORS' DECLARATION

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In accordance with a resolution of the Directors of IPB Petroleum Limited (ABN 52 137 387 350), the directors of the company declare that:

1. the financial statements and notes, as set out on pages 7 to 17 are in accordance with the *Corporations Act 2001* and:
  - a) comply with Accounting Standards, AASB 134: Interim Financial Reporting; and
  - b) gives a true and fair view of the financial position as at 31 December 2019 and of the performance for the Half Year ended on that date of the group; and
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;



Bruce McKay

Non-Executive Chairman

Dated this 13<sup>th</sup> day of March 2020



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**Independent Auditor's Review Report  
to the Members of IPB Petroleum Limited  
ACN 137 387 350**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of IPB Petroleum Limited ("the Company"), and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2019, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the Group comprising IPB Petroleum Limited and the entities it controlled at the half-years end or from time to time during the half-year.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "*Review of a Financial Report Performed by the Independent Auditor of the Entity*", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: "*Interim Financial Reporting*" and the *Corporations Regulations 2001*. As the auditor of IPB Petroleum Limited and the entities it controlled, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

19

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**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IPB Petroleum Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting and Corporations Regulations 2001*.

**Material uncertainty in relation to going concern**

We draw attention to Note 2 in the financial report, which indicates that the Group has cash and cash equivalents at balance date of \$0.45 million, a net cash outflow from operating activities of \$0.3 million, a net cash outflow from investing activities of \$0.24 million for the half-year ended 31 December 2019, and the actions the Directors have identified as necessary for the Group to continue as a going concern. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in this respect.

A handwritten signature in black ink that reads 'Wallace'.

Sylvia Wallace  
Partner

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

Pitcher Partners  
Sydney

13 March 2020

## DIRECTORS AND COMPANY SECRETARY

### **Bruce McKay**

Non-Executive Director and Chairman

### **Brendan Brown**

Managing Director

### **Philip Smith**

Technical Director

### **Brodrick Wray**

Non-Executive Director

### **Geoffrey King**

Non-Executive Director

### **Martin Warwick**

Company Secretary

## SOLICITORS

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

## SHARE REGISTRY

Link Market Services Limited  
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Docklands VIC 3008

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

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

## AUSTRALIAN BUSINESS NUMBER

52 137 387 350

## AUDITOR

Pitcher Partners Sydney  
Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2001