FINANCIAL REPORT FOR THE HALF YEAR ENDED

31 DECEMBER 2020

IPB

IPB PETROLEUM LTD
(ACN 137 387 350)

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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 2020 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 30 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.

Review of Operations

PERMIT WA-424-P (IPB 100%)

Farmout and Funding Activities and Idris Appraisal Well

During the half year, IPB WA 424P Pty Ltd, signed a Farmout and Funding Agreement and Joint Venture Operating Agreement with Quay Resource Investments Pty Ltd (Quay) 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 whole of Joint Venture free cashflows from a development.

Quay has the option to maintain its 50% working interest in the WA-424-P Permit by providing further funds to the Joint Venture through an additional 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.

Both Joint Venturers are severally liable for their working interest portion of the funds loaned.

Timing of proposed receipt of Funds

IPB has been advised on 15 March 2021 by Quay that funding drawdowns for application towards Joint Venture Activities can now occur during March, 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 and no later than initially estimated for full funding when the relevant agreements were signed in November 2020.

IPB intends to lodge relevant title transfer documentation with NOPTA following the first drawdown.

Idris Appraisal Well Activities

During the half year, 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 by end April 2021 and commence detailed Environmental Planning work during April 2021, which is considered a critical path item. Under current proposed 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 and entry to an optional Secondary Term.

Activities – Corporate and Financial

During July 2020 the Company successfully settled a late June 2020 placement of 51.9 million new shares raising approximately a total of $0.51 million after costs – with most funds being received in advance before June 30 2020.

During the Half Year, 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 Half Year, IPB Petroleum had a cash balance of approximately $0.523 million with no debt.

For further details refer to the accompanying Financial Statements and Notes.

PERMIT HOLDINGS AND INTERESTS

As at the end of the Half Year, 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 anticipates a transfer a 50% working interest in Permit WA-424-P to Quay prior to end April 2021.

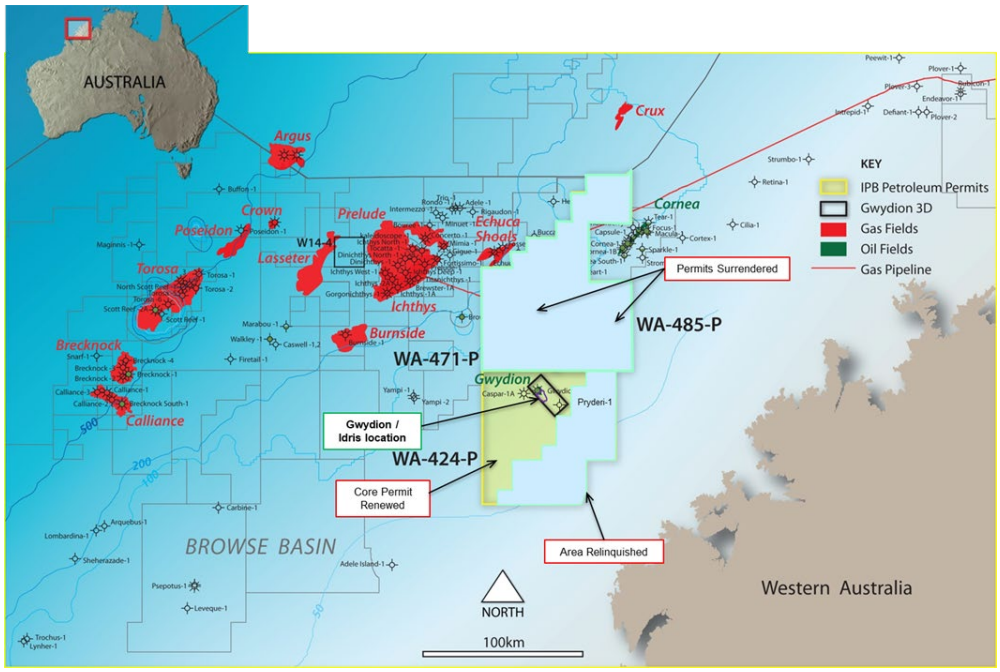
Dividends

The Directors have not declared a dividend for the reporting period ended 31 December 2020

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 or that disclosed below, 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

The Company received confirmation from Quay Resource Investments Pty Ltd that it should as Operator of the WA-424-P permit receive all of the funding as per the Farmout and funding agreement between the parties prior to approximately 30 April 2021.



Location Map: IPB Petroleum Permit WA-424-P 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 2020 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 16th day of March 2021

Brendan Brown
Managing Director
Dated at Melbourne this 16th day of March 2021

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF IPB PETROLEUM LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

— no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director

Melbourne, 16 March 2021

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(WB015_2007)

PRAXITY
Empowering Business Globally

IPB Petroleum Limited Consolidated
ACN 137 387 350
Statement of Profit or Loss and Other Comprehensive Income
For the Half Year ended 31 December 2020

	Note	31 December 2020	31 December 2019
		$	$
Other income	3	10,081	128
Employee benefits and directors' fees	4	(176,317)	(98,687)
Consulting & Contractors		(17,226)	(79,672)
Legal, Audit & Accounting		(25,594)	(16,164)
Travel		-	(49,514)
Shareholder Relations		(15,504)	(11,840)
Listing & filing fees		(12,145)	(28,229)
Occupancy		(268)	(16,850)
Finance costs		-	(22)
Other expenses		(20,572)	(28,603)
Loss before income tax		(257,545)	(329,453)
Income Tax expense		-	-
Net Loss for the half year		(257,545)	(329,453)
Other comprehensive loss for the half year		-	-
Total comprehensive loss for the half year		(257,545)	(329,453)
Earnings per share			
Basic earnings per share (cents)		(0.0093)	(0.01)
Diluted earnings per share (cents)		(0.0093)	(0.01)

The above Statement of Profit & Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

IPB Petroleum Limited Consolidated
ACN 137 387 350
Statement of Financial Position
As at 31 December 2020

	Note	31 December 2020 $	30 June 2020 $
Current Assets			
Cash and Cash Equivalents		522,982	657,272
Trade and Other Receivables		21,769	8,862
Other Current Assets		6,966	52,152
Total Current Assets		551,717	718,286
Non-Current Assets			
Exploration and Evaluation Assets	5	3,638,602	3,462,849
Total Non-Current Assets		3,638,602	3,462,849
Total Assets		4,190,319	4,181,135
Current Liabilities			
Trade and Other Payables		152,641	632,164
Total Current Liabilities		152,641	632,164
Total Liabilities		152,641	632,164
Net Assets		4,037,678	3,548,971
Equity			
Issued Capital	6	18,436,738	17,789,842
Reserves	7	231,879	135,824
Accumulated Losses		(14,630,939)	(14,376,695)
Total Equity		4,037,678	3,548,971

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

IPB Petroleum Limited Consolidated
ACN 137 387 350
Statement of Changes in Equity
For the Half Year ended 31 December 2020

	Notes	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2019		17,789,842	135,824	(13,863,875)	4,061,791
Comprehensive Income					
Loss for Half Year		-	-	(329,453)	(329,453)
Total Comprehensive Income for half year		-	-	(329,453)	(329,453)
Balance at 31 December 2019		17,789,842	135,824	(14,193,328)	3,732,338
Balance at 1 July 2020	6, 7	17,789,842	135,824	(14,376,695)	3,548,971
Comprehensive Income					
Loss for Half Year		-	-	(257,545)	(257,545)
Total Comprehensive Income for half year		-	-	(257,545)	(257,545)
Transactions with owners, in their capacity as owners, and other transfers					
Proceeds from issues of shares		681,634	-	-	681,634
Less transaction costs		(34,738)	-	-	(34,738)
Share based payments expense		-	99,356	-	99,356
Options Lapsed		-	(3,301)	3,301	-
Total Transactions with owners and other transfers		646,896	96,055	3,301	746,252
Balance at 31 December 2020	6, 7	18,436,738	231,879	(14,630,939)	4,037,678

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

IPB Petroleum Limited Consolidated
ACN 137 387 350
Statement of Cash Flows
For the Half Year ended 31 December 2020

	Note	31 December 2020 $	31 December 2019 $
Cash Flows from Operating Activities			
Government Grant Income		10,000	-
Payments to suppliers and employees		(105,521)	(305,360)
Interest received	3	81	128
Finance costs		-	(22)
Net Cash Outflow from Operating Activities		(95,440)	(305,254)
Cash Flows from Investing Activities			
Payments for exploration & evaluation expenditure	5	(175,753)	(240,057)
Net Cash Outflow from Investing Activities		(175,753)	(240,057)
Cash Flows from Financing Activities			
Proceeds from issue of shares		171,641	-
Cost of issue of shares		(34,738)	-
Net Cash Inflow from Financing Activities		136,903	-
Net Increase/(Decrease) in Cash Held		(134,290)	(545,311)
Cash and Cash Equivalents at beginning of the Half Year		657,272	990,662
Cash and Cash Equivalents at End of the Half Year		522,982	445,351

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

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 Suite 307, 530 Little Collins St, Melbourne Victoria 3000.

1. Statement of Significant Accounting Policies

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2020 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 34 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 2020 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 and methods of computation adopted in the preparation of this financial report for the half year under review are consistent with those adopted in the annual financial statements for the year ended 30 June 2020, unless otherwise stated.

New Accounting Standards

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. Going Concern

As at 31 December 2020 the Group held approximately $ 0.52 million in cash with no debt. Net cash outflows from Operating Activities for the 6 months to December 2020 was approximately ($0.095 million). Cash outflows from Investing Activities for the 6 months to December 2020 was approximately ($0.176 million).

During November 2020 IPB WA 424P Pty Ltd (a 100% owned subsidiary and Operator of Permit WA-424-P) signed a Farmout and funding Agreement with Quay Resources Investments Pty Ltd. As part of the agreement, Quay will earn a 50% interest in Permit WA-424-P for providing a US$31 million loan secured against the permit to the Joint Venture Partners (Quay 50% and IPB 50% -JV Operator severally) in WA-424-P. US$6 million is to be applied towards prepaid interest over three years, with US$3.75m to be remitted to IPB Petroleum Limited for back costs, with the balance US$21.25 million to be applied towards the Idris well and associated activities. The Company has been advised by Quay that it should expect to receive full remittance of funds by approximately end April 2021.

On the basis of the expected level of operations and the Group's history of managing its cost structure to match funding availability, the Directors are of the opinion that for the next 12 month period from the date of signing the Directors Declaration the Group will have sufficient liquidity to meet their existing commitments and accordingly present these consolidated financial statements on a going concern basis.

3. Revenue and Other Income

	Half Year Ended 31 December 2020	Half Year Ended 31 December 2019
	$	$
Interest Received	81	128
Other Government Incentive (Covid-19 Rebate)	10,000	-
	10,081	128

4. Loss for the Half Year

	Half Year Ended 31 December 2020	Half Year Ended 31 December 2019
	$	$

Loss before income tax expense includes the following specific expenses:

Charging as Expense

Employee benefits and directors' fees

Cash Remuneration	76,960	98,687
Share Based Payments Expense	99,356	-
	176,316	13,856

5. Exploration and Evaluation

	Half Year Ended 31 December 2020	Year Ended 30 June 2020
Non-Current	$	$
Exploration Expenditure		
- Exploration & Evaluation Phase	6,777,372	6,601,619
Less Accumulated Impairment Losses	(3,138,770)	(3,138,770)
Total exploration expenditure	3,638,602	3,462,849

Exploration Expenditure

Capitalised costs amounting to $175,753 (30 June 2020: $337,261) 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:

Exploration Permit - Area of Interest	**WA-424-P**
	$
Balance as at 1 July 2020	3,462,849
Exploration and evaluation expenditure	175,753
Balance as at 31 December 2020	3,638,602

Exploration permit commitments and tenure risks

The terms and conditions of the exploration 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. 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. In relation to IPB Petroleum's WA-424-P Permit, the remaining firm work programme is to drill one exploration well- initially estimated at a cost of approximately $15 million as per Title Documentation, required to be drilled before 17 June 2023.

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. In November 2020 IPB executed a Farmout and funding Agreement with Quay Resources Investments Pty Ltd, such that Quay will provide loan funding to the IPB WA 424 P Joint Venture (IPB 50% and Operator and Quay 50%) to earn its 50% interest in the Joint Venture. These loan funds have been estimated to cover the costs of drilling the remaining Primary Term work programme being the drilling of the Idris well.

As at the date of this report, the directors continue to pursue activities towards drilling the Idris appraisal well, which following the permit extension granted in December 2020 is required to be drilled by June 2023.

The directors will continue to monitor market conditions and operational outcomes so as to update their impairment assessments of these assets as and when required.

6. Issued Capital	Half Year Ended 31 December 2020		Year Ended 30 June 2020	
	No.	**$**	**No.**	**$**
Fully paid ordinary shares	286,854,868	18,436,738	230,639,752	17,789,842
Ordinary Shares				
At the beginning of the reporting period	230,639,752	17,789,842	230,639,752	17,789,842
Shares issued during the year *	56,215,116	646,896	-	-
At the end of the reporting period	286,854,868	18,436,738	230,639,752	17,789,842

** Note : $509,993 in funds for Share Issuance in the Half Year was received just prior the beginning of the Half Year ended December 2020 and is reflected in the Company's opening cash Balance for the Half Year*

7. Reserves

Options Reserve	231,879	135,824
	231,879	135,824
Employee Share Options Reserve		
Opening Balance for the year	135,824	135,824
Expensed During Year	99,356	-
Lapsed During Year	(3,301)	-
	231,879	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 8.

8. Share-based Payments

On 7 December 2020, 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 $0.0565 each. The options are fully vested and exercisable on or before 7 December 2024. 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, which has been renewed twice including renewal at the 2020 AGM, 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 $
Options outstanding as at 1 July 2020	11,600,000	$0.077
Forfeited	-	-
Exercised	(4,250,000)	($0.032)
Expired	(500,000)	($0.032)
Issued	4,750,000	$0.0565
Options outstanding as at 31 December 2020	11,600,000	$0.0784

The fair value of the additional 4,750,000 options granted to employees in the half 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 $8,400 should this occur.

The fair value of employee options granted and expensed during the half year was $99,356 (HY end Dec 2019 : $0). This is included under employee benefits and directors' fees 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 = 4.1 cents per share
- Exercise Price = 5.65 cents
- Expiry Date of the Options: 7 December 2024, Life 4 years
- Volatility 80%*
- Risk Free Cost of Capital: 0.35% - 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.

9. 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.

10. 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.

During the half year 5 subsidiaries were deregistered, as indicated in the table below. These subsidiaries had no operations or balances in the prior year therefore there is no impact on the current year.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group	
		Half Year Ended 31 December 2020	Year Ended 30 June 2020
		%	%
IPB WA 424P Pty Ltd	Suite 307, 530 Little Collins St Melbourne VIC 3000	100	100
IPB Browse Pty Ltd	Suite 307, 530 Little Collins St Melbourne VIC 3000	-	100
IPB West Pty Ltd	Suite 307, 530 Little Collins St Melbourne VIC 3000	-	100
IPB Exploration Pty Ltd	Suite 307, 530 Little Collins St Melbourne VIC 3000	100	100
IPB Operations Pty Ltd	Suite 307, 530 Little Collins St Melbourne VIC 3000	-	100
IPB Development Pty Ltd	Suite 307, 530 Little Collins St Melbourne VIC 3000	-	100
IPB Offshore Pty Ltd	Suite 307, 530 Little Collins St Melbourne VIC 3000	-	100

11. Events occurring after the reporting period

The Company received confirmation from Quay Resource Investments Pty Ltd that it should as Operator of the WA-424-P permit receive all of the funding as per the Farmout and funding agreement between the parties prior to approximately 30 April 2021.

DIRECTORS' DECLARATION

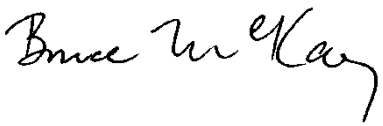
In accordance with a resolution of the Directors of IPB Petroleum Limited (ABN 52 137 387 350), the directors of the company declare that:

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 2020 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 16th day of March 2021

William Buck

IPB Petroleum Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of IPB Petroleum Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2020, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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:

a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and

b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

ACCOUNTANTS & ADVISORS
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Other Matter

The financial report of IPB Petroleum Ltd for the year ended 30 June 2020 was audited by another auditor, who expressed an unmodified opinion with a material uncertainty in relation to going concern to that report.

Responsibility of Management for the 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

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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 Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 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*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for 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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director

Melbourne, 16 March 2021

CORPORATE DIRECTORY

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

IPB Petroleum Limited
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Australia

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Website	www.ipbpet.com.au

AUSTRALIAN BUSINESS NUMBER

52 137 387 350

SOLICITORS

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Melbourne VIC 3000

AUDITOR

William Buck Audit (Vic) Pty Ltd
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Melbourne VIC 3000

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