Sanlam PRIVATE Wealth

IPB Petroleum

TERM SHEET – STRICTLY PRIVATE AND CONFIDENTIAL

IPB Petroleum Limited (ASX: IPB) has engaged Sanlam Private Wealth (“Sanlam”) to facilitate a placement of fully paid (listed) ordinary shares. **Sanlam** is Sole Book Runner in respect of the Placement. This **Indicative Term Sheet** specifies the **Indicative Timetable** and terms and conditions on which the Placement will proceed.

About IPB Petroleum Limited	**Summary** IPB Petroleum Limited (“IPB” or the “Company”) is an Australian conventional oil exploration company. IPB holds a large acreage position in the nearshore oil prone margin of the Browse Basin offshore North Western Australia (See Location Map below). IPB’s Proposed Drilling Logging and Testing (DLT) Project is yet to receive regulatory approvals and finance, however if the Company is successful over the coming months with these initiatives one could see a major re-rating of the Company. The Project involves the drilling of a well at Idris and a production flow test over an extended period of time at the Gwydion oil discovery. Targeted timing would be around mid-2020. The oil from the production test is to be applied to the repayment of the debt finance the company is also proposing to raise. If the Company is not successful in progressing the DLT Project it still has the option to continue to pursue farmout of an interest to obtain a carry on its exploration/appraisal well Idris to test the updip extension of the existing Gwydion oil discovery. Having renewed its WA-424-P permit containing the Gwydion oil discovery last June IPB has until mid 2021 to commence drilling the subject well under title conditions.
Oil discovery at Gwydion	**Idris/Gwydion** The proposed Idris well is aimed at testing a potentially large updip stratigraphic extension of the Gwydion oil discovery (BHP 1995) within IPB’s WA-424-P Permit (100%). If the Idris well is successful there is an estimated high chance of commerciality with a Best Estimate NPV (100% project) of approximately $1 Billion. (Note: if the Company does complete a farmout IPB would not hold 100% of the permit. The amount of the permit to be given away to the funding farminee is the subject of the farmout negotiation). Seismic reprocessing, depth conversion and interpretation carried out by the international geophysical company CGG in 2018, https://www.cgg.com/en supports a larger stratigraphic trap at Gwydion/Idris, with the company’s Best Estimate prospective resources at around 70 million barrels of oil recoverable on a 100% basis. IPB’s implied market capitalisation is approximately $9.4 million post this minimum $1,400,000 capital raise transaction at 4.0 cents per share. This represents a substantial discount to peers such as TDO ($30.4m), and CVN ($584 m).
Catalysts	
Proposed DLT Project	**DLT Project** IPB has already completed concept and feasibility studies. The Project is currently at pre-FID stage awaiting regulatory approvals and will be subject to a successful debt financing which is estimated to take around 4 months. The Company has gone out to tender for drill rig, well testing and well services and other suppliers, and anticipates having contracts inplace by midyear for major supplies. IPB has also appointed Atoll Financial to arrange international debt finance. If the Company is successful over the coming months with these initiatives one could anticipate a major rerating of IPB.
Dorado Drilling to re-start and	**Dorado Drilling** Carnarvon (CVN.asx) has advised that drilling at the Dorado discovery in a basin to the south of IPB’s permits is due to recommence within the next few weeks (early May). In late 2018 during this drilling a number of small oil stocks increased their market cap significantly with IPB trading to 10 cps and turnover as high as 30-40% of its total capitalisation in 1 day.
Future Farmout	**Future Farmout** The Company has previously reported strong interest in its ongoing farmout project over the past 12 months, with several companies providing good feedback and technical validation on the Idris Prospect.

For a number of strategic or commercial reasons some parties elected not to continue with the process at this point in time.

The improving macro-economic outlook for oil prices largely due to under investment in exploration and appraisal activities recent years should provide an opportunity for interested parties to once again pursue commercial opportunities such as a farm-in to IPB's WA-424-P Permit.

Assets

Existing Oil discovery in IPB's 100% Permit (WA-424-P)

The proposed Idris well is aimed at testing a potentially large updip stratigraphic extension of the exciting Gwydion oil discovery within IPB's 100% owned WA-424-P permit P50 Prospective Resource 70MMBBLS recoverable. If the Idris well is successful there is estimated a very high chance of commerciality with a Best Estimate NPV (100% project) of approximately $1 Billion.

World Class Attractive Location

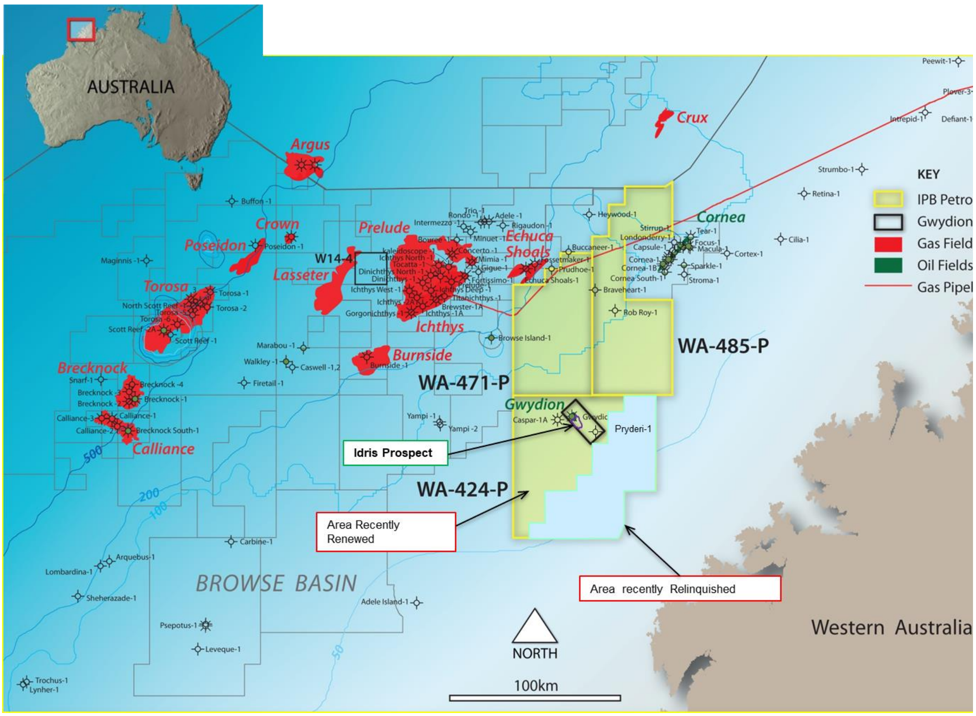
Major discoveries nearby – held by some of world's largest E&P companies

IPB's exploration acreage is located in the Browse Basin offshore North West Australia and next to the giant Icthys Production Project (Inpex www.inpex.com.au and Total S.A. https://www.total.com/en) – hosting the biggest liquids discovery outside of Bass Strait, and Shell's Prelude Project (Shell https://www.shell.com/) one if the world's first floating LNG Projects.

IPB's June 2018 renewal of its WA-424-P permit means that the Company has sufficient time to achieve its dual strategy of a DLT Project or Farm-in as it has effective permit tenure until June 2021 to drill the Idris well.

IPB's implied market capitalisation is approximately $9.4 million post this minimum $1,400,000 capital raise transaction at 4.0 cents per share. This represents a substantial discount to peers such as TDO ($30.4m), and CVN ($584 m).

IPB's Permits



Location Map- IPB's 100% held Permits WA-424-P, WA-471-P and WA-485-P Browse Basin

IPB's permits are located in shallow water (~80m water depth at Gwydion) with shallow reservoir depths Gwydion/Idris (~770 m subsurface depth). These shallow depths support lower costs for exploration and appraisal drilling, and in the event of success relatively low development costs implying higher NPV's per barrel when compared to deeper comparable hydrocarbon accumulations.

Strong Board and Management	**EXPERIENCED AND CREDIBLE BOARD AND MANAGEMENT** **Bruce McKay** Non-Executive Chairman *BSc(Hons), FAICD, FIEAust* 50 years' experience in exploration, operation and executive management in Australia and overseas (AWE / ExxonMobil). Fellow of the Australian Institute of Company Directors and Engineers Australia. Honorary Life Member of the Australian Petroleum Production and Exploration Association and was Chairman between 1991-92. A member of the American Association of Petroleum Geologists and the Petroleum Exploration Society of Australia. **Brendan Brown** Managing Director *BSc, BE(Hons), MBA(Melb), F.Fin* Established IPB Petroleum in mid 2009 and has over 25 years' experience in the Oil and Gas and Finance industries. Commenced career as an engineer with BHP Petroleum - heavily involved in the Jabiru, Challis and Skua projects and operations, and Griffin oil field developments. Previously an analyst and corporate advisor with ANZ Investment Bank. Was General Manager of finance and business development with Nexus Energy (2006- mid 2008) - responsible for substantial financing, secured by the company and the negotiation and maintenance of its key commercial agreements and relationships. Mr Brown is also a Life Member of The Society of Petroleum Engineers. **Philip Smith** Technical Director *BSc Physics (Hons), MSc Geophysics, Grad Dip App Fin & Inv* Philip 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. **Geoffrey King** Non-Executive Director *BSc(Hons), GAICD* 30 years' experience in oil and gas industry, commenced career with Esso Australia. Numerous management and senior exploration positions with BHP Petroleum, directly involved in the Macedon Pyrenees, Montara, Argus and Gwydion discoveries. Substantial experience in Australia, in particular offshore Western Australia, SE Asia and United States. **Brodrick Wray** Non-Executive Director *BE(Chem), SPE* Graduated from Adelaide University and has worked for more than 28 years in engineering, commercial, executive management and consulting roles in the Energy Industry. Spent 5 years in a variety of commercial management roles in the electricity industry during the privatisation of the South Australian Electricity business before rejoining 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. Since 2012 he has been a consultant to the oil and gas industry.
Issue	Placement of fully paid (listed) ordinary shares
Offer Type and Size	Placement of up to **35,000,000 fully paid ordinary shares** via one (1) tranche s.708 placement to raise up to **$1,400,000** *with the ability to take oversubscriptions of an additional $480,000 (12m shares)*
Fixed Issue Price	**A$0.04** per fully paid ordinary share (4 cent issue price)
Use of Proceeds	**Funds raised by the Placement will be used for:** • Progress Pre FID DLT Project works, including environmental planning, engineering studies and commercial negotiations and proposed debt funding activities. • Ongoing permit study work and seismic EP works • Working capital.

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Disclosure	A prospectus will not be lodged in relation to this placement. The Placement is only available to 'exempt' investors or 'sophisticated' investors. Investors must satisfy the requirements of either s708 (8), 708(10) or 708(11) of the Corporations Act.
Website	www.ipbpet.com.au
Current Capital Structure	**Ordinary Shares:** **200,335,252** **Unlisted Options:** 4,750,000 Ex 3.2 c Nov. 2020 (Directors Officers) 4,750,000 Ex 4.6 c. Nov 2022 (Directors Officers) 2,100,000 Ex 20 c 13 Sep. 2022 (Atoll Financial)
Shares to be Issued Pursuant to Successful Completion of Placement	**Placement @ A$0.04:** **35,000,000** **A 13% discount to Closing price (15 April): 4.6 c – & 15 day VWAP of 4.6c** **Pro Forma Shares on issue:** **235,335,252** **Pro Forma fully diluted Market Cap @ A$0.04:** **~ $9.4 million** **Pro Forma Enterprise Value (Dec2018) @ A$0.04:** **~ $7.5 million**
Indicative Timetable	**Trading Halt:** **Tuesday 16th April 2019** **Firm Bids Due:** **11am AEST Wednesday 17th April 2019** **Acceptance forms to be returned:** **5pm AEST Wednesday 17th April 2019** **Settlement:** **Monday 29th April 2019** **Expected Allotment:** **Tuesday 30th April 2019**
Sanlam Private Wealth Lead Manager Contact	**Ben Faulkner:** **(w) +61 3 8640 5506 (m) +61 402 298 030** **ben.faulkner@privatewealth.sanlam.com.au**

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