International Petroleum Corp.

Press Release

February 12, 2019

International Petroleum Corporation 2018 Year-End Financial Results and 2019 Budget, Production and Resource Guidance

International Petroleum Corporation (IPC or the Corporation) (TSX, Nasdaq Stockholm: IPCO) today released its financial and operating results and related management's discussion and analysis (MD&A) for the year ended December 31, 2018.(1) IPC is also pleased to announce its 2019 capital expenditure budget range of between USD 146 and 166 million and its 2019 production guidance of between 46,000 and 50,000 barrels of oil equivalent (boe) per day (boepd). 2018 year-end 2P reserves and best estimate contingent resources (unrisked) are respectively 288 million boe (MMboe) and 849 MMboe.(2)

2018 Business Development Highlights

- Completion of the acquisition of conventional oil and gas assets in the Suffield area of southern Alberta, Canada in January 2018.
- Completion of the acquisition of BlackPearl Resources Inc. (BlackPearl) in December 2018.
- Completion of the disposal of IPC's non-core, non-operated gas assets in the Netherlands in December 2018.

2018 Financial and Operational Highlights(3)

- Average net production of 34,600 boepd for the fourth quarter of 2018 and 34,400 boepd for the full year 2018, above the high end of the 2018 capital markets day (CMD) guidance range.
- Greater than 100% 2P reserves replacement ratio in 2018, excluding 2P reserves acquired in the acquisition of BlackPearl.(4)
- 2P reserves more than doubled to 288 MMboe as at December 31, 2018, including the 2P reserves acquired in the acquisition of BlackPearl, compared to December 31, 2017.(2)
- Thirteen-fold increase in best estimate contingent resources (unrisked) to 849 MMboe as at December 31, 2018, including the contingent resources acquired in the acquisition of BlackPearl, compared to December 31, 2017.(2)
- Operating costs per boe of USD 12.4 for the full year 2018, lower than the 2018 CMD guidance.(5)
- Sanctioned third phase of infill drilling in Malaysia for 2019 execution.
- Sanctioned the Vert La Gravelle development in France for 2019 execution.
- 2018 operating cash flow generation of USD 279 million.(5)
- Net debt reduced by USD 190 million to USD 166 million as at December 31, 2018, from USD 355 million at the completion of the acquisition of the Suffield area assets in January 2018. Including the net debt acquired in the BlackPearl acquisition, net debt of IPC was USD 277 million as at December 31, 2018.(5)

	Three months ended December 31		Year ended December 31	
USD Thousands	2018	2017	2018	2017
Revenue	111,898	54,647	454,443	203,001
Gross profit	26,311	13,471	146,864	48,758
Net result	29,346	8,977	103,644	22,723
Operating cash flow (5)	58,322	37,156	279,018	138,368
EBITDA (5)	58,032	33,383	264,041	129,259

2019 Budget and Production Guidance

- 2019 average net production guidance of 46,000 to 50,000 boepd, with 2019 exit rate estimated to be greater than 50,000 boepd.
- 2019 operating costs guidance at USD 12.9 per boe.[5]
- Full year 2019 capital expenditure guidance range of USD 146 to 166 million.

Mike Nicholson, IPC's Chief Executive Officer, commented,

"Our focus since launching IPC in April 2017 remains unchanged: seeking to deliver operational excellence, demonstrating financial resilience, maximizing the value of our resource base and targeting growth through acquisition. With our fourth quarter of 2018 performance delivered ahead of guidance and another transformational acquisition completed in December 2018, we continue to make excellent progress on all fronts in delivering on that strategy.

2018 Year-End Results[3]

During the fourth quarter of 2018, our assets delivered average daily net production of 34,600 boepd, above the high end of our revised guidance for the quarter. The fourth quarter performance concludes an excellent year of delivery from all assets with full year 2018 average daily net production of 34,400 boepd, coming in above the high end of our full year guidance. Our operating costs per boe for the fourth quarter was USD 13.1, resulting in a full year 2018 average operating costs per boe of USD 12.4, lower than our 2018 CMD guidance of USD 12.6.[5]

IPC has continued to deliver a robust financial performance during the fourth quarter of 2018 generating operating cash flow of USD 58 million.[5] This allowed IPC to fund our expenditure program and reduce net debt from USD 213 million at the end of the third quarter to USD 166 million by the end of the fourth quarter.[5] Full year operating cash flow was in excess of USD 279 million and net debt reduction was close to USD 190 million since completion of the Suffield acquisition in early January 2018.[5] Including the additional USD 111 million of net debt acquired as part of the acquisition of BlackPearl, IPC's total year end net debt was USD 277 million.[5]

In Malaysia, following positive results from the 2016 and 2018 infill drilling programs and continued good reservoir performance, we were encouraged to mature a third phase of infill drilling on the Bertam field for execution in 2019. Up to three drilling locations have been identified and work continues to mature additional locations. In addition, we plan to drill the Keruing prospect during the first half of 2019.

In Canada, during the fourth quarter of 2018, oil drilling commenced for the first time since 2014 in the Suffield area. Five horizontal wells had been drilled by the end of 2018, with production commencing in January 2019 at initial rates in line with expectations. On the gas side, given the exceptional results from the 2018 gas optimization program, further work is expected to continue through 2019.

In December 2018, IPC completed the transformational acquisition of BlackPearl in an all-share transaction. The transaction combines the highly free cash flow generative short cycle reserve base of IPC with the strategic long life reserve and contingent resource base of BlackPearl, creating a company with the combined financial strength to accelerate value creation from the enlarged portfolio. IPC's reserves life index is more than 16 years following the acquisition. In addition, a high calibre team of industry professionals with a long track record of value creation joined IPC to integrate with our existing team in Canada.

As at end December 2018, IPC's 2P reserves more than doubled to 288 MMboe compared to December 31, 2017.[2] This includes a reserves replacement ratio in 2018 of 103 percent for IPC's assets other than those acquired in the BlackPearl transaction.[4] This results from the maturation of contingent resources from the infill drilling program in Malaysia as well as better reservoir performance and certain upgrades in France and Canada, particularly on back of the gas optimization program in Canada.

In addition, IPC has increased its best estimate contingent resources (unrisked) by over thirteen times as at end December 2018 to 849 MMboe, compared to end December 2017.[2] We are confident that we have a solid resource base in place to provide the feedstock to add to reserves in the future.

Based on third party reserves reports, the net present value (NPV)[6] of IPC's 2P reserves as at December 31, 2018 was USD 2,314 million. IPC's net asset value (NAV)[7] as at December 31, 2018 was USD 2,037 million, representing an increase of more than two and a half times from December 31, 2017. IPC's NAV per share[8] was USD 12.4 as at December 31, 2018, representing an increase of over 37 percent from December 31, 2017.

2019 Budget and Production Guidance

We are pleased to announce our 2019 production guidance is 46,000 to 50,000 boepd, with the 2019 exit rate estimated to be greater than 50,000 boepd. We forecast operating costs for 2019 to be USD 12.9 per boe.[5]

Our 2019 capital expenditure budget range is between USD 146 and 166 million, targeting production growth in all of our countries of operations. The budget includes the proposed 2019 infill drilling campaign, the Keruing exploration well and other optimization work in Malaysia, and the Vert La Gravelle development project and other project maturation activities in France. We also include continued Suffield area oil drilling and gas optimization, Onion Lake Thermal facilities and well work, and Blackrod project activities in Canada. Given our high working interests and operatorship position on our assets, IPC retains a high degree of discretion on the 2019 activity scope based on market conditions.

Further details regarding IPC's 2019 budget and production guidance will be provided at IPC's Capital Markets Day presentation to be held on February 12, 2019 at 14:00 CET. A copy of the Capital Markets Day presentation will be available on IPC's website at www.international-petroleum.com."

Notes:

(1) IPC's financial statements and MD&A for the year ended December 31, 2018 are available on IPC's website at www.international-petroleum.com and under IPC's profile on SEDAR at www.sedar.com.

(2) See "Disclosure of Oil and Gas Information" below. Further information with respect to IPC's reserves, contingent resources and estimates of future net revenue, including assumptions relating to the calculation of NPV, are further described in the material change report (MCR) filed on the date of this press release by IPC and available under IPC's profile on www.sedar.com and on IPC's website at www.international-petroleum.com.

(3) The acquisition of BlackPearl was completed on December 14, 2018. For accounting purposes, the acquisition was reflected on the balance sheet as at December 31, 2018. Given that the financial and operational results from the acquired assets from the date of acquisition to December 31, 2018 were not material to the Corporation, the contribution of these assets is not reported in 2018.

(4) Reserves replacement ratio is based on 2P reserves of 129.1 MMboe as at December 31, 2017 (including 2P reserves attributable to the acquisition of the Suffield area assets which completed on January 5, 2018), production during 2018 of 12.4 MMboe, additions to 2P reserves during 2018 of 12.7 MMboe and 2P reserves of 128 MMboe as at December 31, 2018 (excluding 2P reserves attributable to the acquisition of BlackPearl).

(5) Non-IFRS measure, see "Non-IFRS Measures" below and in the MD&A.

(6) NPV is after tax, discounted at 8% and based upon the forecast prices and other assumptions further described in the MCR.

(7) NAV is calculated as NPV less net debt as at December 31, 2018.

(8) NAV per share is based on the number of IPC common shares outstanding as at December 31, 2018 being 163,720,065.

International Petroleum Corp. (IPC) is an international oil and gas exploration and production company with a high quality portfolio of assets located in Canada, Malaysia and France, providing a solid foundation for organic and inorganic growth. IPC is a member of the Lundin Group of Companies. IPC is incorporated in Canada and IPC's shares are listed on the Toronto Stock Exchange (TSX) and the Nasdaq Stockholm exchange under the symbol "IPCO".

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This information is information that International Petroleum Corporation is required to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the contact persons set out above, at 07:30 CET on February 12, 2019. The Corporation's audited consolidated financial statements and management's discussion and analysis (MD&A) have been filed on SEDAR (www.sedar.com) and are also available on the Corporation's website (www.international-petroleum.com).

Forward-Looking Statements

This press release contains statements and information which constitute "forward-looking statements" or "forward-looking information" (within the meaning of applicable securities legislation). Such statements and information (together, "forward-looking statements") relate to future events, including the Corporation's future performance, business prospects or opportunities. Actual results may differ materially from those expressed or implied by forward-looking statements. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement. Forward-looking statements speak only as of the date of this press release, unless otherwise indicated. IPC does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws.

All statements other than statements of historical fact may be forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, forecasts, guidance, budgets, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "forecast", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "budget" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements include, but are not limited to, statements with respect to: IPC's intention and ability to continue to implement our strategies to build long-term shareholder value; IPC's intention to review future potential growth opportunities; the ability of IPC's portfolio of assets to provide a solid foundation for organic and inorganic growth; the continued facility uptime and reservoir performance in IPC's areas of operation; the proposed Vert La Gravelle development project and other organic growth opportunities in France, including the Villeperdue West project; the proposed third phase of infill drilling in Malaysia and the ability to mature additional locations; the drilling of the Keruing prospect in Malaysia and the development options if drilling is successful; future development potential of the Suffield area operations, including continued and future oil drilling and gas optimization programs; the state of the oil markets, including in Canada following the curtailments announced by the Alberta government in 2018; future development of the Blackrod project in Canada; the results of the facility optimization program and the work to debottleneck the facilities and injection capability at Onion Lake Thermal; the ability to integrate the assets and operations acquired in the BlackPearl acquisition, including the ability to accelerate value creation and extend IPC's reserves life following such acquisition; 2019 production range, exit rate, operating costs and capital expenditure; potential further acquisition opportunities; estimates of reserves; estimates of contingent resources; estimates of prospective resources; the ability to generate free cash flows and use that cash to repay debt and to continue to deleverage; and future drilling and other exploration and development activities. Statements relating to "reserves" and "contingent resources" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and that the reserves and resources can be profitably produced in the future. Ultimate recovery of reserves or resources is based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

The forward-looking statements are based on certain key expectations and assumptions made by IPC, including expectations and assumptions concerning: prevailing commodity prices and currency exchange rates; applicable royalty rates and tax laws; interest rates; future well production rates and reserve and contingent resource volumes; operating costs; the timing of receipt of regulatory approvals; the performance of existing wells; the success obtained in drilling new wells; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the successful completion of acquisitions and dispositions; the benefits of acquisitions; the state of the economy and the exploration and production business in the jurisdictions in which IPC operates and globally; the availability and cost of financing, labour and services; and the ability to market crude oil, natural gas and natural gas liquids successfully.

Although IPC believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because IPC can give no assurances that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to reserves, resources, production, revenues, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; interest rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to complete or realize the anticipated benefits of acquisitions or dispositions; the ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations. Readers are cautioned that the foregoing list of factors is not exhaustive.

Additional information on these and other factors that could affect IPC, or its operations or financial results, are included in the MCR, the MD&A (See "Cautionary Statement Regarding Forward-Looking Information" therein), the Corporation's Annual Information Form (AIF) for the year ended December 31, 2017 (See "Cautionary Statement Regarding Forward-Looking Information", "Reserves and Resources Advisory" and " Risk Factors" therein) and other reports on file with applicable securities regulatory authorities, which may be accessed through the SEDAR website (www.sedar.com) or IPC's website (www.international-petroleum.com).

Non-IFRS Measures

References are made in this press release to "operating cash flow" (OCF), "Earnings Before Interest, Tax, Depreciation and Amortization" (EBITDA), "operating costs" and "net debt"/"net cash", which are not generally accepted accounting measures under International Financial Reporting Standards (IFRS) and do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable with definitions of OCF, EBITDA, operating costs and net debt/net cash that may be used by other public companies. Non-IFRS measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS.

Management believes that OCF, EBITDA, operating costs and net debt/net cash are useful supplemental measures that may assist shareholders and investors in assessing the cash generated by and the financial performance and position of the Corporation. Management also uses non-IFRS measures internally in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess the Corporation's ability to meet its future capital expenditure and working capital requirements. Management believes these non-IFRS measures are important supplemental measures of operating performance because they highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management believes such measures allow for assessment of the Corporation's operating performance and financial condition on a basis that is more consistent and comparable between reporting periods. The Corporation also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers.

The definition and reconciliation of each non-IFRS measure is presented in IPC's MD&A (See "Non-IFRS Measures" therein).

Disclosure of Oil and Gas Information

This press release contains references to estimates of gross 2P reserves attributed to the Corporation's oil and gas assets. Gross reserves are the total working interest reserves before the deduction of any royalties and including any royalty interests receivable.

Reserves estimates, contingent resource estimates and estimates of future net revenue in respect of IPC's oil and gas assets in the Suffield area of Canada are effective as of December 31, 2018, and are included in the report prepared by McDaniel & Associates Consultants Ltd. (McDaniel), an independent qualified reserves evaluator, in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) and the Canadian Oil and Gas Evaluation Handbook (the COGE Handbook), and using McDaniel's January 1, 2019 price forecasts.

Reserves estimates, contingent resource estimates and estimates of future net revenue in respect of IPC's oil and gas assets in the Onion Lake, Blackrod and Mooney areas of Canada are effective as of December 31, 2018, and are included in the report prepared by Sproule Associates Limited (Sproule), an independent qualified reserves evaluator, in accordance with NI 51-101 and the COGE Handbook, and using McDaniel's January 1, 2019 price forecasts.

Reserve estimates, contingent resource estimates, prospective resource estimates and estimates of future net revenue in respect of IPC's oil and gas assets in France and Malaysia are effective as of December 31, 2018, and are included in the report prepared by ERC Equipoise Ltd. (ERCE), an independent qualified reserves auditor, in accordance with NI 51-101 and the COGE Handbook, and using McDaniel's January 1, 2019 price forecasts.

The price forecasts used in the reserve reports are available on the website of McDaniel (www.mcdan.com), and are contained in the MCR.

The reserves life index (RLI) is calculated by dividing the 2P reserves of 288 MMboe as at December 31, 2018, by the mid-point of the initial 2019 production guidance of 46,000 to 50,000 boepd.

"2P reserves" means IPC's gross proved plus probable reserves. "Proved reserves" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. "Probable reserves" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies are conditions that must be satisfied for a portion of contingent resources to be classified as reserves that are: (a) specific to the project being evaluated; and (b) expected to be resolved within a reasonable timeframe. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent resources are further classified in accordance with the level of certainty associated with the estimates and may be sub-classified based on a project maturity and/or characterized by their economic status.

There are three classifications of contingent resources: low estimate, best estimate and high estimate. Best estimate is a classification of estimated resources described in the COGE Handbook as being considered to be the best estimate of the quantity that will be actually recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the best estimate.

Contingent resources are further classified based on project maturity. The project maturity subclasses include development pending, development on hold, development unclarified and development not viable. All of the Corporation's contingent resources are classified as either development on hold or development unclarified. Development on hold is defined as a contingent resource where there is a reasonable chance of development, but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. Development unclarified is defined as a contingent resource that requires further appraisal to clarify the potential for development and has been assigned a lower chance of development until contingencies can be clearly defined. Chance of development is the probability of a project being commercially viable.

References to "unrisked" contingent resources volumes means that the reported volumes of contingent resources have not been risked (or adjusted) based on the chance of commerciality of such resources. In accordance with the COGE Handbook for contingent resources, the chance of commerciality is solely based on the chance of development based on all contingencies required for the re-classification of the contingent resources as reserves being resolved. Therefore unrisked reported volumes of contingent resources do not reflect the risking (or adjustment) of such volumes based on the chance of development of such resources.

The contingent resources reported in this press release are estimates only. The estimates are based upon a number of factors and assumptions each of which contains estimation error which could result in future revisions of the estimates as more technical and commercial information becomes available. The estimation factors include, but are not limited to, the mapped extent of the oil and gas accumulations, geologic characteristics of the reservoirs, and dynamic reservoir performance. There are numerous risks and uncertainties associated with recovery of such resources, including many factors beyond the Corporation's control. There is uncertainty that it will be commercially viable to produce any portion of the contingent resources referred to in this press release.

2P reserves and contingent resources have been aggregated in this press release by IPC. Estimates of reserves and future net revenue for individual properties may not reflect the same level of confidence as estimates of reserves and future net revenue for all properties, due to aggregation. This press release contains estimates of the net present value of the future net revenue from IPC's reserves. The estimated values of future net revenue disclosed in this press release do not represent fair market value. There is no assurance that the forecast prices and cost assumptions used in the reserve evaluations will be attained and variances could be material.

The reserves and resources information and data provided in this press release presents only a portion of the disclosure required under NI 51-101. All of the required information will be contained in the Corporation's Annual Information Form for the year ended December 31, 2018, which will be filed on SEDAR (accessible at www.sedar.com) on or before April 1, 2019. Further information with respect to IPC's 2P reserves, contingent resources, prospective resources and estimates of future net revenue, including assumptions relating to the calculation of net present value and other relevant information related to the contingent resources disclosed, is disclosed in the MCR available under IPC's profile on www.sedar.com and on IPC's website at www.international-petroleum.com.

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 thousand cubic feet (Mcf) per 1 barrel (bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a 6:1 conversion basis may be misleading as an indication of value.

Currency

All dollar amounts in this press release are expressed in United States dollars, except where otherwise noted. References herein to USD mean United States dollars. References herein to CAD mean Canadian dollars.