

International Petroleum Corp.

2019 Tax Balances, Fiscal Terms and Royalties Rates

Disclaimer

Economics Assumptions

All balances are estimated at January 1, 2019

Forward Looking Statements

This presentation 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. Actual results may differ materially from those expressed or implied by forward-looking statements. The forward-looking statements contained in this presentation are expressly qualified by this cautionary statement. Forward-looking statements speak only as of the date of this presentation, 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.

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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.

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Additional information on these and other factors that could affect IPC, or its operations or financial results, are included in 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”) and other reports on file with applicable securities regulatory authorities, including previous financial reports, management’s discussion and analysis and material change reports, which may be accessed through the SEDAR website (www.sedar.com) or IPC’s website (www.international-petroleum.com).

Canada Overview

- **Combination of royalties and corporate income tax**
- **Royalty payments due to the holder of the mineral rights and in some instances investors**
 - Holder of mineral rights can be Crown (Government), First Nations or Freehold (Private)
 - Royalties calculated on well-by-well basis and vary based on province, well type and product price
 - Gross Over-Riding Royalties (GORR's) also payable on certain assets
- **Corporate Income Tax Rate: 27%**
 - Federal Income Tax -15%
 - Provincial Income Tax -12% (Alberta and Saskatchewan)
- **Depreciation**
 - Capital costs (including many drilling/completion expenses) depreciation categories between 10-30% declining balance
 - Exploration cost depreciation 100%
- **Non-capital losses: ability to carry forward (20 taxation years) against future income and capital gains**
- **Capital losses: ability to carry forward (indefinitely) only to shelter future capital gains**
- **Interest on debt is tax deductible**
- **Deduction of interest on non-arm's length debt may be subject certain limitations**

Canada Royalties

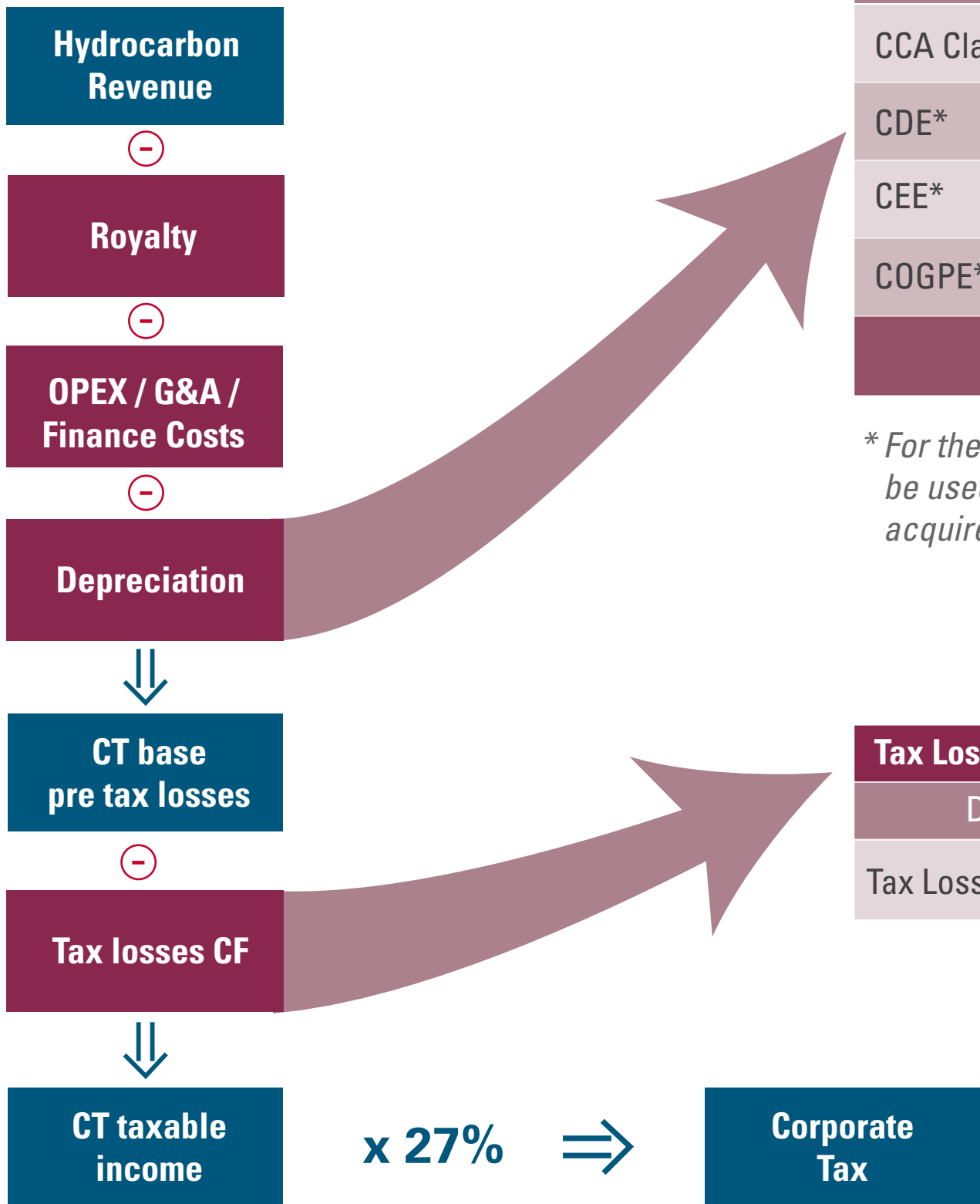
- For Blackrod see separate slide

Asset ⁽¹⁾	Onion Lake Thermal	Other Conventional Oil Alberta	Suffield Gas	Suffield EOR	Mooney	Other Conventional Oil Saskatchewan
Province	Saskatchewan	Alberta	Alberta	Alberta	Alberta	Saskatchewan
Production Category	Enhanced Oil Recovery Projects	Oil ARF to modernised	Gas ARF to modernised	Enhanced Hydrocarbon Recovery Program & Oil MRF to modernised	EHRP & Oil MRF to modernised	New Heavy Oil (First Nations) 4 th Tier Heavy Oil (Crown)
Royalty Estimate Range (Mineral rights)	1% pre payout 10-12% post payout ⁽²⁾	3–7%	2–3%	5–10%	8–18%	16–20%
GORR Range	8–10%	—	N/A	N/A	—	4–5%
Total Royalty Estimate Range	9-11% pre payout 18-22% post payout	3–7%	2–3%	5–10%	8–18%	20–25%

⁽¹⁾ For detail on Blackrod, please see “Blackrod Royalties” slide

⁽²⁾ For detail on payout mechanism, please see “Onion Lake EOR Royalties” slide

Canada Corporate Tax



Historic Depreciation Bring Forward Balances January 1, 2019 (million CAD)					
Category	Description	DB%	Suffield	BlackPearl	Total
CCA Class 41	Oil & Gas production equipment	25%	84	298	381
CDE*	Canadian Development Expenses	30%	8	47	55
CEE*	Canadian Exploration Expenses	100%	—	34	34
COGPE*	Canadian Oil & Gas Property Expenses	10%	335	13	348
Total			426	392	818

** For these categories, Pre-2019 BlackPearl balances can only be used to shelter income from or disposition proceeds of BlackPearl assets acquired by IPC in December 2018*

Tax Loss Carry Forward Balances January 1, 2019 (millionCAD)			
DB%	Suffield	BlackPearl	Total
Tax Loss Carry Forward	22	430	452

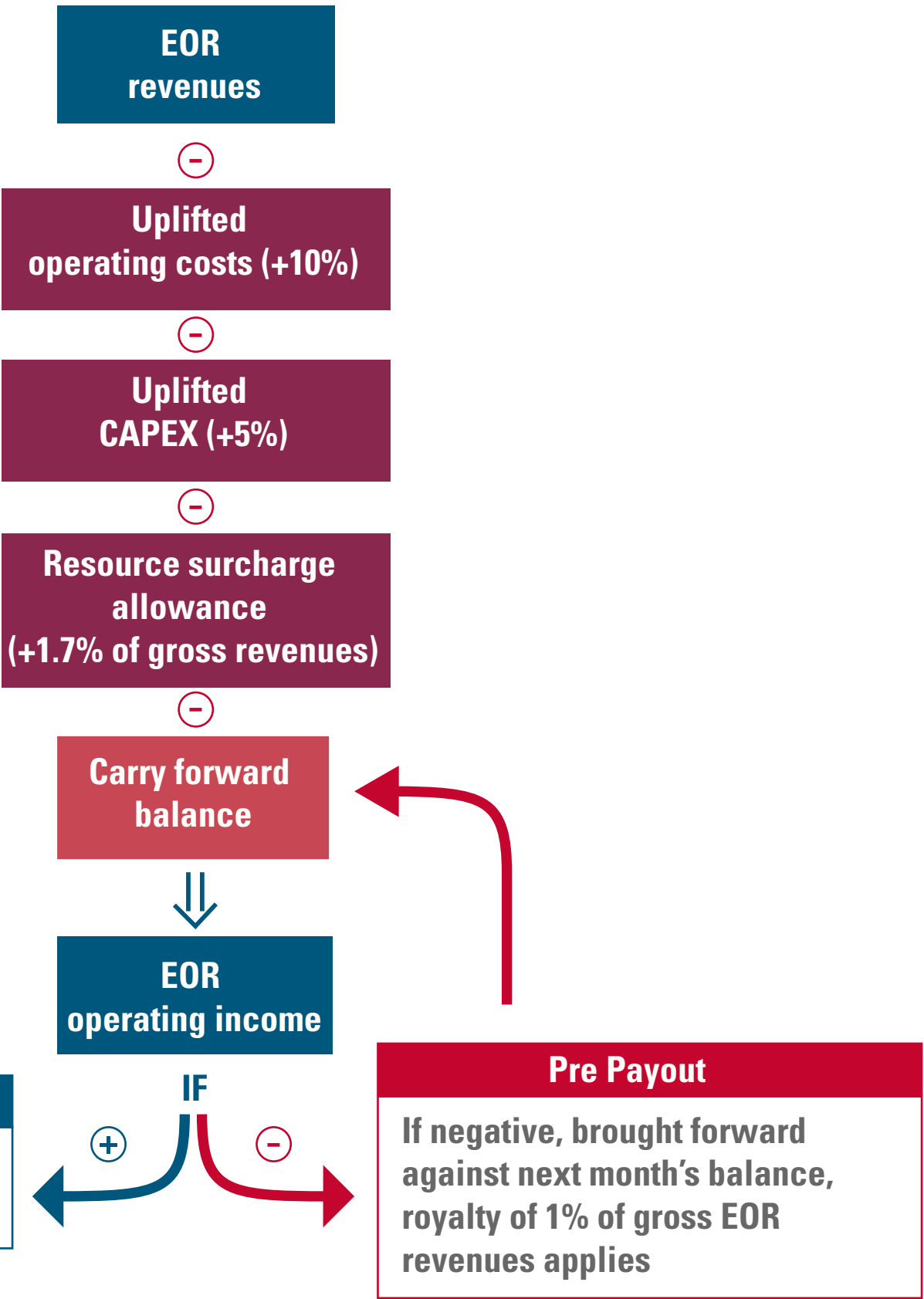
Canada

Onion Lake Enhanced Oil Recovery ("EOR") Royalties

- The EOR royalty system was designed to recognise the higher investment and operating costs associated with EOR projects, so amounts payable depend on the profitability of each project
- Lower royalty rates apply prior to payout of the EOR investments

EOR royalty carry forward balance : Million CAD 375.5

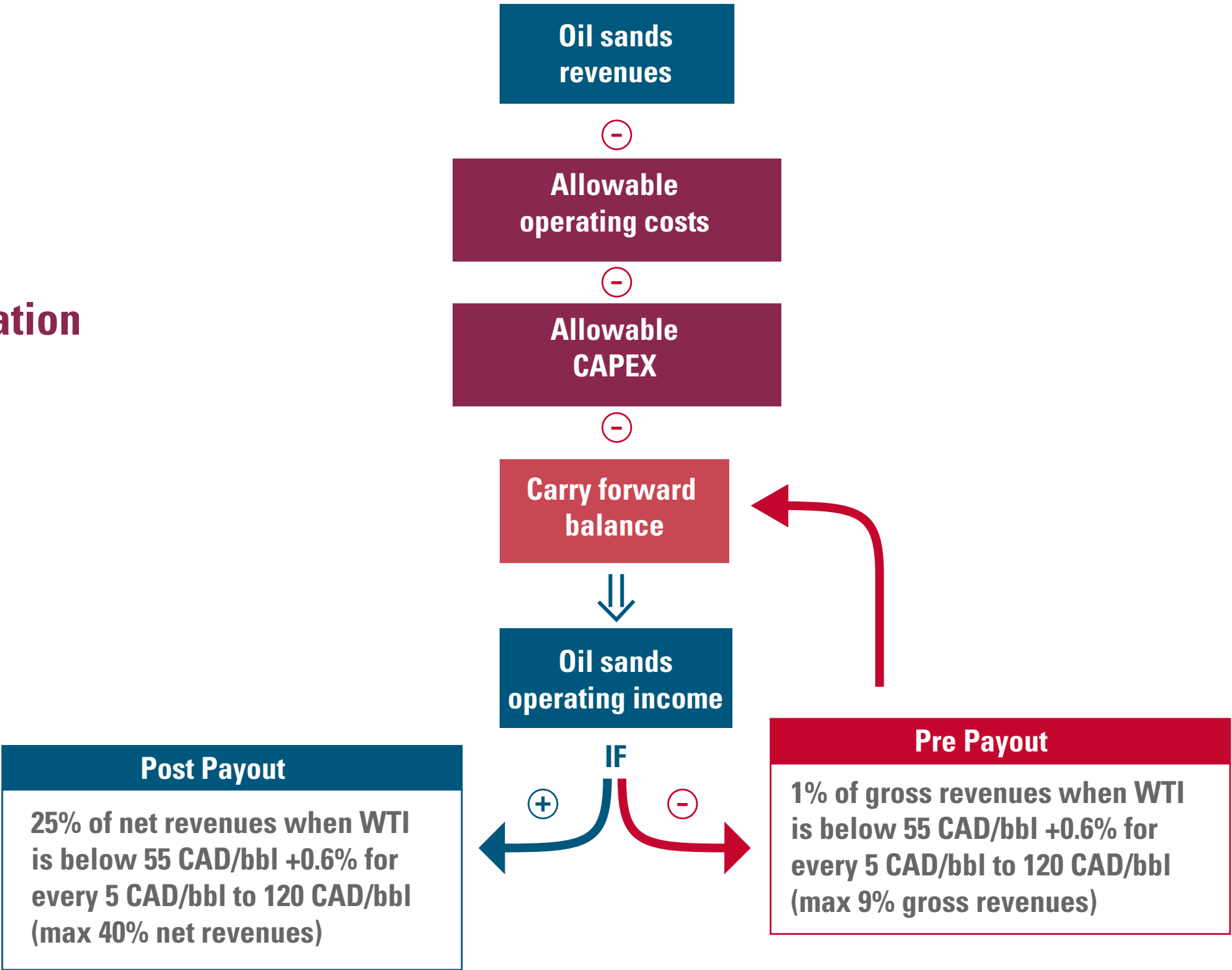
Post Payout
If positive, royalty of 20% of EOR operating income applies.



Canada

Blackrod Royalties

- Alberta oil sands project
- Blackrod royalties based on payout calculation



Malaysia

Overview – Marginal Tax Regime

Marginal Tax Regime applies to

- Oil Fields < 30 mmbo
- Gas Field < 500 bcf

Production Sharing Contract (PSC)

PSC Revenue

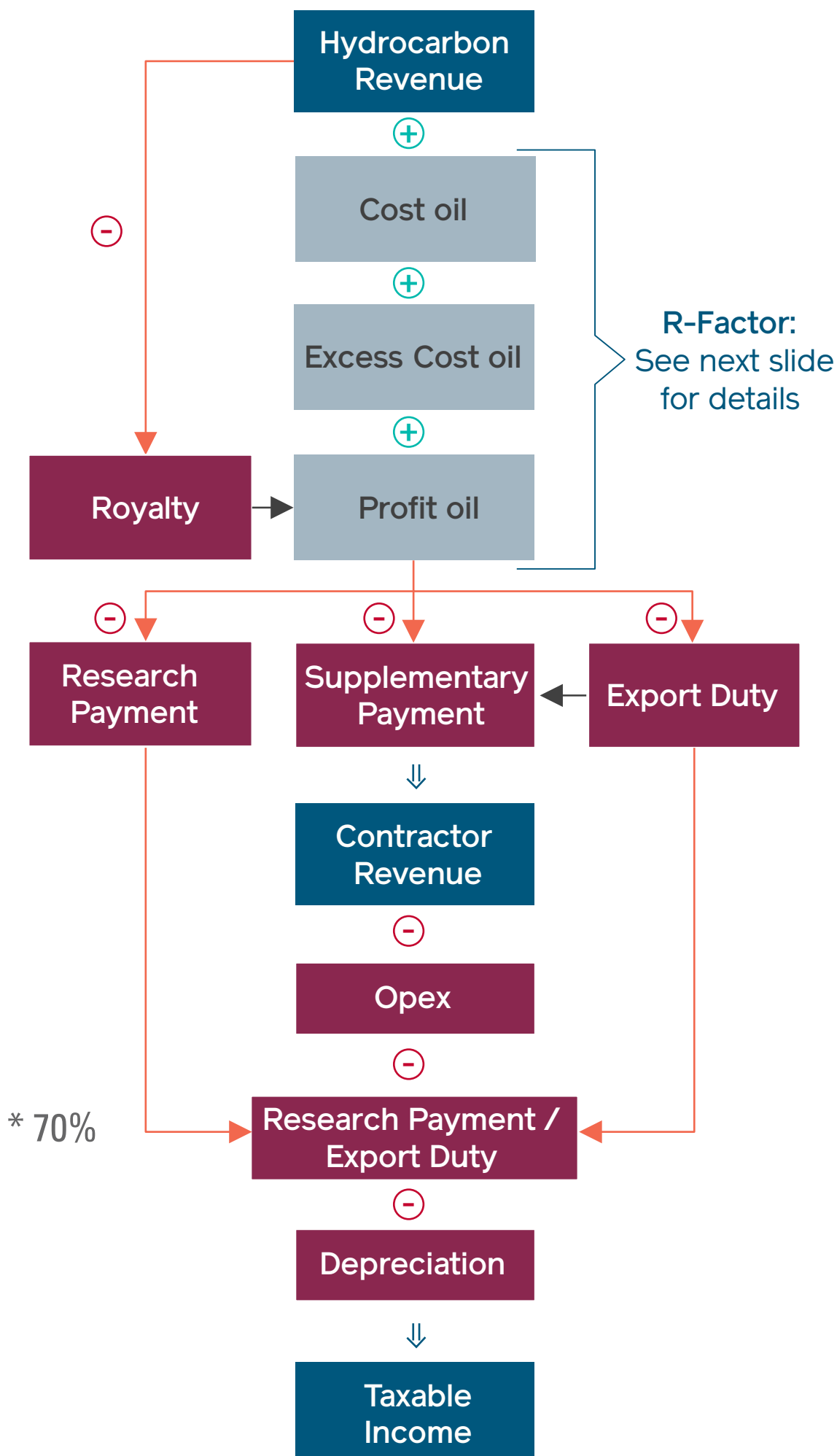
- $\text{Royalty} = 10\% * \text{Hydrocarbon Revenue}$
- $\text{Cost Oil} = \text{Min}(\text{unrecovered costs}, \text{Hydrocarbon Revenue} * \text{R-Factor})$
- $\text{Excess Cost oil} = (\text{Hydrocarbon Revenue} * \text{R-Factor} - \text{Cost oil}) * \text{R-Factor}$
- $\text{Profit Oil} = (\text{Hydrocarbon Revenue} - \text{Royalty} - \text{Cost Oil} - \text{Excess Costs Oil}) * \text{R-Factor}$

Other taxes and payments

- $\text{Research Payment} = (\text{Cost oil} + \text{Excess Cost oil} + \text{Profit oil}) * 0.5\%$
- $\text{Export Duty} = (\text{Excess Cost oil} + \text{Profit oil}) * 10\%$ (Standard), 0% (Marginal)
- $\text{Supplementary Payment} = (\text{Excess Cost oil} + \text{Profit oil} - \text{Export Duty}) * \text{Actual to Base Price ratio} * 70\%$
 - Base Price is given by PSC
- $\text{Contractor Revenue} = \text{Cost Oil} + \text{Excess Cost Oil} + \text{Profit oil} - \text{Supplementary Payment}$

Corporate tax

- PITA marginal tax rate: 25%



Malaysia

PM 307 PSC – Marginal Field Terms

- **R-Factor = Cumulative Contractor Revenue/Cumulative Cost**
 - Where Cost includes: OPEX, E&A, CAPEX and Decommissioning Provision

PM307: R-Factors			
		Cost Oil	
	R-Factor	%	
Threshold 1	0.0	70%	
Threshold 2	1.0	60%	
Threshold 3	1.4	50%	
Threshold 4	2.0	30%	
Threshold 5	2.5	30%	
Threshold 6	3.0	30%	
Excess Oil			
	R-Factor	<THV	>THV
Threshold 1	0.0	n/a	n/a
Threshold 2	1.0	80%	40%
Threshold 3	1.4	70%	40%
Threshold 4	2.0	60%	40%
Threshold 5	2.5	50%	40%
Threshold 6	3.0	40%	20%
Profit Oil			
	R-Factor	<THV	>THV
Threshold 1	0.0	80%	40%
Threshold 2	1.0	70%	30%
Threshold 3	1.4	60%	30%
Threshold 4	2.0	50%	30%
Threshold 5	2.5	40%	30%
Threshold 6	3.0	30%	10%

Field Threshold Volumes	
Oil (mmbo)	30
Gas (bcf)	750
Supplementary Payment Terms	
Base Year	1996
Base Price Oil (USD/bbl)	25
Base Price Gas (USD/mmbtu)	1.80
Escalation Factor Oil (%/yr)	4%
Escalation Factor Gas (%/yr)	4%
Rate Oil	70%
Rate Gas	70%
R-Factor Threshold ⁽¹⁾	1

⁽¹⁾ Threshold achieved when the Cumulative Contractor Revenue = Cumulative Cost

PM 307: Opening Balances @ January 1, 2019	MUSD	Depreciation Method
Cost Recovery		
Cummulative Cost Oil to recover	(gross)	365
PITA Tax		
Cumulative E&A Pool	(gross)	40
Historic Facilities Expenditure	(gross)	70
Drilling ⁽²⁾	(gross)	10
Tax Loss brought forward	(gross)	10

⁽²⁾ Future drilling has FYA of 40%

France Overview

Concession regime

Local Levy

- **USD/bbl equivalents:**
 - Onshore fields: 4.50 USD/bbl
 - Offshore fields: 0.36 USD/bbl

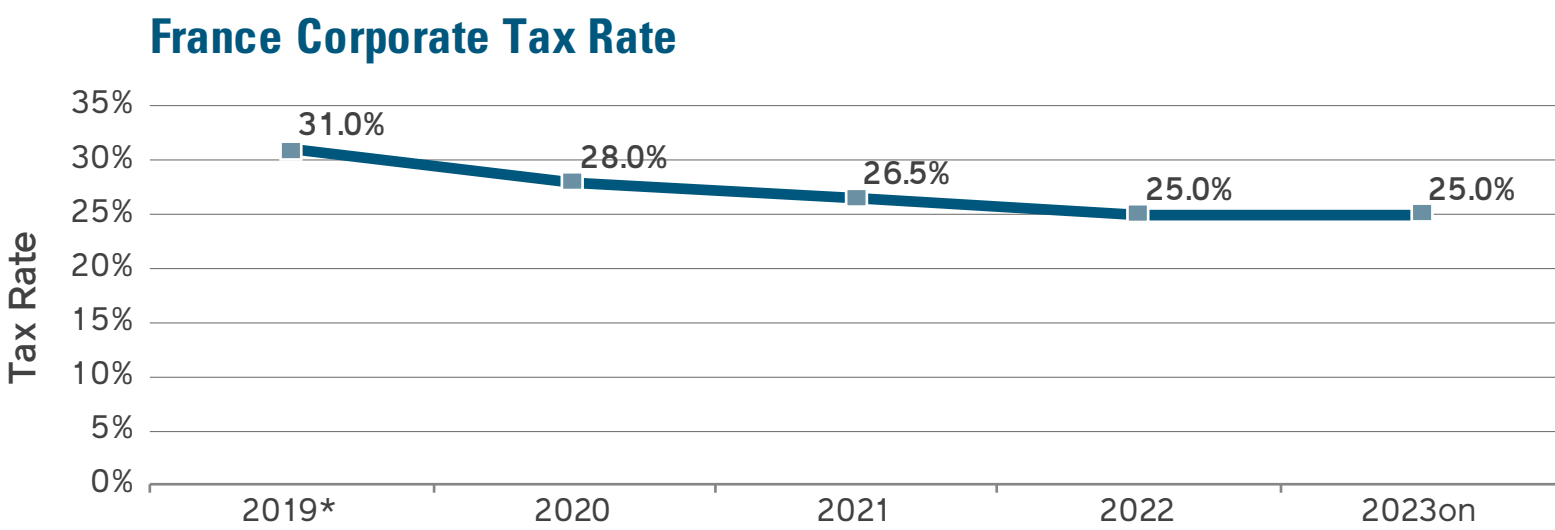
Royalty

- **8% of production above 1500 tonnes per field (> 30 bopd)**

Corporate Tax

- **Tax rate steps down to 25% by 2022**
- **3.3% *Contribution Additionnelle* (if Gross Tax > €763k)**
- **Applicable at a company level**

Field Type	Fields
Onshore	Courdemanges, DML, Grandville,Hautefeuille, La Motte Noir, Soudron, Vert La Gravelle, Villeperdue, Les Pins, Tamaris, Les Arbousiers, Merisier, Villeseneux, Amaltheus, Genièvre
Offshore	Courbey, Mimosas



Corporate Tax Payment Schedule	
15th March Year	8.33% of Year -2
15th June Year	16.66% of Year -1 less payment 15/03
15th Sept Year	25% of Year -1 less payments 15/03 and 15/06
15th Dec Year	33.33% of Year - 1 less payments 15/03, 15/06 and 15/09
15th May Year +1	33.33% of Year less payments 15/03, 15/06, 15/09 and 15/12

France

Tax Depreciation

- Corporate tax loss bring forward: 0.4 Million EUR

Million EUR

Tax Depreciation Schedule: CAPEX (Net IPC)											
as at 01.01.2019	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029on
Aquitaine Basin	0.96	0.66	0.29	0.06	0.01	–	–				
Paris Basin	7.5	4.2	2.4	1.4	0.6	0.4	0.1	–	–	–	–

Tax Depreciation Schedule: Abandonment (Net IPC)											
as at 01.01.2019	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029on
Aquitaine Basin	–	–	–								
Paris Basin	2.0	0.7	0.2								



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