



**International
Petroleum
Corp.**

International Petroleum Corp.

2020 Tax Balances, Fiscal Terms and Royalties Rates

Disclaimer

Economics Assumptions

All balances are estimated at January 1, 2020

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.

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 Corporation’s management’s discussion and analysis for the year ended December 31, 2019 (See “Cautionary Statement Regarding Forward-Looking Information”, “Reserves and Resources Advisory” and “Risk and Uncertainties”) 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).

The completion of the acquisition of Granite Oil Corp. remains subject to the satisfaction of certain conditions. Completion is expected to occur in early March 2020.

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: 23-27%**
 - Federal Income Tax – 15%
 - Saskatchewan Province Income Tax – 12%
 - Alberta Province Income Tax – 10% (2020), 9% (2021), 8% (2022 onwards)
- **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

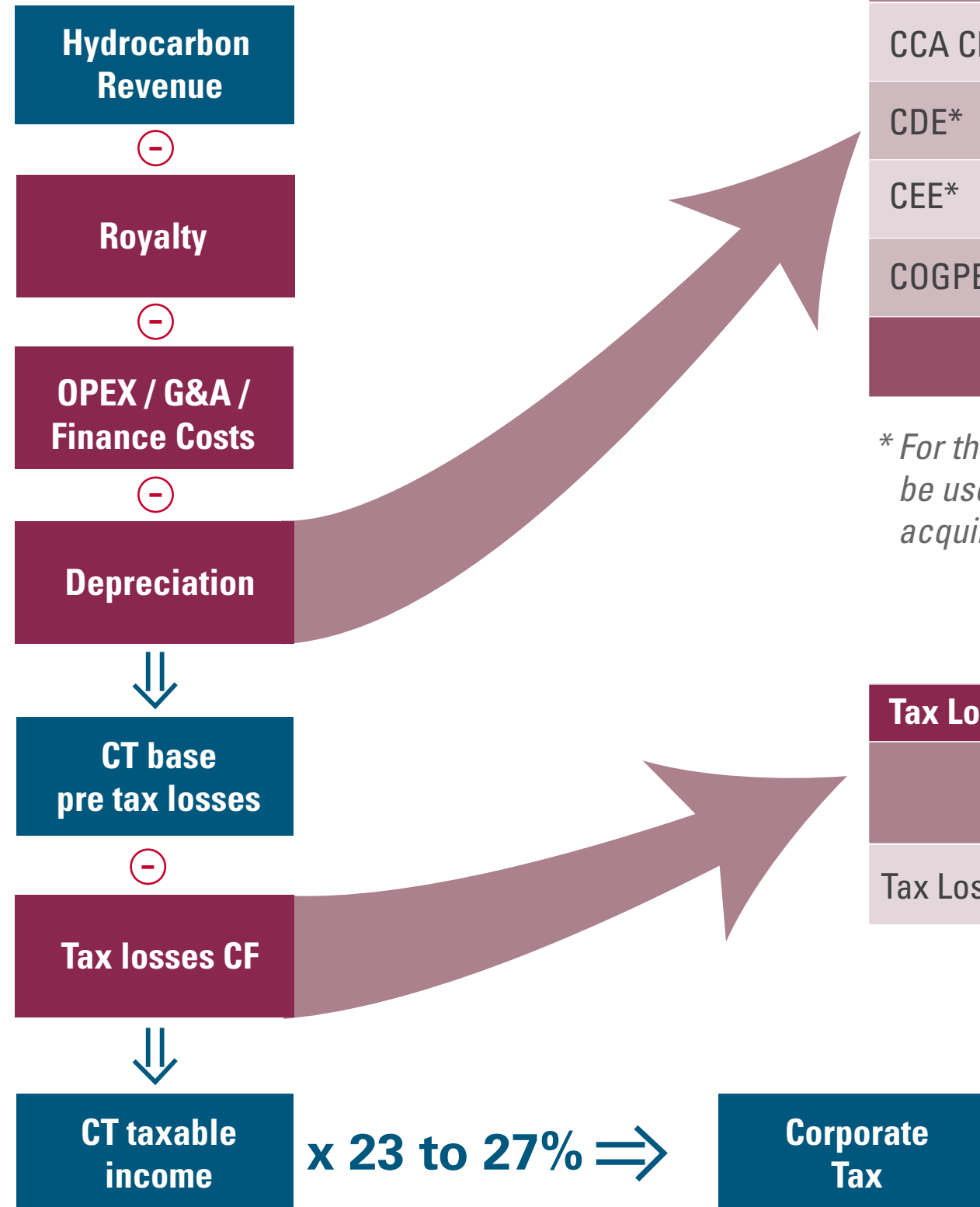
- **For Blackrod see separate slide**

Asset ⁽¹⁾	Onion Lake Thermal	Other Conventional Oil Alberta	Suffield Gas	Suffield EOR	Ferguson (Granite Oil Corp)	Mooney	Other Conventional Oil Saskatchewan
Province	Saskatchewan	Alberta	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	Oil ARF and Oil MRF to modernised (Crown and Freehold)	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⁾	4-7%	2-3%	5-10%	11-27%	8-18%	16-20%
GORR Range	9-11%	–	–	N/A	1%	–	4-5%
Total Royalty Estimate Range	10-12% pre payout 19-23% post payout	4-7%	2-3%	5-10%	12-28%	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, 2020 (million CAD)					
Category	Description	DB%	Existing Canada	Granite	Total
CCA Class 41	Oil & Gas production equipment	25%	316	9	325
CDE*	Canadian Development Expenses	30%	62	63	125
CEE*	Canadian Exploration Expenses	100%	35	2	37
COGPE*	Canadian Oil & Gas Property Expenses	10%	317	1	318
Total			730	75	805

* For these categories, Pre-2020 Granite balances can only be used to shelter income from or disposition proceeds of Granite assets to be acquired by IPC

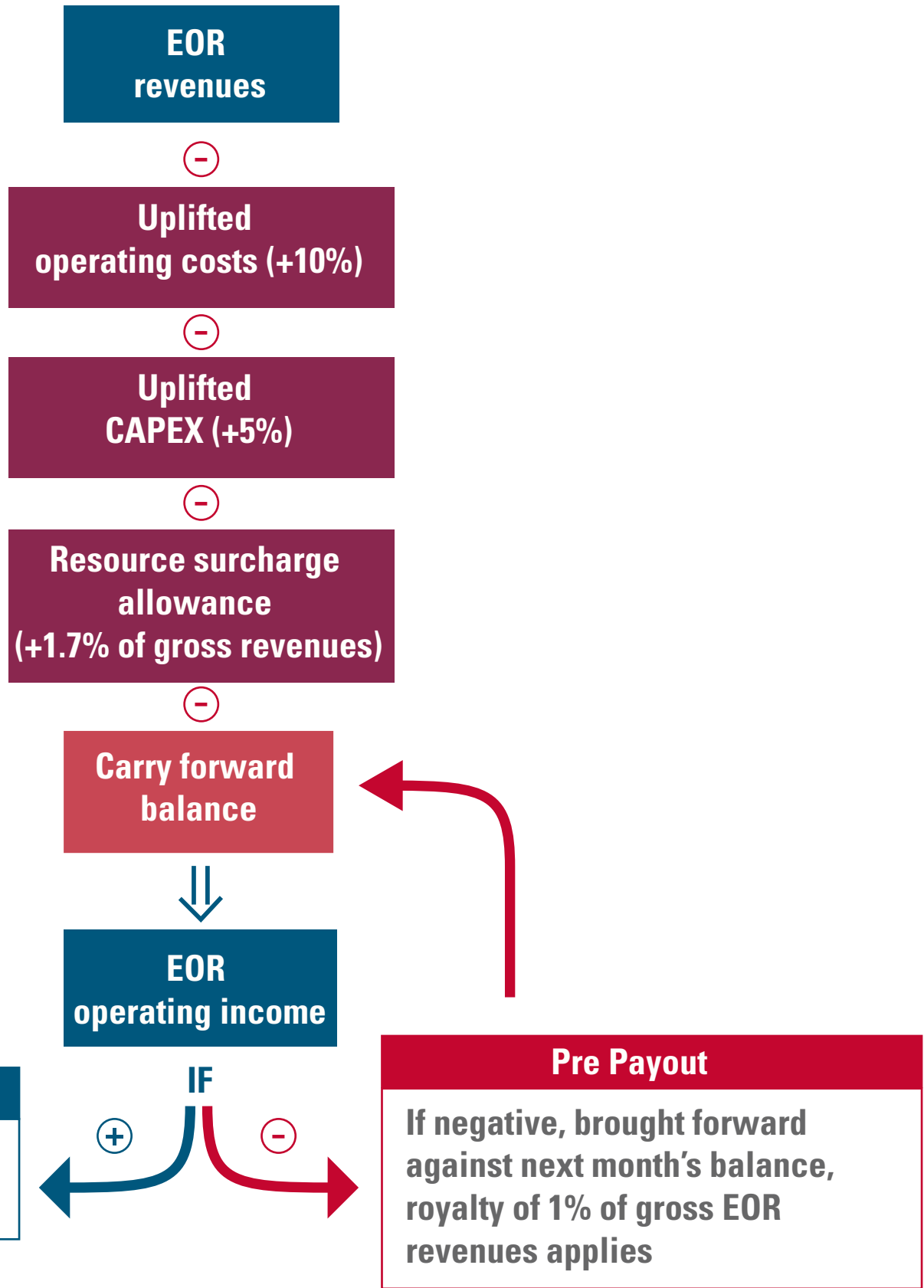
Tax Loss Carry Forward Balances January 1, 2020 (millionCAD)			
DB%	Existing Canada	Granite	Total
Tax Loss Carry Forward	469	104	573

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

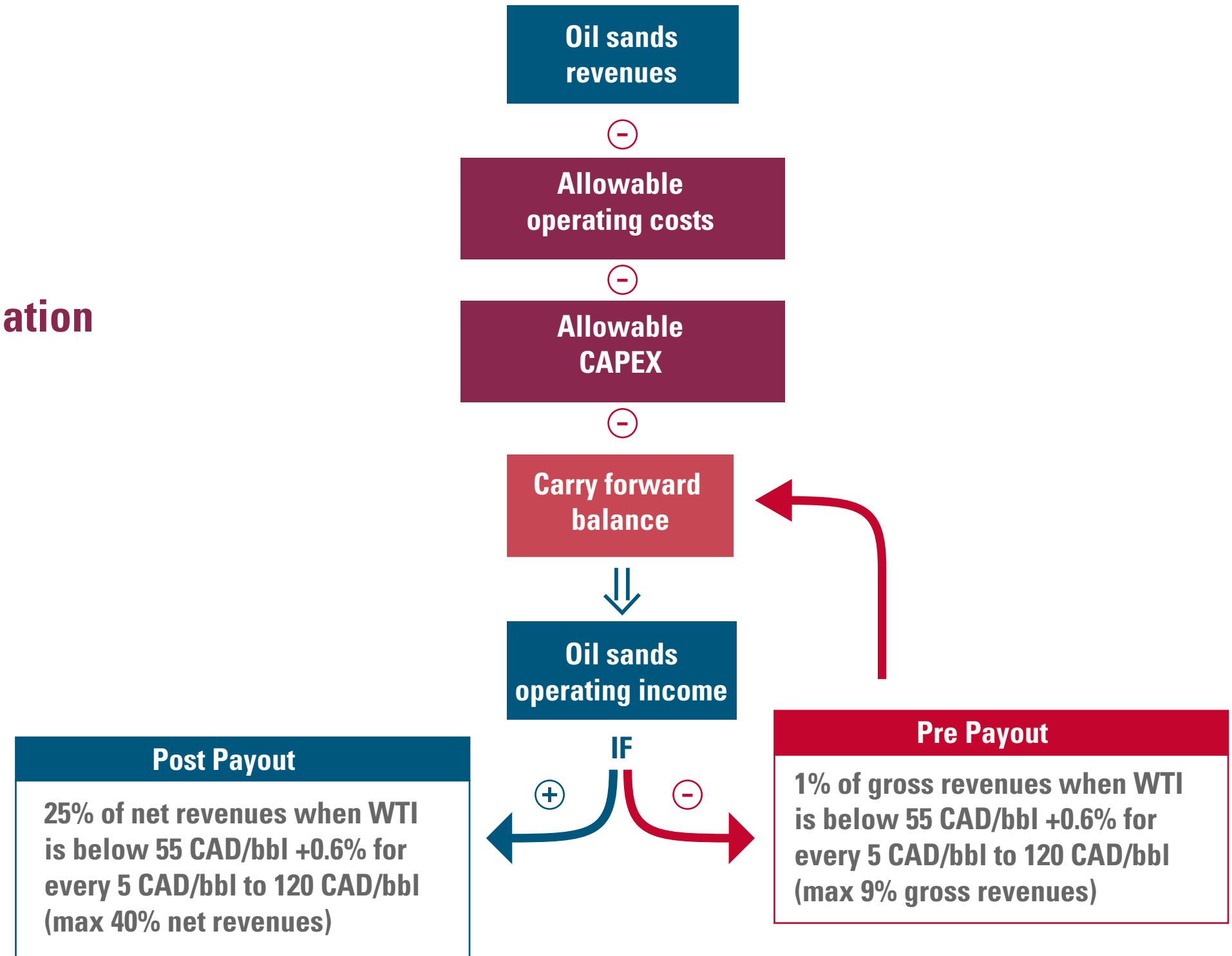
EOR royalty carry forward balance : Million CAD 305

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

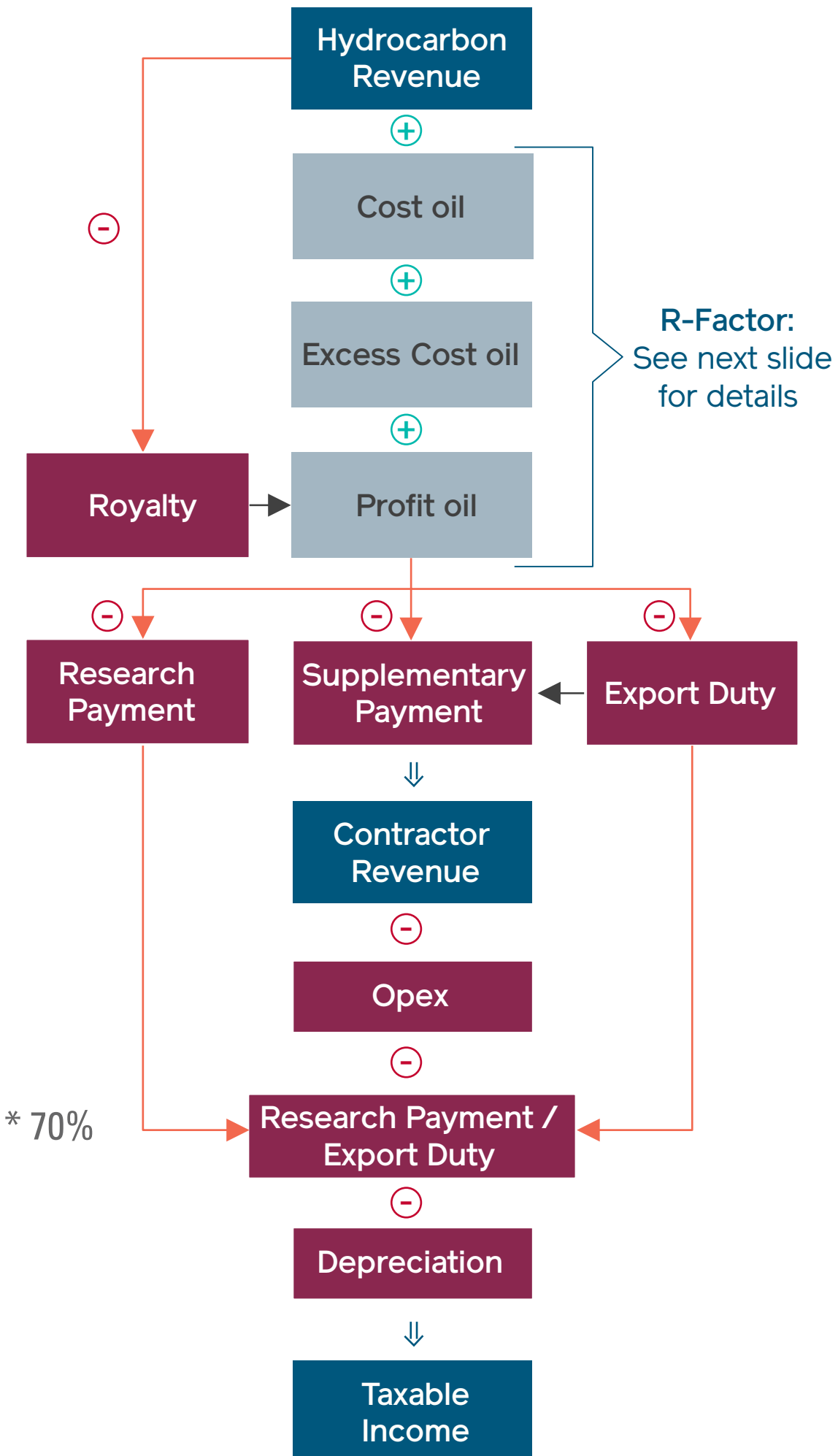
- Royalty = 10% * Hydrocarbon Revenue
- Cost Oil = Min (unrecovered costs, Hydrocarbon Revenue * R-Factor)
- Excess Cost oil = (Hydrocarbon Revenue * R-Factor – Cost oil) * R-Factor
- Profit Oil = (Hydrocarbon Revenue – Royalty – Cost Oil – Excess Costs Oil) * R-Factor

Other taxes and payments

- Research Payment = (Cost oil + Excess Cost oil + Profit oil) * 0.5%
- Export Duty = (Excess Cost oil + Profit oil) * 10% (Standard), 0% (Marginal)
- Supplementary Payment = (Excess Cost oil + Profit oil – Export Duty) * Actual to Base Price ratio * 70%
 - Base Price is given by PSC
- Contractor Revenue = Cost Oil + Excess Cost Oil + Profit oil – 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			
	R-Factor	Cost Oil	
		%	
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, 2020	MUSD	Depreciation Method
Cost Recovery		
Cummulative Cost Oil to recover	(gross) 380	
PITA Tax		
Cumulative E&A Pool	(gross) 25	15% DB or UOP
Historic Facilities Expenditure	(gross) 60	10% SL (Marginal)
Drilling ⁽²⁾	(gross) 8	15% DB or UOP
Tax Loss brought forward	(gross) 25	

⁽²⁾ Future drilling has FYA of 40%

France Overview

Concession regime

Local Levy

- **USD/bbl equivalents:**
 - Onshore fields: 4.46 USD/bbl
 - Offshore fields: 0.33 USD/bbl

Royalty

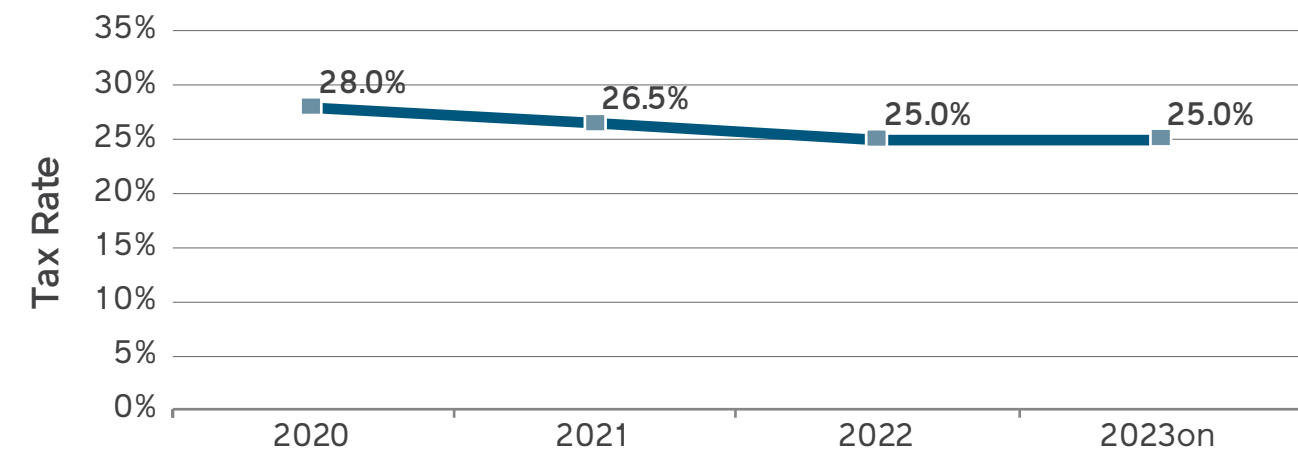
- **8% of production above 1500 tonnes per field (> 30 bopd)**

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

France Corporate Tax Rate



Corporate Tax Payment Schedule

15th March Year	7% of Year -2
15th June Year	14% of Year -1 less payment 15/03
15th Sept Year	21% of Year -1 less payments 15/03 and 15/06
15th Dec Year	28% of Year - 1 less payments 15/03, 15/06 and 15/09
15th May Year +1	28% of Year less payments 15/03, 15/06, 15/09 and 15/12

France

Tax Depreciation

Million EUR

Tax Depreciation Schedule: CAPEX (Net IPC)											
as at 01.01.2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030on
Aquitaine Basin	0.97	0.48	0.25	0.02	0.01	-					
Paris Basin	11.72	9.98	8.84	7.99	7.74	1.13	0.03	0.02	0.02	0.02	0.04

Tax Depreciation Schedule: Abandonment (Net IPC)											
as at 01.01.2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030on
Aquitaine Basin	-	-	-	-	-	-	-	-	-	-	-
Paris Basin	1.02	0.23	0.05	0.05	0.05	-	-	-	-	-	-



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