



**International
Petroleum
Corp.**

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2022 Tax Balances, Fiscal Terms and Royalties Rates

Disclaimer

Economics Assumptions

All balances are estimated at January 1, 2022

Forward Looking Statements

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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 – 8%
- **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

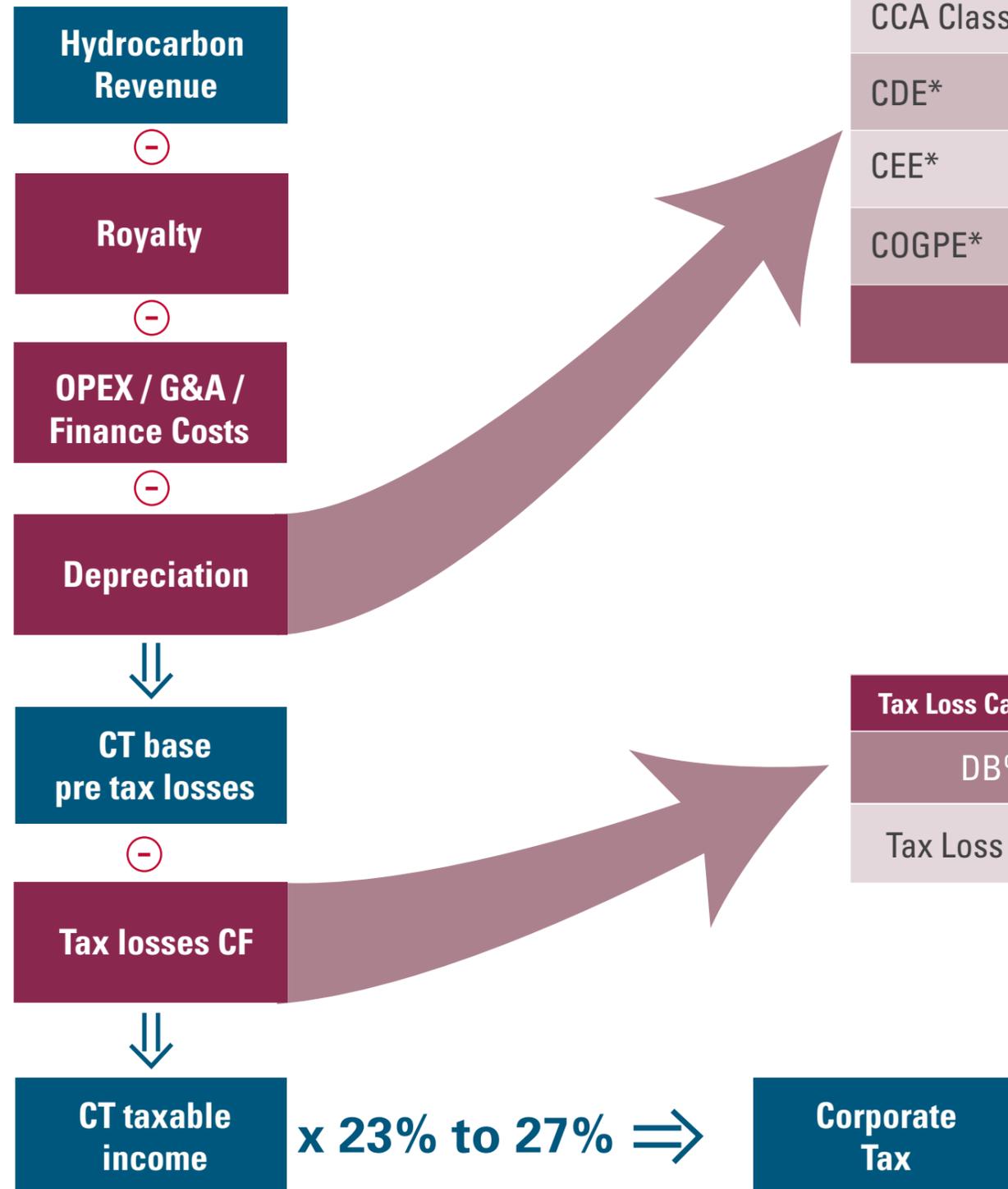
- **For Blackrod see separate slide**

| Asset ⁽¹⁾ | Onion Lake Thermal | Other Conventional Oil Alberta | Suffield Gas | Suffield EOR | Ferguson | 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, 2022 (million CAD) | | | |
|--|--------------------------------------|------|-------|
| Category | Description | DB% | Total |
| CCA Class 41 | Oil & Gas production equipment | 25% | 228 |
| CDE* | Canadian Development Expenses | 30% | 107 |
| CEE* | Canadian Exploration Expenses | 100% | 34 |
| COGPE* | Canadian Oil & Gas Property Expenses | 10% | 262 |
| Total | | | 631 |

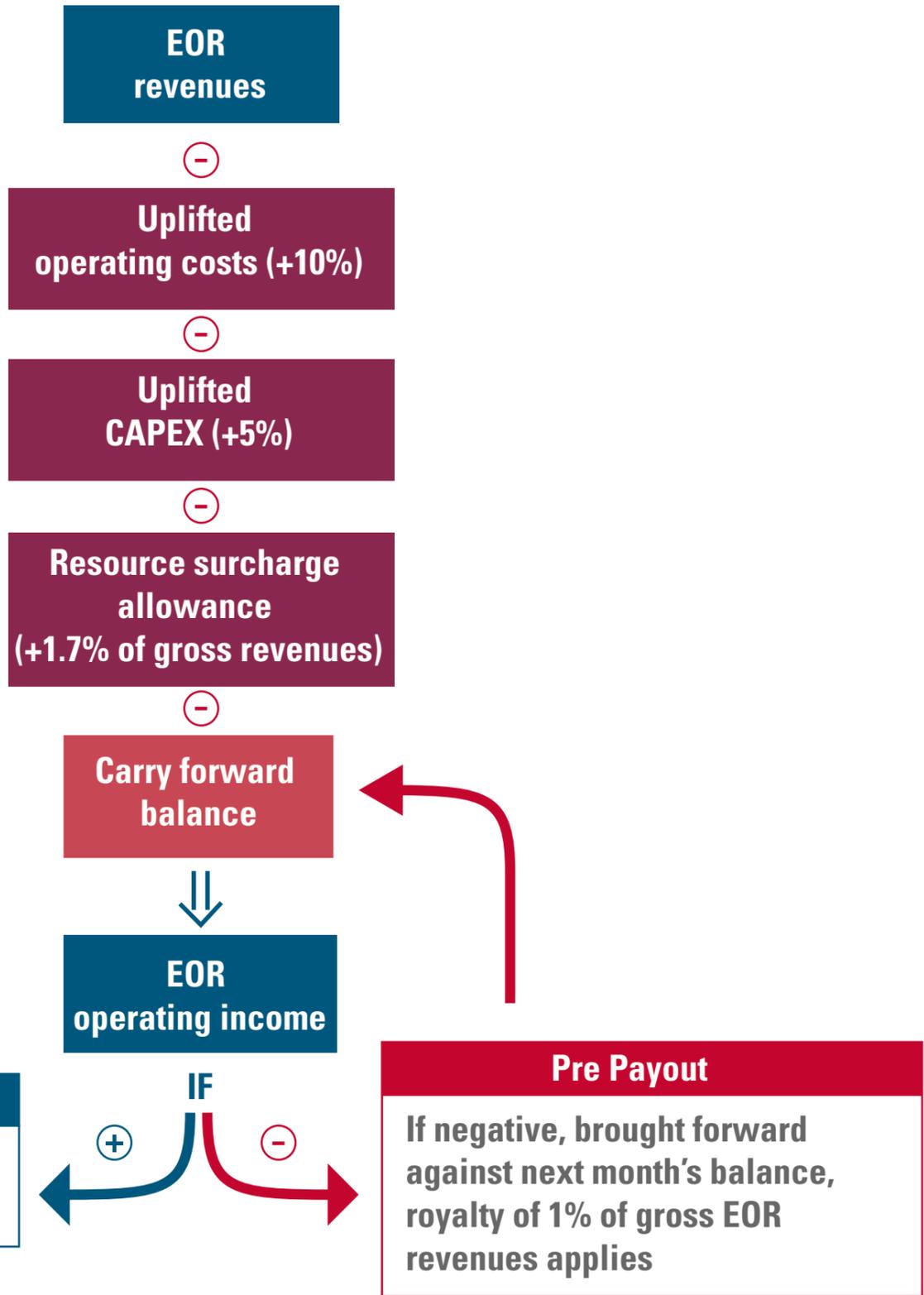
| Tax Loss Carry Forward Balances January 1, 2022 (millionCAD) | |
|--|-------|
| DB% | Total |
| Tax Loss Carry Forward | 543 |

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

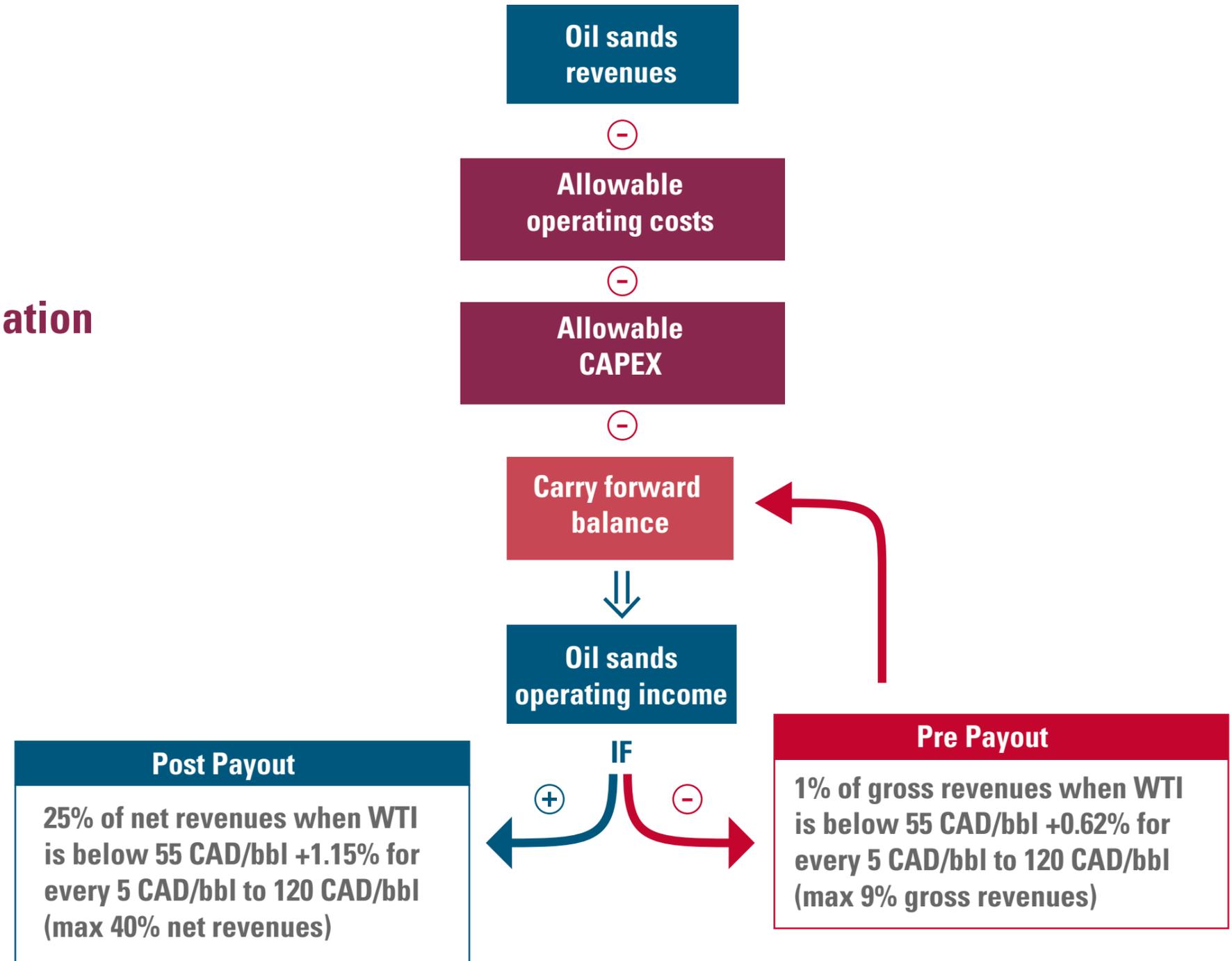
EOR royalty carry forward balance : Million CAD 149

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

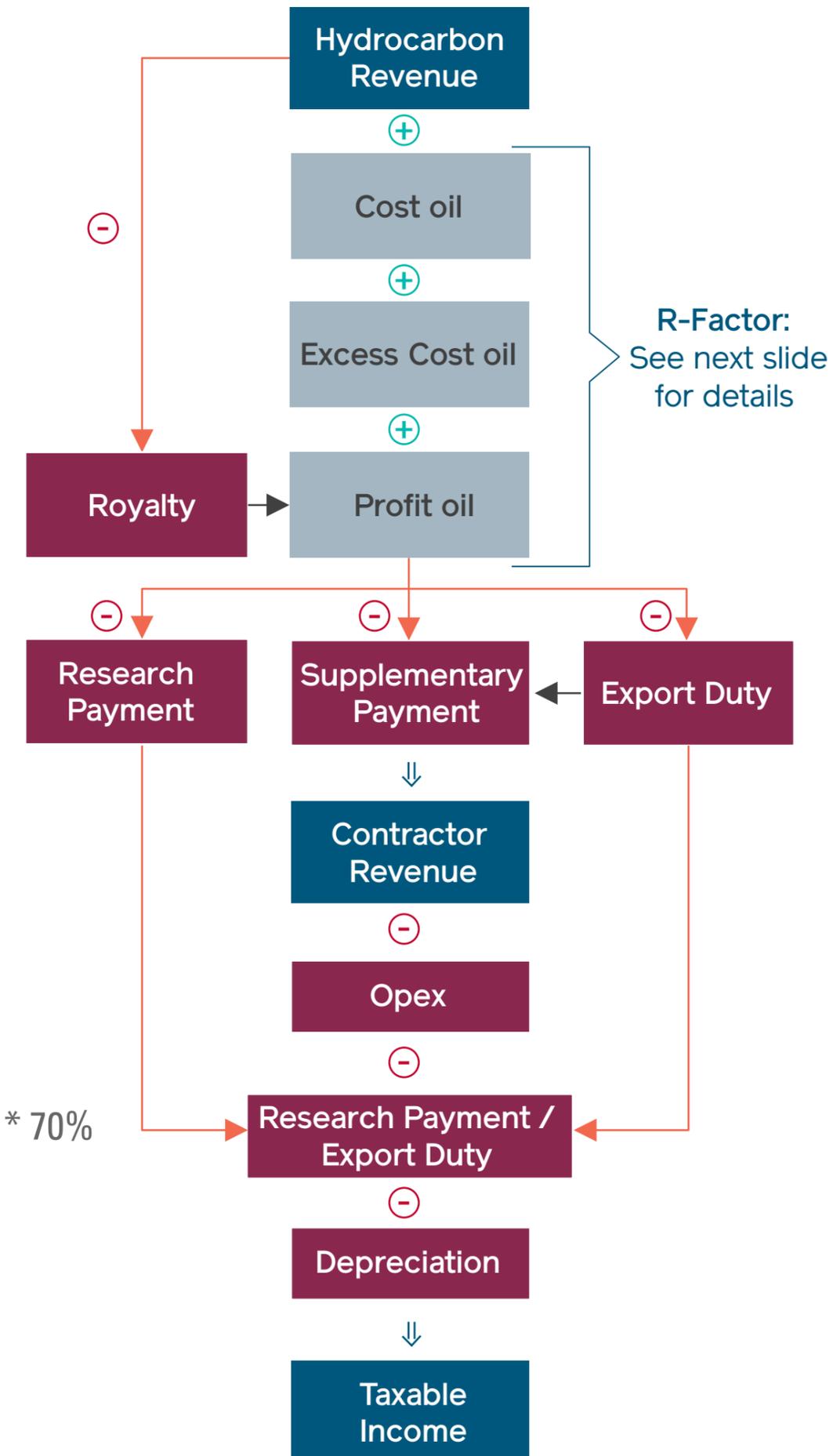
- Royalty = 10% * Hydrocarbon Revenue
- Cost Oil = Min (unrecovered costs, Hydrocarbon Revenue * R-Factor)
- Excess Cost oil = (Hydrocarbon Revenue * R-Factor – Cost oil) * R-Factor
- Profit Oil = (Hydrocarbon Revenue – Royalty – Cost Oil – Excess Costs Oil) * R-Factor

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 (mmbbl) | 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, 2021 | MUSD | Depreciation Method |
|--|-------------|---------------------|
| Cost Recovery | | |
| Cumulative Cost Oil to recover | (gross) 433 | |
| PITA Tax | | |
| Cumulative E&A Pool | (gross) 14 | 15% DB or UOP |
| Historic Facilities Expenditure | (gross) 38 | 10% SL (Marginal) |
| Drilling ⁽²⁾ | (gross) 4 | 15% DB or UOP |
| Tax Loss brought forward | (gross) 71 | |

⁽²⁾ Future drilling has FYA of 40%

France Overview

Concession regime

Local Levy

- **USD/bbl equivalents:**
 - Onshore fields: 4.90 USD/bbl
 - Offshore fields: 0.33 USD/bbl

Royalty

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

Corporate Tax

- **Tax rate 25%**
- **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 | 6.25% of Year -2 |
| 15th June Year | 12.5% of Year - 1 less payment 15/03 |
| 15th Sept Year | 18.75% of Year - 1 less payments 15/03 and 15/06 |
| 15th Dec Year | 25.0% of Year - 1 less payments 15/03, 15/06 and 15/09 |
| 15th May Year +1 | 25.0% 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 01.01.2022 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
| Aquitaine Basin | 0.25 | 0.07 | 0.02 | - | | |
| Paris Basin | 6.8 | 6.2 | 5.2 | 2.6 | 1.2 | 1.0 |

| Tax Depreciation Schedule: Abandonment (Net IPC) | | | | | | |
|--|------|------|------|------|------|------|
| as at 01.01.2022 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
| Aquitaine Basin | 0.05 | - | - | - | - | - |
| Paris Basin | 0.2 | 0.3 | 0.3 | 0.2 | 0.2 | - |



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