



**International
Petroleum
Corp.**

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2021 Tax Balances, Fiscal Terms and Royalties Rates



Disclaimer

Economics Assumptions

All balances are estimated at January 1, 2021

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

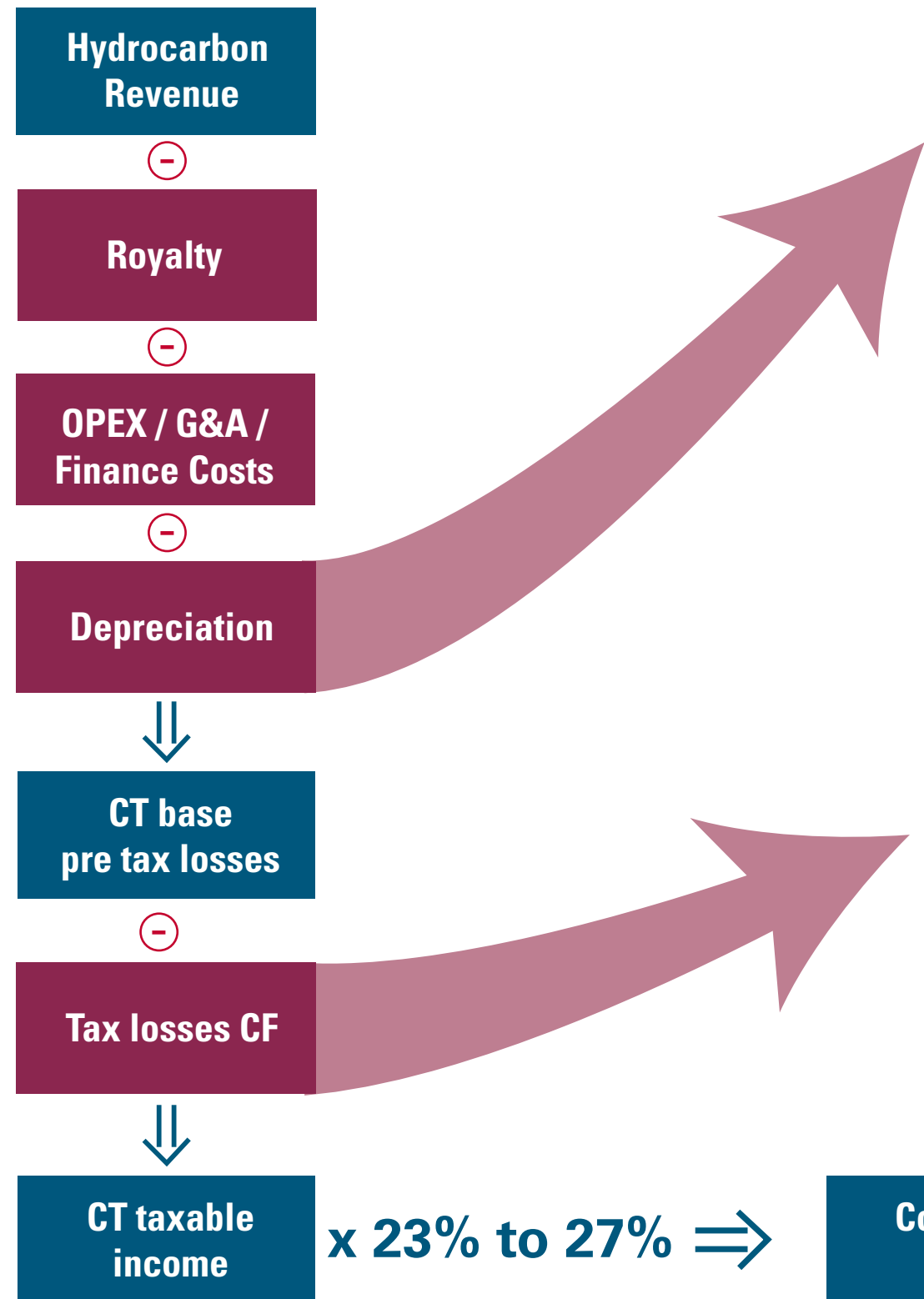
- **For Blackrod see separate slide**

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, 2021 (million CAD)			
Category	Description	DB%	Total
CCA Class 41	Oil & Gas production equipment	25%	275
CDE*	Canadian Development Expenses	30%	114
CEE*	Canadian Exploration Expenses	100%	38
COGPE*	Canadian Oil & Gas Property Expenses	10%	210
Total			717

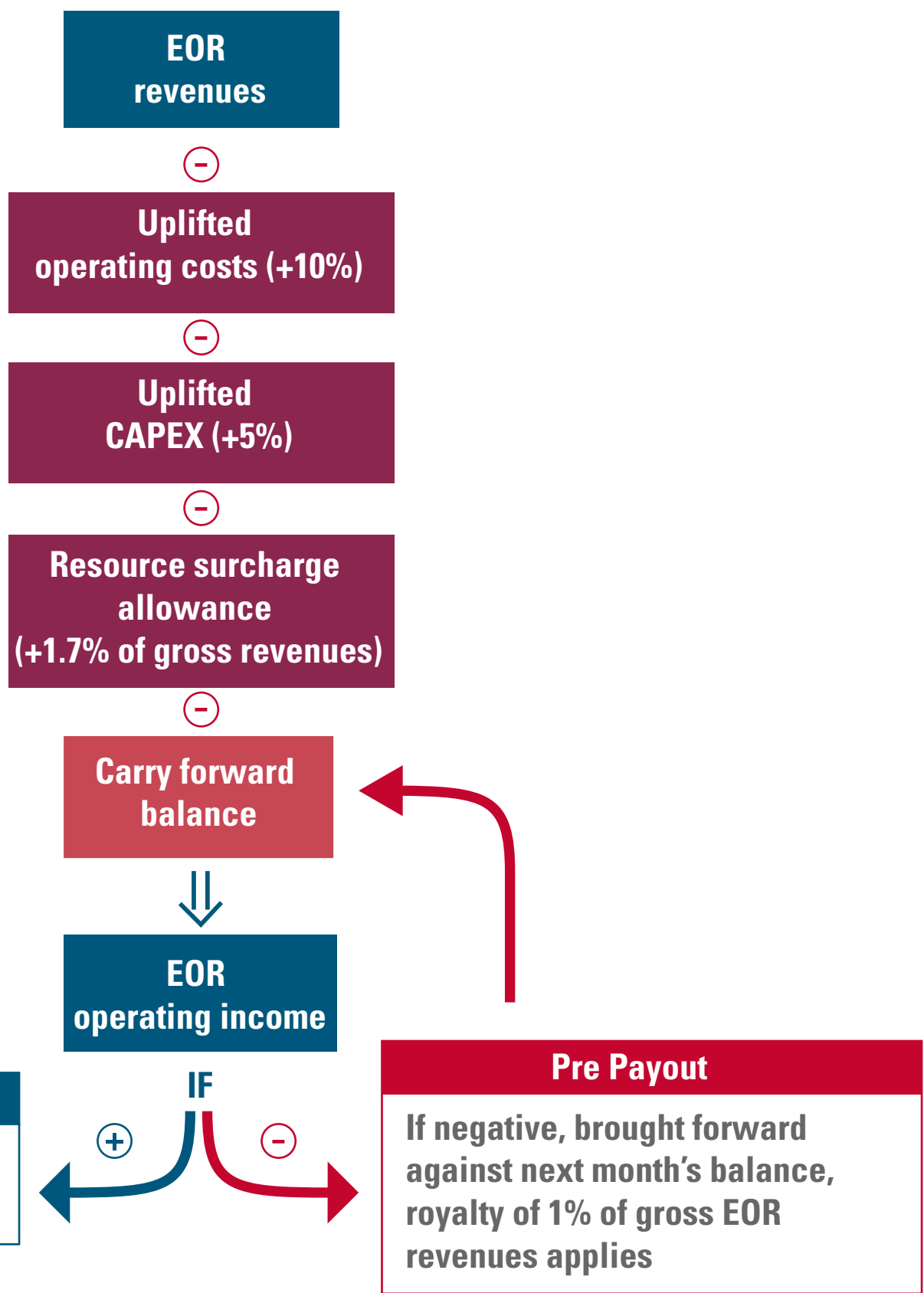
Tax Loss Carry Forward Balances January 1, 2021 (millionCAD)	
DB%	Total
Tax Loss Carry Forward	676

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

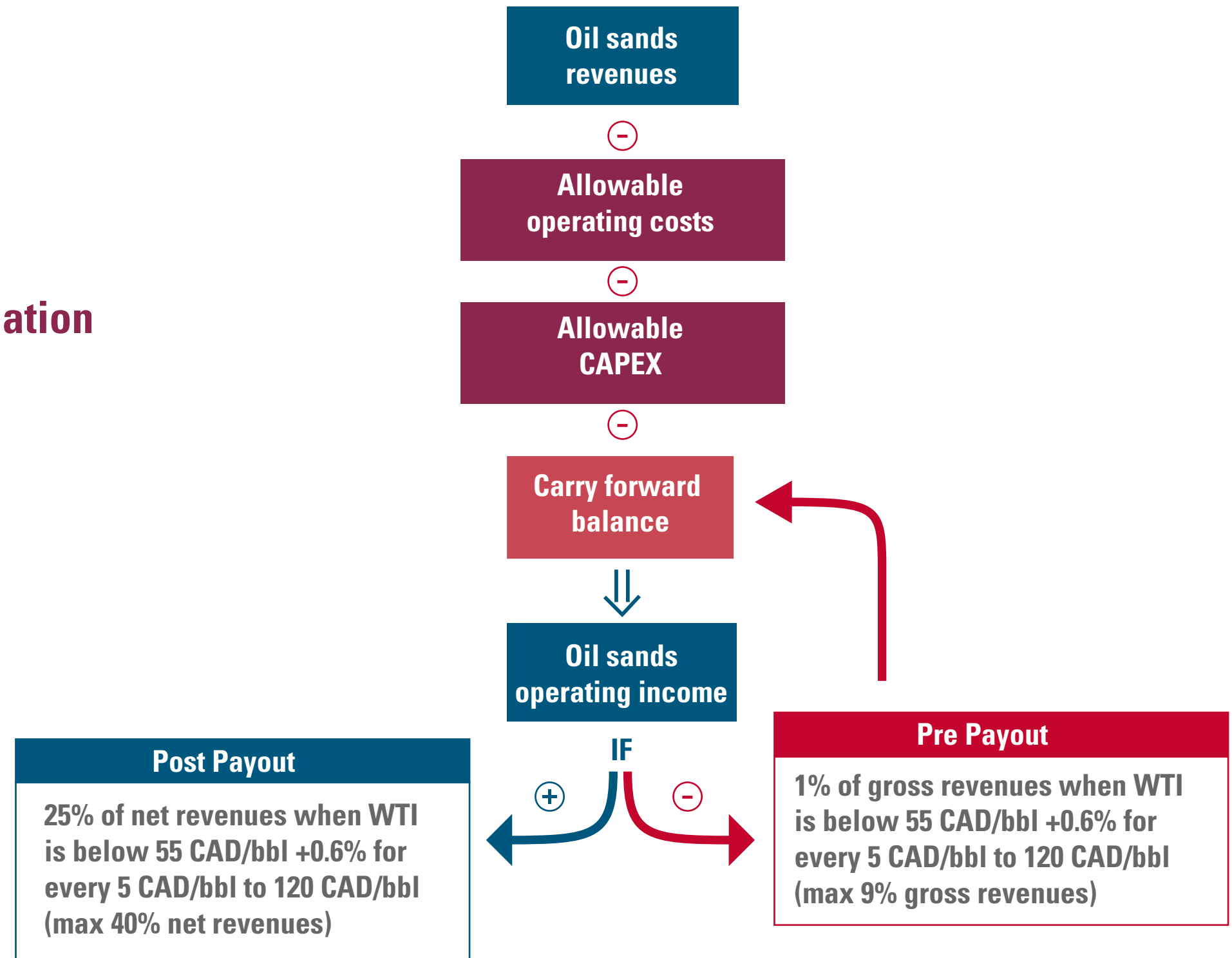
EOR royalty carry forward balance : Million CAD 384

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

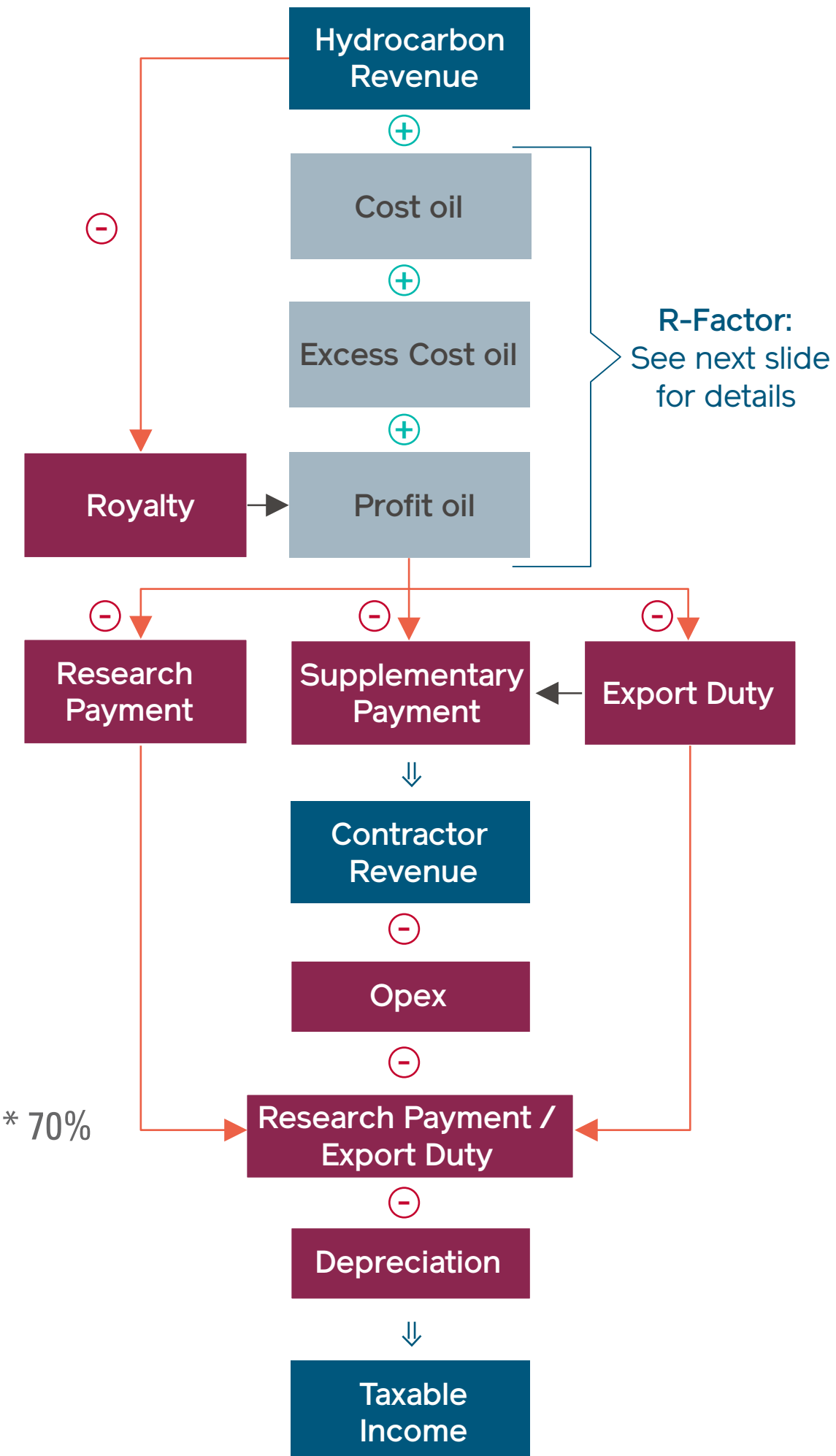
- Royalty = 10% * Hydrocarbon Revenue
- Cost Oil = Min (unrecovered costs, Hydrocarbon Revenue * R-Factor)
- Excess Cost oil = (Hydrocarbon Revenue * R-Factor – Cost oil) * R-Factor
- Profit Oil = (Hydrocarbon Revenue – Royalty – Cost Oil – Excess Costs Oil) * R-Factor

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) 450	
PITA Tax		
Cumulative E&A Pool	(gross) 14	15% DB or UOP
Historic Facilities Expenditure	(gross) 49	10% SL (Marginal)
Drilling ⁽²⁾	(gross) 6	15% DB or UOP
Tax Loss brought forward	(gross) 98	

⁽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

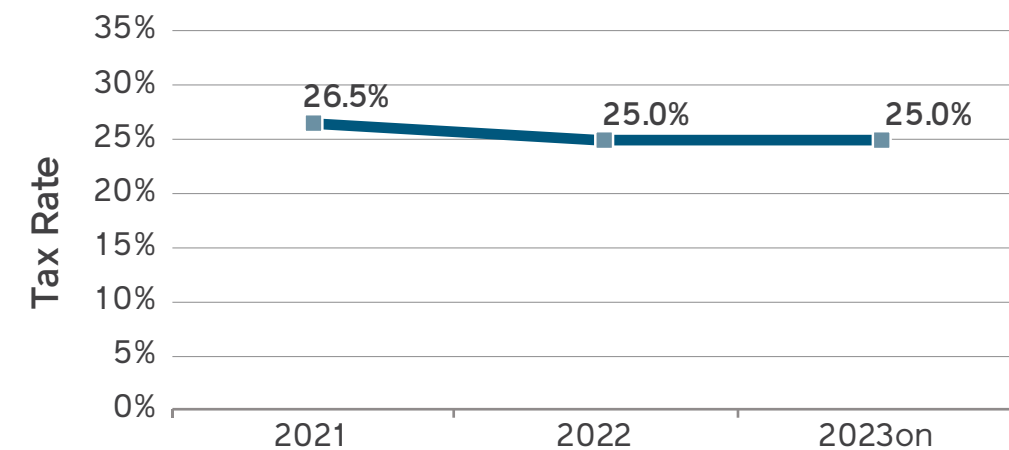
- **8% of production above 1500 tonnes per field (> 30 bopd)**

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	6.6% of Year -2
15th June Year	13.2% of Year - 1 less payment 15/03
15th Sept Year	19.9% of Year - 1 less payments 15/03 and 15/06
15th Dec Year	26.5% of Year - 1 less payments 15/03, 15/06 and 15/09
15th May Year +1	26.5% 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 01.01.2021	2021	2022	2023	2024	2025	2026	2027
Aquitaine Basin	0.90	0.25	0.07	0.02	-		
Paris Basin	12.2	10.6	9.4	8.4	3.2	1.1	0.3

Tax Depreciation Schedule: Abandonment (Net IPC)							
as at 01.01.2021	2021	2022	2023	2024	2025	2026	2027
Aquitaine Basin	0.2	0.01	-	-	-	-	-
Paris Basin	0.26	0.2	0.2	0.1	-	-	-