International Petroleum Corp.

Press Release

February 26, 2018

International Petroleum Corporation 2017 Year-End Financial Results and 2018 Budget, Production and Resource Guidance

International Petroleum Corporation (IPC or the Corporation) (TSX, Nasdaq First North: IPCO) today released its financial and operating results and related management's discussion and analysis (MD&A) for the three months and year ended December 31, 2017. [1] IPC is also pleased to announce its 2018 capital expenditure budget of USD 32 million and its 2018 production guidance of between 30,000 and 34,000 barrels of oil equivalent (boe) per day (boepd). Year-end reserves and contingent resources more than quadrupled and tripled respectively to 129.1 million boe (MMboe) and 63.4 MMboe, after giving effect to the Suffield acquisition in Canada. [2]

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

"We are very pleased to announce our year-end results for 2017. Since IPC's listing in April 2017, we have made excellent progress on all of our strategic goals of delivering operational excellence, demonstrating financial resilience, maximizing the value of our resource base and targeting value-driven growth through acquisition.

Now we look ahead to 2018 and beyond as we continue implementing our strategies to build long-term shareholder value.

2017 Year-End Results

During the fourth quarter of 2017, all of our assets continued to perform well with production of 9,952 boepd and full-year 2017 production of 10,307 boepd, three percent ahead of mid-point guidance. Lower than forecast operating costs have allowed us to deliver full year operating costs of USD 16.1 per boe, 14 percent below our guidance.

We delivered a robust financial performance during 2017 with IPC's assets generating significant operating cash flow of USD 138 million. This allowed IPC to pay down the credit facility put in place to fund the purchase of 25.5 million IPC common shares under the share purchase offer in the second quarter of 2017. By the end 2017, IPC was in a net cash position of USD 6 million, excluding the CAD 40 million (USD 32.6 million) deposit for the Suffield acquisition in Canada (net debt of USD 26 million including the deposit).

In September 2017, IPC announced the transformational acquisition of the Suffield and Alderson conventional oil and gas assets in southern Alberta, Canada. All regulatory approvals were received in December 2017 and the transaction was successfully completed on January 5, 2018. These assets provide IPC with further low-decline production and upside development potential, in a stable jurisdiction. IPC also acquired an experienced operating team for these assets, with the skills and knowledge of the North American oil and gas market to review future potential growth opportunities.

IPC also continued to add value to its resource base in France, Malaysia and the Netherlands. IPC recently acquired a 3D seismic survey in the Villeperdue field in France which was completed in October 2017, on schedule and on budget. The two infill wells on the Bertam field in Malaysia were drilled and completed successfully, with production coming on-stream in January and February 2018. Both wells encountered good reservoir quality with production rates in line with expectations.

As at end December 2017, IPC's proved and probable (2P) reserves more than quadrupled to 129.1 MMboe, including the Suffield acquisition in Canada. This includes a reserves replacement ratio of 76 percent (3) for the non-Canadian assets and follows the maturation of contingent resources from the infill drilling program in Malaysia and upgrades in France and the Netherlands.

In addition, IPC has more than tripled its best estimate contingent resources as at end December 2017 to 63.4 MMboe (unrisked), including the Suffield acquisition in Canada. 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) (4) of IPC's 2P reserves as at December 31, 2017 (including the Suffield acquisition in Canada) was USD 1,151 million. Net debt following the completion of the Canadian acquisition on January 5, 2018 was USD 355 million. (5) IPC's net asset value (NAV) (6) following completion of the Canadian acquisition was USD 796 million, representing an increase of 47 percent from December 31, 2016. Following the share purchase offer completed in 2017, IPC has increased its NAV per share (7) from USD 4.8 to USD 9.1, representing an 89 percent increase.

Notes:

(1) IPC's financial statements and MD&A for the three months and year ended December 31, 2017 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 2P 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) Reserves replacement ratio is based on 2P reserves of 29.4 MMboe as at December 31, 2016, production during 2017 of 3.7 MMboe, additions to 2P reserves during 2017 of 2.8 MMboe and 2P reserves of 28.5 MMboe as at December 31, 2017. Such figures do not include the reserves attributable to the Suffield acquisition in Canada which completed on January 5, 2018.
(4) NPV is after tax, discounted at 8% and based upon the forecast prices and other assumptions further described in the MCR.
(5) Net debt as at January 5, 2018 is calculated as USD 26 million of net debt at December 31, 2017 plus USD 329 million (being the aggregate drawdown under the credit facilities in connection with the completion of the Suffield acquisition on January 5, 2018).
(6) NAV is calculated as NPV less net debt.
(7) NAV per share is based on the number of IPC common shares outstanding prior to and following the completion of the share purchase offer, being respectively 113,462,148 and 87,921,846.

2018 Budget and Production Guidance

We are pleased to announce our 2018 production guidance is 30,000 to 34,000 boepd, with operating costs for 2018 forecast to be USD 12.6 per boe.

Our 2018 capital expenditure budget is USD 32 million, primarily targeting production growth in Canada and Malaysia. We have allocated approximately USD 11 million to oil drilling in Suffield and approximately USD 14 million as carry-over costs related to the 2017-2018 infill drilling campaign in Malaysia, with the remainder on continued project, maintenance and optimization activities in France and the Netherlands. These expenditures in 2018 are expected to provide a strong base for further development and growth activities in 2019 and beyond.

Further details regarding IPC's 2018 budget and work program will be provided at IPC's Capital Markets Day presentation to be held on February 26, 2018 at 14:00 (CET). A copy of the Capital Markets Day presentation will be available on IPC's website at www.international-petroleum.com."

Financial and Operational Highlights

- Total average net production of 9,952 boepd for the fourth quarter of 2017 and 10,307 boepd for the full year 2017.
- 2018 production guidance of 30,000 to 34,000 boepd.
- Operating costs per boe 14 percent below guidance at USD 16.1 for the full year 2017.
- 2018 operating cost guidance at USD 12.6 per boe.
- More than quadrupled 2P reserves to 129.1 MMboe and more than tripled best estimate contingent resources (unrisked) to 63.4 MMboe as at December 31, 2017, taking into account the Suffield acquisition in Canada.
- 2018 capital expenditure budget of USD 32 million.
- Completed the purchase of the Suffield conventional oil and natural gas assets in southern Alberta, Canada on January 5, 2018.
- Completed 3D seismic acquisition in the Villeperdue field (France) and the drilling of two infill wells in the Bertam field (Malaysia).
- Application made for permanent flagging status for the Bertam FPSO (Malaysia), awaiting final regulatory approval.
- No material health, safety and environment incidents during 2017 and year to date in 2018.

	Three months ended December 31		Year ended December 31	
USD Thousands	**2017**	2016	**2017**	2016
Revenue	**54,647**	59,592	**203,001**	209,880
Gross profit/(loss)	**13,471**	(114,600)	**48,758**	(105,639)
Net result	**8,977**	(76,097)	**22,723**	(95,720)
Operating cash flow	**37,156**	42,083	**138,368**	152,924
EBITDA	**33,383**	41,126	**129,259**	150,043
Net debt	**26,321**	(13,410)	**26,321**	(13,410)

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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 26, 2018. 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: our intention to continue to implement our strategies to build long-term shareholder value; the benefits of the Suffield acquisition; IPC's intention to review future potential growth opportunities; our belief that our resource base will provide feedstock to add to reserves in the future; the ability of our high quality portfolio of assets to provide a solid foundation for organic and inorganic growth; the integration of the Suffield-related operations into IPC; potential future growth opportunities in North America; organic growth opportunities in France; results of infill drilling in Malaysia; results of 3D seismic survey in France; future development potential of the Suffield operations; the expectation that the anticipated 2018 capital expenditures will provide future development and growth opportunities in 2019 and beyond; status of the submission for permanent flagging status in Malaysia; potential acquisition opportunities; estimates of reserves; estimates of contingent resources; future production levels including 2018 production guidance; 2018 operating cost forecast; 2018 capital expenditure budget including future capital expenditures and their allocation to exploration and development activities; 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 Non-Offering Prospectus dated April 17, 2017 (See "Risk Factors" and "Forward-Looking Information" 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 and net reserves and resources attributed to the Corporation's oil and gas assets. Gross reserves / resources are the working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests. Net reserves / resources are the working interest (operating or non-operating) share after deduction of royalty obligations, plus royalty interests in reserves/resources. Unless otherwise indicated, reserves / resource volumes are presented on a gross basis.

Reserve estimates, contingent resource estimates and estimates of future net revenue in respect of IPC's oil and gas assets in France, Malaysia and the Netherlands are effective as of December 31, 2017 and were prepared by IPC and audited by ERC Equipoise Ltd. (ERCE), an independent qualified reserves auditor, 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, 2018 price forecasts as referred to below.

Reserves estimates, contingent resource estimates and estimates of future net revenue in respect of IPC's oil and gas assets in Canada are effective as of January 5, 2018, being the completion date for the acquisition of this assets by IPC, and were evaluated by McDaniel & Associates Consultants Ltd. (McDaniel), an independent qualified reserves evaluator, in accordance with NI 51-101 and the COGE Handbook, and using McDaniel's January 1, 2018 price forecasts. The volumes are reported and aggregated by IPC in this press release as being as at December 31, 2017.

The price forecasts used in the reserve audit / evaluation are available on the website of McDaniel (www.mcdan.com), and are contained in the MCR referred to below.

"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 development unclarified. 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. Of the Corporation's 63.4 MMboe best estimate contingent resources (unrisked), 17.4 MMboe are light and medium crude oil, 7.4 MMboe are heavy crude oil and 38.6 MMboe are conventional natural gas.

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 audited by ERCE and evaluated by McDaniel 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, 2017, which will be filed on SEDAR (accessible at www.sedar.com) on or before March 31, 2018. Further information with respect to IPC's 2P reserves, contingent 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 material change report (MCR) dated and 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.

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.