

## International Petroleum Corporation 2018 First Quarter Financial Results

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 ended March 31, 2018.

### Financial and Operational Highlights

- Total average net production of 32,900 barrels of oil equivalent (boe) per day (boepd) for the first quarter of 2018.
- Operating costs per boe of USD 12.40 for the first quarter of 2018.
- Completed the purchase of the Suffield area conventional oil and natural gas assets on January 5, 2018 (Canada).
- Completed the drilling of two infill wells in the Bertam field (Malaysia).
- Received registration as a Malaysian flagged vessel under the applicable Malaysian marine regulations for the Bertam FPSO (Malaysia).
- Net asset value per share of USD 9.1 as at end December 2017 based on 2P reserves, after taking in account the acquisition of the Suffield area assets.
- Progressing plans to list the IPC shares on the Nasdaq Stockholm, with listing expected during June 2018, subject to IPC fulfilling all of the requirements of the Nasdaq Stockholm.
- No material health, safety and environment incidents year to date in 2018.

USD Thousands	Three months ended March 31	
	2018	2017
Revenue	<b>115,162</b>	51,932
Gross profit	<b>37,573</b>	17,670
Net result	<b>26,313</b>	4,461
Operating cash flow	<b>76,060</b>	39,675
EBITDA	<b>65,291</b>	39,387
Net debt (net cash)	<b>309,184</b>	(20,082)

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

"We are very pleased to announce our first quarter results for 2018. We include for the first time the contribution from our new Canadian business, following the completion of the acquisition of the Suffield area conventional oil and gas assets on January 5, 2018.

On April 24, 2018, IPC passed our first anniversary as an independently listed company in Canada and Sweden. Our focus since launching remains unchanged: seeking to deliver operational excellence, demonstrating financial resilience, maximizing the value of our resource base and targeting growth through acquisition.

Our vision and strategy from the outset was to use the IPC platform to build a new international upstream company focused on creating long term value for our shareholders, launched at a favorable time in the industry cycle to acquire and grow a significant resource base. We have made excellent progress during 2017 and into early 2018 on all fronts in delivering on that strategy.

During the first quarter of 2018, all of our assets continued to perform well with average net production of 32,900 boepd, in line with our Capital Markets Day (CMD) guidance and more than triple our fourth quarter 2017 production levels. First quarter 2018 operating costs were USD 12.40 per boe, in line with guidance.

We delivered strong operational and financial performance during the first quarter 2018 with IPC's assets generating significant operating cash flow of USD 76 million. This allowed IPC to reduce net debt from USD 355 million post-completion of the Canadian acquisition to USD 309 million by the end of the first quarter 2018.

In Malaysia, the two infill wells drilled on the Bertam field commenced production in January and February 2018. The drilling program was delivered safely and below budget with production in line with pre-drill expectations. The infill wells have more than offset the natural decline in the Bertam field through 2017.

We have also taken the decision to approve additional capital expenditure in Malaysia of USD 6.5 million (net) to drill the Keruing (formerly I35) prospect in late 2018, subject to regulatory approval and rig contracting. Best estimate gross unrisked prospective resources are estimated at 7.2 MMboe gross (5.4 MMboe net). The Keruing prospect is only two kilometres from the Bertam field facilities and would be a high value tie back candidate in the success case. Work also continues to mature the next phase of infill drilling for execution in 2019 with two to three potential drilling candidates identified.

In Canada, we are preparing for the launch of the first oil drilling campaign in the Suffield area assets since 2014, with six infill wells expected to be completed by the end of 2018. Work runs in parallel to mature additional oil drilling candidates to extend the program into 2019. On the gas side, the immediate focus is on gas optimization efforts to offset natural declines as opposed to new gas drilling and the team is evaluating a wide range of activities over and above those already approved in our 2018 budget that could see additional activity before the year end.

IPC also remains proactive in looking for additional acquisition opportunities that we believe can add long term shareholder value."

*International Petroleum Corp. (IPC) is an international oil and gas exploration and production company with a high quality portfolio of assets located in Canada, Malaysia and Europe, providing a solid foundation for organic and inorganic growth. IPC is a member of the Lundin Group of Companies. IPC is incorporated in Canada and IPC's shares are listed on the Toronto Stock Exchange (TSX) and the Nasdaq First North Exchange (Stockholm) under the symbol "IPCO". Pareto Securities AB is the Corporation's Certified Adviser on Nasdaq First North.*

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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 May 15, 2018. The Corporation's unaudited interim condensed consolidated financial statements and management's discussion and analysis (MD&A) have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and are also available on the Corporation's website ([www.international-petroleum.com](http://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 acquisition of the Suffield area assets; 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; organic growth opportunities in France; results of previous infill drilling and the potential for future infill drilling in Malaysia; the drilling of the Keruing prospect in Malaysia and the development options if that drilling is successful; results of 3D seismic survey in France; future development potential of the Suffield operations, including oil drilling and gas optimization; potential acquisition opportunities; estimates of reserves; estimates of contingent resources; estimates of prospective resources; the ability to generate free cash flows and use that cash to repay debt; and future drilling and other exploration and development activities. Statements relating to "reserves", "contingent resources" and "prospective 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 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](http://www.sedar.com)) or IPC's website ([www.international-petroleum.com](http://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, and in respect of PSCs in Malaysia, adjusted for cost and profit oil. Unless otherwise indicated, reserves / resource volumes are presented on a gross basis.

Reserve estimates, contingent resource estimates, prospective 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 these 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 presentation 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](http://www.mcdan.com)), and are contained in the AIF.

The reserve life index (RLI) is calculated by dividing the 2P reserves of 129.1 MMboe as at December 31, 2017, after giving effect to the Suffield acquisition in Canada, by the mid-point of the 2018 production guidance of 30,000 to 34,000 boepd. 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 acquisition of the Suffield Assets which completed on January 5, 2018.

The assumptions underlying the net asset value per share are further described in the Corporation's press release dated February 26, 2018, available on the SEDAR website ([www.sedar.com](http://www.sedar.com)) or IPC's website ([www.international-petroleum.com](http://www.international-petroleum.com))

"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.

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Chance of discovery is the estimated probability that exploration activities will confirm the existence of a significant accumulation of potentially recoverable petroleum. There is no certainty that any portion of the prospective resources estimated in the report audited by ERCE and summarized in this press release will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources audited. Estimates of the prospective resources should be regarded only as estimates that may change as additional information becomes available. Not only are such prospective resources estimates based on that information which is currently available, but such estimates are also subject to uncertainties inherent in the application of judgmental factors in interpreting such information. Prospective resources should not be confused with those quantities that are associated with contingent resources or reserves due to the additional risks involved. Because of the uncertainty of commerciality and the lack of sufficient exploration drilling, the prospective resources estimated in the report audited by ERCE and summarized in this press release cannot be classified as contingent resources or reserves. The quantities that might actually be recovered, should they be discovered and developed, may differ significantly from the estimates in the report audited by ERCE and summarized 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, resources and future net revenue for individual properties may not reflect the same level of confidence as estimates of reserves, resources 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.

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.