International Petroleum Corp.

Press Release

May 8, 2019

International Petroleum Corporation First Quarter 2019 Financial Results

International Petroleum Corporation (IPC or the Corporation) (TSX, Nasdaq Stockholm: IPCO) today released its financial and operating results and related management's discussion and analysis (MD&A) for the three months ended March 31, 2019.

Financial and Operational Highlights

- Average net production of 44,400 barrels of oil equivalent (boe) per day (boepd) for Q1 2019.
- The impact of extreme weather on Canada gas production (9% below mid-point guidance) was more than offset by higher realized gas prices (31% above forecast). All other producing assets in line with mid-point guidance.
- Operating costs per boe of USD 13.2 for Q1 2019, in line with guidance.
- Canada Suffield area oil drilling program results in line with pre-drill expectations.
- Malaysia exploration and three well infill drilling program on track to commence in Q2 2019.
- France Vert La Gravelle redevelopment project on track to commence in Q2 2019.
- Completed acquisition of lands adjoining the Blackrod project in Canada, with best estimate contingent resources (unrisked) of 243 million boe (MMboe).
- Capital expenditure budget increased from USD 166 million to USD 188 million, including to fund the enhanced oil recovery (EOR) development project at the Suffield N2N oil field and further conventional oil drilling in the acquired BlackPearl assets in Alberta.
- Strong first quarter operating cash flow generation of USD 83 million at the upper end of guidance following the inclusion of the acquired BlackPearl assets and stronger than forecast realized crude oil and natural gas prices.
- Net debt reduced from USD 309 million as at March 31, 2018 to USD 257 million as at March 31, 2019, including net debt from the acquisition of BlackPearl.

	Three months ended March 31	
USD Thousands	2019	2018
Revenue	147,420	115,162
Gross profit	46,885	37,573
Net result	33,142	26,313
Operating cash flow	83,056	76,060
EBITDA	81,675	65,291
Net Debt	256,962	309,184

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

"Our focus remains unchanged: seeking to deliver operational excellence, demonstrating financial resilience, maximizing the value of our resource base and targeting growth organically and through acquisition. With a strong set of first quarter results including for the first time the results of our BlackPearl acquisition completed in December 2018, as well as announcing an expanded organic growth program and a very low cost acquisition of material contingent resources, we continue to make excellent progress on all fronts in delivering on that strategy.

During Q1 2019, our assets delivered average daily net production of 44,400 boepd. All assets performed in line with our mid-point guidance with the exception of Suffield gas production in Canada. Abnormally cold temperatures experienced during the first quarter resulted in lower gas production. However, the lower production was more than offset by a higher realized gas price. Production guidance for the full year is retained at 46,000 to 50,000 boepd. Our operating costs per boe for Q1 2019 was USD 13.2, in line with guidance.

IPC has continued to deliver a robust financial performance during Q1 2019 generating a record high quarterly operating cash flow of USD 83 million, at the upper end of guidance. This allowed IPC to fund its expenditure program and reduce net debt from USD 277 million at the end of 2018 to USD 257 million by the end of the first quarter.

In Malaysia, following positive results from the 2016 and 2018 infill drilling programs and continued good reservoir performance, we approved a third phase of infill drilling on the Bertam field for execution in 2019. In addition, we plan to drill the Keruing prospect as part of the same 2019 campaign. We remain on track for the drilling program to commence in Q2 2019.

In Canada, we plan to drill seventeen development oil wells in the Suffield area in 2019, excluding wells related to the Suffield N2N EOR project. The drilling campaign commenced in the fourth quarter of 2018 and production has been in line with pre-drill expectations. Onion Lake facility optimization and ramp up is ongoing although the abnormally cold weather during the first quarter has led to a slightly slower ramp up than planned as we entered the second quarter. On the gas side, the gas optimization program continues with the objective of minimizing natural declines through 2019.

In France, our team is focused on the execution of the Vert La Gravelle redevelopment project using horizontal drilling techniques. The rig has been contracted and is expected to be on location this month to commence the drilling of three wells as scheduled.

In addition, we have successfully completed our reviews of the Suffield N2N EOR development project in Canada and plan to proceed with the drilling of eight development oil wells and the injection of Alkaline Surfactant Polymer (ASP) to improve sweep efficiency and recovery factors. We have also identified two potential new conventional oil plays on properties acquired as part of the BlackPearl transaction and we plan to drill five wells that in the success case, could identify up to 130 conventional oil drilling locations. As a result, we are increasing our capital budget by USD 22 million, from USD 166 million which was at the upper end of our guidance to USD 188 million. Following these changes to our capital expenditure budget, and given our very strong cash flow generation year to date, we still expect to fully fund the 2019 capital program from our operating cash flow.

We are also pleased to report that, in less than five months since completion of the BlackPearl Acquisition, we have been able to acquire a significant land and contingent resource position adjacent to the Blackrod property. We believe that the acquired land position holds among the best quality reservoir and pay thickness that we currently hold in the area, significantly expanding our core area at Blackrod. These acquired lands are 100% working interest to IPC and include best estimate contingent resources (unrisked) of 243 MMboe, increasing IPC's total contingent resources at the Blackrod project to 987 MMboe and IPC's total contingent resources base to almost 1,100 MMboe."

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 France, 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 Stockholm exchange under the symbol "IPCO".

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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 8, 2019. The Corporation's unaudited condensed 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: IPC's intention and ability to continue to implement strategies to build long-term shareholder value; IPC's intention to review future potential growth opportunities; the ability of IPC's portfolio of assets to provide a solid foundation for organic and inorganic growth; the continued facility uptime and reservoir performance in IPC's areas of operation; the proposed Vert La Gravelle development project, including drilling, and other organic growth opportunities in France, including the Villeperdue West project; the status of the suspension of operations at the Grandpuits refinery, and the related effects on production and sales, in France; the proposed third phase of infill drilling in Malaysia and the ability to mature additional locations, and the production uplift from such drilling; the drilling of the Keruing prospect in Malaysia and the development options if drilling is successful; future development potential of the Suffield operations, including continued and future oil drilling and gas optimization programs and the N2N EOR development project; the proposed further conventional oil drilling in Canada, including the ability of such drilling to identify further drilling or development opportunities; future development of the Blackrod project, including the land position acquired in May 2019, in Canada; the results of the facility optimization program and the work to debottleneck the facilities and injection capability, as well as water intake issues, at Onion Lake Thermal; the ability to integrate the assets and operations acquired in the BlackPearl Acquisition, including the ability to accelerate value creation and extend IPC's reserves life following such acquisition; 2019 production range, exit rate, operating costs and capital expenditure estimates; potential further 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 to continue to deleverage; and 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 MD&A (See "Cautionary Statement Regarding Forward-Looking Information" therein), the Corporation's Annual Information Form (AIF) for the year ended December 31, 2018 (See "Cautionary Statement Regarding Forward-Looking Information", "Reserves and Resources Advisory" and " Risk Factors" 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 2P reserves attributed to the Corporation's oil and gas assets. Gross reserves are the total working interest reserves before the deduction of any royalties and including any royalty interests receivable.

Reserves estimates, contingent resource estimates and estimates of future net revenue in respect of IPC's oil and gas assets in the Suffield area of Canada are effective as of December 31, 2018, and are included in the report prepared by McDaniel & Associates Consultants Ltd. (McDaniel), an independent qualified reserves evaluator, 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, 2019 price forecasts.

Reserves estimates, contingent resource estimates and estimates of future net revenue in respect of IPC's oil and gas assets in the Onion Lake, Blackrod and Mooney areas of Canada are effective as of December 31, 2018, and are included in the report prepared by Sproule Associates Limited (Sproule), an independent qualified reserves evaluator, in accordance with NI 51-101 and the COGE Handbook, and using McDaniel's January 1, 2019 price forecasts.

The contingent resource estimates in respect of the oil and gas assets acquired in May 2019 in the Blackrod area of Canada are effective as of December 31, 2018, and have been evaluated by Sproule, in accordance with NI 51-101 and the COGE Handbook. The lands acquired will be part of the planned SAGD development at Blackrod and have the same classification (Development on Hold) as the other Blackrod lands. The same chance of development risk (77%) has been applied to the acquired lands as was used for Phase 2 and Phase 3 of the Blackrod project. These lands will be incorporated into the Phase 2 and Phase 3 development plan going forward. Additional details regarding the planned development at Blackrod, including an assessment of the contingencies, timing and economics for the proposed development, are available in the AIF.

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 and Malaysia are effective as of December 31, 2018, and are included in the report prepared by ERC Equipoise Ltd. (ERCE), an independent qualified reserves auditor, in accordance with NI 51-101 and the COGE Handbook, and using McDaniel's January 1, 2019 price forecasts.

The price forecasts used in the reserve reports are available on the website of McDaniel (www.mcdan.com), and are contained in the MCR.

"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 either development on hold or development unclarified. Development on hold is defined as a contingent resource where there is a reasonable chance of development, but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. 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.

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 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.

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.