International Petroleum Corp.

# Press Release

May 3, 2022

## International Petroleum Corporation Announces First Quarter 2022 Financial and Operational Results and Intention to Launch USD 100 million Share Repurchase Offer

International Petroleum Corporation (IPC or the Corporation) (TSX, Nasdaq Stockholm: IPCO) today released its financial and operational results and related management's discussion and analysis (MD&A) for the three months ended March 31, 2022.

### Q1 2022 Business and Financial Highlights

- Accelerating share repurchases with the intention to launch a substantial issuer bid (SIB) to purchase for cancellation up to approximately MUSD 100 of IPC common shares.
- Average net production of approximately 45,800 barrels of oil equivalent (boe) per day (boepd) for the first quarter of 2022, above high end guidance (49% heavy crude oil, 17% light and medium crude oil and 34% natural gas).(1)
- Full year 2022 average net production guidance range is retained at 46,000 to 48,000 boepd.
- Drilling operations on the A15 side-track well and three well pump upgrades at the Bertam field, Malaysia were completed by April 2022.
- Operating costs per boe of USD 17.7 for the first quarter of 2022, above the CMD guidance of USD 17.2 per boe mainly as a result of higher gas and energy prices. Full year 2022 operating costs guidance revised at between USD 16 to 17 per boe from USD 15.2 per boe.(3)
- Record high operating cash flow (OCF) generation for IPC for the first quarter 2022 amounted to MUSD 145.(3)
- Full year OCF guidance increased to between MUSD 430 to 635 (Brent USD 70 to 100 per barrel).(3)
- Capital and decommissioning expenditures of MUSD 40 for the first quarter of 2022, in line with CMD guidance.
- Record high free cash flow (FCF) generation for IPC for the first quarter of 2022 amounted to MUSD 96.(3)
- Full year 2022 FCF guidance increased to between MUSD 275 to 480 (Brent USD 70 to 100 per barrel).(3)
- IPC's inaugural MUSD 300 bond issuance completed on February 1, 2022, with a portion of the bond proceeds used to fully repay and cancel IPC's existing reserve-based lending credit facilities.
- Net debt of MUSD 42 as at March 31, 2022, down from MUSD 286 at the end of the first quarter of 2021 and down from MUSD 94 as at December 31, 2021. Net cash position achieved in April 2022.(3)
- Net result of MUSD 81 for the first quarter of 2022.
- Proved plus probable (2P) reserves as at December 31, 2021 of 270 million boe (MMboe), with a reserves life index of 16 years.(1)(2)
- Contingent resources (best estimate, unrisked) as at December 31, 2021 of 1,410 MMboe.(1)(2)
- Front End Engineering Design (FEED) studies commenced on the Blackrod project, Canada.

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| | Three months ended March 31 | |
|---|---|---|
| USD Thousands | 2022 | 2021 |
| Revenue | 261,306 | 134,284 |
| Gross profit | 119,100 | 37,930 |
| Net result | 80,822 | 26,891 |
| Operating cash flow (3) | 145,110 | 67,721 |
| Free cash flow (3) | 96,479 | 48,951 |
| EBITDA (3) | 145,463 | 66,263 |
| Net Debt (3) | 42,367 | 286,132 |

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

"Oil and gas prices continued to strengthen during the first quarter of 2022, driven by a very tight physical market with oil inventories sitting well below the 5 year average and OPEC+ struggling to keep up with increasing production quotas against a backdrop of recovering demand. The Russian invasion of Ukraine in late February 2022 has triggered a severe response from the international community that has further exacerbated the market tightness and the profound effects of this crisis are likely to be long lasting as consumers and producers alike reshape their thinking around access to resources and security of supply. Brent prices averaged over USD 100 per barrel during the first quarter of 2022, well in excess of fourth quarter 2021 Brent oil prices that averaged USD 80 per barrel.

In Canada, first quarter 2022 Western Canadian Select (WCS) crude price differentials averaged below USD 15 per barrel and forward markets into 2022 and 2023 are pricing the WCS differential at below USD 14 per barrel. Completion and placement into service of Enbridge's Line 3 replacement pipeline in the fourth quarter of 2021 as well as the positive construction progress on the TransMountain pipeline expansion project are providing a much more constructive outlook for Canadian oil market egress relative to the tightness we have witnessed over the past several years. IPC has positioned itself well to benefit from this fundamental improvement in market conditions and has hedged approximately two thirds of our WCS differential exposure at around USD 13 per barrel for the remainder of 2022. No other oil hedges are in place providing full exposure to the strength we are seeing in both the Brent and West Texas Intermediate benchmarks.

Gas markets have also strengthened driven by a combination of increasing demand and a longer period of cold weather in the United States reducing storage levels. In Canada storage levels are 40% below the average level seen in the past ten years. First quarter average Empress prices were CAD 4.96 per Mcf and forward prices are the strongest IPC has witnessed at above CAD 5.00 per Mcf for the remainder of 2022. IPC has hedged AECO gas prices, 33,000 Mcf per day at CAD 3.60 per Mcf in Q2 and Q3 2022.

IPC benefits from a well balanced mix of production comprising approximately 50% Canadian Crude, 33% Canadian Natural Gas and 17% Brent weighted oil. With synchronized strength in pricing across the entire energy complex, combined with delivering operational excellence above the high end of our first quarter forecast, IPC has again been able to deliver our best ever quarterly financial performance since our launch in 2017.

We were very pleased to complete IPC's first USD 300 million bond issuance on February 1, 2022, accessing the debt capital markets at a favourable time. We used a portion of the proceeds of the bond to fully repay and cancel our existing reserve-based lending facilities. We strongly believe that the winners in the next phase of the energy transition in the upstream oil and gas industry will be the companies able to access diverse sources of funding. Whilst we do not have an imminent acquisition, we believe that being able to demonstrate to sellers that IPC has the financial strength on its balance sheet, will enable IPC to access a greater universe of opportunities whilst differentiating us from our peers in terms of certainty of being able to close transactions.

We have created significant value from acquisition for all of our stakeholders having concluded four acquisitions in the past four years and will remain opportunistic in our approach with respect to further M&A activity focusing on securing additional high quality resources, as well as maturing our significant contingent resource base in excess of 1.4 billion barrels.

### First Quarter 2022 Highlights

During the first quarter of 2022, our assets delivered average net production of 45,800 boepd, above our high end guidance. This was made possible by the very high uptime performance across all our assets as well as higher than forecast gas production at Suffield in Canada due to the milder winter conditions reducing the impact of freeze offs. Full year 2022 production guidance of 46,000 to 48,000 boepd is retained.

Our operating costs per boe for the first quarter of 2022 was USD 17.7, USD 0.5 per boe above guidance and largely driven by higher gas prices for our Onion Lake thermal project and higher energy costs. The fact that we produce more than three times the volume of gas than we consume means that the positive revenue impact is more than three times the negative cost impact of higher gas prices. We are increasing our full year operating cost guidance from USD 15.2 per boe to USD 16 to 17 per boe to account for the increase we have seen in gas and energy prices.

Operating cash flow (OCF) generation for the first quarter of 2022 was USD 145 million, a record high for IPC. Full year 2022 OCF guidance is being increased from USD 360 to 635 million to USD 430 to 635 million assuming average Brent oil prices of USD 70 to 100 per barrel for the remainder of 2022.

Capital and decommissioning expenditure for the first quarter of 2022 was USD 40 million. Full year 2022 capital and decommissioning expenditure guidance is retained at USD 127 million.

Free cash flow (FCF) generation was exceptionally strong at USD 96 million during the first quarter of 2022, a record quarterly result for IPC. Full year 2022 FCF guidance is being increased from USD 205 to 480 million to USD 275 to 480 million assuming average Brent oil prices of USD 70 to 100 per barrel for the remainder of 2022. This represents between 19% and 33% of IPC's current market capitalization.(4)

Net debt has reduced to USD 42 million by the end of the first quarter of 2022. During April 2022, IPC moved into a net cash position.

IPC forecasts cumulative FCF for 2022 to 2026 of approximately USD 900 to 1,800 million (based on forecast Brent oil prices of USD 65 to 95 per barrel) generating estimated average annual FCF yield over the five year period of between 12% and 24%.(4)

### Capital Allocation Plans

We were also pleased to announce IPC's 2022 capital allocation plans at our 2022 CMD. IPC plans to distribute to shareholders up to 40% of the FCF generated by IPC above achieved average Brent oil prices of USD 55 per barrel, provided that IPC's net debt to EBITDA ratio is at or below 1 time.

### Share Repurchase Programs

### Normal Course Issuer Bid

IPC implemented the current share repurchase program/normal course issuer bid (NCIB) in December 2021. This program permits IPC to buy-back up to approximately 11.1 million shares, or approximately 7% of the total outstanding IPC shares at the time of launch, over the 12-month period up to December 2022. To date, IPC has purchased and cancelled approximately 4.4 million IPC shares under the program, or approximately 40% of the annual NCIB limit, at a total purchase cost of approximately USD 29 million. The average price of IPC shares purchased to date is approximately SEK 60 per share.

## Substantial Issuer Bid

Given the strong operational delivery during the first quarter of 2022 and robust financial outlook, IPC intends to accelerate share repurchases above the limits of the NCIB. IPC is pleased to announce that IPC intends to commence a substantial issuer bid (SIB) under which the Corporation plans to offer to purchase for cancellation from shareholders up to CAD 128 million, or approximately USD 100 million or SEK 980 million, of IPC's outstanding common shares. IPC believes that the SIB represents an effective use of IPC's capital and that share repurchases continue to be an efficient way to return value to IPC's shareholders.

The SIB is expected to be conducted by way of a "modified Dutch auction" which will permit shareholders to choose, within the pricing range determined by IPC, the number of shares and the price at which they wish to tender such shares, with the purchase price for all tendering shareholders being the lowest purchase price per share that will enable IPC to purchase the maximum number of shares properly tendered to the offer, up to CAD 128 million. The pricing range for the SIB is expected to be set at between CAD 12.00 to 14.00 per share, or approximately SEK 92 to 107 per share based on current foreign exchange rates, representing a range of approximately 3% discount to 13% premium over the Corporation's volume-weighted average price on the Toronto Stock Exchange over the 10 trading days prior to May 2, 2022. The offer to purchase under the SIB is expected to be open for 35 calendar days from commencement of the SIB, unless varied, extended or withdrawn by IPC. IPC intends to suspend share repurchases under the NCIB until after the expiration of the SIB.

At the minimum and maximum purchase price of the expected pricing range of CAD 12.00 to CAD 14.00, the offer to purchase under the SIB would be for up to between 10.7 million common shares (approximately 7.1% of shares currently outstanding) and 9.1 million common shares (approximately 6.1% of shares currently outstanding), respectively. As of May 3, 2022, 150,966,013 common shares of IPC are issued and outstanding and IPC holds no common shares in treasury.

Further details relating to the SIB, including instructions for tendering shares, will be provided by IPC at the time of commencement of the SIB and will be included in the formal offer to purchase and issuer bid circular, letter of transmittal for registered shareholders, notice of guaranteed delivery for registered shareholders, tender form for shareholders holding shares through Euroclear Sweden and other related documents which will be mailed and/or made available to shareholders, and which may be filed with applicable securities regulatory authorities and made available on SEDAR at www.sedar.com and on the Corporation's website at www.international-petroleum.com.[5]

## Environmental, Social and Governance ("ESG") Performance

Responsible operatorship and ensuring that we adhere to the highest principles of business conduct have been an integral part of how we do business since the creation of IPC in 2017. Over the past five years, IPC has rapidly grown our business with the completion of three acquisitions in Canada, an acquisition in Malaysia in addition to significant organic investments into those businesses. In parallel, we have made a concerted effort to further develop and improve our sustainability strategy. As previously announced, IPC targets a reduction of our net GHG emissions intensity by the end of 2025 to 50% of the IPC's 2019 baseline and the Corporation is on track to achieving that target.

During the first quarter of 2022, IPC recorded no material safety or environmental incidents."

## Notes:

(1) See "Supplemental Information regarding Product Types" in "Disclosure of Oil and Gas Information" below. See also the annual information form for the year ended December 31, 2021 (AIF) 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 reserves, contingent resources and estimates of future net revenue, are further described in the AIF.

(3) Non-IFRS measure, see "Non-IFRS Measures" below.

(4) Estimated FCF generation is based on IPC's current business plans over the period of 2022 to 2026. Assumptions include average net production over that period of approximately 47 Mboepd, average Brent oil prices of USD 65 to 95 per boe escalating by 2% per year, average gas prices of CAD 3.00 per thousand cubic feet, and average Brent to Western Canadian Select differentials as estimated by IPC's independent reserves evaluator and as further described in the AIF. Free cash flow yield is based on IPC's market capitalization at close April 29, 2022 (95.4 SEK/share, 9.8 SEK/USD, USD 1,470 million). IPC's current business plans and assumptions, and the business environment, are subject to change. Actual results may differ materially from forward-looking estimates and forecasts. See "Forward-Looking Information" below.

(5) The SIB referred to in this press release has not yet commenced. The information relating to the SIB contained in this press release is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell shares. The solicitation and the offer to buy shares under the SIB will only be made pursuant to the issuer bid circular and related documents that are filed with the applicable securities regulatory authorities. The SIB will not be made to, nor will tenders be accepted from or on behalf of, holders of shares in any jurisdiction in which the making or acceptance of offers to sell shares would not be in compliance with the laws of that jurisdiction. Although the Board of Directors of IPC has determined to proceed towards commencement of an SIB on the terms described in this press release, market, legal, tax or other business considerations between the date hereof and the commencement of the SIB may cause the Board of Directors to determine not to proceed with the SIB on the terms described in this press release, or at all. IPC will be under no legal obligation in respect of the offer under the SIB until the SIB is formally launched. None of IPC, its Board of Directors, or IPC's advisors makes any recommendation to shareholders as to whether to tender or refrain from tendering any or all of their shares pursuant to the SIB or the purchase price or prices at which shareholders may choose to tender shares. Shareholders should evaluate carefully all information related to the SIB, consult their own financial, legal, investment, tax and other professional advisors and make their own decisions as to whether to tender shares pursuant to the SIB and, if so, how many shares to tender and at what price.

*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".*

For further information, please contact:

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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 3, 2022. The Corporation's unaudited interim condensed consolidated financial statements (Financial Statements) and management's discussion and analysis (MD&A) for the three months ended March 31, 2022 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.

The Covid-19 virus and the restrictions and disruptions related to it had a material effect on the world demand for, and prices of, oil and gas as well as the market price of the shares of oil and gas companies generally. Although demand, commodity prices and share prices have recovered, there can be no assurance that these effects will not resume or that commodity prices will not decrease or remain volatile in the future. These factors are beyond the control of the Corporation and it is difficult to assess how these, and other factors, will continue to affect the Corporation and the market price of IPC's common shares. In light of the current situation, as at the date of this press release, the Corporation continues to review and assess its business plans and assumptions regarding the business environment, as well as its estimates of future production, cash flows, operating costs and capital expenditures.

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 ability to maximize liquidity and financial flexibility in connection with the current and any future Covid-19 outbreaks;
- the potential for an improved future economic environment, including resulting from a lack of capital investment and drilling in the oil and gas industry;
- 2022 production range, operating costs and capital and decommissioning expenditure estimates;
- estimates of future production, cash flows, operating costs and capital expenditures that are based on IPC's current business plans and assumptions regarding the business environment, which are subject to change;

- IPC's financial and operational flexibility to continue to react to recent events and navigate the Corporation through periods of volatile commodity prices;
- IPC's continued access to its credit facilities, including current financial headroom, on terms acceptable to the Corporation;
- the ability to fully fund future expenditures and share repurchases from cash flows and current borrowing capacity;
- IPC's ability to maintain operations, production and business in light of the current and any future Covid-19 outbreaks and the restrictions and disruptions related thereto, including risks related to production delays and interruptions, changes in laws and regulations and reliance on third-party operators and infrastructure;
- IPC's intention and ability to continue to implement our strategies to build long-term shareholder value;
- 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;
- future development potential of the Suffield and Ferguson operations in Canada, including the timing and success of future oil and gas drilling and optimization programs;
- development of the Blackrod project in Canada, including estimates of resource volumes, future production, timing, breakeven prices and net present value;
- current and future drilling pad production and timing and success of facility upgrades, tie-in work and infill drilling at Onion Lake Thermal;
- the potential improvement in the Canadian oil egress situation and IPC's ability to benefit from any such improvements;
- the timing and success of the future development projects and other organic growth opportunities in France;
- the ability to maintain current and forecast production in France;
- the timing and success of the Villeperdue West development project in France;
- the ability of IPC to achieve and maintain current and forecast production in Malaysia;
- the success of the drilling of the A15 sidetrack well and of the production well pump rate optimization project in Malaysia;
- the commencement, timing, completion and results of the substantial issuer bid (SIB);
- the ability of IPC to acquire common shares under the SIB or further common shares under the NCIB, including the timing of any such purchases;
- the return of value to IPC's shareholders as a result of the SIB or the NCIB;
- the ability of IPC to implement future shareholder distributions in addition to the SIB and the NCIB;
- IPC's ability to implement its GHG emissions intensity and climate strategies and to achieve its net GHG emissions intensity reduction targets;
- estimates of reserves and contingent resources;
- the ability to generate free cash flows and use that cash to repay debt;
- IPC's ability to identify and complete future acquisitions; 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 fluctuations;
- interest rate and exchange rate fluctuations;
- marketing and transportation;
- loss of markets;
- environmental and climate-related 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, environmental and abandonment 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" and "Reserves and Resources Advisory" therein), the Corporation's Annual Information Form (AIF) for the year ended December 31, 2021 (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, including previous financial reports, management's discussion and analysis and material change reports, which may be accessed through the SEDAR website (www.sedar.com) or IPC's website (www.international-petroleum.com).

The current and any future Covid-19 outbreaks may increase IPC's exposure to, and magnitude of, each of the risks and uncertainties identified above that result from a reduction in demand for oil and gas consumption, lower commodity prices, reliance on third parties, operational risks and costs and changes in government regulation. The extent to which Covid-19 impacts IPC's business, results of operations and financial condition will depend on future developments, which are highly uncertain and are difficult to predict, including, but not limited to, the duration and spread of the current and any future Covid-19 outbreaks, their severity, the actions taken to contain such outbreaks or treat their impact, and how quickly and to what extent normal economic and operating conditions resume and their impacts to IPC's business, results of operations and financial condition which could be more significant in upcoming periods as compared with previous periods. Even after the Covid-19 outbreaks have subsided, IPC may continue to experience materially adverse impacts to IPC's business as a result of the global economic impact.

## Non-IFRS Measures

References are made in this press release to "operating cash flow" (OCF), "free cash flow" (FCF), "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 similar measures presented by other public companies. Non-IFRS measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS.

The Corporation uses non-IFRS measures to provide investors with supplemental measures to assess 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. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes.

The definition and reconciliation of each non-IFRS measure is presented in IPC's MD&A (See "Non-IFRS Measures" therein).

Estimated free cash flow generation is based on IPC's current business plans over the period of 2022 to 2026. Assumptions include average net production of approximately 47 Mboepd, average Brent oil prices of USD 65 to 95 per boe escalating by 2% per year, average gas prices of CAD 3.00 per thousand cubic feet, and average Brent to Western Canadian Select differentials as estimated by IPC's independent reserves evaluator and as further described in the AIF. IPC's current business plans and assumptions, and the business environment, are subject to change. Actual results may differ materially from forward-looking estimates and forecasts.

## 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 and estimates of future net revenue in respect of IPC's oil and gas assets in Canada are effective as of December 31, 2021, and are included in the reports prepared by Sproule Associates Limited (Sproule), 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 Sproule's December 31, 2021 price forecasts.

Reserve estimates, contingent 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, 2021, 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 Sproule's December 31, 2021 price forecasts.

The price forecasts used in the Sproule and ERCE reports are available on the website of Sproule (sproule.com) and are contained in the AIF. These price forecasts are as at December 31, 2021 and may not be reflective of current and future forecast commodity prices.

The reserves life index (RLI) is calculated by dividing the 2P reserves of 270 MMboe as at December 31, 2021, by the mid-point of the 2022 production guidance of 46,000 to 48,000 boepd.

The product types comprising the 2P reserves and contingent resources described in this press release are contained in the AIF. See also "Supplemental Information regarding Product Types" below. Light, medium and heavy crude oil reserves/resources disclosed in this press release include solution gas and other by-products.

"2P reserves" means 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.

Each of the reserves categories reported (proved and probable) may be divided into developed and undeveloped categories. "Developed reserves" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing. "Developed producing reserves" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty. "Developed non-producing reserves" are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown. "Undeveloped reserves" are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

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 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 commercial considerations 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 chance of commerciality. In accordance with the COGE Handbook guidance for contingent resources, the chance of commerciality is solely based on the chance of development associated with resolution of all contingencies required for the re-classification of the contingent resources as reserves being resolved. Reported unrisked 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. References to "contingent resources" do not constitute, and should be distinguished from, references to "reserves".

2P reserves and contingent resources included in the reports prepared by Sproule and ERCE in respect of IPC's oil and gas assets in Canada, France and Malaysia have been aggregated 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 the effects of aggregation. This press release contains estimates of the net present value of the future net revenue from IPC's reserves and contingent resources. 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 and resources 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.

**Supplemental Information regarding Product Types**

The following table is intended to provide supplemental information about the product type composition of IPC's net average daily production figures provided in this document:

| | Heavy Crude Oil (Mbopd) | Light and Medium Crude Oil (Mbopd) | Conventional Natural Gas (per day) | Total (Mboepd) |
|---|---|---|---|---|
| Three months ended | | | | |
| March 31, 2022 | 22.2 | 8.0 | 93.6 MMcf (15.6 Mboe) | 45.8 |
| March 31, 2021 | 19.4 | 8.1 | 97.2 MMcf (16.2 Mboe) | 43.7 |
| Year ended | | | | |
| December 31, 2021 | 20.4 | 8.4 | 99.9 MMcf (16.7 Mboe) | 45.5 |

This press release also makes reference to IPC's forecast total average daily production of 46,000 to 48,000 boepd for 2022. IPC estimates that approximately 46% of that production will be comprised of heavy oil, approximately 21% will be comprised of light and medium crude oil and approximately 33% will be comprised of conventional natural gas.

## 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.