

August 1, 2023

International Petroleum Corporation Announces Second Quarter 2023 Financial and Operational Results and Sustainability Report 2022

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 and six months ended June 30, 2023. IPC also released its Sustainability Report 2022, which details the Corporation's environmental, social and governance (ESG) performance.

Mike Nicholson, IPC's Chief Executive Officer, comments: "We are pleased to announce another quarter of strong financial and operational results for IPC. For the second quarter of 2023, IPC produced an average of 51,800 barrels of oil equivalent per day (boepd). Given the strong average daily production over the first half of 2023, we expect to exceed the upper end of our 48,000 to 50,000 boepd guidance range for the full year 2023. Our financial results during the second quarter are in line with our 2023 guidance. We continue to progress the exciting development of Phase 1 of the Blackrod project in Canada, including signing the engineering, procurement and construction contract for the central processing facility, with cost levels and schedule in line with expectation, and a large contingency allowance remaining. In addition, we release today our fourth annual Sustainability Report, providing further information on our sustainability strategy and initiatives."

Q2 2023 Business Highlights

- Strong quarterly average net production of approximately 51,800 barrels of oil equivalent (boe) per day (boepd) for the second quarter of 2023 (49% heavy crude oil, 18% light and medium crude oil and 33% natural gas).⁽¹⁾
- Blackrod Phase 1 engineering, procurement and construction (EPC) contract for the Central Processing Facility (CPF) signed in Canada.
- Successfully integrated the assets acquired in the Cor4 acquisition in Canada.⁽¹⁾⁽²⁾
- 1.57 million common shares purchased and cancelled during Q2 2023 under IPC's normal course issuer bid (NCIB).
- Published IPC's fourth annual Sustainability Report (2022) and first standalone TCFD Report.

Q2 2023 Financial Highlights

- Operating costs per boe of USD 17.0 for Q2 2023.⁽¹⁾⁽³⁾
- Operating cash flow (OCF) generation for Q2 2023 amounted to MUSD 84.⁽¹⁾⁽³⁾
- Capital and decommissioning expenditures of MUSD 62 for Q2 2023.⁽¹⁾
- Free cash flow (FCF) generation for Q2 2023 amounted to MUSD 16 (MUSD 65 pre Blackrod funding).⁽¹⁾⁽³⁾
- Net cash of MUSD 64 as at June 30, 2023.⁽³⁾
- Net result of MUSD 32 for Q2 2023.

Reserves and Resources

- Total 2P reserves as at December 31, 2022 of 487 million boe (MMboe), with a reserves life index (RLI) of 27 years.⁽¹⁾⁽²⁾
- Contingent resources (best estimate, unrisked) as at December 31, 2022 of 1,162 MMboe.⁽¹⁾⁽²⁾

2023 Annual Guidance

- Full year 2023 average net production forecast expected to exceed the upper end of 48,000 to 50,000 boepd guidance range.⁽¹⁾
- Full year 2023 operating costs guidance forecast remains unchanged at USD 17.5 to 18.0 per boe.⁽¹⁾⁽³⁾
- Full year 2023 OCF guidance tightened to between MUSD 320 to 390 (assuming Brent USD 75 to 90 per barrel for the remainder of 2023) from previous guidance of MUSD 250 to 495 (assuming Brent

USD 70 to 100 per barrel).⁽¹⁾⁽³⁾

- Full year 2023 capital and decommissioning expenditures guidance forecast unchanged at MUSD 365, including MUSD 287 relating to Phase 1 of the Blackrod project.⁽¹⁾
- Full year 2023 FCF forecast range tightened to between MUSD -65 to 5 (assuming Brent USD 75 to 90 per barrel for the remainder of 2023) from previous guidance of MUSD -145 to 105 (assuming Brent USD 70 to 100 per barrel), after taking into account MUSD 287 of proposed 2023 Blackrod capital expenditures.⁽¹⁾⁽³⁾⁽⁴⁾

	Three months ended June 30		Six months ended June 30	
USD Thousands	2023	2022	2023	2022
Revenue	205,564	315,540	398,080	575,322
Gross profit	52,747	161,709	117,130	280,809
Net result	32,025	105,217	71,588	186,039
Operating cash flow ⁽³⁾	84,372	192,515	160,272	337,625
Free cash flow ⁽³⁾	16,415	151,792	32,674	248,273
EBITDA (3)	85,201	194,038	161,280	339,501
Net cash ⁽³⁾	63,548	14,382	63,548	14,382

The pull back that we saw in oil and gas prices during the first quarter of 2023 stabilised during the second quarter with Brent prices averaging USD 78 per barrel compared with just over USD 80 per barrel during the first quarter. Demand concerns continue to weigh on oil markets, as rising interest rates aimed at taming high inflation, raise recessionary fears. The surprise production cuts announced by OPEC+ in early April were followed up with additional 'voluntary cuts' implemented by Saudi Arabia through July and August, a fourth pre-emptive move by the group, aimed at ensuring recent oil price weakness is not sustained. Inventory levels have moved back below the five-year average levels and market observers expect a deficit in the oil market for the remainder of 2023. Strategic Petroleum Reserve (SPR) releases in the US have come to an end and up to 12 million barrels are expected to be repurchased to begin refilling the SPR by the end of the year. The physical market certainly seems tighter than that priced in by the financial markets and many commentators believe oil prices will increase from the recent market trading range. We saw Brent prices trade in July occasionally over the USD 80 per barrel mark which had not been the case since April.

The second quarter 2023 West Texas Intermediate (WTI) to Western Canadian Select (WCS) crude price differentials averaged around USD 15 per barrel, USD 10 per barrel tighter than first quarter levels and USD 5 per barrel tighter than our base case 2023 market guidance. Those market factors that have driven differentials wider such as the SPR releases, higher natural gas prices and refinery outages have now turned to provide more favourable tailwinds to the WTI/WCS differentials going forward. In addition, the expansion of the Trans Mountain pipeline (590,000 barrels per day of extra capacity linking Edmonton to the port of Vancouver) due in service in Q1 2024, as well as a reduction in Mexican heavy oil exports to the US (due to domestic refinery capacity increases by more than 200,000 barrels per day) is expected to provide stronger support to WTI/WCS differentials going forward. Current WTI/ WCS differentials have tightened to less than USD 15 per barrel for the remainder of 2023 and the whole of 2024 as a result of these favourable market developments. IPC has taken the opportunity to lock in a WTI/WCS differential of approximately USD 14 per barrel for close to 50% of our forecast 2024 Canadian WCS forecast production volumes. Leveraging on the traditional lower costs for condensate in the summer season, we also locked in approximately 50%, or 3,000 barrels per day, of our Q3 2023 and Q1 2024 average daily condensate purchase forecast at WTI minus USD 1.60 per barrel.

Gas market prices remained below our 2023 base case price guidance of CAD 3.50 per Mcf during the second quarter. IPC's average realised gas price was CAD 2.44 per Mcf during the quarter, compared with CAD 3.60 per Mcf during the first quarter of 2023. The recent weakness seen in North American gas prices was to a large extent driven by a much milder winter in Europe and the resulting reduced demand for US LNG. IPC was partially protected by AECO gas price hedges that were put in place when gas prices were much stronger in late 2022:

33.7 MMcf per day at CAD 4.10 per Mcf from April to October 2023, which represents approximately 50% of our net long exposure.

Second Quarter 2023 Highlights and Full Year 2023 Guidance

During the second quarter of 2023, our assets delivered average net production of 51,800 boepd, above our high-end guidance for the second quarter in succession. This was made possible by the very high uptime performance across all our assets as well as the production contribution from our recent Cor4 acquisition in Canada and our successful four well drilling program in France. Given the very strong first half performance averaging around 52,000 boepd, full year 2023 average net production is now expected to exceed the upper end of the guidance range of 48,000 to 50,000 boepd.⁽¹⁾

Our operating costs per boe for the second quarter of 2023 were USD 17.0, in line with our latest guidance. Full year 2023 operating costs per boe guidance of USD 17.5 to 18.0 per boe remains unchanged.⁽¹⁾⁽³⁾

Operating cash flow (OCF) generation for the second quarter of 2023 was USD 84 million, ahead of guidance as a result of the strong production performance and tighter WCS/WTI differentials. Full year 2023 OCF guidance of USD 250 to 495 million (assuming Brent USD 70 to 100 per barrel) is tightened to USD 320 to 390 million (assuming Brent USD 75 to 90 per barrel for the remainder of 2023).⁽¹⁾⁽³⁾

Full year 2023 capital and decommissioning expenditure forecast of USD 365 million is unchanged.⁽¹⁾

Free cash flow (FCF) generation was USD 16 million (USD 65 million pre Blackrod funding) during the second quarter of 2023. Full year 2023 FCF guidance of USD -145 to 105 million (assumed Brent USD 70 to 100 per barrel) is tightened to USD -65 to 5 million (assuming Brent USD 75 to 90 per barrel for the remainder of 2023).⁽¹⁾⁽³⁾⁽⁴⁾

IPC's transformational growth program is estimated to generate FCF post growth investment of between USD 2.6 and 4.4 billion over the next ten years assuming average Brent oil prices between USD 75 to 95 per barrel. This represents more than 2 to 3 times IPC's current market capitalisation.⁽¹⁾⁽³⁾⁽⁴⁾

During the second quarter of 2023, IPC's net cash position of USD 67 million was reduced to USD 64 million, largely driven by the funding of USD 14 million for the continuing share repurchase program (NCIB) and other working capital movements. ⁽³⁾ Gross cash on the balance sheet as at June 30, 2023 amounts to USD 374 million providing a significant war chest to pursue our three strategic pillars of returning value to stakeholders, pursuing value adding M&A and focusing on organic growth. Furthermore, IPC's CAD 150 million Canadian Revolving Credit Facility (RCF) remains undrawn.

Phase 1 Blackrod Project

Following the successful completion of FEED studies and the continued strong production performance from well pair three during 2022, IPC took the decision in Q1 2023 to advance the development of Phase 1 of the Blackrod project. Development capital expenditure to first oil is estimated at approximately USD 850 million (including inflation and contingencies). First oil of the Phase 1 development is estimated to be in late 2026, with forecast production of 30,000 bopd by 2028. The breakeven oil price estimated by IPC assuming a 10% discount rate is a WTI price of approximately USD 59 per barrel. Using the December 31, 2022 price forecasts of our independent qualified reserves evaluator, Sproule Associates Limited (Sproule), the net present value as at that date, at a 10% discount rate (after tax), of Phase 1 of the Blackrod project is USD 807 million. IPC intends to fund the Phase 1 development with cash on hand and forecast FCF generated by our operations.⁽¹⁾⁽²⁾

During the second quarter, the Phase 1 development activities have progressed according to plan. The engineering, procurement and construction (EPC) contract for the major Phase 1 central processing facility was signed with cost levels and schedule in line with expectation. This contract provides a high degree of certainty for the largely fixed price element of the Phase 1 development capital expenditure which represents close to 65% of the overall Phase 1 capital expenditure budget to first oil. In addition, IPC has decided to lock in approximately 65% of the CAD/USD exposure through a combination of hedging and contractual arrangements to give greater certainty to the USD funding requirement for the Phase 1 project costs. Following these actions,

more than 85% of the overall Phase 1 contingency (USD 110 million) remains available, a comfortable position to be in.

However, we believe it is prudent to retain the total Phase 1 capital expenditure estimate to first oil of USD 850 million given the early stages in the project's execution.

M&A

During Q2 2023, IPC successfully integrated the acquired Cor4 assets into the Group following completion of the acquisition in March 2023. Four wells were successfully drilled and brought on production from the Ellerslie fairway since the beginning of the year and we plan to drill another two wells on this exciting play in 2023.⁽¹⁾⁽²⁾

2023 Capital Allocation Framework

Normal Course Issuer Bid

In Q4 2022, IPC announced the renewal of the NCIB, with the ability to repurchase up to approximately 9.3 million common shares over the twelve-month period to early December 2023. By the end of June 2023, IPC purchased and cancelled 7.1 million common shares under the NCIB. The average price of common shares purchased under the renewed NCIB during the period of December 2022 to June 2023 was SEK 101 / CAD 13.00 per share.

As at June 30, 2023, IPC had a total of 130,497,085 common shares issued and outstanding, with no common shares held in treasury.

2023 Capital Allocation Plans

IPC's capital allocation framework consists of distributing to shareholders a minimum of 40% of the FCF generated by the business, provided that IPC's net debt to EBITDA ratio is at or below 1 time.⁽³⁾ These shareholder distributions are planned to be implemented by continued share repurchases under the NCIB as well as the consideration by IPC of other forms of shareholder distributions, subject to further applicable regulatory and corporate approvals.

Despite the higher level of capital investment, and notwithstanding the capital allocation framework described above, IPC plans to continue to purchase and cancel common shares under the NCIB to the remaining limit as at June 30, 2023 of 2.2 million common shares by the end of November 2023, resulting in the anticipated cancellation of 7% of shares outstanding as of December 2022. We believe a combination of materially growing our 2P reserves, production and asset value whilst reducing our share count is a winning combination for shareholders.

Environmental, Social and Governance ("ESG") Performance

IPC is committed to the continued advancement of our ESG practices in our sustainability focus areas. The Group's six sustainability priorities are:

- Ethics & Integrity
- Rewarding Workplace
- Health & Safety
- Community Engagement
- Climate Action
- Environmental Stewardship

As part of our commitment to operational excellence, our objective is to reduce risk and eliminate hazards to prevent the occurrence of accidents, ill health and environmental damage, as these are essential to the success of our operations. During the second quarter of 2023, IPC recorded no material safety or environmental incidents.

With respect to climate action, IPC has made notable progress over the past years. Our operational emission reduction efforts have resulted in a reduction of greater than 125,000 tonnes of CO₂e emissions since announcing IPC's climate strategy in 2020. IPC also signed its first virtual green power purchase agreement in

2022, contributing to a greater share of green energy in the Alberta electricity grid. In addition, IPC expanded carbon compensation efforts by offsetting a substantial share of the Group's 2022 CO_2e emissions, offsetting a total of 330,000 tonnes of CO_2e for the year 2022. These initiatives put IPC on track to achieve a 50% reduction in our net emissions intensity by 2025, and the company announced this year at the 2023 Capital Markets Day (CMD) a commitment to extend the reduced net emissions intensity level through 2027.

Sustainability Reporting and Climate Disclosures

Alongside the publication of this second quarter 2023 financial report, IPC releases its fourth annual Sustainability Report and its first standalone TCFD Report. The Sustainability Report provides details on IPC's approach to sustainability, highlighting specific initiatives, and measurable goals and targets related to the key focus areas set by the Group. The TCFD Report aligns with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and demonstrates our commitment to addressing climate-related risks and opportunities to our business.

The Sustainability Report and the TCFD Report, including additional information on IPC's efforts and performance across its sustainability priorities, are available on our website at www.international-petroleum.com.

Notes:

- (1) See "Supplemental Information regarding Product Types" in "Reserves and Resources Advisory" below. See also the annual information form for the year ended December 31, 2022 (AIF) available on IPC's website at www.international-petroleum.com and under IPC's profile on SEDAR+ at www.sedarplus.ca. IPC completed the acquisition of Cor4 on March 3, 2023. The Financial Statements have been prepared on that basis, with revenues and expenses related to the assets acquired in the Cor4 acquisition included in the Financial Statements from March 3, 2023. Certain historical and forecast operational and financial information included in the MD&A, including production, reserves, operating costs, OCF, FCF and EBITDA related to the assets acquired in the Cor4 acquisition, are reported based on the effective date of the Cor4 acquisition of January 1, 2023.
- See "Reserves and Resources Advisory" below. Further information with respect to IPC's reserves, contingent resources and estimates of future net revenue, including assumptions relating to the calculation of NPV, are described in the AIF. 2P reserves as at December 31, 2022 of 487 MMboe includes 471 MMboe attributable to IPC's oil and gas assets and 15.9 MMboe attributable to the oil and gas assets acquired in the Cor4 acquisition.
 Non-IFRS measure, see "Non-IFRS Measures" below.
- (4) Estimated FCF generation is based on IPC's current business plans over the periods of 2023 to 2027 and 2028 to 2032, including net cash of USD 175 million as at December 31, 2022 less the Cor4 acquisition consideration of USD 62 million. Assumptions include average net production of approximately 50 Mboepd over the period of 2023 to 2027, average net production of approximately 65 Mboepd over the period of 2028 to 2032, average Brent oil prices of USD 75 to 95 per boe escalating by 2% per year, and average Brent to Western Canadian Select differentials and average gas prices as estimated by IPC's independent reserves evaluator and as further described in the AIF. IPC's market capitalization is at close on July 28, 2023 (USD 1,190 million based on 95.92 SEK/share, 130.5 million IPC shares outstanding and exchange rate of 10.55 SEK/USD. 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 Statements" below.

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".

Or

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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:

- 2023 production range, operating costs, operating cash flow, free cash flow, 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 existing credit facilities, including current financial headroom, on terms acceptable to the Corporation;
- The ability to fully fund future expenditures from cash flows and current borrowing capacity;
- IPC's ability to maintain operations, production and business in light of any future pandemics 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, regulatory approvals, third party commercial
 arrangements, breakeven oil prices and net present values;
- 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 ability of IPC to achieve and maintain current and forecast production in Malaysia;
- The ability to IPC to acquire 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 NCIB;
- The ability of IPC to implement further shareholder distributions in addition to 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.

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 general global economic, market and business conditions, 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 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.

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, 2022 (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.sedarplus.ca) or IPC's website (www.international-petroleum.com).

Management of IPC approved the production, operating costs, operating cash flow, capital and decommissioning expenditures and free cash flow guidance and estimates contained herein as of the date of this press release. The purpose of these guidance and estimates is to assist readers in understanding IPC's expected and targeted financial results, and this information may not be appropriate for other purposes.

Estimated FCF generation is based on IPC's current business plans over the periods of 2023 to 2027 and 2028 to 2032. Assumptions include average net production of approximately 50 Mboepd over the period of 2028 to 2032, average Brent oil prices of USD 75 to 95 per boe escalating by 2% per year, and average Brent to Western Canadian Select differentials and average gas prices 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.

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

Operating cash flow

The following table sets out how operating cash flow is calculated from figures shown in the Financial Statements:

	Three months ended June 30		Six months ended June 30	
USD Thousands	2023	2022	2023	2022
Revenue	205,564	315,540	398,080	575,322
Production costs	(116,597)	(118,151)	(234,124)	(228,700)
Current tax	(4,595)	(4,874)	(8,586)	(8,997)
Operating cash flow	84,372	192,515	155,370	337,625

The operating cash flow for the first six months of 2023 including the operating cash flow contribution of the Cor4 acquisition from the effective date of January 1, 2023 to the completion date of March 3, 2023 amounts to USD 160,272 thousand.

Free cash flow

The following table sets out how free cash flow is calculated from figures shown in the Financial Statements:

	Three months ended June 30		Six months ended June 30	
USD Thousands	2023	2022	2023	2022
Operating cash flow - see above	84,372	192,515	155,370	337,625
Capital expenditures	(58,822)	(29,788)	(107,060)	(68,141)
Abandonment and farm-in expenditures ¹	(3,717)	(2,435)	(4,928)	(4,360)
General, administration and depreciation expenses before depreciation ²	(3,766)	(3,351)	(7,577)	(7,121)
Cash financial items ³	(1,652)	(5,149)	(2,300)	(9,730)
Free cash flow	16,415	151,792	33,505	248,273

¹See note 17 to the Financial Statements

² Depreciation is not specifically disclosed in the Financial Statements

³See notes 4 and 5 to the Financial Statements

The free cash flow for the first six months of 2023 including the free cash flow contribution of the Cor4 acquisition from the effective date of January 1, 2023 to the completion date of March 3, 2023 amounts to USD 32,674 thousand.

EBITDA

The following table sets out the reconciliation from net result from the consolidated statement of operations to EBITDA:

	Three months ended June 30		Six months ended June 30	
USD Thousands	2023	2022	2023	2022
Net result	32,025	105,217	71,588	186,039
Net financial items	6,955	15,297	11,970	21,904
Income tax	9,609	37,452	25,220	64,950
Depletion	33,362	31,830	39,801	59,782
Depreciation of other tangible fixed assets	2,436	3,021	4,994	5,101
Exploration and business development costs	422	829	2,031	930
Depreciation included in general, administration and depreciation expenses $^{\rm 1}$	392	392	775	795
EBITDA	85,201	194,038	156,379	339,501

¹ Item is not shown in the Financial Statements

The EBITDA for the first six months of 2023 including the EBITDA contribution of the Cor4 acquisition from the effective date of January 1, 2023 to the completion date of March 3, 2023 amounts to USD 161,280 thousand.

Operating costs

The following table sets out how operating costs is calculated:

	Three months ended June 30		Six months ended June 30	
USD Thousands	2023	2022	2022	2021
Production costs	116,597	118,151	234,124	228,700
Cost of blending	(40,870)	(57,639)	(88,687)	(100,280)
Change in inventory position	4,560	10,175	10,295	13,728
Operating costs	80,2870	70,687	155,732	142,148

The operating costs for the first six months of 2023 including the operating costs contribution of the Cor4 acquisition from the effective date of January 1, 2023 to the completion date of March 3, 2023 amounts to USD 162,533 thousand.

Net cash

The following table sets out how net cash is calculated from figures shown in the Financial Statements:

USD Thousands	June 30, 2023	December 31, 2022
Bank loans	(10,629)	(12,142)
Bonds	(300,000)	(300,000)
Cash and cash equivalents	374,177	487,240
Net cash	63,548	175,098

Reserves and Resource Advisory

This press release contains references to estimates of gross and net reserves and resources attributed to the Corporation's oil and gas assets. For additional information with respect to such reserves and resources, refer to "Reserves and Resource Advisory" in IPC's MD&A and AIF. Light, medium and heavy crude oil reserves/resources disclosed in this press release include solution gas and other by-products. Also see "Supplemental Information regarding Product Types" below.

Reserve estimates, contingent resource estimates and estimates of future net revenue in respect of IPC's oil and gas assets in Canada (other than the assets acquired in the Cor4 acquisition) are effective as of December 31, 2022, 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, 2022 price forecasts.

Reserve estimates and estimates of future net revenue in respect of IPC's oil and gas assets acquired in the Cor4 acquisition are effective as of December 31, 2022 and are included in the report prepared by GLJ Ltd. (GLJ), an independent qualified reserves auditor, in accordance with NI 51-101 and the COGE Handbook, and using Sproule's December 31, 2022, 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, 2022, 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, 2022 price forecasts.

The price forecasts used in the Sproule, GLJ 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, 2022 and may not be reflective of current and future forecast commodity prices.

The reserve life index (RLI) is calculated by dividing the 2P reserves of 487 MMboe as at December 31, 2022 (including 15.9 MMboe acquired in the Cor4 acquisition), by the midpoint of the 2023 CMD production guidance of 48,000 to 50,000 boepd.

IPC uses the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). A BOE conversion ratio of 6:1 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 press release:

	Heavy Crude Oil (Mbopd)	Light and Medium Crude Oil (Mbopd)	Conventional Natural Gas (per day)	Total (Mboepd)
Three months ended				
June 30, 2023	25.3	9.2	104.0 MMcf (17.3 Mboe)	51.8
June 30, 2022	22.9	9.9	99.6 MMcf (16.6 Mboe)	49.4
Six months ended				
June 30, 2023	26.0	9.4	102.0 MMcf (17.0 Mboe)	52.3
June 30, 2022	22.6	8.9	96.6 MMcf (16.1 Mboe)	47.6
Year ended				
December 31, 2022	22.6	9.6	98.1 MMcf (16.4 Mboe)	48.6

This press release also makes reference to IPC's forecast total average daily production of 48,000 to 50,000 boepd for 2023. IPC estimates that approximately 50% of that production will be comprised of heavy oil, approximately 17% 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.