International Petroleum Corp.

Press Release

November 5, 2019

International Petroleum Corporation Announces Third Quarter 2019 Financial Results and Intention to Launch Share Repurchase Program

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 and nine months ended September 30, 2019. In addition, IPC is pleased to announce that it has sought approval from the Toronto Stock Exchange (the "TSX") to commence a normal course issuer bid to repurchase its own common shares through the facilities of the TSX and Nasdaq Stockholm.

Financial and Operational Highlights

- IPC intends to launch a new share repurchase program, the second since our April 2017 spin-off, with the intention to repurchase up to approximately seven percent or 11.5 million IPC shares, the maximum permitted over a twelve month period under Canadian and Swedish securities law. Implementation of the share repurchase program remains subject to Toronto Stock Exchange (TSX) approval.
- Average net production of 45,500 barrels of oil equivalent (boe) per day (boepd) for Q3 2019 in line with guidance.
- First ever horizontal well on the Vert La Gravelle field in France successfully completed in September 2019.
- Commenced the three well infill drilling program in Malaysia.
- Onion Lake Thermal F-Pad wells in Canada came on stream in September 2019.
- On track for 50,000 boepd 2019 exit rate with ongoing drilling activities in Canada, France and Malaysia.
- Operating costs per boe of USD 13.0 for Q3 2019, in line with guidance.
- Capital expenditure budget remains in line with guidance of USD 188 million.
- Strong operating cash flow generation of USD 70 million in Q3 2019 (USD 229 million for the first nine months of 2019) at the upper end of guidance.
- Operating cash flows were utilised to fund capital expenditures and to reduce financial liabilities, with net debt decreasing from USD 277 million as at December 31, 2018 to USD 208 million as at September 30, 2019.

	Three months ended September 30		Nine months ended September 30	
USD Thousands	2019	2018	2019	2018
Revenue	131,437	106,746	408,214	342,545
Gross profit	23,487	37,060	109,659	120,553
Net result	6,330	26,487	65,216	74,298
Operating cash flow	69,504	67,949	229,056	220,696
EBITDA	68,885	66,240	225,160	206,009
Net Debt	207,778	213,217	207,778	213,217

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

"We are pleased to announce another strong set of results for the first nine months of 2019.

During Q3 2019, our assets delivered average daily net production of 45,500 boepd, in line with our latest Q2 guidance. Full year average production guidance is unchanged, expected at the lower end of the 46,000 to 50,000 boepd guidance range. The 2019 exit production rate expectation remains at 50,000 boepd. Our operating costs per boe for Q3 2019 was USD 13.0, in line with guidance. Full year capital expenditure guidance remains unchanged at USD 188 million.

IPC has continued to deliver a robust financial performance during Q3 2019 generating a quarterly operating cash flow of USD 70 million, at the upper end of guidance. This allowed IPC to fund its expenditure program and to reduce net debt from USD 239 million at the end of Q2 2019 to USD 208 million by the end of Q3 2019.

In Malaysia, a world class uptime performance on the Bertam FPSO in excess of 99% continued during Q3 2019. Third quarter production on the Bertam field was in line with our Q2 guidance. The three well infill drilling program commenced in late August 2019.

In Canada, the N2N enhanced oil recovery project and drilling program in the Suffield area remain on schedule with the N2N plant ramp up ongoing and four out of a planned eight wells on production. The average production from the Onion Lake Thermal facility during Q3 2019 was in line with our Q2 guidance. Facility optimization work has been completed at Onion Lake Thermal that allowed for steam injection to commence at F-Pad during Q3 2019 and for the start-up of production from the F-Pad wells during September 2019.

In France, the first horizontal development well at the Vert La Gravelle field commenced production in mid-September 2019. This was IPC's first horizontal well drilled into the Triassic reservoir in France. Initial indications of productivity from the well are ahead of expectation. We are currently drilling the second well in the Southern part of the Vert La Gravelle field.

With significant undrawn credit facilities at our disposal, we continue to opportunistically evaluate additional acquisition targets that we believe can deliver long-term value for our shareholders.

Share Repurchase Program

We are today pleased to announce that we have sought approval from the TSX to commence a normal course issuer bid to repurchase IPC's common shares through the facilities of the TSX and Nasdaq Stockholm. The Board of Directors has approved, subject to acceptance by the TSX, the repurchase of up to approximately 11.5 million common shares, representing approximately 7% of IPC's outstanding common shares (or 10% of IPC's "public float" as at November 5, 2019), over a period of twelve months. IPC currently does not hold any common shares in treasury.

IPC has determined to implement the proposed share repurchase program because it believes that the current common share price does not reflect the underlying value of those shares. IPC believes that the share repurchase program represents an effective use of IPC's capital and an efficient way to return value to IPC's shareholders.

As and when considered advisable by IPC, common shares may be repurchased on the TSX and Nasdaq Stockholm at the prevailing market price at the time of such purchase and in accordance with the applicable rules and policies of the TSX and Nasdaq Stockholm and applicable Canadian and Swedish securities laws. The actual number of common shares that will be repurchased, and the timing of any such purchases, will be determined by IPC, subject to the limits imposed by the TSX and Nasdaq Stockholm. There cannot be any assurances as to the number of common shares that will ultimately be acquired by IPC. Any common shares purchased by IPC under the share repurchase program will be cancelled."

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 November 5, 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 completion of the Vert La Gravelle redevelopment project, including drilling and related production rates and the ability to gather further information regarding the southern part of the field, and other organic growth opportunities in France; the completion of the third phase of infill drilling in Malaysia and the ability to identify and mature additional locations, and the production uplift from such drilling; future development potential of the Suffield operations, including continued and future oil drilling and gas optimization programs, the ability to offset natural declines and the N2N EOR development project (including estimated peak rates and timing of such project); the proposed further conventional oil drilling in Canada, including the ability of such drilling to identify further drilling or development opportunities; development of the Blackrod project in Canada; the results of the facility optimization program and the work to debottleneck the facilities and injection capability and the F-Pad production, as well as water intake and steam generation issues, at Onion Lake Thermal; the intention to commence a share repurchase program, including the acceptance thereof by the TSX; the ability to IPC to acquire common shares under the proposed share repurchase program, including the timing of any such purchases; the return of value to IPC's shareholders as a result of the share repurchases program; 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 reports 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.

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.