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**International Petroleum Corporation**

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***Interim Condensed Consolidated  
Financial Statements***

*For the three months ended March 31, 2021*



**International  
Petroleum  
Corp.**

# **Interim Condensed Consolidated Financial Statements**

For the three months ended March 31, 2021 and 2020, UNAUDITED

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# Interim Condensed Consolidated Statement of Operations

For the three months ended March 31, 2021 and 2020, UNAUDITED

USD Thousands	Note	Three months ended - March 31	
		2021	2020
<b>Revenue</b>	2	<b>134,284</b>	80,536
<b>Cost of sales</b>			
Production costs	3	(65,622)	(59,141)
Depletion and decommissioning costs	7	(28,070)	(30,274)
Depreciation of other assets		(2,269)	(3,035)
Exploration and business development costs		(393)	(522)
<b>Gross profit / (loss)</b>	2	<b>37,930</b>	(12,436)
General, administration and depreciation expenses		(2,818)	(2,810)
<b>Profit / (loss) before financial items</b>		<b>35,112</b>	(15,246)
Finance income	4	–	55
Finance costs	5	(8,492)	(29,217)
<b>Net financial items</b>		<b>(8,492)</b>	(29,162)
<b>Profit / (loss) before tax</b>		<b>26,620</b>	(44,408)
Income tax recovery / (expense)	6	271	4,339
<b>Net result</b>		<b>26,891</b>	(40,069)
Net result attributable to:			
Shareholders of the Parent Company		26,884	(40,059)
Non-controlling interest		7	(10)
		<b>26,891</b>	(40,069)
Earnings per share – USD <sup>1</sup>	14	<b>0.17</b>	(0.25)
Earnings per share fully diluted – USD <sup>1</sup>	14	<b>0.17</b>	(0.25)

<sup>1</sup> Based on net result attributable to shareholders of the Parent Company

See accompanying notes to the interim condensed consolidated financial statements

## Interim Condensed Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2021 and 2020, UNAUDITED

USD Thousands	Note	Three months ended - March 31	
		2021	2020
<b>Net result</b>		<b>26,891</b>	<b>(40,069)</b>
<b>Other comprehensive income / (loss)</b>			
Items that may be reclassified to profit or loss, net of tax:			
Hedging gains / (losses) reclassified to profit or loss	2	3,900	2,853
Cash flow hedges gain / (loss)		(7,301)	4,661
Currency translation adjustments		1,471	(32,745)
<b>Total comprehensive income / (loss)</b>		<b>24,961</b>	<b>(65,300)</b>
Total comprehensive income / (loss) attributable to:			
Shareholders of the Parent Company		24,957	(65,287)
Non-controlling interest		4	(13)
		<b>24,961</b>	<b>(65,300)</b>

See accompanying notes to the interim condensed consolidated financial statements

## Interim Condensed Consolidated Balance Sheet

As at March 31, 2021 and December 31, 2020, UNAUDITED

USD Thousands	Note	March 31, 2021	December 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Oil and gas properties	7	1,056,876	1,070,904
Other tangible fixed assets	8	55,579	59,198
Right-of-use assets		1,766	1,965
Deferred tax assets	6	86,349	88,347
Other assets	9	19,626	20,239
<b>Total non-current assets</b>		<b>1,220,196</b>	<b>1,240,653</b>
<b>Current assets</b>			
Inventories	10	25,983	17,070
Trade and other receivables	11	76,380	66,151
Derivative instruments	18	362	1,591
Current tax receivables		1,207	1,157
Cash and cash equivalents	12	17,196	6,498
<b>Total current assets</b>		<b>121,128</b>	<b>92,467</b>
<b>TOTAL ASSETS</b>		<b>1,341,324</b>	<b>1,333,120</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities	15	277,889	301,153
Lease liabilities		1,140	1,347
Provisions	16	197,779	196,945
Deferred tax liabilities	6	21,849	28,085
<b>Total non-current liabilities</b>		<b>498,657</b>	<b>527,530</b>
<b>Current liabilities</b>			
Trade and other payables	17	70,955	63,350
Financial liabilities	15	22,460	22,982
Current tax liabilities		856	184
Lease liabilities		658	671
Provisions	16	7,687	7,204
Derivative instruments	18	6,061	2,746
<b>Total current liabilities</b>		<b>108,677</b>	<b>97,137</b>
<b>EQUITY</b>			
Shareholders' equity		733,854	708,321
Non-controlling interest		136	132
<b>Net shareholders' equity</b>		<b>733,990</b>	<b>708,453</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,341,324</b>	<b>1,333,120</b>

### Approved by the Board of Directors

(Signed) C. Ashley Heppenstall  
Director

(Signed) Mike Nicholson  
Director

See accompanying notes to the interim condensed consolidated financial statements

## Interim Condensed Consolidated Statement of Cash Flow

For the three months ended March 31, 2021 and 2020, UNAUDITED

USD Thousands	Note	Three months ended - March 31	
		2021	2020
<b>Cash flow from operating activities</b>			
Net result		26,891	(40,069)
Adjustments for non-cash related items:			
Depletion, depreciation and amortization	7, 8	30,758	33,734
Exploration costs	7	7	–
Income tax	6	(271)	(4,339)
Capitalized financing fees	5	590	385
Foreign currency exchange	5	678	21,857
Interest expense	5	3,999	3,787
Unwinding of asset retirement obligation discount	5	2,857	2,643
Share-based costs		1,331	549
Other		103	175
<b>Cash flow generated from operations (before working capital adjustments and income taxes)</b>		<b>66,943</b>	<b>18,722</b>
Changes in working capital		(13,324)	27,632
Decommissioning costs paid	16	(333)	(725)
Other payments	16	(210)	(615)
Income taxes paid		(122)	(406)
Interest paid		(3,691)	(3,644)
<b>Net cash flow from operating activities</b>		<b>49,263</b>	<b>40,964</b>
<b>Cash flow used in investing activities</b>			
Investment in oil and gas properties	7	(11,671)	(56,190)
Investment in other fixed assets	8	(22)	(15)
Acquisition of Granite		–	(27,709)
<b>Net cash (outflow) from investing activities</b>		<b>(11,693)</b>	<b>(83,914)</b>
<b>Cash flow from financing activities</b>			
Borrowings / (Repayments)	15	(26,526)	74,688
Paid financing fees		19	–
Purchase of own shares		–	(17,602)
Other payments		(197)	(233)
<b>Net cash (outflow) from financing activities</b>		<b>(26,704)</b>	<b>56,853</b>
<b>Change in cash and cash equivalents</b>		<b>10,866</b>	<b>13,903</b>
Cash and cash equivalents at the beginning of the period		6,498	15,571
Currency exchange difference in cash and cash equivalents		(168)	(106)
<b>Cash and cash equivalents at the end of the period</b>		<b>17,196</b>	<b>29,368</b>

See accompanying notes to the interim condensed consolidated financial statements

## Interim Condensed Consolidated Statement of Changes in Equity

For the three months ended March 31, 2021 and 2020, UNAUDITED

USD Thousands	Share capital and premium	Retained earnings	CTA	IFRS 2 reserve	MTM reserve	Pension reserve	Total	Non-controlling interest	Total equity
Balance at January 1, 2020	549,311	230,038	6,052	6,249	3	(1,051)	790,602	207	790,809
Net result	–	(40,059)	–	–	–	–	(40,059)	(10)	(40,069)
Acquisition of Granite	–	–	–	–	1,311	–	1,311	–	1,311
Cash flow hedge	–	–	–	–	6,203	–	6,203	–	6,203
Currency translation difference	–	–	(31,864)	(441)	(437)	–	(32,742)	(3)	(32,745)
<b>Total comprehensive income</b>	–	(40,059)	(31,864)	(441)	7,077	–	(65,287)	(13)	(65,300)
Purchase of own shares	(17,602)	–	–	–	–	–	(17,602)	–	(17,602)
Share based payments	–	–	–	549	–	–	549	–	549
Balance at March 31, 2020	531,709	189,979	(25,812)	6,357	7,080	(1,051)	708,262	194	708,456

USD Thousands	Share capital and premium	Retained earnings	CTA	IFRS 2 reserve	MTM reserve	Pension reserve	Total	Non-controlling interest	Total equity
Balance at January 1, 2021	532,379	152,184	16,776	10,088	(877)	(2,229)	708,321	132	708,453
Net result	–	26,884	–	–	–	–	26,884	7	26,891
Cash flow hedge	–	–	–	–	(3,401)	–	(3,401)	–	(3,401)
Currency translation difference	–	–	1,462	38	(26)	–	1,474	(3)	1,471
<b>Total comprehensive income</b>	–	26,884	1,462	38	(3,427)	–	24,957	4	24,961
Issuance of new shares <sup>1</sup>	93	–	–	–	–	–	93	–	93
Share based payments <sup>2</sup>	2,871	–	–	(2,388)	–	–	483	–	483
Balance at March 31, 2021	535,343	179,068	18,238	7,738	(4,304)	(2,229)	733,854	136	733,990

<sup>1</sup> See Note 13

<sup>2</sup> In February 2017, stock options were granted under the Corporation's stock option plan. In February 2021, the value of the expired stock options was offset against share premium.

See accompanying notes to the interim condensed consolidated financial statements

# Notes to the Interim Condensed Consolidated Financial Statements

## For the three months ended March 31, 2021 and 2020, UNAUDITED

### 1. CORPORATE INFORMATION

#### A. The Group

International Petroleum Corporation (“IPC” or the “Corporation” and, together with its subsidiaries, the “Group”) is in the business of exploring for, developing and producing oil and gas. IPC holds a portfolio of oil and gas production assets and development projects in Canada, Malaysia and France with exposure to growth opportunities.

The Corporation’s common shares are listed on the Toronto Stock Exchange (“TSX”) in Canada and the Nasdaq Stockholm Exchange in Sweden. The Corporation is incorporated and domiciled in British Columbia, Canada under the Business Corporations Act. The address of its registered office is Suite 2600, 595 Burrard Street, P.O. Box 49314, Vancouver, BC V7X 1L3, Canada and its business address is Suite 2000, 885 West Georgia Street, Vancouver, BC V6C 3E8, Canada.

On March 5, 2020, IPC completed the acquisition of all of the issued and outstanding shares of Granite Oil Corp. (“Granite”) by way of a plan of arrangement under the Business Corporations Act (Alberta) (the “Granite Acquisition”).

#### B. Basis of preparation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements should be read in conjunction with IPC’s annual consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

These unaudited interim consolidated financial statements are presented in United States Dollars (USD), which is the Group’s presentation and functional currency. The unaudited interim consolidated financial statements have been prepared on a historical cost basis, except for items that are required to be accounted for at fair value as detailed in the Group’s accounting policies. Intercompany transactions and balances have been eliminated. Certain comparative figures have been reclassified to conform with the financial statements presentation in the current year.

The unaudited interim condensed consolidated financial statements have been approved by the Board of Directors of IPC and authorized for issuance on May 5, 2021.

The unaudited interim condensed consolidated financial statements have been prepared following the same accounting policies and methods of application as those in the Group’s audited annual consolidated financial statements for the year ended December 31, 2020.

#### C. Going concern

The Group’s unaudited interim condensed consolidated financial statements for the three months ended March 31, 2021, have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future.

#### D. Changes in accounting policies and disclosures

During the three months ended March 31, 2021, the Group did not adopt any new standards and interpretations or amendments thereto applicable for financial periods beginning on or after January 1, 2021.



# Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020, UNAUDITED

## 2. SEGMENT INFORMATION

The Group operates within several geographical areas. Operating segments are reported at a country level which is consistent with the internal reporting provided to the CEO, who is the chief operating decision maker.

The following tables present segment information regarding: revenue, production costs, exploration and evaluation costs and gross profit. The Group derives its revenue from contracts with customers primarily through the transfer of oil and gas at a point in time. In addition, certain identifiable asset segment information is reported in Note 7.

USD Thousands	Three months ended - March 31, 2021				Total
	Canada	Malaysia	France	Other	
Crude oil	89,233	13,033	23,171	–	125,437
NGLs	116	–	–	–	116
Gas	19,720	–	–	–	19,720
<b>Net sales of oil and gas</b>	<b>109,069</b>	<b>13,033</b>	<b>23,171</b>	–	<b>145,273</b>
Change in under/over lift position	–	–	(4,130)	–	(4,130)
Royalties	(7,281)	–	–	–	(7,281)
Hedging settlement	(3,900)	–	–	–	(3,900)
Other operating revenue	–	3,825	281	216	4,322
<b>Revenue</b>	<b>97,888</b>	<b>16,858</b>	<b>19,322</b>	<b>216</b>	<b>134,284</b>
Production costs	(58,327)	2,576	(9,871)	–	(65,622)
Depletion and decommissioning costs	(17,246)	(6,769)	(4,055)	–	(28,070)
Depreciation of other assets	–	(2,269)	–	–	(2,269)
Exploration and business development costs	–	–	(7)	(386)	(393)
<b>Gross profit / (loss)</b>	<b>22,315</b>	<b>10,396</b>	<b>5,389</b>	<b>(170)</b>	<b>37,930</b>

USD Thousands	Three months ended - March 31, 2020				Total
	Canada	Malaysia	France	Other	
Crude oil	40,007	16,855	8,733	–	65,595
NGLs	77	–	–	–	77
Gas	14,786	–	–	–	14,786
<b>Net sales of oil and gas</b>	<b>54,870</b>	<b>16,855</b>	<b>8,733</b>	–	<b>80,458</b>
Change in under/over lift position	–	–	(3,357)	–	(3,357)
Royalties	(3,724)	–	–	–	(3,724)
Hedging settlement	2,853	–	–	–	2,853
Other operating revenue	–	3,868	276	162	4,306
<b>Revenue</b>	<b>53,999</b>	<b>20,723</b>	<b>5,652</b>	<b>162</b>	<b>80,536</b>
Production costs	(45,647)	(6,261)	(7,233)	–	(59,141)
Depletion and decommissioning costs	(18,054)	(7,207)	(5,013)	–	(30,274)
Depreciation of other assets	–	(3,035)	–	–	(3,035)
Exploration and business development costs	–	–	–	(522)	(522)
<b>Gross profit / (loss)</b>	<b>(9,702)</b>	<b>4,220</b>	<b>(6,594)</b>	<b>(360)</b>	<b>(12,436)</b>

## Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020, UNAUDITED

### 3. PRODUCTION COSTS

USD Thousands	Three months ended March 31	
	2021	2020
Cost of operations	45,894	44,825
Tariff and transportation expenses	8,703	5,621
Direct production taxes	2,044	2,112
<b>Operating costs</b>	<b>56,641</b>	<b>52,558</b>
Cost of blending <sup>1</sup>	18,444	4,118
Change in inventory position	(9,463)	2,465
<b>Total production costs</b>	<b>65,622</b>	<b>59,141</b>

<sup>1</sup> In Canada, oil production is blended with purchased condensate diluent to meet pipeline specifications. Cost of blending represents the contracted purchase of diluent used for blending net of proceeds from the sale of surplus diluent. For the three months ended March 31, 2021, a gain of USD 70 thousand was recognized relating to the difference between the cost and sale proceeds of the surplus diluent.

### 4. FINANCE INCOME

USD Thousands	Three months ended March 31	
	2021	2020
Interest income	–	55
<b>Total finance income</b>	<b>–</b>	<b>55</b>

### 5. FINANCE COSTS

USD Thousands	Three months ended March 31	
	2021	2020
Foreign exchange loss, net	(678)	(21,857)
Interest expense	(3,999)	(3,787)
Unwinding of asset retirement obligation discount	(2,857)	(2,643)
Amortization of loan fees	(590)	(385)
Loan commitment fees	(273)	(295)
Other financial costs	(95)	(250)
<b>Total finance costs</b>	<b>(8,492)</b>	<b>(29,217)</b>

### 6. INCOME TAX RECOVERY / (EXPENSE)

USD Thousands	Three months ended March 31	
	2021	2020
Current tax	(941)	86
Deferred tax	1,212	4,253
<b>Total tax recovery / (expense)</b>	<b>271</b>	<b>4,339</b>

The deferred tax amount arises primarily where there is a difference in depletion for tax and accounting purposes.

# Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020, UNAUDITED

## Specification of deferred tax assets and tax liabilities<sup>1</sup>

USD Thousands	March 31, 2021	December 31, 2020
Unused tax loss carry forward	133,784	133,753
Other	3,787	2,841
<b>Deferred tax assets</b>	<b>137,571</b>	<b>136,594</b>
Accelerated allowances	72,981	76,014
Other	90	318
<b>Deferred tax liabilities</b>	<b>73,071</b>	<b>76,332</b>
<b>Deferred taxes, net</b>	<b>64,500</b>	<b>60,262</b>

<sup>1</sup> The specification of deferred tax assets and tax liabilities does not agree to the face of the balance sheet due to the netting off of balances in the balance sheet when they relate to the same jurisdiction.

The deferred tax liabilities consist of accelerated allowances, being the difference between the book and the tax value of oil and gas properties. The deferred tax liabilities will be released over the life of the oil and gas assets as the book value is depleted for accounting purposes.

Deferred tax assets in relation to tax loss carried forwards are only recognized in so far that there is a reasonable certainty as to the timing and the extent of their realization. The recognized unused tax loss carry forward mainly relates to the acquisition of BlackPearl in December 2018 and to the Granite Acquisition in March 2020. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

## 7. OIL AND GAS PROPERTIES

USD Thousands	March 31, 2021	December 31, 2020
Exploration and Evaluation Assets	20,432	20,986
Property, plant and Equipment	1,036,444	1,049,918
<b>Oil and Gas Properties</b>	<b>1,056,876</b>	<b>1,070,904</b>

### Exploration and Evaluation Assets

USD Thousands	Canada	Malaysia	France	Total
<b>Cost</b>				
January 1, 2021	15,409	44	5,533	20,986
Additions	(547)	79	7	(461)
Expensed exploration and evaluation costs	–	–	(7)	(7)
Currency translation adjustments	160	–	(246)	(86)
<b>Net book value March 31, 2021</b>	<b>15,022</b>	<b>123</b>	<b>5,287</b>	<b>20,432</b>

USD Thousands	Canada	Malaysia	France	Total
<b>Cost</b>				
January 1, 2020	13,899	6,761	6,954	27,614
Additions	4,264	460	522	5,246
Expensed exploration and evaluation costs	(3,011)	(741)	(2,389)	(6,141)
Reclassification <sup>1</sup>	(84)	(6,436)	(51)	(6,571)
Currency translation adjustments	341	–	497	838
<b>Net book value December 31, 2020</b>	<b>15,409</b>	<b>44</b>	<b>5,533</b>	<b>20,986</b>

<sup>1</sup> The reclassification to the property, plant and equipment producing pool relates to the successful appraisal drilling in Malaysia.

## Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020, UNAUDITED

### Property, Plant and Equipment

USD Thousands	Canada	Malaysia	France	Total
<b>Cost</b>				
January 1, 2021	1,004,605	523,728	437,660	1,965,993
Additions	10,853	371	908	12,132
Currency translation adjustments	10,615	–	(19,315)	(8,700)
<b>March 31, 2021</b>	<b>1,026,073</b>	<b>524,099</b>	<b>419,253</b>	<b>1,969,425</b>
<b>Accumulated depletion</b>				
January 1, 2021	(195,322)	(420,191)	(300,562)	(916,075)
Depletion charge for the period	(17,246)	(6,769)	(4,055)	(28,070)
Currency translation adjustments	(2,138)	–	13,302	11,164
<b>March 31, 2021</b>	<b>(214,706)</b>	<b>(426,960)</b>	<b>(291,315)</b>	<b>(932,981)</b>
<b>Net book value March 31, 2021</b>	<b>811,367</b>	<b>97,139</b>	<b>127,938</b>	<b>1,036,444</b>

USD Thousands	Canada	Malaysia	France	Total
<b>Cost</b>				
January 1, 2020	905,394	493,231	385,775	1,784,400
Granite Acquisition	47,076	–	–	47,076
Additions	40,816	20,274	11,323	72,413
Change in estimates	(11,395)	3,787	4,423	(3,185)
Reclassification	84	6,436	51	6,571
Currency translation adjustments	22,630	–	36,088	58,718
<b>December 31, 2020</b>	<b>1,004,605</b>	<b>523,728</b>	<b>437,660</b>	<b>1,965,993</b>
<b>Accumulated depletion</b>				
January 1, 2020	(122,595)	(392,432)	(191,492)	(706,519)
Depletion charge for the period	(66,810)	(27,759)	(17,327)	(111,896)
Impairment costs of oil and gas properties	–	–	(73,143)	(73,143)
Currency translation adjustments	(5,917)	–	(18,600)	(24,517)
<b>December 31, 2020</b>	<b>(195,322)</b>	<b>(420,191)</b>	<b>(300,562)</b>	<b>(916,075)</b>
<b>Net book value December 31, 2020</b>	<b>809,283</b>	<b>103,537</b>	<b>137,098</b>	<b>1,049,918</b>

## Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020, UNAUDITED

### 8. OTHER TANGIBLE FIXED ASSETS

USD Thousands	FPSO	Other	Total
<b>Cost</b>			
January 1, 2021	208,063	10,413	218,476
Additions	–	22	22
Disposals	–	(57)	(57)
Currency translation adjustments	(1,090)	(213)	(1,303)
<b>March 31, 2021</b>	<b>206,973</b>	<b>10,165</b>	<b>217,138</b>
<b>Accumulated depreciation</b>			
January 1, 2021	(152,416)	(6,862)	(159,278)
Depreciation charge for the period	(2,269)	(232)	(2,501)
Disposals	–	57	57
Currency translation adjustments	–	163	163
<b>March 31, 2021</b>	<b>(154,685)</b>	<b>(6,874)</b>	<b>(161,559)</b>
<b>Net book value March 31, 2021</b>	<b>52,288</b>	<b>3,291</b>	<b>55,579</b>

USD Thousands	FPSO	Other	Total
<b>Cost</b>			
January 1, 2020	205,989	9,420	215,409
Granite Acquisition	–	85	85
Additions	–	426	426
Disposals	–	(79)	(79)
Currency translation adjustments	2,074	561	2,635
December 31, 2020	208,063	10,413	218,476
<b>Accumulated depreciation</b>			
January 1, 2020	(140,735)	(5,659)	(146,394)
Depreciation charge for the period	(11,681)	(882)	(12,563)
Disposals	–	79	79
Currency translation adjustments	–	(400)	(400)
December 31, 2020	(152,416)	(6,862)	(159,278)
<b>Net book value December 31, 2020</b>	<b>55,647</b>	<b>3,551</b>	<b>59,198</b>

The FPSO located on the Bertam field, Malaysia, is being depreciated on a unit of production basis from July 2019 based on the Bertam field 2P reserves. The depreciation charge is included in the depreciation of other assets line in the statement of operations.

For office equipment and other assets, the depreciation charge for the year is based on cost and an estimated useful life of 3 to 5 years. The depreciation charge is included within the general, administration and depreciation expenses in the statement of operations.

## Notes to the Interim Condensed Consolidated Financial Statements

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### 9. OTHER ASSETS

USD Thousands	March 31, 2021	December 31, 2020
Long-term receivables	19,598	20,210
Financial assets	28	29
	<b>19,626</b>	<b>20,239</b>

Long-term receivables represent cash payments made to an asset retirement obligation fund in respect of the Bertam asset, Malaysia.

### 10. INVENTORIES

USD Thousands	March 31, 2021	December 31, 2020
Hydrocarbon stocks	16,006	6,606
Well supplies and operational spares	9,977	10,464
	<b>25,983</b>	<b>17,070</b>

### 11. TRADE AND OTHER RECEIVABLES

USD Thousands	March 31, 2021	December 31, 2020
Trade receivables	67,188	51,614
Underlift	815	5,057
Joint operations debtors	1,313	1,792
Prepaid expenses and accrued income	5,572	5,524
Other	1,492	2,164
	<b>76,380</b>	<b>66,151</b>

### 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include only cash at hand or held in bank accounts.

### 13. SHARE CAPITAL

The Corporation's issued common share capital is as follows:

	Number of shares
Balance at January 1, 2020	159,790,869
Cancellation of repurchased common shares	(4,448,112)
Balance at December 31, 2020	<b>155,342,757</b>
Stock option exercise	25,000
Balance at March 31, 2021	<b>155,367,757</b>

## Notes to the Interim Condensed Consolidated Financial Statements

### For the three months ended March 31, 2021 and 2020, UNAUDITED

The common shares of IPC trade on both the Toronto Stock Exchange and the Nasdaq Stockholm.

As at January 1, 2020, the total number of common shares issued and outstanding in IPC was 159,790,869. In November 2019, IPC announced the commencement of a share repurchase program. During Q1 2020, IPC repurchased an aggregate of 4,448,112 common shares and all of these shares were cancelled. IPC suspended further share repurchases under the program which expired in November 2020. Following the exercise of stock options during February 2021, the number of issued and outstanding common shares of the Corporation increased by 25,000 to 155,367,757 common shares with voting rights. As at March 31, 2021, and as at May 5, 2021, IPC had a total of 155,367,757 common shares issued and outstanding.

In addition, IPC has 117,485,389 outstanding class A preferred shares, issued as a part of an internal corporate structuring to a wholly-owned subsidiary of IPC. Such preferred shares are not listed on any stock exchange, do not carry the right to vote on matters to be decided by the holders of IPC's common shares and does not impact the earnings per share calculations.

#### 14. EARNINGS PER SHARE

Basic earnings per share are based on net result attributable to the common shareholders and is calculated based upon the weighted-average number of common shares outstanding during the periods presented.

	Three months ended March 31	
	2021	2020
Net result attributable to shareholders of the Parent Company, USD	26,883,563	(40,059,219)
Weighted average number of shares for the period	155,352,027	159,790,869
<b>Earnings per share, USD</b>	<b>0.17</b>	<b>(0.25)</b>
Weighted average diluted number of shares for the period	157,411,594	160,801,631
<b>Earnings per share fully diluted, USD</b>	<b>0.17</b>	<b>(0.25)</b>

#### 15. FINANCIAL LIABILITIES

USD Thousands	March 31, 2021	December 31, 2020
Bank loans	303,328	327,691
Capitalized financing fees	(2,979)	(3,556)
	<b>300,349</b>	<b>324,135</b>

As at January 1, 2020, the Group had a reserve-based lending credit facility of USD 175 million (the "International RBL") with a maturity to end June 2022 in connection with its oil and gas assets in France and Malaysia. In addition, the Group had a reserve-based lending credit facility of CAD 375 million (the "Canadian RBL") with a maturity date in May 2021, in connection with its oil and gas assets in Canada.

In May 2020, IPC entered into a EUR 13 million unsecured credit facility in France (the "France Facility") under a financial assistance program instituted by the French government. In April 2021, IPC extended the France Facility until May 2026, with quarterly repayments commencing in August 2022. The France Facility amount was fully drawn as at March 31, 2021 and as at May 5, 2021.

In June 2020, the Group amended and extended the International RBL to a facility size of USD 125 million, with a maturity at the end of December 2024. In July 2020, the facility size was further increased to USD 140 million.

In July 2020, the Group also amended and extended the Canadian RBL to a facility size of CAD 350 million with a maturity extended by 12 months until the end of May 2022. Under the Canadian RBL, the Group is required, and has satisfied the requirement, to hedge 30% of forecast production in Canada (other than in respect of the Ferguson asset) over the period from October 1, 2020 to June 30, 2021.

In March 2020, in connection with the completion of the Granite Acquisition, the Group assumed the bank debt of Granite consisting of a revolving credit facility of CAD 42.5 million (the "Granite Facility"). In December 2020, the Granite Facility was amended to a CAD 30 million revolving credit facility, reducing down to CAD 25 million as at July 1, 2021 with a maturity of December 31, 2021. The Granite Facility was drawn as to CAD 28 million as at March 31, 2021. Under the Granite Facility, the Group is required, and has satisfied the current requirement, to hedge 50% of forecast production up to December 31, 2021 in respect of the Ferguson asset.

## Notes to the Interim Condensed Consolidated Financial Statements

### For the three months ended March 31, 2021 and 2020, UNAUDITED

The borrowing base availability under the International RBL was agreed in December 2020 at USD 102 million of which USD 63 million was drawn as at March 31, 2021. The borrowing base availability under the Canadian RBL was amended in December 2020 to CAD 325 million of which CAD 255 million was drawn as at March 31, 2021.

With the exception of the Granite Facility, no facility repayment schedule results in mandatory repayment within the next twelve months. As such, the amounts drawn under the International RBL, the France Facility and the Canadian RBL as at March 31, 2021, are classified as non-current.

The Group is in compliance with the covenants of the financing facilities as at March 31, 2021.

#### 16. PROVISIONS

USD Thousands	Asset retirement obligation	Farm-in obligation	Pension obligation	Other	Total
<b>January 1, 2021</b>	192,701	4,350	5,558	1,540	204,149
Additions	–	–	–	82	82
Unwinding of asset retirement obligation discount	2,857	–	–	–	2,857
Payments	(333)	–	–	(210)	(543)
Currency translation adjustments	(908)	(132)	–	(39)	(1,079)
<b>March 31, 2021</b>	<b>194,317</b>	<b>4,218</b>	<b>5,558</b>	<b>1,373</b>	<b>205,466</b>
Non-current	187,900	3,013	5,558	1,308	197,779
Current	6,417	1,205	0	65	7,687
<b>Total</b>	<b>194,317</b>	<b>4,218</b>	<b>5,558</b>	<b>1,373</b>	<b>205,466</b>

USD Thousands	Asset retirement obligation	Farm-in obligation	Pension obligation	Other	Total
January 1, 2020	176,305	6,720	4,413	2,399	189,837
Granite Acquisition	4,498	–	–	–	4,498
Additions	–	–	603	1,269	1,872
Unwinding of asset retirement obligation discount	10,837	–	–	–	10,837
Changes in estimates	(2,563)	(622)	703	–	(2,482)
Payments	(4,324)	(1,814)	(636)	(2,179)	(8,953)
Reclassification <sup>1</sup>	1,967	–	–	–	1,967
Currency translation adjustments	5,981	66	475	51	6,573
December 31, 2020	192,701	4,350	5,558	1,540	204,149
Non-current	187,012	3,107	5,558	1,268	196,945
Current	5,689	1,243	–	272	7,204
<b>Total</b>	<b>192,701</b>	<b>4,350</b>	<b>5,558</b>	<b>1,540</b>	<b>204,149</b>

<sup>1</sup> The reclassification of the asset retirement obligation related to the 2020 payment to the asset retirement obligation fund in respect of the Bertam asset, Malaysia.

The farm-in obligation relates to future payments for historic costs on Block PM307 in Malaysia payable on reaching certain Bertam field production milestones.

In calculating the present value of the asset retirement obligation provision, a blended rate of 6% (2020: 6%) was used, based on a credit risk adjusted rate.



# Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020, UNAUDITED

## 17. TRADE AND OTHER PAYABLES

USD Thousands	March 31, 2021	December 31, 2020
Trade payables	8,515	11,635
Joint operations creditors	13,879	14,135
Accrued expenses	45,987	34,453
Other	2,574	3,127
	<b>70,955</b>	<b>63,350</b>

## 18. FINANCIAL ASSETS AND LIABILITIES

### Financial assets and liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

March 31, 2021 USD Thousands	Total	Financial assets at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Other assets	19,626	19,626	–	–
Derivative instruments	362	–	–	362
Joint operation debtors	1,313	1,313	–	–
Other current receivables <sup>1</sup>	70,702	69,887	815	–
Cash and cash equivalents	17,196	17,196	–	–
<b>Financial assets</b>	<b>109,199</b>	<b>108,1022</b>	<b>815</b>	<b>362</b>

<sup>1</sup> Prepayments are not included in other current assets, as prepayments are not deemed to be financial instruments

March 31, 2021 USD Thousands	Total	Financial liabilities at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Non-current financial liabilities	277,889	277,889	–	–
Current financial liabilities	22,460	22,460	–	–
Derivative instruments	6,061	–	–	6,061
Joint operation creditors	13,879	13,879	–	–
Other current liabilities	12,603	12,603	–	–
<b>Financial liabilities</b>	<b>332,892</b>	<b>326,831</b>	<b>–</b>	<b>6,061</b>

December 31, 2020 USD Thousands	Total	Financial assets at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Other assets	20,239	20,239	–	–
Derivative instruments	1,591	–	–	1,591
Joint operation debtors	1,792	1,792	–	–
Other current receivables <sup>1</sup>	59,992	54,935	5,057	–
Cash and cash equivalents	6,498	6,498	–	–
<b>Financial assets</b>	<b>90,112</b>	<b>83,464</b>	<b>5,057</b>	<b>1,591</b>

<sup>1</sup> Prepayments are not included in other current assets, as prepayments are not deemed to be financial instruments

## Notes to the Interim Condensed Consolidated Financial Statements

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December 31, 2020 USD Thousands	Total	Financial liabilities at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Non-current financial liabilities	301,153	301,153	–	–
Current financial liabilities	22,982	22,982	–	–
Derivative instruments	2,746	–	–	2,746
Joint operation creditors	14,135	14,135	–	–
Other current liabilities	15,617	15,617	–	–
Financial liabilities	356,633	353,887	–	2,746

The carrying amount of the Group's financial assets approximate their fair values at the balance sheet dates.

For financial instruments measured at fair value in the balance sheet, the following fair value measurement hierarchy is used:

- Level 1: based on quoted prices in active markets;
- Level 2: based on inputs other than quoted prices as within level 1, that are either directly or indirectly observable;
- Level 3: based on inputs which are not based on observable market data.

Based on this hierarchy, financial instruments measured at fair value can be detailed as follows:

March 31, 2021 USD Thousands	Level 1	Level 2	Level 3
Other current receivables	815	–	–
Derivative instruments – current	–	362	–
<b>Financial assets</b>	<b>815</b>	<b>362</b>	<b>–</b>
Derivative instruments – current	–	6,061	–
<b>Financial liabilities</b>	<b>–</b>	<b>6,061</b>	<b>–</b>

December 31, 2020 USD Thousands	Level 1	Level 2	Level 3
Other current receivables	5,057	–	–
Derivative instruments – current	–	1,591	–
Financial assets	5,057	1,591	–
Derivative instruments – current	–	2,746	–
Financial liabilities	–	2,746	–

The Group had gas price sale financial hedges outstanding as at March 31, 2021, which are summarized as follows:

Period	Volume (Gigajoules (GJ) per day)	Type	Average Pricing
April 1, 2021 – June 30, 2021	40,000	AECO Swap	CAD 2.49/GJ
July 1, 2021 – September 30, 2021	40,000	AECO Swap	CAD 2.51/GJ
October 1, 2021 – October 31, 2021	15,000	AECO Swap	CAD 2.52/GJ

Period	Volume (barrels per day)	Type	Average Pricing
April 1, 2021 – June 30, 2021	500	WTI Swap	USD 59.10/bbl
April 1, 2021 - June 30, 2021	8,300	WCS Swap	USD 42.81/bbl
July 1, 2021 - September 30, 2021	5,350	WCS Swap	USD 45.46/bbl
October 1, 2021 - December 31, 2021	5,000	WCS Swap	USD 44.16/bbl
April 1, 2021 – June 30, 2021	300	WTI Collar	USD 35/bbl - 45.83/bbl
April 1, 2021 - June 30, 2021	300	WCS/WTI Differential	USD -14.65/bbl

All of the above hedges are treated as effective and changes to the fair value are reflected in other comprehensive income.

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## For the three months ended March 31, 2021 and 2020, UNAUDITED

### 19. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

IPC has an obligation to make payments towards historic costs on Block PM307 in Malaysia payable on the Bertam field for every 1 MMboe gross that the field produces above 10 MMboe gross. The estimated liability based on current 2P reserves has been provided for in the Group's Balance Sheet (see Note 16).

The Bertam field has leased the FPSO Bertam from another Group company for an initial period of six years commencing April 2015, with four one-year options to extend such lease beyond the initial period, up to April 2025 (see Note 22).

### 20. RELATED PARTIES

Lundin Energy has charged the Group USD 162 thousand in respect of office space rental and USD 391 thousand in respect of shared services provided during Q1 2021.

All transactions with related parties are in the normal course of business and are made on the same terms and conditions as with parties at arm's length.

### 21. IMPACT OF COVID-19

The current and any future Covid-19 outbreaks may increase IPC's exposure to, and magnitude of, each of the risks and uncertainties identified in IPC's Annual Information Form for the year ended December 31, 2020 ("AIF") and previous annual information forms, financial reports and MD&A that result from a reduction in demand for oil and gas consumption and/or lower commodity prices and/or reliance on third parties. 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 the three months ended March 31, 2021. 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.

The Group will continue to monitor this situation and IPC will work to adapting its business to further developments as determined necessary or appropriate.

### 22. SUBSEQUENT EVENTS

Petronas Carigali SDN Bhd withdrew from the Production Sharing Contract and the Joint Operating Agreement for the Bertam Field in Malaysia with an effective date of April 10, 2021 and IPC increased its working interest in the Bertam Field from 75% to 100% as of such date. In addition, the Group exercised a one year option to extend the lease of the FPSO Bertam up to April 2022.

In April 2021, IPC extended the France Facility for further 5 years until May 2026.

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