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International Petroleum Corporation

***Interim Condensed Consolidated
Financial Statements***

For the three and six months ended June 30, 2022



**International
Petroleum
Corp.**

Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021, UNAUDITED

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Interim Condensed Consolidated Statement of Operations

For the three and six months ended June 30, 2022 and 2021, UNAUDITED

USD Thousands	Note	Three months ended - June 30		Six months ended - June 30	
		2022	2021	2022	2021
Revenue	2	317,403	144,278	578,709	278,562
Cost of sales					
Production costs	3	(120,014)	(76,213)	(232,087)	(141,835)
Depletion and decommissioning costs	7	(31,830)	(30,197)	(59,782)	(58,267)
Depreciation of other assets		(3,021)	(2,768)	(5,101)	(5,037)
Exploration and business development costs		(829)	(814)	(930)	(1,207)
Gross profit	2	161,709	34,286	280,809	72,216
General, administration and depreciation expenses		(3,743)	(3,351)	(7,916)	(6,169)
Profit before financial items		157,966	30,935	272,893	66,047
Finance income	4	556	3,752	628	3,074
Finance costs	5	(15,853)	(8,435)	(22,532)	(16,249)
Net financial items		(15,297)	(4,683)	(21,904)	(13,175)
Profit before tax		142,669	26,252	250,989	52,872
Income tax	6	(37,452)	(4,559)	(64,950)	(4,288)
Net result		105,217	21,693	186,039	48,584
Net result attributable to:					
Shareholders of the Parent Company		105,195	21,686	186,002	48,570
Non-controlling interest		22	7	37	14
		105,217	21,693	186,039	48,584
Earnings per share – USD ¹	15	0.70	0.14	1.22	0.31
Earnings per share fully diluted – USD ¹	15	0.68	0.14	1.19	0.31

¹ 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 and six months ended June 30, 2022 and 2021, UNAUDITED

USD Thousands	Note	Three months ended - June 30		Six months ended - June 30	
		2022	2021	2022	2021
Net result		105,217	21,693	186,039	48,584
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Hedging (gains) / losses reclassified to profit or loss	2	8,600	10,753	8,856	14,653
Gains / (losses) on cash flow hedges		16,411	(20,913)	3,293	(29,331)
Income tax relating to these items		(6,252)	2,531	(3,005)	3,648
Currency translation adjustments		(22,857)	6,852	(17,771)	8,323
Total comprehensive income		101,119	20,916	177,412	45,877
Total comprehensive income attributable to:					
Shareholders of the Parent Company		101,105	20,908	177,385	45,865
Non-controlling interest		14	8	27	12
		101,119	20,916	177,412	45,877

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Balance Sheet

As at June 30, 2022 and December 31, 2021, UNAUDITED

USD Thousands	Note	June 30, 2022	December 31, 2021
ASSETS			
Non-current assets			
Oil and gas properties	7	958,266	971,571
Other tangible fixed assets	8	38,926	46,363
Right-of-use assets		1,255	1,639
Deferred tax assets	6	11,164	67,188
Other assets	9	35,865	35,753
Total non-current assets		1,045,476	1,122,514
Current assets			
Inventories	10	30,380	20,195
Trade and other receivables	11	156,034	110,897
Derivative instruments	19	16,865	1,159
Current tax receivables		18	99
Other assets	12	99,650	–
Cash and cash equivalents	13	327,860	18,810
Total current assets		630,807	151,160
TOTAL ASSETS		1,676,283	1,273,674
LIABILITIES			
Non-current liabilities			
Financial liabilities	16	10,156	109,219
Bonds	16	294,882	–
Lease liabilities		595	980
Provisions	17	199,555	198,811
Deferred tax liabilities	6	23,492	22,142
Total non-current liabilities		528,680	331,152
Current liabilities			
Trade and other payables	18	126,189	79,841
Financial liabilities	16	3,322	1,806
Current tax liabilities		4,737	5,093
Lease liabilities		655	684
Provisions	17	5,631	7,555
Derivative instruments	19	3,541	–
Total current liabilities		144,075	94,979
EQUITY			
Shareholders' equity		1,003,344	847,386
Non-controlling interest		184	157
Net shareholders' equity		1,003,528	847,543
TOTAL EQUITY AND LIABILITIES		1,676,283	1,273,674

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 and six months ended June 30, 2022 and 2021, UNAUDITED

USD Thousands	Note	Three months ended - June 30		Six months ended - June 30	
		2022	2021	2022	2021
Cash flow from operating activities					
Net result		105,217	21,693	186,039	48,584
Adjustments for non-cash related items:					
Depletion, depreciation and amortization	7,8	35,243	33,432	65,678	64,190
Exploration costs	7	–	263	–	270
Income tax	6	37,452	4,559	64,950	4,288
Amortization of capitalized financing fees	5	317	547	2,642	1,137
Foreign currency exchange	4,5	7,102	(3,744)	4,043	(3,066)
Interest expense	5	5,481	4,331	9,515	8,330
Unwinding of asset retirement obligation discount	5	2,729	2,941	5,489	5,798
Share-based costs		2,268	2,014	3,999	3,345
Other		160	154	410	257
Cash flow generated from operations (before working capital adjustments and income taxes)		195,969	66,190	342,765	133,133
Changes in working capital		(2,892)	(2,675)	(28,379)	(15,999)
Decommissioning costs paid	17	(2,435)	(1,555)	(3,762)	(1,888)
Other payments	17	–	(68)	(598)	(278)
Income taxes paid		(7,915)	(218)	(8,889)	(340)
Interest paid		(52)	(4,255)	(498)	(7,946)
Net cash flow from operating activities		182,675	57,419	300,639	106,682
Cash flow used in investing activities					
Investment in oil and gas properties	7	(29,788)	(7,215)	(68,141)	(18,886)
Investment in other fixed assets	8	(40)	(105)	(88)	(127)
Net cash (outflow) from investing activities		(29,828)	(7,320)	(68,229)	(19,013)
Cash flow from financing activities					
Borrowings / (Repayments)	16	346	(45,143)	(98,396)	(71,669)
Bonds issuance	16	–	–	300,000	–
Paid financing fees	16	–	(624)	(5,583)	(605)
Financing of Substantial Issuer Bid ("SIB")	12, 22	(99,650)	–	(99,650)	–
Repurchase of own shares	14	–	–	(21,029)	–
Other payments		(166)	(171)	(350)	(368)
Net cash (outflow) from financing activities		(99,470)	(45,938)	74,992	(72,642)
Change in cash and cash equivalents		53,377	4,161	307,402	15,027
Cash and cash equivalents at the beginning of the period		272,033	17,196	18,810	6,498
Currency exchange difference in cash and cash equivalents		2,450	(95)	1,648	(263)
Cash and cash equivalents at the end of the period		327,860	21,262	327,860	21,262

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Changes in Equity

For the three and six months ended June 30, 2022 and 2021, 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, 2021	532,379	152,184	16,776	10,088	(877)	(2,229)	708,321	132	708,453
Net result	–	48,570	–	–	–	–	48,570	14	48,584
Cash flow hedge	–	–	–	–	(11,030)	–	(11,030)	–	(11,030)
Currency translation difference	–	–	8,224	202	(101)	–	8,325	(2)	8,323
Total comprehensive income	–	48,570	8,224	202	(11,131)	–	45,865	12	45,877
Issuance of new shares ¹	93	–	–	–	–	–	93	–	93
Share based payments ²	2,859	–	–	(330)	–	–	2,529	–	2,529
Balance at June 30, 2021	535,331	200,754	25,000	9,960	(12,008)	(2,229)	756,808	144	756,952

¹ See Note 14

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, 2022	528,764	298,212	11,291	9,700	874	(1,455)	847,386	157	847,543
Net result	–	186,002	–	–	–	–	186,002	37	186,039
Cash flow hedge	–	–	–	–	9,144	–	9,144	–	9,144
Currency translation difference	–	–	(17,532)	(245)	16	–	(17,761)	(10)	(17,771)
Total comprehensive income	–	186,002	(17,532)	(245)	9,160	–	177,385	27	177,412
Repurchase of own shares ¹	(21,029)	–	–	–	–	–	(21,029)	–	(21,029)
Share based payments ²	(2,432)	–	–	2,034	–	–	(398)	–	(398)
Balance at June 30, 2022	505,303	484,214	(6,241)	11,489	10,034	(1,455)	1,003,344	184	1,003,528

¹ See Note 14

² The second instalment of IPC RSU 2020 awards and the first instalment of IPC RSU 2021 awards vested on February 28, 2022, at a price of CAD 8.93 per award. The difference between the value at vesting date and at grant (respectively CAD 4.35 per award and CAD 4.07 per award) 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 and six months ended June 30, 2022 and 2021, 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 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 April 10, 2021, IPC increased its working interest in the Bertam field, Malaysia, from 75% to 100% following the completion of the withdrawal of Petronas Carigali Sdn Bhd from Block PM307 and assignment of its working interest to IPC.

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, 2021, 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.

The unaudited interim condensed consolidated financial statements have been approved by the Board of Directors of IPC and authorized for issuance on August 2, 2022.

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, 2021.

C. Going concern

The Group's consolidated financial statements for the six months ended June 30, 2022, 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 six months ended June 30, 2022, the Group applied the amended accounting standards, interpretations and annual improvement points that are effective as of January 1, 2022.

Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021, 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 - June 30, 2022				Total
	Canada	Malaysia	France	Other	
Crude oil	245,662	32,630	27,741	–	306,033
NGLs	235	–	–	–	235
Gas	51,229	–	–	–	51,229
Net sales of oil and gas	297,126	32,630	27,741	–	357,497
Change in under/over lift position	–	–	4,668	–	4,668
Royalties	(36,346)	–	–	–	(36,346)
Hedging settlement	(8,600)	–	–	–	(8,600)
Other operating revenue	–	–	184	–	184
Revenue	252,180	32,630	32,593	–	317,403
Operating costs	(54,964)	(6,822)	(10,764)	–	(72,550)
Cost of blending	(57,639)	–	–	–	(57,639)
Change in inventory position	1,505	8,547	123	–	10,175
Depletion and decommissioning costs	(18,918)	(9,713)	(3,199)	–	(31,830)
Depreciation of other tangible fixed assets	–	(3,021)	–	–	(3,021)
Exploration and business development costs	97	–	–	(926)	(829)
Gross profit/(loss)	122,261	21,621	18,753	(926)	161,709

USD Thousands	Three months ended - June 30, 2021				Total
	Canada	Malaysia	France	Other	
Crude oil	105,662	18,031	16,580	–	140,273
NGLs	149	–	–	–	149
Gas	21,372	–	–	–	21,372
Net sales of oil and gas	127,183	18,031	16,580	–	161,794
Change in under/over lift position	–	–	3,124	–	3,124
Royalties	(10,360)	–	–	–	(10,360)
Hedging settlement	(10,753)	–	–	–	(10,753)
Other operating revenue	–	383	242	(152)	473
Revenue	106,070	18,414	19,946	(152)	144,278
Operating costs	(46,058)	(7,224)	(10,157)	–	(63,439)
Cost of blending	(19,592)	–	–	–	(19,592)
Change in inventory position	35	6,839	(56)	–	6,818
Depletion and decommissioning costs	(17,651)	(8,256)	(4,290)	–	(30,197)
Depreciation of other assets	–	(2,768)	–	–	(2,768)
Exploration and business development costs	(4)	(259)	–	(551)	(814)
Gross profit / (loss)	22,800	6,746	5,443	(703)	34,286

Notes to the Interim Condensed Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021, UNAUDITED

Six months ended - June 30, 2022

USD Thousands	Canada	Malaysia	France	Other	Total
Crude oil	436,892	68,644	61,400	–	566,936
NGLs	462	–	–	–	462
Gas	81,445	–	–	–	81,445
Net sales of oil and gas	518,799	68,644	61,400	–	648,843
Change in under/over lift position	–	–	(1,445)	–	(1,445)
Royalties	(60,334)	–	–	–	(60,334)
Hedging settlement	(8,856)	–	–	–	(8,856)
Other operating revenue	101	–	400	–	501
Revenue	449,710	68,644	60,355	–	578,709
Operating costs	(107,401)	(16,408)	(21,726)	–	(145,535)
Cost of blending	(100,280)	–	–	–	(100,280)
Change in inventory position	2,433	10,683	612	–	13,728
Depletion and decommissioning costs	(36,777)	(16,402)	(6,603)	–	(59,782)
Depreciation of other tangible fixed assets	–	(5,101)	–	–	(5,101)
Exploration and business development costs	97	–	–	(1,027)	(930)
Gross profit/(loss)	207,782	41,416	32,638	(1,027)	280,809

Six months ended - June 30, 2021

USD Thousands	Canada	Malaysia	France	Other	Total
Crude oil	194,895	31,064	39,751	–	265,710
NGLs	265	–	–	–	265
Gas	41,092	–	–	–	41,092
Net sales of oil and gas	236,252	31,064	39,751	–	307,067
Change in under/over lift position	–	–	(1,006)	–	(1,006)
Royalties	(17,641)	–	–	–	(17,641)
Hedging settlement	(14,653)	–	–	–	(14,653)
Other operating revenue	–	4,208	523	64	4,795
Revenue	203,958	35,272	39,268	64	278,562
Operating costs	(86,885)	(12,885)	(20,310)	–	(120,080)
Cost of blending	(38,036)	–	–	–	(38,036)
Change in inventory position	979	15,076	226	–	16,281
Depletion and decommissioning costs	(34,897)	(15,025)	(8,345)	–	(58,267)
Depreciation of other assets	–	(5,037)	–	–	(5,037)
Exploration and business development costs	(4)	(259)	(7)	(937)	(1,207)
Gross profit / (loss)	45,115	17,142	10,832	(873)	72,216

Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021, UNAUDITED

3. PRODUCTION COSTS

USD Thousands	Three months ended - June 30		Six months ended - June 30	
	2022	2021	2022	2021
Cost of operations	60,053	51,559	120,757	97,453
Tariff and transportation expenses	9,193	8,836	18,521	17,539
Direct production taxes	3,304	3,044	6,257	5,088
Operating costs	72,550	63,439	145,535	120,080
Cost of blending ¹	57,639	19,592	100,280	38,036
Change in inventory position	(10,175)	(6,818)	(13,728)	(16,281)
Total production costs	120,014	76,213	232,087	141,835

¹ 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 and a net gain of USD 28 thousand and a net cost of USD 140 thousand was recognized for Q2 2022 and Q2 2021 respectively (a gain of USD 39 thousand and a cost of USD 70 thousand for the first six months of 2022 and 2021 respectively).

4. FINANCE INCOME

USD Thousands	Three months ended - June 30		Six months ended - June 30	
	2022	2021	2022	2021
Foreign exchange gain, net	–	3,744	–	3,066
Interest income	549	8	604	8
Other financial income	7	–	24	–
Total finance income	556	3,752	628	3,074

5. FINANCE COSTS

USD Thousands	Three months ended - June 30		Six months ended - June 30	
	2022	2021	2022	2021
Foreign exchange loss, net	7,102	–	4,043	–
Interest expense	5,481	4,331	9,515	8,330
Unwinding of asset retirement obligation discount	2,729	2,941	5,489	5,798
Amortization of capitalized financing fees	317	547	2,642	1,137
Loan commitment fees	95	461	354	734
Other financial costs	129	155	489	250
Total finance costs	15,853	8,435	22,532	16,249

6. INCOME TAX

USD Thousands	Three months ended - June 30		Six months ended - June 30	
	2022	2021	2022	2021
Current tax	(4,874)	(1,106)	(8,997)	(2,047)
Deferred tax	(32,578)	(3,453)	(55,953)	(2,241)
Total tax recovery / (expense)	(37,452)	(4,559)	(64,950)	(4,288)

The deferred tax amount arises primarily where there is a difference in depletion for tax and accounting purposes. The deferred tax expense in the statement of operations for the current period mainly relates to the tax losses carried forward used during the first six months of 2022.

Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021, UNAUDITED

Specification of deferred tax assets and tax liabilities¹

USD Thousands	June 30, 2022	December 31, 2021
Unused tax loss carry forward	71,896	115,560
Other	3,030	3,414
Deferred tax assets	74,926	118,974
Accelerated allowances	83,963	73,641
Other	3,291	287
Deferred tax liabilities	87,254	73,928
Deferred taxes, net	(12,328)	45,046

¹ 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 Canada. 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	2022	2021
Exploration and Evaluation Assets	12,970	18,037
Property, plant and Equipment	945,296	953,534
Oil and gas properties	958,266	971,571

Exploration and Evaluation Assets

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2022	12,751	181	5,105	18,037
Additions ¹	(4,320)	78	4	(4,238)
Reclassification	–	(259)	–	(259)
Currency translation adjustments	(143)	–	(427)	(570)
Net book value June 30, 2022	8,288	–	4,682	12,970

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2021	15,409	44	5,533	20,986
Additions ¹	(2,723)	472	7	(2,244)
Expensed exploration and evaluation costs	(8)	(259)	(7)	(274)
Reclassification	–	(76)	–	(76)
Currency translation adjustments	73	–	(428)	(355)
Net book value December 31, 2021	12,751	181	5,105	18,037

¹ Net revenues on appraisal projects amounting to USD 5,750 thousand for the first six months of 2022 are being offset against capitalised costs of Exploration and Evaluation assets.

Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021, UNAUDITED

Property, Plant and Equipment

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2022	1,021,944	534,443	408,211	1,964,598
Additions	44,897	26,330	1,152	72,379
Change in estimates	–	964	–	964
Reclassification	–	259	–	259
Currency translation adjustments	(17,894)	–	(33,561)	(51,455)
June 30, 2022	1,048,947	561,996	375,802	1,986,745
Accumulated depletion				
January 1, 2022	(267,585)	(450,347)	(293,132)	(1,011,064)
Depletion charge for the period	(36,777)	(16,402)	(6,603)	(59,782)
Currency translation adjustments	5,101	–	24,296	29,397
June 30, 2022	(299,261)	(466,749)	(275,439)	(1,041,449)
Net book value June 30, 2022	749,686	95,247	100,363	945,296

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2021	1,004,605	523,728	437,660	1,965,993
Additional working interest ¹	–	1,078	–	1,078
Additions	33,450	10,333	2,451	46,234
Change in estimates	(18,174)	(772)	1,594	(17,352)
Reclassification	–	76	–	76
Currency translation adjustments	2,063	–	(33,494)	(31,431)
December 31, 2021	1,021,944	534,443	408,211	1,964,598
Accumulated depletion				
January 1, 2021	(195,322)	(420,191)	(300,562)	(916,075)
Depletion charge for the period	(72,764)	(30,156)	(16,093)	(119,013)
Currency translation adjustments	501	–	23,523	24,024
December 31, 2021	(267,585)	(450,347)	(293,132)	(1,011,064)
Net book value December 31, 2021	754,359	84,096	115,079	953,534

¹ Relates to the increased decommissioning liability relating to the additional 25% working interest in the Bertam field, Malaysia.

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For the three and six months ended June 30, 2022 and 2021, UNAUDITED

8. OTHER TANGIBLE FIXED ASSETS

USD Thousands	FPSO	Other	Total
Cost			
January 1, 2022	206,173	10,163	216,336
Additions	–	88	88
Currency translation adjustments	(1,878)	(477)	(2,355)
June 30, 2022	204,295	9,774	214,069
Accumulated depreciation			
January 1, 2022	(162,524)	(7,449)	(169,973)
Depreciation charge for the period	(5,101)	(430)	(5,531)
Currency translation adjustments	–	361	361
June 30, 2022	(167,625)	(7,518)	(175,143)
Net book value June 30, 2022	36,670	2,256	38,926

USD Thousands	FPSO	Other	Total
Cost			
January 1, 2021	208,063	10,413	218,476
Additions	–	242	242
Disposals	–	(72)	(72)
Currency translation adjustments	(1,890)	(420)	(2,310)
December 31, 2021	206,173	10,163	216,336
Accumulated depreciation			
January 1, 2021	(152,416)	(6,862)	(159,278)
Depreciation charge for the period	(10,108)	(979)	(11,087)
Disposals	–	72	72
Currency translation adjustments	–	320	320
December 31, 2021	(162,524)	(7,449)	(169,973)
Net book value December 31, 2021	43,649	2,714	46,363

The FPSO located on the Bertam field, Malaysia, is being depreciated on a unit of production basis 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.

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9. OTHER NON-CURRENT ASSETS

USD Thousands	June 30, 2022	December 31, 2021
Long-term receivables	28,138	28,024
Financial assets	7,727	7,729
	35,865	35,753

Long-term receivables represent cash payments made to an asset retirement obligation fund and financial assets mainly represent secured amounts transferred for the future asset retirement obligation, in respect of the Bertam field, Malaysia. (Also see Note 17.)

10. INVENTORIES

USD Thousands	June 30, 2022	December 31, 2021
Hydrocarbon stocks	22,847	8,355
Well supplies and operational spares	7,533	11,840
	30,380	20,195

11. TRADE AND OTHER RECEIVABLES

USD Thousands	June 30, 2022	December 31, 2021
Trade receivables	128,804	91,062
Underlift	7,640	9,827
Joint operations debtors	1,290	1,930
Prepaid expenses and accrued income	16,000	6,325
Other	2,300	1,753
	156,034	110,897

12. OTHER CURRENT ASSETS

USD Thousands	June 30, 2022	December 31, 2021
Other current assets	99,650	–
	99,650	–

Other current assets is cash of CAD 128 million (USD 99,650 thousand) held from June 29, 2022 to finance the repurchase and cancellation of 8,258,064 of its common shares in early July 2022 in respect of the Substantial Issuer Bid ("SIB"). (Also see Note 22.)

13. CASH AND CASH EQUIVALENTS

The cash and cash equivalents disclosed at June 30, 2022 includes the net proceeds of the USD 300 million senior unsecured bonds (the "Bonds") issuance after repayment of the outstanding reserve-based lending ("RBL") credit facilities. The amount of cash and cash equivalents is unrestricted. (Also see Note 16.)

Notes to the Interim Condensed Consolidated Financial Statements

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14. SHARE CAPITAL

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

	Number of shares
Balance at January 1, 2021	155,342,757
Stock option exercise	25,000
Cancellation of repurchased common shares	(169,652)
Balance at December 31, 2021	155,198,105
Cancellation of repurchased common shares	(4,232,092)
Balance at June 30, 2022	150,966,013

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

As at January 1, 2021, IPC had a total of 155,342,757 common shares issued and outstanding. 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. On December 1, 2021, IPC announced the commencement of a share repurchase program. During the period up to December 31, 2021, IPC repurchased an aggregate of 1,330,303 common shares, of which 169,652 shares were cancelled as at December 31, 2021. As at December 31, 2021, IPC had a total of 155,198,105 common shares issued and outstanding with voting rights.

As at June 30, 2022, following the cancellation during Q1 2022 of a further 4,232,092 common shares repurchased, IPC has a total of 150,966,013 common shares issued and outstanding with no par value.

On May 12, 2022 and June 10, 2022, IPC announced the terms of the Substantial Issuer Bid ("SIB") to purchase for cancellation up to CAD 128 million of its common shares commencing on May 16, 2022 and expiring on June 28, 2022. On June 29, 2022, IPC announced the results of its SIB and in July 2022, IPC cancelled 8,258,064 common shares repurchased under the SIB for a total amount of CAD 128 million.

Following the cancellation of 8,258,064 common shares repurchased in July 2022 under the SIB and a further 3,852,942 common shares repurchased of which 3,330,342 have been cancelled during July 2022, as at August 2, 2022, IPC has a total of 139,377,607 common shares issued and outstanding with no par value and held 522,600 common shares in treasury.

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.

15. 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.

USD Thousands	Three months ended - June 30		Six months ended - June 30	
	2022	2021	2022	2021
Net result attributable to shareholders of the Parent Company, USD	105,195,075	21,686,466	186,001,771	48,570,029
Weighted average number of shares for the period	150,966,013	155,367,757	153,035,036	155,359,979
Earnings per share, USD	0.70	0.14	1.22	0.31
Weighted average diluted number of shares for the period	154,330,367	158,082,287	156,399,389	158,074,509
Earnings per share fully diluted, USD	0.68	0.14	1.19	0.31

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16. FINANCIAL LIABILITIES

USD Thousands	June 30, 2022	December 31, 2021
Bank loans	13,478	113,121
Bonds	300,000	–
Capitalized financing fees	(5,118)	(2,096)
	308,360	111,025

In May 2020, IPC entered into a EUR 13 million unsecured credit facility in France (the “France Facility”). 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 June 30, 2022.

An amount of USD 3.3 million drawn under the France Facility as at June 30, 2022 is classified as current representing the repayment planned within the next twelve months.

In February 2022, IPC completed the issuance of USD 300 million of Bonds, which mature in February 2027 and have a fixed coupon rate of 7.25 percent per annum, payable in semi-annual instalments in August and February. The Group used a portion of the proceeds of the Bonds to fully repay the outstanding RBL credit facilities, which were then cancelled. At the same time, the Group entered into a revolving credit facility of CAD 75 million (the “Canadian RCF”) in connection with its oil and gas assets in Canada. The Canadian RCF has a maturity of February 2024 and no cash amounts were drawn under the Canadian RCF as at June 30, 2022.

The amounts drawn under the Bonds as at June 30, 2022, are classified as non-current as there are no mandatory repayments within the next twelve months.

The Group is in compliance with the covenants of the Bonds and financing facilities as at June 30, 2022.

17. PROVISIONS

USD Thousands	Asset retirement obligation	Farm-in obligation	Pension obligation	Other	Total
January 1, 2022	196,362	4,199	4,448	1,357	206,366
Additions	–	–	–	370	370
Unwinding of asset retirement obligation discount	5,489	–	–	–	5,489
Changes in estimates	964	–	–	–	964
Payments	(3,762)	(598)	–	–	(4,360)
Reclassification ¹	1,909	–	–	–	1,909
Currency translation adjustments	(5,284)	(199)	–	(69)	(5,552)
June 30, 2022	195,678	3,402	4,448	1,658	205,186
Non-current	191,748	1,701	4,448	1,658	199,555
Current	3,930	1,701	–	–	5,631
Total	195,678	3,402	4,448	1,658	205,186

¹The reclassification of the asset retirement obligation related to the 2022 payment to the asset retirement obligation fund in respect of the Bertam asset, Malaysia (see Note 9).

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USD Thousands	Asset retirement obligation	Farm-in obligation	Pension obligation	Other	Total
January 1, 2021	192,701	4,350	5,558	1,540	204,149
Additions ¹	15,993	–	293	159	16,445
Unwinding of asset retirement obligation discount	11,488	–	–	–	11,488
Changes in estimates	(17,952)	600	(578)	–	(17,930)
Payments	(3,945)	(601)	(629)	(277)	(5,452)
Reclassification ²	1,414	–	–	–	1,414
Currency translation adjustments	(3,337)	(150)	(196)	(65)	(3,748)
December 31, 2021	196,362	4,199	4,448	1,357	206,366
Non-current	190,607	2,399	4,448	1,357	198,811
Current	5,755	1,800	–	–	7,555
Total	196,362	4,199	4,448	1,357	206,366

¹ The addition of USD 15,993 thousand relates to the increased decommissioning liability relating to the additional 25% working interest in the Bertam field, Malaysia. The majority of this additional liability is covered by secured amounts transferred on assignment of the working interest. (See also Note 9).

² The reclassification of the asset retirement obligation related to the 2021 payment to the asset retirement obligation fund in respect of the Bertam asset, Malaysia (see Note 9).

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% (2021: 6%) was used, based on a credit risk adjusted rate.

18. TRADE AND OTHER PAYABLES

USD Thousands	June 30, 2022	December 31, 2021
Trade payables	15,474	9,043
Accrued operational expenses	103,844	65,530
Other	6,871	5,268
	126,189	79,841

19. FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities by category

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

June 30, 2022 USD Thousands	Total	Financial assets at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Other assets ¹	35,865	35,865	–	–
Derivative instruments	16,865	–	–	16,865
Joint operation debtors	1,290	1,290	–	–
Other current receivables ²	238,412	230,772	7,640	–
Cash and cash equivalents	327,860	327,860	–	–
Financial assets	620,292	595,787	7,640	16,865

¹ See Note 9.

² Prepayments are not included in other current assets, as prepayments are not deemed to be financial instruments.

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For the three and six months ended June 30, 2022 and 2021, UNAUDITED

June 30, 2022 USD Thousands	Total	Financial liabilities at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Non-current financial liabilities	305,038	305,038	–	–
Current financial liabilities	3,322	3,322	–	–
Derivative instruments	3,541	–	–	3,541
Joint operation creditors	20,422	20,422	–	–
Other current liabilities	27,082	27,082	–	–
Financial liabilities	359,405	355,864	–	3,541

December 31, 2021 USD Thousands	Total	Financial assets at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Other assets ¹	35,753	35,753	–	–
Derivative instruments	1,159	–	–	1,159
Joint operation debtors	1,930	1,930	–	–
Other current receivables ²	102,741	92,914	9,827	–
Cash and cash equivalents	18,810	18,810	–	–
Financial assets	160,393	149,407	9,827	1,159

¹ See Note 9.

² Prepayments are not included in other current assets, as prepayments are not deemed to be financial instruments.

December 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	109,219	109,219	–	–
Current financial liabilities	1,806	1,806	–	–
Derivative instruments	–	–	–	–
Joint operation creditors	20,201	20,201	–	–
Other current liabilities	19,404	19,404	–	–
Financial liabilities	150,630	150,630	–	–

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:

June 30, 2022 USD Thousands	Level 1	Level 2	Level 3
Other current receivables	7,640	–	–
Derivative instruments – current	–	–	–
Financial assets	7,640	–	–
Derivative instruments – current	–	16,865	–
Financial liabilities	–	16,865	–

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December 31, 2021	Level 1	Level 2	Level 3
USD Thousands			
Other current receivables	9,827	–	–
Derivative instruments – current	–	1,159	–
Financial assets	9,827	1,159	–
Derivative instruments – current	–	–	–
Financial liabilities	–	–	–

The Group had gas price sale financial hedges outstanding as at June 30, 2022, which are summarized as follows:

Period	Volume (Gigajoules (GJ) per day)	Type	Average Pricing
July 1, 2022 – September 30, 2022	35,000	AECO Swap	CAD 3.41/GJ

The Group had oil price sale financial hedges outstanding as at June 30, 2022, which are summarized as follows:

Period	Volume (barrels per day)	Type	Average Pricing
July 1, 2022 – December 31, 2022	16,000	WCS/WTI Differential	USD - 13.04/bbl

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

20. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

In Canada, an oil pipeline from the Onion Lake Thermal field to the Husky Alberta Gathering System has been built by Husky Midstream (“Husky”) for the exclusive use of IPC. Onion Lake Thermal oil production is blended with condensate before being transported via the pipeline and is therefore expected to attract improved realized prices as a result of the blended oil. The pipeline is also expected to improve the reliability and uptime of the transportation and production at Onion Lake Thermal. The initial investment in the pipeline was met by Husky and is to be recovered through an agreed tariff charged to IPC. IPC has committed to a firm transportation service for 15 years from commencement of service in April 2022, with total remaining tariffs committed as shown in the table below:

	2022	2023	2024	2025	2026	Thereafter
Transportation service (MCAD)	13.5	27.3	28.0	28.4	29.0	303.3

In Malaysia, IPC has an obligation to make payments towards historic costs on Block PM307 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 17).

21. RELATED PARTIES

Orrön Energy (formerly Lundin Energy) has charged the Group USD 310 thousand in respect of office space rental and USD 1,027 thousand in respect of shared services provided during the first half of 2022. Lundin Foundation has charged the Group USD 100 thousand in respect of sustainability advisory services provided to the Group during the first half of 2022.

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.

22. SUBSEQUENT EVENTS

On May 12, 2022 and in June 2022, IPC announced the terms of the Substantial Issuer Bid (“SIB”) to purchase for cancellation up to CAD 128 million of its common shares commencing on May 16, 2022 and expiring on June 28, 2022. On June 29, 2022, IPC announced the results of its SIB and held CAD 128 million (USD 99,650 thousand) to finance the repurchase of these common shares. In July 2022, IPC repurchased and cancelled 8,258,064 common shares under the SIB for a total amount of CAD 128 million.

Following the cancellation of 8,258,064 common shares repurchased in July 2022 under the SIB and a further 3,852,942 common shares repurchased of which 3,330,342 have been cancelled during July 2022, as at August 2, 2022, IPC has a total of 139,377,607 common shares issued and outstanding with no par value and held 522,600 common shares in treasury.

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