

## International Petroleum Corporation Second Quarter 2020 Financial Results and Corporate Update

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 for the six months ended June 30, 2020.

### Business Update

- Forecast 2020 net average production revised upwards to 37,000 to 40,000 barrels of oil equivalent per day (boepd) from the previous guidance of 30,000 to 37,000 boepd.
- Capital and decommissioning expenditure guidance marginally increased by MUSD 3 to MUSD 80.
- Financial flexibility strengthened with the refinancing of our International and Canadian Reserve Based Lending (RBL) credit facilities in addition to securing a new MEUR 13 unsecured credit facility in France.
- Assuming average Brent oil prices of USD 35 per barrel and average Western Canadian Select (WCS) oil prices of USD 22 per barrel for the second half of 2020, IPC expects to be free cash flow positive for that period and to have access to more than MUSD 100 of spare financial headroom by year end 2020.

### Q2 2020 Financial and Operational Highlights

- Average net production of approximately 35,700 boepd for Q2 2020 (31% heavy crude oil, 22% light and medium crude oil and 47% natural gas).
- Operating costs of USD 10.7 per boe for Q2 2020, slightly ahead of Q1 guidance. Full year forecast retained at USD 12 to 13 per boe.

USD Thousands	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Revenue	44,929	129,357	125,465	276,777
Gross profit / (loss)	(16,537)	39,287	(28,973)	86,172
Net result	(1,472)	25,744	(41,541)	58,886
Operating cash flow	14,742	76,496	36,223	159,552
Free cash flow	717	22,756	(41,995)	74,820
EBITDA	12,187	74,600	31,196	156,275
Net Debt	341,367	239,322	341,367	239,322

- Operating cash flow generation for the second quarter 2020 amounted to MUSD 14.7, ahead of our latest forecast as a result of oil prices strengthening through June 2020. Moreover, as a result of our spending reductions, operational choices made and our hedging program, IPC was free cash flow neutral during Q2 2020.
- Net debt increased from MUSD 302.5 as at March 31, 2020 to MUSD 341.4 as at June 30, 2020.
- Refinancing of IPC's RBL credit facilities has been successfully concluded. The International RBL facility size has been increased from MUSD 125 to MUSD 140 and the maturity extended by two and a half years to the end of 2024. The Canadian RBL facility has been refinanced at MCAD 350 and extended until end May 2022. In addition, in early May 2020 and as previously disclosed, a MEUR 13 credit facility was secured in France.

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

"The second quarter of 2020 is certainly one that all of us are relieved to see is behind us. The global Covid-19 outbreak and the resulting confinement measures placed on the world's population led to a collapse in world oil demand, inventories approaching breaking point, and an unprecedented level of volatility and commodity price weakness.

Thankfully though, we have seen encouraging steps taken by OPEC+ and other oil producers that have removed significant supply, helping to deal with the massive demand destruction. Those actions have helped to flatten the curve of inventory builds and have set us on a course expected to rebalance markets in the second half of 2020 and into 2021.

With governments now progressively easing the restrictions that have been imposed to contain the pandemic, together with the enormous financial and fiscal stimulus packages that have been announced, prospects for a rebalancing of the oil market have improved and IPC has started to plan for a recovery in both demand and prices. Clearly though, uncertainties remain around a potential second wave of infections and the impact that could have will determine the pace and magnitude of recovery in oil demand. A recovery in oil prices is likely to take some time, and discipline and compliance on the supply side measures announced by OPEC+ will also be essential.

#### **Update of 2020 Business Plan**

Given that IPC operates the majority of our assets, we had the financial and operational flexibility to react swiftly to the situation and to positively position the Corporation to navigate through this period of extremely low commodity prices. All remaining discretionary 2020 expenditures were deferred or cancelled. In addition, during the second quarter of 2020, we took the decision to temporarily curtail production from those fields that were not expected to generate positive cash flows at the low pricing levels we were experiencing. These production curtailments related to a portion of our oil production. Our Canadian gas production was not curtailed as we continue to forecast positive cash flows.

In our latest Q1 2020 guidance, we revised our forecast 2020 net average production to be in the range of 30,000 to 37,000 boepd, estimated operating costs for 2020 to be in the range of USD 12 to 13 per boe, and reductions in total forecast 2020 expenditure of between MUSD 175 and 190 as compared to 2020 Capital Markets Day (CMD) estimates.

The upper end of our Q1 2020 production guidance assumed that curtailments implemented in Canada to the end of June 2020 continued through to the end of the year, with the lower end of the range assuming full curtailment of our Canadian oil production in the second half of 2020.

Given the improvement in our business outlook with strengthening oil prices, and in particular the strengthening in Canadian crude oil pricing, we have taken the decision to progressively bring back on stream our oil production from our Suffield Oil asset and our Onion Lake Thermal asset. In addition, in France, the temporary suspension of operations at the Total-operated Grandpuits refinery was lifted in early June and production from our Paris Basin assets has recovered to pre-curtailment levels.

As a result, we now forecast our 2020 net average production to be above the upper end of our previous guidance with a new range of 37,000 to 40,000 boepd.

Following these revisions, IPC's estimated 2020 capital and decommissioning expenditures are marginally increased by MUSD 3 to MUSD 80 and IPC's forecast 2020 unit operating costs are unchanged at USD 12 to 13 per boe.

#### **Maximizing Financial Flexibility**

During the second quarter of 2020, we have been working closely with our International and Canadian banking partners to maximize our financial flexibility.

We are pleased to report that we have successfully concluded our discussions with our international banking partners to increase and extend the maturity of our existing RBL facility. Our facility size is increased by MUSD

15 to MUSD 140 and the maturity is extended by two and a half years to the end of 2024. The facility size does not commence amortization until the second half of 2022 and is fully available.

In Canada, we also successfully concluded discussions with our banking partners. Our primary Canadian RBL facility, previously sized at MCAD 375 was refinanced at MCAD 350 and the maturity was extended by one year to end of May 2022. This new facility was concluded without having to access any of the financial support packages that were previously announced by the Canadian Federal Government, through Export Development Canada (EDC). Further, the leverage ratio was removed from the extended Canadian RBL facility and we are required to hedge a minimum of 30% of forecast production in Canada for the period from October 1, 2020 to June 30, 2021.

As previously disclosed in May 2020, IPC gained access to an unsecured French Government backed loan of MEUR 13. This unsecured loan carries the lowest margin of our loan portfolio and does not have any financial covenants.

Our overall cost of funding will increase slightly following the conclusion and extension of our finance facilities. Our weighted average cost of debt for the second half of 2020 is expected to increase to approximately 4.5%, an increase of around 1% compared with the first half of 2020 under the previous facilities but in line with the weighted average cost of debt of 2019.

In summary, during the second quarter of 2020, we have been able to increase the size of our available credit facilities by more than MUSD 10 whilst extending their maturities and removing any leverage ratio. This demonstrates the strong support we have been able to maintain from our banking partners.

Furthermore, IPC has decided to extend our Canadian oil price hedging program through the remainder of 2020 in order to lock in additional positive cash flow as we restore some of our curtailed production at our Suffield and Onion Lake properties. During June and July 2020, we have put in place additional oil hedges and have now hedged close to two thirds of our forecast Canadian oil production for the third quarter of 2020 and close to half of our forecast Canadian oil production for the fourth quarter of 2020 at WCS prices averaging USD 28 and 25 per barrel respectively.

Having refinanced and extended the maturities of both our Canadian and International credit facilities in June and July 2020, we have now MUSD 90 of undrawn financial headroom. Assuming average second half 2020 Brent oil prices of USD 35 per barrel and average second half 2020 WCS oil prices of USD 22 per barrel, we expect to be free cash flow positive for the second half of 2020 and assuming the Granite credit facility is refinanced before the end of 2020, we project year end financial headroom in excess of MUSD 100. This represents a significant improvement from our first quarter guidance where we forecasted using up to 40% of that available headroom had commodity prices remained weak. This demonstrates that IPC has managed to preserve our financial resilience through this period of extreme volatility.

### **Second Quarter Performance**

During the second quarter of 2020, our assets delivered average daily net production of 35,700 boepd, in line with our Q1 2020 guidance. Our operating costs per boe for the second quarter of 2020 was USD 10.7, slightly ahead of our Q1 2020 guidance.

Operating cash flow generation for the second quarter amounted to MUSD 14.7, ahead of our Q1 forecast as a result of oil prices strengthening through June. Moreover, as a result of our spending reductions, operational choices made and our hedging program, IPC was free cash flow neutral during the second quarter of 2020.

Capital and decommissioning expenditures during the second quarter of 2020 of MUSD 8.4 was in line with forecast and reflects the implementation of our expenditure reduction program previously announced.

Net debt increased during the second quarter of 2020 by MUSD 39 to MUSD 341. The increase was driven by non-cash exchange rate movements as a result of the Canadian dollar strengthening against the US dollar during the quarter (MUSD 10) as well as negative working capital movements (MUSD 29)."

*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".*

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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 August 4, 2020. The Corporation's unaudited interim condensed consolidated financial statements (Financial Statements) and management's discussion and analysis (MD&A) for the six months ended June 30, 2020 have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and are also available on the Corporation's website ([www.international-petroleum.com](http://www.international-petroleum.com)).

#### **Forward-Looking Statements**

This press release contains statements and information which constitute "forward-looking statements" or "forward-looking information" (within the meaning of applicable securities legislation). Such statements and information (together, "forward-looking statements") relate to future events, including the Corporation's future performance, business prospects or opportunities. Actual results may differ materially from those expressed or implied by forward-looking statements. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement. Forward-looking statements speak only as of the date of this press release, unless otherwise indicated. IPC does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws.

The Covid-19 virus and the restrictions and disruptions related to it, as well as the actions of certain oil and gas producing nations, had a drastic adverse effect in 2020 on the world demand for, and prices of, oil and gas as well as the market price of the shares of oil and gas companies generally, including the Corporation's common shares. During Q2 2020, commodity prices improved although such prices are still below historical levels and there can be no assurance that commodity prices will not decrease or remain volatile in the future. These factors are beyond the control of the Corporation and it is difficult to assess how these, and other factors, will continue to affect the Corporation and the market price of IPC's common shares. In light of the current situation, as at the date of this press release, the Corporation continues to review and assess its business plans and assumptions regarding the business environment, as well as its estimates of future production, cash flows, operating costs and capital expenditures.

All statements other than statements of historical fact may be forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, forecasts, guidance, budgets, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "forecast", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "budget" and similar expressions) are not statements of historical fact and may be "forward-looking statements".

Forward-looking statements include, but are not limited to, statements with respect to:

- IPC's ability to maximize liquidity and financial flexibility in connection with the current and any future Covid-19 outbreaks and reductions in commodity prices;
- the expectation that recent actions will assist in reducing inventory builds and in rebalancing markets, including supply and demand for oil and gas;
- 2020 production range, operating costs and capital and decommissioning expenditure estimates;
- estimates of future production, cash flows, operating costs and capital expenditures that are based on IPC's current business plans and assumptions regarding the business environment, which are subject to change;
- IPC's ability to reduce expenditures to forecast levels;
- IPC's financial and operational flexibility to react to recent events and to prepare the Corporation to navigate through periods of low commodity prices;
- IPC's ability to defer or cancel expenditures and to curtail production, and to resume such production to expected levels following curtailment;
- IPC's continued access to its existing credit facilities, including current financial headroom, on terms acceptable to the Corporation;
- the ability to fully fund 2020 expenditures from cash flows and current borrowing capacity;
- IPC's flexibility to remain within existing financial headroom;
- IPC's ability to maintain operations, production and business in light of the current and any future Covid-19 outbreaks and the restrictions and disruptions related thereto, including risks related to production delays and interruptions, changes in laws and regulations and reliance on third-party operators and infrastructure;
- IPC's intention and ability to continue to implement our strategies to build long-term shareholder value;
- the ability of IPC's portfolio of assets to provide a solid foundation for organic and inorganic growth;
- the continued facility uptime and reservoir performance in IPC's areas of operation;
- future development potential of the Suffield operations, including future oil drilling and gas optimization programs, the ability to offset natural declines and the N2N EOR development project;
- development of the Blackrod project in Canada;
- the results of the facility optimization program, the work to debottleneck the facilities and injection capability and the current and future drilling pad production, as well as water intake and steam generation issues, at Onion Lake Thermal;
- the ability of IPC to achieve and maintain current and forecast production and take advantage of production growth and development upside opportunities related to the oil and gas assets acquired in the Granite Acquisition;
- the ability of existing infrastructure acquired in the Granite Acquisition to enable EOR projects, as well as capacity to allow for potential further field development opportunities;
- the timing and success of the Villeperdue West development project, including drilling and related production rates as well as future phases of the Vert La Gravelle redevelopment project, and other organic growth opportunities in France;
- future development potential of Triassic reservoirs in France and the ability to maintain current and forecast production in France;
- the ability of IPC to achieve and maintain current and forecast production in Malaysia and the ability to identify, mature and drill additional infill drilling locations;
- estimates of reserves;
- estimates of contingent resources;
- the ability to generate free cash flows and use that cash to repay debt; 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, labor and services; and the ability to market crude oil, natural gas and natural gas liquids successfully.

Although IPC believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because IPC can give no assurances that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to:

- the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production;
- delays or changes in plans with respect to exploration or development projects or capital expenditures;
- the uncertainty of estimates and projections relating to reserves, resources, production, revenues, costs and expenses;
- health, safety and environmental risks;
- commodity price fluctuations, including those experienced in 2020;
- exchange rate and 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, environmental and abandonment regulations.

Readers are cautioned that the foregoing list of factors is not exhaustive.

Additional information on these and other factors that could affect IPC, or its operations or financial results, are included in the Financial Statements and MD&A for the six months ended June 30, 2020 (See "Cautionary Statement Regarding Forward-Looking Information"), the Corporation's Annual Information Form (AIF) for the year ended December 31, 2019 (See "Cautionary Statement Regarding Forward-Looking Information", "Reserves and Resources Advisory" and "Risk Factors") and other reports on file with applicable securities regulatory authorities, including previous financial reports, management's discussion and analysis and material change reports, which may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)) or IPC's website ([www.international-petroleum.com](http://www.international-petroleum.com)).

The current and any future Covid-19 outbreaks may increase IPC's exposure to, and magnitude of, each of the risks and uncertainties identified in these reports 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 first half of 2020. Even after the Covid-19 outbreaks have subsided, IPC may continue to experience materially adverse impacts to IPC's business as a result of the global economic impact.

#### **Non-IFRS Measures**

References are made in this press release to "operating cash flow" (OCF), "free cash flow" (FCF), "Earnings Before Interest, Tax, Depreciation and Amortization" (EBITDA), "operating costs" and "net debt", which are not generally accepted accounting measures under International Financial Reporting Standards (IFRS) and do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable with similar measures presented by other public companies. Non-IFRS measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS.

The Corporation uses non-IFRS measures to provide investors with supplemental measures to assess the cash generated by and the financial performance and position of the Corporation. Management also uses non-IFRS measures internally in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess the Corporation's ability to meet its future capital expenditure and working capital requirements. Management believes these non-IFRS measures are important supplemental measures of operating performance because they highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management believes such measures allow for assessment of the Corporation's operating performance and financial condition on a basis that is more consistent and comparable between reporting periods. The Corporation also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes.

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

#### **Disclosure of Oil and Gas Information**

This press release contains references to estimates of gross and net reserves and resources attributed to the Corporation's oil and gas assets. Gross reserves / resources are the working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests. Net reserves / resources are the working interest (operating or non-operating) share after deduction of royalty obligations, plus royalty interests in reserves/resources, and in respect of PSCs in Malaysia, adjusted for cost and profit oil. Unless otherwise indicated, reserves / resource volumes are presented on a gross basis.

Reserve estimates, contingent resource estimates and estimates of future net revenue in respect of IPC's oil and gas assets in Canada (including oil and gas assets acquired in the Granite Acquisition) are effective as of December 31, 2019, and are included in the reports prepared by Sproule Associates Limited (Sproule), an independent qualified reserves evaluator, in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) and the Canadian Oil and Gas Evaluation Handbook (the COGE Handbook) and using Sproule's December 31, 2019 price forecasts.

Reserve estimates, contingent resource estimates and estimates of future net revenue in respect of IPC's oil and gas assets in France and Malaysia are effective as of December 31, 2019, and are included in the report prepared by ERC Equipoise Ltd. (ERCE), an independent qualified reserves auditor, in accordance with NI 51-101 and the COGE Handbook, and using Sproule's December 31, 2019 price forecasts.

The price forecasts used in the Sproule and ERCE reports are available on the website of Sproule ([sproule.com](http://sproule.com)) and are contained in the AIF. These price forecasts are as at December 31, 2019 and may not be reflective of current and future forecast commodity prices.

2P reserves as at December 31, 2019 of 300 MMboe includes 286.2 MMboe attributable to IPC's oil and gas assets and 14.0 MMboe attributable to oil and gas assets acquired in the Granite Acquisition. Contingent resources (best estimate, unrisked) as at December 31, 2019 of 1,089 MMboe includes 1,082.5 MMboe attributable to IPC's oil and gas assets and 6.2 MMboe attributable to oil and gas assets acquired in the Granite Acquisition. The reserve life index (RLI) is calculated by dividing the 2P reserves of 300 MMboe as at December 31, 2019 (including the 2P reserves attributable to oil and gas assets acquired in the Granite Acquisition), by the mid-point of the 2020 CMD production guidance of 46,000 to 50,000 boepd.

The product types comprising the 2P reserves described in this press release are contained in the AIF. Light, medium and heavy crude oil reserves/resources disclosed in this press release include solution gas and other by-products.

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"2P reserves" means proved plus probable reserves. "Proved reserves" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. "Probable reserves" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

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

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies are conditions that must be satisfied for a portion of contingent resources to be classified as reserves that are: (a) specific to the project being evaluated; and (b) expected to be resolved within a reasonable timeframe. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent resources are further classified in accordance with the level of certainty associated with the estimates and may be sub-classified based on a project maturity and/or characterized by their economic status.

There are three classifications of contingent resources: low estimate, best estimate and high estimate. Best estimate is a classification of estimated resources described in the COGE Handbook as 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. References to "contingent resources" do not constitute, and should be distinguished from, references to "reserves".

2P reserves and contingent resources included in the reports prepared by Sproule and ERCE in respect of IPC's oil and gas assets in Canada, France and Malaysia have been aggregated by IPC and may also be aggregated by IPC with the 2P reserves and contingent resources attributable to the oil and gas assets acquired in the Granite Acquisition included in the reports prepared by Sproule on behalf of IPC. Estimates of reserves, resources and future net revenue for individual properties may not reflect the same level of confidence as estimates of reserves, resources and future net revenue for all properties, due to 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.