

# Q1

**International Petroleum Corporation**

---

*Interim Condensed Consolidated  
Financial Statements*

*For the three months ended March 31, 2023*



**International  
Petroleum  
Corp.**

# **Interim Condensed Consolidated Financial Statements**

For the three months ended March 31, 2023 and 2022, UNAUDITED

## **Contents**

|   |          |
|---|----------|
| <b>Interim Condensed Consolidated Statement of Operations</b>           | <b>3</b> |
| <b>Interim Condensed Consolidated Statement of Comprehensive Income</b> | <b>4</b> |
| <b>Interim Condensed Consolidated Balance Sheet</b>                     | <b>5</b> |
| <b>Interim Condensed Consolidated Statement of Cash Flow</b>            | <b>6</b> |
| <b>Interim Condensed Consolidated Statement of Changes in Equity</b>    | <b>7</b> |
| <b>Notes to the Interim Condensed Consolidated Financial Statements</b> | <b>8</b> |

# Interim Condensed Consolidated Statement of Operations

For the three months ended March 31, 2023 and 2022, UNAUDITED

| USD Thousands                                       | Note | Three months ended - March 31 |           |
|---|------|-------------------------------|-----------|
|   |      | 2023                          | 2022      |
| <b>Revenue</b>                                      | 2    | <b>192,516</b>                | 259,782   |
| <b>Cost of sales</b>                                |      |                               |           |
| Production costs                                    | 3    | (117,527)                     | (110,549) |
| Depletion and decommissioning costs                 | 7    | (6,439)                       | (27,952)  |
| Depreciation of other tangible fixed assets         | 9    | (2,558)                       | (2,080)   |
| Exploration and business development costs          |      | (1,609)                       | (101)     |
| <b>Gross profit</b>                                 | 2    | <b>64,383</b>                 | 119,100   |
| General, administration and depreciation expenses   |      | (4,194)                       | (4,173)   |
| <b>Profit before financial items</b>                |      | <b>60,189</b>                 | 114,927   |
| Finance income                                      | 4    | 4,924                         | 3,131     |
| Finance costs                                       | 5    | (9,939)                       | (9,738)   |
| <b>Net financial items</b>                          |      | <b>(5,015)</b>                | (6,607)   |
| <b>Profit before tax</b>                            |      | <b>55,174</b>                 | 108,320   |
| Income tax expense                                  | 6    | (15,611)                      | (27,498)  |
| <b>Net result</b>                                   |      | <b>39,563</b>                 | 80,822    |
| Net result attributable to:                         |      |                               |           |
| Shareholders of the Parent Company                  |      | 39,557                        | 80,807    |
| Non-controlling interest                            |      | 6                             | 15        |
|   |      | <b>39,563</b>                 | 80,822    |
| Earnings per share – USD <sup>1</sup>               | 15   | <b>0.29</b>                   | 0.52      |
| Earnings per share fully diluted – USD <sup>1</sup> | 15   | <b>0.28</b>                   | 0.51      |

<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, 2023 and 2022, UNAUDITED

| USD Thousands  | Note | Three months ended - March 31 |          |
|--|------|-------------------------------|----------|
|  |      | 2023                          | 2022     |
| <b>Net result</b>  |      | <b>39,563</b>                 | 80,822   |
| <b>Other comprehensive income</b>                              |      |                               |          |
| Items that may be reclassified to profit or loss:              |      |                               |          |
| Reclassification of hedging (gains) / losses to profit or loss | 2    | (8,584)                       | 256      |
| Gains / (losses) on cash flow hedges                           |      | 4,659                         | (13,118) |
| Income tax relating to these items                             |      | 986                           | 3,247    |
| Currency translation adjustments                               |      | 1,177                         | 5,086    |
| <b>Total comprehensive income</b>                              |      | <b>37,801</b>                 | 76,293   |
| Total comprehensive income attributable to:                    |      |                               |          |
| Shareholders of the Parent Company                             |      | 37,792                        | 76,280   |
| Non-controlling interest                                       |      | 9                             | 13       |
|  |      | <b>37,801</b>                 | 76,293   |

See accompanying notes to the interim condensed consolidated financial statements

## Interim Condensed Consolidated Balance Sheet

As at March 31, 2023 and December 31, 2022, UNAUDITED

| USD Thousands                        | Note | March 31, 2023   | December 31, 2022 |
|--------------------------------------|------|------------------|-------------------|
| <b>ASSETS</b>                        |      |                  |                   |
| <b>Non-current assets</b>            |      |                  |                   |
| Oil and gas properties               | 7    | 1,077,787        | 963,375           |
| Other tangible fixed assets          | 9    | 31,266           | 33,374            |
| Right-of-use assets                  |      | 1,069            | 1,217             |
| Deferred tax assets                  | 6    | 20,463           | 1,960             |
| Other assets                         | 10   | 41,979           | 41,125            |
| <b>Total non-current assets</b>      |      | <b>1,172,564</b> | <b>1,041,051</b>  |
| <b>Current assets</b>                |      |                  |                   |
| Inventories                          | 11   | 22,203           | 15,958            |
| Trade and other receivables          | 12   | 120,216          | 123,609           |
| Derivative instruments               | 19   | 13,233           | 11,741            |
| Current tax receivables              |      | –                | 18                |
| Cash and cash equivalents            | 13   | 378,466          | 487,240           |
| <b>Total current assets</b>          |      | <b>534,118</b>   | <b>638,566</b>    |
| <b>TOTAL ASSETS</b>                  |      | <b>1,706,682</b> | <b>1,679,617</b>  |
| <b>LIABILITIES</b>                   |      |                  |                   |
| <b>Non-current liabilities</b>       |      |                  |                   |
| Financial liabilities                | 16   | 8,003            | 8,711             |
| Bonds                                | 16   | 295,719          | 295,440           |
| Lease liabilities                    |      | 381              | 507               |
| Provisions                           | 17   | 233,076          | 203,389           |
| Deferred tax liabilities             | 6    | 66,332           | 56,334            |
| <b>Total non-current liabilities</b> |      | <b>603,511</b>   | <b>564,381</b>    |
| <b>Current liabilities</b>           |      |                  |                   |
| Trade and other payables             | 18   | 123,034          | 118,726           |
| Financial liabilities                | 16   | 3,507            | 3,431             |
| Derivative instruments               | 19   | 6,567            | 1,155             |
| Current tax liabilities              |      | 18,346           | 17,793            |
| Lease liabilities                    |      | 762              | 752               |
| Provisions                           | 17   | 9,637            | 8,048             |
| <b>Total current liabilities</b>     |      | <b>161,853</b>   | <b>149,905</b>    |
| <b>EQUITY</b>                        |      |                  |                   |
| Shareholders' equity                 |      | 941,118          | 965,140           |
| Non-controlling interest             |      | 200              | 191               |
| <b>Net shareholders' equity</b>      |      | <b>941,318</b>   | <b>965,331</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>1,706,682</b> | <b>1,679,617</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, 2023 and 2022, UNAUDITED

| USD Thousands  | Note | Three months ended - March 31 |                 |
|--|------|-------------------------------|-----------------|
|  |      | 2023                          | 2022            |
| <b>Cash flow from operating activities</b>   |      |                               |                 |
| Net result   |      | 39,563                        | 80,822          |
| Adjustments for non-cash related items:  |      |                               |                 |
| Depletion, depreciation and amortization   | 7,9  | 9,380                         | 30,435          |
| Income tax   | 6    | 15,611                        | 27,498          |
| Amortization of capitalized financing fees   | 5    | 443                           | 2,325           |
| Foreign currency exchange  | 4,5  | 856                           | (3,059)         |
| Interest expense   | 5    | 5,349                         | 4,034           |
| Interest income  | 4    | (4,924)                       | (55)            |
| Unwinding of asset retirement obligation discount  | 5    | 3,068                         | 2,760           |
| Share-based costs  |      | 2,587                         | 1,731           |
| Other  |      | 178                           | 250             |
| <b>Cash flow generated from operations (before working capital adjustments and income taxes)</b> |      | <b>72,111</b>                 | <b>146,741</b>  |
| Changes in working capital   |      |                               |                 |
| Decommissioning costs paid   | 17   | (1,211)                       | (1,327)         |
| Other payments   | 17   | (290)                         | (598)           |
| Income taxes received / (paid)   |      | (3,584)                       | (974)           |
| Interest received  |      | 4,965                         | 55              |
| Interest paid  |      | (10,947)                      | (446)           |
| <b>Net cash flow from operating activities</b>   |      | <b>46,451</b>                 | <b>117,964</b>  |
| <b>Cash flow used in investing activities</b>  |      |                               |                 |
| Investment in oil and gas properties   | 7    | (48,238)                      | (38,353)        |
| Acquisition of Cor4 net of cash acquired   | 8    | (59,180)                      | –               |
| Investment in other fixed assets   | 9    | (172)                         | (48)            |
| <b>Net cash (outflow) from investing activities</b>  |      | <b>(107,590)</b>              | <b>(38,401)</b> |
| <b>Cash flow from financing activities</b>   |      |                               |                 |
| Borrowings / (Repayments)  | 16   | (856)                         | (98,742)        |
| Bonds issuance   | 16   | –                             | 300,000         |
| Paid financing fees  | 16   | (507)                         | (5,583)         |
| Repurchase of own shares   | 14   | (45,830)                      | (21,029)        |
| Other payments   |      | (186)                         | (184)           |
| <b>Net cash (outflow) from financing activities</b>  |      | <b>(47,379)</b>               | <b>174,462</b>  |
| <b>Change in cash and cash equivalents</b>   |      | <b>(108,518)</b>              | <b>254,025</b>  |
| Cash and cash equivalents at the beginning of the period   |      | 487,240                       | 18,810          |
| Currency exchange difference in cash and cash equivalents  |      | (256)                         | (802)           |
| <b>Cash and cash equivalents at the end of the period</b>  |      | <b>378,466</b>                | <b>272,033</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, 2023 and 2022, UNAUDITED

| USD Thousands                         | Share capital and premium | Retained earnings | CTA             | IFRS 2 reserve | MTM reserve    | Pension reserve | Total          | Non-controlling interest | Total equity   |
|---------------------------------------|---------------------------|-------------------|-----------------|----------------|----------------|-----------------|----------------|--------------------------|----------------|
| <b>Balance at January 1, 2023</b>     | 338,719                   | 635,895           | (31,292)        | 11,349         | 7,958          | 2,511           | 965,140        | 191                      | 965,331        |
| Net result                            | –                         | 39,557            | –               | –              | –              | –               | 39,557         | 6                        | 39,563         |
| Acquisition of Cor4 <sup>1</sup>      | –                         | –                 | –               | –              | 881            | –               | 881            | –                        | 881            |
| Cash flow hedge                       | –                         | –                 | –               | –              | (3,820)        | –               | (3,820)        | –                        | (3,820)        |
| Currency translation difference       | –                         | –                 | 1,321           | (153)          | 6              | –               | 1,174          | 3                        | 1,177          |
| <b>Total comprehensive income</b>     | –                         | <b>39,557</b>     | <b>1,321</b>    | <b>(153)</b>   | <b>(2,933)</b> | –               | <b>37,792</b>  | <b>9</b>                 | <b>37,801</b>  |
| Repurchase of own shares <sup>2</sup> | (45,830)                  | –                 | –               | –              | –              | –               | (45,830)       | –                        | (45,830)       |
| Share based payments <sup>3</sup>     | (12,931)                  | –                 | –               | (3,053)        | –              | –               | (15,984)       | –                        | (15,984)       |
| <b>Balance at March 31, 2023</b>      | <b>279,958</b>            | <b>675,452</b>    | <b>(29,971)</b> | <b>8,143</b>   | <b>5,025</b>   | <b>2,511</b>    | <b>941,118</b> | <b>200</b>               | <b>941,318</b> |

<sup>1</sup> See Note 8

<sup>2</sup> See Note 14

<sup>3</sup> The third instalment of IPC RSP 2020 awards, the second instalment of IPC RSP 2021 awards, the first instalment of IPC RSP 2022 awards and the IPC PSP 2020 awards vested on January 31, 2023, at a price of CAD 14.26 per award. The difference between the value at vesting date and at grant (respectively CAD 4.35 per award, CAD 4.07 per award, CAD 9.09 per award and CAD 3.65 per award) was offset against share premium.

| USD Thousands                         | Share capital and premium | Retained earnings | CTA           | IFRS 2 reserve | MTM reserve    | Pension reserve | Total          | Non-controlling interest | Total equity   |
|---------------------------------------|---------------------------|-------------------|---------------|----------------|----------------|-----------------|----------------|--------------------------|----------------|
| <b>Balance at January 1, 2022</b>     | 528,764                   | 298,212           | 11,291        | 9,700          | 874            | (1,455)         | 847,386        | 157                      | 847,543        |
| Net result                            | –                         | 80,807            | –             | –              | –              | –               | 80,807         | 15                       | 80,822         |
| Cash flow hedge                       | –                         | –                 | –             | –              | (9,615)        | –               | (9,615)        | –                        | (9,615)        |
| Currency translation difference       | –                         | –                 | 5,311         | 61             | (284)          | –               | 5,088          | (2)                      | 5,086          |
| <b>Total comprehensive income</b>     | –                         | <b>80,807</b>     | <b>5,311</b>  | <b>61</b>      | <b>(9,899)</b> | –               | <b>76,280</b>  | <b>13</b>                | <b>76,293</b>  |
| Repurchase of own shares <sup>1</sup> | (21,029)                  | –                 | –             | –              | –              | –               | (21,029)       | –                        | (21,029)       |
| Share based payments                  | (2,432)                   | –                 | –             | (254)          | –              | –               | (2,686)        | –                        | (2,686)        |
| <b>Balance at March 31, 2022</b>      | <b>505,303</b>            | <b>379,019</b>    | <b>16,602</b> | <b>9,507</b>   | <b>(9,025)</b> | <b>(1,455)</b>  | <b>899,951</b> | <b>170</b>               | <b>900,121</b> |

<sup>1</sup> See Note 14

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, 2023 and 2022, 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 3, 2023, IPC completed the acquisition (the "Cor4 acquisition") of all of the issued and outstanding shares of Cor4 Oil Corp. ("Cor4").

#### 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, 2022, 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 2, 2023.

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, 2022.

#### C. Going concern

The Group's consolidated financial statements for the three months ended March 31, 2023, 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, 2023, the Group applied the amended accounting standards, interpretations and annual improvement points that are effective as of January 1, 2023.



## Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022, 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, 2023 |               |               |              | Total          |
|--|-------------------------------------|---------------|---------------|--------------|----------------|
|  | Canada                              | Malaysia      | France        | Other        |                |
| Crude oil  | 147,731                             | 17,671        | 15,131        | –            | 180,533        |
| NGLs   | 190                                 | –             | –             | –            | 190            |
| Gas  | 20,483                              | –             | –             | –            | 20,483         |
| <b>Net sales of oil and gas</b>                  | <b>168,404</b>                      | <b>17,671</b> | <b>15,131</b> | <b>–</b>     | <b>201,206</b> |
| Change in under/over lift position               | –                                   | –             | 2,670         | –            | 2,670          |
| Royalties  | (18,665)                            | –             | (1,474)       | –            | (20,139)       |
| Hedging settlement                               | 8,584                               | –             | –             | –            | 8,584          |
| Other operating revenue                          | 6                                   | –             | 189           | –            | 195            |
| <b>Revenue</b>                                   | <b>158,329</b>                      | <b>17,671</b> | <b>16,516</b> | <b>–</b>     | <b>192,516</b> |
| Operating costs                                  | (59,531)                            | (8,176)       | (7,738)       | –            | (75,445)       |
| Cost of blending                                 | (47,817)                            | –             | –             | –            | (47,817)       |
| Change in inventory position                     | (422)                               | 5,872         | 285           | –            | 5,735          |
| Depletion and decommissioning costs <sup>1</sup> | 2,523                               | (5,829)       | (3,133)       | –            | (6,439)        |
| Depreciation of other tangible fixed assets      | –                                   | (2,558)       | –             | –            | (2,558)        |
| Exploration and business development costs       | (831)                               | –             | –             | (778)        | (1,609)        |
| <b>Gross profit/(loss)</b>                       | <b>52,251</b>                       | <b>6,980</b>  | <b>5,930</b>  | <b>(778)</b> | <b>64,383</b>  |

<sup>1</sup> In Canada, includes an adjustment for accelerated decommissioning activities funded by a non cash site rehabilitation program.

| USD Thousands                               | Three months ended - March 31, 2022 |               |               |              | Total          |
|---|-------------------------------------|---------------|---------------|--------------|----------------|
|   | Canada                              | Malaysia      | France        | Other        |                |
| Crude oil                                   | 191,230                             | 36,014        | 33,659        | –            | 260,903        |
| NGLs  | 227                                 | –             | –             | –            | 227            |
| Gas   | 30,216                              | –             | –             | –            | 30,216         |
| <b>Net sales of oil and gas</b>             | <b>221,673</b>                      | <b>36,014</b> | <b>33,659</b> | <b>–</b>     | <b>291,346</b> |
| Change in under/over lift position          | –                                   | –             | (6,113)       | –            | (6,113)        |
| Royalties                                   | (23,988)                            | –             | (1,524)       | –            | (25,512)       |
| Hedging settlement                          | (256)                               | –             | –             | –            | (256)          |
| Other operating revenue                     | 101                                 | –             | 216           | –            | 317            |
| <b>Revenue</b>                              | <b>197,530</b>                      | <b>36,014</b> | <b>26,238</b> | <b>–</b>     | <b>259,782</b> |
| Operating costs                             | (52,436)                            | (9,586)       | (9,439)       | –            | (71,461)       |
| Cost of blending                            | (42,641)                            | –             | –             | –            | (42,641)       |
| Change in inventory position                | 928                                 | 2,136         | 489           | –            | 3,553          |
| Depletion and decommissioning costs         | (17,859)                            | (6,689)       | (3,404)       | –            | (27,952)       |
| Depreciation of other tangible fixed assets | –                                   | (2,080)       | –             | –            | (2,080)        |
| Exploration and business development costs  | –                                   | –             | –             | (101)        | (101)          |
| <b>Gross profit/(loss)</b>                  | <b>85,522</b>                       | <b>19,795</b> | <b>13,884</b> | <b>(101)</b> | <b>119,100</b> |

# Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022, UNAUDITED

## 3. PRODUCTION COSTS

| USD Thousands                      | Three months ended - March 31 |                |
|------------------------------------|-------------------------------|----------------|
|                                    | 2023                          | 2022           |
| Cost of operations                 | 64,774                        | 60,704         |
| Tariff and transportation expenses | 9,499                         | 9,328          |
| Direct production taxes            | 1,172                         | 1,429          |
| <b>Operating costs</b>             | <b>75,445</b>                 | <b>71,461</b>  |
| Cost of blending <sup>1</sup>      | 47,817                        | 42,641         |
| Change in inventory position       | (5,735)                       | (3,553)        |
| <b>Total production costs</b>      | <b>117,527</b>                | <b>110,549</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.

## 4. FINANCE INCOME

| USD Thousands               | Three months ended - March 31 |              |
|-----------------------------|-------------------------------|--------------|
|                             | 2023                          | 2022         |
| Foreign exchange gain, net  | –                             | 3,059        |
| Interest income             | 4,924                         | 55           |
| Other financial income      | –                             | 17           |
| <b>Total finance income</b> | <b>4,924</b>                  | <b>3,131</b> |

## 5. FINANCE COSTS

| USD Thousands                                     | Three months ended - March 31 |              |
|---|-------------------------------|--------------|
|   | 2023                          | 2022         |
| Foreign exchange loss, net                        | 856                           | –            |
| Interest expense                                  | 5,349                         | 4,034        |
| Unwinding of asset retirement obligation discount | 3,068                         | 2,760        |
| Amortization of loan fees                         | 164                           | 2,139        |
| Amortization of bond fees                         | 279                           | 186          |
| Loan commitment fees                              | 88                            | 259          |
| Other financial costs                             | 135                           | 360          |
| <b>Total finance costs</b>                        | <b>9,939</b>                  | <b>9,738</b> |

## 6. INCOME TAX

| USD Thousands                         | Three months ended - March 31 |                 |
|---------------------------------------|-------------------------------|-----------------|
|                                       | 2023                          | 2022            |
| Current tax                           | (3,991)                       | (4,123)         |
| Deferred tax                          | (11,620)                      | (23,375)        |
| <b>Total tax recovery / (expense)</b> | <b>(15,611)</b>               | <b>(27,498)</b> |

On September 30, 2022, the Council of the European Union ("EU") agreed to impose an EU-wide windfall profits tax on energy companies deriving income from operations in EU countries ("Solidarity Contribution"). In Q1 2023, the current tax includes a Solidarity Contribution provision relating to the income in France amounting to USD 754 thousand.

## Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022, UNAUDITED

The deferred tax amount arises primarily where there is a difference in depletion for tax and accounting purposes. The deferred tax charge in the statement of operations for the current period mainly relates to the tax profit incurred and the tax losses used during the Q1 2023.

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

| USD Thousands                   | March 31, 2023  | December 31, 2022 |
|---------------------------------|-----------------|-------------------|
| Unused tax loss carry forward   | 42,468          | 32,815            |
| Other                           | 4,761           | 5,841             |
| <b>Deferred tax assets</b>      | <b>47,229</b>   | <b>38,656</b>     |
| Accelerated allowances          | 91,369          | 90,400            |
| Other                           | 1,729           | 2,630             |
| <b>Deferred tax liabilities</b> | <b>93,098</b>   | <b>93,030</b>     |
| <b>Deferred taxes, net</b>      | <b>(45,869)</b> | <b>(54,374)</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 and site restoration provisions. 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                     | 2023             | 2022           |
|-----------------------------------|------------------|----------------|
| Exploration and Evaluation Assets | 4,857            | 4,764          |
| Property, plant and Equipment     | 1,072,930        | 958,611        |
| <b>Oil and gas properties</b>     | <b>1,077,787</b> | <b>963,375</b> |

### Exploration and Evaluation Assets

| USD Thousands                        | Canada   | Malaysia | France       | Total        |
|--------------------------------------|----------|----------|--------------|--------------|
| <b>Cost</b>                          |          |          |              |              |
| January 1, 2023                      | –        | –        | 4,764        | 4,764        |
| Currency translation adjustments     | –        | –        | 93           | 93           |
| <b>Net book value March 31, 2023</b> | <b>–</b> | <b>–</b> | <b>4,857</b> | <b>4,857</b> |

| USD Thousands                           | Canada   | Malaysia | France       | Total        |
|---|----------|----------|--------------|--------------|
| <b>Cost</b>                             |          |          |              |              |
| January 1, 2022                         | 12,751   | 181      | 5,105        | 18,037       |
| Additions <sup>1</sup>                  | (802)    | 149      | 4            | (649)        |
| Reclassification                        | (11,974) | (330)    | –            | (12,304)     |
| Currency translation adjustments        | 25       | –        | (345)        | (320)        |
| <b>Net book value December 31, 2022</b> | <b>–</b> | <b>–</b> | <b>4,764</b> | <b>4,764</b> |

<sup>1</sup> Net revenues on appraisal projects are being offset against capitalized costs of Exploration and Evaluation assets.

## Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022, UNAUDITED

### Property, Plant and Equipment

| USD Thousands                        | Canada           | Malaysia         | France           | Total              |
|--------------------------------------|------------------|------------------|------------------|--------------------|
| <b>Cost</b>                          |                  |                  |                  |                    |
| January 1, 2023                      | 1,089,789        | 566,606          | 399,237          | 2,055,632          |
| Acquisition of Cor4 - See Note 8     | 72,003           | –                | –                | 72,003             |
| Additions                            | 35,445           | 664              | 12,129           | 48,238             |
| Currency translation adjustments     | (806)            | –                | 7,906            | 7,100              |
| <b>March 1, 2023</b>                 | <b>1,196,431</b> | <b>567,270</b>   | <b>419,272</b>   | <b>2,182,973</b>   |
| <b>Accumulated depletion</b>         |                  |                  |                  |                    |
| January 1, 2023                      | (323,273)        | (485,034)        | (288,714)        | (1,097,021)        |
| Depletion charge for the period      | (21,655)         | (5,829)          | (3,133)          | (30,617)           |
| Other <sup>1</sup>                   | 22,857           | –                | –                | 22,857             |
| Currency translation adjustments     | 357              | –                | (5,619)          | (5,262)            |
| <b>March 31, 2023</b>                | <b>(321,714)</b> | <b>(490,863)</b> | <b>(297,466)</b> | <b>(1,110,043)</b> |
| <b>Net book value March 31, 2023</b> | <b>874,717</b>   | <b>76,407</b>    | <b>121,806</b>   | <b>1,072,930</b>   |

<sup>1</sup> In Canada, includes an adjustment for accelerated decommissioning activities funded by a non cash site rehabilitation program.

| USD Thousands                           | Canada           | Malaysia         | France           | Total              |
|---|------------------|------------------|------------------|--------------------|
| <b>Cost</b>                             |                  |                  |                  |                    |
| January 1, 2022                         | 1,021,944        | 534,443          | 408,211          | 1,964,598          |
| Additions                               | 118,762          | 27,305           | 12,244           | 158,311            |
| Change in estimates                     | 5,231            | 4,528            | 2,182            | 11,941             |
| Reclassification                        | 11,974           | 330              | –                | 12,304             |
| Currency translation adjustments        | (68,122)         | –                | (23,400)         | (91,522)           |
| <b>December 31, 2022</b>                | <b>1,089,789</b> | <b>566,606</b>   | <b>399,237</b>   | <b>2,055,632</b>   |
| <b>Accumulated depletion</b>            |                  |                  |                  |                    |
| January 1, 2022                         | (267,585)        | (450,347)        | (293,132)        | (1,011,064)        |
| Depletion charge for the period         | (75,077)         | (34,687)         | (12,277)         | (122,041)          |
| Currency translation adjustments        | 19,389           | –                | 16,695           | 36,084             |
| <b>December 31, 2022</b>                | <b>(323,273)</b> | <b>(485,034)</b> | <b>(288,714)</b> | <b>(1,097,021)</b> |
| <b>Net book value December 31, 2022</b> | <b>766,516</b>   | <b>81,572</b>    | <b>110,523</b>   | <b>958,611</b>     |

## Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022, UNAUDITED

### 8. COR4 ACQUISITION

On March 3, 2023, IPC completed the acquisition of all of the issued and outstanding shares of Cor4. At such date, Cor4 became an indirect, wholly-owned subsidiary of IPC.

The Cor4 acquisition has been accounted for as a business combination with IPC being the acquirer, and in accordance with IFRS 3 Business Combinations, the assets acquired and liabilities assumed have been recorded at their fair values.

The total cash consideration paid, after preliminary closing adjustments, amounted to USD 62.0 million (CAD 84.3 million).

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

USD Thousands

|  |               |
|--|---------------|
| Cash                                     | 2,792         |
| Trade and other receivables              | 7,671         |
| Prepaid expenses and deposits            | 2,417         |
| Fair value of risk management assets     | 1,144         |
| Deferred tax assets                      | 19,334        |
| Right-of-use assets                      | 109           |
| Property, plant and equipment            | 72,003        |
| Accounts payable and accrued liabilities | (12,623)      |
| Right-of-use liabilities                 | (109)         |
| Decommissioning liabilities              | (29,885)      |
| Mark-To-Market ("MTM") reserve in equity | (881)         |
| <b>Total Consideration</b>               | <b>61,972</b> |
| Settled by:                              |               |
| <b>Cash payment</b>                      | <b>61,972</b> |

The Corporation performed a preliminary purchase price allocation for the Cor4 acquisition. The amounts disclosed above were determined provisionally pending the finalization of the valuation for those assets and liabilities. Up to twelve months from the effective date of the Cor4 acquisition, further adjustments may be made to the fair values assigned to the identifiable assets acquired and liabilities assumed.

Acquisition-related costs of approximately USD 0.8 million have been recognized in the statement of operations during Q1 2023.

#### Decommissioning liabilities

The fair value of the decommissioning liability at the acquisition date was based on the estimated future cash flows to decommission the acquired oil and natural gas properties at the end of their useful life. The discount rate used to determine the net present value of the decommissioning obligation was a credit risk adjusted rate of 8%.

## Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022, UNAUDITED

### 9. OTHER TANGIBLE FIXED ASSETS

| USD Thousands                        | FPSO             | Other          | Total            |
|--------------------------------------|------------------|----------------|------------------|
| <b>Cost</b>                          |                  |                |                  |
| January 1, 2023                      | 204,853          | 9,779          | 214,632          |
| Additions                            | –                | 172            | 172              |
| Currency translation adjustments     | 418              | 91             | 509              |
| <b>March 31, 2023</b>                | <b>205,271</b>   | <b>10,042</b>  | <b>215,313</b>   |
| <b>Accumulated depreciation</b>      |                  |                |                  |
| January 1, 2023                      | (173,311)        | (7,947)        | (181,258)        |
| Depreciation charge for the period   | (2,558)          | (158)          | (2,716)          |
| Currency translation adjustments     | –                | (73)           | (73)             |
| <b>March 31, 2023</b>                | <b>(175,869)</b> | <b>(8,178)</b> | <b>(184,047)</b> |
| <b>Net book value March 31, 2023</b> | <b>29,402</b>    | <b>1,864</b>   | <b>31,266</b>    |

| USD Thousands                           | FPSO             | Other          | Total            |
|---|------------------|----------------|------------------|
| <b>Cost</b>                             |                  |                |                  |
| January 1, 2022                         | 206,173          | 10,163         | 216,336          |
| Additions                               | –                | 151            | 151              |
| Disposals                               | –                | (44)           | (44)             |
| Currency translation adjustments        | (1,320)          | (491)          | (1,811)          |
| <b>December 31, 2022</b>                | <b>204,853</b>   | <b>9,779</b>   | <b>214,632</b>   |
| <b>Accumulated depreciation</b>         |                  |                |                  |
| January 1, 2022                         | (162,524)        | (7,449)        | (169,973)        |
| Depreciation charge for the period      | (10,787)         | (891)          | (11,678)         |
| Disposals                               | –                | 36             | 36               |
| Currency translation adjustments        | –                | 357            | 357              |
| <b>December 31, 2022</b>                | <b>(173,311)</b> | <b>(7,947)</b> | <b>(181,258)</b> |
| <b>Net book value December 31, 2022</b> | <b>31,542</b>    | <b>1,832</b>   | <b>33,374</b>    |

The FPSO located on the Bertam field, Malaysia, is being depreciated on a unit of production basis based on the Bertam field reserves cut-off at August 2025. 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

For the three months ended March 31, 2023 and 2022, UNAUDITED

## 10. OTHER NON-CURRENT ASSETS

| USD Thousands         | March 31, 2023 | December 31, 2022 |
|-----------------------|----------------|-------------------|
| Long-term receivables | 28,106         | 28,154            |
| Financial assets      | 13,873         | 12,971            |
|                       | <b>41,979</b>  | <b>41,125</b>     |

Long-term receivables represent cash payments made to an asset retirement obligation fund and financial assets include secured amounts of USD 7.7 million transferred for the future asset retirement obligation, in respect of the Bertam field, Malaysia. In 2022, an amount of USD 1.9 million was paid into the asset retirement obligation fund which is held in local currency. (Also see Note 17.)

## 11. INVENTORIES

| USD Thousands                        | March 31, 2023 | December 31, 2022 |
|--------------------------------------|----------------|-------------------|
| Hydrocarbon stocks                   | 14,613         | 8,988             |
| Well supplies and operational spares | 7,590          | 6,970             |
|                                      | <b>22,203</b>  | <b>15,958</b>     |

## 12. TRADE AND OTHER RECEIVABLES

| USD Thousands                       | March 31, 2023 | December 31, 2022 |
|-------------------------------------|----------------|-------------------|
| Trade receivables                   | 103,022        | 112,696           |
| Underlift                           | 3,317          | 599               |
| Joint operations debtors            | 1,151          | 982               |
| Prepaid expenses and accrued income | 10,228         | 6,585             |
| Other                               | 2,498          | 2,747             |
|                                     | <b>120,216</b> | <b>123,609</b>    |

## 13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include only cash at hand or held in bank accounts. As at March 31, 2023, an amount of USD 8.2 million is restricted.

## 14. SHARE CAPITAL

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

|   | Number of shares |
|---|------------------|
| Balance at January 1, 2022                        | 155,198,105      |
| Cancellation following the Substantial Issuer Bid | (8,258,064)      |
| Cancellation of repurchased common shares         | (10,112,042)     |
| Balance at December 31, 2022                      | 136,827,999      |
| Cancellation of repurchased common shares         | (4,758,053)      |
| Balance at March 31, 2023                         | 132,069,946      |

## Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022, UNAUDITED

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

As at January 1, 2022, IPC had a total of 155,198,105 common shares issued and outstanding, of which IPC held 1,160,651 common shares in treasury. All common shares held in treasury as at January 1, 2022 were cancelled during January 2022.

During 2022, under the normal course issuer bid/share repurchase program announced in December 2021 and renewed in December 2022 (NCIB), IPC purchased and cancelled an aggregate of 8,951,391 common shares.

During Q2 2022, IPC commenced an offer to repurchase common shares under the substantial issuer bid (SIB). Under the SIB, IPC purchased and cancelled an aggregate of 8,258,064 common shares.

As at December 31, 2022, IPC had a total of 136,827,999 common shares issued and outstanding, with no common shares held in treasury.

During the Q1 2023, IPC purchased and cancelled a total of 4,758,053 common shares under the NCIB. As at March 31, 2023, IPC had a total of 132,069,946 common shares issued and outstanding, with no common shares held 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 do 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 - March 31 |             |
|--|-------------------------------|-------------|
|  | 2023                          | 2022        |
| Net result attributable to shareholders of the Parent Company, USD | 39,556,554                    | 80,806,696  |
| Weighted average number of shares for the period                   | 136,774,538                   | 155,150,553 |
| <b>Earnings per share, USD</b>                                     | <b>0.29</b>                   | 0.52        |
| Weighted average diluted number of shares for the period           | 138,932,433                   | 158,049,693 |
| <b>Earnings per share fully diluted, USD</b>                       | <b>0.28</b>                   | 0.51        |

### 16. FINANCIAL LIABILITIES

| USD Thousands              | March 31, 2023 | December 31, 2022 |
|----------------------------|----------------|-------------------|
| Bank loans                 | 11,510         | 12,142            |
| Bonds                      | 300,000        | 300,000           |
| Capitalized financing fees | (4,281)        | (4,560)           |
|                            | <b>307,229</b> | 307,582           |

As at March 31, 2023, IPC had a EUR 13 million unsecured credit facility in France (the "France Facility"), with maturity in May 2026. IPC commenced quarterly repayments of the French Facility in August 2022. The amount remaining outstanding under the France Facility as at March 31, 2023 was USD 12 million (EUR 11 million).

As at January 2022, the Group had a reserve-based lending (RBL) credit facility of USD 140 million in connection with its oil and gas assets in France and Malaysia and a RBL credit facility of CAD 300 million in connection with its oil and gas assets in Canada.

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% 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.

In Q1 2023, the Group increased the Canadian RCF to CAD 150 million and extended the maturity to May 2025. No cash amounts were drawn under the Canadian RCF as at March 31, 2023.



## Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022, UNAUDITED

The Bond repayment obligations as at March 31, 2023, are classified as non-current as there are no mandatory repayments within the next twelve months.

An amount of USD 3.5 million (EUR 3.2 million) drawn under the France Facility as at March 31, 2023 is classified as current representing the repayment planned within the next twelve months.

The Group is in compliance with the covenants of the Bonds and its financing facilities as at March 31, 2023.

### 17. PROVISIONS

| USD Thousands                                     | Asset retirement obligation | Farm-in obligation | Pension obligation | Other        | Total          |
|---|-----------------------------|--------------------|--------------------|--------------|----------------|
| <b>January 1, 2023</b>                            | 206,249                     | 3,404              | 306                | 1,478        | 211,437        |
| Acquisition of Cor4 - See Note 8                  | 29,885                      | –                  | –                  | –            | 29,885         |
| Additions   | –                           | –                  | –                  | 161          | 161            |
| Unwinding of asset retirement obligation discount | 3,068                       | –                  | –                  | –            | 3,068          |
| Payments  | (1,211)                     | –                  | –                  | (290)        | (1,501)        |
| Other <sup>1</sup>                                | (1,266)                     | –                  | –                  | –            | (1,266)        |
| Currency translation adjustments                  | 920                         | (6)                | –                  | 15           | 929            |
| <b>March 31, 2023</b>                             | <b>237,645</b>              | <b>3,398</b>       | <b>306</b>         | <b>1,364</b> | <b>242,713</b> |
| Non-current                                       | 229,141                     | 2,265              | 306                | 1,364        | 233,076        |
| Current   | 8,504                       | 1,133              | –                  | –            | 9,637          |
| <b>Total</b>                                      | <b>237,645</b>              | <b>3,398</b>       | <b>306</b>         | <b>1,364</b> | <b>242,713</b> |

<sup>1</sup> Includes accelerated decommissioning activities funded by a non cash site rehabilitation program.

| USD Thousands                                     | Asset retirement obligation | Farm-in obligation | Pension obligation | Other        | Total          |
|---|-----------------------------|--------------------|--------------------|--------------|----------------|
| <b>January 1, 2022</b>                            | 196,362                     | 4,199              | 4,448              | 1,357        | 206,366        |
| Additions   | –                           | –                  | 542                | 1,034        | 1,576          |
| Unwinding of asset retirement obligation discount | 10,758                      | –                  | –                  | –            | 10,758         |
| Changes in estimates                              | 11,375                      | 567                | (3,778)            | –            | 8,164          |
| Payments  | (5,809)                     | (1,153)            | (718)              | (865)        | (8,545)        |
| Reclassification <sup>1</sup>                     | 1,909                       | –                  | –                  | –            | 1,909          |
| Currency translation adjustments                  | (8,346)                     | (209)              | (188)              | (48)         | (8,791)        |
| <b>December 31, 2022</b>                          | <b>206,249</b>              | <b>3,404</b>       | <b>306</b>         | <b>1,478</b> | <b>211,437</b> |
| Non-current                                       | 199,335                     | 2,270              | 306                | 1,478        | 203,389        |
| Current   | 6,914                       | 1,134              | –                  | –            | 8,048          |
| <b>Total</b>                                      | <b>206,249</b>              | <b>3,404</b>       | <b>306</b>         | <b>1,478</b> | <b>211,437</b> |

<sup>1</sup> The 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 10).

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% (2022: 6%) per annum was used, based on a credit risk adjusted rate.

# Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022, UNAUDITED

## 18. TRADE AND OTHER PAYABLES

| USD Thousands              | March 31, 2023 | December 31, 2022 |
|----------------------------|----------------|-------------------|
| Trade payables             | 29,156         | 20,547            |
| Joint operations creditors | 13,823         | 14,348            |
| Accrued expenses           | 76,492         | 78,206            |
| Other                      | 3,563          | 5,625             |
|                            | <b>123,034</b> | <b>118,726</b>    |

## 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:

| March 31, 2023<br>USD Thousands        | Total          | Financial assets<br>at amortized<br>cost | Fair value<br>recognized in<br>profit or loss<br>(FVTPL) | Derivatives<br>used for<br>hedging |
|--|----------------|--|--|------------------------------------|
| Other assets <sup>1</sup>              | 41,979         | 41,979                                   | –  | –                                  |
| Derivative instruments                 | 13,233         | –  | –  | 13,233                             |
| Joint operation debtors                | 1,151          | 1,151                                    | –  | –                                  |
| Other current receivables <sup>2</sup> | 108,837        | 105,520                                  | 3,317  | –                                  |
| Cash and cash equivalents              | 378,466        | 378,466                                  | –  | –                                  |
| <b>Financial assets</b>                | <b>543,666</b> | <b>527,116</b>                           | <b>3,317</b>   | <b>13,233</b>                      |

<sup>1</sup> See Note 10

<sup>2</sup> Prepayments are not included in other current assets as prepayments are not deemed to be financial instruments.

| March 31, 2023<br>USD Thousands   | Total          | Financial<br>liabilities at<br>amortized cost | Fair value<br>recognized in<br>profit or loss<br>(FVTPL) | Derivatives<br>used for<br>hedging |
|-----------------------------------|----------------|---|--|------------------------------------|
| Non-current financial liabilities | 303,722        | 303,722                                       | –  | –                                  |
| Current financial liabilities     | 3,507          | 3,507   | –  | –                                  |
| Derivative instruments            | 6,567          | –   | –  | 6,567                              |
| Joint operation creditors         | 13,823         | 13,823  | –  | –                                  |
| Other current liabilities         | 127,557        | 127,557                                       | –  | –                                  |
| <b>Financial liabilities</b>      | <b>455,176</b> | <b>448,609</b>                                | <b>–</b>   | <b>6,567</b>                       |

| December 31, 2022<br>USD Thousands     | Total          | Financial assets<br>at amortized cost | Fair value<br>recognized in<br>profit or loss<br>(FVTPL) | Derivatives used<br>for hedging |
|--|----------------|---------------------------------------|--|---------------------------------|
| Other assets <sup>1</sup>              | 41,125         | 41,125                                | –  | –                               |
| Derivative instruments                 | 11,741         | –                                     | –  | 11,741                          |
| Joint operation debtors                | 982            | 982                                   | –  | –                               |
| Other current receivables <sup>2</sup> | 116,060        | 115,461                               | 599  | –                               |
| Cash and cash equivalents              | 487,240        | 487,240                               | –  | –                               |
| <b>Financial assets</b>                | <b>657,148</b> | <b>644,808</b>                        | <b>599</b>   | <b>11,741</b>                   |

<sup>1</sup> See Note 10

<sup>2</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

For the three months ended March 31, 2023 and 2022, UNAUDITED

| December 31, 2022<br>USD Thousands | Total          | Financial liabilities at amortized cost | Fair value recognized in profit or loss (FVTPL) | Derivatives used for hedging |
|------------------------------------|----------------|---|---|------------------------------|
| Non-current financial liabilities  | 304,151        | 304,151                                 | –   | –                            |
| Current financial liabilities      | 3,431          | 3,431                                   | –   | –                            |
| Derivative instruments             | 1,155          | –                                       | –   | 1,155                        |
| Joint operation creditors          | 14,348         | 14,348                                  | –   | –                            |
| Other current liabilities          | 122,171        | 122,171                                 | –   | –                            |
| <b>Financial liabilities</b>       | <b>445,256</b> | <b>444,101</b>                          | <b>–</b>  | <b>1,155</b>                 |

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, 2023<br>USD Thousands  | Level 1      | Level 2       | Level 3  |
|----------------------------------|--------------|---------------|----------|
| Other current receivables        | 3,317        | –             | –        |
| Derivative instruments – current | –            | 13,233        | –        |
| <b>Financial assets</b>          | <b>3,317</b> | <b>13,233</b> | <b>–</b> |
| Derivative instruments – current | –            | 6,567         | –        |
| <b>Financial liabilities</b>     | <b>–</b>     | <b>6,567</b>  | <b>–</b> |

  

| December 31, 2022<br>USD Thousands | Level 1    | Level 2       | Level 3  |
|------------------------------------|------------|---------------|----------|
| Other current receivables          | 599        | –             | –        |
| Derivative instruments – current   | –          | 11,741        | –        |
| <b>Financial assets</b>            | <b>599</b> | <b>11,741</b> | <b>–</b> |
| Derivative instruments – current   | –          | 1,155         | –        |
| <b>Financial liabilities</b>       | <b>–</b>   | <b>1,155</b>  | <b>–</b> |

The Group had gas price sale financial hedges outstanding as at March 31, 2023, which are summarized as follows:

| Period                           | Volume (Gigajoules (GJ) per day) | Type      | Average Pricing |
|----------------------------------|----------------------------------|-----------|-----------------|
| April 1, 2023 – October 31, 2023 | 35,000 <sup>1</sup>              | AECO Swap | CAD 3.95/GJ     |

<sup>1</sup> Equivalent to 33,700 Mcfpd at CAD 4.10/Mcf.

The Group had oil price sale financial hedges outstanding as at March 31, 2023 which are summarized as follows:

| Period                            | Volume (barrels per day) | Type                 | Average Pricing |
|-----------------------------------|--------------------------|----------------------|-----------------|
| April 1, 2023 - December 31, 2023 | 12,000                   | WCS/ARV Differential | USD - 10.08/bbl |

In October 2022, IPC entered into currency hedge swaps for 2023 to buy CAD 15 million per month, sell USD at an average exchange rate of 1.3619 and to buy EUR 3 million per month, sell USD at an average exchange rate of 1.0000. This is to partially fund operational expenditures in those currencies in Canada and France respectively.

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

## Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022, UNAUDITED

### 20. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

In Canada, an oil pipeline from the Onion Lake Thermal field to a gathering system has been built by a third party for the exclusive use of IPC. The initial investment in the pipeline was met by the pipeline owner 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:

|                               | 2023 | 2024 | 2025 | 2026 | 2027 | Thereafter |
|-------------------------------|------|------|------|------|------|------------|
| Transportation service (MCAD) | 20.6 | 28.0 | 28.4 | 29.0 | 28.2 | 275.2      |

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 and which is capped at cumulative production of 27.5 MMboe gross, has been provided for in the Group's Balance Sheet (see Note 17).

### 21. RELATED PARTIES

During Q1 2023, there were no significant cash transactions with related parties.

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

No events have occurred since March 31, 2023, that are expected to have a substantial effect on this report.



Corporate Office  
**International Petroleum Corp**  
Suite 2000  
885 West Georgia Street  
Vancouver, BC  
V6C 3E8, Canada

Tel: +1 604 689 7842  
E-mail: [info@international-petroleum.com](mailto:info@international-petroleum.com)  
Web: [international-petroleum.com](http://international-petroleum.com)