International Petroleum Corp.

# Operations and Financial Update First Six Months 2017

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8 August 2017


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## International Petroleum Corp.
# Corporate Strategy

- **Deliver operational excellence**
- **Maintain financial resilience under low oil prices**
- **Maximise the value of our resource base**
- **Grow through M&A**


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# International Petroleum Corp.
## First Six Months Update

- **Strong HS&E performance**
  - No material incidents
- **Production to end June of 11,100 boepd exceeds mid-point guidance by 4%**
  - Underpinned by strong operational and reservoir performance across all assets
  - >99% uptime on Bertam year to date
  - Bertam field shutdown completed as planned, safely and on schedule
  - Villeperdue and Grandville performance above expectation
  - Netherlands production ahead of guidance
- **Operating costs**
  - Year to date operating costs[1] of 13.3 USD per boe, ~4 USD per boe ahead of guidance
  - On track to better full year operating cost[1] guidance – 17.2 USD per boe (CMD – 18.75 USD per boe)
- **Financial performance**
  - MUSD 72.3 Operating cash flow[1]
  - Net debt[1] of MUSD 35.3 following completion of share purchase offer

*[1] Non-IFRS Measure, see MD&A*

# International Petroleum Corp.
## Contingent Resources and 2017 Capital Programme

- **Renewed focus on organic growth: 17.5 MMboe of contingent resources**

- **Capital expenditure increased with sanction of 2 projects**
  - Guidance increased from MUSD 10 to MUSD 38
  - 2 infill wells in Malaysia
    - 1.7 MMboe (net) of contingent resources
    - Net capital expenditure addition of MUSD 23
  - 3D seismic in the Villeperdue field (France – Paris Basin)
    - 4.1 MMboe (net) of contingent resources
    - Net capital expenditure addition of MUSD 4
  - Study work continues to add additional value
    - Optimisation of the Vert-la-Gravelle project in France
    - Monetisation of contingent resources in France
    - Near field opportunities in the Bertam asset

# International Petroleum Corp.
## Business Development

- **Mergers and acquisitions – very active**
  - Many quality assets on the market
  - Optimal time within the commodities cycle
  - Focus on quality assets to diversify production and cash flow base, with material growth potential through time
  - Broad geographical remit
  - Finance through leverage with minimal dilution


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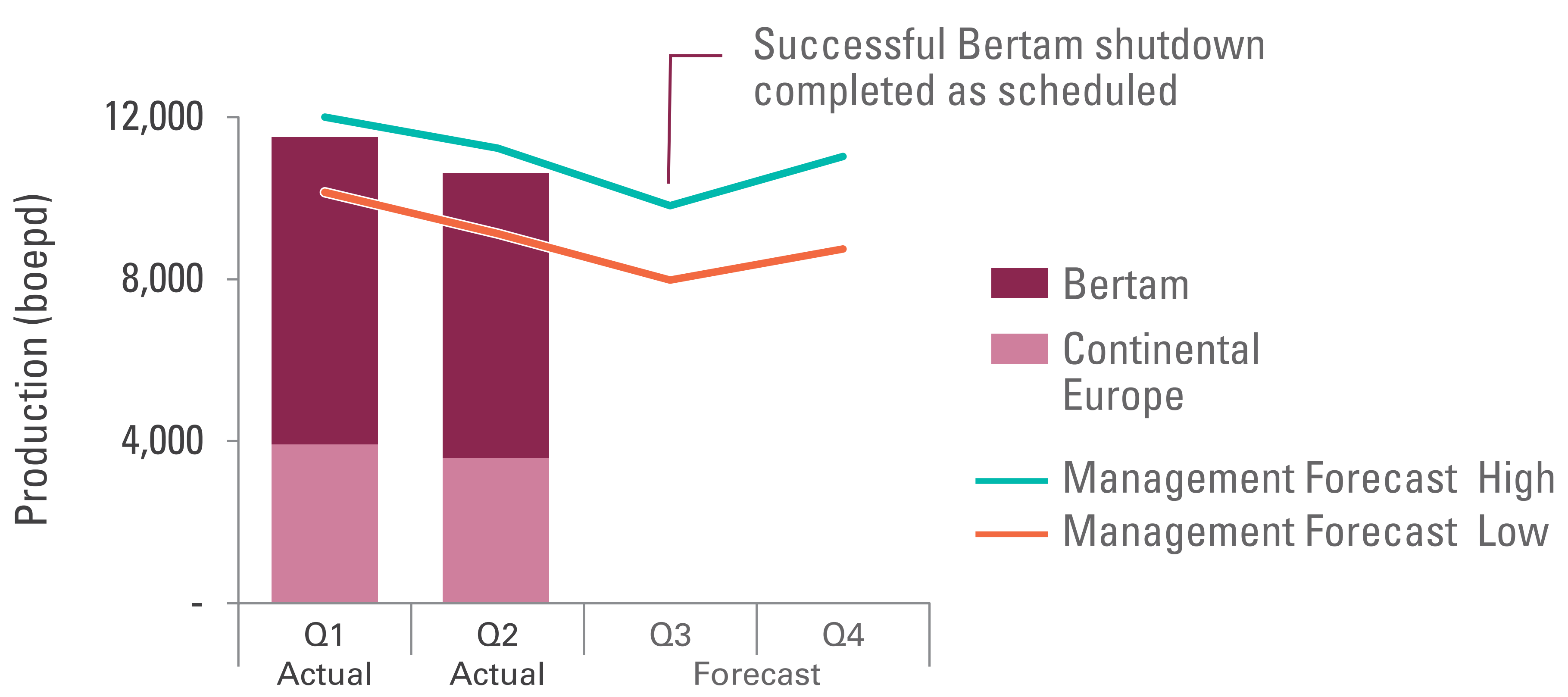
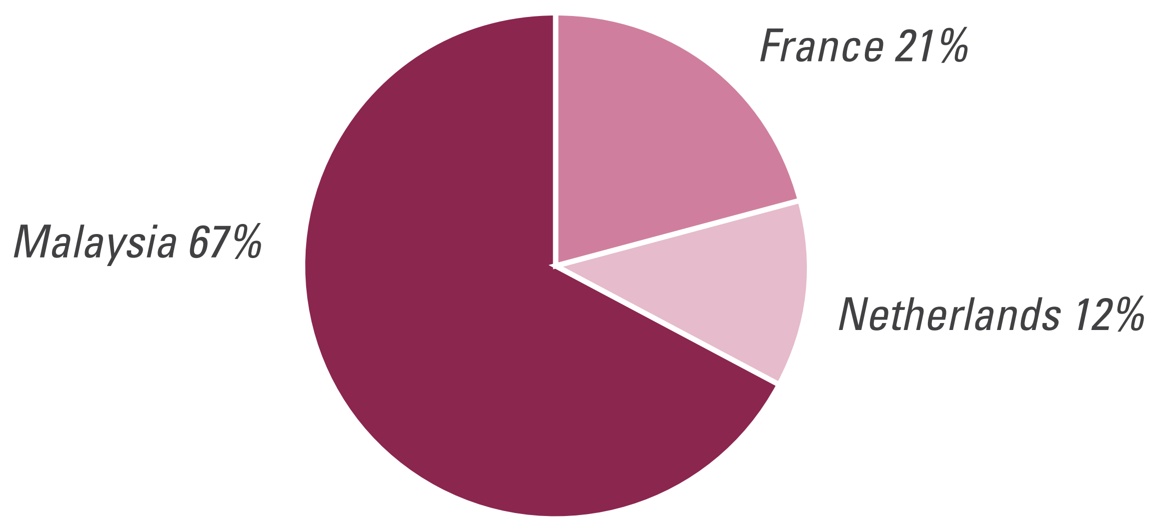
# 2017 Production

- **Year to date production 11,100 boepd**
  - ~4% above mid-point guidance
- **2017 production guidance remains unchanged – 9,000 to 11,000 boepd net**
  - Safe and successful shutdown on Bertam completed as planned
  - Bertam facilities debottlenecking completed with wells now unconstrained

**IPC Net Production 2017**




**Production Forecast 2017**

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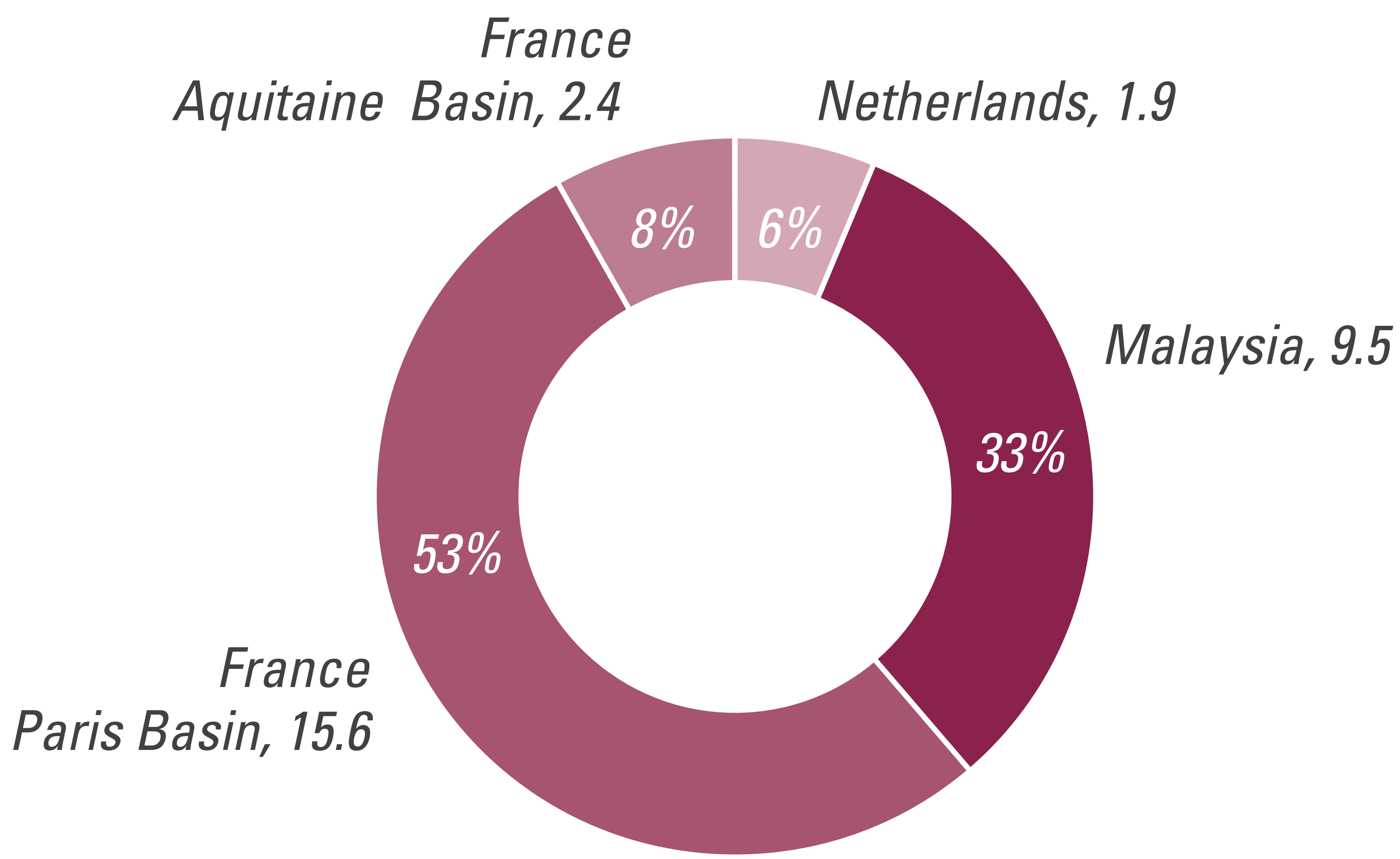
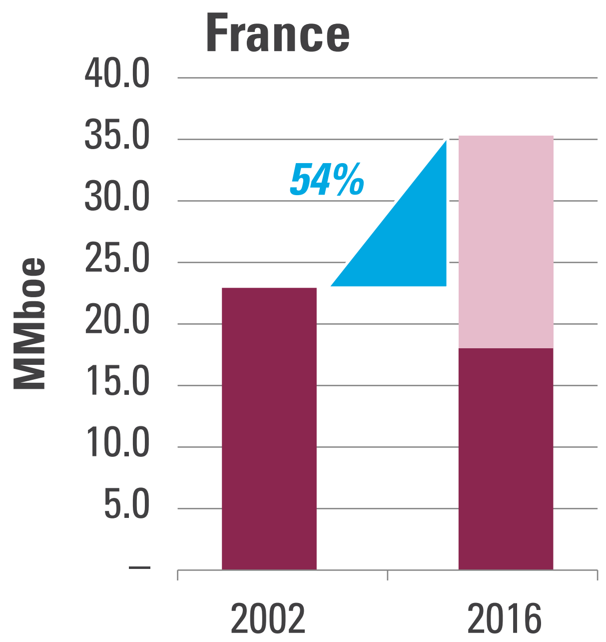
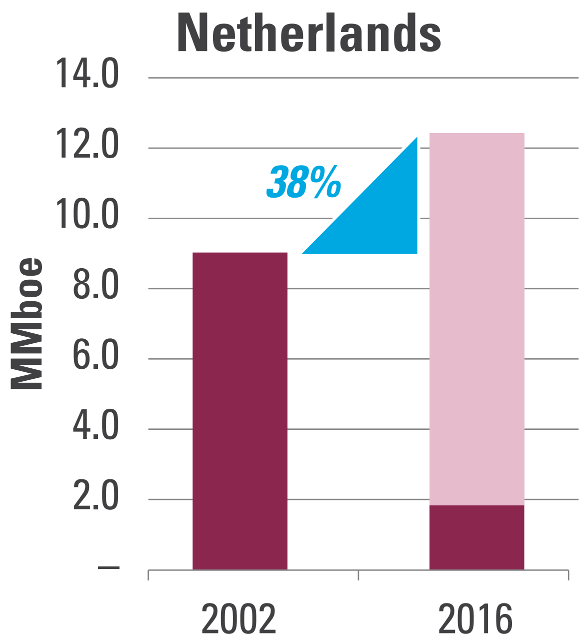
## 2P Reserves

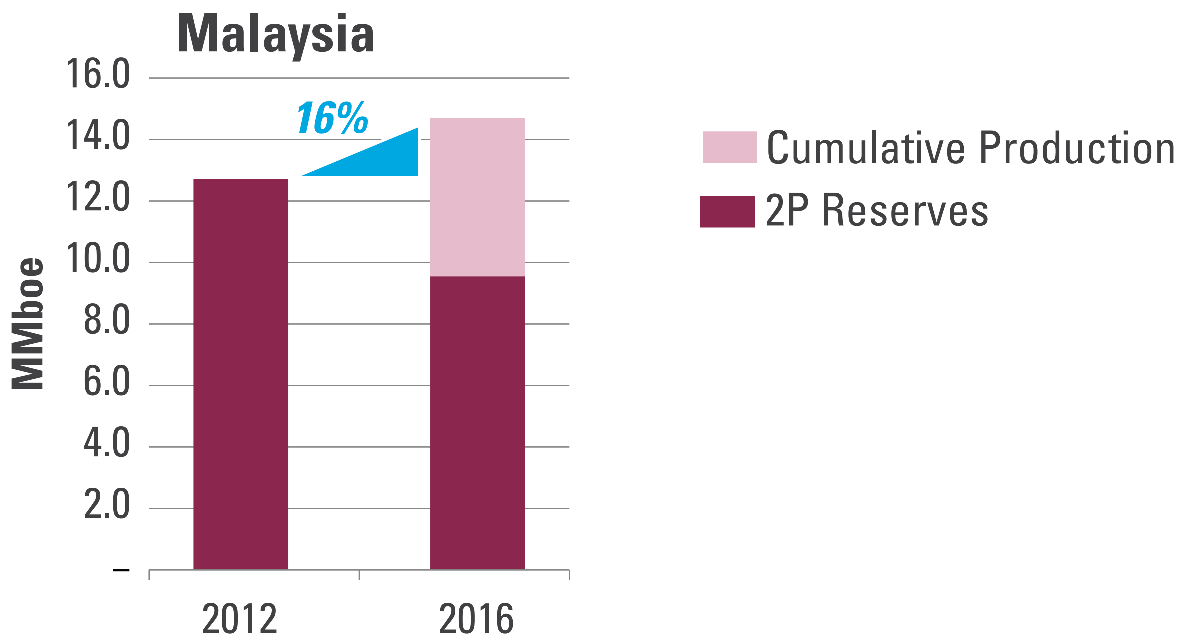
- **29.4 MMboe 2P reserves, 94% light oil**
- **Track record of reserves increases**
- **Limited investment in recent years**

### 2P Reserves – 29.4 MMboe

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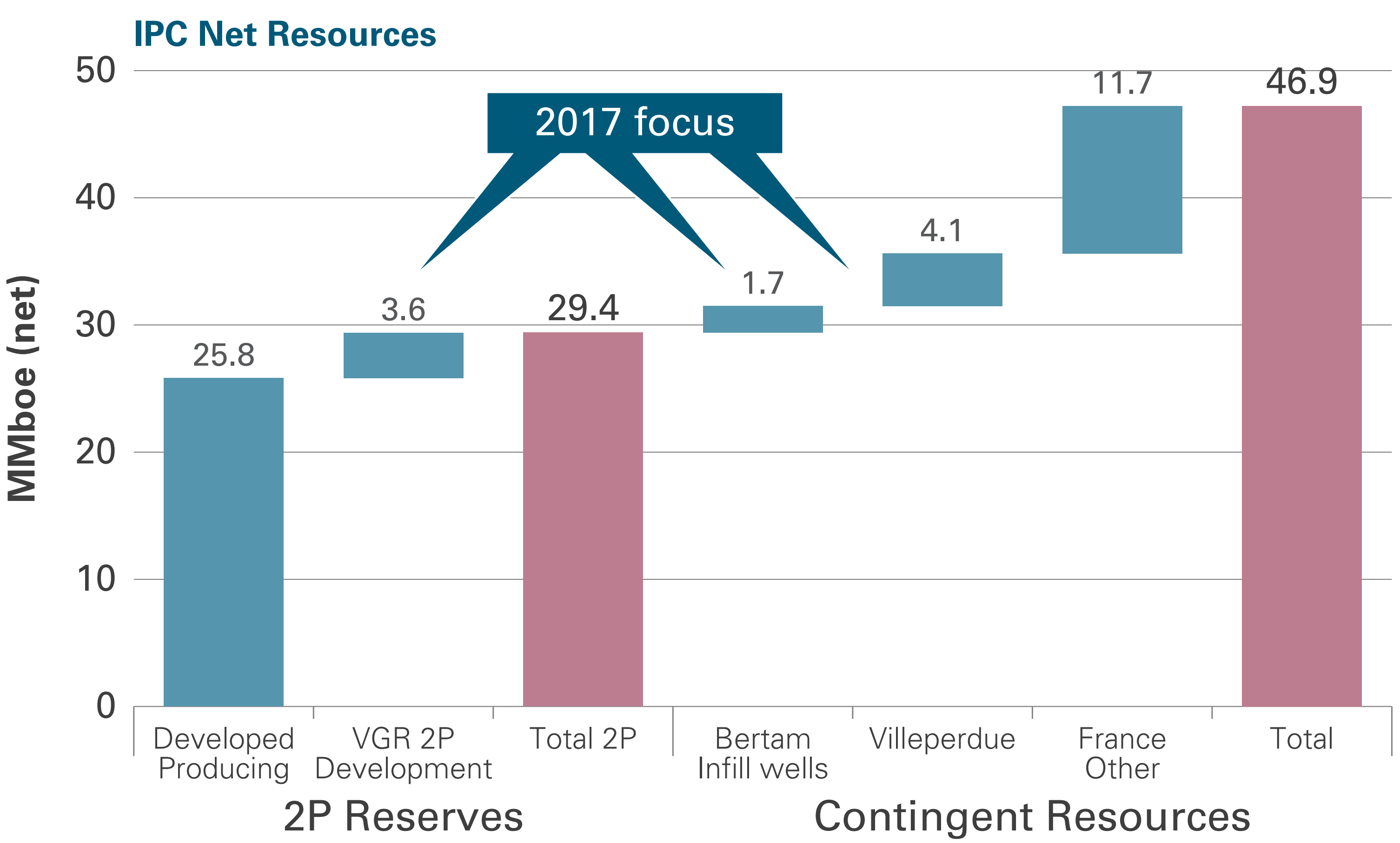
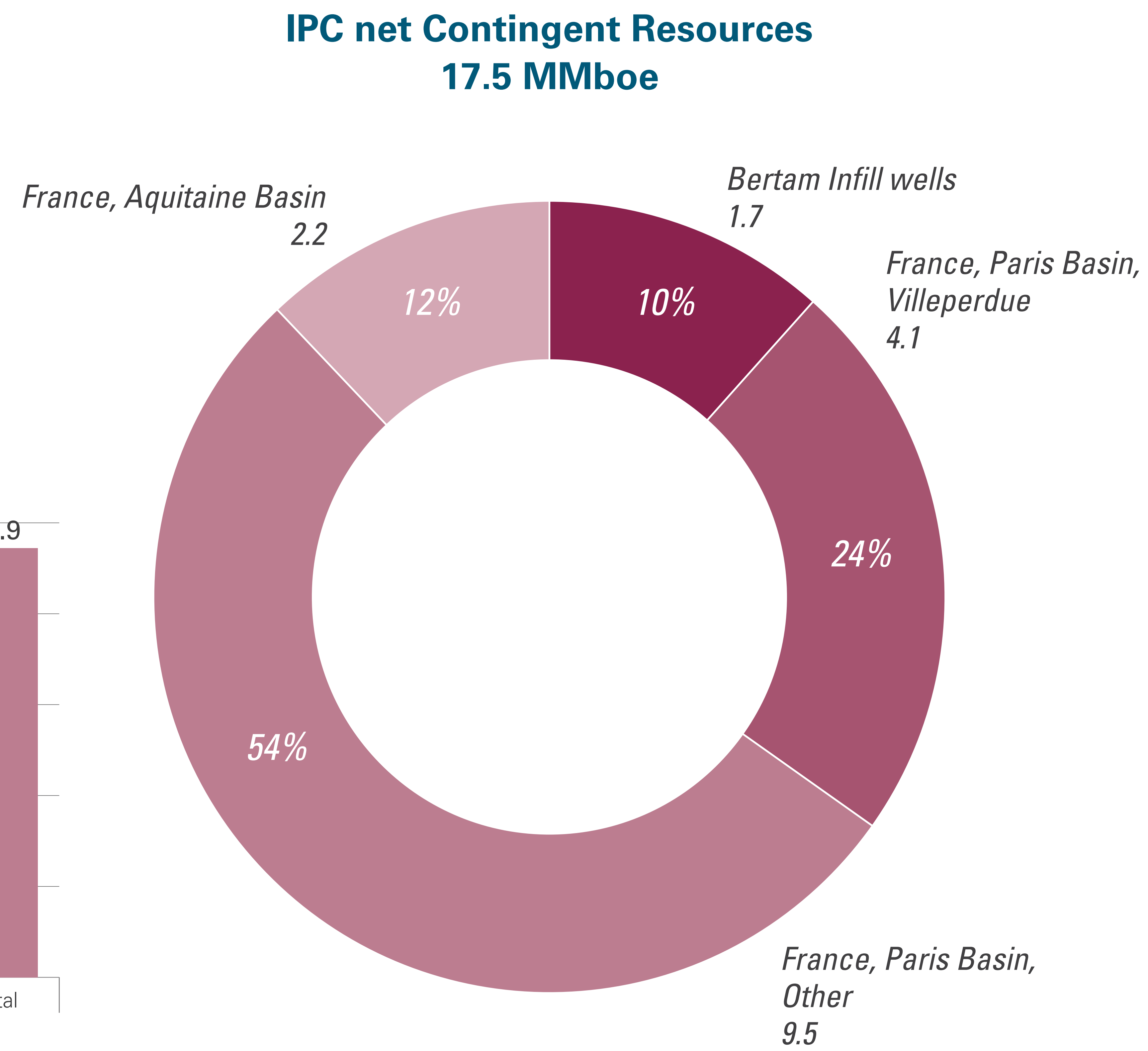
## Contingent Resources

- **17.5 MMboe contingent resources**
  - 100% oil weighted
  - 90% in France
  - 60% of 2P Reserves



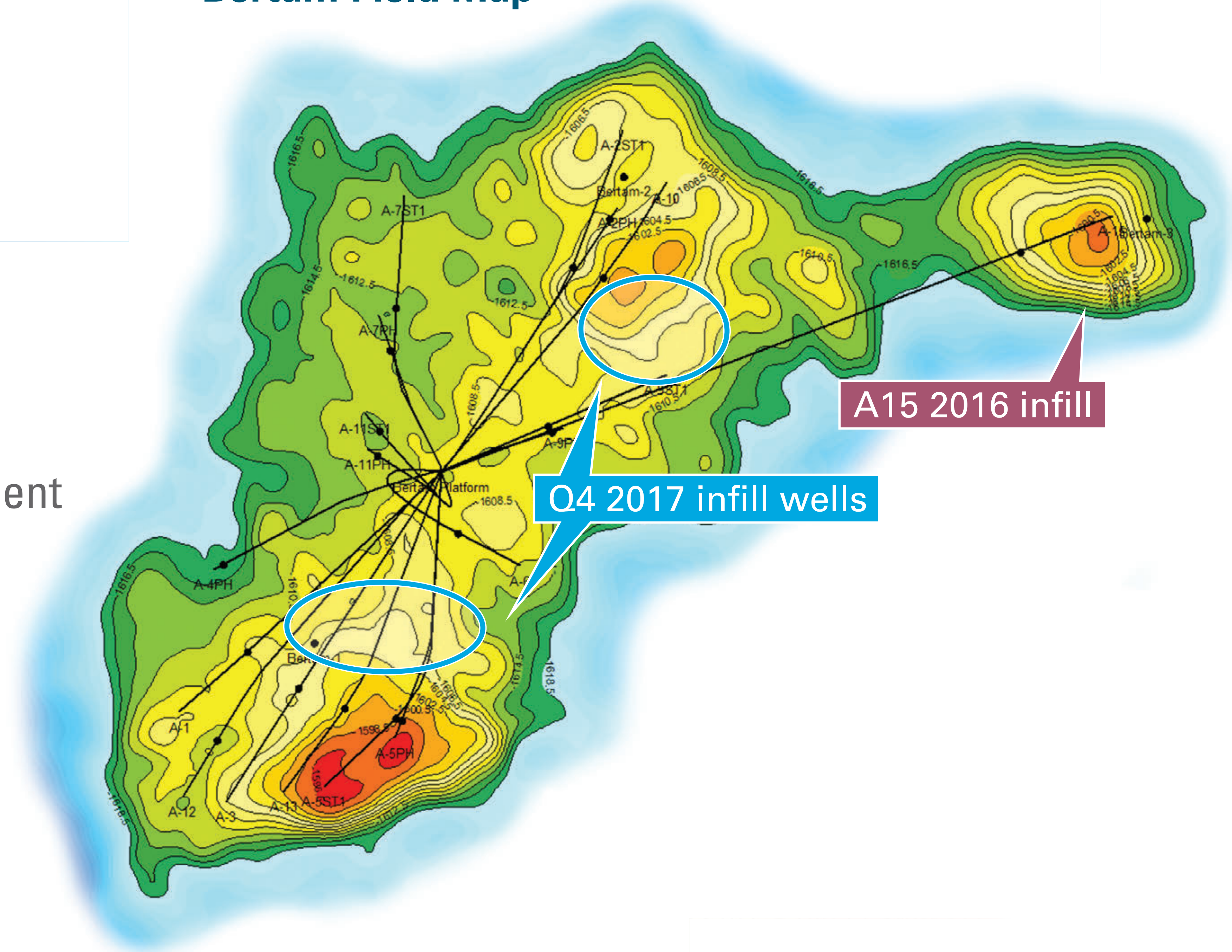



## Malaysia

# Bertam Development Upside

- **Low risk infill drilling (2 wells)**
  - Planned execution Q4 2017
  - 2 best well locations highgraded
  - Low risk, between existing production wells
  - 1.7 MMboe contingent resources (net)
  - Well cost down ~33% since initial field development
  - No facilities investment required
  - < 20 USD per boe breakeven
  - ~8 months payback from first capital spend

### Bertam Field Map



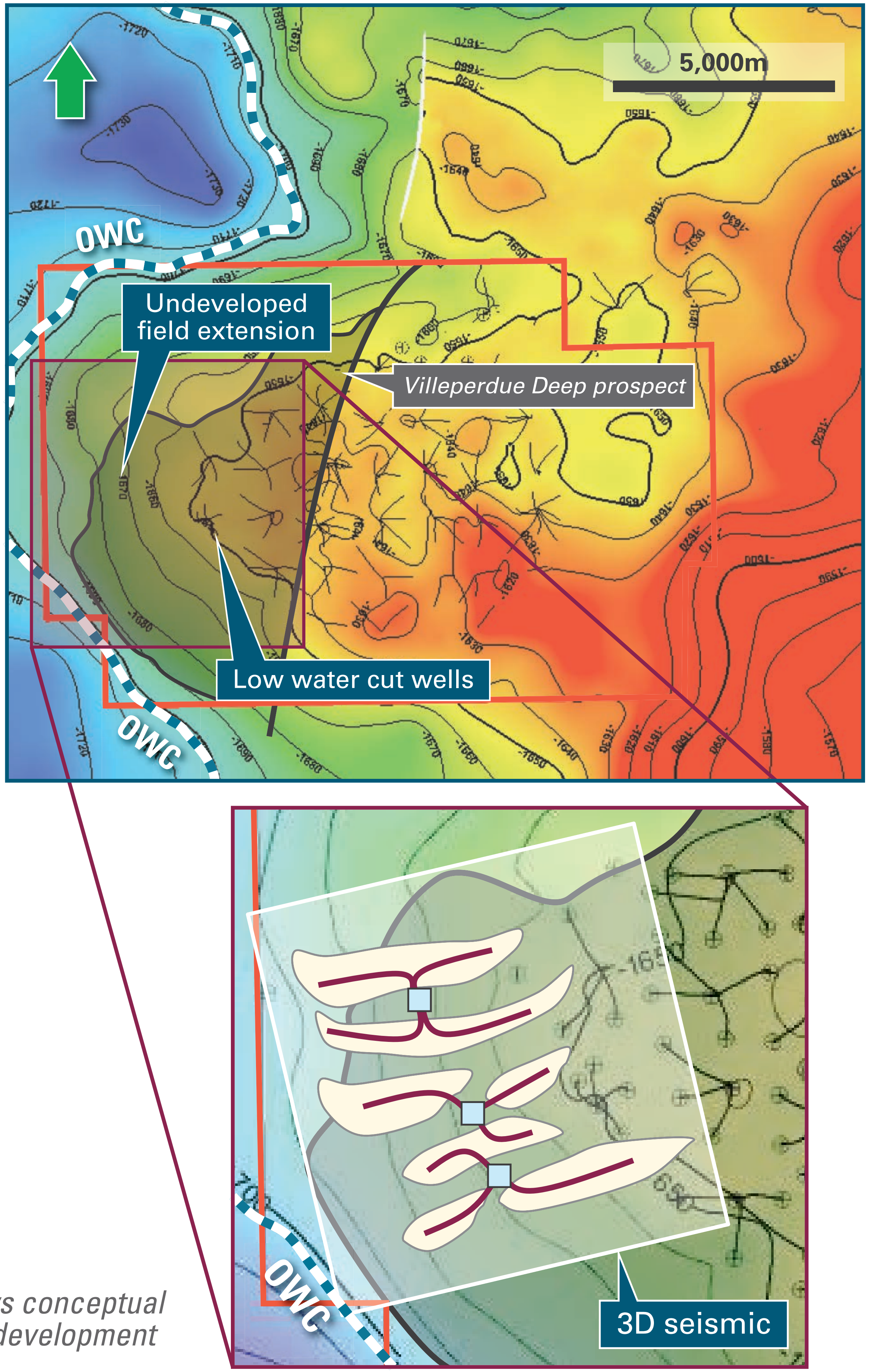
# France – Vert-La-Gravelle
## Development Project

- **Top ranked opportunity in France – 3.6 MMboe 2P reserves**
  - Original development suspended due to capital allocation priorities
  - All facilities in place, 4 wells on production already
  - 5 new wells, tied into existing facilities
  - < 30 USD per boe breakeven
  - Evaluating productivity uplift from horizontal drilling

# France – Villeperdue
## West Development

- **Undeveloped western extension of Villeperdue 4.1 MMboe contingent resources**
  - Field originally delineated by drilling only, no seismic
  - Low water cut wells suggest significant volumes to the west
  - 3D seismic programme to optimise well locations – sanctioned Q2, execution Q3 2017
- **Development Concept**
  - Horizontal wells tied into existing infrastructure
  - < 30 USD per boe breakeven
- **Improved structural definition of Villeperdue Deep prospect**

**Villeperdue Dogger Depth Map**




*NB: schema shows conceptual geobodies & development*

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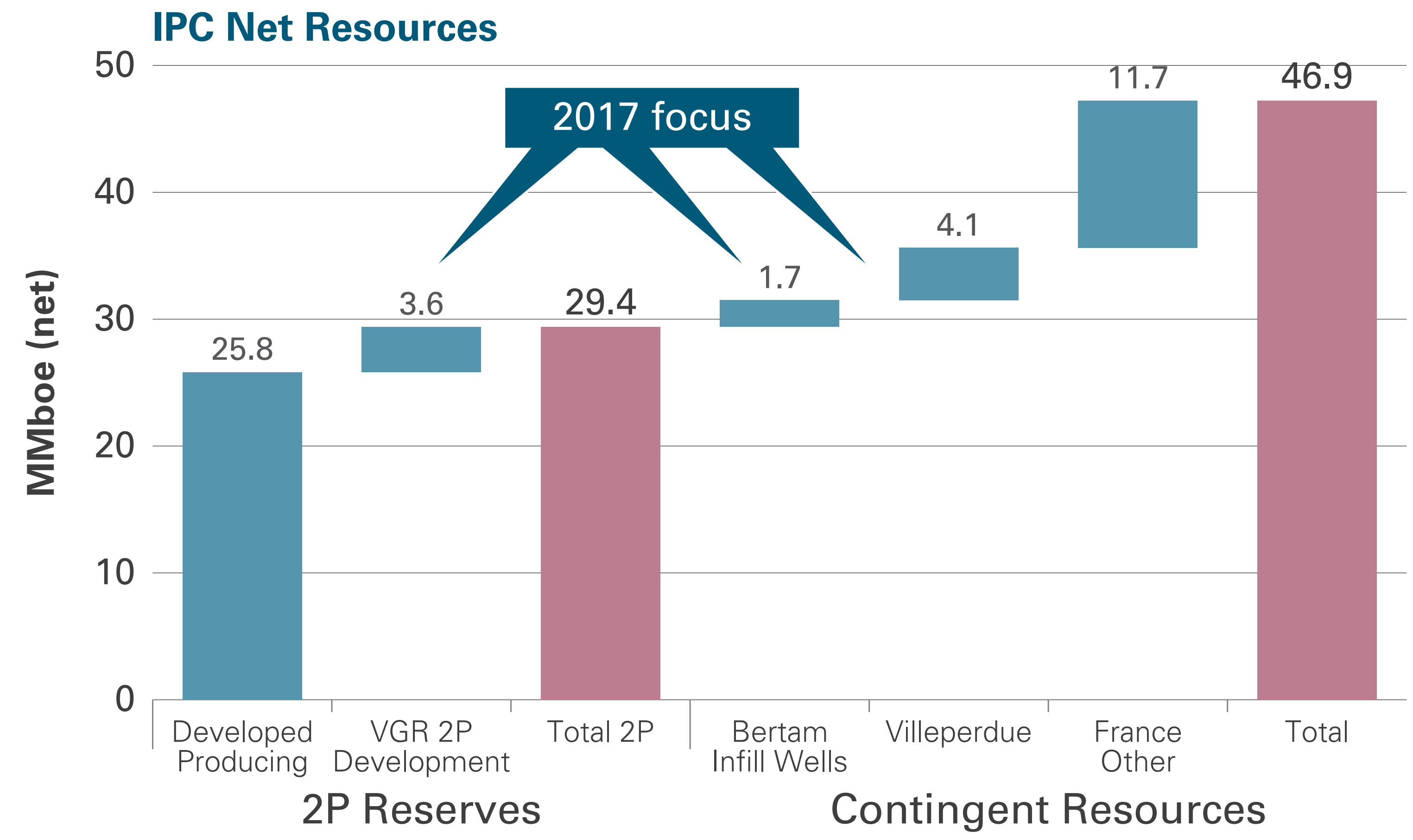
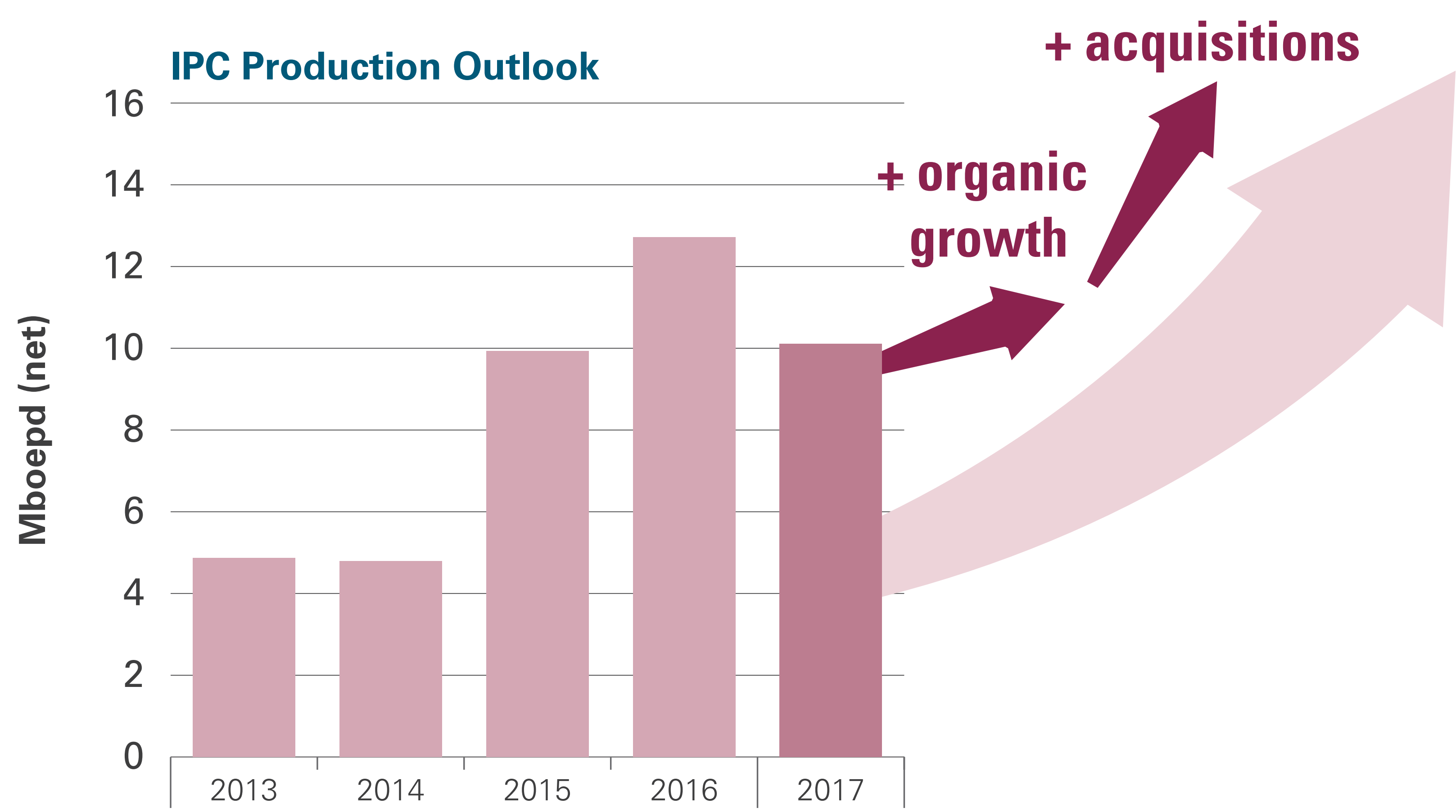
# Net Resources

- **3 Opportunities being actively matured**
  - Bertam infill campaign
  - Vert-La-Gravelle re-development with horizontal well optimisation potential
  - Villeperdue West development
- **Material impact on IPC**
  - Up to 9.4 MMboe 2P + contingent resources targeted for near term execution



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# First Six Months 2017 Financial Highlights

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# Second Quarter 2017
## Financial Highlights

| | Second Quarter 2017 | First Half 2017 |
|---|---|---|
| Production (boepd) | 10,600 | 11,100 |
| Average Brent Oil Price (USD/boe) | 49.64 | 51.72 |
| Operating costs (USD/boe) [1] | 14.38 | 13.32 |
| Operating cash flow (MUSD) [1] | 32.6 | 72.3 |
| EBITDA (MUSD) [1] | 30.0 | 69.4 |
| Net result (MUSD) | 7.1 | 11.6 |

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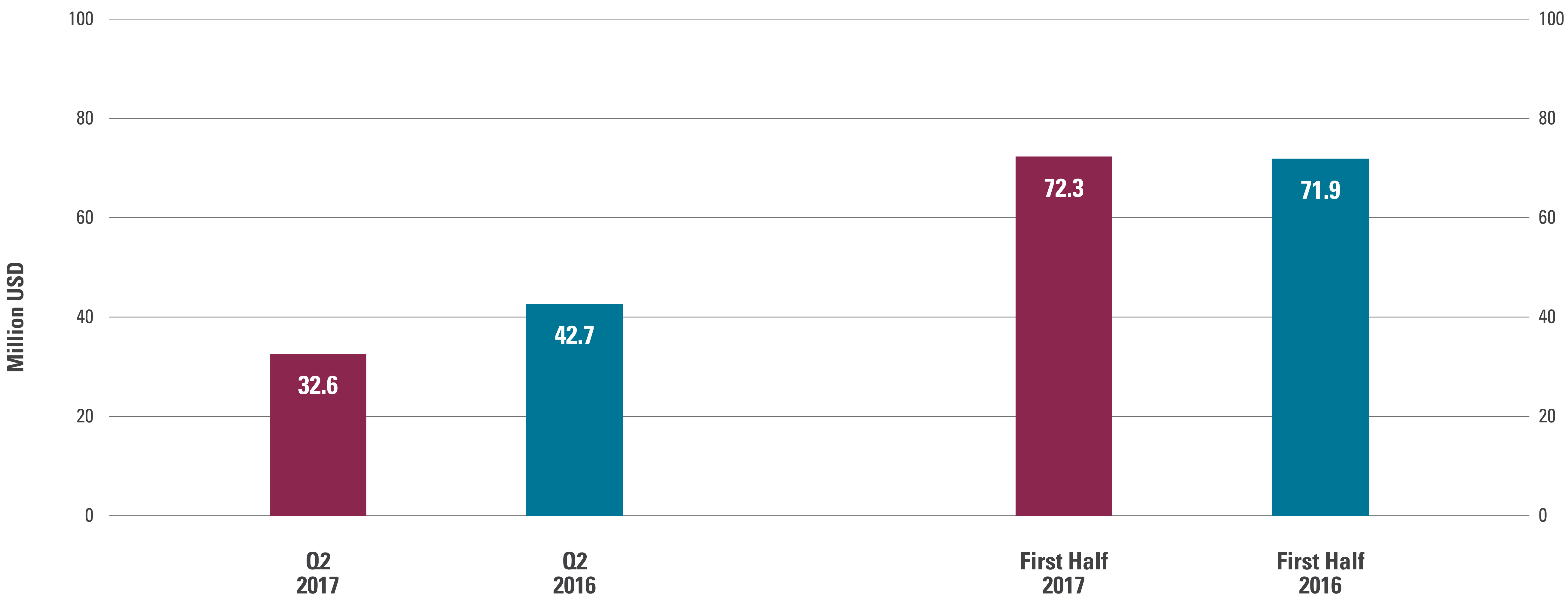
[1] *Non-IFRS Measure, see MD&A*

# Second Quarter 2017
# Financial Results

## Operating Cash Flow [1]




*[1] Non-IFRS Measure, see MD&A*

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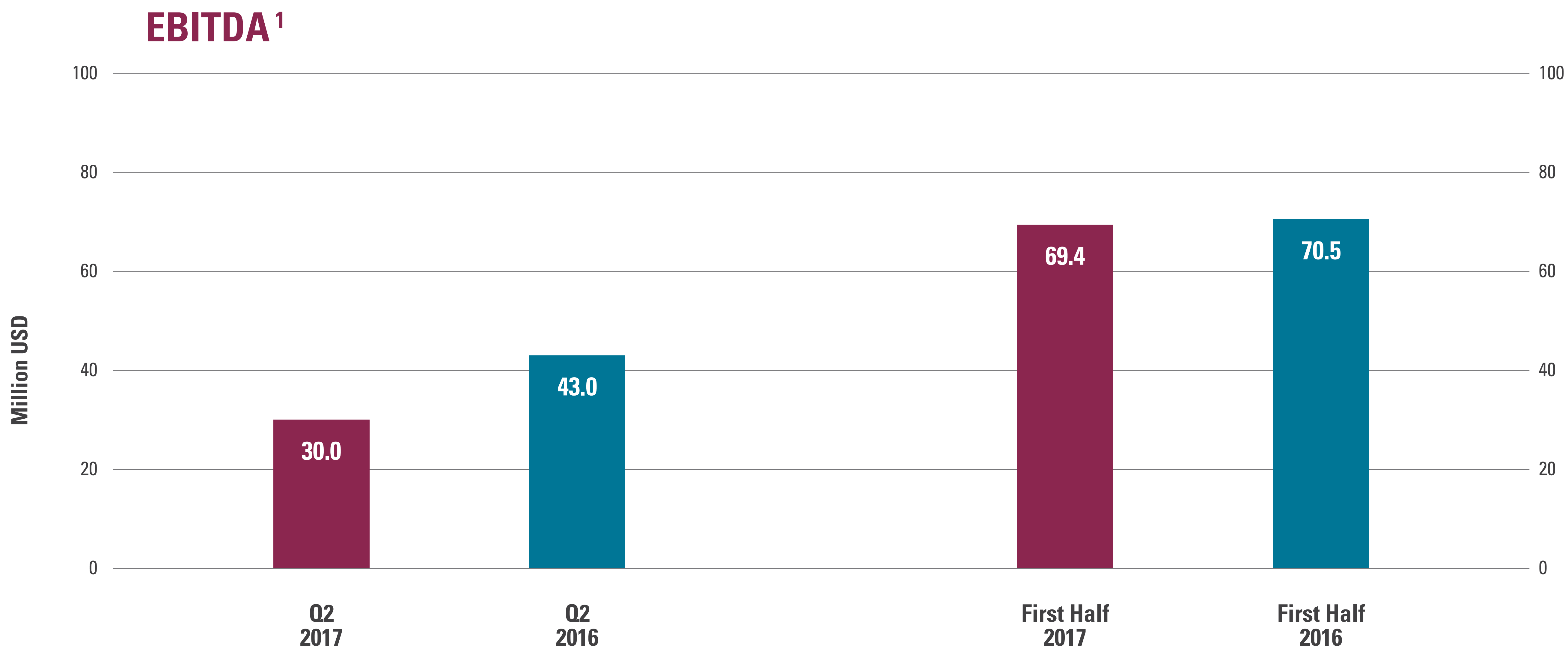
# Second Quarter 2017
# Financial Results

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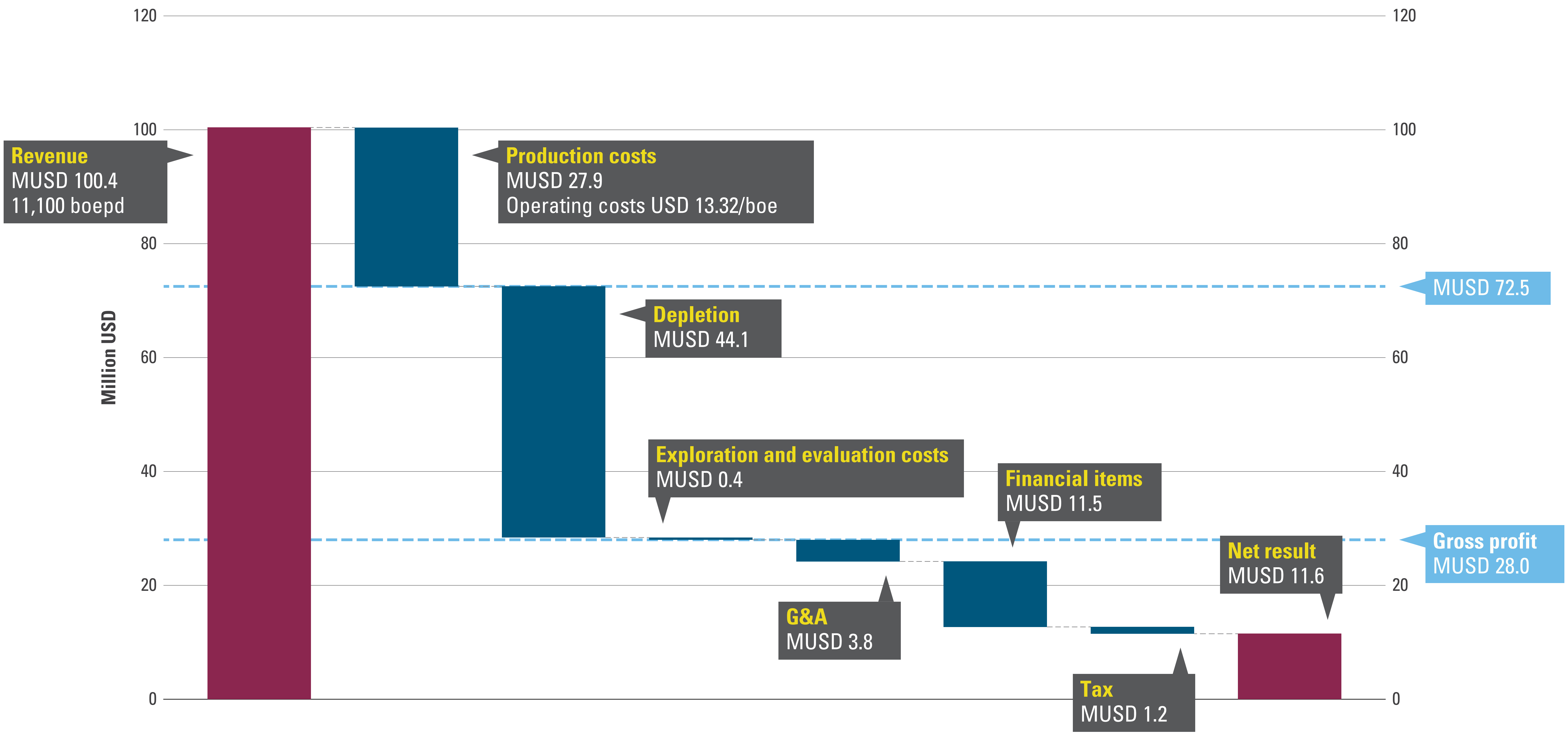
[1] *Non-IFRS Measure, see MD&A*

# Second Quarter 2017
# Financial Results

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# Second Quarter 2017

## Netback[1] (USD/boe)

| | Second Quarter 2017 | First Half 2017 |
|---|---|---|
| *Average Brent Oil Price (USD/boe)* | *49.64* | *51.72* |
| Revenue | 50.38 | 50.25 |
| Cost of operations | *-12.89* | *-11.57* |
| Tariff and transportation | *-0.65* | *-0.95* |
| Production taxes | *-0.84* | *-0.80* |
| Operating costs[2] | -14.38 | -13.32 |
| Inventory movements | -2.29 | -0.64 |
| **Revenue – production costs** | **33.71** | **36.29** |
| Cash taxes | 0.19 | -0.10 |
| **Operating cash flow** | **33.90** | **36.19** |
| General and administration costs[3] | -2.50 | -1.55 |
| **EBITDA** | **31.21** | **34.74** |

*[1] Based on production volumes [2] Non-IFRS Measure, see MD&A [3] Adjusted for depreciation*

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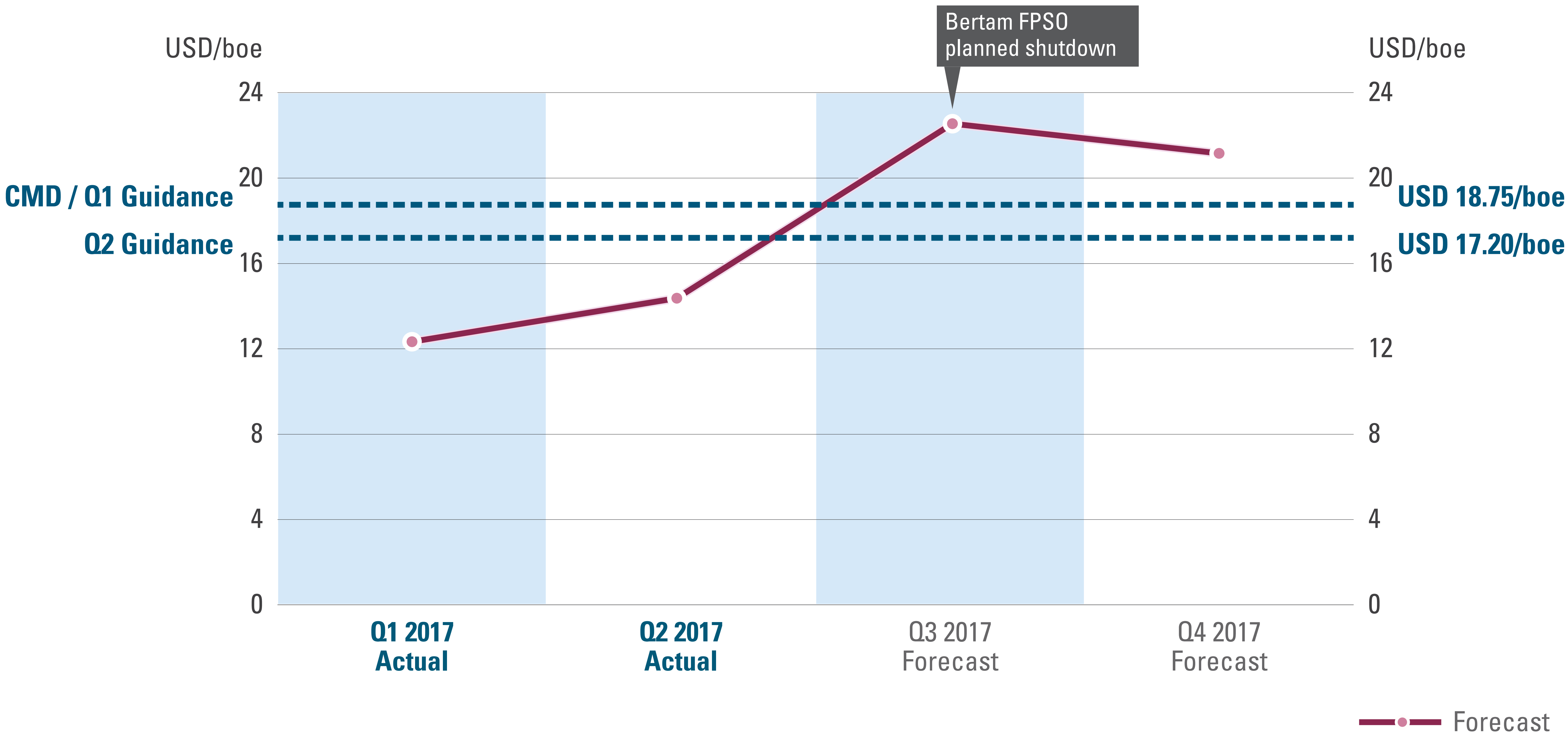
# Second Quarter 2017

## Operating Costs [1]




[1] *Non-IFRS Measure, see MD&A*

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## Second Quarter 2017

# G&A / Financial Items (MUSD)

| | Second Quarter 2017 | First Half 2017 |
|---|---|---|
| G&A | 2.5 | 3.1 |
| G&A – depreciation | 0.4 | 0.7 |
| **G&A Expense** | **2.9** | **3.8** |

| | Second Quarter 2017 | First Half 2017 |
|---|---|---|
| Interest expense | 0.3 | 0.3 |
| Amortisation of loan fees | 0.1 | 0.1 |
| Loan commitment fees | 0.1 | 0.1 |
| Foreign exchange loss, net | -0.8 | 9.3 |
| Unwinding of asset retirement obligation discount | 0.9 | 1.7 |
| **Net Finance Costs** | **0.6** | **11.5** |

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# Second Quarter 2017
## Credit Facility

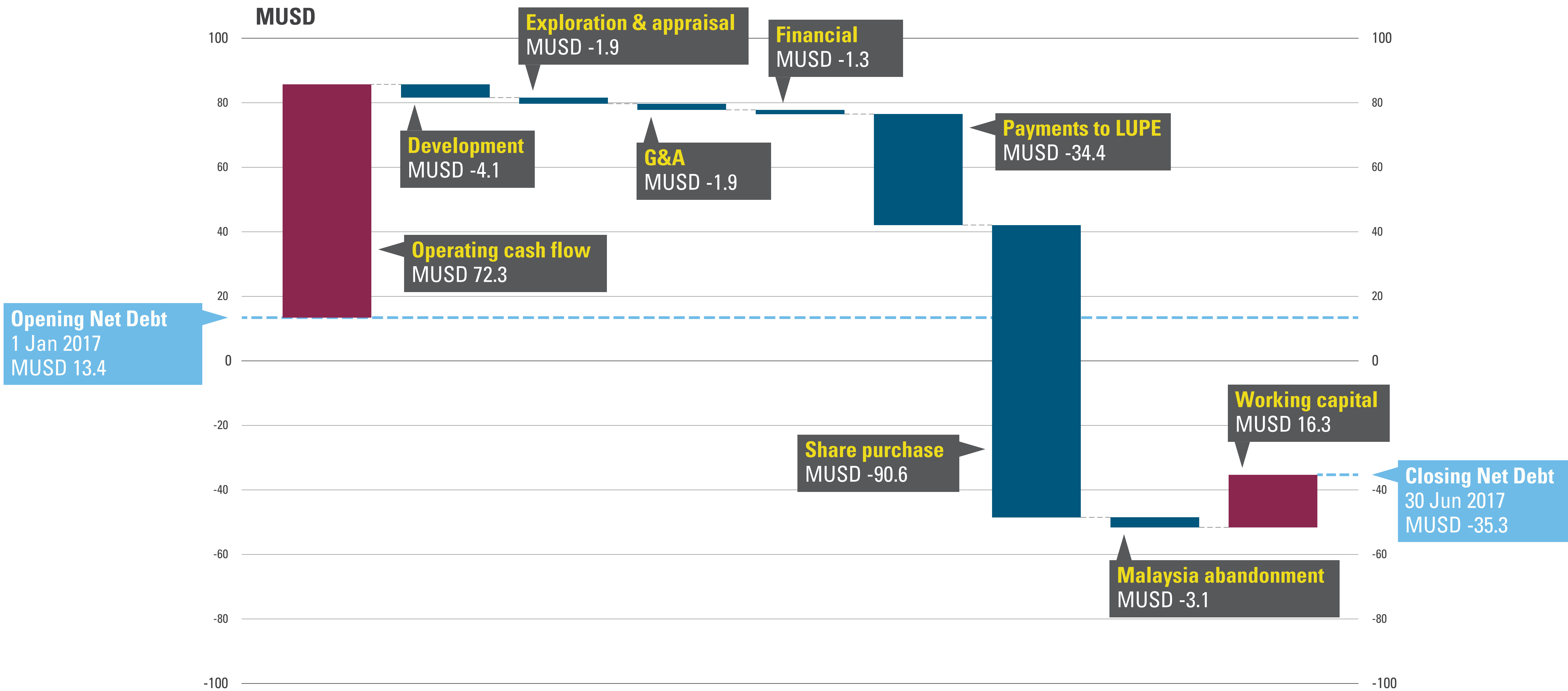
- **MUSD 100 2.25 year revolving reserves-based lending signed April 20, 2017**
- **Fully available**
- **Margin 2.75%**
- **MUSD 80 drawn to partly fund share purchase offer (MUSD 90.6)**
- **Net debt[1] as at June 30, 2017 was MUSD 35.3**



[1] *Non-IFRS Measure, see MD&A*

# First Six Months 2017

# Net Debt[1] (MUSD)




[1] Non-IFRS Measure, see MD&A

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# International Petroleum Corp.
## Concluding Remarks

- **First half production of 11,100 boepd, 4% ahead of guidance**
- **Operating cost[1] guidance reduced to 17.2 per boe**
- **Strong operating cash flow[1] generation of MUSD 72.3**
- **Share purchase offer completed and net debt[1] of MUSD 35.3**
- **Renewed focus on organic growth**
  - 17.5 MMboe contingent resources
  - Infill drilling in Malaysia + 3D seismic in France
    - Represents 33% of IPC contingent resources
- **Active pursuit of M&A opportunities**

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*[1] Non-IFRS Measure, see MD&A*

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References are made in this presentation to Operating Cash Flow (OCF), net debt and operating costs which are not generally accepted accounting measures under IFRS and therefore may not be comparable with definitions of OCF, net debt and operating costs that may be used by other entities. Management believes that OCF, net debt and operating costs are useful supplemental measures that may assist shareholders and investors in assessing the cash generated by and the financial performance and position of the Corporation. This additional information should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. The definition and reconciliation of non-IFRS measures is presented in the MD&A

Reserve estimates and estimates of future net revenue are effective as of 31 December 2016 and were prepared by IPC in accordance with standards prescribed by National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators (NI 51-101) and audited by ERC Equipoise Ltd., an independent qualified reserves auditor.

The estimates of best estimate contingent resources contained in this presentation are based on an evaluation of contingent resources that was prepared by a qualified reserves evaluator, as defined in NI 51-101. The reserves evaluator is not independent of IPC for the purposes of NI 51-101. All references in this presentation to contingent resources are to best estimate contingent resources.

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 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 is uncertainty that it will be commercially viable to produce any portion of the contingent resources referred to in this presentation. The contingent resources referred to in this presentation are further described in the MD&A, including with respect to risks and uncertainties related to the contingent resources.

Statements relating to "reserves" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. There are numerous uncertainties inherent in estimating crude oil, natural gas and NGL reserves and the future cash flow attributed to such reserves. The reserve and associated cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating expenses, all of which may vary materially. Actual reserve values may be greater than or less than the estimates provided herein. Also, estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates and future net revenue for all properties due to the effect of aggregation. With respect to disclosure contained herein regarding resources other than reserves, there is uncertainty that it will be commercially viable to produce any portion of the resources.

All forward-looking statements are based on IPC's beliefs and assumptions based on information available at the time the assumption was made. IPC believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this presentation should not be unduly relied upon. The material assumptions are disclosed in this presentation, and include, without limitation: that IPC will conduct its operations in a manner consistent with its expectations, the general continuance of current or, where applicable, assumed industry conditions; the continuance of existing tax and regulatory regimes; IPC's ability to conclude new transactions, including financings and acquisitions, in a satisfactory manner; certain cost assumptions; the availability of debt and/or equity financing and cash flow to fund IPC's capital and operating requirements as needed; and the extent of IPC's liabilities.

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**Oil and Gas Metrics:**
Barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf : 1 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. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of oil, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

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