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International Petroleum Corporation

***Interim Condensed Consolidated
Financial Statements***

For the three and nine months ended September 30, 2022



Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021, UNAUDITED

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Interim Condensed Consolidated Statement of Operations

For the three and nine months ended September 30, 2022 and 2021, UNAUDITED

USD Thousands	Note	Three months ended - September 30		Nine months ended - September 30	
		2022	2021	2022	2021
Revenue	2	300,770	172,551	879,479	451,113
Cost of sales					
Production costs	3	(124,064)	(80,611)	(356,151)	(222,446)
Depletion and decommissioning costs	7	(31,939)	(30,453)	(91,721)	(88,720)
Depreciation of other assets		(2,991)	(2,443)	(8,092)	(7,480)
Exploration and business development costs		(1,287)	(408)	(2,217)	(1,615)
Gross profit	2	140,489	58,636	421,298	130,852
General, administration and depreciation expenses		(2,784)	(3,131)	(10,700)	(9,300)
Profit before financial items		137,705	55,505	410,598	121,552
Finance income	4	1,641	209	2,269	217
Finance costs	5	(10,866)	(13,169)	(33,398)	(26,352)
Net financial items		(9,225)	(12,960)	(31,129)	(26,135)
Profit before tax		128,480	42,545	379,469	95,417
Income tax	6	(37,977)	(11,988)	(102,927)	(16,276)
Net result		90,503	30,557	276,542	79,141
Net result attributable to:					
Shareholders of the Parent Company		90,491	30,548	276,493	79,118
Non-controlling interest		12	9	49	23
		90,503	30,557	276,542	79,141
Earnings per share – USD ¹	14	0.63	0.20	1.83	0.51
Earnings per share fully diluted – USD ¹	14	0.62	0.19	1.80	0.50

¹ Based on net result attributable to shareholders of the Parent Company

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Comprehensive Income

For the three and nine months ended September 30, 2022 and 2021, UNAUDITED

USD Thousands	Note	Three months ended - September 30		Nine months ended - September 30	
		2022	2021	2022	2021
Net result		90,503	30,557	276,542	79,141
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Hedging (gains) / losses reclassified to profit or loss	2	(8,396)	8,507	460	23,160
Gains / (losses) on cash flow hedges		7,778	(6,326)	11,071	(35,657)
Income tax relating to these items		296	(597)	(2,709)	3,051
Currency translation adjustments		(44,871)	(12,456)	(62,642)	(4,133)
Total comprehensive income		45,310	19,685	222,722	65,562
Total comprehensive income attributable to:					
Shareholders of the Parent Company		45,306	19,678	222,691	65,543
Non-controlling interest		4	7	31	19
		45,310	19,685	222,722	65,562

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Balance Sheet

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

USD Thousands	Note	September 30, 2022	December 31, 2021
ASSETS			
Non-current assets			
Oil and gas properties	7	919,560	971,571
Other tangible fixed assets	8	34,339	46,363
Right-of-use assets		1,123	1,639
Deferred tax assets	6	1,780	67,188
Other assets	9	34,470	35,753
Total non-current assets		991,272	1,122,514
Current assets			
Inventories	10	20,622	20,195
Trade and other receivables	11	144,681	110,897
Derivative instruments	18	12,124	1,159
Current tax receivables		18	99
Cash and cash equivalents	12	400,489	18,810
Total current assets		577,934	151,160
TOTAL ASSETS		1,569,206	1,273,674
LIABILITIES			
Non-current liabilities			
Financial liabilities	15	8,746	109,219
Bonds	15	295,161	–
Lease liabilities		442	980
Provisions	16	190,815	198,811
Deferred tax liabilities	6	44,922	22,142
Total non-current liabilities		540,086	331,152
Current liabilities			
Trade and other payables	17	117,070	79,841
Financial liabilities	15	3,128	1,806
Current tax liabilities		7,971	5,093
Lease liabilities		651	684
Provisions	16	6,938	7,555
Total current liabilities		135,758	94,979
EQUITY			
Shareholders' equity		893,174	847,386
Non-controlling interest		188	157
Net shareholders' equity		893,362	847,543
TOTAL EQUITY AND LIABILITIES		1,569,206	1,273,674

Approved by the Board of Directors

(Signed) C. Ashley Heppenstall
Director

(Signed) Mike Nicholson
Director

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Cash Flow

For the three and nine months ended September 30, 2022 and 2021, UNAUDITED

USD Thousands	Note	Three months ended - September 30		Nine months ended - September 30	
		2022	2021	2022	2021
Cash flow from operating activities					
Net result		90,503	30,557	276,542	79,141
Adjustments for non-cash related items:					
Depletion, depreciation and amortization	7,8	35,336	33,310	101,014	97,500
Exploration costs	7	–	–	–	270
Income tax	6	37,977	11,988	102,927	16,276
Amortization of capitalized financing fees	5	307	465	2,949	1,602
Foreign currency exchange	4,5	1,902	6,624	5,945	3,558
Interest expense	5	5,686	2,664	15,201	10,994
Unwinding of asset retirement obligation discount	5	2,667	2,869	8,156	8,667
Share-based costs		1,494	1,519	5,493	4,864
Other		577	(73)	987	184
Cash flow generated from operations (before working capital adjustments and income taxes)		176,449	89,923	519,214	223,056
Changes in working capital		(9,047)	(4,045)	(37,426)	(20,044)
Decommissioning costs paid	16	(962)	(775)	(4,724)	(2,663)
Other payments	16	(1,420)	(601)	(2,018)	(879)
Income taxes received / (paid)		(1,478)	791	(10,367)	451
Interest paid		(10,927)	(2,727)	(11,425)	(10,673)
Net cash flow from operating activities		152,615	82,566	453,254	189,248
Cash flow used in investing activities					
Investment in oil and gas properties	7	(46,729)	(7,663)	(114,870)	(26,549)
Investment in other fixed assets	8	(29)	(39)	(117)	(166)
Net cash (outflow) from investing activities		(46,758)	(7,702)	(114,987)	(26,715)
Cash flow from financing activities					
Borrowings / (Repayments)	15	1,598	(72,845)	(96,798)	(144,514)
Bonds issuance	15	–	–	300,000	–
Paid financing fees	15	–	–	(5,583)	(605)
Financing of Substantial Issuer Bid ("SIB")	13	(1,237)	–	(100,887)	–
Repurchase of own shares	13	(46,906)	–	(67,935)	–
Other payments		(173)	(228)	(523)	(596)
Net cash (outflow) from financing activities		(46,718)	(73,073)	28,274	(145,715)
Change in cash and cash equivalents		59,139	1,791	366,541	16,818
Cash and cash equivalents at the beginning of the period		327,860	21,262	18,810	6,498
Currency exchange difference in cash and cash equivalents		13,490	(433)	15,138	(696)
Cash and cash equivalents at the end of the period		400,489	22,620	400,489	22,620

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2022 and 2021, UNAUDITED

USD Thousands	Share capital and premium	Retained earnings	CTA	IFRS 2 reserve	MTM reserve	Pension reserve	Total	Non-controlling interest	Total equity
Balance at January 1, 2021	532,379	152,184	16,776	10,088	(877)	(2,229)	708,321	132	708,453
Net result	–	79,118	–	–	–	–	79,118	23	79,141
Cash flow hedge	–	–	–	–	(9,446)	–	(9,446)	–	(9,446)
Currency translation difference	–	–	(4,227)	(68)	166	–	(4,129)	(4)	(4,133)
Total comprehensive income	–	79,118	(4,227)	(68)	(9,280)	–	65,543	19	65,562
Issuance of new shares ¹	93	–	–	–	–	–	93	–	93
Share based payments ²	3,742	–	–	(1,983)	–	–	1,759	–	1,759
Balance at September 30, 2021	536,214	231,302	12,549	8,037	(10,157)	(2,229)	775,716	151	775,867

¹ See Note 13

USD Thousands	Share capital and premium	Retained earnings	CTA	IFRS 2 reserve	MTM reserve	Pension reserve	Total	Non-controlling interest	Total equity
Balance at January 1, 2022	528,764	298,212	11,291	9,700	874	(1,455)	847,386	157	847,543
Net result	–	276,493	–	–	–	–	276,493	49	276,542
Cash flow hedge	–	–	–	–	8,822	–	8,822	–	8,822
Currency translation difference	–	–	(61,256)	(802)	(566)	–	(62,624)	(18)	(62,642)
Total comprehensive income	–	276,493	(61,256)	(802)	8,256	–	222,691	31	222,722
Repurchase of own shares ¹	(67,935)	–	–	–	–	–	(67,935)	–	(67,935)
Substantial Issuer Bid ("SIB") ¹	(100,887)	–	–	–	–	–	(100,887)	–	(100,887)
Share based payments ²	(8,514)	–	–	433	–	–	(8,081)	–	(8,081)
Balance at September 30, 2022	351,428	574,705	(49,965)	9,331	9,130	(1,455)	893,174	188	893,362

¹ See Note 13

² The second instalment of IPC RSU 2020 awards and the first instalment of IPC RSU 2021 awards vested on February 28, 2022, at a price of CAD 8.93 per award. The difference between the value at vesting date and at grant (respectively CAD 4.35 per award and CAD 4.07 per award) was offset against share premium. The third instalment of IPC RSU 2019 awards and the IPC PSU 2019 awards vested on June 30, 2022, at a price of CAD 12.83 per award. The difference between the value at vesting date and at grant (respectively CAD 5.84 per award and CAD 4.28 per award) was offset against share premium.

See accompanying notes to the interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021, UNAUDITED

1. CORPORATE INFORMATION

A. The Group

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

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

On April 10, 2021, IPC increased its working interest in the Bertam field, Malaysia, from 75% to 100% following the completion of the withdrawal of Petronas Carigali Sdn Bhd from Block PM307 and assignment of its working interest to IPC.

B. Basis of preparation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements should be read in conjunction with IPC's annual consolidated financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS as issued by the IASB.

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

The unaudited interim condensed consolidated financial statements have been approved by the Board of Directors of IPC and authorized for issuance on November 1, 2022.

The unaudited interim condensed consolidated financial statements have been prepared following the same accounting policies and methods of application as those in the Group's audited annual consolidated financial statements for the year ended December 31, 2021.

C. Going concern

The Group's interim condensed consolidated financial statements for the three and nine months ended September 30, 2022, have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future.

D. Changes in accounting policies and disclosures

During the nine months ended September 30, 2022, the Group applied the amended accounting standards, interpretations and annual improvement points that are effective as of January 1, 2022.

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021, UNAUDITED

2. SEGMENT INFORMATION

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

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

USD Thousands	Three months ended - September 30, 2022				Total
	Canada	Malaysia	France	Other	
Crude oil	187,625	71,138	21,884	–	280,647
NGLs	170	–	–	–	170
Gas	37,397	–	–	–	37,397
Net sales of oil and gas	225,192	71,138	21,884	–	318,214
Change in under/over lift position	–	–	534	–	534
Royalties	(26,527)	–	–	–	(26,527)
Hedging settlement	8,396	–	–	–	8,396
Other operating revenue	10	–	143	–	153
Revenue	207,071	71,138	22,561	–	300,770
Operating costs	(53,405)	(9,249)	(9,758)	–	(72,412)
Cost of blending	(42,358)	–	–	–	(42,358)
Change in inventory position	(968)	(8,488)	162	–	(9,294)
Depletion and decommissioning costs	(19,453)	(9,618)	(2,868)	–	(31,939)
Depreciation of other tangible fixed assets	–	(2,991)	–	–	(2,991)
Exploration and business development costs	–	–	–	(1,287)	(1,287)
Gross profit/(loss)	90,887	40,792	10,097	(1,287)	140,489

USD Thousands	Three months ended - September 30, 2021				Total
	Canada	Malaysia	France	Other	
Crude oil	125,816	22,206	17,335	–	165,357
NGLs	133	–	–	–	133
Gas	25,639	–	–	–	25,639
Net sales of oil and gas	151,588	22,206	17,335	–	191,129
Change in under/over lift position	–	–	3,439	–	3,439
Royalties	(13,720)	–	–	–	(13,720)
Hedging settlement	(8,507)	–	–	–	(8,507)
Other operating revenue	–	–	210	–	210
Revenue	129,361	22,206	20,984	–	172,551
Operating costs	(46,044)	(8,231)	(8,932)	–	(63,207)
Cost of blending	(18,075)	–	–	–	(18,075)
Change in inventory position	(72)	781	(38)	–	671
Depletion and decommissioning costs	(18,988)	(7,288)	(4,177)	–	(30,453)
Depreciation of other assets	–	(2,443)	–	–	(2,443)
Exploration and business development costs	–	–	–	(408)	(408)
Gross profit / (loss)	46,182	5,025	7,837	(408)	58,636

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021, UNAUDITED

USD Thousands	Nine months ended - September 30, 2022				Total
	Canada	Malaysia	France	Other	
Crude oil	624,517	139,782	83,284	–	847,583
NGLs	632	–	–	–	632
Gas	118,842	–	–	–	118,842
Net sales of oil and gas	743,991	139,782	83,284	–	967,057
Change in under/over lift position	–	–	(911)	–	(911)
Royalties	(86,861)	–	–	–	(86,861)
Hedging settlement	(460)	–	–	–	(460)
Other operating revenue	111	–	543	–	654
Revenue	656,781	139,782	82,916	–	879,479
Operating costs	(160,806)	(25,657)	(31,484)	–	(217,947)
Cost of blending	(142,638)	–	–	–	(142,638)
Change in inventory position	1,465	2,195	774	–	4,434
Depletion and decommissioning costs	(56,230)	(26,020)	(9,471)	–	(91,721)
Depreciation of other tangible fixed assets	–	(8,092)	–	–	(8,092)
Exploration and business development costs	97	–	–	(2,314)	(2,217)
Gross profit/(loss)	298,669	82,208	42,735	(2,314)	421,298

USD Thousands	Nine months ended - September 30, 2021				Total
	Canada	Malaysia	France	Other	
Crude oil	320,711	53,270	57,086	–	431,067
NGLs	398	–	–	–	398
Gas	66,731	–	–	–	66,731
Net sales of oil and gas	387,840	53,270	57,086	–	498,196
Change in under/over lift position	–	–	2,433	–	2,433
Royalties	(31,361)	–	–	–	(31,361)
Hedging settlement	(23,160)	–	–	–	(23,160)
Other operating revenue	–	4,208	733	64	5,005
Revenue	333,319	57,478	60,252	64	451,113
Operating costs	(132,929)	(21,117)	(29,242)	–	(183,287)
Cost of blending	(56,111)	–	–	–	(56,111)
Change in inventory position	907	15,857	188	–	16,952
Depletion and decommissioning costs	(53,885)	(22,313)	(12,522)	–	(88,720)
Depreciation of other assets	–	(7,480)	–	–	(7,480)
Exploration and business development costs	(4)	(259)	(7)	(1,345)	(1,615)
Gross profit / (loss)	91,297	22,167	18,669	(1,281)	130,852

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021, UNAUDITED

3. PRODUCTION COSTS

USD Thousands	Three months ended - September 30		Nine months ended - September 30	
	2022	2021	2022	2021
Cost of operations	61,167	51,582	181,924	149,035
Tariff and transportation expenses	8,542	8,946	27,063	26,485
Direct production taxes	2,703	2,679	8,960	7,767
Operating costs	72,412	63,207	217,947	183,287
Cost of blending ¹	42,358	18,075	142,638	56,111
Change in inventory position	9,294	(671)	(4,434)	(16,952)
Total production costs	124,064	80,611	356,151	222,446

¹ In Canada, oil production is blended with purchased condensate diluent to meet pipeline specifications. Cost of blending represents the contracted purchase of diluent used for blending net of proceeds from the sale of surplus diluent and a net gain of USD 84 thousand and a net gain of USD 277 thousand was recognized for Q3 2022 and Q3 2021 respectively (a gain of USD 123 thousand and a gain of USD 207 thousand for the first nine months of 2022 and 2021 respectively).

4. FINANCE INCOME

USD Thousands	Three months ended - September 30		Nine months ended - September 30	
	2022	2021	2022	2021
Interest income	1,632	186	2,236	194
Other financial income	9	23	33	23
Total finance income	1,641	209	2,269	217

5. FINANCE COSTS

USD Thousands	Three months ended - September 30		Nine months ended - September 30	
	2022	2021	2022	2021
Foreign exchange loss, net	1,902	6,624	5,945	3,558
Interest expense	5,686	2,664	15,201	10,994
Unwinding of asset retirement obligation discount	2,667	2,869	8,156	8,667
Amortization of capitalized financing fees	307	465	2,949	1,602
Loan commitment fees	93	406	447	1,140
Other financial costs	211	141	700	391
Total finance costs	10,866	13,169	33,398	26,352

6. INCOME TAX

USD Thousands	Three months ended - September 30		Nine months ended - September 30	
	2022	2021	2022	2021
Current tax	(5,052)	(575)	(14,049)	(2,622)
Deferred tax	(32,925)	(11,413)	(88,878)	(13,654)
Total tax recovery / (expense)	(37,977)	(11,988)	(102,927)	(16,276)

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

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021, UNAUDITED

Specification of deferred tax assets and tax liabilities¹

USD Thousands	September 30, 2022	December 31, 2021
Unused tax loss carry forward	42,712	115,560
Other	2,634	3,414
Deferred tax assets	45,346	118,974
Accelerated allowances	85,493	73,641
Other	2,995	287
Deferred tax liabilities	88,488	73,928
Deferred taxes, net	(43,142)	45,046

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

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

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

7. OIL AND GAS PROPERTIES

USD Thousands	September 30, 2022	December 31, 2021
Exploration and Evaluation Assets	12,559	18,037
Property, plant and Equipment	907,001	953,534
Oil and gas properties	919,560	971,571

Exploration and Evaluation Assets

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2022	12,751	181	5,105	18,037
Additions ¹	(3,881)	76	3	(3,802)
Reclassification	–	(257)	–	(257)
Currency translation adjustments	(706)	–	(713)	(1,419)
Net book value September 30, 2022	8,164	–	4,395	12,559

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

¹ Net revenues on appraisal projects amounting to USD 7,088 thousand for the first nine months of 2022 are being offset against capitalised costs of Exploration and Evaluation assets.

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021, UNAUDITED

Property, Plant and Equipment

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2022	1,021,944	534,443	408,211	1,964,598
Additions	89,372	26,948	2,352	118,672
Change in estimates	–	964	–	964
Reclassification	–	257	–	257
Currency translation adjustments	(83,305)	–	(56,502)	(139,807)
September 30, 2022	1,028,011	562,612	354,061	1,944,684
Accumulated depletion				
January 1, 2022	(267,585)	(450,347)	(293,132)	(1,011,064)
Depletion charge for the period	(56,230)	(26,020)	(9,471)	(91,721)
Currency translation adjustments	24,031	–	41,071	65,102
September 30, 2022	(299,784)	(476,367)	(261,532)	(1,037,683)
Net book value September 30, 2022	728,227	86,245	92,529	907,001

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

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

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8. OTHER TANGIBLE FIXED ASSETS

USD Thousands	FPSO	Other	Total
Cost			
January 1, 2022	206,173	10,163	216,336
Additions	–	117	117
Disposals	–	(44)	(44)
Currency translation adjustments	(3,156)	(953)	(4,109)
September 30, 2022	203,017	9,283	212,300
Accumulated depreciation			
January 1, 2022	(162,524)	(7,449)	(169,973)
Depreciation charge for the period	(8,092)	(649)	(8,741)
Disposals	–	36	36
Currency translation adjustments	–	717	717
September 30, 2022	(170,616)	(7,345)	(177,961)
Net book value September 30, 2022	32,401	1,938	34,339

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

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

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

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9. OTHER NON-CURRENT ASSETS

USD Thousands	September 30, 2022	December 31, 2021
Long-term receivables	26,746	28,024
Financial assets	7,724	7,729
	34,470	35,753

Long-term receivables represent cash payments made to an asset retirement obligation fund and financial assets mainly represent secured amounts transferred for the future asset retirement obligation, in respect of the Bertam field, Malaysia. (Also see Note 16.)

10. INVENTORIES

USD Thousands	September 30, 2022	December 31, 2021
Hydrocarbon stocks	13,463	8,355
Well supplies and operational spares	7,159	11,840
	20,622	20,195

11. TRADE AND OTHER RECEIVABLES

USD Thousands	September 30, 2022	December 31, 2021
Trade receivables	121,860	91,062
Underlift	7,624	9,827
Joint operations debtors	873	1,930
Prepaid expenses and accrued income	11,894	6,325
Other	2,430	1,753
	144,681	110,897

12. CASH AND CASH EQUIVALENTS

The cash and cash equivalents as at September 30, 2022 includes the net proceeds of the USD 300 million senior unsecured bonds (the "Bonds") issuance after repayment of the outstanding reserve-based lending ("RBL") credit facilities. The amount of cash and cash equivalents is unrestricted. (Also see Note 15.)

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13. SHARE CAPITAL

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

	Number of shares
Balance at January 1, 2021	155,342,757
Stock option exercise	25,000
Cancellation of repurchased common shares	(169,652)
Balance at December 31, 2021	155,198,105
Cancellation following the Substantial Issuer Bid	(8,258,064)
Cancellation of repurchased common shares	(8,915,606)
Balance at September 30, 2022	138,024,435

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

As at January 1, 2021, IPC had a total of 155,342,757 common shares issued and outstanding. Following the exercise of stock options during February 2021, the number of issued and outstanding common shares of the Corporation increased by 25,000 to 155,367,757 common shares. On December 1, 2021, IPC announced the commencement of a share repurchase program. During the period up to December 31, 2021, IPC repurchased an aggregate of 1,330,303 common shares, of which 169,652 shares were cancelled as at December 31, 2021. As at December 31, 2021, IPC had a total of 155,198,105 common shares issued and outstanding with voting rights.

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

As at September 30, 2022, following the cancellation during the first nine months of 2022 of a further 8,915,606 common shares repurchased, IPC has a total of 138,024,435 common shares issued and outstanding with no par value of which IPC holds 12,344 common shares in treasury which have been cancelled in October 2022.

Following the cancellation of a further 181,574 common shares repurchased during October 2022, as at November 1, 2022, IPC has a total of 137,842,861 common shares issued and outstanding with no par value and 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 does not impact the earnings per share calculations.

14. EARNINGS PER SHARE

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

USD Thousands	Three months ended - September 30		Nine months ended - September 30	
	2022	2021	2022	2021
Net result attributable to shareholders of the Parent Company, USD	90,491,024	30,547,724	276,492,795	79,117,753
Weighted average number of shares for the period	142,656,482	155,367,757	150,986,635	155,362,610
Earnings per share, USD	0.63	0.20	1.83	0.51
Weighted average diluted number of shares for the period	145,501,486	157,892,777	153,831,639	157,887,630
Earnings per share fully diluted, USD	0.62	0.19	1.80	0.50

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15. FINANCIAL LIABILITIES

USD Thousands	September 30, 2022	December 31, 2021
Bank loans	11,874	113,121
Bonds	300,000	–
Capitalized financing fees	(4,839)	(2,096)
	307,035	111,025

In May 2020, IPC entered into a EUR 13 million unsecured credit facility in France (the “France Facility”). In April 2021, IPC extended the France Facility until May 2026, with quarterly repayments which commenced in August 2022. The amount remaining outstanding under the France Facility as at September 30, 2022 was EUR 12 million.

An amount of USD 3.1 million (EUR 3.2 million) drawn under the France Facility as at September 30, 2022 is classified as current representing the repayment planned within the next twelve months.

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

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

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

16. PROVISIONS

USD Thousands	Asset retirement obligation	Farm-in obligation	Pension obligation	Other	Total
January 1, 2022	196,362	4,199	4,448	1,357	206,366
Additions	–	–	–	951	951
Unwinding of asset retirement obligation discount	8,156	–	–	–	8,156
Changes in estimates	964	–	–	–	964
Payments	(4,724)	(1,153)	–	(865)	(6,742)
Reclassification ¹	1,909	–	–	–	1,909
Currency translation adjustments	(13,382)	(351)	–	(118)	(13,851)
September 30, 2022	189,285	2,695	4,448	1,325	197,753
Non-current	183,425	1,617	4,448	1,325	190,815
Current	5,860	1,078	–	–	6,938
Total	189,285	2,695	4,448	1,325	197,753

¹ 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 9).

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

¹ The addition of USD 15,993 thousand relates to the increased decommissioning liability relating to the additional 25% working interest in the Bertam field, Malaysia acquired in April 2021. The majority of this additional liability is covered by secured amounts provided on assignment of the working interest. (See also Note 9).

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

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

In calculating the present value of the asset retirement obligation provision, a blended rate of 6% (2021: 6%) per annum was used, based on a credit risk adjusted rate.

17. TRADE AND OTHER PAYABLES

USD Thousands	September 30, 2022	December 31, 2021
Trade payables	19,924	9,043
Accrued operational expenses	91,788	65,530
Other	5,358	5,268
	117,070	79,841

18. FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities by category

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

September 30, 2022 USD Thousands	Total	Financial assets at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Other assets ¹	34,470	34,470	–	–
Derivative instruments	12,124	–	–	12,124
Joint operation debtors	873	873	–	–
Other current receivables ²	131,932	124,308	7,624	–
Cash and cash equivalents	400,489	400,489	–	–
Financial assets	579,888	560,140	7,624	12,124

¹ See Note 9.

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

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For the three and nine months ended September 30, 2022 and 2021, UNAUDITED

September 30, 2022 USD Thousands	Total	Financial liabilities at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Non-current financial liabilities	303,907	303,907	–	–
Current financial liabilities	3,128	3,128	–	–
Joint operation creditors	18,768	18,768	–	–
Other current liabilities	106,273	106,273	–	–
Financial liabilities	432,076	432,076	–	–

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

¹ See Note 9.

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

December 31, 2021 USD Thousands	Total	Financial liabilities at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Non-current financial liabilities	109,219	109,219	–	–
Current financial liabilities	1,806	1,806	–	–
Derivative instruments	–	–	–	–
Joint operation creditors	20,201	20,201	–	–
Other current liabilities	64,733	64,733	–	–
Financial liabilities	195,959	195,959	–	–

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:

September 30, 2022 USD Thousands	Level 1	Level 2	Level 3
Other current receivables	7,624	–	–
Derivative instruments – current	–	12,124	–
Financial assets	7,624	12,124	–
Derivative instruments – current	–	–	–
Financial liabilities	–	–	–

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

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

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

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

19. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

	2022	2023	2024	2025	2026	Thereafter
Transportation service (MCAD)	6.8	27.3	28.0	28.4	29.0	303.3

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

20. RELATED PARTIES

Orrön Energy (formerly Lundin Energy) has charged the Group USD 460 thousand in respect of office space rental and USD 1,027 thousand in respect of shared services provided during the first nine months of 2022. Lundin Foundation has charged the Group USD 150 thousand in respect of sustainability advisory services provided to the Group during the first nine months of 2022.

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

21. SUBSEQUENT EVENTS

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. This tax or “Solidarity Contribution” is to be calculated on taxable profits in 2022 and/or 2023 that are above a 20 percent increase of the average yearly taxable profits over the period 2018 to 2021, at a minimal rate of 33%, in addition to the standard corporate income tax. The Solidarity Contribution is expected to be applicable to the Group’s income in France and a provisional estimate amounts to MEUR 12 for 2022 and is expected to be payable in Q2 2023. An amendment to the French finance law has been published on October 7, 2022 which is expected to be approved before year end 2022.

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.

In October 2022, IPC entered into a forward Western Canadian Select (WCS)/Argus WCS Houston (ARV) differential hedge for 12,000 bopd of its Canadian oil production in 2023 at USD 10.08 per barrel.

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