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International Petroleum Corporation

*Interim Condensed Consolidated
Financial Statements*

For the three and nine months ended September 30, 2023



**International
Petroleum
Corp.**

Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022, UNAUDITED

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Interim Condensed Consolidated Statement of Operations

For the three and nine months ended September 30, 2023 and 2022, UNAUDITED

USD Thousands	Note	Three months ended September 30		Nine months ended September 30	
		2023	2022	2023	2022
Revenue	2	257,366	299,361	655,446	874,683
Cost of sales					
Production costs	3	(130,765)	(122,655)	(364,889)	(351,355)
Depletion and decommissioning costs	7	(31,687)	(31,939)	(71,488)	(91,721)
Depreciation of other tangible fixed assets	9	(1,509)	(2,991)	(6,503)	(8,092)
Exploration and business development costs		24	(1,287)	(2,007)	(2,217)
Gross profit	2	93,429	140,489	210,559	421,298
Sale of assets	7	11,912	–	11,912	–
General, administration and depreciation expenses		(3,952)	(2,784)	(12,304)	(10,700)
Profit before financial items		101,389	137,705	210,167	410,598
Finance income	4	5,833	1,641	14,238	2,269
Finance costs	5	(10,090)	(10,866)	(30,465)	(33,398)
Net financial items		(4,257)	(9,225)	(16,227)	(31,129)
Profit before tax		97,132	128,480	193,940	379,469
Income tax expense	6	(25,451)	(37,977)	(50,671)	(102,927)
Net result		71,681	90,503	143,269	276,542
Net result attributable to:					
Shareholders of the Parent Company		71,673	90,491	143,247	276,493
Non-controlling interest		8	12	22	49
		71,681	90,503	143,269	276,542
Earnings per share – USD ¹	15	0.56	0.63	1.08	1.83
Earnings per share fully diluted – USD ¹	15	0.54	0.62	1.05	1.80

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, 2023 and 2022, UNAUDITED

USD Thousands	Note	Three months ended September 30		Nine months ended September 30	
		2023	2022	2023	2022
Net result		71,681	90,503	143,269	276,542
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Reclassification of hedging (gains) / losses to profit or loss	2	(1,854)	(8,396)	(11,969)	460
Gains / (losses) on cash flow hedges		(2,274)	7,778	6,339	11,071
Income tax relating to these items		1,044	296	1,389	(2,709)
Currency translation adjustments		(11,811)	(44,871)	5,100	(62,642)
Total comprehensive income		56,786	45,310	144,128	222,722
Total comprehensive income attributable to:					
Shareholders of the Parent Company		56,781	45,306	144,114	222,691
Non-controlling interest		5	4	14	31
		56,786	45,310	144,128	222,722

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Balance Sheet

As at September 30, 2023 and December 31, 2022, UNAUDITED

USD Thousands	Note	September 30, 2023	December 31, 2022
ASSETS			
Non-current assets			
Oil and gas properties	7	1,150,136	963,375
Other tangible fixed assets	9	26,697	33,374
Right-of-use assets		3,009	1,217
Deferred tax assets	6	1,686	1,960
Derivative instruments	19	2,466	–
Other assets	10	42,857	41,125
Total non-current assets		1,226,851	1,041,051
Current assets			
Inventories	11	20,478	15,958
Trade and other receivables	12	151,370	123,609
Derivative instruments	19	12,078	11,741
Current tax receivables		486	18
Cash and cash equivalents	13	542,608	487,240
Total current assets		727,020	638,566
TOTAL ASSETS		1,953,871	1,679,617
LIABILITIES			
Non-current liabilities			
Financial liabilities	16	6,086	8,711
Bonds	16	433,845	295,440
Lease liabilities		2,192	507
Provisions	17	234,620	203,389
Deferred tax liabilities	6	69,840	56,334
Derivative instruments	19	2,149	–
Total non-current liabilities		748,732	564,381
Current liabilities			
Trade and other payables	18	158,214	118,726
Financial liabilities	16	3,425	3,431
Derivative instruments	19	7,394	1,155
Current tax liabilities		1,458	17,793
Lease liabilities		881	752
Provisions	17	8,641	8,048
Total current liabilities		180,013	149,905
EQUITY			
Shareholders' equity		1,024,952	965,140
Non-controlling interest		174	191
Net shareholders' equity		1,025,126	965,331
TOTAL EQUITY AND LIABILITIES		1,953,871	1,679,617

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, 2023 and 2022, UNAUDITED

USD Thousands	Note	Three months ended September 30		Nine months ended September 30	
		2023	2022	2023	2022
Cash flow from operating activities					
Net result		71,681	90,503	143,269	276,542
Adjustments for non-cash related items:					
Depletion, depreciation and amortization	7,9	33,601	35,336	79,180	101,014
Gain on sale of assets	7	(11,912)	–	(11,912)	–
Income tax	6	25,451	37,977	50,671	102,927
Amortization of capitalized financing fees	5	339	307	1,120	2,949
Foreign currency exchange	4,5	(854)	1,902	1,493	5,945
Interest expense	5	5,787	5,686	16,591	15,201
Interest income	4	(4,979)	(1,632)	(14,238)	(2,236)
Unwinding of asset retirement obligation discount	5	3,479	2,667	10,021	8,156
Share-based costs		1,907	1,494	6,847	5,493
Other		214	577	629	987
Cash flow generated from operations (before working capital adjustments and income taxes)		124,714	174,817	283,671	516,978
Changes in working capital		(3,527)	(9,028)	(10,171)	(37,404)
Decommissioning costs paid	17	(2,755)	(962)	(7,126)	(4,724)
Other payments	17	–	(1,420)	(864)	(2,018)
Income taxes received / (paid)		(7,043)	(1,478)	(33,117)	(10,367)
Interest received		5,948	1,613	13,713	2,214
Interest paid		(10,985)	(10,927)	(21,946)	(11,425)
Net cash flow from operating activities		106,352	152,615	224,160	453,254
Cash flow used in investing activities					
Investment in oil and gas properties	7	(76,844)	(46,729)	(183,904)	(114,870)
Acquisition of Cor4 net of cash acquired	8	–	–	(59,419)	–
Disposal of assets	7	13,736	–	13,736	–
Investment in other tangible fixed assets	9	(65)	(29)	(482)	(117)
Net cash (outflow) from investing activities		(63,173)	(46,758)	(230,069)	(114,987)
Cash flow from financing activities					
Borrowings / (Repayments)	16	(894)	1,598	(2,630)	(96,798)
Net Bonds issuance proceeds	16	137,550	–	137,550	300,000
Paid financing fees	16	–	–	(507)	(5,583)
Financing of Substantial Issuer Bid ("SIB")		–	(1,237)	–	(100,887)
Repurchase of own shares	14	(12,138)	(46,906)	(72,293)	(67,935)
Other payments		(283)	(173)	(728)	(523)
Net cash (outflow) from financing activities		124,235	(46,718)	61,392	28,274
Change in cash and cash equivalents		167,414	59,139	55,483	366,541
Cash and cash equivalents at the beginning of the period		374,177	327,860	487,240	18,810
Currency exchange difference in cash and cash equivalents		1,017	13,490	(115)	15,138
Cash and cash equivalents at the end of the period		542,608	400,489	542,608	400,489

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Changes in Equity

For the three and nine months ended September 30, 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
Balance at January 1, 2023	338,719	635,895	(31,292)	11,349	7,958	2,511	965,140	191	965,331
Net result	–	143,247	–	–	–	–	143,247	22	143,269
Acquisition of Cor4 ¹	–	–	–	–	881	–	881	–	881
Cash flow hedge	–	–	–	–	(5,122)	–	(5,122)	–	(5,122)
Currency translation difference	–	–	5,251	(189)	46	–	5,108	(8)	5,100
Total comprehensive income	–	143,247	5,251	(189)	(4,195)	–	144,114	14	144,128
Dividend distribution	–	–	–	–	–	–	–	(31)	(31)
Repurchase of own shares ²	(72,293)	–	–	–	–	–	(72,293)	–	(72,293)
Share based costs	–	–	–	19,805	–	–	19,805	–	19,805
Share based payments ³	(13,415)	–	–	(18,399)	–	–	(31,814)	–	(31,814)
Balance at September 30, 2023	253,011	779,142	(26,041)	12,566	3,763	2,511	1,024,952	174	1,025,126

¹ See Note 8

² See Note 14

³ 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
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	(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 14

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, 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 3500, 1133 Melville Street, Vancouver, BC V6E 4E5, 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"). On June 1, 2023, Cor4 was amalgamated into IPC Canada Ltd.

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 October 31, 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 unaudited interim condensed consolidated financial statements for the nine months ended September 30, 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 nine months ended September 30, 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 and nine months ended September 30, 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 September 30, 2023				Total
	Canada	Malaysia	France	Other	
Crude oil	201,513	46,148	19,318	–	266,979
NGLs	377	–	–	–	377
Gas	16,705	–	–	–	16,705
Net sales of oil and gas	218,595	46,148	19,318	–	284,061
Change in under/over lift position	–	–	4,349	–	4,349
Royalties	(31,973)	–	(1,239)	–	(33,212)
Hedging settlement	1,854	–	–	–	1,854
Other operating revenue	–	–	229	85	314
Revenue	188,476	46,148	22,657	85	257,366
Operating costs	(62,796)	(11,062)	(9,004)	–	(82,862)
Cost of blending	(39,836)	–	–	–	(39,836)
Change in inventory position	315	(8,478)	96	–	(8,067)
Depletion and decommissioning costs	(24,593)	(3,438)	(3,656)	–	(31,687)
Depreciation of other tangible fixed assets	–	(1,509)	–	–	(1,509)
Exploration and business development costs	–	–	–	24	24
Gross profit/(loss)	61,566	21,661	10,093	109	93,429

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)	–	(1,409)	–	(27,936)
Hedging settlement	8,396	–	–	–	8,396
Other operating revenue	10	–	143	–	153
Revenue	207,071	71,138	21,152	–	299,361
Operating costs	(53,405)	(9,249)	(8,349)	–	(71,003)
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

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022, UNAUDITED

USD Thousands	Nine months ended September 30, 2023				Total
	Canada	Malaysia	France	Other	
Crude oil	521,383	85,924	52,476	–	659,783
NGLs	845	–	–	–	845
Gas	52,564	–	–	–	52,564
Net sales of oil and gas	574,792	85,924	52,476	–	713,192
Change in under/over lift position	–	–	8,842	–	8,842
Royalties	(75,713)	–	(3,575)	–	(79,288)
Hedging settlement	11,969	–	–	–	11,969
Other operating revenue	7	–	639	85	731
Revenue	511,055	85,924	58,382	85	655,446
Operating costs	(187,476)	(26,509)	(24,609)	–	(238,594)
Cost of blending	(128,523)	–	–	–	(128,523)
Change in inventory position	269	2,141	(182)	–	2,228
Depletion and decommissioning costs ¹	(46,285)	(14,818)	(10,385)	–	(71,488)
Depreciation of other tangible fixed assets	–	(6,503)	–	–	(6,503)
Exploration and business development costs	(834)	–	(9)	(1,164)	(2,007)
Gross profit/(loss)	148,206	40,235	23,197	(1,079)	210,559

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

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)	–	(4,796)	–	(91,657)
Hedging settlement	(460)	–	–	–	(460)
Other operating revenue	111	–	543	–	654
Revenue	656,781	139,782	78,120	–	874,683
Operating costs	(160,806)	(25,657)	(26,688)	–	(213,151)
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

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022, UNAUDITED

3. PRODUCTION COSTS

USD Thousands	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Cost of operations	70,887	61,167	205,039	181,924
Tariff and transportation expenses	10,643	8,542	29,701	27,063
Direct production taxes	1,332	1,294	3,854	4,164
Operating costs	82,862	71,003	238,594	213,151
Cost of blending ¹	39,836	42,358	128,523	142,638
Change in inventory position	8,067	9,294	(2,228)	(4,434)
Total production costs	130,765	122,655	364,889	351,355

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.

4. FINANCE INCOME

USD Thousands	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Foreign exchange gain, net	854	–	–	–
Interest income	4,979	1,632	14,238	2,236
Other financial income	–	9	–	33
Total finance income	5,833	1,641	14,238	2,269

5. FINANCE COSTS

USD Thousands	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Foreign exchange loss, net	–	1,902	1,493	5,945
Interest expense	5,787	5,686	16,591	15,201
Unwinding of asset retirement obligation discount	3,479	2,667	10,021	8,156
Amortization of loan fees	59	28	282	2,205
Amortization of bond fees	280	279	838	744
Loan commitment fees	189	93	463	447
Other financial costs	296	211	777	700
Total finance costs	10,090	10,866	30,465	33,398

6. INCOME TAX

USD Thousands	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Current tax	(7,459)	(5,052)	(16,045)	(14,049)
Deferred tax	(17,992)	(32,925)	(34,626)	(88,878)
Total tax recovery / (expense)	(25,451)	(37,977)	(50,671)	(102,927)

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022, UNAUDITED

Specification of deferred tax assets and tax liabilities¹

USD Thousands	September 30, 2023	December 31, 2022
Unused tax loss carry forward	29,405	32,815
Other	5,621	5,841
Deferred tax assets	35,026	38,656
Accelerated allowances	101,872	90,400
Other	1,308	2,630
Deferred tax liabilities	103,180	93,030
Deferred taxes, net	(68,154)	(54,374)

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 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	September 30, 2023	December 31, 2022
Exploration and Evaluation Assets	–	4,764
Property, Plant and Equipment	1,150,136	958,611
Oil and gas properties	1,150,136	963,375

Exploration and Evaluation Assets

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2023	–	–	4,764	4,764
Additions	–	–	9	9
Write-off	–	–	(9)	(9)
Reclassification	–	–	(4,731)	(4,731)
Currency translation adjustments	–	–	(33)	(33)
Net book value September 30, 2023	–	–	–	–

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

¹ 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 and nine months ended September 30, 2023 and 2022, UNAUDITED

Property, Plant and Equipment

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2023	1,089,789	566,606	399,237	2,055,632
Acquisition of Cor4 - See Note 8	72,242	–	–	72,242
Additions	166,864	1,803	15,228	183,895
Disposals ¹	(7,720)	–	–	(7,720)
Reclassification	–	–	4,731	4,731
Currency translation adjustments	10,125	–	(3,005)	7,120
September 30, 2023	1,331,300	568,409	416,191	2,315,900
Accumulated depletion				
January 1, 2023	(323,273)	(485,034)	(288,714)	(1,097,021)
Depletion charge for the period	(70,340)	(14,818)	(10,385)	(95,543)
Disposals ¹	4,329	–	–	4,329
Other ²	22,857	–	–	22,857
Currency translation adjustments	(2,538)	–	2,152	(386)
September 30, 2023	(368,965)	(499,852)	(296,947)	(1,165,764)
Net book value September 30, 2023	962,335	68,557	119,244	1,150,136

¹ In Canada, includes the disposal of non-core properties, John Lake area, with an effective date of August 1, 2023 for gross proceeds of CAD 19.4 million (USD 14.4 million) and a net accounting gain on disposal of CAD 16.0 million (USD 11.9 million).

² In Canada, includes an adjustment in the first quarter of 2023 for accelerated decommissioning activities funded by a non-cash site rehabilitation program.

USD Thousands	Canada	Malaysia	France	Total
Cost				
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)
December 31, 2022	1,089,789	566,606	399,237	2,055,632
Accumulated depletion				
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
December 31, 2022	(323,273)	(485,034)	(288,714)	(1,097,021)
Net book value December 31, 2022	766,516	81,572	110,523	958,611

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For the three and nine months ended September 30, 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. Cor4 owned assets in the Brooks area, Alberta. On June 1, 2023, Cor4 was amalgamated into IPC Canada Ltd.

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 62.2 million (CAD 84.7 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	72,242
Accounts payable and accrued liabilities	(12,623)
Right-of-use liabilities	(109)
Decommissioning liabilities	(29,885)
Mark-To-Market ("MTM") reserve in equity	(881)
Total Consideration	62,211
Settled by:	
Cash payment	62,211

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 the first nine months of 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 and nine months ended September 30, 2023 and 2022, UNAUDITED

9. OTHER TANGIBLE FIXED ASSETS

USD Thousands	FPSO	Other	Total
Cost			
January 1, 2023	204,853	9,779	214,632
Additions	–	482	482
Disposals	–	(453)	(453)
Currency translation adjustments	(144)	(8)	(152)
September 30, 2023	204,709	9,800	214,509
Accumulated depreciation			
January 1, 2023	(173,311)	(7,947)	(181,258)
Depreciation charge for the period	(6,503)	(513)	(7,016)
Disposals	–	453	453
Currency translation adjustments	–	9	9
September 30, 2023	(179,814)	(7,998)	(187,812)
Net book value September 30, 2023	24,895	1,802	26,697

USD Thousands	FPSO	Other	Total
Cost			
January 1, 2022	206,173	10,163	216,336
Additions	–	151	151
Disposals	–	(44)	(44)
Currency translation adjustments	(1,320)	(491)	(1,811)
December 31, 2022	204,853	9,779	214,632
Accumulated depreciation			
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
December 31, 2022	(173,311)	(7,947)	(181,258)
Net book value December 31, 2022	31,542	1,832	33,374

The FPSO located on the Bertam field, Malaysia, is being depreciated on a unit of production basis to August 2025, being the original Bertam field production sharing contract (PSC) expiry date, before PSC extension to 2035. 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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10. OTHER NON-CURRENT ASSETS

USD Thousands	September 30, 2023	December 31, 2022
Long-term receivables	28,115	28,154
Financial assets	14,742	12,971
	42,857	41,125

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 2023, an amount of USD 1.8 million (2022: 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	September 30, 2023	December 31, 2022
Hydrocarbon stocks	11,689	8,988
Well supplies and operational spares	8,789	6,970
	20,478	15,958

12. TRADE AND OTHER RECEIVABLES

USD Thousands	September 30, 2023	December 31, 2022
Trade receivables	123,023	112,696
Underlift	9,240	599
Joint operations debtors	1,334	982
Prepaid expenses and accrued income	14,672	6,585
Other	3,101	2,747
	151,370	123,609

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include only cash at hand or held in bank accounts. As at September 30, 2023, an amount of USD 5.2 million is restricted.

14. SHARE CAPITAL

The Corporation'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	(7,638,779)
Balance at September 30, 2023	129,189,220

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

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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.

As at September 30, 2023, following the cancellation during the first nine months of 2023 of a further 7,638,779 common shares repurchased under the NCIB, IPC had a total of 129,189,220 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.

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Net result attributable to shareholders of the Parent Company, USD	71,672,906	90,491,024	143,247,365	276,492,795
Weighted average number of shares for the period	128,875,283	142,656,482	133,066,728	150,986,635
Earnings per share, USD	0.56	0.63	1.08	1.83
Weighted average diluted number of shares for the period	131,745,540	145,501,486	135,936,985	153,831,639
Earnings per share fully diluted, USD	0.54	0.62	1.05	1.80

16. FINANCIAL LIABILITIES

USD Thousands	September 30, 2023	December 31, 2022
Bank loans	9,511	12,142
Bonds	439,517	300,000
Capitalized financing fees	(5,672)	(4,560)
	443,356	307,582

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 Q3 2023, IPC completed a tap issue of USD 150 million under IPC's existing 7.25% bond framework issued at 7% discount to par value with proceeds amounting to USD 139.5 million before transaction costs. For accounting purposes, the discounted amount was recognised in the balance sheet and the discount will be unwound over the period to maturity of the bond and charged to the interest expense line of the Statement of Operations using the effective interest rate methodology. As at September 30, 2023, IPC had a nominal USD 450 million of bonds outstanding with maturity in February 2027.

In Q1 2023, the Group increased the Canadian RCF to CAD 150 million and extended the maturity to May 2025. In Q3 2023, the Group further increased the Canadian RCF to CAD 165 million. No cash amounts were drawn under the Canadian RCF as at September 30, 2023.

Notes to the Interim Condensed Consolidated Financial Statements

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The bond repayment obligations as at September 30, 2023, are classified as non-current as there are no mandatory repayments within the next twelve months.

As at September 30, 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 September 30, 2023 was USD 10 million (EUR 9 million).

An amount of USD 3.4 million (EUR 3.2 million) drawn under the France Facility as at September 30, 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 September 30, 2023.

17. PROVISIONS

USD Thousands	Asset retirement obligation	Farm-in obligation	Pension obligation	Other	Total
January 1, 2023	206,249	3,404	306	1,478	211,437
Acquisition of Cor4 - See Note 8	29,885	–	–	–	29,885
Additions	–	–	–	497	497
Unwinding of asset retirement obligation discount	10,021	–	–	–	10,021
Disposals ¹	(1,749)	–	–	–	(1,749)
Payments	(7,126)	(557)	–	(307)	(7,990)
Other ²	(1,262)	–	–	–	(1,262)
Reclassification ³	1,781	–	–	–	1,781
Currency translation adjustments	834	(186)	–	(7)	641
September 30, 2023	238,633	2,661	306	1,661	243,261
Non-current	231,056	1,597	306	1,661	234,620
Current	7,577	1,064	–	–	8,641
Total	238,633	2,661	306	1,661	243,261

¹ In Canada, includes the disposal of non-core properties, John Lake area, with an effective date of August 1, 2023 for gross proceeds of CAD 19.4 million (USD 14.4 million) and a net accounting gain on disposal of CAD 16.0 million (USD 11.9 million).

² Includes accelerated decommissioning activities funded by a non cash site rehabilitation program.

³ The reclassification of the asset retirement obligation related to the 2023 payment to the asset retirement obligation fund in respect of the Bertam asset, Malaysia (see Note 10).

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	–	–	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 ¹	1,909	–	–	–	1,909
Currency translation adjustments	(8,346)	(209)	(188)	(48)	(8,791)
December 31, 2022	206,249	3,404	306	1,478	211,437
Non-current	199,335	2,270	306	1,478	203,389
Current	6,914	1,134	–	–	8,048
Total	206,249	3,404	306	1,478	211,437

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 10).

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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.

18. TRADE AND OTHER PAYABLES

USD Thousands	September 30, 2023	December 31, 2022
Trade payables	43,809	20,547
Joint operations creditors	20,246	14,348
Accrued expenses	86,772	78,206
Other	7,387	5,625
	158,214	118,726

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:

September 30, 2023 USD Thousands	Total	Financial assets at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Other assets ¹	42,857	42,857	–	–
Derivative instruments	14,544	–	–	14,544
Joint operation debtors	1,334	1,334	–	–
Other current receivables ²	135,850	126,610	9,240	–
Cash and cash equivalents	542,608	542,608	–	–
Financial assets	737,193	713,409	9,240	14,544

¹ See Note 10

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

September 30, 2023 USD Thousands	Total	Financial liabilities at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Non-current financial liabilities	439,931	439,931	–	–
Current financial liabilities	3,425	3,425	–	–
Derivative instruments	9,543	–	–	9,543
Joint operation creditors	20,246	20,246	–	–
Other current liabilities	139,426	139,426	–	–
Financial liabilities	612,571	603,028	–	9,543

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

¹ See Note 10

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

December 31, 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	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	–	–
Financial liabilities	445,256	444,101	–	1,155

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, 2023 USD Thousands	Level 1	Level 2	Level 3
Other current receivables	9,240	–	–
Derivative instruments – current	–	12,078	–
Derivative instruments – non-current	–	2,466	–
Financial assets	9,240	14,544	–
Derivative instruments – current	–	7,394	–
Derivative instruments – non-current	–	1,996	153
Financial liabilities	–	9,390	153
December 31, 2022 USD Thousands	Level 1	Level 2	Level 3
Other current receivables	599	–	–
Derivative instruments – current	–	11,741	–
Financial assets	599	11,741	–
Derivative instruments – current	–	1,155	–
Financial liabilities	–	1,155	–

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The Group had gas price sale financial hedges outstanding as at September 30, 2023, which are summarized as follows:

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

¹ Equivalent to 33,700 Mcf per day at CAD 4.10/Mcf.

The Group had oil price sale financial hedges outstanding as at September 30, 2023 which are summarized as follows:

Period	Volume (barrels per day)	Type	Average Pricing
October 1, 2023 - December 31, 2023	12,000	WCS/ARV Differential	USD -10.08/bbl
January 1, 2024 - December 31, 2024	17,700	WCS/WTI Differential	USD -15.03/bbl
January 1, 2024 - December 31, 2024	2,500	WTI Sale Swap	USD 81.16/bbl

The Group had condensate financial hedges outstanding as at September 30, 2023 which are summarized as follows:

Period	Volume (barrels per day)	Type	Average Pricing
October 31, 2023 – March 31, 2024	3,000	C5/WTI Differential	USD -1.60/bbl

The Group had electricity financial hedges outstanding as at September 30, 2023 which are summarized as follows:

Period	Volume (MW)	Type	Pricing
October 1, 2025 - September 1, 2040	3	AESO	CAD 75.00/MWh

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 1.36 and to buy EUR 3 million per month, sell USD at an average exchange rate of 1.00. In June 2023, IPC entered into currency hedge swaps for the second half of 2023 to buy MYR 13 million per month, sell USD at an average exchange rate of 4.54. These financial currency hedges are to partially fund forecast operational expenditures in those currencies in Canada, France and Malaysia respectively.

In respect of the forecast Blackrod development capital expenditure in Canada, IPC had foreign currency hedge swaps outstanding at September 30, 2023 summarized as follows:

Period	Total amount to Buy	Type	Average CAD/USD Rate
October 2023 – March 2025	Buy MCAD 436	Forward swap	1.31

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

20. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

In Canada, an oil pipeline from the Onion Lake Thermal field to 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)	6.9	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).

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21. RELATED PARTIES

During Q3 2023, the Group paid USD 273 thousand to the Lundin Foundation in respect of sustainability advisory services provided to the Group.

During Q3 2023, the Group paid USD 685 thousand to Orrön Energy (formerly Lundin Energy) in respect of office space rental for 2023. During Q3 2023, Orrön Energy paid USD 641 thousand to the Group in respect of support services provided to Orrön Energy during 2023.

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

In October 2023, IPC completed the disposal of a non-core property, Fishing Lake, in Canada for a consideration of CAD 3.5 million, effective August 1, 2023.

In October 2023, IPC entered into additional WTI oil swap hedges for 2024 fixing the WTI price at USD 80.80 for an additional 3,750 bopd. Together with volumes hedged previously, this results into a total of 6,250 bopd hedged for the whole year 2024 at a WTI price of USD 80.94.

In October 2023, IPC entered into foreign currency hedges in Canada to buy CAD 20 million per month at CAD 1.36 (sell USD) and in Malaysia to buy MYR 11.5 million per month at MYR 4.64 (sell USD) to partially meet forecast operational expenses in those countries. In respect of the forecast Blackrod development capital expenditure in Canada, IPC entered into further currency hedges to purchase a total CAD 120 million for the period January 2024 to December 2025 at an average rate of CAD 1.36 (sell USD).

No other events have occurred since September 30, 2023, that are expected to have a substantial effect on this report.

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