International Petroleum Corp.

Press Release

February 7, 2023

International Petroleum Corporation Announces 2022 Year-End Financial Results, Sanction of Blackrod Phase 1, Canadian M&A Update and 2023 Sustained Shareholder Return Framework

International Petroleum Corporation (IPC or the Corporation) (TSX, Nasdaq Stockholm: IPCO) today released its financial and operating results and related management's discussion and analysis (MD&A) for the year ended December 31, 2022. IPC is also pleased to announce its 2023 budget and plans including:

- sanction of the Blackrod Phase 1 development
- proposed acquisition of Cor4 Oil Corp. (Cor4) in Canada
- intention to continue the normal course issuer bid / share repurchase program (NCIB) in 2023

IPC's 2023 capital expenditure budget is MUSD 365 and its 2023 production guidance is between 48,000 and 50,000 barrels of oil equivalent (boe) per day (boepd).(1) 2022 year-end proved plus probable (2P) reserves increased by 80% to 487 million boe (MMboe) and best estimate contingent resources (unrisked) are 1,162 MMboe.(1)(2)

Mike Nicholson, IPC's Chief Executive Officer, comments: "We are very pleased to announce that IPC achieved record results in 2022. Annual average net production was 48,600 boepd for the year, with very strong operational and ESG performance across all our areas of operation. We produced record annual free cash flows from our business in excess of MUSD 430, ending the year in a net cash position of MUSD 175. With significant gross cash resources of MUSD 487, we are well positioned to deliver on our three strategic pillars of Stakeholder Returns, M&A and Contingent Resource Development that drives value creation for our shareholders.(3)

On Stakeholder Returns, from December 2021 through end 2022, we acquired and cancelled 12% of our common shares outstanding. In 2023, we intend to continue our ongoing NCIB, to acquire and cancel 7% of our common shares outstanding by December 2023.

On M&A, we announced yesterday the complementary acquisition of almost 16 MMboe of 2P reserves adjacent to our Suffield property in Alberta, Canada, through the proposed acquisition of Cor4, a private company. This transaction is forecast to add in excess of 4,000 boepd to our Suffield area production in 2023, for a consideration of MUSD 62.(1)(2)

On Contingent Resource Development, we are also pleased to announce that we have taken the decision to advance development of Phase 1 of the Blackrod project, Canada, which has successfully been on pilot production since 2011. Phase 1 of the Blackrod project matures 218 MMboe into 2P reserves, with forecast first oil in late 2026 and production planned to increase to 30,000 boepd by 2028. The project adds MUSD 807 to IPC's 2P reserves net present value (NPV) as at January 1, 2023.(1)(2)(4)

It is with great pride that the IPC team is able to deliver on all three of our strategic capital allocation pillars in parallel as a result of our solid asset base, our operational excellence and our financial strength."

2022 Business Highlights

- Decision taken to advance the development of Phase 1 of the Blackrod project in Canada following the completion of front end engineering design (FEED) studies, maturing 218 MMboe of 2P reserves.(1)(2)
- In Q3 2022, published IPC's third annual Sustainability Report, aligned with the Global Reporting Initiative (GRI) standards and the Task Force on Climate-Related Financial Disclosures (TCFD).
- Expanding our stated commitment to reduce our net emissions intensity to 20 kg CO_2/boe by 2025, now expecting to remain at those levels through end 2027.
- 8.3 million common shares cancelled in early Q3 2022 following the successful conclusion of IPC's first substantial issuer bid (SIB), returning MUSD 100 to shareholders.

- 9.5 million common shares purchased and cancelled from December 2021 to December 2022 under IPC's NCIB and a further 1.5 million common shares purchased for cancellation during December 2022 and January 2023 under the renewed NCIB.
- Successfully concluded material 2022 capital investment program of MUSD 163, increasing IPC's 2022 production.
- Average net production of approximately 49,200 boepd for the fourth quarter of 2022 was above the high end of the guidance range for the period (46% heavy crude oil, 21% light and medium crude oil and 33% natural gas).(1)
- Full year 2022 average net production was 48,600 boepd, above the high end of annual guidance and a record high for IPC.(1)
- Ten-year extension agreed for our Bertam Field, Malaysia production sharing contract (PSC) to 2035.

2022 Financial Highlights

- Operating costs per boe of USD 16.9 for the fourth quarter of 2022 and USD 16.6 for the full year in line with full year guidance of USD 16 to 17 per boe.(3)
- Strong operating cash flow (OCF) generation for the fourth quarter and full year 2022 amounted to MUSD 114 and MUSD 623, respectively.(3)
- Capital and decommissioning expenditures of MUSD 44 for the fourth quarter and MUSD 163 for the full year 2022, slightly below full year guidance of MUSD 170 with some carry over expenditure deferred into 2023.
- Strong free cash flow (FCF) generation for the fourth quarter and full year 2022 amounted to MUSD 65 and MUSD 430, respectively.(3)
- Net cash of MUSD 175 as at December 31, 2022, up from net debt of MUSD 94 as at December 31, 2021.(3)
- Net result of MUSD 61 for the fourth quarter of 2022 and MUSD 338 for the full year 2022.
- IPC's inaugural USD 300 million bond issued in Q1 2022.

Reserves, Resources and Value

- Total 2P reserves as at December 31, 2022 of 487 MMboe, representing a reserves replacement ratio of over 1,300% compared to year-end 2021, with a reserves life index (RLI) of 27 years.(1)(2)
- Matured 218 MMboe into 2P reserves from contingent resources following decision to advance Phase 1 of the Blackrod project.
- Contingent resources (best estimate, unrisked) as at December 31, 2022 of 1,162 MMboe.(1)(2)
- 2P reserves net asset value (NAV) as at December 31, 2022 of MUSD 3,545 (10% discount rate) to MUSD 4,184 (8% discount rate). (1)(2)(4)(5)

2023 Annual Guidance

- Full year 2023 average net production forecast at 48,000 to 50,000 boepd.(1)
- Full year 2023 operating costs guidance forecast at USD 17.5 to 18 per boe.(3)
- Full year 2023 OCF guidance estimated at between MUSD 250 to 495 (assuming Brent USD 70 to 100 per barrel).(3)
- Full year 2023 capital and decommissioning expenditures guidance forecast at MUSD 365, including MUSD 287 relating to Phase 1 of the Blackrod project.
- Full year 2023 FCF ranges from approximately MUSD 140 to 390 (assuming Brent USD 70 to 100 per barrel) before taking into account proposed Blackrod capital expenditures, or MUSD -145 to 105 including proposed Blackrod capital expenditures.(3)

Business Plan Production and Cash Flow Guidance

- 2023 – 2027 business plan forecasts:
  - average net production forecast in excess of 50,000 boepd.(1)
  - capital expenditure forecast of USD 14 per boe, including USD 10 per boe for the Blackrod Phase 1 project.
  - operating costs forecast of USD 18 per boe.(3)
  - FCF forecast of approximately MUSD 700 to 1,400 (assuming Brent USD 75 to 95 per barrel).(3)(7)

- 2028 – 2032 business plan forecasts:
  - average net production forecast in excess of 65,000 boepd.(1)
  - capital expenditure forecast of USD 5 per boe.
  - operating costs forecast of USD 18 per boe.(3)
  - FCF forecast of approximately MUSD 1,900 to 3,000 (assuming Brent 75 to 95 USD per barrel).(3)(7)

	Three months ended December 31		Year ended December 31	
USD Thousands	2022	2021	2022	2021
Revenue	256,479	215,296	1,135,958	666,409
Gross profit	95,411	79,469	516,709	210,321
Net result	61,183	66,918	337,725	146,059
Operating cash flow (3)	113,668	110,687	622,947	336,732
Free cash flow (3)	65,288	86,960	430,242	262,884
EBITDA (3)	125,651	110,087	639,480	330,754
Net Cash / (Net Debt) (3)	175,098	(94,312)	175,098	(94,312)

During 2022, oil and gas prices were much stronger compared to the full year 2021 average of USD 71 per barrel, with average Brent prices of USD 101 per barrel for the full year. Prices did retreat from second quarter highs in the second half as the tailwinds of tight supply and demand balances combined with very low inventory levels were more than offset by the headwinds of recessionary fears and the impact on future demand, Strategic Petroleum Reserve (SPR) releases in the United States and Covid-19 lockdowns in China.

In Canada, fourth quarter 2022 West Texas Intermediate (WTI) to Western Canadian Select (WCS) crude price differentials averaged around USD 26 per barrel, USD 6 per barrel wider than the third quarter of 2022. Forward markets into 2023 are pricing a tighter WTI/WCS differential at around USD 22 per barrel. Market commentators believe a return from US refinery outages as well as the end of the US SPR release program should provide more positive tailwinds for the WTI/WCS differential as we progress through 2023. IPC positioned itself well to mitigate this widening in the fourth quarter of 2022 with approximately two-thirds of our WTI/WCS differential exposure hedged at around USD 13 per barrel.

Gas markets remained relatively strong during the fourth quarter of 2022. IPC's average realised gas price was CAD 5.90 per Mcf, well above the average fourth quarter AECO benchmark price of CAD 5.00 per Mcf as IPC benefitted from higher Empress price differentials. Forward prices have softened recently trading at around CAD 3.10 per Mcf for the remainder of 2023. IPC has hedged AECO gas prices: 33.7 MMcf per day at CAD 6.26 per Mcf in Q1 2023 and at CAD 4.10 per Mcf from April to October 2023.

IPC benefits from a well balanced mix of production comprising approximately 50% Canadian Crude, 34% Canadian Natural Gas and 16% Brent weighted oil. With synchronized strength in pricing across the entire energy complex, combined with delivering operational excellence above the high end of our 2022 guidance, IPC has again been able to deliver a very strong financial performance in the fourth quarter and throughout the full year 2022.

Fourth Quarter and Full Year 2022 Highlights

During the fourth quarter of 2022, our assets delivered average net production of 49,200 boepd, above our high end guidance for the quarter. This was made possible by the very high uptime performance across all of our assets as well as the production contribution from our 2022 investment program in Malaysia and Canada. Full year 2022 average net production of 48,600 boepd was above the upper end of the guidance range of 48,000 boepd.(1)

Our operating costs per boe for the fourth quarter of 2022 was USD 16.9, in line with our latest guidance. Full year 2022 operating costs per boe was USD 16.6, in line with guidance of USD 16 to 17 per boe.(2)

Operating cash flow (OCF) generation for the fourth quarter of 2022 was USD 114 million. Full year 2022 OCF was USD 623 million in line with our lower end most recent guidance of USD 620 which assumed Brent USD 85 per barrel for November and December 2022. (2)

Capital and decommissioning expenditure for the fourth quarter of 2022 was USD 44 million. Full year 2022 capital and decommissioning expenditure of USD 163 million was marginally below guidance of USD 170 million with some carry over expenditure deferred into 2023.

Free cash flow (FCF) generation was strong at USD 65 million during the fourth quarter of 2022. Full year 2022 FCF generation was USD 430 million, in line with our most recent guidance of USD 425 to 460 million (assumed Brent USD 85 to 100 per barrel for November and December 2022) achieving a record high for the company. This represents approximately 29% of IPC's current market capitalization.(3)

During the fourth quarter of 2022, IPC's net cash position was further strengthened with a build to USD 175 million. Gross cash on the balance sheet amounts to USD 487 million providing a significant war chest to pursue our three strategic pillars of returning value to stakeholders, pursuing value adding M&A and maturing our contingent resource base into 2P reserves.(3)

Phase 1 Blackrod Project

Following the successful completion of FEED studies and the continued strong production performance from well pair three during 2022, IPC has taken the decision to advance the development of Phase 1 of the Blackrod project. Development capital expenditure to first oil is estimated at approximately USD 850 million (unrisked, including inflation and contingencies). First oil of the Phase 1 development is estimated to be in late 2026, with forecast production of 30,000 boepd by 2028. The breakeven oil price estimated by IPC assuming a 10% discount rate is a West Texas Intermediate (WTI) price of approximately USD 59 per barrel. Using the December 31, 2022 price forecasts of our qualified independent reserves evaluator, Sproule Associates Limited (Sproule), the net present value as at that date, at a 10% discount rate (after tax, unrisked), of Phase 1 of the Blackrod project is USD 807 million. IPC intends to fund the Phase 1 development with cash on hand and forecast FCF generated by its operations.(1)(2)(4)

M&A

IPC was pleased to announce on February 6, 2023 our fifth acquisition in five years. IPC has agreed to acquire 15.9 MMboe of 2P reserves adjacent to our Suffield property in Alberta, Canada, through the proposed acquisition of Cor4. This acquisition is forecast to add approximately 4,000 boepd to our Suffield area production in 2023 for an asset consideration of USD 62 million. The producing assets are complementary not only to our Suffield asset but in addition, to a recent land acquisition that IPC concluded in the fourth quarter of 2022. Following these acquisitions, we now have over 25 drilling inventory locations on the Ellerslie play fairway that extends from the west of our Suffield asset, to our new land acquisition and into the Cor4 property. We plan to drill a total of six wells on this exciting new play in 2023. The Cor4 acquisition remains subject to regulatory approvals and is expected to complete by the end of Q1 2023. IPC intends to fund the consideration from existing cash on hand.(1)(2)

In total, IPC has added over USD 2.8 billion of value in FCF generation and 2P reserves NPV increases, from our last 4 acquisitions.(3)(4)

2022 and 2023 Capital Allocation Framework

Substantial Issuer Bid

During 2022, IPC was very pleased to have concluded our first substantial issuer bid (SIB) in line with our capital allocation framework. IPC returned USD 100 million to shareholders, with our remaining shareholders benefiting from the cancellation of the repurchased common shares, being approximately 5.5% of the total number of issued and outstanding shares. In early Q3 2022, IPC completed the repurchase of approximately 8.3 million common shares at CAD 15.50 (approximately SEK 122) per share under the SIB and the cancellation of these shares.

Normal Course Issuer Bid

During the period of December 2021 to December 2022, IPC purchased and cancelled an aggregate of approximately 9.5 million common shares under the normal course issuer bid / share repurchase program (NCIB). The average price of shares purchased under the NCIB during that period was SEK 83 / CAD 10.70 per share.

In Q4 2022, IPC announced the renewal of the NCIB, with the ability to repurchase up to approximately 9.3 million common shares over the twelve-month period to December 2023. IPC repurchased in December 2022 and subsequently cancelled approximately 730,000 common shares. By the end of January 2023, IPC repurchased for cancellation a further approximately 810,000 common shares. The average price of common shares purchased under the renewed NCIB during December 2022 and January 2023 was SEK 111 / CAD 14.50 per share.

As at February 7, 2023, IPC had a total of 136,089,756 common shares issued and outstanding, of which IPC holds 71,416 common shares in treasury.

2023 Capital Allocation Plans

IPC's capital allocation framework consists of distributing to shareholders a minimum of 40% of the FCF generated by IPC, provided that IPC's net debt to EBITDA ratio is at or below 1 time.[3] These shareholder distributions are planned to be implemented by continued share repurchases under the NCIB as well as the consideration by IPC of other forms of shareholder distributions, subject to further applicable regulatory and corporate approvals.

Despite the higher level of capital investment and lower FCF forecast during 2023, and notwithstanding the capital allocation framework described above, IPC plans to continue to purchase and cancel common shares under the NCIB to the remaining limit of 7.8 million common shares by the end of December 2023, resulting in the cancellation of 7% of shares outstanding as of December 2022. We believe a combination of materially growing our 2P reserves, production and asset value whilst reducing our share count is a winning combination for shareholders.[3]

Environmental, Social and Governance (ESG) Performance

Responsible operatorship and ensuring that we adhere to the highest principles of business conduct have been integral parts of how we do business since IPC started in 2017. Since that time, IPC has rapidly grown our business and we continue to further develop and improve our sustainability strategy. An important part of this journey involves the measurement and transparent reporting of a broad range of ESG metrics. With the publication of our second quarter 2022 financial report, we were very pleased to publish our third Sustainability Report, aligned with the Global Reporting Initiative standards and the Task Force on Climate-Related Financial Disclosures. As previously announced, IPC targets a reduction of our net GHG emissions intensity by the end of 2025 to 50% of IPC's 2019 baseline and IPC remains on track to achieve this reduction. Furthermore, we are extending our commitment to remain at 2025 levels of 20 kg CO_2/boe through to the end of 2027.

During the fourth quarter of 2022 and for the full year 2022, IPC recorded no material safety or environmental incidents.

Reserves, Resources and Value

As at the end of December 2022, IPC's 2P reserves are 487 MMboe. During 2022, IPC replaced 13 times its annual production, mainly as a result of maturing 218 MMboe of 2P reserves from contingent resources related to Phase 1 of the Blackrod project and acquiring 15.9 MMboe in the acquisition of Cor4. The reserves life index (RLI) as at December 31, 2022, increases to approximately 27 years.[1][2]

The net present value (NPV) of IPC's 2P reserves as at December 31, 2022 was USD 3,432 million. IPC's net asset value (NAV) was USD 3,545 of SEK 270 / CAD 35 per share as at December 31, 2022. To take into account the higher interest rate environment, IPC now presents 2P reserves NPV and NAV at a discount rate of 10%, compared to a discount rate of 8% in previous periods. At a discount rate of 8%, as at December 31, 2022, the NPV of IPC's 2P reserves as at December 31, 2022 was USD 4,071 million and the NAV was USD 4,184 million or SEK 319 / CAD 41 per share.(2)(4)(5)

In addition, IPC's best estimate contingent resources (unrisked) as at December 31, 2022 are 1,162 MMboe, of which over 1,000 MMboe relate to future potential phases of the Blackrod project.(1)(2)

2023 Budget and Operational Guidance

We are pleased to announce our 2023 average net production guidance is 48,000 to 50,000 boepd, a 2,000 boepd increase from our original 2022 CMD guidance. We forecast operating costs for 2023 to be USD 17.5 to 18 per boe, with the forecast increase from 2022 mainly due to the reclassification of Blackrod operating costs.(1)(3)

We also forecast significant FCF generation based on our 2P reserves base of an aggregate of more than USD 700 to 1,400 million over the period of 2023 to 2027. In addition, we forecast FCF generation of USD 1,900 to 3,000 million over the period of 2028 to 2032, assuming completion of Phase 1 of the Blackrod project.(2)(3)(7)

Our 2023 capital and decommissioning expenditure budget is USD 365 million, with USD 287 million forecast for the Phase 1 development of the Blackrod project. The remainder of the 2023 budget includes the continued Pad L investment at Onion Lake Thermal, optimisation projects at Suffield gas, and continued development at the Ferguson asset in Canada. We plan further study work in Malaysia on the Bertam field and, in France, completion of the first phase of the Villeperdue West development project and a further sidetrack well.

IPC has decided to materially scale back capital expenditure on the base business from USD 163 million in 2022 to a forecast USD 78 million in 2023 including decommissioning expenditure. Limited investment in our current assets and the planned investments in the Cor4 assets are forecast to provide production growth in the short to medium term, as we proceed with the Blackrod Phase 1 investment. Total base business capital expenditure inclusive of Cor4 acquisition price of USD 62 million amounts to USD 130 million, in line with the original 2022 capital expenditure budget and delivering a similar 2,000 boepd increase in production guidance year over year. IPC has significant flexibility to amend our business plans based on the development of commodity prices during 2023.

Further details regarding IPC's proposed 2023 budget and operational guidance will be provided at IPC's Capital Markets Day presentation to be held on February 7, 2023 at 14:00 CET. A copy of the Capital Markets Day presentation will be available on IPC's website at www.international-petroleum.com.

Notes:

(1) See "Supplemental Information regarding Product Types" in "Disclosure of Oil and Gas Information" below. See also the material change report (MCR) available on IPC's website at www.international-petroleum.com and filed on the date of this press release under IPC's profile on SEDAR at www.sedar.com. Includes the 2P reserves as at December 31, 2022 and the forecast production, operating costs and capital expenditures attributable to the oil and gas assets of Cor4, assuming acquisition as of such date. Completion of the Cor4 transaction remains subject to regulatory approvals and is expected to complete by the end of Q1 2023.

(2) See "Disclosure of Oil and Gas Information" below. Further information with respect to IPC's and Cor4's reserves, contingent resources and estimates of future net revenue, including assumptions relating to the calculation of NPV, are further described in the MCR. 2P reserves as at December 31, 2022 of 487 MMboe includes 471 MMboe attributable to IPC's oil and gas assets and 15.9 MMboe attributable to Cor4's oil and gas assets. Reserves replacement ratio is based on 2P reserves of 270 MMboe as at December 31, 2021, sales production during 2022 of 16.9 MMboe, additions to 2P reserves during 2022 of 218 MMboe (or 234 MMboe including the 2P reserves attributable to the acquisition of Cor4) and 2P reserves of 471 MMboe (or 487 MMboe including the 2P reserves attributable to the acquisition of Cor4) as at December 31, 2022.

(3) Non-IFRS measure, see "Non-IFRS Measures" below and in the MD&A.

(4) NPV is after tax, discounted at 10% and based upon the forecast prices and other assumptions further described in the MCR. NPV of the 2P reserves as at December 31, 2022 of USD 3,432 million includes USD 3,279 million attributable to IPC's oil and gas assets and USD 153 million attributable to Cor4's oil and gas assets. See "Disclosure of Oil and Gas Information" below.

(5) NAV is calculated as NPV plus net cash of USD 175 million as at December 31, 2022 less the Cor4 acquisition consideration of USD 62 million.

(6) NAV per share is based on 136,827,999 IPC common shares outstanding as at December 31, 2022. NAV per share is not predictive and may not be reflective of current or future market prices for IPC common shares.

(7) Estimated FCF generation is based on IPC's current business plans over the periods of 2023 to 2027 and 2028 to 2032, including net cash of USD 175 million as at December 31, 2022 less the Cor4 acquisition consideration of USD 62 million. Assumptions include average net production of approximately 50 Mboepd over the period of 2023 to 2027, average net production of approximately 65 Mboepd over the period of 2028 to 2032, average Brent oil prices of USD 75 to 95 per boe escalating by 2% per year, and average Brent to Western Canadian Select differentials and average gas prices as estimated by IPC's independent reserves evaluator and as further described in the MCR. Free cash flow yield is based on IPC's market capitalization at close January 31, 2023 (112.5 SEK/share, 10.46 SEK/USD, USD 1,463 million). IPC's current business plans and assumptions, and the business environment, are subject to change. Actual results may differ materially from forward-looking estimates and forecasts. See "Forward-Looking Statements" below.

International Petroleum Corp. (IPC) is an international oil and gas exploration and production company with a high quality portfolio of assets located in Canada, Malaysia and France, providing a solid foundation for organic and inorganic growth. IPC is a member of the Lundin Group of Companies. IPC is incorporated in Canada and IPC's shares are listed on the Toronto Stock Exchange (TSX) and the Nasdaq Stockholm exchange under the symbol "IPCO".

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This information is information that International Petroleum Corporation is required to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the contact persons set out above, at 07:30 CET on February 7, 2023. The Corporation's audited condensed consolidated financial statements (Financial Statements) and management's discussion and analysis (MD&A) for the three months and year ended December 31, 2022 have been filed on SEDAR (www.sedar.com) and are also available on the Corporation's website (www.international-petroleum.com).

Forward-Looking Statements

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

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

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

- The potential for an improved economic environment resulting from a lack of capital investment and drilling in the oil and gas industry;
- 2023 production range, operating costs and capital and decommissioning expenditure estimates;
- Estimates of future production, cash flows, operating costs and capital expenditures that are based on IPC's current business plans and assumptions regarding the business environment, which are subject to change;
- IPC's financial and operational flexibility to continue to react to recent events and navigate the Corporation through periods of volatile commodity prices;
- IPC's continued access to its existing credit facilities, including current financial headroom, on terms acceptable to the Corporation;
- The ability to fully fund future expenditures from cash flows and current borrowing capacity;
- IPC's ability to maintain operations, production and business in light of the current and any future pandemics and the restrictions and disruptions related thereto, including risks related to production delays and interruptions, changes in laws and regulations and reliance on third-party operators and infrastructure;
- IPC's intention and ability to continue to implement our strategies to build long-term shareholder value;
- The ability of IPC's portfolio of assets to provide a solid foundation for organic and inorganic growth;
- The continued facility uptime and reservoir performance in IPC's areas of operation;
- Future development potential of the Suffield and Ferguson operations in Canada, including the timing and success of future oil and gas drilling and optimization programs;
- Development of the Blackrod project in Canada, including estimates of resource volumes, future production, timing, regulatory approvals, third party commercial arrangements, breakeven oil prices and net present values;
- Current and future drilling pad production and timing and success of facility upgrades, tie-in work and infill drilling at Onion Lake Thermal;
- The timing and certainty regarding completion of the proposed acquisition of Cor4, including the ability of the IPC and Cor4 to obtain necessary approvals and otherwise satisfy the conditions to such completion and the absence of material events which may interfere with such completion;
- The ability of IPC to achieve and maintain current and forecast production and take advantage of production growth and development upside opportunities related to Cor4's assets post-completion of the Cor4 acquisition;
- The ability of IPC to integrate Cor4's assets into its current operations;
- The existence of drill-ready opportunities in respect of Cor4's assets and their ability to add further near-term production;
- The potential improvement in the Canadian oil egress situation and IPC's ability to benefit from any such improvements;
- The timing and success of the future development projects and other organic growth opportunities in France;
- The ability to maintain current and forecast production in France;
- The ability of IPC to achieve and maintain current and forecast production in Malaysia;
- The ability to IPC to acquire further common shares under the NCIB, including the timing of any such purchases;
- The return of value to IPC's shareholders as a result of the NCIB;
- The ability of IPC to implement further shareholder distributions in addition to the NCIB;
- IPC's ability to implement its GHG emissions intensity and climate strategies and to achieve its net GHG emissions intensity reduction targets;
- Estimates of reserves and contingent resources;
- The ability to generate free cash flows and use that cash to repay debt;
- IPC's ability to identify and complete future acquisitions; and
- Future drilling and other exploration and development activities.

Statements relating to "reserves" and "contingent resources" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and that the reserves and resources can be profitably produced in the future. Ultimate recovery of reserves or resources is based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

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

These include, but are not limited to general global economic, market and business conditions, the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to reserves, resources, production, revenues, costs and expenses; health, safety and environmental risks; commodity price fluctuations; interest rate and exchange rate fluctuations; marketing and transportation; loss of markets; environmental and climate-related risks; competition; incorrect assessment of the value of acquisitions; failure to complete or realize the anticipated benefits of acquisitions or dispositions; the ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals; and changes in legislation, including but not limited to tax laws, royalties, environmental and abandonment regulations.

Additional information on these and other factors that could affect IPC, or its operations or financial results, are included in the MD&A (See "Cautionary Statement Regarding Forward-Looking Information" and "Reserves and Resources Advisory" therein), the Corporation's material change report dated February 7, 2023 (MCR), the Corporation's Annual Information Form (AIF) for the year ended December 31, 2021, (See "Cautionary Statement Regarding Forward-Looking Information", "Reserves and Resources Advisory" and "Risk and Uncertainties") and other reports on file with applicable securities regulatory authorities, including previous financial reports, management's discussion and analysis and material change reports, which may be accessed through the SEDAR website (www.sedar.com) or IPC's website (www.international-petroleum.com).

Management of IPC approved the production, operating costs, operating cash flow, capital and decommissioning expenditures and free cash flow guidance and estimates contained herein as of the date of this press release. The purpose of these guidance and estimates is to assist readers in understanding IPC's expected and targeted financial results, and this information may not be appropriate for other purposes.

Estimated FCF generation is based on IPC's current business plans over the periods of 2023 to 2027 and 2028 to 2032. Assumptions include average net production of approximately 50 Mboepd over the period of 2023 to 2027, average net production of approximately 65 Mboepd over the period of 2028 to 2032, average Brent oil prices of USD 75 to 95 per boe escalating by 2% per year, and average Brent to Western Canadian Select differentials and average gas prices as estimated by IPC's independent reserves evaluator and as further described in the MCR. IPC's current business plans and assumptions, and the business environment, are subject to change. Actual results may differ materially from forward-looking estimates and forecasts.

Non-IFRS Measures

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

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

Operating cash flow

The following table sets out how operating cash flow is calculated from figures shown in the Financial Statements:

	Three months ended December 31		Year ended December 31	
USD Thousands	2022	2021	2022	2021
Revenue	256,479	215,296	1,135,958	666,409
Production costs	(127,495)	(102,561)	(483,646)	(325,007)
Current tax	(15,316)	(2,048)	(29,365)	(4,670)
Operating cash flow	**113,668**	110,687	**622,947**	336,732

Free cash flow

The following table sets out how free cash flow is calculated from figures shown in the Financial Statements:

	Three months ended December 31		Year ended December 31	
USD Thousands	2022	2021	2022	2021
Operating cash flow - see above	113,668	110,687	622,947	336,732
Capital expenditures	(42,792)	(17,441)	(157,662)	(43,990)
Abandonment and farm-in expenditures[1]	(1,085)	(1,282)	(6,962)	(4,546)
General, administration and depreciation expenses before depreciation[2]	(3,333)	(2,648)	(12,832)	(10,648)
Cash financial items[3]	(1,170)	(2,356)	(15,249)	(14,664)
Free cash flow	**65,288**	89,960	**430,242**	262,884

[1] See note 19 to the Financial Statements
[2] Depreciation is not specifically disclosed in the Financial Statements
[3] See notes 5 and 6 to the Financial Statements

EBITDA

The following table sets out the reconciliation from net result from the consolidated statement of operations to EBITDA:

	Three months ended December 31		Year ended December 31	
USD Thousands	2022	2021	2022	2021
Net result	61,183	66,918	337,725	146,059
Net financial items	6,002	4,079	37,131	30,214
Income tax	24,486	5,408	127,413	21,684
Depletion	30,320	30,293	122,041	119,013
Depreciation of other tangible fixed assets	2,695	2,628	10,787	10,108

Exploration and business development costs	558	345	2,775	1,960
Depreciation included in general, administration and depreciation expenses [1]	407	416	1,608	1,716
EBITDA	**125,651**	110,087	**639,480**	330,754

[1] Item is not shown in the Financial Statements

Operating costs
The following table sets out how operating costs is calculated:

	Three months ended December 31		Year ended December 31	
USD Thousands	2022	2021	2022	2021
Production costs	127,495	102,561	483,646	325,007
Cost of blending	(46,534)	(22,323)	(189,172)	(78,434)
Change in inventory position	(4,592)	(15,296)	(158)	1,656
Operating costs	**76,369**	64,942	**294,316**	248,229

Net cash / (debt)
The following table sets out how net cash / (debt) is calculated from figures shown in the Financial Statements:

USD Thousands	December 31, 2022	December 31, 2021
Bank loans	(12,142)	(113,122)
Bonds	(300,000)	-
Cash and cash equivalents	487,240	18,810
Net cash / (debt)	**175,098**	(94,312)

Disclosure of Oil and Gas Information

This press release contains references to estimates of gross and net reserves and resources attributed to the Corporation's and Cor4's oil and gas assets. For additional information with respect to such reserves and resources, refer to "Reserves and Resource Advisory" in IPC's MD&A and "Disclosure of Oil and Gas Information" in IPC's MCR. Light, medium and heavy crude oil reserves/resources disclosed in this press release include solution gas and other by-products. Also see "Supplemental Information regarding Product Types" below.

Reserve estimates, contingent resource estimates and estimates of future net revenue in respect of IPC's oil and gas assets in Canada (other than the assets to be acquired in the acquisition of Cor4) are effective as of December 31, 2022, and are included in the reports prepared by Sproule Associates Limited (Sproule), an independent qualified reserves evaluator, in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) and the Canadian Oil and Gas Evaluation Handbook (the COGE Handbook) and using Sproule's December 31, 2022 price forecasts.

Reserve estimates, contingent resource estimates and estimates of future net revenue in respect of IPC's oil and gas assets in France and Malaysia are effective as of December 31, 2022, and are included in the report prepared by ERC Equipoise Ltd. (ERCE), an independent qualified reserves auditor, in accordance with NI 51-101 and the COGE Handbook, and using Sproule's December 31, 2022 price forecasts.

Reserve estimates and estimates of future net revenue in respect of the oil and gas assets of Cor4 are effective as of December 31, 2022, and have been audited by a qualified reserves auditor (as defined in NI 51-101), in accordance with NI 51-101 and the COGE Handbook, and using Sproule's December 31, 2022, price forecasts.

The price forecasts used in the Sproule and ERCE reports are available on the website of Sproule (sproule.com) and are contained in the MCR. These price forecasts are as at December 31, 2022 and may not be reflective of current and future forecast commodity prices.

The reserve life index (RLI) is calculated by dividing the 2P reserves of 487 MMboe as at December 31, 2022 (including 15.9 MMboe to be acquired in the proposed acquisition of Cor4), by the mid-point of the 2023 CMD production guidance of 48,000 to 50,000 boepd. Reserves replacement ratio is based on 2P reserves of 270 MMboe as at December 31, 2021, sales production during 2022 of 16.9 MMboe, additions to 2P reserves during 2022 of 218 MMboe (or 234 MMboe including the 2P reserves attributable to the acquisition of Cor4) and 2P reserves of 471 MMboe (or 487 MMboe including the 2P reserves attributable to the acquisition of Cor4) as at December 31, 2022.

The reserves and resources information and data provided in this press release present only a portion of the disclosure required under NI 51-101. All of the required information will be contained in the Corporation's Annual Information Form for the year ended December 31, 2022, which will be filed on SEDAR (accessible at www.sedar.com) on or before April 1, 2023. Further information with respect to IPC's and Cor4's reserves, contingent resources and estimates of future net revenue, including assumptions relating to the calculation of net present value and other relevant information related to the contingent resources disclosed, is disclosed in the MCR available under IPC's profile on www.sedar.com and on IPC's website at www.international-petroleum.com.

IPC uses the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). A BOE conversion ratio of 6:1 is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a 6:1 conversion basis may be misleading as an indication of value.

Supplemental Information regarding Product Types

The following table is intended to provide supplemental information about the product type composition of IPC's net average daily production figures provided in this press release:

	Heavy Crude Oil (Mbopd)	Light and Medium Crude Oil (Mbopd)	Conventional Natural Gas (per day)	Total (Mboepd)
Three months ended				
December 31, 2022	22.6	10.3	98.1 MMcf (16.4 Mboe)	49.2
December 31, 2021	21.7	8.5	100.2 MMcf (16.7 Mboe)	46.8
Year ended				
December 31, 2022	22.6	9.6	98.1MMcf (16.4 Mboe)	48.6
December 31, 2021	20.4	8.4	99.6 MMcf (16.7 Mboe)	45.5

This press release also makes reference to IPC's forecast total average daily production of 48,000 to 50,000 boepd for 2023. IPC estimates that approximately 50% of that production will be comprised of heavy oil, approximately 17% will be comprised of light and medium crude oil and approximately 33% will be comprised of conventional natural gas.

Currency

All dollar amounts in this press release are expressed in United States dollars, except where otherwise noted. References herein to USD mean United States dollars. References herein to CAD mean Canadian dollars.