International Petroleum Corp.

Press Release

January 20, 2020

International Petroleum Corp. Announces Acquisition of Light Oil Assets in Southern Alberta

International Petroleum Corp. (“IPC”) (TSX, Nasdaq Stockholm: IPCO) is pleased to announce that it has entered into an agreement to acquire Granite Oil Corp. (“Granite”) (TSX: GXO) for total equity and debt consideration of approximately USD 59 million (CAD 77.2 million) (the “Acquisition”). The Acquisition includes total proved plus probable ("2P") reserves of 14.0 million barrels of oil equivalent (MMboe) and 6.2 MMboe of unrisked contingent resources (best estimate) as at December 31, 2019. The current production is approximately 1,500 barrels of oil per day (bopd) with further potential for light oil production and development upside, close to IPC’s current area of operations in southern Alberta.

The Acquisition is comprised of high netback, light oil producing assets in the Milk River area of Alberta, located southwest of IPC's existing operations in the Suffield area, just north of the US border (the "Assets"). The Assets are currently producing approximately 1,500 bopd of 29° API oil, from an oil pool which extends over a 50 kilometre fairway. The Assets include existing infrastructure to enable the current gas injection enhanced oil recovery (EOR) scheme, with capacity to allow for potential further field development opportunities. The Assets also include associated oil and gas processing and injection facilities located in proximity to key sales points. Granite reported combined average wellhead prices of CAD 68.50 per boe and operating netbacks of CAD 34.73 per boe for the third quarter of 2019.

On completion of the Acquisition, almost all of the current production and infrastructure will be 100% owned and operated by IPC. The Acquisition will complement IPC’s current southeast Alberta operations. The Assets will be managed by IPC’s existing Canadian management team, with support from the operational teams currently working with the Assets.

Total 2P reserves attributed to the Assets as at December 31, 2019 are 14.0 MMboe, of which close to 100% are light oil. The Assets also include 6.2 MMboe of unrisked contingent resources (best estimate) as at December 31, 2019. IPC has identified a number of drill-ready opportunities that it believes could add further near-term production of high netback, light oil barrels.

The Acquisition aligns with IPC’s strategy to target low risk production assets with further development potential. IPC expects to provide further information at its Capital Markets Day on February 11, 2020 regarding the Assets and IPC’s plans to optimise production and pursue further development activities.

Mike Nicholson, CEO of IPC, comments: ‘’We are very excited to announce our third acquisition of high quality operated assets in less than three years since IPC was created. The acquisition of Granite provides access to a new resource play fairway that adds additional reserves, resources and production of long life, high margin light oil with significant growth potential. We believe that we can more than double current production levels within the next three years, more than fully funding this growth with the cash flows generated from these assets.’’

The Acquisition is structured as a plan of arrangement under Canadian law (the "Arrangement"). Under the terms of the Arrangement, IPC has agreed to acquire the issued and outstanding common shares in the capital of Granite ("Granite Shares"), including Granite Shares issuable under existing employee stock options, for aggregate cash consideration of approximately USD 29 million (CAD 37.4 million). The consideration for the Granite Shares will be funded from IPC's operating cash flows and existing credit facilities. Under the Arrangement, IPC will also assume approximately USD 30 million (CAD 39.8 million) in bank debt currently outstanding in relation to the Assets.

The Arrangement has been unanimously approved by the Board of Directors of IPC. The Board of Directors of Granite has also unanimously approved the Arrangement, and recommends that Granite shareholders vote in favour of the Arrangement at the meeting of Granite shareholders expected to be held in early March 2020. All of the directors and officers of Granite as well as entities related to GMT Capital Corp., Granite's largest shareholder, together representing approximately 25% of the total Granite Shares, have entered into agreements with IPC pursuant to which they have agreed to vote their Granite Shares in favour of the Acquisition.

The Arrangement remains subject to customary closing conditions, including the receipt of approvals from the Granite shareholders, the Court of Queen's Bench of Alberta and applicable stock exchange and regulatory authorities. The Acquisition is expected to close in early March 2020.

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".

For further information, please contact:

Rebecca Gordon VP Corporate Planning and Investor Relations rebecca.gordon@international-petroleum.com Tel: +41 22 595 10 50	or	Robert Eriksson Media Manager reriksson@rive6.ch Tel: +46 701 11 26 15

This information is information that International Petroleum Corporation is required to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact persons set out above, at 08:00 CET on January 20, 2020.

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 IPC's 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: timing and certainty regarding completion of the Acquisition, including fulfilling the conditions precedent to 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 the Assets post-completion of the Acquisition; the ability of IPC to integrate the Assets into its current operations; the ability of the IPC and Granite to obtain necessary approvals and otherwise satisfy the conditions to closing the Acquisition; the absence of material events which may interfere with the Acquisition being completed; the ability of existing infrastructure to enable EOR projects, as well as capacity to allow for potential further field development opportunities; the existence of drill-ready opportunities and their ability to add further near-term production of high netback, light oil barrels; estimates of reserves; estimates of contingent resources; estimates of prospective resources; the ability to generate free cash flows and use that cash to repay debt and to continue to deleverage; 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.

The forward-looking statements are based on certain key expectations and assumptions made by IPC, including expectations and assumptions concerning: prevailing commodity prices and currency exchange rates; applicable royalty rates and tax laws; interest rates; future well production rates and reserve and contingent resource volumes; operating costs; the timing of receipt of regulatory approvals; the performance of existing wells; the success obtained in drilling new wells; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the successful completion of acquisitions and dispositions; the benefits of acquisitions; the state of the economy and the exploration and production business in the jurisdictions in which IPC operates and globally; the availability and cost of financing, labour and services; and the ability to market crude oil, natural gas and natural gas liquids successfully.

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 cannot give 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: the risks that the parties will not receive required approvals to complete the Acquisition or may not be able to satisfy the conditions to closing; 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 and exchange rate fluctuations; interest rate fluctuations; marketing and transportation; loss of markets; environmental 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 and environmental regulations. Readers are cautioned that the foregoing list of factors is not exhaustive.

Additional information on these and other factors that could affect IPC, or its operations or financial results, are included in the management discussion and analysis for the nine months ended September 30, 2019 (MD&A) (See "Cautionary Statement Regarding Forward-Looking Information" therein), the Corporation's Annual Information Form (AIF) for the year ended December 31, 2018 (See "Cautionary Statement Regarding Forward-Looking Information", "Reserves and Resources Advisory" and "Risk Factors" therein) and other reports on file with applicable securities regulatory authorities, which may be accessed through the SEDAR website (www.sedar.com) or IPC's website (www.international-petroleum.com).

Non-IFRS Measures

References made in this press release to "operating cash flow" (OCF), "operating costs" and "net debt", 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 definitions of OCF, operating costs and net debt that may be used by other public companies. Non-IFRS measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS.

Management believes that OCF, operating costs and net debt are useful supplemental measures that may assist shareholders and investors in assessing the cash generated by and the financial performance and position of IPC. Management also uses non-IFRS measures internally in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess IPC's ability to meet its future capital expenditure and working capital requirements. Management believes these non-IFRS measures are important supplemental measures of operating performance because they highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management believes such measures allow for assessment of IPC's operating performance and financial condition on a basis that is more consistent and comparable between reporting periods. IPC believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers.

The definition of each non-IFRS measure is presented in IPC's MD&A (See "Non-IFRS Measures" therein). In addition, non-IFRS measures with respect to Granite are defined in Granite's the management discussion and analysis for the nine months ended September 30, 2019 which may be accessed through the SEDAR website (www.sedar.com) or Granite's website (graniteoil.ca).

Disclosure of Oil and Gas Information

This press release contains references to estimates of gross 2P reserves attributed by IPC to Granite's oil and gas assets. Gross reserves are the total working interest reserves before the deduction of any royalties and including any royalty interests receivable.

Reserves estimates and contingent resource estimates in respect of Granite's oil and gas assets were evaluated by Sproule on behalf of IPC in reports prepared by Sproule dated January 15, 2020 evaluating the oil and gas reserves and contingent resources attributable to Granite's properties as at December 31, 2019. The reserves estimates and contingent resource estimates included in these Sproule reports are based on IPC's assessment of potential development activities related to the Assets which may differ from Granite's assessment and reported figures.

The price forecasts used in the reserve reports are as at December 31, 2019 and are available on the website of Sproule (sproule.com).

"2P reserves" means gross proved plus probable reserves. "Proved reserves" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. "Probable reserves" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies are conditions that must be satisfied for a portion of contingent resources to be classified as reserves that are: (a) specific to the project being evaluated; and (b) expected to be resolved within a reasonable timeframe. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent resources are further classified in accordance with the level of certainty associated with the estimates and may be sub-classified based on a project maturity and/or characterized by their economic status.

There are three classifications of contingent resources: low estimate, best estimate and high estimate. Best estimate is a classification of estimated resources described in the COGE Handbook as being considered to be the best estimate of the quantity that will be actually recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the best estimate.

Contingent resources are further classified based on project maturity. The project maturity subclasses include development pending, development on hold, development unclarified and development not viable. All of Granite's contingent resources are classified by IPC as development unclarified. Development unclarified is defined as a contingent resource that requires further appraisal to clarify the potential for development and has been assigned a lower chance of development until contingencies can be clearly defined. Chance of development is the probability of a project being commercially viable.

References to "unrisked" contingent resources volumes means that the reported volumes of contingent resources have not been risked (or adjusted) based on the chance of commerciality of such resources. In accordance with the COGE Handbook for contingent resources, the chance of commerciality is solely based on the chance of development based on all contingencies required for the re-classification of the contingent resources as reserves being resolved. Therefore unrisked reported volumes of contingent resources do not reflect the risking (or adjustment) of such volumes based on the chance of development of such resources. Chance of development is the probability of a project being commercially viable and the chance of development risk of 70% has been applied by IPC to all of Granite's contingent resources. The risked contingent resources (best estimate) as at December 31, 2019 is 4.3 MMboe. The contingency for all of the unrisked best estimate contingent resources is IPC's corporate commitment whether to proceed with the specific opportunities, following completion of the Acquisition.

The contingent resources reported in this press release are estimates only. The estimates are based upon a number of factors and assumptions each of which contains estimation error which could result in future revisions of the estimates as more technical and commercial information becomes available. The estimation factors include, but are not limited to, the mapped extent of the oil and gas accumulations, geologic characteristics of the reservoirs, and dynamic reservoir performance. There are numerous risks and uncertainties associated with recovery of such resources, including many factors beyond the Corporation's control. There is uncertainty that it will be commercially viable to produce any portion of the contingent resources referred to in this press release.

2P reserves and contingent resources have been aggregated in this press release by IPC. Estimates of reserves and future net revenue for individual properties may not reflect the same level of confidence as estimates of reserves and future net revenue for all properties, due to aggregation. There is no assurance that the forecast prices and cost assumptions used in the reserve evaluations will be attained and variances could be material.

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 thousand cubic feet (Mcf) per 1 barrel (bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. 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.

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.