

International Petroleum Corporation 2019 Year-End Financial Results and 2020 Budget, Production and Resource Guidance

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, 2019.⁽¹⁾ IPC is also pleased to announce its 2020 capital expenditure budget of USD 149 million and its 2020 production guidance of between 46,000 and 50,000 barrels of oil equivalent (boe) per day (boepd).⁽²⁾ 2019 year-end proved plus probable (2P) reserves and best estimate contingent resources (unrisked) are respectively 300 million boe (MMboe) and 1,089 MMboe.⁽²⁾⁽³⁾

Business Development Highlights

- In January 2020, IPC announced the proposed light oil acquisition of 2P reserves of 14.0 MMboe and 6.2 MMboe of contingent resources (best estimate, unrisked) as at December 31, 2019⁽²⁾⁽³⁾, for total equity and debt consideration of USD 59 million. The acquisition of Granite Oil Corp. (Granite) will be IPC's third acquisition in less than three years. Completion of the Granite transaction remains subject to satisfaction of certain conditions and is expected to occur in early March 2020.

2019 Financial and Operational Highlights

- Average net production of approximately 47,200 boepd for the fourth quarter of 2019.
- Full year 2019 average net production of approximately 45,800 boepd, in line with Q3 2019 guidance.
- Full year 2019 operating costs⁽⁴⁾ per boe of USD 12.8, slightly ahead of Q3 2019 guidance.
- Capital expenditure for full year 2019 of USD 181 million, USD 4 million below Q3 2019 guidance with USD 3 million phased into 2020.
- Successfully delivered a 26 development well program in the Suffield area, Canada.
- Extensive Suffield area gas swabbing and well optimization program delivered during 2019.
- Onion Lake Thermal facility expansion and upgrades completed in Canada, as well as the addition of the new F-Pad wells.
- Third well pair at the Blackrod project, Canada, completed with approximately 1,400 metres of horizontal section; commencing steam injection in early 2020.
- Successful delivery of the Vert La Gravelle field Phase I redevelopment project, lifting Q4 2019 production in France by 28 percent relative to Q3 2019.
- Successfully delivered the three well infill drilling programme at the Bertam field in Malaysia and identified additional infill potential.
- 2P reserves as at December 31, 2019 increased to 300 MMboe, with a 2019 reserves replacement ratio of 89% excluding acquisitions and 173% including acquisitions.⁽²⁾⁽³⁾⁽⁵⁾
- Contingent resources (best estimate, unrisked) increased from 849 MMboe as at December 31, 2018 to 1,089 MMboe as at December 31, 2019.⁽²⁾⁽³⁾

USD Thousands	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Revenue	145,535	111,898	553,749	454,443
Gross profit	43,245	26,311	152,904	146,864
Net result	38,372	29,346	103,588	103,644
Operating cash flow ⁽⁴⁾	78,888	58,322	307,944	279,018
Free cash flow ⁽⁴⁾	4,432	34,864	89,308	203,282
EBITDA ⁽⁴⁾	77,353	58,032	302,513	264,041
Net Debt ⁽⁴⁾	231,503	276,761	231,503	276,761

- Full year 2019 operating cash flow (OCF)⁽⁴⁾ generation of USD 308 million, the highest annual OCF since IPC's inception.
- Full year 2019 free cash flow (FCF)⁽⁴⁾ generation of USD 89 million.
- Net debt⁽⁴⁾ reduced from USD 277 million as at December 31, 2018 to USD 231.5 million as at December 31, 2019.
- Net debt⁽⁴⁾ to EBITDA⁽⁴⁾ ratio of less than 0.8 times as at December 31, 2019.
- In November 2019, IPC announced a share repurchase program, with the ability to repurchase up to approximately 11.5 million IPC shares over a twelve month period. Repurchased for USD 16.9 million and cancelled approximately 3.9 million IPC shares as at end December 2019 and a further approximately 2.9 million IPC shares were repurchased for USD 11.8 million, of which approximately 2.5 million shares were cancelled, as at end January 2020.

2020 Budget and Production Guidance

- 2020 average net production guidance of 46,000 to 50,000 boepd.⁽²⁾
- 2020 operating costs guidance at USD 13.7 per boe.⁽²⁾⁽⁴⁾
- Full year 2020 capital expenditure budget of USD 149 million, including USD 3 million of carry-over costs from 2019 and USD 10 million relating to the assets to be acquired in the Granite transaction.⁽²⁾

Mike Nicholson, IPC's Chief Executive Officer, commented,

"Our focus since launching IPC in April 2017 remains unchanged: seeking to deliver operational excellence, demonstrating financial resilience, maximizing the value of our resource base and targeting growth through acquisition. With financial results delivered at the high end of guidance and the most active quarter of investment across all areas of operations, as well as the announcement of another corporate acquisition and the ongoing execution of IPC's second share repurchase program, we continue to make excellent progress on all fronts in delivering on that strategy.

2019 Year-End Results

During the fourth quarter of 2019, our assets delivered average daily net production of 47,200 boepd, a four percent increase from Q3 2019. Full year 2019 average production was 45,800 boepd, in line with our Q3 2019 guidance. Record high net production levels above 49,000 boepd were achieved in early December 2019, marginally below the previously guided 50,000 boepd exit rate as the start-up of our A-20 well in Malaysia was moved into mid-January 2020. Our operating costs per boe for the fourth quarter was USD 12.4, resulting in a full year 2019 average operating costs per boe of USD 12.8, marginally below our Q3 2019 guidance.⁽⁴⁾

IPC delivered a very strong full year 2019 financial performance generating an operating cash flow of USD 308 million, at the upper end of Q3 2019 guidance and a full year net result of USD 104 million.⁽⁴⁾ The Q4 2019 operating cash flow amounted to USD 79 million.⁽⁴⁾ Free cash flow generation for the full year 2019 was USD 89 million (excluding the share repurchase program and before payment of the spin-off residual working capital liability to Lundin Petroleum).⁽⁴⁾ This robust financial performance allowed IPC to fund its expenditure and share repurchase programs, whilst reducing net debt levels from USD 277 million at the end of 2018 to USD 231.5 million by the end of 2019.⁽⁴⁾

In Canada, during Q4 2019, the full year 2019 average net production levels at the Suffield area were two percent higher than 2018 levels demonstrating the positive impact of our ongoing oil drilling and gas optimization programs more than offsetting natural declines. Our N2N enhanced oil recovery (EOR) project and drilling program was completed as scheduled in 2019. In addition, preparatory work continued during Q4 2019 which is expected to allow our single rig drilling program to continue through 2020. At Onion Lake Thermal in Canada, facility optimization work completed earlier in 2019 that allowed for steam injection to commence at F-Pad during Q3 2019 and production ramp up through Q4 2019. Following completion of the ramp up of production, average production rates during December 2019 were just below 12,000 boepd in line with expectation. As we look forward, we plan to add another drilling pad during 2020 to increase production toward facility capacity levels of 14,000 boepd by year-end 2020.

In Malaysia, a world class uptime performance on the Bertam FPSO in excess of 99 percent continued during Q4 2019. Fourth quarter 2019 production on the Bertam field was 5,400 bopd, in line with our Q3 2019 guidance and five per cent higher than Q3 2019 production as we started to benefit from production from the three well infill drilling program. Following encouraging results from the 2019 infill drilling program, two additional infill drilling locations have been identified and booked as contingent resources in the A-15/A-20 Bertam field area. Further technical work is planned on these locations during 2020, for potential drilling in 2021.

In France, average daily production in Q4 2019 was 28 percent higher than Q3 2019 production, averaging 3,200 boepd. The drilling in Q3 2019 of our first horizontal development well at the Vert La Gravelle field was a major milestone for IPC. Production from the well continues to exceed expectation. With Phase I of the Vert La Gravelle redevelopment now being completed, our focus and attention now turns to the Phase I development of the Villeperdue West field in 2020 with three horizontal production wells planned, as well as assessing the potential for a Phase II development of Vert La Gravelle.

As at end December 2019, IPC's 2P reserves are 300 MMboe compared to 288 MMboe as at December 31, 2018.⁽²⁾⁽³⁾ This includes a reserves replacement ratio in 2019 of 89 percent, excluding the assets to be acquired in the Granite transaction, and 173 percent including the Granite assets.⁽²⁾⁽⁵⁾

In addition, IPC has increased its best estimate contingent resources (unrisked) as at end December 2019 to 1,089 MMboe, compared to 849 MMboe as at end December 2018.⁽²⁾⁽³⁾ We are confident that we have a solid resource base in place to provide the feedstock to add to reserves in the future.

Based on third party reserves reports, the net present value (NPV)⁽²⁾⁽³⁾⁽⁶⁾ of IPC's 2P reserves as at December 31, 2019 was USD 2,410 million. IPC's net asset value (NAV)⁽²⁾⁽³⁾⁽⁷⁾ as at December 31, 2019 was USD 2,120 million. IPC's NAV per share⁽²⁾⁽³⁾⁽⁸⁾ was USD 13.3 as at December 31, 2019, representing an increase of over 7 percent from December 31, 2018.

2020 Budget and Production Guidance

We are pleased to announce our 2020 production guidance is 46,000 to 50,000 boepd.⁽²⁾ We forecast operating costs for 2020 to be USD 13.7 per boe.⁽²⁾⁽⁴⁾ We also forecast significant free cash flow generation based on our 2P reserves base of an aggregate of more than USD 500 million to USD 1.3 billion over the coming five years, without taking into account development of our contingent resources or any further potential acquisitions.⁽²⁾⁽³⁾⁽⁴⁾⁽⁹⁾

Our 2020 capital expenditure budget is USD 149 million⁽²⁾, targeting production growth in all of our countries of operations. The budget includes continued oil drilling and gas optimization activities in the Suffield area, Onion Lake Thermal facilities work and Blackrod project activities in Canada, as well as carry-over drilling expenditures on the Bertam field in Malaysia. In France, we continue with finalising Phase I of the Vert La Gravelle redevelopment project and we plan to commence the Villeperdue West development project. In addition, the budget includes approximately USD 10 million to invest in growing the assets to be acquired in the Granite transaction in Canada.⁽²⁾

Further details regarding IPC's 2020 budget and production guidance will be provided at IPC's Capital Markets Day presentation to be held on February 11, 2020 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) IPC's financial statements and MD&A for the year ended December 31, 2019 are available on IPC's website at www.international-petroleum.com and under IPC's profile on SEDAR at www.sedar.com.
- (2) Includes the reserves and contingent resources as at December 31, 2019 and the forecast 2020 production, operating costs and capital expenditures attributable to the oil and gas assets of Granite, assuming acquisition as of January 1, 2020. Completion of the Granite transaction remains subject to satisfaction of certain conditions and is expected to occur in early March 2020. The acquisition cost of USD 59 million includes USD 29 million in cash and USD 30 million in net debt assumption. See "Forward-Looking Statements" below.
- (3) See "Disclosure of Oil and Gas Information" below. Further information with respect to IPC's and Granite's reserves, contingent resources and estimates of future net revenue, including assumptions relating to the calculation of NPV, are further described in the material change report (MCR) filed on the date of this press release by IPC and available under IPC's profile on www.sedar.com and on IPC's website at www.international-petroleum.com. 2P reserves as at December 31, 2019 of 300 MMboe includes 286.2 MMboe attributable to IPC's oil and gas assets and 14.0 MMboe attributable to Granite's oil and gas assets. Contingent resources (best estimate, unrisks) as at December 31, 2019 of 1,089 MMboe includes 1,082.5 MMboe attributable to IPC's oil and gas assets and 6.2 MMboe attributable to Granite's oil and gas assets.
- (4) Non-IFRS measure, see "Non-IFRS Measures" below and in the MD&A.
- (5) Reserves replacement ratio is based on 2P reserves of 288 MMboe as at December 31, 2018, production during 2019 of 16.7 MMboe, additions to 2P reserves during 2019 of 14.8 MMboe (or 28.8 MMboe including the 2P reserves attributable to the acquisition of the Granite assets which is expected to be completed in early March 2020) and 2P reserves of 286.2 MMboe (or 300 MMboe including the 2P reserves attributable to the acquisition of the Granite assets which is expected to be completed in early March 2020) as at December 31, 2019.
- (6) NPV is after tax, discounted at 8% and based upon the forecast prices and other assumptions further described in the MCR. NPV of the 2P reserves as at December 31, 2019 of USD 2,410

million includes USD 2,202.5 million attributable to IPC's oil and gas assets and USD 207.6 million attributable to Granite's oil and gas assets. See "Disclosure of Oil and Gas Information" below.

- (7) NAV is calculated as NPV less net debt as at December 31, 2019. Net debt as at December 31, 2019 includes USD 231.5 million as described above and an additional USD 59 million in respect of the Granite acquisition cost, assuming acquisition as of such date. Completion of the Granite transaction remains subject to satisfaction of certain conditions and is expected to occur in early March 2020.
- (8) NAV per share is based on the number of IPC common shares outstanding as at December 31, 2019 being 159,790,869.
- (9) Estimated free cash flow generation based on IPC's current business plans over the period of 2020 to 2024. Assumptions include average net production of a variance around 50 Mboepd, average Brent oil prices of USD 55 to 75 per boe escalating by 2% per year, average gas prices of CAD 2.50 per thousand cubic feet, and average Brent to Western Canadian Select differentials 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. 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 11, 2020. The Corporation's audited consolidated financial statements and management's discussion and analysis (MD&A) 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: IPC's intention and ability to continue to implement our strategies to build long-term shareholder value; IPC's intention to review future potential growth opportunities; 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; the timing and success of the Villeperdue West development project, including drilling and related production rates as well as future phases of the Vert La Gravelle redevelopment project, and other organic growth opportunities in France; future development potential of Triassic reservoirs in France and the ability to maintain current and forecast production in France; the ability of IPC to achieve and maintain current and forecast production from the third phase of infill drilling in Malaysia and the ability to identify, mature and drill additional infill drilling locations; the success and timing of remedial works in respect of the A-15 well in Malaysia; future development potential of the Suffield operations, including continued and future oil drilling and gas optimization programs, the ability to offset natural declines and the NZN EOR development project; the proposed further conventional oil drilling in Canada, including the ability of such drilling to identify further drilling or development opportunities; development of the Blackrod project in Canada, including continued current operations at the project and steam injection in the third well pair; the results of the facility optimization program, the work to debottleneck the facilities and injection capability and the F-Pad production, as well as water intake and steam generation issues, at Onion Lake Thermal; the plan to add another drilling pad in 2020 at Onion Lake Thermal and the production resulting from such pad; the timing and certainty regarding completion of the proposed acquisition of Granite (the Granite Acquisition), including the ability of the IPC and Granite 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 Granite's assets post-completion of the Granite Acquisition; the ability of IPC to integrate Granite's assets into its current operations; the ability of Granite's existing infrastructure to enable EOR projects, as well as capacity to allow for potential further field development opportunities in respect of Granite's assets; the existence of drill-ready opportunities in respect of Granite's assets and their ability to add further near-term production of high netback, light oil barrels; the ability to IPC to acquire further common shares under the share repurchase program, including the timing of any such purchases; the return of value to IPC's shareholders as a result of the share repurchase program; 2020 production range, operating costs and capital 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; potential further acquisition opportunities; estimates of reserves; estimates of contingent 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 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: 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, environmental and abandonment 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 MCR, the 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, 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).

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 definitions of OCF, FCF, EBITDA, operating costs and net debt/net cash 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 non-IFRS measures are useful supplemental measures that may assist shareholders and investors in assessing the cash generated by and the financial performance and position of the Corporation. Management also uses non-IFRS measures internally in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess the Corporation'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 the Corporation's operating performance and financial condition on a basis that is more consistent and comparable between reporting periods. The Corporation also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes.

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

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 Granite's oil and gas assets. Gross reserves / resources are the working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests. Net reserves / resources are the working interest (operating or non-operating) share after deduction of royalty obligations, plus royalty interests in reserves/resources, and in respect of PSCs in Malaysia, adjusted for cost and profit oil. Unless otherwise indicated, reserves / resource volumes are presented on a gross basis.

Reserve estimates, contingent resource estimates and estimates of future net revenue in respect of IPC's oil and gas assets in Canada are effective as of December 31, 2019, and are included in 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, 2019, 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, 2019, 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, 2019, price forecasts.

Reserve estimates, contingent resource estimates and estimates of future net revenue in respect of the oil and gas assets of Granite Oil Corp. (Granite) are effective as of December 31, 2019, and are included in reports prepared by Sproule on behalf of IPC, in accordance with NI 51-101 and the COGE Handbook, and using Sproule's December 31, 2019, 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.

The reserves life index (RLI) is calculated by dividing the 2P reserves of 300 MMboe as at December 31, 2019 (including the 2P reserves attributable to the proposed acquisition of Granite which is expected to be completed in March 2020), by the mid-point of the 2020 production guidance of 46,000 to 50,000 boepd.

Light, medium and heavy crude oil reserves/resources disclosed in this press release include solution gas and other by-products.

"2P reserves" means 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 the Corporation's contingent resources are classified as either development on hold or development unclarified. Development on hold is defined as a contingent resource where there is a reasonable chance of development, but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. 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.

The reserve estimates and contingent resource estimates included in the Sproule reports related to Granite's oil and gas assets are based on IPC's assessment of potential development activities related to these assets which may differ from Granite's assessment and reported figures. All of Granite's contingent resources are classified by IPC as development unclarified. 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 Granite Acquisition.

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.

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. References to "contingent resources" do not constitute, and should be distinguished from, references to "reserves".

2P reserves and contingent resources included in the reports prepared by Sproule and ERCE in respect of IPC's oil and gas assets in Canada, France and Malaysia have been aggregated by IPC and may also be aggregated by IPC with the 2P reserves and contingent resources of Granite included in the reports prepared by Sproule on behalf of IPC. Estimates of reserves, resources and future net revenue for individual properties may not reflect the same level of confidence as estimates of reserves, resources and future net revenue for all properties, due to aggregation. This press release contains estimates of the net present value of the future net revenue from IPC's reserves, as well as estimates of the net present value of the future net revenue from Granite's reserves prepared on behalf of IPC. The estimated values of future net revenue disclosed in this press release do not represent fair market value. There is no assurance that the forecast prices and cost assumptions used in the reserve evaluations will be attained and variances could be material.

The reserves and resources information and data provided in this press release presents 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, 2019, which will be filed on SEDAR (accessible at www.sedar.com) on or before April 1, 2020. Further information with respect to IPC's and Granite's 2P 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.

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.