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International Petroleum Corporation

***Interim Condensed Consolidated
Financial Statements***

For the three months ended March 31, 2022



Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021, UNAUDITED

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Interim Condensed Consolidated Statement of Operations

For the three months ended March 31, 2022 and 2021, UNAUDITED

USD Thousands	Note	Three months ended - March 31	
		2022	2021
Revenue	2	261,306	134,284
Cost of sales			
Production costs	3	(112,073)	(65,622)
Depletion and decommissioning costs	7	(27,952)	(28,070)
Depreciation of other assets		(2,080)	(2,269)
Exploration and business development costs		(101)	(393)
Gross profit	2	119,100	37,930
General, administration and depreciation expenses		(4,173)	(2,818)
Profit before financial items		114,927	35,112
Finance income	4	3,131	–
Finance costs	5	(9,738)	(8,492)
Net financial items		(6,607)	(8,492)
Profit before tax		108,320	26,620
Income tax	6	(27,498)	271
Net result		80,822	26,891
Net result attributable to:			
Shareholders of the Parent Company		80,807	26,884
Non-controlling interest		15	7
		80,822	26,891
Earnings per share – USD ¹	14	0.52	0.17
Earnings per share fully diluted – USD ¹	14	0.51	0.17

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

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2022 and 2021, UNAUDITED

USD Thousands	Note	Three months ended - March 31	
		2022	2021
Net result		80,822	26,891
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Hedging (gains) / losses reclassified to profit or loss	2	256	3,900
Gains / (losses) on cash flow hedges		(13,118)	(8,418)
Income tax relating to these items		3,247	1,117
Currency translation adjustments		5,086	1,471
Total comprehensive income		76,293	24,961
Total comprehensive income attributable to:			
Shareholders of the Parent Company		76,280	24,957
Non-controlling interest		13	4
		76,293	24,961

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Balance Sheet

As at March 31, 2022 and December 31, 2021, UNAUDITED

USD Thousands	Note	March 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Oil and gas properties	7	992,150	971,571
Other tangible fixed assets	8	43,657	46,363
Right-of-use assets		1,455	1,639
Deferred tax assets	6	47,799	67,188
Other assets	9	35,312	35,753
Total non-current assets		1,120,373	1,122,514
Current assets			
Inventories	10	20,280	20,195
Trade and other receivables	11	169,747	110,897
Derivative instruments	18	–	1,159
Current tax receivables		18	99
Cash and cash equivalents	12	272,033	18,810
Total current assets		462,078	151,160
TOTAL ASSETS		1,582,451	1,273,674
LIABILITIES			
Non-current liabilities			
Financial liabilities	15	11,743	109,219
Bonds	15	294,603	–
Lease liabilities		800	980
Provisions	16	202,557	198,811
Deferred tax liabilities	6	21,732	22,142
Total non-current liabilities		531,435	331,152
Current liabilities			
Trade and other payables	17	121,244	79,841
Financial liabilities	15	2,657	1,806
Current tax liabilities		8,036	5,093
Lease liabilities		678	684
Provisions	16	6,293	7,555
Derivative instruments	18	11,987	–
Total current liabilities		150,895	94,979
EQUITY			
Shareholders' equity		899,951	847,386
Non-controlling interest		170	157
Net shareholders' equity		900,121	847,543
TOTAL EQUITY AND LIABILITIES		1,582,451	1,273,674

Approved by the Board of Directors

(Signed) C. Ashley Heppenstall
Director

(Signed) Mike Nicholson
Director

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Cash Flow

For the three months ended March 31, 2022 and 2021, UNAUDITED

USD Thousands	Note	Three months ended - March 31	
		2022	2021
Cash flow from operating activities			
Net result		80,822	26,891
Adjustments for non-cash related items:			
Depletion, depreciation and amortization	7,8	30,435	30,758
Exploration costs	7	–	7
Income tax	6	27,498	(271)
Amortization of loan fees	5	2,139	590
Amortization of bond fees	5	186	–
Foreign currency exchange	4,5	(3,059)	678
Interest expense	5	4,034	3,999
Unwinding of asset retirement obligation discount	5	2,760	2,857
Share-based costs		1,731	1,331
Other		250	103
Cash flow generated from operations (before working capital adjustments and income taxes)		146,796	66,943
Changes in working capital		(25,487)	(13,324)
Decommissioning costs paid	16	(1,327)	(333)
Other payments	16	(598)	(210)
Income taxes paid		(974)	(122)
Interest paid		(446)	(3,691)
Net cash flow from operating activities		117,964	49,263
Cash flow used in investing activities			
Investment in oil and gas properties	7	(38,353)	(11,671)
Investment in other fixed assets	8	(48)	(22)
Net cash (outflow) from investing activities		(38,401)	(11,693)
Cash flow from financing activities			
Borrowings / (Repayments)	15	(98,742)	(26,526)
Bonds issuance	15	300,000	–
Paid financing fees	15	(5,583)	19
Repurchase of own shares	13	(21,029)	–
Other payments		(184)	(197)
Net cash (outflow) from financing activities		174,462	(26,704)
Change in cash and cash equivalents		254,025	10,866
Cash and cash equivalents at the beginning of the period		18,810	6,498
Currency exchange difference in cash and cash equivalents		(802)	(168)
Cash and cash equivalents at the end of the period		272,033	17,196

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Changes in Equity

For the three months ended March 31, 2022 and 2021, UNAUDITED

USD Thousands	Share capital and premium	Retained earnings	CTA	IFRS 2 reserve	MTM reserve	Pension reserve	Total	Non-controlling interest	Total equity
Balance at January 1, 2021	532,379	152,184	16,776	10,088	(877)	(2,229)	708,321	132	708,453
Net result	–	26,884	–	–	–	–	26,884	7	26,891
Cash flow hedge	–	–	–	–	(3,401)	–	(3,401)	–	(3,401)
Currency translation difference	–	–	1,462	38	(26)	–	1,474	(3)	1,471
Total comprehensive income	–	26,884	1,462	38	(3,427)	–	24,957	4	24,961
Issuance of new shares ¹	93	–	–	–	–	–	93	–	93
Share based payments ²	2,871	–	–	(2,388)	–	–	483	–	483
Balance at March 31, 2021	535,343	179,068	18,238	7,738	(4,304)	(2,229)	733,854	136	733,990

¹ See Note 13

USD Thousands	Share capital and premium	Retained earnings	CTA	IFRS 2 reserve	MTM reserve	Pension reserve	Total	Non-controlling interest	Total equity
Balance at January 1, 2022	528,764	298,212	11,291	9,700	874	(1,455)	847,386	157	847,543
Net result	–	80,807	–	–	–	–	80,807	15	80,822
Cash flow hedge	–	–	–	–	(9,615)	–	(9,615)	–	(9,615)
Currency translation difference	–	–	5,311	61	(284)	–	5,088	(2)	5,086
Total comprehensive income	–	80,807	5,311	61	(9,899)	–	76,280	13	76,293
Repurchase of own shares ¹	(21,029)	–	–	–	–	–	(21,029)	–	(21,029)
Share based payments ²	(2,432)	–	–	(254)	–	–	(2,686)	–	(2,686)
Balance at March 31, 2022	505,303	379,019	16,602	9,507	(9,025)	(1,455)	899,951	170	900,121

¹ See Note 13

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

See accompanying notes to the interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021, UNAUDITED

1. CORPORATE INFORMATION

A. The Group

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

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

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

B. Basis of preparation

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

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

The unaudited interim condensed consolidated financial statements have been approved by the Board of Directors of IPC and authorized for issuance on May 3, 2022.

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

C. Going concern

The Group's consolidated financial statements for the three months ended March 31, 2022, have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future.

D. Changes in accounting policies and disclosures

During the three months ended March 31, 2022, the Group applied the amended accounting standards, interpretations and annual improvement points that are effective as of January 1, 2022.

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021, UNAUDITED

2. SEGMENT INFORMATION

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

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

USD Thousands	Three months ended - March 31, 2022				Total
	Canada	Malaysia	France	Other	
Crude oil	191,230	36,014	33,659	–	260,903
NGLs	227	–	–	–	227
Gas	30,216	–	–	–	30,216
Net sales of oil and gas	221,673	36,014	33,659	–	291,346
Change in under/over lift position	–	–	(6,113)	–	(6,113)
Royalties	(23,988)	–	–	–	(23,988)
Hedging settlement	(256)	–	–	–	(256)
Other operating revenue	101	–	216	–	317
Revenue	197,530	36,014	27,762	–	261,306
Production costs	(94,150)	(7,450)	(10,473)	–	(112,073)
Depletion and decommissioning costs	(17,859)	(6,689)	(3,404)	–	(27,952)
Depreciation of other tangible fixed assets	–	(2,080)	–	–	(2,080)
Exploration and business development costs	–	–	–	(101)	(101)
Gross profit/(loss)	85,521	19,795	13,885	(101)	119,100

USD Thousands	Three months ended - March 31, 2021				Total
	Canada	Malaysia	France	Other	
Crude oil	89,233	13,033	23,171	–	125,437
NGLs	116	–	–	–	116
Gas	19,720	–	–	–	19,720
Net sales of oil and gas	109,069	13,033	23,171	–	145,273
Change in under/over lift position	–	–	(4,130)	–	(4,130)
Royalties	(7,281)	–	–	–	(7,281)
Hedging settlement	(3,900)	–	–	–	(3,900)
Other operating revenue	–	3,825	281	216	4,322
Revenue	97,888	16,858	19,322	216	134,284
Production costs	(58,327)	2,576	(9,871)	–	(65,622)
Depletion and decommissioning costs	(17,246)	(6,769)	(4,055)	–	(28,070)
Depreciation of other assets	–	(2,269)	–	–	(2,269)
Exploration and business development costs	–	–	(7)	(386)	(393)
Gross profit / (loss)	22,315	10,396	5,389	(170)	37,930

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021, UNAUDITED

3. PRODUCTION COSTS

USD Thousands	Three months ended - March 31	
	2022	2021
Cost of operations	60,704	45,894
Tariff and transportation expenses	9,328	8,703
Direct production taxes	2,953	2,044
Operating costs	72,985	56,641
Cost of blending ¹	42,641	18,444
Change in inventory position	(3,553)	(9,463)
Total production costs	112,073	65,622

¹ In Canada, oil production is blended with purchased condensate diluent to meet pipeline specifications. Cost of blending represents the contracted purchase of diluent used for blending net of proceeds from the sale of surplus diluent. A net gain of USD 11 thousand and a gain of USD 70 thousand was recognized relating to the difference between the cost and sale proceeds of the surplus diluent for the three months ended March 31, 2022 and March 31, 2021 respectively.

4. FINANCE INCOME

USD Thousands	Three months ended - March 31	
	2022	2021
Foreign exchange gain, net	3,059	–
Interest income	55	–
Other financial income	17	–
Total finance income	3,131	–

5. FINANCE COSTS

USD Thousands	Three months ended - March 31	
	2022	2021
Foreign exchange loss, net	–	678
Interest expense	4,034	3,999
Unwinding of asset retirement obligation discount	2,760	2,857
Amortization of loan fees	2,139	590
Amortization of bond fees	186	–
Loan commitment fees	259	273
Other financial costs	360	95
Total finance costs	9,738	8,492

6. INCOME TAX

USD Thousands	Three months ended - March 31	
	2022	2021
Current tax	(4,123)	(941)
Deferred tax	(23,375)	1,212
Total tax recovery / (expense)	(27,498)	271

The deferred tax amount arises primarily where there is a difference in depletion for tax and accounting purposes. The deferred tax expense in the statement of operations for the current period mainly relates to the tax losses carried forward used during Q1 2022.

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021, UNAUDITED

Specification of deferred tax assets and tax liabilities¹

USD Thousands	March 31, 2022	December 31, 2021
Unused tax loss carry forward	94,479	115,560
Other	2,233	3,414
Deferred tax assets	96,712	118,974
Accelerated allowances	70,645	73,641
Other	–	287
Deferred tax liabilities	70,645	73,928
Deferred taxes, net	26,067	45,046

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

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

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

7. OIL AND GAS PROPERTIES

USD Thousands	2022	2021
Exploration and Evaluation Assets	15,807	18,037
Property, plant and Equipment	976,343	953,534
Oil and gas properties	992,150	971,571

Exploration and Evaluation Assets

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2022	12,751	181	5,105	18,037
Additions ¹	(2,113)	37	4	(2,072)
Reclassification	–	(218)	–	(218)
Currency translation adjustments	167	–	(107)	60
Net book value March 31, 2022	10,805	–	5,002	15,807

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

¹ Net revenues on appraisal projects are being offset against capitalised costs of Exploration and Evaluation assets.

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021, UNAUDITED

Property, Plant and Equipment

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2022	1,021,944	534,443	408,211	1,964,598
Additions	13,564	26,372	489	40,425
Change in estimates	–	964	–	964
Reclassification	–	218	–	218
Currency translation adjustments	15,685	–	(8,033)	7,652
March 31, 2022	1,051,193	561,997	400,667	2,013,857
Accumulated depletion				
January 1, 2022	(267,585)	(450,347)	(293,132)	(1,011,064)
Depletion charge for the period	(17,859)	(6,689)	(3,404)	(27,952)
Currency translation adjustments	(4,277)	–	5,779	1,502
March 31, 2022	(289,721)	(457,036)	(290,757)	(1,037,514)
Net book value March 31, 2022	761,472	104,961	109,910	976,343

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

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

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021, UNAUDITED

8. OTHER TANGIBLE FIXED ASSETS

USD Thousands	FPSO	Other	Total
Cost			
January 1, 2022	206,173	10,163	216,336
Additions	–	48	48
Currency translation adjustments	(450)	(54)	(504)
March 31, 2022	205,723	10,157	215,880
Accumulated depreciation			
January 1, 2022	(162,524)	(7,449)	(169,973)
Depreciation charge for the period	(2,080)	(218)	(2,298)
Currency translation adjustments	–	48	48
March 31, 2022	(164,604)	(7,619)	(172,223)
Net book value March 31, 2022	41,119	2,538	43,657

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

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

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

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021, UNAUDITED

9. OTHER ASSETS

USD Thousands	March 31, 2022	December 31, 2021
Long-term receivables	27,583	28,024
Financial assets	7,729	7,729
	35,312	35,753

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

10. INVENTORIES

USD Thousands	March 31, 2022	December 31, 2021
Hydrocarbon stocks	12,390	8,355
Well supplies and operational spares	7,890	11,840
	20,280	20,195

11. TRADE AND OTHER RECEIVABLES

USD Thousands	March 31, 2022	December 31, 2021
Trade receivables	154,141	91,062
Underlift	3,586	9,827
Joint operations debtors	2,670	1,930
Prepaid expenses and accrued income	7,761	6,325
Other	1,589	1,753
	169,747	110,897

12. CASH AND CASH EQUIVALENTS

The cash and cash equivalents disclosed at March 31, 2022 includes the net proceeds of the USD 300 million senior unsecured bonds (the "Bonds") issuance after repayment of the outstanding reserve-based lending ("RBL") credit facilities. The amount of cash and cash equivalents is unrestricted. (Also see Note 15.)

13. SHARE CAPITAL

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

	Number of shares
Balance at January 1, 2021	155,342,757
Stock option exercise	25,000
Cancellation of repurchased common shares	(169,652)
Balance at December 31, 2021	155,198,105
Cancellation of repurchased common shares	(4,232,092)
Balance at March 31, 2022	150,966,013

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021, UNAUDITED

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

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

As at May 3, 2022, following the cancellation during Q1 2022 of a further 4,232,092 common shares repurchased, IPC has a total of 150,966,013 common shares issued and outstanding with no par value.

In addition, IPC has 117,485,389 outstanding class A preferred shares, issued as a part of an internal corporate structuring to a wholly-owned subsidiary of IPC. Such preferred shares are not listed on any stock exchange, do not carry the right to vote on matters to be decided by the holders of IPC's common shares and does not impact the earnings per share calculations.

14. EARNINGS PER SHARE

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

USD Thousands	Three months ended - March 31	
	2022	2021
Net result attributable to shareholders of the Parent Company, USD	80,806,696	26,883,563
Weighted average number of shares for the period	155,150,553	155,352,027
Earnings per share, USD	0.52	0.17
Weighted average diluted number of shares for the period	158,049,693	157,411,594
Earnings per share fully diluted, USD	0.51	0.17

15. FINANCIAL LIABILITIES

USD Thousands	March 31, 2022	December 31, 2021
Bank loans	14,400	113,121
Capitalized financing fees	–	(2,096)
Bonds	300,000	–
Capitalized bond fees	(5,397)	–
	309,003	111,025

In May 2020, IPC entered into a EUR 13 million unsecured credit facility in France (the "France Facility") under a financial assistance program instituted by the French government. In April 2021, IPC extended the France Facility until May 2026, with quarterly repayments commencing in August 2022. The France Facility amount was fully drawn as at March 31, 2022.

An amount of USD 2.6 million drawn under the France Facility as at March 31, 2022 is classified as current representing the repayment planned within the next twelve months.

In February 2022, IPC completed the issuance of USD 300 million of Bonds, which mature in February 2027 and have a fixed coupon rate of 7.25 percent per annum, payable in semi-annual instalments. The Group used a portion of the proceeds of the Bonds to fully repay the outstanding RBL credit facilities, which were then cancelled. At the same time, the Group entered into a revolving credit facility of CAD 75 million (the "Canadian RCF") in connection with its oil and gas assets in Canada. The Canadian RCF has a maturity of February 2024 and no cash amounts were drawn under the Canadian RCF as at March 31, 2022.

The amounts drawn under the Bonds as at March 31, 2022, are classified as non-current as there are no mandatory repayments within the next twelve months.

The Group is in compliance with the covenants of the Bonds and financing facilities as at March 31, 2022.

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16. PROVISIONS

USD Thousands	Asset retirement obligation	Farm-in obligation	Pension obligation	Other	Total
January 1, 2022	196,362	4,199	4,448	1,357	206,366
Additions	–	–	–	222	222
Unwinding of asset retirement obligation discount	2,760	–	–	–	2,760
Changes in estimates	964	–	–	–	964
Payments	(1,327)	(598)	–	–	(1,925)
Currency translation adjustments	514	(35)	–	(16)	463
March 31, 2022	199,273	3,566	4,448	1,563	208,850
Non-current	194,169	2,377	4,448	1,563	202,557
Current	5,104	1,189	–	–	6,293
Total	199,273	3,566	4,448	1,563	208,850

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

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

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

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

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

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17. TRADE AND OTHER PAYABLES

USD Thousands	March 31, 2022	December 31, 2021
Trade payables	8,710	9,043
Accrued operational expenses	107,710	65,530
Other	4,824	5,268
	121,244	79,841

18. FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities by category

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

March 31, 2022 USD Thousands	Total	Financial assets at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Other assets ¹	35,312	35,312	–	–
Joint operation debtors	2,670	2,670	–	–
Other current receivables ²	159,334	155,748	3,586	–
Cash and cash equivalents	272,033	272,033	–	–
Financial assets	469,349	465,763	3,586	–

¹ See Note 9

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

March 31, 2022 USD Thousands	Total	Financial liabilities at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Non-current financial liabilities	306,346	306,346	–	–
Current financial liabilities	2,657	2,657	–	–
Derivative instruments	11,987	–	–	11,987
Joint operation creditors	32,015	32,015	–	–
Other current liabilities	21,570	21,570	–	–
Financial liabilities	374,575	362,588	–	11,987

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

¹ See Note 9

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

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For the three months ended March 31, 2022 and 2021, UNAUDITED

December 31, 2021 USD Thousands	Total	Financial liabilities at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Non-current financial liabilities	109,219	109,219	–	–
Current financial liabilities	1,806	1,806	–	–
Derivative instruments	–	–	–	–
Joint operation creditors	20,201	20,201	–	–
Other current liabilities	19,404	19,404	–	–
Financial liabilities	150,630	150,630	–	–

The carrying amount of the Group's financial assets approximate their fair values at the balance sheet dates.

For financial instruments measured at fair value in the balance sheet, the following fair value measurement hierarchy is used:

- Level 1: based on quoted prices in active markets;
- Level 2: based on inputs other than quoted prices as within level 1, that are either directly or indirectly observable;
- Level 3: based on inputs which are not based on observable market data.

Based on this hierarchy, financial instruments measured at fair value can be detailed as follows:

March 31, 2022 USD Thousands	Level 1	Level 2	Level 3
Other current receivables	3,586	–	–
Derivative instruments – current	–	–	–
Financial assets	3,586	–	–
Derivative instruments – current	–	11,987	–
Financial liabilities	–	11,987	–

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

The Group had gas price sale financial hedges outstanding as at March 31, 2022, which are summarized as follows:

Period	Volume (Gigajoules (GJ) per day)	Type	Average Pricing
April 1, 2022 – September 30, 2022	35,000	AECO Swap	CAD 3.41/GJ

The Group had oil price sale financial hedges outstanding as at March 31, 2022, which are summarized as follows:

Period	Volume (barrels per day)	Type	Average Pricing
April 1, 2022 - June 30, 2022	11,900	WCS/WTI Differential	USD - 13.06/bbl
July 1, 2022 – December 31, 2022	16,000	WCS/WTI Differential	USD - 13.04/bbl

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

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19. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

	2022 ¹	2023	2024	2025	2026	Thereafter
Transportation service (MCAD)	20.2	27.3	28.0	28.4	29.0	303.3

¹ Commissioning of the pipeline and commencement of the service occurs start April 1, 2022.

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

20. RELATED PARTIES

Lundin Energy has charged the Group USD 158 thousand in respect of office space rental and USD 400 thousand in respect of shared services provided during the Q1 2022.

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

21. SUBSEQUENT EVENTS

No events have occurred since March 31, 2022, that are expected to have a substantial effect on this financial report.

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