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International Petroleum Corporation

*Interim Condensed Consolidated
Financial Statements*

For the three and six months ended June 30, 2023



**International
Petroleum
Corp.**

Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022, UNAUDITED

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Interim Condensed Consolidated Statement of Operations

For the three and six months ended June 30, 2023 and 2022, UNAUDITED

USD Thousands	Note	Three months ended June 30		Six months ended June 30	
		2023	2022	2023	2022
Revenue	2	205,564	315,540	398,080	575,322
Cost of sales					
Production costs	3	(116,597)	(118,151)	(234,124)	(228,700)
Depletion and decommissioning costs	7	(33,362)	(31,830)	(39,801)	(59,782)
Depreciation of other tangible fixed assets	9	(2,436)	(3,021)	(4,994)	(5,101)
Exploration and business development costs		(422)	(829)	(2,031)	(930)
Gross profit	2	52,747	161,709	117,130	280,809
General, administration and depreciation expenses		(4,158)	(3,743)	(8,352)	(7,916)
Profit before financial items		48,589	157,966	108,778	272,893
Finance income	4	4,335	556	9,259	628
Finance costs	5	(11,290)	(15,853)	(21,229)	(22,532)
Net financial items		(6,955)	(15,297)	(11,970)	(21,904)
Profit before tax		41,634	142,669	96,808	250,989
Income tax expense	6	(9,609)	(37,452)	(25,220)	(64,950)
Net result		32,025	105,217	71,588	186,039
Net result attributable to:					
Shareholders of the Parent Company		32,017	105,195	71,574	186,002
Non-controlling interest		8	22	14	37
		32,025	105,217	71,588	186,039
Earnings per share – USD ¹	15	0.24	0.70	0.53	1.22
Earnings per share fully diluted – USD ¹	15	0.24	0.68	0.52	1.19

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

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Comprehensive Income

For the three and six months ended June 30, 2023 and 2022, UNAUDITED

USD Thousands	Note	Three months ended June 30		Six months ended June 30	
		2023	2022	2023	2022
Net result		32,025	105,217	71,588	186,039
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Reclassification of hedging (gains) / losses to profit or loss	2	(1,531)	8,600	(10,115)	8,856
Gains / (losses) on cash flow hedges		3,954	16,411	8,613	3,293
Income tax relating to these items		(641)	(6,252)	345	(3,005)
Currency translation adjustments		15,734	(22,857)	16,911	(17,771)
Total comprehensive income		49,541	101,119	87,342	177,412
Total comprehensive income attributable to:					
Shareholders of the Parent Company		49,541	101,105	87,333	177,385
Non-controlling interest		–	14	9	27
		49,541	101,119	87,342	177,412

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Balance Sheet

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

USD Thousands	Note	June 30, 2023	December 31, 2022
ASSETS			
Non-current assets			
Oil and gas properties	7	1,122,628	963,375
Other tangible fixed assets	9	28,895	33,374
Right-of-use assets		3,155	1,217
Deferred tax assets	6	1,522	1,960
Derivative instruments	19	3,144	–
Other assets	10	42,324	41,125
Total non-current assets		1,201,668	1,041,051
Current assets			
Inventories	11	28,605	15,958
Trade and other receivables	12	103,627	123,609
Derivative instruments	19	9,502	11,741
Current tax receivables		2,352	18
Cash and cash equivalents	13	374,177	487,240
Total current assets		518,263	638,566
TOTAL ASSETS		1,719,931	1,679,617
LIABILITIES			
Non-current liabilities			
Financial liabilities	16	7,117	8,711
Bonds	16	295,999	295,440
Lease liabilities		2,398	507
Provisions	17	239,321	203,389
Deferred tax liabilities	6	53,562	56,334
Derivative instruments	19	401	–
Total non-current liabilities		598,798	564,381
Current liabilities			
Trade and other payables	18	124,550	118,726
Financial liabilities	16	3,512	3,431
Derivative instruments	19	3,033	1,155
Current tax liabilities		2,854	17,793
Lease liabilities		789	752
Provisions	17	7,596	8,048
Total current liabilities		142,334	149,905
EQUITY			
Shareholders' equity		978,630	965,140
Non-controlling interest		169	191
Net shareholders' equity		978,799	965,331
TOTAL EQUITY AND LIABILITIES		1,719,931	1,679,617

Approved by the Board of Directors

(Signed) C. Ashley Heppenstall
Director

(Signed) Mike Nicholson
Director

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Cash Flow

For the three and six months ended June 30, 2023 and 2022, UNAUDITED

USD Thousands	Note	Three months ended June 30		Six months ended June 30	
		2023	2022	2023	2022
Cash flow from operating activities					
Net result		32,025	105,217	71,588	186,039
Adjustments for non-cash related items:					
Depletion, depreciation and amortization	7,9	36,199	35,243	45,579	65,678
Income tax	6	9,609	37,452	25,220	64,950
Amortization of capitalized financing fees	5	338	317	781	2,642
Foreign currency exchange	5	1,491	7,102	2,347	4,043
Interest expense	5	5,455	5,481	10,804	9,515
Interest income	4	(4,335)	(549)	(9,259)	(604)
Unwinding of asset retirement obligation discount	5	3,474	2,729	6,542	5,489
Share-based costs		2,353	2,268	4,940	3,999
Other		237	163	415	413
Cash flow generated from operations (before working capital adjustments and income taxes)		86,846	195,423	158,957	342,164
Changes in working capital		7,949	(2,892)	(6,644)	(28,379)
Decommissioning costs paid	17	(3,160)	(2,435)	(4,371)	(3,762)
Other payments	17	(574)	–	(864)	(598)
Income taxes received / (paid)		(22,490)	(7,915)	(26,074)	(8,889)
Interest received		2,800	546	7,765	601
Interest paid		(14)	(52)	(10,961)	(498)
Net cash flow from operating activities		71,357	182,675	117,808	300,639
Cash flow used in investing activities					
Investment in oil and gas properties	7	(58,822)	(29,788)	(107,060)	(68,141)
Acquisition of Cor4 net of cash acquired	8	(239)	–	(59,419)	–
Investment in other tangible fixed assets	9	(245)	(40)	(417)	(88)
Net cash (outflow) from investing activities		(59,306)	(29,828)	(166,896)	(68,229)
Cash flow from financing activities					
Borrowings / (Repayments)	16	(880)	346	(1,736)	(98,396)
Bonds issuance	16	–	–	–	300,000
Paid financing fees	16	–	–	(507)	(5,583)
Financing of 2022 Substantial Issuer Bid		–	(99,650)	–	(99,650)
Repurchase of own shares	14	(14,325)	–	(60,155)	(21,029)
Other payments		(259)	(166)	(445)	(350)
Net cash (outflow) from financing activities		(15,464)	(99,470)	(62,843)	74,992
Change in cash and cash equivalents		(3,413)	53,377	(111,931)	307,402
Cash and cash equivalents at the beginning of the period		378,466	272,033	487,240	18,810
Currency exchange difference in cash and cash equivalents		(876)	2,450	(1,132)	1,648
Cash and cash equivalents at the end of the period		374,177	327,860	374,177	327,860

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Changes in Equity

For the three and six months ended June 30, 2023 and 2022, UNAUDITED

USD Thousands	Share capital and premium	Retained earnings	CTA	IFRS 2 reserve	MTM reserve	Pension reserve	Total	Non-controlling interest	Total equity
Balance at January 1, 2023	338,719	635,895	(31,292)	11,349	7,958	2,511	965,140	191	965,331
Net result	–	71,574	–	–	–	–	71,574	14	71,588
Acquisition of Cor4 ¹	–	–	–	–	881	–	881	–	881
Cash flow hedge	–	–	–	–	(2,038)	–	(2,038)	–	(2,038)
Currency translation difference	–	–	16,771	17	128	–	16,916	(5)	16,911
Total comprehensive income	–	71,574	16,771	17	(1,029)	–	87,333	9	87,342
Dividend distribution	–	–	–	–	–	–	–	(31)	(31)
Repurchase of own shares ²	(60,156)	–	–	–	–	–	(60,156)	–	(60,156)
Share based costs	–	–	–	17,393	–	–	17,393	–	17,393
Share based payments ³	(12,931)	–	–	(18,149)	–	–	(31,080)	–	(31,080)
Balance at June 30, 2023	265,632	707,469	(14,521)	10,610	6,929	2,511	978,630	169	978,799

¹ See Note 8

² See Note 14

³ The third instalment of IPC RSP 2020 awards, the second instalment of IPC RSP 2021 awards, the first instalment of IPC RSP 2022 awards and the IPC PSP 2020 awards vested on January 31, 2023, at a price of CAD 14.26 per award. The difference between the value at vesting date and at grant (respectively CAD 4.35 per award, CAD 4.07 per award, CAD 9.09 per award and CAD 3.65 per award) was offset against share premium.

USD Thousands	Share capital and premium	Retained earnings	CTA	IFRS 2 reserve	MTM reserve	Pension reserve	Total	Non-controlling interest	Total equity
Balance at January 1, 2022	528,764	298,212	11,291	9,700	874	(1,455)	847,386	157	847,543
Net result	–	186,002	–	–	–	–	186,002	37	186,039
Cash flow hedge	–	–	–	–	9,144	–	9,144	–	9,144
Currency translation difference	–	–	(17,532)	(245)	16	–	(17,761)	(10)	(17,771)
Total comprehensive income	–	186,002	(17,532)	(245)	9,160	–	177,385	27	177,412
Repurchase of own shares ¹	(21,029)	–	–	–	–	–	(21,029)	–	(21,029)
Share based payments	(2,432)	–	–	2,034	–	–	(398)	–	(398)
Balance at June 30, 2022	505,303	484,214	(6,241)	11,489	10,034	(1,455)	1,003,344	184	1,003,528

¹ See Note 14

See accompanying notes to the interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022, UNAUDITED

1. CORPORATE INFORMATION

A. The Group

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

The Corporation's common shares are listed on the Toronto Stock Exchange ("TSX") in Canada and the Nasdaq Stockholm Exchange in Sweden. The Corporation is incorporated and domiciled in British Columbia, Canada under the Business Corporations Act. The address of its registered office is Suite 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 March 3, 2023, IPC completed the acquisition (the "Cor4 acquisition") of all of the issued and outstanding shares of Cor4 Oil Corp. ("Cor4"). On June 1, 2023, Cor4 was amalgamated into IPC Canada Ltd.

B. Basis of preparation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements should be read in conjunction with IPC's annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

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

The unaudited interim condensed consolidated financial statements have been approved by the Board of Directors of IPC and authorized for issuance on August 1, 2023.

The unaudited interim condensed consolidated financial statements have been prepared following the same accounting policies and methods of application as those in the Group's audited annual consolidated financial statements for the year ended December 31, 2022.

C. Going concern

The unaudited interim condensed consolidated financial statements for the six months ended June 30, 2023, have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future.

D. Changes in accounting policies and disclosures

During the six months ended June 30, 2023, the Group applied the amended accounting standards, interpretations and annual improvement points that are effective as of January 1, 2023.

Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022, UNAUDITED

2. SEGMENT INFORMATION

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

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

USD Thousands	Three months ended - June 30, 2023				Total
	Canada	Malaysia	France	Other	
Crude oil	172,139	22,105	18,027	–	212,271
NGLs	278	–	–	–	278
Gas	15,376	–	–	–	15,376
Net sales of oil and gas	187,793	22,105	18,027	–	227,925
Change in under/over lift position	–	–	1,823	–	1,823
Royalties	(25,075)	–	(862)	–	(25,937)
Hedging settlement	1,531	–	–	–	1,531
Other operating revenue	1	–	221	–	222
Revenue	164,250	22,105	19,209	–	205,564
Operating costs	(65,149)	(7,271)	(7,867)	–	(80,287)
Cost of blending	(40,870)	–	–	–	(40,870)
Change in inventory position	376	4,747	(563)	–	4,560
Depletion and decommissioning costs	(24,215)	(5,551)	(3,596)	–	(33,362)
Depreciation of other tangible fixed assets	–	(2,436)	–	–	(2,436)
Exploration and business development costs	(3)	–	(9)	(410)	(422)
Gross profit/(loss)	34,389	11,594	7,174	(410)	52,747

USD Thousands	Three months ended - June 30, 2022				Total
	Canada	Malaysia	France	Other	
Crude oil	245,662	32,630	27,741	–	306,033
NGLs	235	–	–	–	235
Gas	51,229	–	–	–	51,229
Net sales of oil and gas	297,126	32,630	27,741	–	357,497
Change in under/over lift position	–	–	4,668	–	4,668
Royalties	(36,346)	–	(1,863)	–	(38,209)
Hedging settlement	(8,600)	–	–	–	(8,600)
Other operating revenue	–	–	184	–	184
Revenue	252,180	32,630	30,730	–	315,540
Operating costs	(54,964)	(6,822)	(8,901)	–	(70,687)
Cost of blending	(57,639)	–	–	–	(57,639)
Change in inventory position	1,505	8,547	123	–	10,175
Depletion and decommissioning costs	(18,918)	(9,713)	(3,199)	–	(31,830)
Depreciation of other tangible fixed assets	–	(3,021)	–	–	(3,021)
Exploration and business development costs	97	–	–	(926)	(829)
Gross profit/(loss)	122,261	21,621	18,753	(926)	161,709

Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022, UNAUDITED

Six months ended - June 30, 2023

USD Thousands	Canada	Malaysia	France	Other	Total
Crude oil	319,870	39,776	33,158	–	392,804
NGLs	468	–	–	–	468
Gas	35,859	–	–	–	35,859
Net sales of oil and gas	356,197	39,776	33,158	–	429,131
Change in under/over lift position	–	–	4,493	–	4,493
Royalties	(43,740)	–	(2,336)	–	(46,076)
Hedging settlement	10,115	–	–	–	10,115
Other operating revenue	7	–	410	–	417
Revenue	322,579	39,776	35,725	–	398,080
Operating costs	(124,680)	(15,447)	(15,605)	–	(155,732)
Cost of blending	(88,687)	–	–	–	(88,687)
Change in inventory position	(46)	10,619	(278)	–	10,295
Depletion and decommissioning costs ¹	(21,692)	(11,380)	(6,729)	–	(39,801)
Depreciation of other tangible fixed assets	–	(4,994)	–	–	(4,994)
Exploration and business development costs	(834)	–	(9)	(1,188)	(2,031)
Gross profit/(loss)	86,640	18,574	13,104	(1,188)	117,130

¹ In Canada, includes an adjustment in the first quarter of 2023 for accelerated decommissioning activities funded by a non-cash site rehabilitation program.

Six months ended - June 30, 2022

USD Thousands	Canada	Malaysia	France	Other	Total
Crude oil	436,892	68,644	61,400	–	566,936
NGLs	462	–	–	–	462
Gas	81,445	–	–	–	81,445
Net sales of oil and gas	518,799	68,644	61,400	–	648,843
Change in under/over lift position	–	–	(1,445)	–	(1,445)
Royalties	(60,334)	–	(3,387)	–	(63,721)
Hedging settlement	(8,856)	–	–	–	(8,856)
Other operating revenue	101	–	400	–	501
Revenue	449,710	68,644	56,968	–	575,322
Operating costs	(107,401)	(16,408)	(18,339)	–	(142,148)
Cost of blending	(100,280)	–	–	–	(100,280)
Change in inventory position	2,433	10,683	612	–	13,728
Depletion and decommissioning costs	(36,777)	(16,402)	(6,603)	–	(59,782)
Depreciation of other tangible fixed assets	–	(5,101)	–	–	(5,101)
Exploration and business development costs	97	–	–	(1,027)	(930)
Gross profit/(loss)	207,782	41,416	32,638	(1,027)	280,809

Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022, UNAUDITED

3. PRODUCTION COSTS

USD Thousands	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Cost of operations	69,378	60,053	134,152	120,757
Tariff and transportation expenses	9,559	9,193	19,058	18,521
Direct production taxes	1,350	1,441	2,522	2,870
Operating costs	80,287	70,687	155,732	142,148
Cost of blending ¹	40,870	57,639	88,687	100,280
Change in inventory position	(4,560)	(10,175)	(10,295)	(13,728)
Total production costs	116,597	118,151	234,124	228,700

¹ In Canada, oil production is blended with purchased condensate diluent to meet pipeline specifications. Cost of blending represents the contracted purchase of diluent used for blending.

4. FINANCE INCOME

USD Thousands	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Interest income	4,335	549	9,259	604
Other financial income	–	7	–	24
Total finance income	4,335	556	9,259	628

5. FINANCE COSTS

USD Thousands	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Foreign exchange loss, net	1,491	7,102	2,347	4,043
Interest expense	5,455	5,481	10,804	9,515
Unwinding of asset retirement obligation discount	3,474	2,729	6,542	5,489
Amortization of loan fees	59	38	223	2,177
Amortization of bond fees	279	279	558	465
Loan commitment fees	186	95	274	354
Other financial costs	346	129	481	489
Total finance costs	11,290	15,853	21,229	22,532

6. INCOME TAX

USD Thousands	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Current tax	(4,595)	(4,874)	(8,586)	(8,997)
Deferred tax	(5,014)	(32,578)	(16,634)	(55,953)
Total tax recovery / (expense)	(9,609)	(37,452)	(25,220)	(64,950)

The deferred tax amount arises primarily where there is a difference in depletion for tax and accounting purposes. The deferred tax charge in the statement of operations for the current period mainly relates to the tax profit incurred and the tax losses used during the first six months of 2023.

Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022, UNAUDITED

Specification of deferred tax assets and tax liabilities¹

USD Thousands	June 30, 2023	December 31, 2022
Unused tax loss carry forward	37,116	32,815
Other	5,272	5,841
Deferred tax assets	42,388	38,656
Accelerated allowances	92,053	90,400
Other	2,375	2,630
Deferred tax liabilities	94,428	93,030
Deferred taxes, net	(52,040)	(54,374)

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

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

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

7. OIL AND GAS PROPERTIES

USD Thousands	June 30, 2023	December 31, 2022
Exploration and Evaluation Assets	–	4,764
Property, Plant and Equipment	1,122,628	958,611
Oil and gas properties	1,122,628	963,375

Exploration and Evaluation Assets

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2023	–	–	4,764	4,764
Additions	–	–	9	9
Write-off	–	–	(9)	(9)
Reclassification	–	–	(4,854)	(4,854)
Currency translation adjustments	–	–	90	90
Net book value June 30, 2023	–	–	–	–

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

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

Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022, UNAUDITED

Property, Plant and Equipment

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2023	1,089,789	566,606	399,237	2,055,632
Acquisition of Cor4 - See Note 8	72,242	–	–	72,242
Additions	91,190	1,262	14,599	107,051
Reclassification	–	–	4,854	4,854
Currency translation adjustments	25,693	–	7,484	33,177
June 30, 2023	1,278,914	567,868	426,174	2,272,956
Accumulated depletion				
January 1, 2023	(323,273)	(485,034)	(288,714)	(1,097,021)
Depletion charge for the period	(45,815)	(11,380)	(6,729)	(63,924)
Other ¹	22,857	–	–	22,857
Currency translation adjustments	(6,869)	–	(5,371)	(12,240)
June 30, 2023	(353,100)	(496,414)	(300,814)	(1,150,328)
Net book value June 30, 2023	925,814	71,454	125,360	1,122,628

¹ In Canada, includes an adjustment in the first quarter of 2023 for accelerated decommissioning activities funded by a non-cash site rehabilitation program.

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2022	1,021,944	534,443	408,211	1,964,598
Additions	118,762	27,305	12,244	158,311
Change in estimates	5,231	4,528	2,182	11,941
Reclassification	11,974	330	–	12,304
Currency translation adjustments	(68,122)	–	(23,400)	(91,522)
December 31, 2022	1,089,789	566,606	399,237	2,055,632
Accumulated depletion				
January 1, 2022	(267,585)	(450,347)	(293,132)	(1,011,064)
Depletion charge for the period	(75,077)	(34,687)	(12,277)	(122,041)
Currency translation adjustments	19,389	–	16,695	36,084
December 31, 2022	(323,273)	(485,034)	(288,714)	(1,097,021)
Net book value December 31, 2022	766,516	81,572	110,523	958,611

Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022, UNAUDITED

8. COR4 ACQUISITION

On March 3, 2023, IPC completed the acquisition of all of the issued and outstanding shares of Cor4. At such date, Cor4 became an indirect, wholly-owned subsidiary of IPC. On June 1, 2023, Cor4 was amalgamated into IPC Canada Ltd.

The Cor4 acquisition has been accounted for as a business combination with IPC being the acquirer, and in accordance with IFRS 3 Business Combinations, the assets acquired and liabilities assumed have been recorded at their fair values.

The total cash consideration paid, after preliminary closing adjustments, amounted to USD 62.2 million (CAD 84.7 million).

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

USD Thousands

Cash	2,792
Trade and other receivables	7,671
Prepaid expenses and deposits	2,417
Fair value of risk management assets	1,144
Deferred tax assets	19,334
Right-of-use assets	109
Property, plant and equipment	72,242
Accounts payable and accrued liabilities	(12,623)
Right-of-use liabilities	(109)
Decommissioning liabilities	(29,885)
Mark-To-Market ("MTM") reserve in equity	(881)
Total Consideration	62,211
Settled by:	
Cash payment	62,211

The Corporation performed a preliminary purchase price allocation for the Cor4 acquisition. The amounts disclosed above were determined provisionally pending the finalization of the valuation for those assets and liabilities. Up to twelve months from the effective date of the Cor4 acquisition, further adjustments may be made to the fair values assigned to the identifiable assets acquired and liabilities assumed.

Acquisition-related costs of approximately USD 0.8 million have been recognized in the statement of operations during the first six months of 2023.

Decommissioning liabilities

The fair value of the decommissioning liability at the acquisition date was based on the estimated future cash flows to decommission the acquired oil and natural gas properties at the end of their useful life. The discount rate used to determine the net present value of the decommissioning obligation was a credit risk adjusted rate of 8%.

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9. OTHER TANGIBLE FIXED ASSETS

USD Thousands	FPSO	Other	Total
Cost			
January 1, 2023	204,853	9,779	214,632
Additions	–	417	417
Currency translation adjustments	400	159	559
June 30, 2023	205,253	10,355	215,608
Accumulated depreciation			
January 1, 2023	(173,311)	(7,947)	(181,258)
Depreciation charge for the period	(4,994)	(339)	(5,333)
Currency translation adjustments	–	(122)	(122)
June 30, 2023	(178,305)	(8,408)	(186,713)
Net book value June 30, 2023	26,948	1,947	28,895

USD Thousands	FPSO	Other	Total
Cost			
January 1, 2022	206,173	10,163	216,336
Additions	–	151	151
Disposals	–	(44)	(44)
Currency translation adjustments	(1,320)	(491)	(1,811)
December 31, 2022	204,853	9,779	214,632
Accumulated depreciation			
January 1, 2022	(162,524)	(7,449)	(169,973)
Depreciation charge for the period	(10,787)	(891)	(11,678)
Disposals	–	36	36
Currency translation adjustments	–	357	357
December 31, 2022	(173,311)	(7,947)	(181,258)
Net book value December 31, 2022	31,542	1,832	33,374

The FPSO located on the Bertam field, Malaysia, is being depreciated on a unit of production basis to August 2025, being the original Bertam field production sharing contract (PSC) expiry date, before PSC extension to 2035. The depreciation charge is included in the depreciation of other assets line in the statement of operations.

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

Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022, UNAUDITED

10. OTHER NON-CURRENT ASSETS

USD Thousands	June 30, 2023	December 31, 2022
Long-term receivables	28,282	28,154
Financial assets	14,042	12,971
	42,324	41,125

Long-term receivables represent cash payments made to an asset retirement obligation fund and financial assets include secured amounts of USD 7.7 million transferred for the future asset retirement obligation, in respect of the Bertam field, Malaysia. In 2023, an amount of USD 1.8 million (2022: USD 1.9 million) was paid into the asset retirement obligation fund which is held in local currency. (Also see Note 17.)

11. INVENTORIES

USD Thousands	June 30, 2023	December 31, 2022
Hydrocarbon stocks	19,513	8,988
Well supplies and operational spares	9,092	6,970
	28,605	15,958

12. TRADE AND OTHER RECEIVABLES

USD Thousands	June 30, 2023	December 31, 2022
Trade receivables	74,750	112,696
Underlift	5,126	599
Joint operations debtors	1,693	982
Prepaid expenses and accrued income	19,209	6,585
Other	2,849	2,747
	103,627	123,609

13. CASH AND CASH EQUIVALENTS

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

14. SHARE CAPITAL

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

	Number of shares
Balance at January 1, 2022	155,198,105
Cancellation following the Substantial Issuer Bid	(8,258,064)
Cancellation of repurchased common shares	(10,112,042)
Balance at December 31, 2022	136,827,999
Cancellation of repurchased common shares	(6,330,914)
Balance at June 30, 2023	130,497,085

Notes to the Interim Condensed Consolidated Financial Statements

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

As at January 1, 2022, IPC had a total of 155,198,105 common shares issued and outstanding, of which IPC held 1,160,651 common shares in treasury. All common shares held in treasury as at January 1, 2022 were cancelled during January 2022.

During 2022, under the normal course issuer bid/share repurchase program announced in December 2021 and renewed in December 2022 (NCIB), IPC purchased and cancelled an aggregate of 8,951,391 common shares.

During Q2 2022, IPC commenced an offer to repurchase common shares under the substantial issuer bid (SIB). Under the SIB, IPC purchased and cancelled an aggregate of 8,258,064 common shares.

As at December 31, 2022, IPC had a total of 136,827,999 common shares issued and outstanding, with no common shares held in treasury.

As at June 30, 2023, following the cancellation during the first six months of 2023 of a further 6,330,914 common shares repurchased under the NCIB, IPC had a total of 130,497,085 common shares issued and outstanding, with no common shares held in treasury.

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

15. EARNINGS PER SHARE

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

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Net result attributable to shareholders of the Parent Company, USD	32,016,905	105,195,075	71,574,459	186,001,771
Weighted average number of shares for the period	132,052,470	150,966,013	134,396,105	153,035,036
Earnings per share, USD	0.24	0.70	0.53	1.22
Weighted average diluted number of shares for the period	134,600,024	154,330,367	136,943,660	156,399,389
Earnings per share fully diluted, USD	0.24	0.68	0.52	1.19

16. FINANCIAL LIABILITIES

USD Thousands	June 30, 2023	December 31, 2022
Bank loans	10,629	12,142
Bonds	300,000	300,000
Capitalized financing fees	(4,001)	(4,560)
	306,628	307,582

As at January 2022, the Group had a reserve-based lending (RBL) credit facility of USD 140 million in connection with its oil and gas assets in France and Malaysia and a RBL credit facility of CAD 300 million in connection with its oil and gas assets in Canada.

In February 2022, IPC completed the issuance of USD 300 million of Bonds, which mature in February 2027 and have a fixed coupon rate of 7.25% per annum, payable in semi-annual instalments in August and February. The Group used a portion of the proceeds of the Bonds to fully repay the outstanding RBL credit facilities, which were then cancelled. At the same time, the Group entered into a revolving credit facility of CAD 75 million (the "Canadian RCF") in connection with its oil and gas assets in Canada.

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

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

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As at June 30, 2023, IPC had a EUR 13 million unsecured credit facility in France (the "France Facility"), with maturity in May 2026. IPC commenced quarterly repayments of the French Facility in August 2022. The amount remaining outstanding under the France Facility as at June 30, 2023 was USD 11 million (EUR 10 million).

An amount of USD 3.5 million (EUR 3.2 million) drawn under the France Facility as at June 30, 2023 is classified as current representing the repayment planned within the next twelve months.

The Group is in compliance with the covenants of the Bonds and its financing facilities as at June 30, 2023.

17. PROVISIONS

USD Thousands	Asset retirement obligation	Farm-in obligation	Pension obligation	Other	Total
January 1, 2023	206,249	3,404	306	1,478	211,437
Acquisition of Cor4 - See Note 8	29,885	–	–	–	29,885
Additions	–	–	–	338	338
Unwinding of asset retirement obligation discount	6,542	–	–	–	6,542
Payments	(4,371)	(557)	–	(307)	(5,235)
Other ¹	(1,277)	–	–	–	(1,277)
Reclassification ²	1,781	–	–	–	1,781
Currency translation adjustments	3,601	(170)	–	15	3,446
June 30, 2023	242,410	2,677	306	1,524	246,917
Non-current	235,885	1,606	306	1,524	239,321
Current	6,525	1,071	–	–	7,596
Total	242,410	2,677	306	1,524	246,917

¹ Includes accelerated decommissioning activities funded by a non cash site rehabilitation program.

² The reclassification of the asset retirement obligation related to the 2023 payment to the asset retirement obligation fund in respect of the Bertam asset, Malaysia (see Note 10).

USD Thousands	Asset retirement obligation	Farm-in obligation	Pension obligation	Other	Total
January 1, 2022	196,362	4,199	4,448	1,357	206,366
Additions	–	–	542	1,034	1,576
Unwinding of asset retirement obligation discount	10,758	–	–	–	10,758
Changes in estimates	11,375	567	(3,778)	–	8,164
Payments	(5,809)	(1,153)	(718)	(865)	(8,545)
Reclassification ¹	1,909	–	–	–	1,909
Currency translation adjustments	(8,346)	(209)	(188)	(48)	(8,791)
December 31, 2022	206,249	3,404	306	1,478	211,437
Non-current	199,335	2,270	306	1,478	203,389
Current	6,914	1,134	–	–	8,048
Total	206,249	3,404	306	1,478	211,437

¹ The reclassification of the asset retirement obligation related to the 2022 payment to the asset retirement obligation fund in respect of the Bertam asset, Malaysia (see Note 10).

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

In calculating the present value of the asset retirement obligation provision, a blended rate of 6% (2022: 6%) per annum was used, based on a credit risk adjusted rate.

Notes to the Interim Condensed Consolidated Financial Statements

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18. TRADE AND OTHER PAYABLES

USD Thousands	June 30, 2023	December 31, 2022
Trade payables	17,909	20,547
Joint operations creditors	15,573	14,348
Accrued expenses	87,009	78,206
Other	4,059	5,625
	124,550	118,726

19. FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities by category

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

June 30, 2023 USD Thousands	Total	Financial assets at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Other assets ¹	42,324	42,324	–	–
Derivative instruments	12,646	–	–	12,646
Joint operation debtors	1,693	1,693	–	–
Other current receivables ²	85,077	79,951	5,126	–
Cash and cash equivalents	374,177	374,177	–	–
Financial assets	515,917	498,145	5,126	12,646

¹ See Note 10

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

June 30, 2023 USD Thousands	Total	Financial liabilities at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Non-current financial liabilities	303,116	303,116	–	–
Current financial liabilities	3,512	3,512	–	–
Derivative instruments	3,434	–	–	3,434
Joint operation creditors	15,573	15,573	–	–
Other current liabilities	111,831	111,831	–	–
Financial liabilities	437,466	434,032	–	3,434

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

¹ See Note 10

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

Notes to the Interim Condensed Consolidated Financial Statements

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December 31, 2022 USD Thousands	Total	Financial liabilities at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Non-current financial liabilities	304,151	304,151	–	–
Current financial liabilities	3,431	3,431	–	–
Derivative instruments	1,155	–	–	1,155
Joint operation creditors	14,348	14,348	–	–
Other current liabilities	122,171	122,171	–	–
Financial liabilities	445,256	444,101	–	1,155

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

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

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

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

June 30, 2023 USD Thousands	Level 1	Level 2	Level 3
Other current receivables	5,126	–	–
Derivative instruments – current	–	9,502	–
Derivative instruments – non-current	–	–	3,144
Financial assets	5,126	9,502	3,144
Derivative instruments – current	–	3,033	–
Derivative instruments – non-current	–	401	–
Financial liabilities	–	3,434	–

December 31, 2022 USD Thousands	Level 1	Level 2	Level 3
Other current receivables	599	–	–
Derivative instruments – current	–	11,741	–
Financial assets	599	11,741	–
Derivative instruments – current	–	1,155	–
Financial liabilities	–	1,155	–

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

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

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

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

Period	Volume (barrels per day)	Type	Average Pricing
July 1, 2023 - December 31, 2023	12,000	WCS/ARV Differential	USD -10.08/bbl
January 1, 2024 - December 31, 2024	8,500	WCS/WTI Differential	USD -13.91/bbl

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

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

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

Period	Volume (MW)	Type	Pricing
July 1, 2023 – July 31, 2023	5	AESO	CAD 72.95/MWh
October 1, 2025 - September 1, 2040	3	AESO	CAD 75.00/MWh

In October 2022, IPC entered into currency hedge swaps for 2023 to buy CAD 15 million per month, sell USD at an average exchange rate of 1.3619 and to buy EUR 3 million per month, sell USD at an average exchange rate of 1.0000. In June 2023, IPC entered into currency hedge swaps for 2023 to buy MYR 13 million per month, sell USD at an average exchange rate of 4.5. This is to partially fund operational expenditures in those currencies in Canada, France and Malaysia respectively.

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

20. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

In Canada, an oil pipeline from the Onion Lake Thermal field to a gathering system has been built by a third party for the exclusive use of IPC. The initial investment in the pipeline was met by the pipeline owner and is to be recovered through an agreed tariff charged to IPC. IPC has committed to a firm transportation service for 15 years from commencement of service in April 2022, with total remaining tariffs committed as shown in the table below:

	2023	2024	2025	2026	2027	Thereafter
Transportation service (MCAD)	13.8	28.0	28.4	29.0	28.2	275.2

In Malaysia, IPC has an obligation to make payments towards historic costs on Block PM307 payable on the Bertam field for every 1 MMboe gross that the field produces above 10 MMboe gross. The estimated liability based on current 2P reserves and which is capped at cumulative production of 27.5 MMboe gross, has been provided for in the Group's Balance Sheet (see Note 17).

21. RELATED PARTIES

During Q2 2023, Lundin Foundation has charged the Group USD 182 thousand in respect of sustainability advisory services provided to the Group.

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

22. SUBSEQUENT EVENTS

In July 2023, the Group also entered into the following oil price sale and foreign currency financial hedges in Canada:

Period	Volume (barrels per day)	Type	Average Pricing
January 1, 2024 - December 31, 2024	3,300	WCS/WTI Differential	USD -14.37/bbl

Period	Total Amount	Type	Average CAD/USD Rate
August 2023 - March 2025	Buy MCAD 466 (sell USD)	Forward swap	1.31

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



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