International Petroleum Corporation

Audited Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

Consolidated Financial Statement
For the years ended December 31, 2021 and 2020, AUDITED

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REPORT OF MANAGEMENT

The accompanying consolidated financial statements of International Petroleum Corporation ("IPC" or the "Corporation" and, together with its subsidiaries, the "Group") and other information contained in the management's discussion and analysis are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as outlined in Part 1 of the Handbook of the Chartered Professional Accountants of Canada, and include some amounts that are based on management's estimates and judgment.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee, which is comprised solely of independent directors. The Audit Committee reviews the Group's annual consolidated financial statements and recommends its approval to the Board of Directors. The Corporation's auditors have full access to the Audit Committee, with and without management being present. These consolidated financial statements have been audited by PricewaterhouseCoopers SA, Chartered Professional Accountants, Licensed Public Accountants.

(Signed) Mike Nicholson
Director, President and Chief Executive Officer

(Signed) Christophe Nerguararian
Chief Financial Officer

Vancouver, Canada
February 8, 2022

Independent auditor's report

To the Shareholders of International Petroleum Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of International Petroleum Corporation and its subsidiaries (together, the Corporation) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Corporation's consolidated financial statements comprise:

- the consolidated statements of operations for the years ended December 31, 2021 and 2020;
- the consolidated statement of comprehensive income for the years then ended;
- the consolidated balance sheet as at December 31, 2021 and 2020;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matters	How our audit addressed the key audit matters
The impact of oil and gas reserves on net property, plant and equipment (PP&E) for the Canada, Malaysia, and France segments *Refer to note 1 - Corporate information, note 2 - Critical accounting estimates and judgements, and note 8 – Oil and Gas Properties to the consolidated financial statements.* The Corporation has USD 953.5 million of net PP&E assets as at December 31, 2021. Depletion charges were USD 119.0 million for the year then ended. PP&E is depleted based on the year's production in relation to the estimated total proved and probable reserves in accordance with the unit of production method. At each balance sheet date or when there are facts and circumstances that suggest that the net book value of capitalized costs within each field area cost centre is higher than anticipated future net cash flow from oil and gas reserves attributable to the Corporation's interest in the related field areas, the Corporation performs an assessment as to whether there is an indication that an asset may be impaired. Management determined the recoverable amounts of PP&E based on the higher of fair value less costs of disposal and value in use using estimated future discounted net cash flows of proved and probable oil and gas reserves. The Corporation's estimates of proved and probable oil and gas reserves used in the calculations for impairment tests and accounting for depletion have been reviewed by Management's experts, specifically independent qualified reserves auditor. Significant assumptions developed by management used to determine the recoverable amount include the proved and probable oil and gas reserves, expected production volumes, future oil and gas prices, future development costs, future production costs and the discount rate. We determined that this is a key audit matter due to (i) the significant judgment made by management, including the use of management's experts, when developing the expected future cash flows to determine the recoverable amount and the proved and probable oil and gas reserves; and (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to management's estimates.	Our approach to addressing the matter included the following procedures, among others: ● The work of management's experts was used in performing the procedures to evaluate the reasonableness of the proved and probable oil and gas reserves used to determine depletion charges and the recoverable amount of PP&E for the Canada, France and Malaysia segments. As a basis for using this work, management's experts' competence, capability and objectivity were evaluated, their work performed was understood and the appropriateness of their work as audit evidence was evaluated by considering the relevance and reasonableness of the assumptions, methods and findings. ● Tested how management determined the recoverable amount and depletion charges for the Canada, France and Malaysia segments, which included the following: ○ Evaluated the appropriateness of the methods used by management in making these estimates. ○ Tested the data used in determining these estimates. ○ Evaluated the reasonableness of significant assumptions used in developing the underlying estimates: ▪ Expected production volumes, future development costs and future production costs by considering the past performance of each segment, and whether these assumptions were consistent with evidence obtained in other areas of the audit. ▪ Future oil and gas prices by comparing those prices with other reputable third-party industry forecasts. ▪ The discount rate, by performing an independent sensitivity analysis. ○ Recalculated the unit of production rates used to calculate depletion charges for the Canada, France and Malaysia segments.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporations's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Luc Schulthess.

PricewaterhouseCoopers SA

Luc Schulthess Tarik Bouchama

February 8, 2022

Consolidated Statement of Operations

For the years ended December 31, 2021 and 2020, AUDITED

USD Thousands	Note	2021	2020
Revenue	*3*	666,409	324,164
Cost of sales			
Production costs	*4*	(325,007)	(204,628)
Depletion and decommissioning costs	*8*	(119,013)	(111,896)
Depreciation of other tangible fixed assets	*10*	(10,108)	(11,681)
Exploration and business development costs		(1,960)	(6,802)
Impairment costs of oil and gas properties	*8*	–	(73,143)
Gross profit / (loss)	*3*	**210,321**	**(83,986)**
General, administration and depreciation expenses		(12,364)	(12,788)
Profit / (loss) before financial items		**197,957**	**(96,774)**
Finance income	*5*	285	13,103
Finance costs	*6*	(30,499)	(28,090)
Net financial items		**(30,214)**	**(14,987)**
Profit / (loss) before tax		**167,743**	**(111,761)**
Income tax recovery / (expense)	*7*	(21,684)	33,820
Net result		**146,059**	**(77,941)**
Net result attributable to:			
Shareholders of the Parent Company		146,028	(77,854)
Non-controlling interest		31	(87)
		146,059	**(77,941)**
Earnings per share – USD[1]	*17*	**0.94**	**(0.50)**
Earnings per share fully diluted – USD[1]	*17*	**0.92**	**(0.49)**

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

See accompanying notes to the consolidated financial statements

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2021 and 2020, AUDITED

USD Thousands	Note	2021	2020
Net result		146,059	(77,941)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Hedging (gains) / losses reclassified to profit or loss	*3*	33,592	1,983
Gains / (losses) on cash flow hedges		(31,253)	(3,098)
Income tax relating to these items		(562)	279
Currency translation adjustments		(5,409)	10,491
Items that will not be reclassified to profit or loss:			
Re-measurements on defined pension plan	*21*	578	(703)
Total comprehensive income / (loss)		**143,005**	**(68,989)**
Total comprehensive income/ (loss) attributable to:			
Shareholders of the Parent Company		142,980	(68,914)
Non-controlling interest		25	(75)
		143,005	**(68,989)**

See accompanying notes to the consolidated financial statements

Consolidated Balance Sheet

For the years ended December 31, 2021 and 2020, AUDITED

USD Thousands	Note	December 31, 2021	December 31, 2020
ASSETS			
Non-current assets			
Oil and gas properties	*8*	971,571	1,070,904
Other tangible fixed assets	*10*	46,363	59,198
Right-of-use assets	*11*	1,639	1,965
Deferred tax assets	*7*	67,188	88,347
Other assets	*12*	35,753	20,239
Total non-current assets		**1,122,514**	**1,240,653**
Current assets			
Inventories	*13*	20,195	17,070
Trade and other receivables	*14*	110,897	66,151
Derivative instruments	*23*	1,159	1,591
Current tax receivables		99	1,157
Cash and cash equivalents	*15*	18,810	6,498
Total current assets		**151,160**	**92,467**
TOTAL ASSETS		**1,273,674**	**1,333,120**
LIABILITIES			
Non-current liabilities			
Financial liabilities	*19*	109,219	301,153
Lease liabilities	*11*	980	1,347
Provisions	*20*	198,811	196,945
Deferred tax liabilities	*7*	22,142	28,085
Total non-current liabilities		**331,152**	**527,530**
Current liabilities			
Trade and other payables	*22*	79,841	63,350
Financial liabilities	*19*	1,806	22,982
Current tax liabilities		5,093	184
Lease liabilities	*11*	684	671
Provisions	*20*	7,555	7,204
Derivative instruments	*23*	–	2,746
Total current liabilities		**94,979**	**97,137**
EQUITY			
Shareholders' equity		847,386	708,321
Non-controlling interest		157	132
Net shareholders' equity		**847,543**	**708,453**
TOTAL EQUITY AND LIABILITIES		**1,273,674**	**1,333,120**

Approved by the Board of Directors

(Signed) C. Ashley Heppenstall
Director

(Signed) Mike Nicholson
Director

See accompanying notes to the consolidated financial statements

Consolidated Statement of Cash Flow
For the years ended December 31, 2021 and 2020, AUDITED

USD Thousands	Note	2021	2020
Cash flow from operating activities			
Net result		**146,059**	**(77,941)**
Adjustments for non-cash related items:			
Depletion, depreciation and amortization	*8, 10, 11*	130,837	125,280
Exploration costs	*8*	274	6,141
Impairment costs	*8*	–	73,143
Income tax	*7*	21,684	(33,820)
Capitalized financing fees	*6*	2,068	1,979
Foreign currency exchange	*5*	1,994	(13,028)
Interest expense	*6*	12,867	13,401
Unwinding of asset retirement obligation discount	*6*	11,488	10,837
Change in pension liability	*20*	293	603
Share-based costs	*18*	6,457	4,798
Other		255	1,205
Cash flow generated from operations (before working capital adjustments and income taxes)		**334,276**	**112,598**
Changes in working capital		(36,115)	(10,414)
Decommissioning costs paid	*20*	(3,945)	(4,324)
Other payments	*20*	(1,507)	(4,629)
Income taxes received / (paid)		425	(2,609)
Interest paid		(11,955)	(13,475)
Net cash flow from operating activities		**281,179**	**77,147**
Cash flow used in investing activities			
Investment in oil and gas properties	*8*	(43,990)	(77,659)
Investment in other fixed assets	*10*	(242)	(426)
Acquisition of Granite	*9*	–	(27,709)
Net cash (outflow) from investing activities		**(44,232)**	**(105,794)**
Cash flow from financing activities			
Borrowings / (Repayments)	*19*	(215,819)	41,549
Paid financing fees		(595)	(3,182)
Purchase of own shares	*16*	(7,293)	(17,602)
Other payments		(872)	(854)
Net cash (outflow) from financing activities		**(224,579)**	**19,911**
Change in cash and cash equivalents		**12,368**	**(8,736)**
Cash and cash equivalents at the beginning of the period		6,498	15,571
Currency exchange difference in cash and cash equivalents		(56)	(337)
Cash and cash equivalents at the end of the period		**18,810**	**6,498**

See accompanying notes to the consolidated financial statements

Consolidated Statement of Changes in Equity
For the years ended December 31, 2021 and 2020, AUDITED

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, 2020	549,311	230,038	6,052	6,249	3	(1,051)	790,602	207	790,809
Net result	–	(77,854)	–	–	–	–	(77,854)	(87)	(77,941)
Re-measurements on defined pension plan	–	–	–	–	–	(703)	(703)	–	(703)
Acquisition of Granite[1]	–	–	–	–	1,311	–	1,311	–	1,311
Cash flow hedge	–	–	–	–	(2,147)	–	(2,147)	–	(2,147)
Currency translation difference	–	–	10,724	274	(44)	(475)	10,479	12	10,491
Total comprehensive income	–	(77,854)	10,724	274	(880)	(1,178)	(68,914)	(75)	(68,989)
Purchase of own shares[2]	(17,602)	–	–	–	–	–	(17,602)	–	(17,602)
Share based payments	670	–	–	3,565	–	–	4,235	–	4,235
Balance at December 31, 2020	532,379	152,184	16,776	10,088	(877)	(2,229)	708,321	132	708,453

[1] See Note 9
[2] See Note 16

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	–	146,028	–	–	–	–	146,028	31	146,059
Re-measurements on defined pension plan	–	–	–	–	–	578	578	–	578
Cash flow hedge	–	–	–	–	1,777	–	1,777	–	1,777
Currency translation difference	–	–	(5,485)	(88)	(26)	196	(5,403)	(6)	(5,409)
Total comprehensive income	–	146,028	(5,485)	(88)	1,751	774	142,980	25	143,005
Purchase of own shares[1]	(7,221)	–	–	–	–	–	(7,221)	–	(7,221)
Share based payments	3,606	–	–	(300)	–	–	3,306	–	3,306
Balance at December 31, 2021	528,764	298,212	11,291	9,700	874	(1,455)	847,386	157	847,543

[1] See Note 16

See accompanying notes to the consolidated financial statements

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 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. An irrevocable notice of withdrawal was submitted by Petronas Carigali Sdn Bhd to IPC, as the operator of the Bertam field, in December 2020 following a review of its portfolio. The settlement for the transfer of the 25% additional working interest was the assumption by IPC of an additional USD 1,078 thousand of estimated future decommissioning liability, being the net difference of the estimated decommissioning liability associated with the working interest and the secured amounts transferred.

B. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements are presented in United States Dollars (USD), which is the Group's presentation and functional currency. The 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.

These consolidated financial statements have been approved by the Board of Directors of IPC and authorized for issuance on February 8, 2022.

C. Going concern

The Group's consolidated financial statements for the year ended December 31, 2021, 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 year ended December 31, 2021, the Group applied the amended accounting standards, interpretations and annual improvement points that are effective as of January 1, 2021. The application of the amendments did not have a material impact on the consolidated financial statements.

There are no plans for the early adoption of published standards, interpretations, or amendments prior to their mandatory effective date. The Group does not expect that other changes in IFRS will have a material impact on the consolidated financial statements.

E. Basis of Consolidation

Subsidiaries
Subsidiaries are all entities over which the Group has control and are consolidated. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The non-controlling interest in a subsidiary represents the portion of the subsidiary not owned by Group companies. The equity of the subsidiary relating to the non-controlling shareholders is shown as a separate item within changes in net equity.

Inter-company transactions, balances, income and expenses on transactions between companies are eliminated. Profits and losses resulting from intercompany transactions that are recognized in assets are also eliminated.

F. Joint Arrangements

Oil and gas operations of the Group are conducted as co-licencees in unincorporated joint ventures with other companies and are classified as joint operations. The consolidated financial statements reflect the relevant proportions of production, capital costs, operating costs and current assets and liabilities of the joint operation applicable to the Corporation’s interests.

G. Foreign Currency Translation

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date and foreign exchange currency differences are recognized in the consolidated statement of operations. Transactions in foreign currencies are translated at exchange rates prevailing at the transaction date. Foreign exchange gains and losses are presented within finance income and costs in the consolidated statement of operations.

Functional and presentation currency

Items included in the financial statements of each of the operational entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Corporation’s operational entities are the USD, CAD, MYR and EUR. The consolidated financial statements are presented in USD which is the Corporation’s presentation currency. The balance sheets and income statements of foreign companies are translated using the current rate method. All assets and liabilities are translated at the balance sheet date rates of exchange, whereas the income statements are translated at average rates of exchange for the year, except for transactions where it is more relevant to use the rate of the day of the transaction. The translation differences which arise are recorded directly in net assets.

Exchange rates for the relevant currencies of the Group with respect to the US Dollar are as follows:

	December 31, 2021		December 31, 2020	
	Average	Period end	Average	Period end
1 EUR equals USD	1.1835	1.1326	1.1413	1.2271
1 USD equals CAD	1.2536	1.2708	1.3412	1.2740
1 USD equals MYR	4.1433	4.1660	4.2026	4.0209

H. Classification of assets and liabilities

Non-current assets, long-term liabilities and provisions consist of amounts that are expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and current liabilities consist solely of amounts that are expected to be recovered or paid within twelve months after the balance sheet date.

I. Oil and gas properties

Oil and gas properties are recorded at historical cost less depletion. All costs for acquiring concessions, licences or interests in production sharing contracts and for the survey, drilling and development of such interests are capitalized on a field area cost centre basis.

Costs directly associated with an exploration well are capitalized until the determination of reserves is evaluated. If it is determined that a commercial discovery has not been achieved, these exploration costs are charged to the income statement. During the exploration and development phases, no depletion is charged. The field will be transferred from the non-producing assets to the producing assets within oil and gas properties once production commences, and accounted for as a producing asset. Routine maintenance and repair costs for producing assets are expensed to the income statement when they occur.

Property, plant and equipment are depleted based on the year’s production in relation to estimated total proved and probable reserves of oil and gas in accordance with the unit of production method. Depletion of a field area is charged to the income statement through cost of sales once production commences.

Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and governmental regulations. Proved reserves can be categorized as developed or undeveloped. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimates.

Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.

Proceeds from the sale or farm-out of oil and gas concessions in the exploration stage are offset against the related capitalized costs of each cost centre with any excess of net proceeds over all costs capitalized included in the income statement. In the event of a sale in the exploration stage, any deficit is included in the income statement.

Impairment tests are performed annually or when there are indicators of impairment that suggest that the net book value of capitalized costs within each field area cost centre less any provision for asset retirement obligation costs, royalties and deferred production or revenue related taxes is higher than the anticipated future net cash flow from oil and gas reserves attributable to the Corporation's interest in the related field areas. Capitalized costs cannot be carried unless those costs can be supported by future cash flows from that asset. Provision is made for any impairment, where the net carrying value, according to the above, exceeds the recoverable amount, which is the higher of value in use and fair value less costs of disposal, determined through estimated future discounted net cash flows using prices and cost levels used by management in their internal forecasting. If there is a decision to not continue with a field specific exploration program, the costs will be expensed at the time the decision is made.

J. Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation. The cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is based on cost and is calculated on a straight line basis over the estimated economic life of 3 to 5 years for office equipment and other assets. The Floating Production Storage and Offloading ("FPSO") located on the Bertam field, Malaysia, is being depreciated on a unit of production basis based on the Bertam field 2P reserves.

Additional costs to existing assets are included in the assets' net book value or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The net book value of any replaced parts is written off. Other additional expenses are deemed to be repair and maintenance costs and are charged to the income statement when they are incurred.

The net book value is written down immediately to its recoverable amount when the net book value is higher. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

K. Leases

The Group leases various offices, warehouses, equipment and cars. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Right-of-use assets and corresponding liabilities are recognized when the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed and variable lease payments and the exercise price of the purchase option. The lease payments are discounted using the incremental borrowing rate and are classified as finance leases. The right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made and any initial direct costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

L. Impairment of Assets

At each balance sheet date or when there are facts and circumstances that suggest that the net book value of capitalized costs within each field area cost center is higher than anticipated future net cash flow from oil and gas reserves attributable to the Corporation's interest in the related field areas, the Corporation performs an assessment as to whether there is an indication that an asset may be impaired. Management determined the recoverable amounts of property, plant and equipment based on the higher of fair value less costs of disposal and value in use using estimated future discounted net cash flows of proved and probable oil and gas reserves. The Corporation's estimates of proved and probable oil and gas reserves used in the calculations for impairment tests and accounting for depletion have been reviewed by Management's experts, specifically independent qualified reserves auditor.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In determining fair value less costs of disposal, recent market transactions are considered, if available. In the absence of such transactions, an appropriate valuation model is used. Value in use is calculated by discounting estimated future cash flows to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When the recoverable amount is less than the carrying value an impairment loss is recognized with the expensed charge to the income statement. If indications exist that previously recognized impairment losses no longer exist or are decreased, the recoverable amount is estimated. When a previously recognized impairment loss is reversed the carrying amount of the asset is increased to the

estimated recoverable amount but the increased carrying amount may not exceed the carrying amount after depreciation that would have been determined had no impairment loss been recognized for the asset in prior years. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the asset is tested as part of a CGU, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. An impairment loss is the amount by which the carrying amount of the individual asset or CGU exceeds its recoverable amount.

M. Financial Instruments

Financial assets and financial liabilities are recognized on the consolidated balance sheet on the trade date, the date on which the Group becomes a party to the contractual provisions of the financial instrument. All financial instruments are required to be classified and measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument. The Group classifies its financial instruments in the following categories:

Financial Assets at Amortized Cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Group's loans and receivables consist of fixed or determined cash flows related solely to principal and interest amounts or contractual sales of oil. The Group's intent is to hold these receivables until cash flows are collected. Loans and receivables are recognized initially at fair value, net of any transaction costs incurred and subsequently measured at amortized cost.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")
Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortized cost or at fair value through other comprehensive income.

Financial Liabilities at Amortized Cost
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL, or the Group has opted to measure them at FVTPL. Borrowings and accounts payable are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Financial Liabilities at FVTPL
Financial liabilities measured at FVTPL are liabilities which include embedded derivatives and cannot be classified as amortized cost.

Impairment of Financial Assets
The measurement of impairment of financial assets is based on the expected credit losses model. For the trade and other receivables, the Group applies the simplified approach which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Group considered historical industry default rates as well as credit ratings of major customers. Additional disclosure related to the Group's financial assets is included in Note 23.

N. Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction, hedges of the fair value of recognized assets and liabilities or a firm commitment, or hedges of a net investment in a foreign operation.

The Group documents at the inception of the transaction the relationship between hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items. The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 23. Movements on the hedging reserve is reflected in other comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than twelve months and as a current asset or liability when the remaining maturity of the hedged item is less than twelve months.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion, if any, is recognized immediately within finance income or costs. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognized in profit or loss as finance income or costs.

O. Inventories

Inventories of consumable well supplies are stated at the lower of cost and net realizable value, cost being determined on a weighted average cost basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventories of hydrocarbons are stated at the lower of cost and net realizable value. Under or overlifted positions of hydrocarbons are valued at market prices prevailing at the balance sheet date. An underlift of production from a field is included in the current receivables and valued at the reporting date spot price or prevailing contract price and an overlift of production from a field is included in the current liabilities and valued at the reporting date spot price or prevailing contract price. A change in the over or underlift position is reflected in the income statement as revenue.

P. Cash and cash equivalents

Cash and cash equivalents include cash at bank and cash in hand.

Q. Provisions

A provision is reported when the Group has a legal or constructive obligation as a consequence of a past event and when it is more likely than not that an outflow of resources is required to settle the obligation and a reliable estimate can be made of the amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as financial expense.

On fields where there is an obligation to contribute to asset retirement obligation costs, a provision is recorded to recognize the future commitment. An asset is created, as part of the oil and gas property, to represent the discounted value of the anticipated asset retirement obligation liability and depleted over the life of the field on a unit of production basis. The corresponding accounting entry to the creation of the asset recognizes the discounted value of the future liability. The discount applied to the anticipated asset retirement obligation liability is subsequently released over the life of the field and is charged to financial expenses. Changes in asset retirement obligation costs and reserves are treated prospectively and consistent with the treatment applied upon initial recognition.

R. Revenue and Other Operating Revenue

Revenue associated with the sale of crude oil and natural gas is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of the product or service to a customer, which is generally when title passes from the Group to its customer. The Group satisfies its performance obligations in contracts with customers upon the delivery of crude oil and natural gas, which is generally at a point in time and the amounts of revenue recognized relating to performance obligations satisfied over time are not significant.

Royalties payments to governments and other mineral interest owners are recognized as a cost in the revenue section.

Production and sales taxes directly attributable to fields, including export duties, are expensed in the income statement and classified as direct production taxes included within production costs. Production taxes payable in cash are accrued in the accounting period in which the liability arises.

Prior to April 2021, the Group recognized revenue from the FPSO in other operating revenue as earned from third party participants in the Bertam field, Malaysia. Other operating revenue also includes pipeline tariffs earned.

S. Employee Benefits

Short-term employee benefits
Short-term employee benefits such as salaries, social premiums and holiday pay, are expensed when incurred.

Pension obligations
The pension obligations consist of defined contribution plans for all companies within the Group except for one Swiss subsidiary, International Petroleum SA. A defined contribution plan is a pension plan under which the Group pays fixed contributions. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an expense when they are due.

International Petroleum SA has a defined benefit pension plan that is managed through a private pension plan. Independent actuaries determine the cost of the defined benefit plan on an annual basis, and the subsidiary pays the annual insurance premium. The pension plan provides benefits coverage to the employees of International Petroleum SA in the event of retirement, death or disability. International Petroleum SA and its employees jointly finance retirement and risk benefits. Employees of International Petroleum SA pay 40% of the savings contributions, of the risk contributions and of the cost contributions and International Petroleum SA contributes the difference between the total of all required pension plan contributions and the total of all employees' contributions.

Share-based payments

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees, directors and officers as consideration for equity instruments of the Corporation. Equity-settled share-based payments are recognized in the income statement as expenses during the vesting period and as equity in the balance sheet. The option is measured at fair value at the date of the grant using an appropriate options pricing model and is charged to the income statement over the vesting period without revaluation of the value of the option.

T. Taxation

The components of tax are current and deferred. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is accounted for consistently with the related item.

Current tax is tax that is to be paid or received for the year in question and also includes adjustments of current tax attributable to previous periods.

Deferred income tax is a non-cash charge provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values. Temporary differences can occur for example where investment expenditure is capitalized for accounting purposes but the tax deduction is accelerated or where asset retirement obligation costs are provided for in the financial statements but not deductible for tax purposes until they are actually incurred. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Corporation and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets are offset against deferred tax liabilities in the balance sheet where they relate to the same jurisdiction and there is a legally enforceable right to offset.

U. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, which, due to the unique nature of each country’s operations, commercial terms or fiscal environment, is at a country level.

V. Business combinations

Acquisitions of businesses are accounted for using the purchase method of accounting whereby all identifiable assets and liabilities are recorded at their fair values as at the date of acquisition. Any excess purchase price over the aggregate fair value of net assets is recorded as goodwill. Goodwill is identified and allocated to cash-generating units (“CGU”), or groups of CGUs, that are expected to benefit from the synergies of the acquisition. Goodwill is not amortized. Any excess of the aggregate fair value of net assets over the purchase price is recognized in the consolidated statement of operations.

A CGU to which goodwill has been allocated is tested for impairment at least annually or when events or circumstances indicate that an assessment for impairment is required. For goodwill arising on an acquisition in a financial year, the CGU to which the goodwill has been allocated is tested for impairment before the end of that financial year.

When the recoverable amount of the CGU is less than the carrying amount of that CGU, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to that CGU first, and then to the other assets of that CGU pro rata on the basis of the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognized directly in the consolidated statement of earnings. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In connection with the preparation of the consolidated financial statements, the Group's management has made assumptions and estimates about future events and applied judgments that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. The assumptions, estimates and judgments are based on historical experience, current trends and other factors that management believes to be relevant at the time the consolidated financial statements are prepared. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that the consolidated financial statements are presented fairly in accordance with IFRS. However, because future events and their effects cannot be determined with certainty, actual results could differ from these assumptions and estimates, and such differences could be material.

Management believes the following critical accounting policies affect the more significant judgments and estimates used in the preparation of the consolidated financial statements:

Estimates in oil and gas reserves
Estimates of oil and gas reserves are used in the calculations for impairment tests and accounting for depletion and asset retirement obligation. Standard recognized evaluation techniques are used to estimate the proved and probable reserves. These techniques take into account the future level of development required to produce the reserves. An independent qualified reserves auditor reviews these estimates. Changes in estimates in oil and gas reserves, resulting in different future production profiles, will affect the discounted cash flows used in impairment testing, the anticipated date of site decommissioning and restoration and the depletion charges in accordance with the unit of production method. Changes in estimates in oil and gas reserves could for example result from additional drilling, observation of long-term reservoir performance or changes in economic factors such as oil price and inflation rates.

Impairment of oil and gas properties
Key assumptions in the impairment models relate to prices and costs that are based on forward curves and the long-term corporate assumptions. Annual impairment tests are performed in conjunction with the annual reserves certification process. The impairment test requires the use of estimates. For the purpose of determining a potential impairment, the significant assumptions developed by management used to determine the recoverable amount include the proved and probable oil and gas reserves, expected production volumes, future oil and gas prices, future development costs, future production costs and the discount rate. These assumptions and judgements of management that are based on them are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates and the discount rate applied is reviewed throughout the year.

Provision for asset retirement obligations
Amounts used in recording a provision for asset retirement obligations are estimates based on current legal and constructive requirements and current technology and price levels for the removal of facilities and decommissioning. Due to changes in relation to these items, the future actual cash outflows in relation to the site decommissioning and restoration can be different. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of asset retirement obligation provisions are reviewed on a regular basis.

Deferred income tax assets
The Group accounts for differences that arise between the carrying amount of assets and liabilities and their tax bases in accordance with IAS 12, Income Taxes, which requires deferred income tax assets only to be recognized to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilized. Management estimates future taxable profits based on the financial models used to value its oil and gas properties. Any change to the estimates and assumptions used for the key operational and financial variables used within the business models could affect the amount of deferred income tax assets recognized.

The effects of changes in estimates do not give rise to prior year adjustments and are treated prospectively over the estimated remaining commercial reserves of each field. While the Group uses its best estimates and judgement, actual results could differ from these estimates.

Fair value of assets acquired and liabilities assumed in a business combination
The fair value of assets acquired and liabilities assumed in a business combination, including contingent consideration and any goodwill, is estimated based on information available at the date of acquisition. Various valuation techniques are applied for measuring fair value including market comparables and discounted cash flows which rely on assumptions such as forward commodity prices, reserves and resources estimates, production costs and discount rates. Changes in these variables could significantly impact the carrying value of the net assets.

3. 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 8.

	2021				
USD Thousands	Canada	Malaysia	France	Other	Total
Crude oil	458,690	100,436	75,949	–	**635,075**
NGLs	570	–	–	–	**570**
Gas	100,019	–	–	–	**100,019**
Net sales of oil and gas	**559,279**	**100,436**	**75,949**	–	**735,664**
Change in under/over lift position	–	–	5,391	–	**5,391**
Royalties	(46,424)	–	–	–	**(46,424)**
Hedging settlement	(33,592)	–	–	–	**(33,592)**
Other operating revenue	171	4,208	927	64	**5,370**
Revenue	**479,434**	**104,644**	**82,267**	**64**	**666,409**
Production costs	(259,716)	(25,243)	(40,048)	–	**(325,007)**
Depletion and decommissioning costs	(72,764)	(30,156)	(16,093)	–	**(119,013)**
Depreciation of other tangible fixed assets	–	(10,108)	–	–	**(10,108)**
Exploration and business development costs	(8)	(259)	(7)	(1,686)	**(1,960)**
Gross profit/(loss)	**146,946**	**38,878**	**26,119**	**(1,622)**	**210,321**

	2020				
USD Thousands	Canada	Malaysia	France	Other	Total
Crude oil	167,352	60,465	35,700	–	**263,517**
NGLs	214	–	–	–	**214**
Gas	59,950	–	–	–	**59,950**
Net sales of oil and gas	**227,516**	**60,465**	**35,700**	–	**323,681**
Change in under/over lift position	–	–	(630)	–	**(630)**
Royalties	(14,064)	–	–	–	**(14,064)**
Hedging settlement	(1,983)	–	–	–	**(1,983)**
Other operating revenue	–	15,555	1,164	441	**17,160**
Revenue	**211,469**	**76,020**	**36,234**	**441**	**324,164**
Production costs	(153,382)	(24,793)	(26,453)	–	**(204,628)**
Depletion and decommissioning costs	(66,810)	(27,759)	(17,327)	–	**(111,896)**
Depreciation of other tangible fixed assets	–	(11,681)	–	–	**(11,681)**
Exploration and business development costs	(3,011)	(741)	(2,389)	(661)	**(6,802)**
Impairment costs of oil and gas properties	–	–	(73,143)	–	**(73,143)**
Gross profit/(loss)	**(11,734)**	**11,046**	**(83,078)**	**(220)**	**(83,986)**

	Assets		Liabilities	
USD Thousands	2021	2020	2021	2020
Malaysia	342,636	308,044	200,519	215,688
France	175,479	167,916	106,346	152,645
Canada	1,135,017	1,197,240	695,051	868,253
Corporate	92,899	164,574	40,550	38,201
Other	128,331	126,227	(15,647)	(19,239)
Intercompany balance elimination	(600,688)	(630,881)	(600,688)	(630,881)
Total Assets / Liabilities	**1,273,674**	**1,333,120**	**426,131**	**624,667**
Shareholders' equity	N/A	N/A	847,386	708,321
Non-controlling interest	N/A	N/A	157	132
Total equity for the group	N/A	N/A	**847,543**	**708,453**
Total consolidated	**1,273,674**	**1,333,120**	**1,273,674**	**1,333,120**

4. PRODUCTION COSTS

USD Thousands	2021	2020
Cost of operations	203,537	154,411
Tariff and transportation expenses	33,879	21,875
Direct production taxes	10,813	7,510
Operating costs	**248,229**	**183,796**
Cost of blending[1]	78,434	20,691
Change in inventory position	(1,656)	141
Total production costs	**325,007**	**204,628**

[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 421 thousand and a cost of USD 1,258 thousand was recognized relating to the difference between the cost and sale proceeds of the surplus diluent for the year ended December 31, 2021* and December 31, 2020 respectively.

5. FINANCE INCOME

USD Thousands	2021	2020
Foreign exchange gain, net	–	13,028
Interest income	254	75
Other financial income	31	–
Total finance income	**285**	**13,103**

6. FINANCE COSTS

USD Thousands	2021	2020
Foreign exchange loss, net	1,994	–
Interest expense	12,867	13,401
Unwinding of asset retirement obligation discount	11,488	10,837
Amortization of loan fees	2,068	1,979
Loan commitment fees	1,666	1,204
Other financial costs	416	669
Total finance costs	**30,499**	**28,090**

7. INCOME TAX RECOVERY / (EXPENSE)

USD Thousands	2021	2020
Current tax	(4,670)	(113)
Deferred tax	(17,014)	33,933
Total tax recovery / (expense)	**(21,684)**	**33,820**

The deferred tax amount arises primarily where there is a difference in depletion for tax and accounting purposes. The deferred tax debit in the statement of operations for the current period mainly relates to the tax profit incured and the tax losses used during the year 2021.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of Canada as follows:

USD Thousands	2021	2020
Profit before tax	167,743	(111,761)
Tax calculated at the corporate tax rate in Canada 25%	(41,936)	27,940
Effect of foreign and domestic tax rates	2,835	8,540
Tax effect of statutory rate change	904	3,939
Tax effect of (recognition) / derecognition of unrecorded tax losses	12,614	(9,230)
Tax effect due to true-up of provision to prior year tax filings	1,324	1,852
Other	2,575	779
Total tax	**(21,684)**	**33,820**

Specification of deferred tax assets and tax liabilities[1]

USD Thousands	2021	2020
Unused tax loss carry forward	115,560	133,753
Other	3,414	2,841
Deferred tax assets	**118,974**	**136,594**
Accelerated allowances	73,641	76,014
Other	287	318
Deferred tax liabilities	**73,928**	**76,332**
Deferred taxes, net	**45,046**	**60,262**

[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.

8. OIL AND GAS PROPERTIES

USD Thousands	2021	2020
Exploration and Evaluation Assets	18,037	20,986
Property, plant and Equipment	953,534	1,049,918
Oil and Gas Properties	**971,571**	**1,070,904**

Exploration and Evaluation Assets

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.

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2020	13,899	6,761	6,954	27,614
Additions	4,264	460	522	5,246
Expensed exploration and evaluation costs	(3,011)	(741)	(2,389)	(6,141)
Reclassification[1]	(84)	(6,436)	(51)	(6,571)
Currency translation adjustments	341	–	497	838
Net book value December 31, 2020	**15,409**	**44**	**5,533**	**20,986**

[1] The reclassification to the property, plant and equipment producing pool relates to the successful appraisal drilling in Malaysia.

Property, Plant and Equipment

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. (Also see Note 1).

USD Thousands	Canada	Malaysia	France	Total
Cost				
January 1, 2020	905,394	493,231	385,775	1,784,400
Granite Acquisition (see Note 9)	47,076	–	–	47,076
Additions	40,816	20,274	11,323	72,413
Change in estimates	(11,395)	3,787	4,423	(3,185)
Reclassification	84	6,436	51	6,571
Currency translation adjustments	22,630	–	36,088	58,718
December 31, 2020	**1,004,605**	**523,728**	**437,660**	**1,965,993**
Accumulated depletion				
January 1, 2020	(122,595)	(392,432)	(191,492)	(706,519)
Depletion charge for the period	(66,810)	(27,759)	(17,327)	(111,896)
Impairment costs of oil and gas properties	–	–	(73,143)	(73,143)
Currency translation adjustments	(5,917)	–	(18,600)	(24,517)
December 31, 2020	**(195,322)**	**(420,191)**	**(300,562)**	**(916,075)**
Net book value December 31, 2020	**809,283**	**103,537**	**137,098**	**1,049,918**

Impairment test
The Group carried out its impairment testing at December 31, 2021, on a CGU basis in conjunction with the annual reserves audit process. The Group used appropriate oil or natural gas price curves based on forward forecasts as at December 31, 2021, a future cost inflation factor of 2% (2020: 2%) per annum, production and cost profiles based on proved and probable reserves (2P reserves) as at December 31, 2021 and a discount rate of 8.5% (8.5% at December 31, 2020) to calculate the estimated future post-tax cash flows.

The following prices were used in the impairment testing as at December 31, 2021:

Price Decks	2022	2023	2024	2025	2026	Average annual increase thereafter
Dated Brent (USD/bbl)	75.00	72.00	70.00	71.40	72.83	2%
West Texas Intermediate (USD/bbl)	73.00	70.00	68.00	69.36	70.75	2%
Western Canadian Select (USD/bbl)	60.50	57.25	55.00	56.09	57.22	2%
Empress Gas (CAD/MMbtu)	4.55	3.92	3.59	3.67	3.74	2%

In 2021, as a result of the testing, no impairment of the oil and gas properties was required.

Sensitivities were calculated on the valuation of the estimated future post-tax cash flows. Using a discount rate of 10% instead of 8.5% or a USD 2/bbl decrease in the oil price curve or using a flat gas price curve at CAD 3.00/mcf did not result in an impairment charge.

9. GRANITE ACQUISITION

On March 5, 2020, IPC completed the acquisition of all of the issued and outstanding shares of Granite Oil Corp. (“Granite”). At such date, Granite became a wholly-owned subsidiary of IPC.

The Granite 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.

Total cash consideration provided, after preliminary closing adjustments, amounted to USD 27.7 million (CAD 37.1 million).

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

USD Thousands	
Trade and other receivables	1,620
Prepaid expenses and deposits	599
Fair value of risk management assets	1,748
Deferred tax assets	16,730
Property, plant and equipment	47,076
Other fixed assets	85
Accounts payable and accrued liabilities	(6,691)
Decommissioning liabilities	(4,498)
Short-term debt	(27,649)
MTM reserve in equity	(1,311)
Total Consideration	**27,709**
Settled by:	
Cash payment for 39,061,575 common shares of Granite	**27,709**

The Corporation performed a preliminary purchase price allocation for the 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 Granite Acquisition, further adjustments may be made to the fair values assigned to the identifiable assets acquired and liabilities assumed. No such further adjustments are expected.

Acquisition-related costs of approximately USD 0.5 million have been recognized in the statement of operations during the year ended December 31, 2020. No further costs have been incurred during the year ended December 31, 2021.

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%.

10. OTHER TANGIBLE FIXED ASSETS

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**

USD Thousands	FPSO	Other	Total
Cost			
January 1, 2020	205,989	9,420	215,409
Granite Acquisition (see Note 9)	–	85	85
Additions	–	426	426
Disposals	–	(79)	(79)
Currency translation adjustments	2,074	561	2,635
December 31, 2020	**208,063**	**10,413**	**218,476**
Accumulated depreciation			
January 1, 2020	(140,735)	(5,659)	(146,394)
Depreciation charge for the period	(11,681)	(882)	(12,563)
Disposals	–	79	79
Currency translation adjustments	–	(400)	(400)
December 31, 2020	**(152,416)**	**(6,862)**	**(159,278)**
Net book value December 31, 2020	**55,647**	**3,551**	**59,198**

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.

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

USD Thousands	Buildings
January 1, 2021	1,965
Additions	434
Depreciation	(737)
Currency translation adjustments	(23)
Right-of-use-assets as at December 31, 2021	**1,639**
Current	684
Non-Current	980
Lease Liabilities as at December 31, 2021	**1,664**

USD Thousands	Buildings
January 1, 2020	2,700
Additions	60
Depreciation	(821)
Currency translation adjustments	26
Right-of-use assets as at December 31, 2020	**1,965**
Current	671
Non-Current	1,347
Lease Liabilities as at December 31, 2020	**2,018**

12. OTHER ASSETS

USD Thousands	December 31, 2021	December 31, 2020
Long-term receivables	28,024	20,210
Financial assets	7,729	29
	35,753	**20,239**

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. The increase in long-term receivables and financial assets have been transferred to the Group following the assignment of the additional 25% working interest of the Bertam field. (Also see Notes 1 and 20).

13. INVENTORIES

USD Thousands	December 31, 2021	December 31, 2020
Hydrocarbon stocks	8,355	6,606
Well supplies and operational spares	11,840	10,464
	20,195	**17,070**

14. TRADE AND OTHER RECEIVABLES

USD Thousands	December 31, 2021	December 31, 2020
Trade receivables	91,062	51,614
Underlift	9,827	5,057
Joint operations debtors	1,930	1,792
Prepaid expenses and accrued income	6,325	5,524
Other	1,753	2,164
	110,897	**66,151**

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include only cash at hand or held in bank accounts.

16. SHARE CAPITAL

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

	Number of shares
Balance at January 1, 2020	**159,790,869**
Cancellation of repurchased common shares	(4,448,112)
Balance at December 31, 2020	**155,342,757**
Stock option exercise	25,000
Cancellation of repurchased common shares	(169,652)
Balance at December 31, 2021	**155,198,105**

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

As at January 1, 2020, the total number of common shares issued and outstanding in IPC was 159,790,869. During Q1 2020, IPC repurchased an aggregate of 4,448,112 common shares under a share repurchase program and all of these shares were cancelled. As at December 31, 2020, 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 with voting rights.

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 prior to December 31, 2021. The remaining 1,160,651 shares were cancelled in January 2022. As at December 31, 2021, IPC had a total of 155,198,105 common shares issued and outstanding.

As at February 8, 2022, following the cancellation of a further 726,676 common shares repurchased, IPC has a total of 153,310,778 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.

17. 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	2021	2020
Net result attributable to shareholders of the Parent Company, USD	146,028,617	(77,854,090)
Weighted average number of shares for the period	155,363,445	156,439,552
Earnings per share, USD	**0.94**	**(0.50)**
Weighted average diluted number of shares for the period	158,432,436	158,427,821
Earnings per share fully diluted, USD	**0.92**	**(0.49)**

18. SHARE BASED PAYMENTS

The Group has the following equity-settled share-based compensation plans: (a) a Share Unit Plan and (b) a Stock Option Plan.

IPC Share Unit Plan
The shareholders of IPC at the 2018 Annual General Meeting and at the 2021 Annual General Meeting approved a Share Unit Plan. Awards under the plan will be accounted from the date of grant.

The IPC Performance Share Plan ("PSP") 2018 awards vested on June 30, 2021 at a price of CAD 5.77 per award.

The IPC PSP 2019 awards are subject to continued employment and to certain performance conditions being met. The total outstanding number of awards at December 31, 2021, is 860,349 which vest on June 30, 2022. Each award was fair valued at the grant date at CAD 4.28 using an adjusted share price calculated with a hybrid valuation model based on the Monte Carlo simulation. The assumptions used in the calculation of the adjusted share price were a risk free rate of 2.00%, expected volatility of 46%, dividend yield rate of 0%, and an exercise price of CAD zero.

The IPC PSP 2020 awards are subject to continued employment and to certain performance conditions being met. The total outstanding number of awards at December 31, 2021, is 1,017,105 which vest on March 1, 2023. Each award was fair valued at the grant date at CAD 3.65 using an adjusted share price calculated with a hybrid valuation model based on the Monte Carlo simulation. The assumptions used in the calculation of the adjusted share price were a risk free rate of 2.00%, expected volatility of 47%, dividend yield rate of 0%, and an exercise price of CAD zero.

The IPC PSP 2021 awards are subject to continued employment and to certain performance conditions being met. The total outstanding number of awards at December 31, 2021, is 1,716,000 which vest on March 1, 2024. Each award was fair valued at the grant date at CAD 3.61 using an adjusted share price calculated with a hybrid valuation model based on the Monte Carlo simulation. The assumptions used in the calculation of the adjusted share price were a risk free rate of 2.00%, expected volatility of 68%, dividend yield rate of 0%, and an exercise price of CAD zero.

IPC Performance Share Plan	2018 Awards	2019 Awards	2020 Awards	2021 Awards	Total
Outstanding at January 1, 2021	501,500	902,933	1,086,000	–	2,490,433
Awarded during the period	–	–	–	1,716,000	1,716,000
Forfeited during the period	–	(42,584)	(68,895)	–	(111,479)
Vested during the period	(501,500)	–	–	–	(501,500)
Outstanding at December 31, 2021	–	**860,349**	**1,017,105**	**1,716,000**	**3,593,454**
Vesting date					
June 30, 2022	–	860,349	–	–	860,349
March 1, 2023	–	–	1,017,105	–	1,017,105
March 1, 2024	–	–	–	1,716,000	1,716,000
Outstanding at December 31, 2021	–	**860,349**	**1,017,105**	**1,716,000**	**3,593,454**

The last third of the IPC Restricted Share Plan ("RSP") 2018 awards vested on June 30, 2021, at a price of CAD 5.77 per award.

The second third of the IPC RSP 2019 awards vested on June 30, 2021, at a price of CAD 5.77 per award. The total outstanding number of 2019 awards under the IPC RSP as at December 31, 2021, is 132,142 which vest on June 30, 2022, subject to continued employment. Each award was fair valued at the grant date at CAD 5.84.

The first third of the IPC RSP 2020 awards vested on March 1, 2021, at a price of CAD 4.18 per award. The total outstanding number of 2020 awards under the IPC RSP as at December 31, 2021, is 404,410 which vest over two years on each of March 1, 2022 and March 1, 2023, subject to continued employment. Each award was fair valued at the grant date at CAD 4.35.

The total outstanding number of IPC RSP 2021 awards as at December 31, 2021, is 1,036,773 which vest over three years as to one-third on each of March 1, 2022, March 1, 2023, and March 1, 2024, subject to continued employment. Each award was fair valued at the grant date at CAD 4.07.

IPC Restricted Share Plan	2018 Awards	2019 Awards	2020 Awards	2021 Awards	Total
Outstanding at January 1, 2021	65,152	287,393	646,446	–	998,991
Awarded during the period	–	–	–	1,091,129	1,091,129
Forfeited during the period	–	(14,677)	(26,554)	(54,356)	(95,587)
Vested during the period	(65,152)	(140,574)	(215,482)	–	(421,208)
Outstanding at December 31, 2021	–	**132,142**	**404,410**	**1,036,773**	**1,573,325**
Vesting date					
June 30, 2022	–	132,142	–	–	132,142
March 1, 2022	–	–	202,205	345,591	547,796
March 1, 2023	–	–	202,205	345,591	547,796
March 1, 2024	–	–	–	345,591	345,591
Outstanding at December 31, 2021	–	**132,142**	**404,410**	**1,036,773**	**1,573,325**

In connection with the BlackPearl Acquisition, the Group granted awards under the IPC RSP for certain officers and employees. The second third vested on December 31, 2020, at a price of CAD 2.85 per award. The last third vested on December 31, 2021 at a price of CAD 6.94. Each award was fair valued at the grant date at CAD 4.35.

IPC Restricted Share Plan - BlackPearl	2019 RSP
Outstanding at January 1, 2021	91,777
Awarded during the period	–
Forfeited during the period	(10,769)
Vested during the period	(81,208)
Outstanding at December 31, 2021	–

Under the IPC Share Unit Plan, the Group allows non-employee directors of the Corporation to elect for awards for fees for services performed as a director and otherwise payable in cash. These awards will vest immediately at the time of grant. However, these awards may not be redeemed before the end of service as a director of the Corporation. The total outstanding RSP awards outstanding as at December 31, 2021, is 112,529. In 2019 there were 25,349 awards issued with a fair value at the grant date at CAD 5.76. In 2020 there were 25,335 awards issued with a fair value at the grant date at CAD 2.56 and 45,781 awards issued with a fair value at the grant date at CAD 2.85. In 2021 there were 18,167 awards issued with a fair value at the grant date at CAD 5.75 and 12,543 awards issued with a fair value at the grant date at CAD 6.95. In 2021, 14,646 awards issued in 2019 have been exercised at a price of CAD 6.44.

Stock Option Plan
The Stock Option Plan provides for the grant of stock option awards to employees, consultants and directors up to a maximum of 1,000,000 common shares of IPC. The Board granted stock options under the Stock Option Plan in February 2017, with a three year vesting period and a four year term. In February 2021, 25,000 stock options were exercised at CAD 4.77 and all remaining stock options expired. There are currently no outstanding stock options under the Stock Option Plan.

The number of awards outstanding under the Stock Option Plan at December 31, 2021, are summarized in the table below.

IPC Stock Option Plan	2021
Outstanding at January 1, 2021	1,808,566
Awarded during the period	–
Forfeited during the period	(1,783,566)
Exercised during the period	(25,000)
Outstanding at December 31, 2021	–

The costs charged to the statement of operations of the Group for the Share-Based payments are summarized in the following table:

USD Thousands	2021	2020
IPC Stock Option Plan	–	44
IPC PSP – 2018 Awards	337	682
IPC RSP – 2018 Awards	81	224
IPC PSP – 2019 Awards	397	987
IPC RSP – 2019 Awards	984	983
IPC PSP – 2020 Awards	643	822
IPC RSP – 2020 Awards	984	1,056
IPC PSP – 2021 Awards	1,599	–
IPC RSP – 2021 Awards	1,432	–
	6,457	**4,798**

19. FINANCIAL LIABILITIES

USD Thousands	December 31, 2021	December 31, 2020
Bank loans	113,121	327,691
Capitalized financing fees	(2,096)	(3,556)
	111,025	**324,135**

As at January 1, 2020, the Group had a reserve-based lending credit facility of USD 175 million (the "International RBL") with a maturity to end of June 2022 in connection with its oil and gas assets in France and Malaysia. In addition, the Group had a reserve-based lending credit facility of CAD 375 million (the "Canadian RBL") with a maturity date in May 2021, in connection with its oil and gas assets in Canada.

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 December 31, 2021, and as at February 8, 2022.

In June 2020, the Group amended and extended the International RBL to a facility size of USD 125 million, with a maturity at the end of December 2024. In July 2020, the facility size was further increased to USD 140 million.

In March 2020, in connection with the completion of the acquisition of Granite Oil Corp. ("Granite"), the Group assumed the bank debt of Granite consisting of a revolving credit facility of CAD 42.5 million (the "Granite Facility"). In July 2020, the Group amended and extended the Canadian RBL to a facility size of CAD 350 million with a maturity extended until the end of May 2022. In December 2020, the Granite Facility was amended to a CAD 30 million revolving credit facility.

In June 2021, the Group consolidated the amounts outstanding under the Granite Facility into the Canadian RBL and the Granite Facility was terminated. As of June 30, 2021, the Canadian RBL was amended to a facility size of CAD 300 million with a maturity extended until the end of May 2023. Under the Canadian RBL, the Group had the requirement, to hedge 40% of forecast Canadian oil production from June 30, 2021, to December 31, 2021.

The borrowing base availability under the International RBL was agreed in November 2021 at approximately USD 100 million of which USD 4 million was drawn as at December 31, 2021. The borrowing base availability under the Canadian RBL was CAD 300 million of which CAD 120 million was drawn as at December 31, 2021.

In February 2022, IPC completed the issuance of USD 300 million of senior unsecured bonds (the "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 Canadian RBL and the International RBL, 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.

The amounts drawn under the International RBL and the Canadian RBL as at December 31, 2021, are classified as non-current as there are no mandatory repayments within the next twelve months.

An amount of USD 1,806 thousand drawn under the France Facility as at December 31, 2021 is classified as current representing the repayment planned within the next twelve months.

The Group is in compliance with the covenants of the financing facilities as at December 31, 2021 and 2020.

The net debt and the movements in net debt can be summarized as follows:

USD Thousands	Cash	Lease liabilities	Bank loans due before 1 year	Bank loans due after 1 year	Total
Net debt as at January 1, 2021	**6,498**	**(2,018)**	**(22,982)**	**(304,709)**	**(323,211)**
Granite Facility	–	–	22,982	–	22,982
France Facility	–	–	(1,806)	1,806	–
Cash flows	12,368	–	–	192,837	205,205
Lease liabilities	–	354	–	–	354
Currency translation adjustments	(56)	–	–	(1,249)	(1,305)
Net debt as at December 31, 2021	**18,810**	**(1,664)**	**(1,806)**	**(111,315)**	**(95,975)**
Net debt (excluding lease liabilities)					**(94,311)**

USD Thousands	Cash	Lease liabilities	Bank loans due before 1 year	Bank loans due after 1 year	Total
Net debt as at January 1, 2020	15,571	(2,750)	–	(247,074)	(234,253)
Granite Acquisition (see Note 9)	–	–	(27,649)	–	(27,649)
Cash flows	(8,736)	–	7,585	(49,134)	(50,285)
Lease liabilities	–	732	–	–	732
Currency translation adjustments	(337)	–	(2,918)	(8,501)	(11,756)
Net debt as at December 31, 2020	**6,498**	**(2,018)**	**(22,982)**	**(304,709)**	**(323,211)**
Net debt (excluding lease liabilities)					**(321,193)**

20. PROVISIONS

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 Notes 1 and 12)
[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 12).

USD Thousands	Asset retirement obligation	Farm-in obligation	Pension obligation	Other	Total
January 1, 2020	176,305	6,720	4,413	2,399	189,837
Granite Acquisition	4,498	–	–	–	4,498
Additions	–	–	603	1,269	1,872
Unwinding of asset retirement obligation discount	10,837	–	–	–	10,837
Changes in estimates	(2,563)	(622)	703	–	(2,482)
Payments	(4,324)	(1,814)	(636)	(2,179)	(8,953)
Reclassification[1]	1,967	–	–	–	1,967
Currency translation adjustments	5,981	66	475	51	6,573
December 31, 2020	**192,701**	**4,350**	**5,558**	**1,540**	**204,149**
Non-current	187,012	3,107	5,558	1,268	**196,945**
Current	5,689	1,243	–	272	**7,204**
Total	**192,701**	**4,350**	**5,558**	**1,540**	**204,149**

[1] The reclassification of the asset retirement obligation related to the 2020 payment to the asset retirement obligation fund in respect of the Bertam asset, Malaysia (see Note 12).

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% (2020: 6%) was used, based on a credit risk adjusted rate.

21. PENSION LIABILITY

The Group operates a pension plan for employees in Switzerland that is managed through a private pension plan. The amount recognized in the balance sheet associated with the Swiss pension plan is as follows:

USD Thousands	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	14,714	15,316
Fair value of plan assets	(10,266)	(9,758)
Pension obligation, ending balance	**4,448**	**5,558**

The movement in the defined benefit obligation over the year is as follows:

USD Thousands	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening balance	15,316	10,760
Current service cost	636	786
Additional contributions paid by employees	237	1,920
Ordinary contributions paid by employees	419	424
Interest expense on defined benefit obligation	29	27
Actuarial loss on defined benefit obligation	(552)	777
Administration costs	13	12
Benefits paid from plan assets	(485)	(452)
Past service cost	(366)	(206)
Foreign exchange loss	(533)	1,268
Defined benefit obligation, ending balance	**14,714**	**15,316**

The weighted average duration of the defined benefit obligation is 18.6 years. There is no maturity profile since the average remaining life before active employees reach final age according to the plan is 10.4 years.

The movement in the fair value of the plan assets over the year is as follows:

USD Thousands	For the year ended December 31, 2021	For the year ended December 31, 2020
Opening balance	9,758	6,347
Additional contributions paid by employees	237	1,920
Ordinary contributions paid by employer	629	636
Ordinary contributions paid by employees	419	424
Interest income on plan assets	19	16
Return on plan assets excluding interest income	26	73
Foreign exchange gain	(337)	794
Benefits paid from plan assets	(485)	(452)
Fair value of plan assets, ending balance	**10,266**	**9,758**

The plan assets are under an insurance contract comprised entirely of free funds and reserves, such as fluctuation reserves and employer contribution reserves, for which there is no quoted price in an active market.

The amount recognized in the income statement associated with the Group's pension plan is as follows:

USD Thousands	For the year ended December 31, 2021	For the year ended December 31, 2020
Current service cost	636	786
Interest expense on defined benefit obligation	29	27
Administration costs	13	12
Past service cost	(366)	(206)
Interest income on plan assets	(19)	(16)
Total expense recognized	**293**	**603**

The expense associated with the Group's pension plan of USD 293 thousand was included within general and administrative expenses. The Group also recognized in other comprehensive income a USD 578 thousand net actuarial gain on defined benefit obligations and pension plan assets.

The principal actuarial assumptions used to estimate the Group's pension obligation are as follows:

USD Thousands	For the year ended December 31, 2021	For the year ended December 31, 2020
Discount rate	0.20%	0.20%
Inflation rate	1.00%	1.00%
Future salary increase	1.00%	1.00%
Future pension increases	0.00%	0.00%
Retirement ages, male ('M') and female ('F')	M65/F64	M65/F64

Assumptions regarding future mortality are set based on actuarial advice in accordance with the BVG 2015 GT generational published statistics and experience in Switzerland. The discount rate is determined by reference to the yield on high quality corporate bonds. The rate of inflation is based on the expected value of future annual inflation adjustments in Switzerland. The rate for future salary increases is based on the average increase in the salaries paid by the Group, and the rate of pension increases is based on the annual increase in risk, retirement and survivors' benefits.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 8.6%	Increase by 10.0%
Salary growth rate	0.50%	Increase by 0.6%	Decrease by 0.6%
Life Expectancy	One year	Increase by 1.4%	Decrease by 1.5%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the pension liability recognized within the consolidated balance sheet.

22. TRADE AND OTHER PAYABLES

USD Thousands	December 31, 2021	December 31, 2020
Trade payables	9,043	11,635
Joint operations creditors	20,201	14,135
Accrued expenses	45,329	34,453
Other	5,268	3,127
	79,841	**63,350**

23. FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities by category

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

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 12
[2] Prepayments are not included in other current assets, as prepayments are not deemed to be financial instruments

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**	–	–

December 31, 2020 USD Thousands	Total	Financial assets at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Other assets[1]	**20,239**	20,239	–	–
Derivative instruments	**1,591**	–	–	1,591
Joint operation debtors	**1,792**	1,792	–	–
Other current receivables[2]	**59,992**	54,935	5,057	–
Cash and cash equivalents	**6,498**	6,498	–	–
Financial assets	**90,112**	**83,464**	**5,057**	**1,591**

[1] See Note 12
[2] Prepayments are not included in other current assets, as prepayments are not deemed to be financial instruments

December 31, 2020 USD Thousands	Total	Financial liabilities at amortized cost	Fair value recognized in profit or loss (FVTPL)	Derivatives used for hedging
Non-current financial liabilities	**302,500**	302,500	–	–
Current financial liabilities	**22,982**	22,982	–	–
Derivative instruments	**2,746**	–	–	2,746
Joint operation creditors	**14,135**	14,135	–	–
Other current liabilities	**15,617**	15,617	–	–
Financial liabilities	**357,980**	**355,234**	**–**	**2,746**

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:

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	–	–	–

December 31, 2020 USD Thousands	Level 1	Level 2	Level 3
Other current receivables	5,057	–	–
Derivative instruments – current	–	1,591	–
Financial assets	**5,057**	**1,591**	–
Derivative instruments – current	–	2,746	–
Financial liabilities	–	**2,746**	–

24. MANAGEMENT OF FINANCIAL RISK

The Corporation's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, foreign exchange risk, commodity price risk and interest rate risk.

a) Credit risk

The exposure to credit risk arises through the failure of a customer or another third party to meet its contractual obligations to the Corporation. The Corporation believes that its maximum exposure to credit risk as at December 31, 2021, is the carrying value of its trade receivables. The Group's policy is to limit credit risk by limiting the counterparties to major oil and gas companies. Where it is determined that there is a credit risk for oil and gas sales, the policy is to require an irrevocable letter of credit for the full value of the sale. The policy on joint operation parties is to rely on the provisions of the underlying joint operating agreements to take possession of the licence or the partner's share of production for non-payment of cash calls or other amounts due.

As at December 31, 2021, the trade receivables amounted to USD 91,062 thousand and there is no recent history of default. The expected credit loss associated with these receivables is not significant. Cash and cash equivalents are maintained with banks having strong long-term credit ratings.

b) Liquidity risk

Liquidity risk is defined as the risk that the Group could not be able to settle or meet its obligations on time or at a reasonable price. Corporation treasury is responsible for liquidity, funding as well as settlement management. The Corporation has in place a planning and forecasting process to help determine the funds required to support the Corporation's normal operating requirements on an ongoing basis. The Corporation ensures that there is sufficient available capital to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents, including bond proceeds. The Corporation has credit facilities in place to assist with meeting its cash flow needs as required (Note 19).

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Loan repayments are made upon a net present value calculation of the assets' future cash flows. No loan repayments are currently forecast under this calculation.

USD Thousands	December 31, 2021	December 31, 2020
Non-current		
Repayment within 2 - 5 years:		
- Bank loans	111,315	304,709
	111,315	**304,709**
Current		
Repayment within 6 to 12 months:		
- Bank loans	1,806	22,982
Repayment within 6 months:		
- Trade payables	9,043	11,635
- Joint operation creditors	20,201	14,135
- Other current liabilities	5,268	3,127
- Current tax liabilities	5,093	184
	41,411	**52,063**

c) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currencies, primarily with respect to EUR and CAD. The Group's risk management objective is to manage cash flow risk related to foreign denominated cash flows. The Corporation is exposed to currency risk related to changes in rates of exchange between foreign denominated balances and the functional currencies of the Group's principal operating subsidiaries. The Group's revenues are denominated in US dollars, while most of its operating and capital expenditures are denominated in the local currencies. A significant change in the currency exchange rates between the US dollar and foreign currencies could have a material effect on the Group's net earnings and on other comprehensive income.

The following tables summarize the effects that a change in these currencies against the US Dollar would have on operating result and equity through the conversion of the income statements of the Group's subsidiaries from functional currency to the presentation currency US Dollar for the years ended at December 31, 2021 and 2020.

Shift of currency exchange rates USD Thousands	Average rate 2021	USD weakening 10%	USD strengthening 10%
Operating profit in the financial statements		197,956	197,956
EUR /USD	0.8450	0.7681	0.9294
CAD/USD	1.2536	1.1396	1.3790
Total effect on operating profit		**(16,961)**	**16,961**

Shift of currency exchange rates USD Thousands	Average rate 2020	USD weakening 10%	USD strengthening 10%
Operating profit in the financial statements		(96,775)	(96,775)
EUR /USD	0.8762	0.7965	0.9638
CAD/USD	1.3412	1.2193	1.4753
Total effect on operating profit		**9,714**	**(9,714)**

d) Commodity price risk

The Group is subject to price risk associated with fluctuations in the market prices for oil and gas. Prices of oil and gas are affected by the normal economic drivers of supply and demand as well as the financial investors and market uncertainty. Factors that influence these include operational decisions, natural disasters, economic conditions, political instability or conflicts or actions by major oil exporting countries. Price fluctuations can affect the Corporation's financial position.

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in the price of oil and natural gas. Commodity prices are impacted by world economic events that affect supply and demand, which are generally beyond the Group's control. Changes in crude oil prices may significantly affect the Corporation's results of operations, cash generated from operating activities, capital spending and the Corporation's ability to meet its obligations. The majority of the Corporation's production is sold under short-term contracts; consequently the Group is at risk to near term price movements. The Corporation manages this risk by constantly monitoring commodity prices and factoring them into operational decisions, such as contracting or expanding its capital expenditures program.

The Corporation enters into certain risk management contracts in order to manage the exposure to market risks from fluctuations in commodity prices. These risk management contracts are not used for trading or speculative purposes. The Corporation has designated its risk management contracts as effective accounting hedges, and thus has applied hedge accounting. As a result, all risk management contracts are recorded at fair value at each reporting period with the change in fair value being recognized on the statement of comprehensive income.

The outstanding derivative instruments can be specified as follows:

Fair value of outstanding derivative instruments in the balance sheet

	December 31, 2021		December 31, 2020	
USD Thousands	Assets	Liabilities	Assets	Liabilities
Oil price hedge	–	–	–	2,743
Gas price hedge	1,159	–	1,591	3
Total	**1,159**	–	**1,591**	**2,746**
Non-current	–	–	–	–
Current	1,159	–	1,591	2,746
Total	**1,159**	–	**1,591**	**2,746**

The Group had gas price sale financial hedges outstanding as at December 31, 2021, which are summarized as follows:

Period	Volume (Gigajoules (GJ) per day)	Type	Average Pricing
January 1, 2022 – March 31, 2022	20,000	AECO Swap	CAD 4.15/GJ
April 1, 2022 – September 30, 2022	20,000	AECO Swap	CAD 3.14/GJ

The Group had no oil price sale financial hedges outstanding as at December 31, 2021.

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

The table below summarizes the effect that a change in the oil and gas price would have had on the net result and equity at December 31, 2021 and 2020:

2021 Net result (USD Thousands)	146,059	146,059
Possible shift (%)	(10%)	10%
Total effect on net income (USD Thousands)	**(54,368)**	**54,368**

2020 Net result (USD Thousands)	(77,941)	(77,941)
Possible shift (%)	(10%)	10%
Total effect on net income (USD Thousands)	**(23,081)**	**23,081**

e) Interest rate risk

The Group's exposure to interest rate risk arises from both the interest rate impact on its cash and cash equivalents as well as on its debt facilities. As at December 31, 2021, the Group's long-term debt is comprised of partially floating rate debt tied to LIBOR. As such, changes in interest rate will have an impact on interest expense.

The total interest expense for 2021 amounted to USD 12,867 thousand (2020: USD 13,401 thousand). A 100 basis point shift in the interest rate would have resulted in a change in the total interest expense for the year of USD 2,477 thousand (2020: USD 3,255 thousand).

25. MANAGEMENT OF CAPITAL RISK

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to meet its committed work program requirements in order to create shareholder value. The Corporation may put in place new credit facilities, repay debt, or other such restructuring activities as appropriate. Management continuously monitors and manages the capital, liquidity and net debt position in order to assess the requirement for changes to the capital structure to meet the objectives and to maintain flexibility.

No significant changes were made in the objectives, policies or procedures during the year ended December 31, 2021 or in the comparative periods.

Through the ongoing management of its capital, the Corporation will modify the structure of its capital based on changing economic conditions in the jurisdictions in which it operates. In doing so, the Corporation may issue new shares or debt, buy back issued shares, or pay off any outstanding debt.

26. SALARY AND OTHER COMPENSATION EXPENSES

a) Employee compensation expenses

The following table provides a breakdown of gross salaries, short-term benefits, share-based compensation and other compensation expenses included in the consolidated statement of comprehensive income (loss):

USD Thousands	2021	2020
Salaries, bonuses and other short-term benefits	44,033	40,914
Security social costs	5,556	6,387
Share-based incentive plans[1]	6,457	4,798
	56,046	**52,099**

[1] Vested during the period and based on IFRS 2 valuation (see Note 18)

b) Remuneration of Directors and Senior Management

Remuneration of Directors and Senior Management includes all amounts earned and awarded to the Group's Board of Directors and Senior Management. Senior Management includes the Group's President and Chief Executive Officer, Chief Financial Officer, General Counsel and Corporate Secretary, Chief Operating Officer, Senior Vice President Canada, Vice President of Asset Management and Corporate Planning Canada and Vice President of Corporate Planning and Investor Relations.

Directors' fees include Board and Committee fees. Senior Management's remuneration includes salary, short-term benefits, bonuses and any other compensation earned in 2020 and in 2021.

USD Thousands	2021	2020
Directors' fees	650	686
Senior Management's salaries, bonuses and other short-term benefits	4,818	6,989
Share-based incentive plans paid to Senior Management	641	118
	6,109	**7,793**

27. 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 planned to be blended with condensate before being transported via the pipeline and is therefore expected to attract improved realised 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)	22.5	27.3	28.0	28.4	29.0	300.9

[1] *Assuming commissioning of the pipeline and commencement of the service occurs during the first quarter of 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 20).

28. RELATED PARTIES

Lundin Energy has charged the Group USD 636 thousand in respect of office space rental and USD 1,508 thousand in respect of shared services provided during the year 2021.

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.

29. IMPACT OF COVID-19

The current and any future Covid-19 outbreaks may increase IPC's exposure to, and magnitude of, each of the risks and uncertainties identified in IPC's Management's Discussion and Analysis for the year ended December 31, 2021 ("MD&A") and previous Annual Information Form, financial reports and MD&A that result from a reduction in demand for oil and gas consumption and/or lower commodity prices and/or reliance on third parties. The extent to which Covid-19 impacts IPC's business, results of operations and financial condition will depend on future developments, which are highly uncertain and are difficult to predict, including, but not limited to, the duration and spread of the current and any future Covid-19 outbreaks, their severity, the actions taken to contain such outbreaks or treat their impact, and how quickly and to what extent normal economic and operating conditions resume and their impacts to IPC's business, results of operations and financial condition. Even after the Covid-19 outbreaks have subsided, IPC may continue to experience materially adverse impacts to IPC's business as a result of the global economic impact.

The Group will continue to monitor this situation and IPC will work to adapting its business to further developments as determined necessary or appropriate.

30. SUBSEQUENT EVENTS

In January 2022, the Group entered into oil price sale financial hedges to hedge the WCS/WTI Differential, hedging a volume of 11,900 bbl/day at an average of USD 13.06/bbl for the period March 1 to June 30, 2022 and a volume of 16,000 bbl/day at an average of USD 13.04/bbl for the period July 1 to December 31, 2022.

In January 2022, the Group entered into further gas price sale financial hedges to hedge the AECO Swap, hedging a volume of 15,000 GJ/day at an average of CAD 3.77/GJ for the period April 1 to September 30, 2022.

In February 2022, IPC completed the issuance of USD 300 million of senior unsecured 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 Canadian RBL and the International RBL, 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.

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