



FY Results to 31 December 2021

6 April 2022



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Overview



Improving cash flow and
hedging position



Onshore opportunity for oil and
gas in energy security



Government support for
geothermal kick-starts industry



Optionality for low-carbon
projects

Financial overview



- £13.9m operating cash inflow before working capital and realised hedges (2020: cash outflow £1.0m) driven by the improvement in Brent prices and higher production
- Revenue £37.9m (2020: £21.6m) - realised price pre-hedge price of \$68.5/bbl (2020: \$39.1/bbl).
 - Realised hedging loss of £6.6m in 2021 (2020: £4.6m gain) realised price post hedge of \$54.3/bbl (2020: \$48.4/bbl)
 - 321,000 bbls hedged for 2022 at an average price of \$72.7/bbl using swaps and 129,000 bbls hedged using puts at a guaranteed average minimum price of \$45.6/bbl net of premiums. 15,000 bbls hedged for Q1 23 using swaps at \$95/bbl
 - Increased contribution from gas and electricity due to higher prices - 2021:£4.7m (2020: £1.0m)
- Operating costs of \$37.4/boe (£27.1)/boe (2020: \$33.3 (£25.8)/boe)
 - COVID impact on production rates leading to a higher cost per boe
- G&A of £5.8m (2020: £5.3m)
 - Higher staff and third party costs/lower allocation to capital projects in the period
- Impairment of E&E assets of £10.5m – principally the write-off of PEDL 200 licence costs (Tinker Lane)
- Net Debt unchanged from 2020 year end at £12.2m. Higher operating cashflows used to finance capital expenditure as well as lease & interest payments
- Ring fence tax losses of £268m



The opportunities in oil and gas

Indigenous production for energy security



- Updated CPR Dec 31 2021:
 - 10.57 Mmboe 1P:15.79 MMboe 2P reserves;
 - 1P NPV10 of \$139 million: 2P NPV10 of \$190 million
- Opportunities for additional production:
 - Near-term incremental projects which are expected to generate c.70-100 boepd
 - One infill project with the potential to add c.100 bbls/d and 0.35 mmstb 2P reserves in 2023 with an anticipated NPV10 of £3 million;
 - A two-phased project to extend an existing field adding c.200 bbls/d and development of c.1.0 mmstb 2P reserves. Phase 2 potential to add an additional 500bbls/d and the addition of c.2mmstb 2P reserves
 - Monetising stranded gas and reducing emissions – up to 8 MW of power generation
- Whilst shale moratorium remains in place, the Government has commissioned the BGS to advise on the latest scientific evidence around shale gas extraction
 - Significant portfolio of shale licences – 292,100 acres (net) with estimated mean volumes of undiscovered GIIP of 93 TCF (net to IGas)
 - Combined carried gross work programme of up to \$216 million (£160 million)
 - Right Govt support - potential to deliver 5 production well pads (up to 16 wells/pad) supplying 3 million homes with initial production within 12-18 months

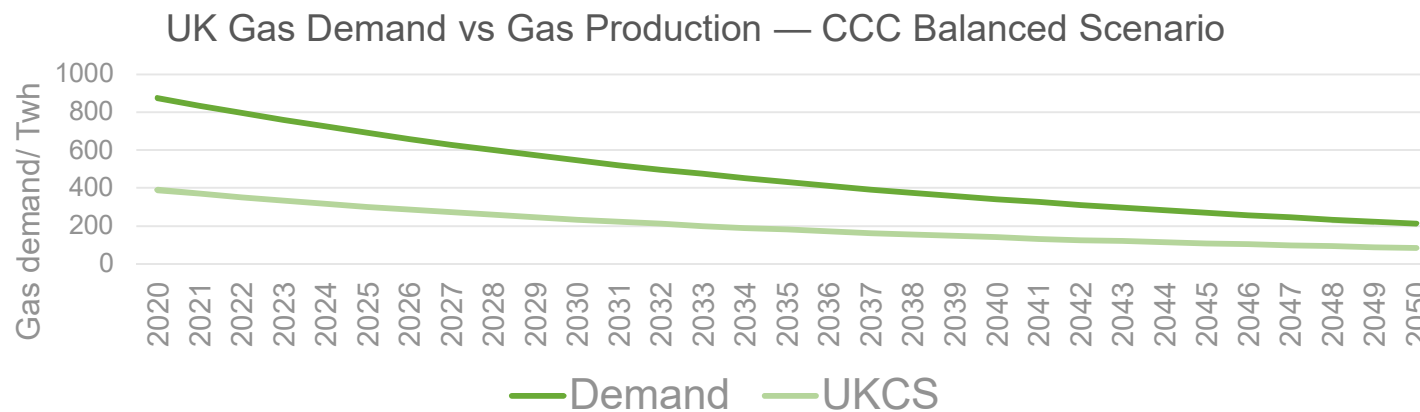


Why natural gas is a vital fuel for the UK

And will be beyond 2050



- Natural gas provides 40% of primary energy demand and around 30% of final energy demand
- Around 50% of domestic power generation comes from natural gas generation
- When coal is removed from the UK power system by 2024, the only currently available baseload technologies will be natural gas, biomass and nuclear power
- Natural gas on a typical year costs 4p/kwh retail compared to 16p/kwh for electricity
- 84% of UK homes heat with natural gas
- Longer chain hydrocarbons produced from natural gas wells (ethane, propane, butane etc.) are a key feedstock for industry e.g. chemicals, refrigeration and farming

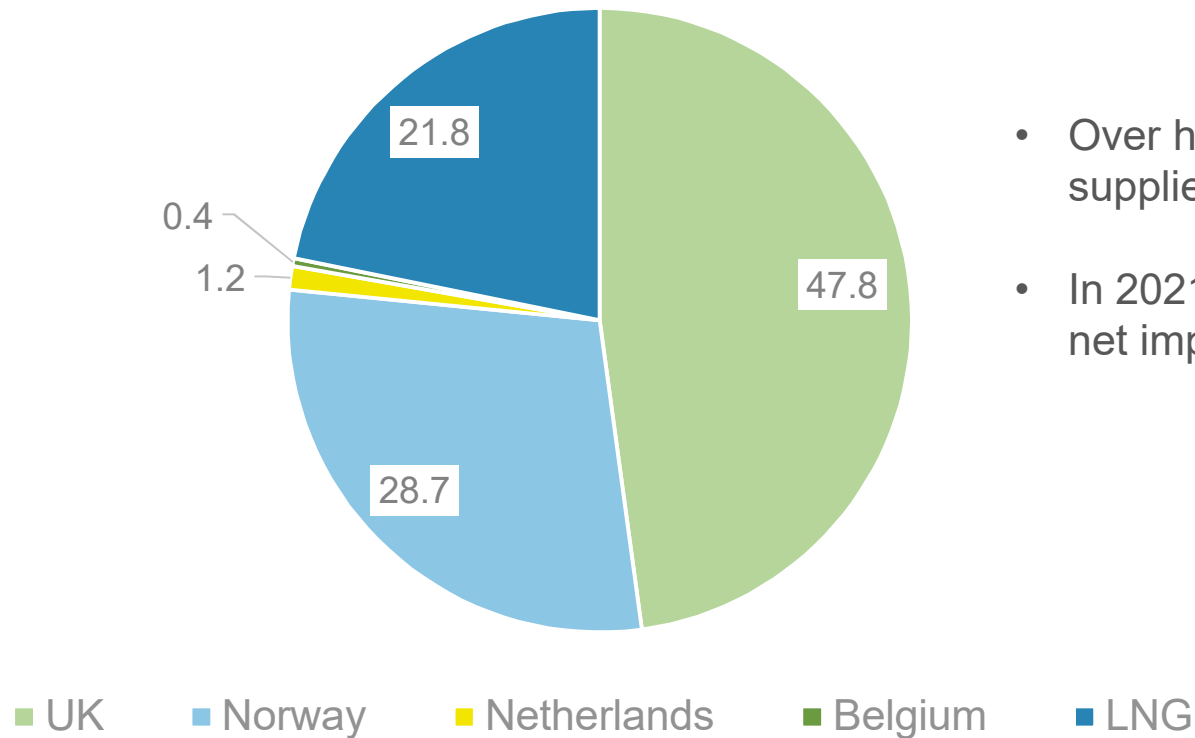


The shortfall between supply and demand out to 2050 totals ~1000bcm

Where does the UK get its natural gas from?

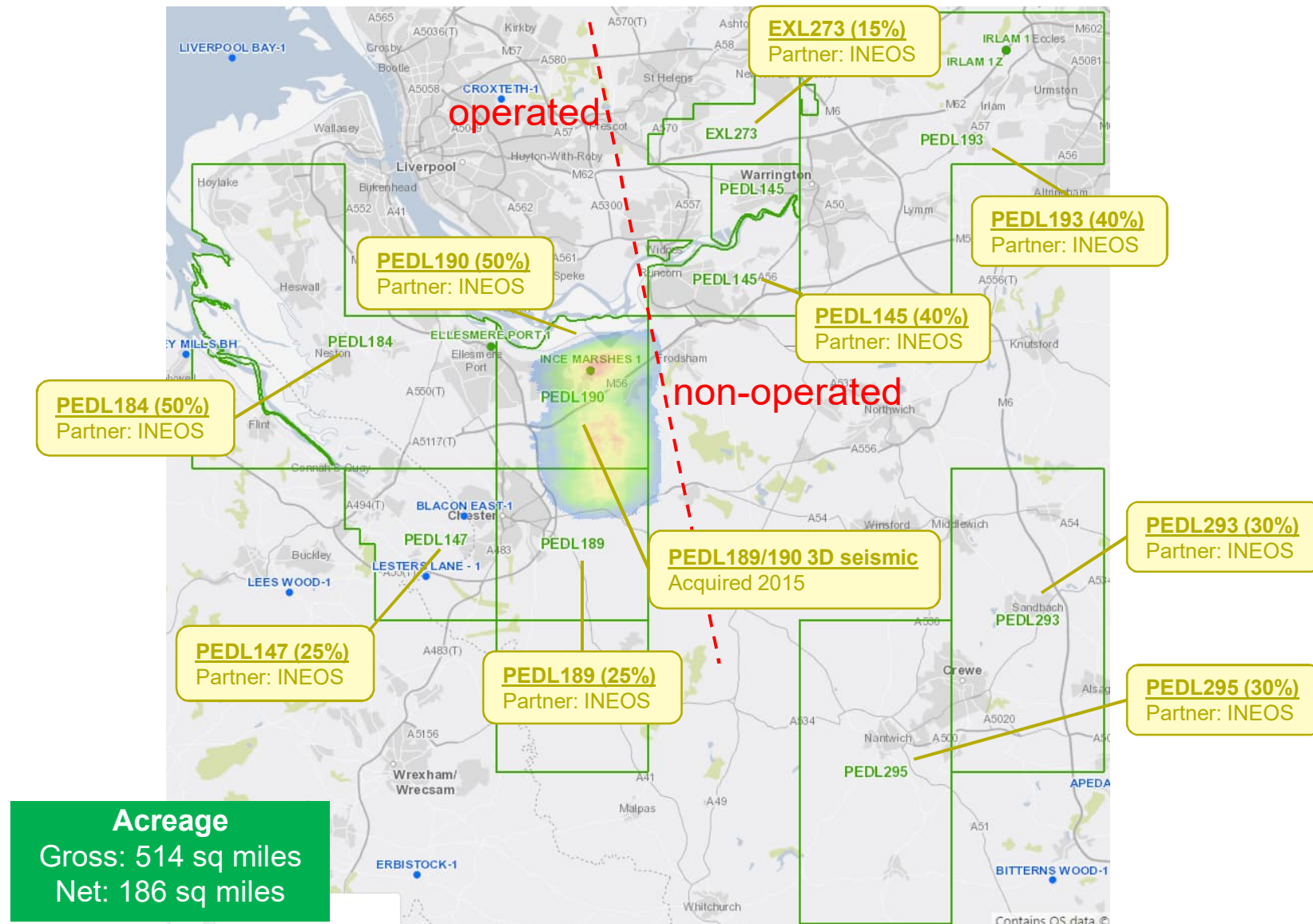


Sources of UK Gas Supply, 2019

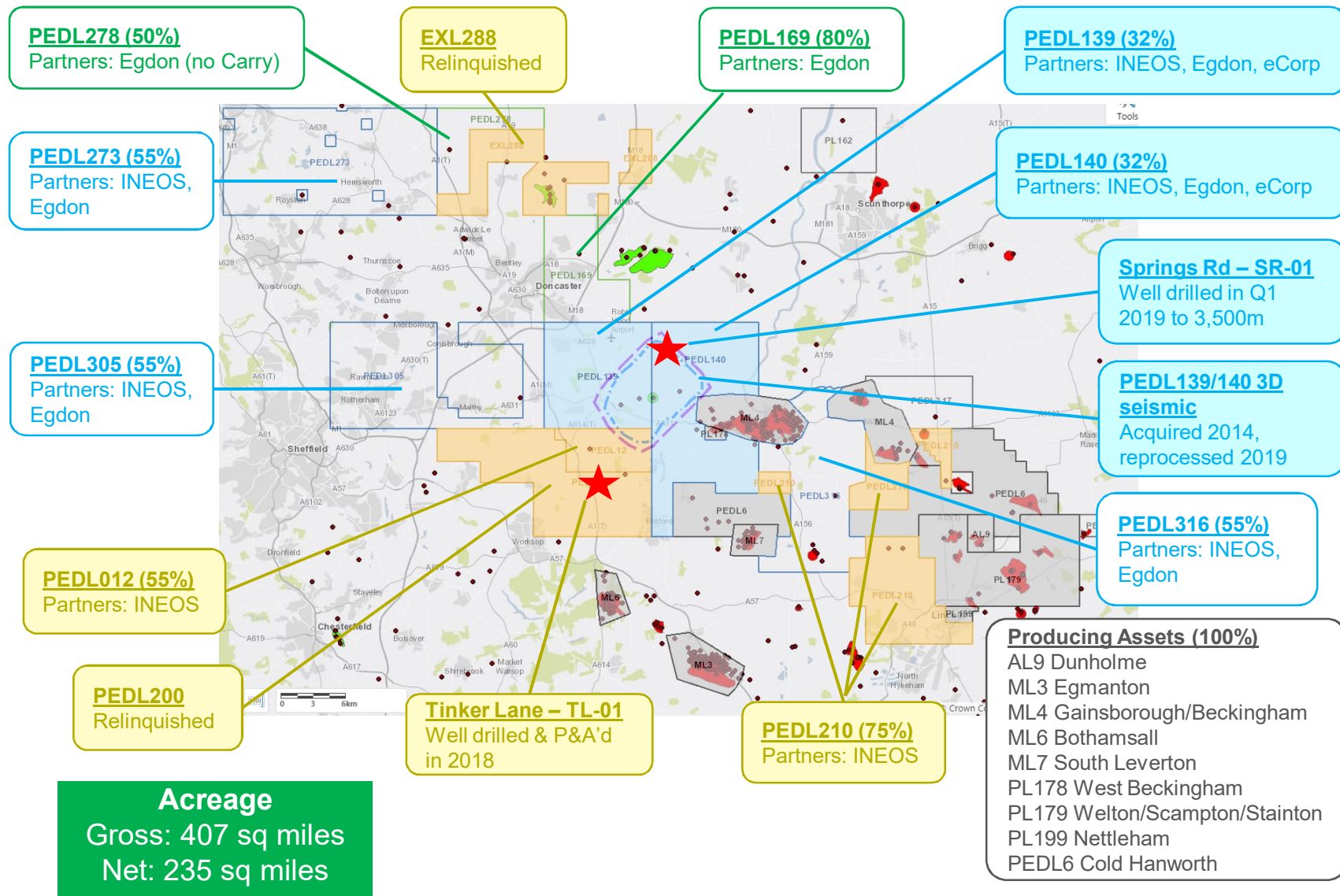


- Over half of UK gas demand is supplied by imports
- In 2021, the UK had record high net imports and record low exports

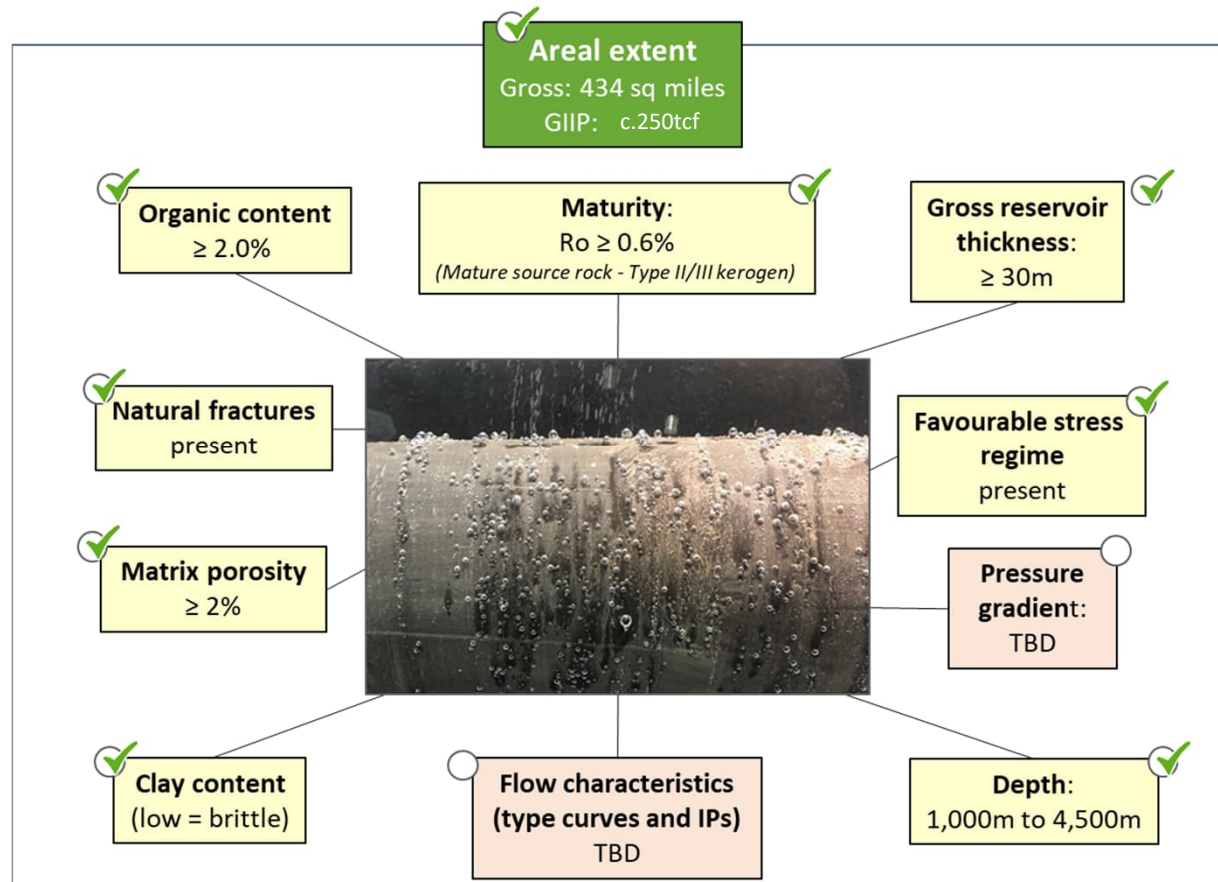
North West shale licences



East Midlands shale licences (all operated)



Gainsborough Trough shale quality & resource



- Estimated Gas initially in Place (GIIP) of c.630bcf/sq mile (from Upper and Lower Bowland Shale intervals)
- Good analogues to Marcellus (Northeast PA and Bradford)
- Mid case type curves from analogues give EUR of 12.7bcf and IP of 9.8mmscf/day
- A production pad could satisfy the gas requirements of c.750,000 homes (at initial production rates)

Why the UK Government is reconsidering shale

Energy Supply Strategy



The offer

- Lower prices
- Energy security
- Lower carbon intensity than imports
- Different (less faulted) geology
- Production in 12-18 months
- Tax
- Jobs
- Community benefits
- Proximity to Humber (blue hydrogen)
- Stop industrial offshoring

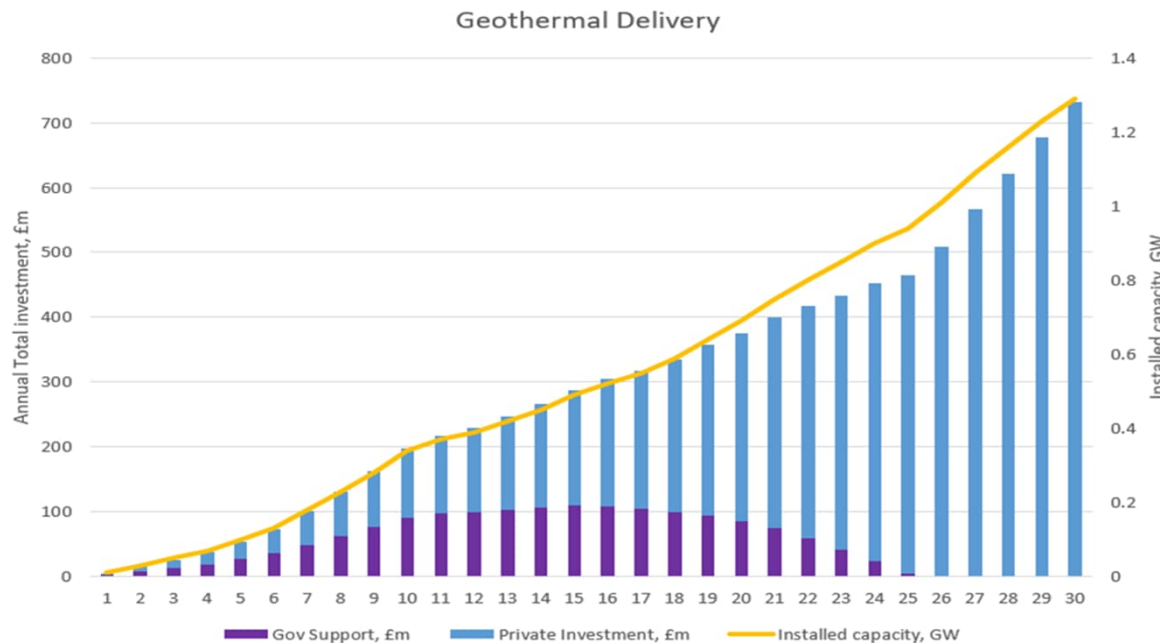
The ask

- Lifting of the moratorium
- Changes to planning “in the national interest”
- Streamlining of regulation to surface vibration in line with other industries
- Recognise domestic gas as sustainable energy source in line with EU

Decarbonising large-scale heat in the UK

Size of the Prize

- Currently no other low carbon technology that can decarbonise heat on a large scale in urban areas
- Removes requirement for expensive building retrofits
- Domestic solution provides security of supply
- Material solution for renewable heat in the UK c.360 projects by 2050
- **500MW** capacity within 10 years. Immediate growth with **shovel ready projects**



Space heating

Equivalent heating for over 2 million homes



Heat

>3,600 MWh capacity (>15,000 GWh per year)



Electricity

25 to 50 MWe (200 to 400 GWh)



Workforce Opportunities

>10,000 direct jobs and >25,000 indirect jobs



Plants

>3.5Bn in capital costs (drilling, casing, power plant)



Carbon Saving

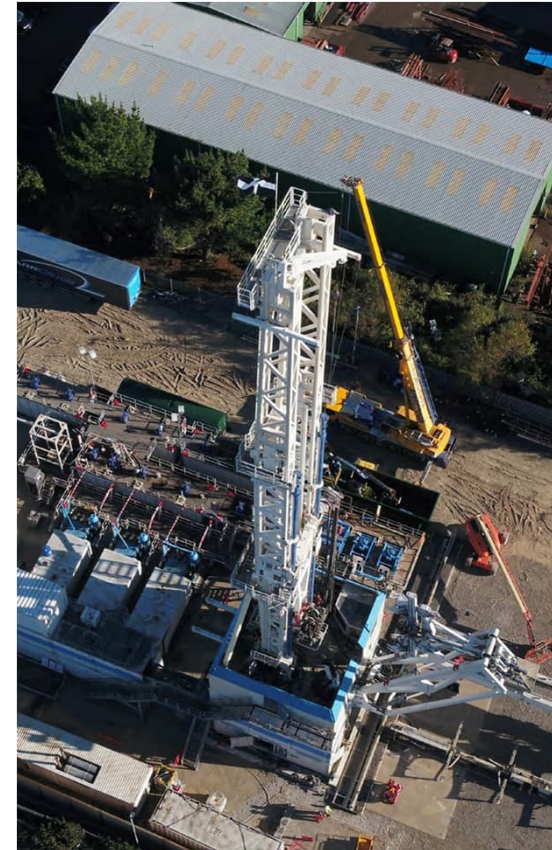
Up to 3 megaton annual carbon saving

What 360 geothermal plants by 2050 means to the UK

Significant progress on Geothermal

Moving projects forward at scale

- Specific provision has been made for deep geothermal in the recently launched Green Heat Network Fund (GHNF)
- The GHNF Transition Scheme is a 3-year £288 million capital grant fund supporting the commercialisation and construction of new low and zero carbon heat networks including the drilling of deep geothermal wells and associated works
- GHNF opened to applications in March 2022 and confirmed it will fund up to 50 percent of a project's total combined commercialisation and construction costs
- IGAS can apply directly for grant (but will need support by heat user for application to proceed)
- Applications can be made before planning/permitting in place
- Stoke-on-Trent will be the first project to apply to the fund and we are working with SSE to agree the Thermal Purchase Agreement by Q3 2022
- Revisions to long term gas price coupled with pressure to decarbonise has led to:
 - Currently in discussions with six off takers, across six separate sites which equates to c.60-70 megawatts of installed heat generation
 - Expect to announce the acquisition of our first site in the Manchester area in H1 2022

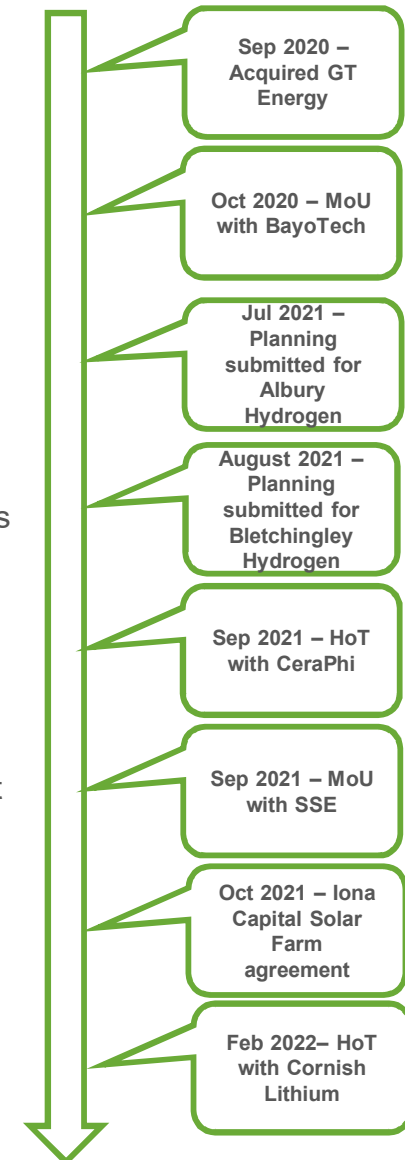


Optionality in Diversification

Leveraging existing assets and skill set



- Diversify into the wider UK energy market whilst leveraging our core competencies as an UK onshore operator
 - Experts in developing and operating onshore UK
 - Long term landowner relationships, deep community relationships
- Repurposing existing assets
 - HoT with CeraPhi for repurposing wells for future geothermal energy production
 - initial screening has identified several assets as suitable for carbon sequestration
 - Low-cost sequestration solution for otherwise stranded regional carbon emitters
 - Working with consortium including Newcastle, Durham, Oxford and Bristol Universities
- New development on or adjacent to our sites:
 - Renewable energy development at or adjacent to existing sites – Solar development with Iona Capital
 - Cornish Lithium HoT
 - Energy storage



Summary



- **Existing production underpins diverse energy opportunities**
- **Unique onshore position – assets/infrastructure/skills**
- **We can rapidly bring online energy generation that:**
 - will bolster energy security;
 - is compatible with and fundamental to achieving net zero;
 - will create jobs; and
 - can have a positive impact on energy prices.



Appendix



ESG

Sustainable and Responsible Business



- Support United Nations' Sustainable Development Goals and UN Global Compact signatory
- ISO 14001 and 9001 accredited: Environmental Management System and Quality Management System
- Scope 1 & 2 reporting – focus on reducing Scope 2



Environmental stewardship

- Careful site selection screens out protected areas
- Environmental Impact Assessments
- Baseline monitoring before during and after operations – soil, air and water
- Social licence to operate is key to business success
 - Local engagement with all stakeholders: Community Liaison Groups, newsletters, public consultation
 - IGas Community Fund launched in 2008 over £1m distributed to communities local to our operations

HSE

- Continuous monitoring (Oshens/ External HSE audits)
- IGas has attained the RoSPA President's (15 consecutive Golds) Award, for health and safety performance
- IGas Energy trading as "Star Energy Weald Basin Ltd" is listed on the public register for COMAH establishments

Governance

- Adopted Quoted Companies Alliance Corporate Governance Code, 2018 edition (the "QCA Code")
- Board composition now exceeds the best practice recommendation of the QCA Code in having three independent Non-executive Directors on the Board, constituting 50% of the Board
- Key policies in place: Bribery and Anti-corruption; Equality & Diversity