IGas Energy

Interim Results to 30 June 2020

22 September 2020

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Half-year Highlights

Production in-line with revised forecast – COVID and oil price impacts

Significant cost reduction exercise implemented

Scampton Waterflood project – delivered on schedule and budget

Strategic acquisition of GT Energy – diversifying energy portfolio

Financial Highlights

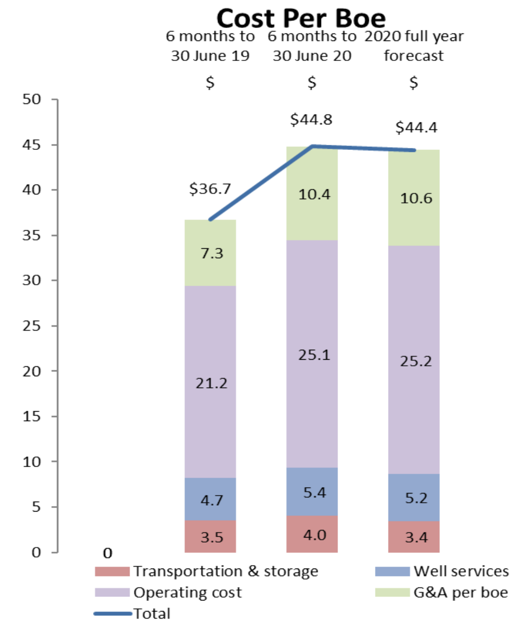
	Six months to 30 June 2020 £m	Six months to 30 June 2019 £m
Revenues	**10.5**	21.2
Adjusted EBITDA	**2.2**	7.7
(Loss)/profit after tax – continuing activities[1]	**(30.0)**	0.8
Operating cash flow before working capital movements	**1.9**	8.7
Net debt (excluding capitalised fees)	**11.2**	5.9
Cash and cash equivalents	**2.6**	14.4

Note [1] Loss from continuing activities after tax of £30m is after a non-cash impairment charge of £34.6m

- **Revenues** – were lower than the first half of 2020 due to lower oil prices and volumes (COVID-19, Shut-ins)
- **Adjusted EBITDA** – was lower than the first half of 2020 due to lower revenue offset by higher realised hedging income
- **Profit/(loss) after tax** – was lower in H1 20 due to lower operating results after hedging (loss vs profit), a PP&E impairment charge and higher finance costs, offset by a deferred tax credit
- **Operating cash flow** – was lower in H1 20 than H1 19 mainly due to lower revenue net of hedging cash-flow and higher finance costs.
- **Net Debt and cash** – Net debt was £5.3m higher in H1 20 vs H1 19

Key statistics

- Realised price post hedge of $50.0/bbl (2019: $61.3/bbl)
  - Hedging cash inflow of £3.3m in 2020 (2019: £0.8m cash outflow related to cost of put options)
  - 180,000 barrels hedged for 2H 2020 at an average price of $53.0/bbl using put options and swaps. 252,000 barrels hedges for 2021 at an average price of $43.8 using swaps
- Operating costs (excluding the impact of IFRS 16) of $34.5/boe (2019: $29.4/boe)
  - Increase principally due to lower volumes
  - G&A of £2.8m (2019: £2.5m)
    - Continue to focus on reducing corporate costs
- Impairment of £34.6m due to lower forecast prices
  - Long term oil price assumption moved to US$60/bbl from US$70/bbl
- Tax credit of £8.1m (2019: £0.1m)
  - Deferred tax credits relate primarily to the recognition of future available ring fence tax losses
  - Ring fence tax losses >£200m
- Net debt at 30 June 2020 was £11.2m (31 December 2019: £6.2m)



Excludes the impact of IFRS 16 - Leases

Balance Sheet

- Significant cost reduction exercise implemented. As of end of September 2020, gross cash savings are anticipated to be c. £1.6 million per annum incurring a one-off cost in 2020 of c.£0.55 million (bulk of redundancy costs to come in H2)

- Capex in 2020 reduced to key capital projects and essential expenditure only
  - £4.9 million of capex was incurred during the period. Net cash capex for FY 2020 expected to be £6.0 million, with c.£2 millon in relation to production assets and c.£4.0 m on development projects (primarily Welton and Scampton)

- Successful RBL redetermination (a semi-annual recalculation), confirming US$29 million (£23 million) of debt capacity and headroom of US$15 million (£12 million)

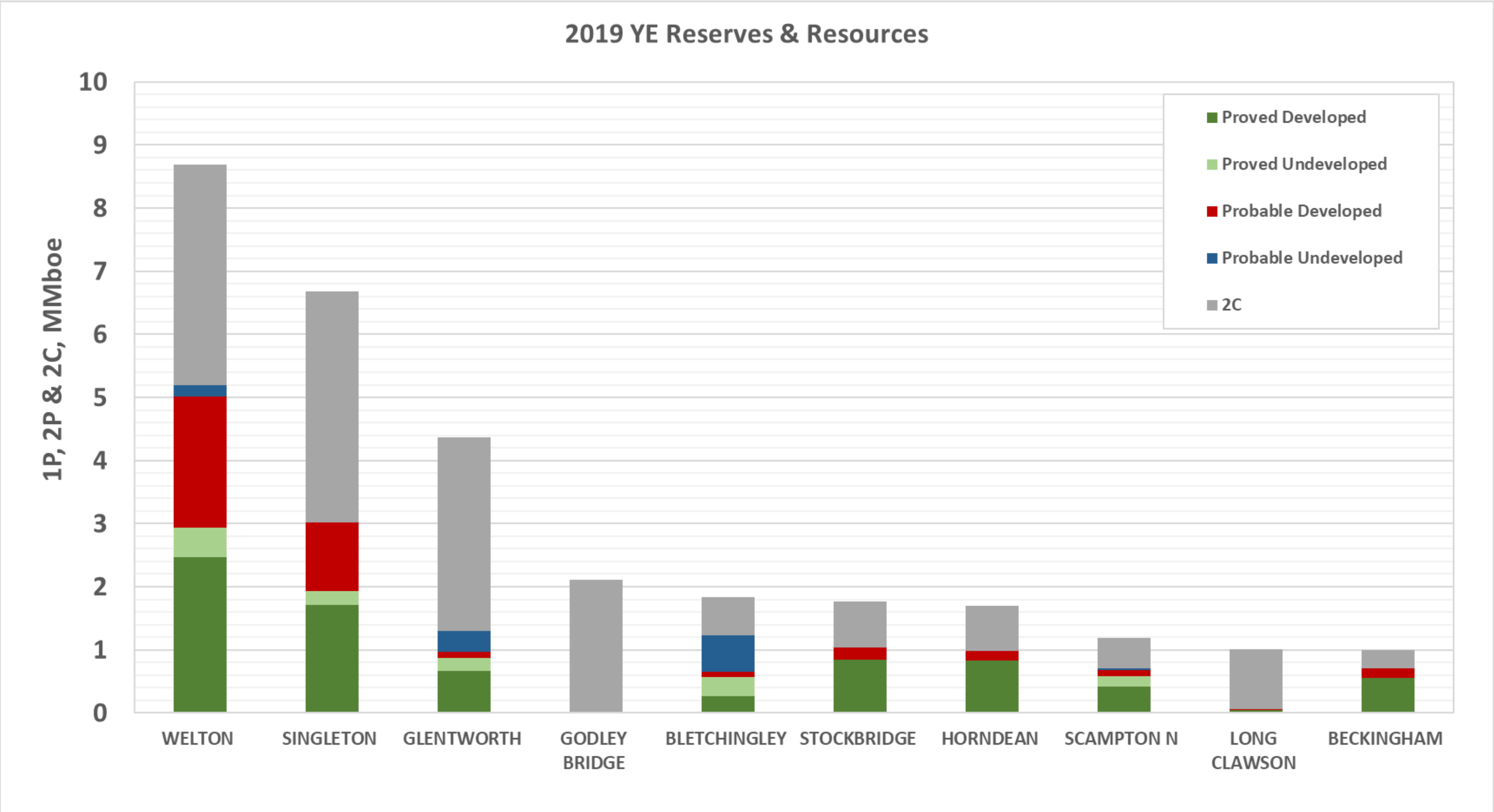
- Continued uncertainty of the potential impact of Covid-19 on the Group's operational activities, the future of oil prices and the outcome of the November 2020 redetermination of the RBL

- Current forecast show compliance with RBL covenants until end 2021 in both scenarios:
  - Base case (2020 Q3-Q4 $44/bbl; 2021 $48/bbl and exchange rate $1.31:£1); and
  - Downside case (2020 Q3 $42/bbl; Q4 $30/bbl; 2021 H1 $43/bbl, H2 $46/bbl; 5% reduction in production and $1.36:£1)

Production Review

- Net production averaged c.1,940 boepd in H1 2020 (H1 2019: 2,360 boepd) impacted by proactive decision to shut-in 15 fields in response to low oil prices and COVID -19 related delays
- Average net production for the year in line with guidance
    - 1,850 - 2,050 boepd
- Five fields remain shut-in and we continue to keep them under review
- Underlying cash operating costs per boe anticipated to be $34/boe (based on an exchange rate of £1:$1.30)
- Worked closely with regulators during COVID-19 – stringent guidelines
- We have continued to progress projects in our core conventional business which have the potential to add significant value

Reserves Growth Potential - Core Assets



Opportunities identified	*10*	*3*	*3*	*1*	*3*	*0*	*0*	*2*	*0*	*0*

- There is still significant recoverable oil and gas in these mature fields which can be realized through additional technical work and investment e.g. implementing waterflood, drilling sidetrack wells, performing some well workovers etc.

Scampton North Waterflood

Converting the SCN-A2 well to a Basal succession water injector

- Despite COVID backdrop water injection commenced on schedule and within budget
- Enhanced reservoir sweep and EUR
  - expected to double the field production to over 200 bopd
- Encouraging oil sweep in the western portion of the field towards production wells
- Majority of the production uplift expected in SCN-C8 production well
- Additional benefit includes reduced water disposal costs and utilisation of associated gas for site power and process heat (currently flared)

Scampton North Waterflood	Low	Mid	High
Estimated Total CAPEX, £m	2.1	2.1	2.1
Incremental OPEX, £/bbl	5	5	5
Incremental Resources, Mbbl	**160**	**180**	**224**
CAPEX/Resources, £/bbl	13.0	11.5	9.3
IRR, %	35%	41%	54%
BTax NPV10, £m	**2.0**	**2.5**	**3.5**
Break-Even Time, years	3.7	3.25	2.8
Project EMV, £m		**2.4**	

Economics determined using flat \$55/bbl forecast, EMV based on Project P_g 95%

Welton Waterflood Expansion - WC01i

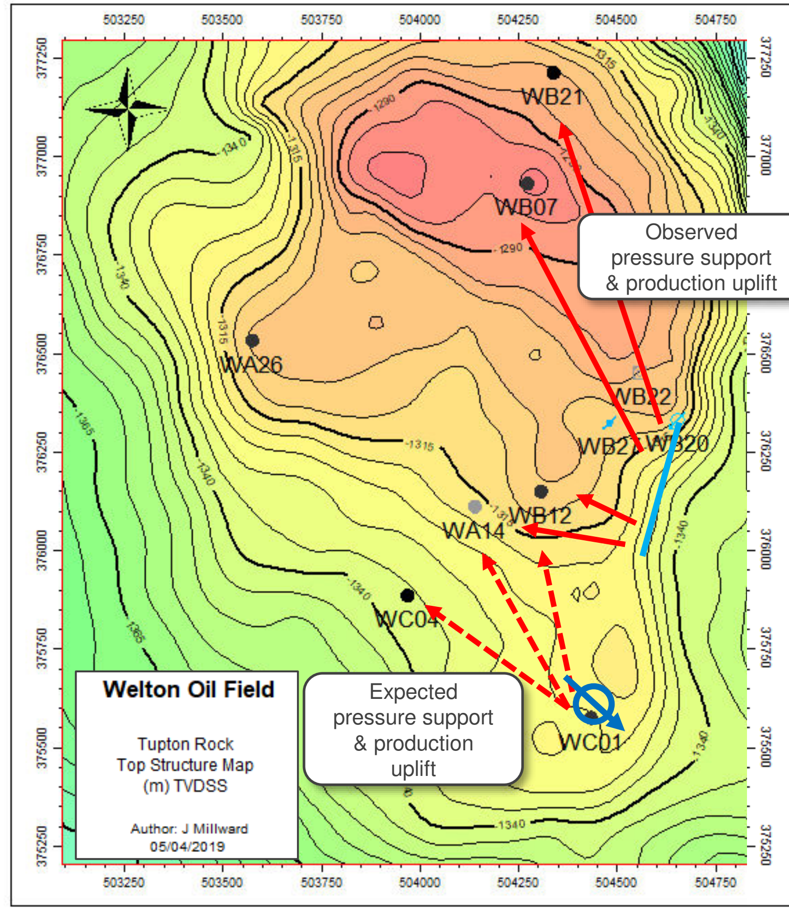
Converting WC01 to a Tupton/Deep Hard Rock water injection well

- Enhanced reservoir sweep/recovery
- Encouraging oil sweep north towards production wells
- Good reservoir quality over Tupton/ Deep Hard Rock formations
- Low conversion costs
- Production uplift expected to be recovered from WA14 & WB12
- Experienced some COVID related supply chain delays
- Water injection will commence Q4 2020
- Final water clean-up expected to be completed in early 2021
- Little impact on the project economics and allows the benefit of the waterflood to be realised broadly in line with the project plan
- P50 peak production of c.100 bopd
- Additional benefit of reducing field OPEX through reduced cost of water handling/disposal (not included in economics)

Welton Waterflood Expansion – WC01i	Low	Mid	High
Estimated Total CAPEX, £k	777	777	777
Incremental OPEX, £/bbl	7.5	7.5	7.5
Incremental Resources, Mbbl	**476**	**660**	**906**
CAPEX/Resources, £/bbl	1.64	1.19	0.86
IRR, %	113%	145%	196%
BTax NPV10, £m	**5.4**	**7.4**	**9.7**
Break-Even Time, years	1.9	1.7	1.6
Project EMV, £m		**5.0**	

Economics determined using flat \$55/bbl forecast, EMV based on Project P_g 70%

Tupton

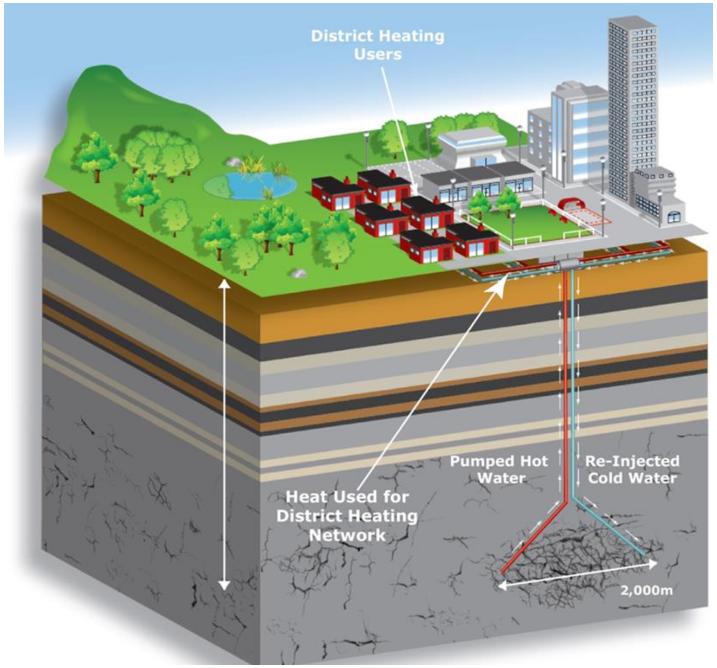


Reservoir	STOIIP	NFA		WC01i	
		EUR	RF	EUR	RF
Tupton / DHR	16.7	3.1	19%	3.77	23%

GT Energy Acquisition

Low cost entry to high growth market

- Strategic step to diversify energy portfolio into geothermal opportunities
- Complementary skill set
- Entry into a highly attractive growth market
- Equity funded transaction
- Near-term funded project with Stoke-on-Trent City Council for their district heating network
- Circa 45GWhth of heat will be supplied annually, with contracted annual revenues projected at circa £3million (index linked) at a steady state.
- Significant UK opportunity – 50-100 projects identified
- Strong Government support
- Long term government backed, index linked revenue streams



Stoke Geothermal

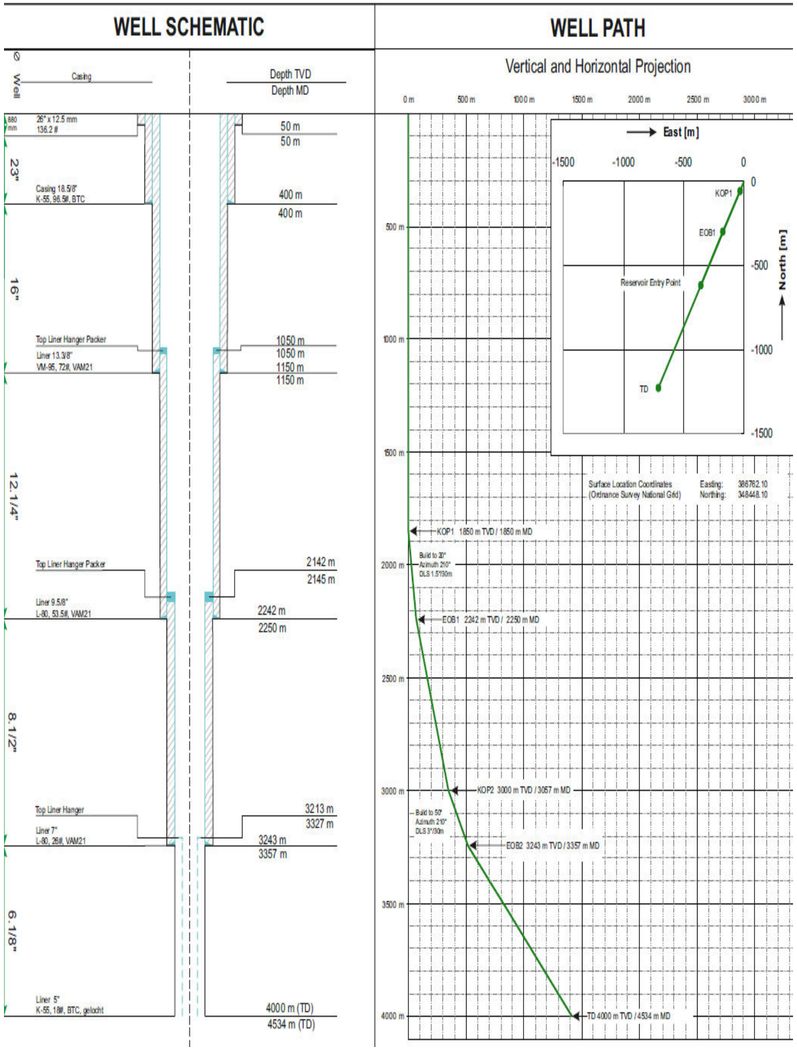
Technical data

- **Subsurface**
  - Well design for a deviated well pair (water producer and injector) to be drilled to approximately 4500mMD targeting a dolimitized, fault-fractured aquifer
  - Identified hydrogeothermal resource through seismic acquisition
  - All geophysical work complete
  - All permitting in place
  - Conservative, anticipated flow rate of 75 L/s of water at a target temperature of 110ºC
  - Analogous German project -100-150ºC with flow rate of 100-150 L/s

- **Long term contracted revenues**
  - Agreed form offtake agreement to supply 45GWh of heat into the SoTCC district heating network which is currently under construction and funded by £20m government grant

- **Renewable Heat Incentive**
  - Project has obtained RHI preliminary accreditation from Ofgem
  - Project will have tariff guarantee from Ofgem prior to construction

- **Timetable**
  - Renew planning (significant local support) Q4 2020
  - Financial close Q1 2021
  - Commence drilling & testing Q2/Q3 2021
  - Installation operational by March 2022



Business Development Opportunities

- At least 50-100 project across the UK
- Average project size 10MWhth
- Focus on large, single off-takers
- IGas and GT Energy are targeting hydrothermal geothermal projects, accessing geothermal reservoirs with good permeability, established as technically and economically feasible in wide variety of settings
- Potential projects across IGas's acreage including the potential re-use of existing wells
- Local investment and job creation

Source: GeoDH GIS

Stoke-on-Trent DHN 14MW capacity

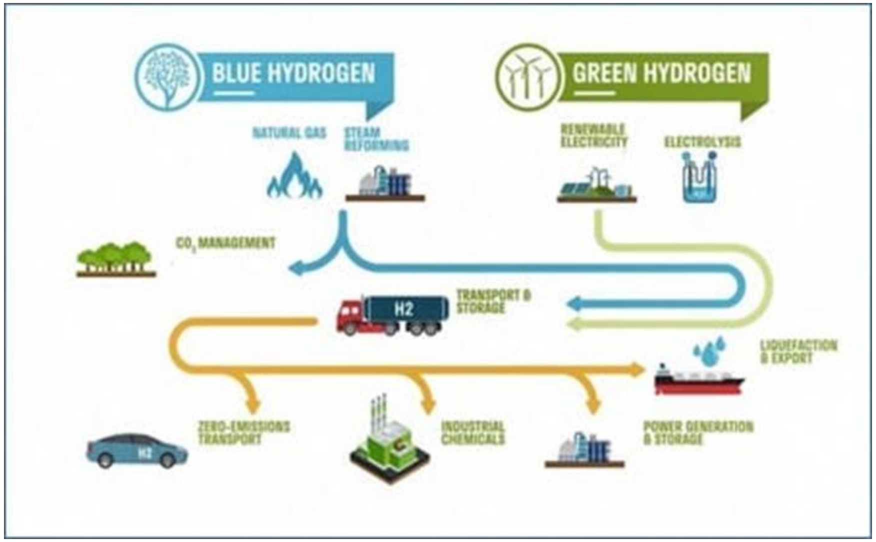
Medium temperature reservoirs

IGas areas of operation

Progressing Diversification

Playing an important role in the UK's energy transition

- Energy is in a period of enormous change
  - Net Zero 2050
  - Lower cost of renewables
- Leveraging IGas existing skill set and assets
- GT Energy acquisition is the first step in diversifying IGas to play a role in the UK's energy transition to net zero
- Continue to assess diversification opportunities:
  - Gas grid and gas to wire projects and the potential for hydrogen production
  - Energy storage, e.g. batteries
  - Energy diversification from existing sites – including geothermal and solar
  - Exploring potential opportunities for existing well stock including CCS, EOR
  - Focus to bring forward pilot projects on existing IGas sites or utilising existing IGas assets



ESG

Sustainable and Responsible Business

- Aligned with a number of the United Nations' Sustainable Development Goals
- ISO 14001 and 9001 accredited: Environmental Management System and Quality Management System

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 c. £1 million distributed to communities local to our operations

HSE

  - Continuous monitoring (Oshens/ External HSE audits)
  - IGas has now attained the RoSPA President's (13 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

- In 2018 the Board resolved to adopt the Quoted Companies Alliance Corporate Governance Code, 2018 edition (the "QCACode"). The Board believes that the QCA Code provides the Group with the right governance framework in view of its size, strategy and
  - Key policies in place: Bribery and Anti-corruption; Equality & Diversity

Summary and Outlook