

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

23 July 2020

IGas Energy plc (AIM: IGAS) (“IGas” or “the Company”)

Waterflood Projects Update

IGas is pleased to announce today that, in spite of the considerable challenges related to the Covid-19 pandemic, we have commenced water injection at our Scampton North site on schedule and on budget. As well as increasing oil production, the in-field pipeline and a new Separation facility at the Scampton North C-Site will provide greater efficiency and environmental improvements by reducing venting, the need to truck water to the Welton Gathering Centre, as well as increasing the amount of gas available for power generation.

The DeGolyer & MacNaughton (“D&M”), CPR estimated 180 Mbbl of incremental 2P (Proved plus Probable Undeveloped) reserves and our mid-case economics for the project have an IRR of over 40% and a NPV of £2.5 million (which assumes a long-term oil price of \$55/bbl).

Our second waterflood opportunity in the southern section of the Welton Field remains on track to be online late summer 2020. The Company's estimated base-case project economics have an IRR of over 100% and a NPV10 of c.£7.0 million (which assumes a long-term oil price of \$55/bbl).

Commenting Stephen Bowler, Chief Executive Officer, said:

“This is an excellent operational achievement by the team against a difficult backdrop and is a material advancement in developing our 2P reserves.

Projects such as these provide strong economic returns even at these low oil prices, with environmental benefits, and continue to demonstrate the value of our producing and development assets.

The D&M valuation of our conventional assets is c. US\$110 million on a 2P NPV10 basis with long-term oil price of c.US\$50/bbl.

As the oil price improves we will revisit our capital spending plans to accelerate projects with a high return on investment, demonstrating the flexibility that having the operatorship of our portfolio brings.”

Ross Pearson, Technical Director of IGas Energy plc, and a qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies, March 2006, of the London Stock Exchange, has reviewed and approved the technical information contained in this announcement. Mr Pearson has 19 years’ oil and gas exploration and production experience.

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