

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

11 Feb 2021

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

**Trading and Reserves Update**

IGas provides an operational, reserves and financial update for the year ended 31 December 2020. Final results for the year are expected to be announced on 7 April 2021. The information contained in this statement has not been audited and may be subject to change.

**Operational Highlights**

- Net production averaged 1,907 boepd for the year, within guidance, while operating costs for the year were c. \$33/boe (at an average 2020 exchange rate of £1:\$1.29).
- We anticipate net production of between 2,150-2,350 boepd and operating costs of c.\$32/boe (assuming an exchange rate of £1:\$1.35) in 2021, albeit subject to the ongoing challenges that COVID-19 presents.
- Welton and Scampton waterflood projects are now on line and in the commissioning stage. Both projects were completed within budget with production uplift expected to be realised during 2021 with a maximum anticipated, incremental production rate of 100 bbls/d for Scampton and 120 bbls/d anticipated for Welton. The completion of these two projects has converted 840 Mboe of 2P reserves from undeveloped to developed as per D&M 2020.
- Geothermal – GT Energy
  - Stoke-on-Trent build out of heat network delayed due to impacts of COVID-19:
    - Planning decision expected before Easter 2021;
    - Exploring with Engie a proposal to deliver geothermal district heating project in Stoke-on-Trent;
    - Ongoing discussions with Government regarding future financial support beyond the closure of the Non-domestic Renewable Heat Incentive to new projects on 31 March 2021.
  - Growing development pipeline of potential projects in Newcastle, Crewe and Southampton.
- Hydrogen - Further to the announcement in October 2020 of a partnership with BayoTech, a manufacturer of modular steam methane reformation equipment, the evaluation of candidate sites is underway and we expect to advance projects in 2021.

**Reserves Update**

The Company announces today key highlights from its reserves and resources of its conventional oil and gas interests, as at 31 December 2020, from a Competent Persons Report (CPR) carried out by DeGolyer & MacNaughton (D&M), a leading international reserves and resources auditor.

Key highlights:

IGas Group Net Reserves & Contingent Resources as at 31<sup>st</sup> Dec 2020 (MMboe)\*

	1P	2P	2C
Reserves & Resources as at 31 <sup>st</sup> Dec 2019	10.55	16.05	19.51
Production during the period	(0.68)	(0.68)	-
Additions & revisions during the period	1.87	1.75	0.84
Total change during the period	1.19	1.07	0.84
<b>Reserves &amp; Resources as at 31<sup>st</sup> Dec 2020</b>	<b>11.74</b>	<b>17.12</b>	<b>20.35</b>

- 2P reserves replacement ~ 257% (1P ~275%)
- 1P NPV10 of \$150 million: 2P NPV10 of \$204 million\*

*\*based on forward oil curve of: 2021 \$53/bbl;; 2022 \$56/bbl; 2023 \$58/bbl; 2024 \$59/bbl;2025 \$62/bbl (for full price deck see CPR).*

The full report will be uploaded to <https://www.igasplc.com/investors/publications-and-reports> early next week.

### Financial Highlights

- RBL redetermination exercise concluded in December 2020 confirming \$31.7 million (£24.0 million) of debt capacity and current headroom of \$11.7 million (£8.9 million).
- Total cost savings in 2020 of £0.6 million, further £1.0 million to be realised in 2021.
- The Company incurred net cash capex of £6.0 million in 2020 and expects net cash capex for 2021 to be £4.7 million.
- As at 31 December 2020, the Group had hedged a total of 370,000 bbls for 2021 at an average floor price of \$44/bbl using a mixture of swaps and collars.
- Cash balances as at 31 December 2020 were £2.4 million with net debt of £12.2 million.

Stephen Bowler, Chief Executive, commented:

“Despite the significant challenges that 2020 presented, we have continued to make good progress in a number of key strategic areas. We delivered production within guidance, commissioned our waterflood projects, which will bring increased production in 2021 and beyond and completed a significant transaction with the acquisition of the geothermal energy developer, GT Energy.

The D&M CPR results are very encouraging and show that we have proven reserves of over 11 MMboe and a continuing high reserves replacement of over 250%, demonstrating the significant value and upside that remains in our conventional portfolio.

The safety of our people, contractors and the communities we work in remains at the forefront of our thinking against the backdrop of the ongoing impact of COVID-19.”

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 20 years’ oil and gas exploration and production experience.

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Glossary

£ The lawful currency of the United Kingdom  
\$ The lawful currency of the United States of America  
1P Low estimate of commercially recoverable reserves  
2P Best estimate of commercially recoverable reserves  
3P High estimate of commercially recoverable reserves  
1C Low estimate or low case of Contingent Recoverable Resource quantity  
2C Best estimate or mid case of Contingent Recoverable Resource quantity  
3C High estimate or high case of Contingent Recoverable Resource quantity  
AIM AIM market of the London Stock Exchange  
boepd Barrels of oil equivalent per day  
bopd Barrels of oil per day  
GIIP Gas initially in place  
MMboe Millions of barrels of oil equivalent