

Corporate update

25 January 2023

IOG plc

Corporate update

IOG plc ("IOG", or "the Company"), (AIM: IOG.L), the Net Zero UK gas and infrastructure operator focused on high-return projects, provides a corporate update in advance of the Company's full-year 2022 results, which are scheduled for release in March 2023. The information contained herein has not been audited and may be subject to further review.

Rupert Newall, CEO of IOG, commented:

"At the Southwark A2 well we have now taken the production logging data and are preparing to isolate three of the six stimulated zones. Two of the three exposed gas zones will then be re-perforated with a view to improving productivity and the well will then be re-tested. The learnings from A2 are being assimilated into the A1 stimulation programme.

Blythe facilities performance is increasingly stable, with no unplanned downtime year to date and production in the 16-21 mmscf/d range, limited currently by liquids handling at the Perenco Bacton terminal.

The Blythe H2 well is an important part of our plans to maximise production. In a success case, it would enable higher gas rates without associated water production, reducing onshore liquids constraints.

Gross production in 2022, our first year as a producer, averaged 27.4 mmscf/d from First Gas in March, with total IOG revenue of £79.6 million and cash opex of 13.9 p/therm. We ended the year with £32.4 million in cash, of which £5.7 million is restricted.

In the UK 33rd Licensing Round, we have been very active, but disciplined and focused, applying with our partner CalEnergy for nine blocks in five licences across the Saturn Banks catchment area. All potential licences contain gas discoveries that, if awarded, would add value to each of our gas hubs."

Current and Planned Operations

Southwark

- At the A2 well, following analysis of the production logging tool data, the plan for the coming weeks is to isolate three of the six stimulated zones, add further perforations to two other zones and then re-test the well
- The A1 well is to be located in the western part of the reservoir, where the proximity of its reservoir entry point to the Southwark discovery well (49/21-8A) may reduce uncertainties
- A2 data is being used to inform the updated A1 programme, which includes hydraulic stimulation of five zones

Blythe & Elgood

- The Blythe H1 well is currently producing gas in the 16-21 mmscf/d range, constrained by water disposal and liquids let down cycles onshore at Bacton
 - No unplanned downtime at Blythe year to date indicates improving platform reliability
 - Remote platform restart capabilities are now fully established
- The planned Blythe H2 well is intended to increase production rates and limit water production from the reservoir, which would alleviate onshore water handling requirements
 - Budgeted cost of £13 million net to IOG, before any tax shelter
- Elgood currently remains shut in, with remaining recoverable volumes to be produced cyclically once pipeline dewatering has reduced back pressure

2022 Saturn Banks Operational Overview

- Gross gas production from First Gas in March to year end averaged 27.4 mmscf/d (21.8 mmscf/d for 2H 2022) at combined uptime of 58.6% (including planned shutdowns)
- Average realised gas price over this period was 203.5 p/therm, including short-term price fixes
 - 319 p/therm price fix for 30,000 therms/day in place for January 2023

- Gross condensate sales averaged 1067.9 MT/month at \$805.3/MT from First Gas to year end
- Total Reportable Incident Rate (TRIR*) of 3.6 per 200,000 manhours
 - Cumulative manhours reached 2 million by end of 2022
- 2022 Scope 1 and 2 emissions intensity estimated at 0.8 kgCO₂e/boe

2022 Financial Overview

- Cash at 31 December 2022 was £32.4 million, of which £5.7 million was restricted
- Total revenue before sales deductions was £79.6 million
- Cash opex was 13.9 p/therm, in line with guidance of 10-20 p/therm
- Cash capex net to IOG (including long-term lease payments) was £61.2 million, below the £70-85 million guidance range due to slower than planned drilling progress

33rd UK Offshore Licensing Round

- After a rigorous technical and commercial screening process, IOG and its joint venture (JV) partner CalEnergy Resources (UK) Limited (CER) applied for nine Southern North Sea blocks across five licences in the 33rd Round
 - All applications are adjacent to existing Saturn Banks JV licences
 - All on a 50:50 IOG-CER basis with IOG as operator, as per the JV's Area of Mutual Interest agreement
- Strong synergies with Saturn Banks portfolio and infrastructure: all licences would fit clearly within IOG's area plan
 - Each licence contains discovered resources that could be added to development hubs
 - Some have field redevelopment opportunities and some have near-field exploration potential
- The UK North Sea Transition Authority is expected to start making the first 33rd Round licence awards in Q2 2023

*IOG's Total Reportable Incident Rate (TRIR) includes all incidents reportable by law to UK regulators, irrespective of size or consequence, whether involving IOG personnel, duty holders or contractors, per 200,000 manhours.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.

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About IOG:

IOG is a Net Zero UK gas and infrastructure operator focused on high-return projects. The Company's Saturn Banks project in the UK Southern North Sea (SNS) produces gas and condensate via co-owned unmanned offshore platforms, through its 24" Saturn Banks Pipeline System and associated onshore Saturn Banks Reception Facilities, into the Perenco Bacton Terminal on the UK east coast. In addition to the Blythe, Elgood and Southwark assets, IOG operates several further SNS licences which are intended to be commercialised in a series of gas production hubs via the same pipeline and terminal infrastructure. All IOG licences are currently held 50:50 with joint venture partner CalEnergy Resources (UK) Limited. In addition, the Company continually evaluates opportunities for accretive portfolio additions to enhance long-term returns. Further details are available at www.iog.co.uk.

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