

Southwark update

6 February 2023

IOG plc

Southwark update

IOG plc ("IOG", or "the Company"), (AIM: IOG.L) provides an update on the Southwark field development:

A2 remediation

- The planned isolation of three of the six stimulated zones and perforation of two other zones within the Southwark A2 well has been completed
- The well has then been flow tested both on a sustained basis to establish stable rates and on a cycled basis
- The remediation successfully reduced water production from 1500 bbls/d to an average rate of 380 bbl/d. However, stabilised gas rates have been limited to 2.5 mmscf/d, at a flowing wellhead pressure of 1186 psi.
- Well test data continues to be reviewed with relevant technical advisors, however these rates do not currently justify hooking up the well for production

Forward plan

- The Company will now suspend the A2 well and evaluate the feasibility of cycled production and alternative longer-term remediation strategies
- A joint venture decision is expected shortly on whether to directly resume the Southwark A1 well as planned or prioritise the Blythe H2 well (subject to regulatory approvals), which would allow valuable time to incorporate A2 learnings into the A1 completion plan
- As previously stated, Blythe H2 is intended to increase production rates, increase reserves recovery and limit water production, which would alleviate onshore water handling requirements
- Under the existing rig contract, including priced extension options, the drilling programme includes the two appraisal wells at Goddard and Kelham North/Central
- The Company is reviewing its capital expenditure programme in light of the above and will provide further updates in due course

Dougie Scott, COO of IOG, commented:

"The objectives of the A2 remediation were to increase the gas rate via additional perforations and reduce water production by isolating certain zones. Although water rates were significantly reduced, the perforations have not delivered the expected improvement in gas rate. The data acquired from A2 will be pivotal to our re-evaluation of the A1 completion plan. Moving forward, a key focus area will be assessing the viability of hydraulic stimulation in reservoirs with low column height above free water."

Rupert Newall, CEO of IOG, commented:

"We are clearly very disappointed with the Southwark A2 outcome, which is a very significant departure from our plans and expectations. We are already working hard to incorporate the data and learnings from A2 into the A1 well plan and will assess the implications for other similar assets in our portfolio.

As we demobilise well test equipment, we are evaluating next steps with our joint venture partner. Recent engineering and procurement work gives us the option to accelerate Blythe H2, which is an important well for IOG. If successful, it would increase near term production and cashflow as well as significantly reducing water production and associated costs."

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 operations are currently concentrated around its offshore and onshore Saturn Banks infrastructure in the UK Southern North Sea. Phase 1 of its Saturn Banks Project, which started production in March 2022, entails the commercialisation of the Blythe, Elgood and Southwark gas fields through this infrastructure. Phase 2 of the Saturn Banks Project entails the Nailsworth, Goddard and Elland gas discoveries, which are subject to future investment decisions and expected to be commercialised through the same export infrastructure. The Company also holds further licences with additional resources including the Abbeydale, Panther and Grafton gas discoveries, the Kelham North, Kelham Central, Thornbridge and Thornbridge Deep prospects, and part of the Orrell gas discovery. Currently, all IOG's licences are held 50:50 with its joint venture partner CalEnergy Resources (UK) Limited and operated by IOG. In addition, the Company continually evaluates further opportunities for accretive portfolio additions to help generate additional shareholder returns. Further details are available at www.iog.co.uk.

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