

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

4 January 2021

IGas Energy plc (AIM: IGAS)
("IGas" or "the Company")

Business Update

IGas announces a general business update following conclusion of the Reserve Based Lending facility (RBL) semi-annual recalculation.

The Company has completed the RBL redetermination exercise confirming US\$31.7 million (£24.0 million) of debt capacity and current headroom of US\$11.7 million (£8.9 million). As at 30 November 2020 cash balances stood at US\$2.8 million, with net debt of US\$17.2 million.

The Company has hedged 370,000 barrels for 2021 at an average floor price of US\$44/bbl using a mixture of swaps and collars.

On 14 December 2020, the UK Government published the long anticipated Energy White Paper setting out how the UK will clean up its energy system and reach net zero emissions by 2050. In particular, IGas welcomed the statement that *"The UK's domestic oil and gas industry has a critical role in maintaining the country's energy security and is a major contributor to the economy"* and that *"The projections for demand for oil and gas though much reduced is forecast to continue for decades to come."*

IGas has already taken steps to diversify into renewables technologies, so that it is well placed to benefit from the energy transition, through its acquisition of GT Energy in September 2020 and its partnership in hydrogen.

Commenting, CEO Stephen Bowler, said:

"In spite of the continued pressures on the business, as a result of COVID-19, average net production for the year to 31 December 2020 is within the 1,850 - 2,050 boepd range.

Having completed a review of IGas's assets, I am excited about the various energy transition opportunities that we have identified. Our partnership with BayoTech will allow us to advance hydrogen production opportunities, increasing the value of the gas we produce whilst pioneering the use of small scale steam methane reformation equipment in the UK. Our land portfolio is well suited to the development of renewable and hybrid flexible power generation and our assets have the potential for carbon storage at scale in locations close to emitters. The Government's recently published Energy White Paper makes a commitment to repurposing: "We will provide opportunities for oil and gas companies to repurpose their operations away from unabated fossil fuels to abatement technologies such as carbon capture, utilisation and storage (CCUS) or clean energy production such as renewables and hydrogen"

The British Geological Survey recently estimated that geothermal energy resources in the UK are sufficient to deliver about 100 years of heat supply for the entire UK. The publication of the UK Government's Ten Point Plan and Energy White Paper provides for significant opportunity for our geothermal business in the decarbonisation of large-scale heat and we look forward to responding to the Green Heat Network Fund consultation.

We look forward to advancing these and other opportunities which will allow IGas to make material contributions to the Green Energy Revolution."

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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