

15 June 2022

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

2022 Annual General Meeting (AGM) Statement and Trading Update

IGas today provides the following statement in advance of the Company's AGM, which is being held at 10.30 am today.

Highlights:

- Higher commodity prices drive strong operating cash flow generation
- 50% of capital costs for Stoke-on-Trent geothermal project to be Government funded
- Progressing development opportunities to support need for domestic energy
- Public support for UK shale growing as evidenced by YouGov poll

Cuth McDowell, Interim Non-executive Chairman said:

"Today will be my last AGM since joining IGas as a Non-executive Director in 2012 and as I hand over the role of Chairman to Chris Hopkinson I would like to reflect on the past year and also discuss some of the exciting opportunities that lie ahead for your Company.

The constraints we all lived through over the last year presented challenges in our efforts to drive the Company forward, but we are pleased and grateful for the resilience shown by all our employees. Our teams managed the impact of COVID-19 on our operations professionally in the face of difficult circumstances. It is testament to a great deal of hard work.

Current Trading

We continue to anticipate net production of c.2,000 boepd for 2022. As at 31 May 2022, cash balances were £3.2 million and net debt was £10.3 million, a reduction of £1.9 million since year end.

Currently the Group has hedged 146,000 bbls for the remainder of 2022 using swaps at an average price of US\$76/bbl, and 93,000 bbls at an average floor price of US\$44/bbl using puts. In addition, we have hedged 60,000 bbls for the first half of 2023 using swaps at an average price of US\$95/bbl.

Operating cash flow before working capital movements expected to be c.£21 million in 2022*.

Operating costs are now forecast to be c. US\$ 38.8/bbl driven primarily by increased energy costs and general price increases on equipment. However, positively, given IGas is a net exporter of electricity, there is a forecast net benefit to IGas of £1.4 million, equivalent to US \$2.5/boe.

Energy Profits Levy

The Government announced on 26 May 2022 that it would introduce an Energy Profits Levy on UK production. Whilst we are awaiting the draft legislation, based on Government announcements we believe that IGas' ring-fence profits will be subject to the Levy. The Levy takes effect from 26 May 2022, and based on current forecasts* we estimate a payment under the Levy of c.£2 million in respect of 2022, taking into account our current capital expenditure plans. Given this new Levy is part of a package that includes significant investment incentives, we will evaluate additional projects that could be brought forward to offset the impact, once the details of the legislation are agreed.

**calculated based on oil price of \$100/bbl and FX of \$1.30:£1.00 for remainder of 2022*

We have written to HM Treasury for clarification on the definition of qualifying expenditure for investment relief for example, in geothermal, which currently sits outside of the UK ring-fence tax regime.

Geothermal Energy

I would like to thank shareholders for their support of our energy transition strategy and the steps we have taken in the past 12 months. Our geothermal business has made excellent progress and this has been directly recognised by the UK Government.

Specific provision has now been made for drilling of geothermal wells in the Government's Green Heat Network Fund (GHNF) launched in March 2022. This now gives us a clearer line of sight to development as we firm up a number of rapidly emerging opportunities and move forward to finalise a Thermal Purchase Agreement with SSE on the Stoke-on-Trent project.

The Government is also actively working on longer term support for geothermal with the Department for Business, Energy and Industrial Strategy commissioning a Deep Geothermal Energy White Paper, an evidence-based assessment to help accelerate the development and deployment of deep geothermal energy projects as an opportunity to significantly contribute to the UK's net zero goals.

The Importance of Domestic Energy Generation

What has become even more evident in the past few months, given the heightened challenges of the war in Ukraine, is the need for the UK to secure further indigenous supplies of energy to reduce its reliance on imports and consider all options to reduce spiralling energy prices.

We are progressing a number of development opportunities across our portfolio. Whilst all at different stages of maturity they have, in aggregate, the potential to add, in the medium term, an initial c.900 boepd and a further c.500 boepd in subsequent phases.

The Government's scientific review of shale gas, being undertaken by the British Geological Survey, is underway and a report is expected before the end of June 2022. We believe the science, as well as the need for increased domestic production of gas, should support a lifting of the moratorium. We will be making the case for the safe development of our assets as we firmly believe that the geo-mechanics of the Gainsborough Trough present a significantly reduced risk of induced seismicity of the type experienced elsewhere in the UK. The development of our assets in the Gainsborough Trough can demonstrate how shale gas can provide safe, secure and affordable energy for the UK in the near term.

IGas has the potential to deliver five production well pads, with each pad having up to 16 wells, which would supply three million homes with initial production within 12-18 months with the right Government support to rapidly accelerate the development of this strategic national resource.

New polling by YouGov has revealed renewed support for shale gas extraction as the cost of living crisis bites.

YouGov's poll found that 29% of respondents were in favour when asked about shale gas extraction in their local area and, if local shale gas production meant a reduction in bills for people in the community, then support grew even more. Excluding don't knows, more than half of British adults (53%) would support shale development.

Yesterday, the Free Market Forum (part of the Institute of Economic Affairs) published a report – Green Light, Innovative approaches to decarbonisation which can be found here:

https://static1.squarespace.com/static/5f74ad4afd34df5b8a3b53a3/t/62a7114011ae1140a5f0a729/1655116097054/FMF_1_Green+Light_web.pdf.

We welcome their recommendation that calls for the moratorium on hydraulic fracturing to be lifted and for the traffic light system for induced seismicity to be substituted with a ground motion based framework as used by other extractive industries.

Outlook

We are committed to producing oil and gas responsibly and continue to invest in good return, short-term payback opportunities within our asset base to sustain production while at the same time generating free cash flow, underpinned by higher energy prices.

Our existing business gives us a strong platform to quickly develop our low-carbon energy businesses from both an operational and an investment perspective. It is an exciting time for IGas with opportunities to deliver significant future shareholder value.”

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

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 21 years’ oil and gas exploration and production experience.

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