

13 February 2023

IOG plc

2023 Operational Update

IOG plc ("IOG", or "the Company"), (AIM: IOG.L) provides updated guidance on drilling plans for 2023:

Blythe

- The IOG-CalEnergy Resources (CER) 50:50 joint venture has sanctioned the Blythe H2 well and prioritised it ahead of Southwark A1 in the drilling programme.
- H2 will target Blythe's central high and is a lower risk well, not requiring hydraulic stimulation as Blythe is a more permeable reservoir
- In a success case, H2 would deliver several key benefits:
 - o Higher gas production rates, expected to be initially in the 30-40 mmscf/d range from H2 after a period of displacing liquids in the Saturn Banks Pipeline, driving higher cash flow
 - o Lower aqueous liquid arrivals into Bacton, reducing associated costs
 - o Increase in ultimate recovery of Blythe gas reserves
- In the base case, subject to the usual regulatory approvals, H2 is expected to spud in March and take approximately three months to drill, complete and hook up
- H2 has a budgeted net cost to IOG of £13 million, including associated platform modifications, before any potential tax shelter or investment allowances, giving a potential payback of under 3 months
- Meanwhile, Blythe continues to produce from the H1 well with over 90% uptime year to date
- Gross gas rates are in the 15-20 mmscf/d range, fluctuating due to onshore liquids letdown cycles, alongside associated condensate and water production
- 10,000 therms per day was fixed for February 2023 at 141 p/therm

Forward Plan

- The Southwark A2 well has now been suspended and a full review of operations and results has commenced
- Southwark A1, which was suspended in October 2022 following fluid losses in the top hole section, is being re-entered to safely suspend the well ahead of the rig moving to Blythe
- On receipt of the usual regulatory approvals, which are being expedited, the rig will move to the Blythe platform to drill H2
- The new management team is rigorously evaluating the Company's subsequent investment options, including drilling plans, to optimise the allocation of capital expenditure. This includes:
 - o Re-assessment of Southwark A1 plans and costs in light of A2 results. Under current plans A1 would take an estimated five months to drill, complete and hook up, at a budgeted net cost to IOG of £16 million.
 - o Detailed examination of operating costs, both offshore and onshore, to drive efficiencies and savings
 - o Analysis of further remediation options for A2
 - o Optimisation of plans for the Kelham North/Central and Goddard appraisal wells, which would each cost an estimated £8 million net to IOG under the existing rig contract

Dougie Scott, COO of IOG, commented:

"In light of the Southwark A2 results, it is prudent for us to pause well activities on Southwark. With this in mind, the rig has started to drill the Blythe H2 infill well ahead of Southwark A1. As a conventionally completed well, H2 has a

JV has elected to drill the Blythe H2 initial well ahead of Southwark A1. As a conventionally completed well, H2 has a lower risk profile, lower cost and can be brought into production quicker than A1. H2 can materially increase our production rate which would underpin our cashflow this year.

As a new management team, we have assembled a multi-disciplinary taskforce to conduct a thorough root and branch review of A2, from planning and design through to execution. While the short-term objective is to inform the optimal solution for A1, the review will also include a detailed evaluation of the risks, mitigations and optimisation plans for other similar assets. As we move forward our investment decisions will be rigorously tested to ensure uncertainties are understood, risks are managed effectively and outcomes are delivered on expectation."

Rupert Newall, CEO of IOG, commented:

"The joint venture is well aligned on the compelling economic and operational case for prioritising the Blythe H2 well, which can pay back rapidly at current gas prices. This will help boost cash flow from mid-2023 while enabling us in parallel to carefully evaluate forward plans. The new management team is also reviewing the entire portfolio from subsurface, engineering, commercial and financial perspectives to ensure that we deploy our capital appropriately.

Despite recent Southwark challenges, we have stable flow from Blythe into an infrastructure system that we co-own with a high-quality and supportive partner. The purpose of H2 is to significantly enhance that production, reduce water production into the pipeline and minimise associated opex.

In addition, the Southwark platform and 24" connection to the Saturn Banks Pipeline System has important strategic value for IOG as a conduit for future production. This could include the joint venture's Central Hub assets and P2589 licence assets, plus potential 33rd Round awards and third-party gas."

Competent Person's Statement

In accordance with the AIM Note for Mining and Oil and Gas Companies, IOG discloses that Phil Cox, IOG's Head of Subsurface, is the qualified person that has reviewed the technical information contained in this document. He has an MSc in Geology from the Royal Holloway, University of London, is a fellow of the Geological Society and has over 23 years' of experience in the upstream oil and gas industry. Phil Cox consents to the inclusion of the information in the form and context in which it appears.

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. Production from the Company's Saturn Banks project started from the Blythe and Elgood fields in March 2022, with Southwark planned to follow, utilising its co-owned offshore and onshore Saturn Banks infrastructure in the UK Southern North Sea. Further assets in IOG's current portfolio which, subject to future investment decisions, are potentially to be commercialised through this infrastructure include the Nailsworth, Elland, Goddard, Abbeydale and Panther gas discoveries and the Kelham North, Kelham Central, Thombridge and Thombridge Deep prospects. 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.

information, please contact rs@seg.com or visit www.ms.com.

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