



# Proactive One2One Investor Forum

28 October 2021



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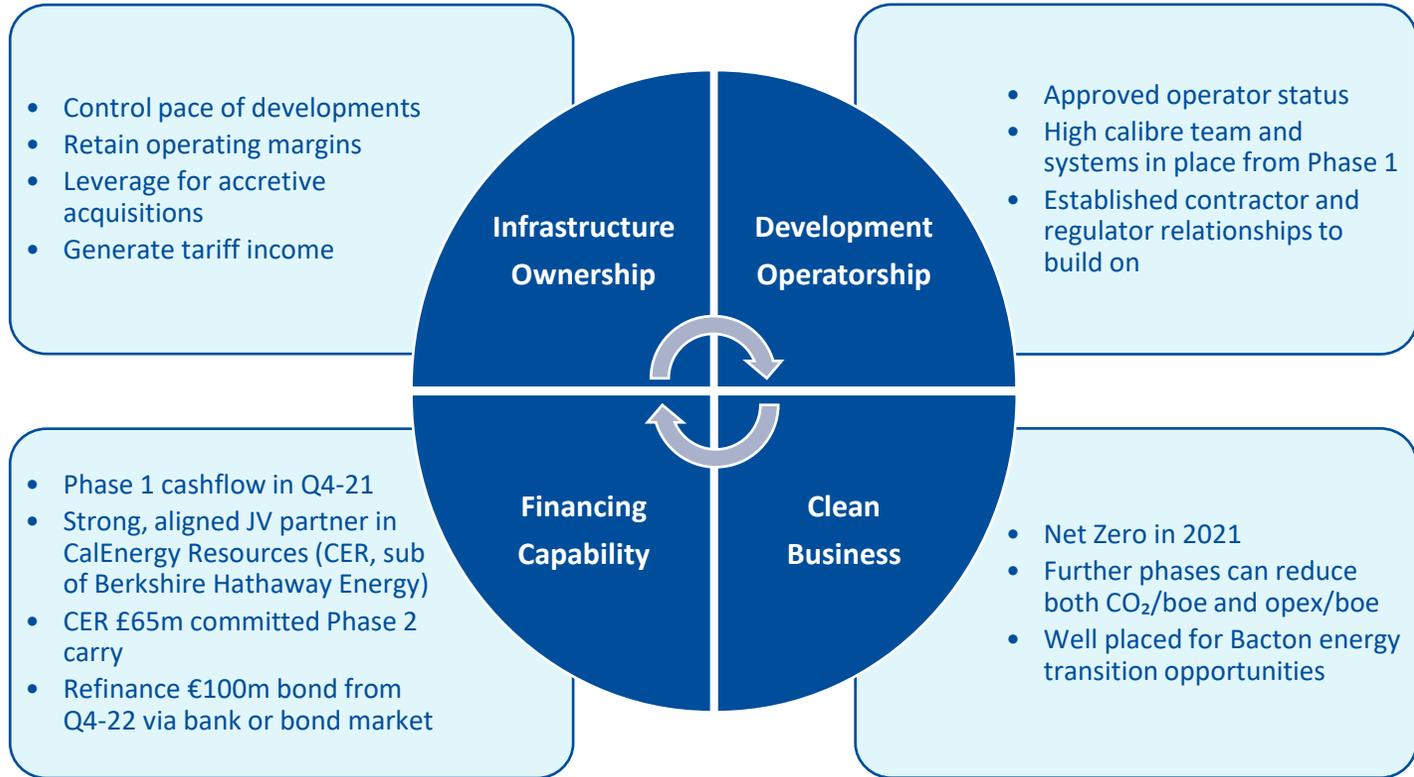
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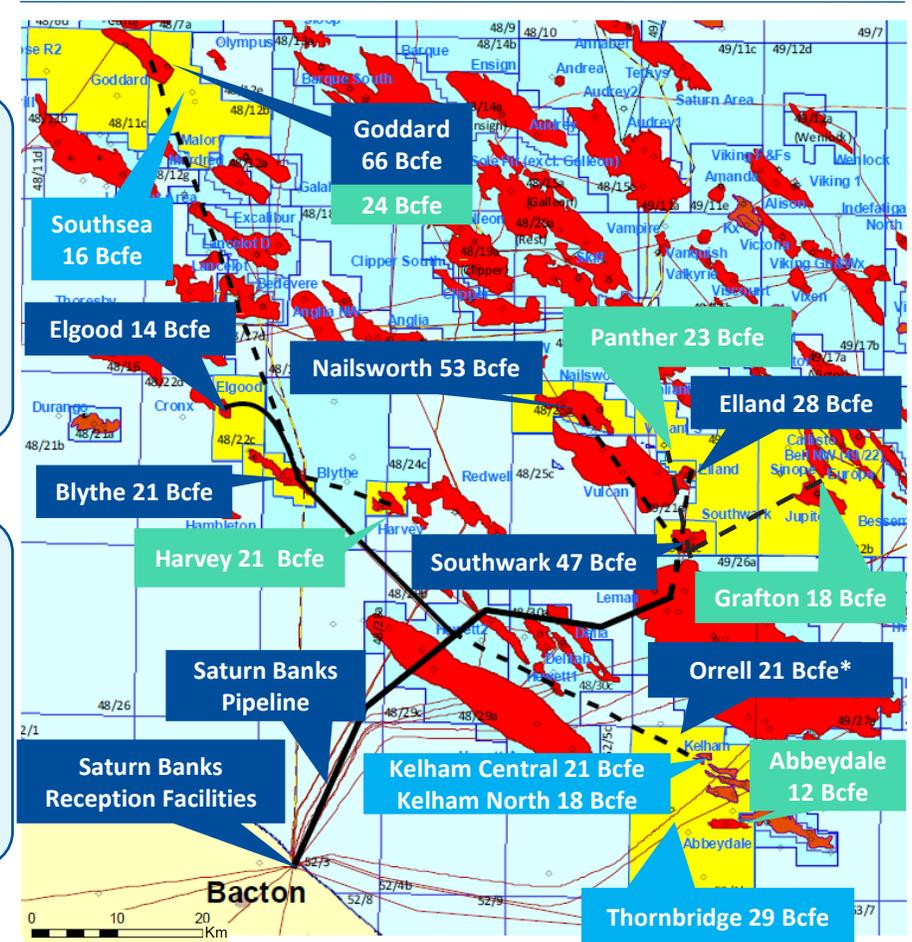
# Creating shareholder value via a UK gas “project factory”



## Net Zero UK gas and infrastructure operator focused on high return projects



## IOG Southern North Sea net reserves & resources (Bcfe)



Core Discoveries    Incremental Discoveries    Incremental Prospects

# Saturn Banks Phase 1: fully funded and on track for Q4 First Gas



## Headlines

- Scheduled to deliver First Gas and start generating cash flow this quarter
- Blythe & Southwark platforms successfully installed in Q2
- Elgood and Blythe wells successfully flow tested in Q3 at maximum gas rates of 57.8 and 45.5 mmscf/d respectively
- Final onshore refurbishment, offshore commissioning and subsea installation works being completed for First Gas
- Issue with Nobel Hans Deul rig leg being remediated before starting to drill first Southwark production well – no impact on First Gas
- Gas Sales Agreements with Gazprom M&T and BP in place
- Foundations laid for multiple further phases of growth

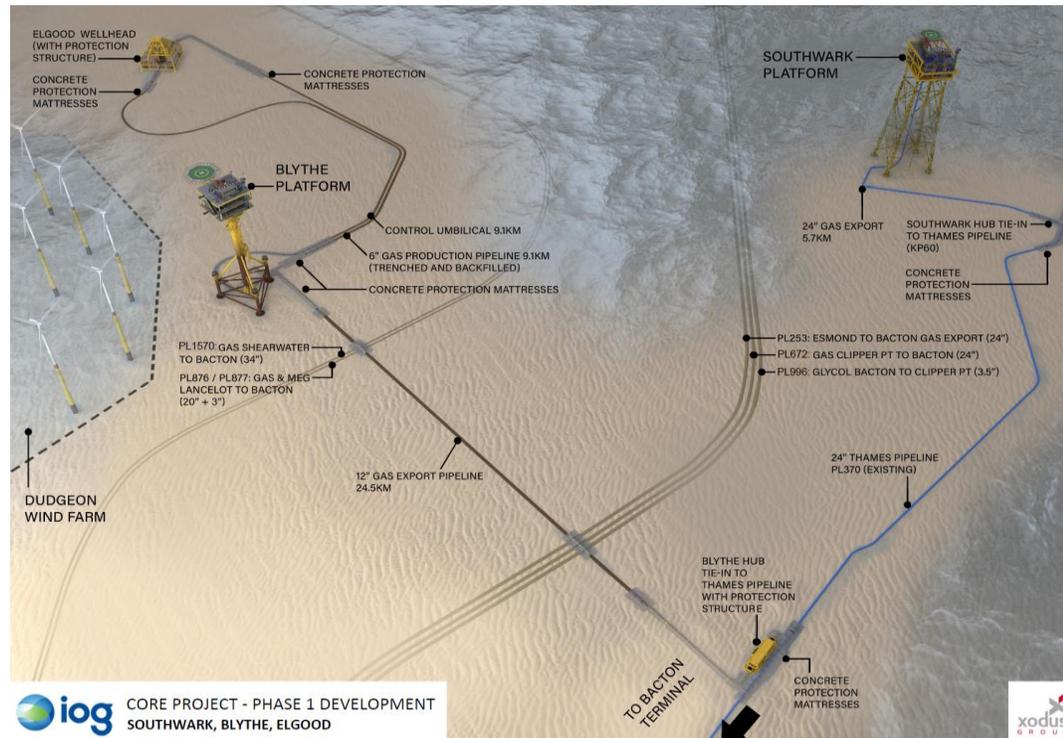
## Key Phase 1 workstreams are in final stages of execution



# Phase 1 overview: from reservoir to market via owned infrastructure

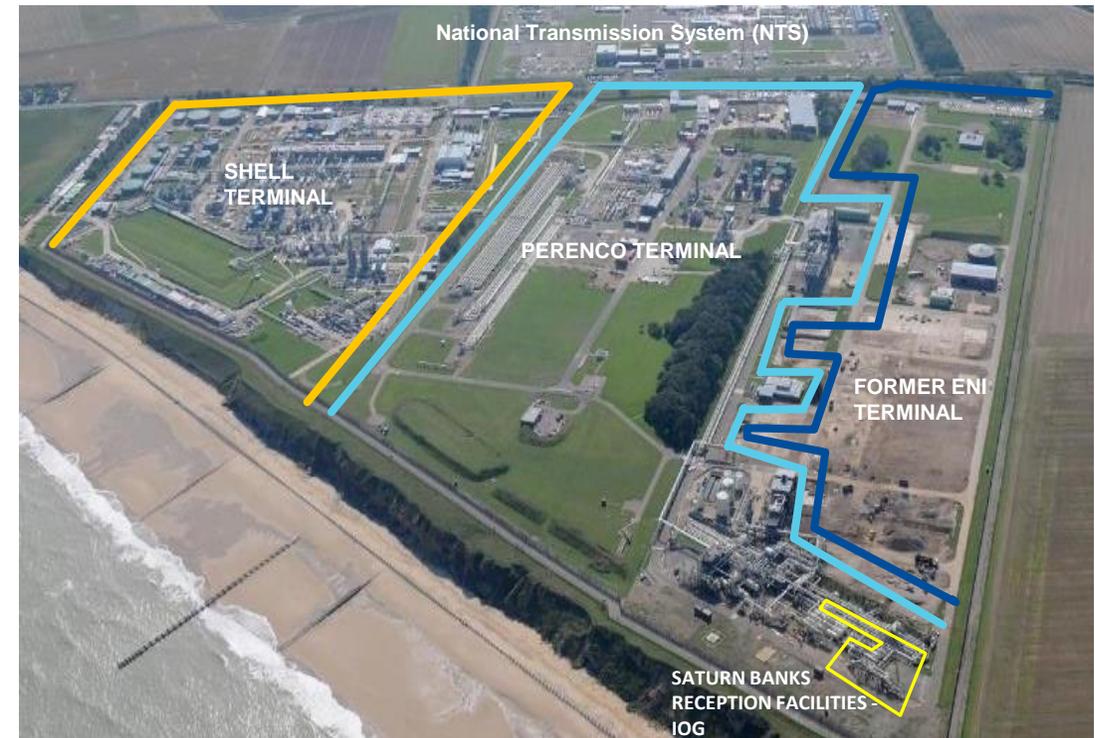


## Offshore: Phase 1 Infrastructure



- Small, low-impact unmanned platforms, controlled from onshore
- Shallow water environment (average depth 27m)
- Capacity to tie in other nearby discoveries in future

## Onshore: Saturn Banks Reception Facilities at Bacton Terminal



- Recommissioned Saturn Banks pipeline and reception facilities: cost and carbon efficient
- Direct access into Perenco terminal and NTS
- Long-term strategic position at this key UK gas delivery hub

# Exceptional current gas market set to boost early cash flows



## Near-term outlook for gas is exceptionally strong...

- Gas is critically important for UK energy security (and will remain so throughout journey to Net Zero 2050)
- Gas markets in Europe and Asia are at record highs
- Supply has been unable to keep pace with resurgent demand post-Covid
- Key drivers include:
  - Very low inventories after long, cold 2020-21 winter
  - Strong resurgence of gas demand in key Asian economies
  - Resulting in lower LNG flows into Europe
  - Recent supply issues in several producer countries
  - Low wind and hydro output globally in 2021
- With ~50% gas import dependency, the UK is highly exposed to international gas market dynamics
- Winter temperatures in Asia and Europe will be a key factor for 2022 prices

## ... indicating significant revenue upside

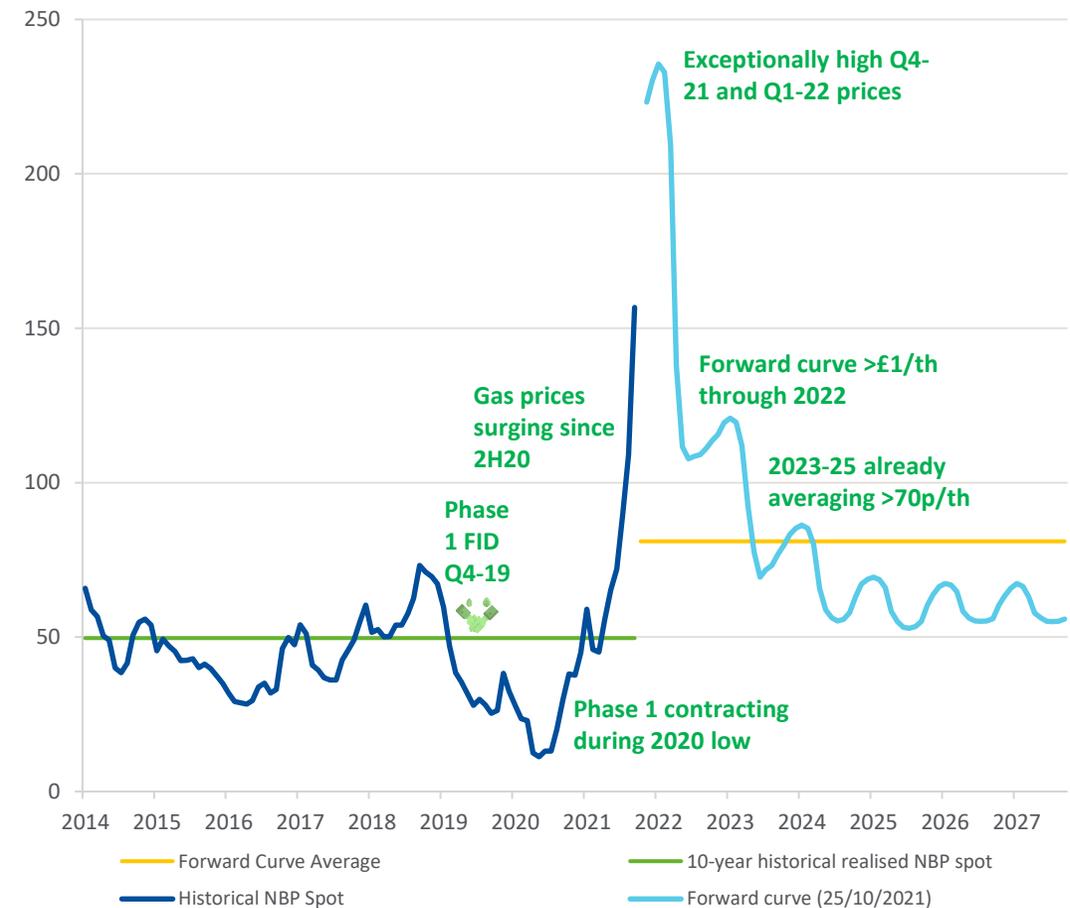
Incremental revenue every quarter per 10 mmscf/d production on forward curve gas prices versus the 45p/therm seasonally adjusted base planning case

		4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Planning price deck (45p/therm seasonal)	p/therm	49.2	53.9	41.5	38.1	46.4	53.1
Forward Curve (25/10/2021)	p/therm	226.8	225.9	119.1	109.6	116.2	117.5
Forward Curve upside	p/therm	177.6	171.9	77.5	71.4	69.8	64.4
Planning price deck notional revenue per 10mmscfd	£mm / 10mmscfd	4.7	5.0	3.9	3.6	4.4	5.0
Forward Curve notional revenue per 10mmscfd	£mm / 10mmscfd	21.6	21.1	11.2	10.5	11.1	11.0
<b>Revenue upside per 10mmscfd gas production</b>	<b>£mm / 10mmscfd</b>	<b>16.9</b>	<b>16.0</b>	<b>7.3</b>	<b>6.8</b>	<b>6.7</b>	<b>6.0</b>

## Excellent long-term prospects for gas

- Gas is a key Energy Transition commodity and will continue to play a major role globally in all future scenarios
- LNG has become the main driver of gas prices
- Asian demand for LNG is expected to remain very strong as major markets (China, India, Japan, Korea etc) expand while seeking to reduce dependence on coal<sup>2</sup>
  - LNG projected to grow 3.4%/pa out to 2035<sup>3</sup>
  - Global LNG demand projected to almost double to 700mtpa by 2040<sup>4</sup>
- Forward curve into mid-2020s is very strong
  - Limited investment in major projects in recent years is expected to curtail supply growth at least out to 2025
- IOG still plans on a 45p/th seasonal base case

## UK NBP gas price history and forward curve<sup>1</sup>



# IOG is committed to be Scope 1 & Scope 2 Net Zero from 2021



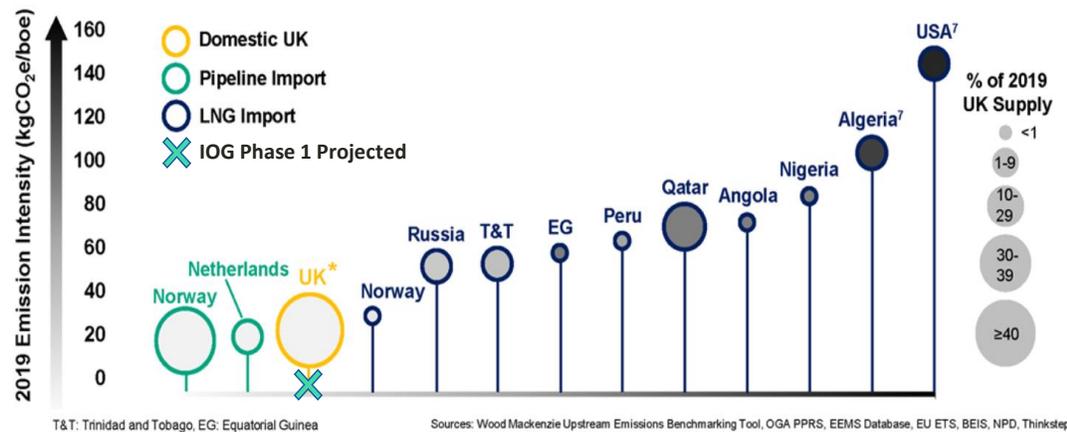
## Headlines

- We believe we are the first UK-listed E&P to make this commitment
- Exemplifying the OGA Strategy in action: maximising the value of domestic resources while helping deliver UK Net Zero
- Differentiates IOG in regulatory, licensing and financing discussions
- Operating synergies and infrastructure standardisation in further phases will help maintain low emissions
- Well placed at Bacton for energy transition opportunities

## Key emissions statistics

- Estimated Phase 1 lifetime Scope 1 and 2 emissions intensity is 3.97 kgCO<sub>2</sub>e/boe vs UKCS average of 20.2kgCO<sub>2</sub>e/boe
- Phase 1 offshore platforms have average unmanned power demand of just 33kW (comparable to an electric car)
- Platforms have projected average annual emissions of under 350 tonnes CO<sub>2</sub>e and lifetime intensity of just 0.4 kgCO<sub>2</sub>e/boe
- Significant lifetime emissions saving of Phase 1 gas versus imports

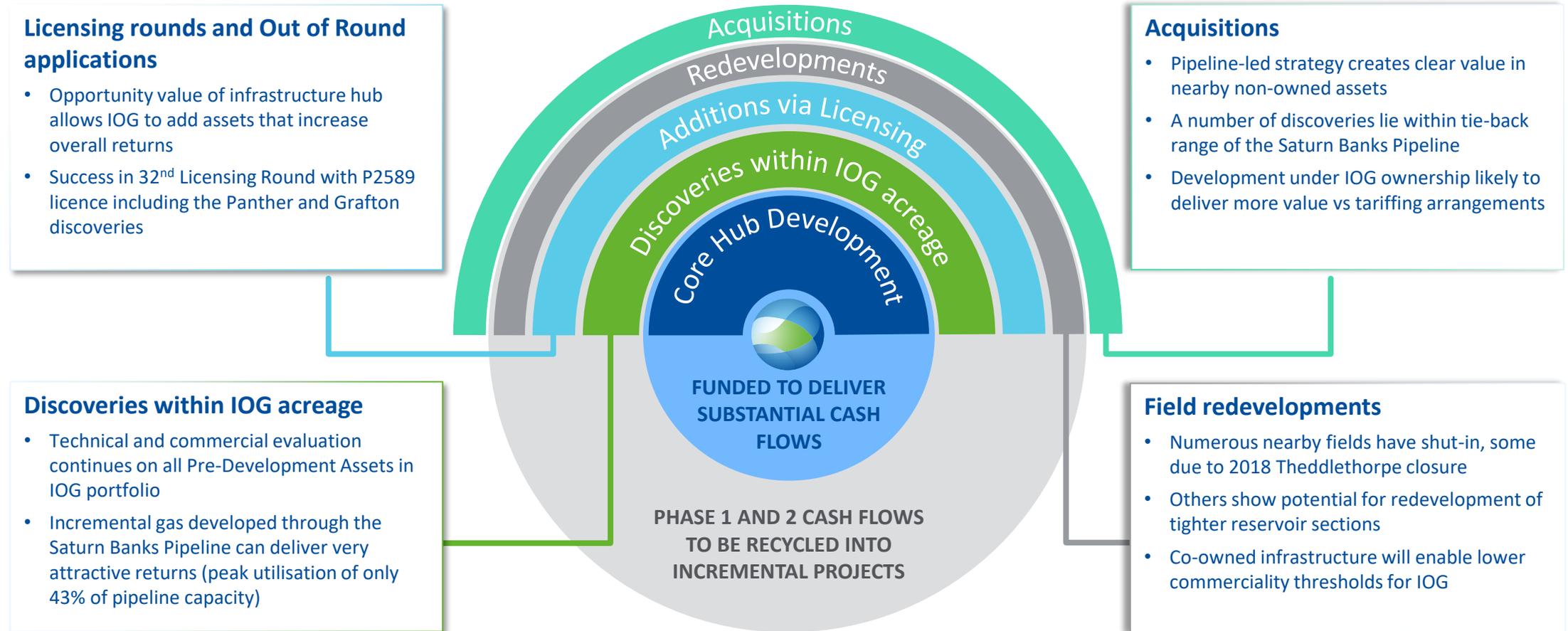
## Phase 1 gas could save up to ~1M tonnes CO<sub>2</sub>e vs imports<sup>1</sup>



## Low-carbon facilities are a key differentiator



# Value creation model: multiple opportunity sets



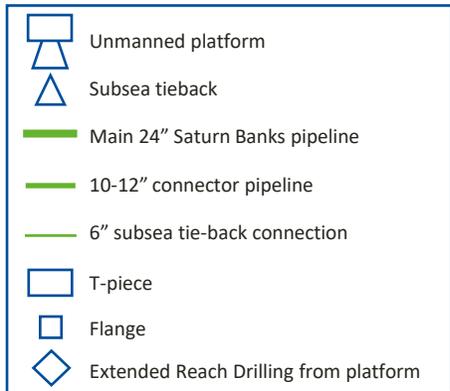
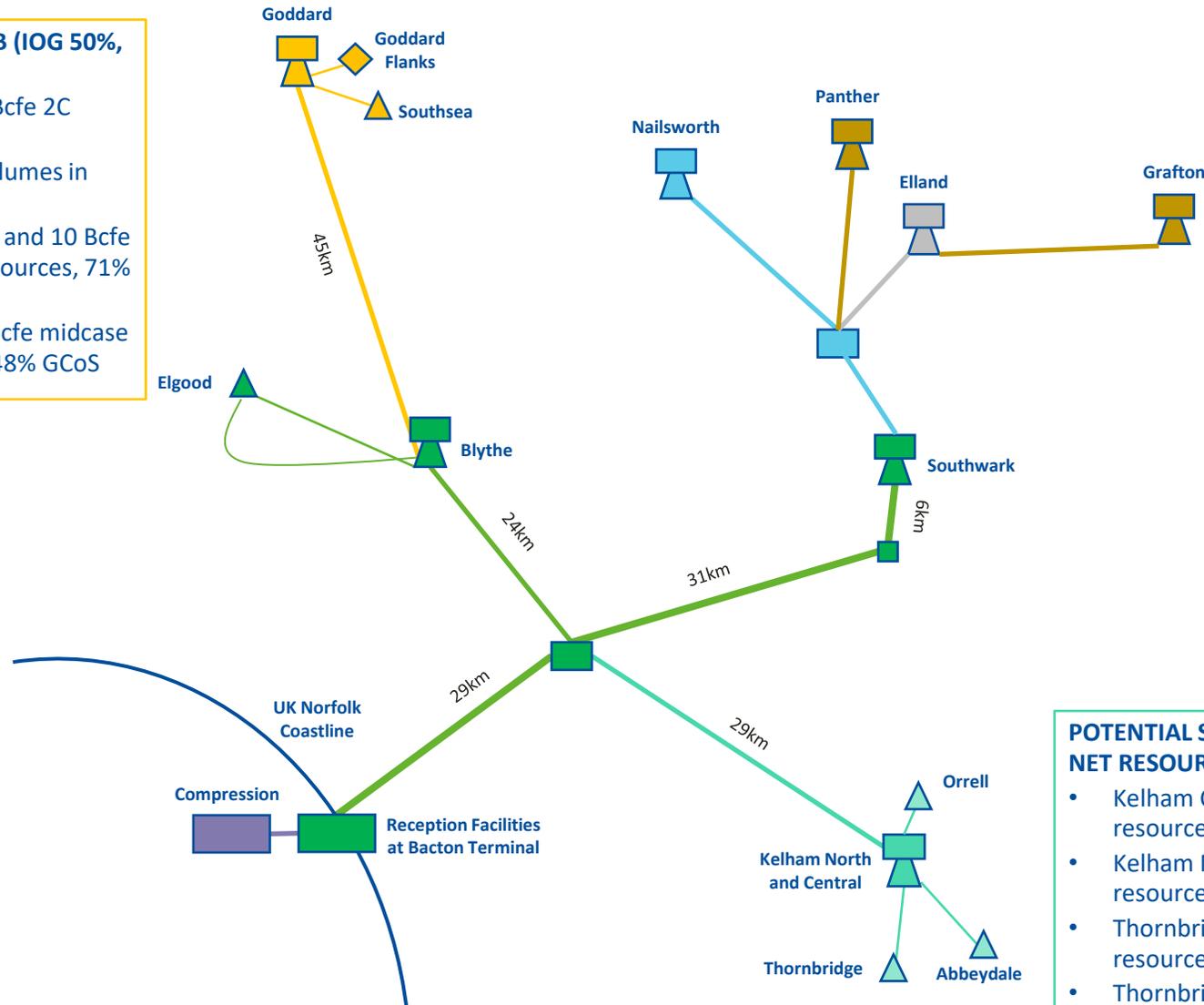
**Focus on fully costed/risked IRR and shareholder returns**

# Saturn Banks Pipeline System area plan: building the project factory



## POTENTIAL NORTHERN HUB (IOG 50%, CER 50%): NET RESOURCES

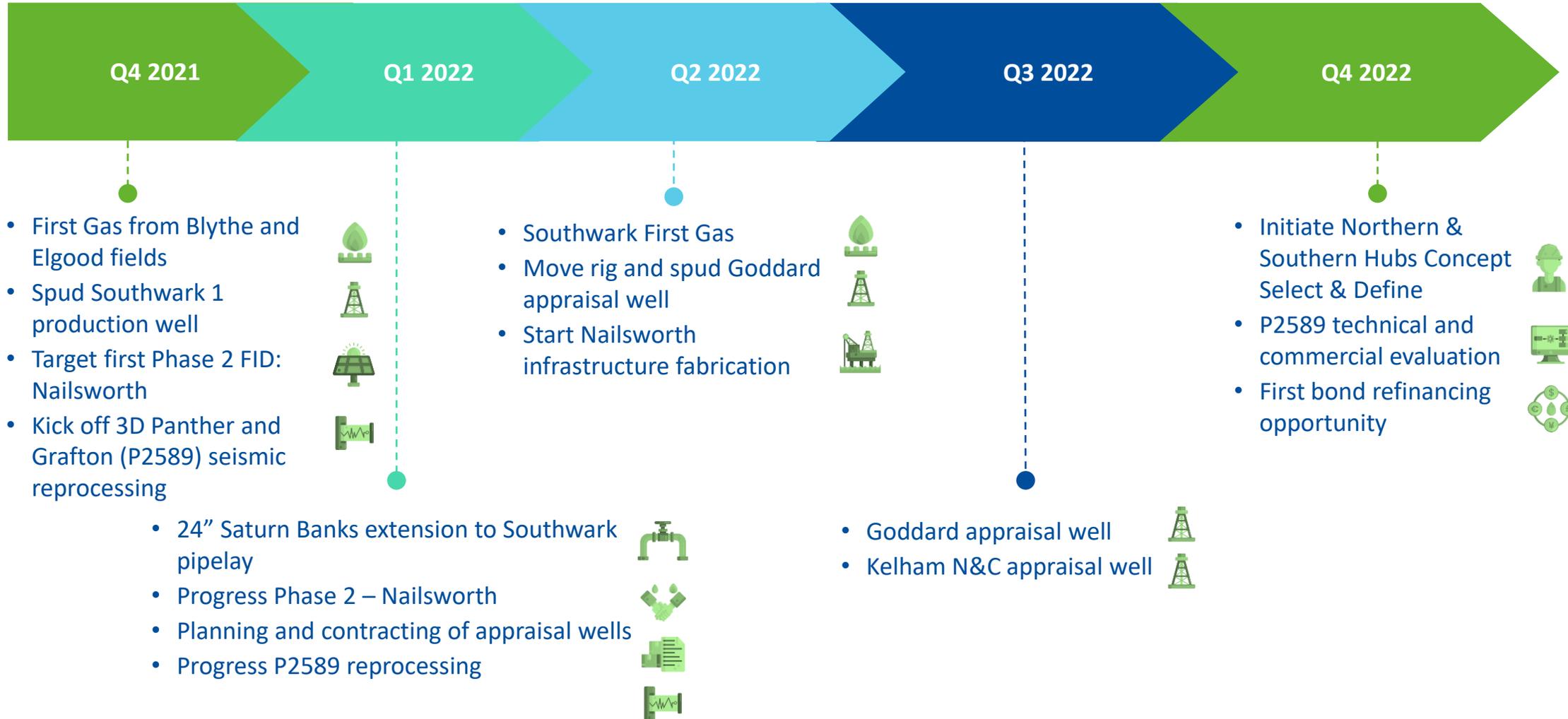
- Goddard discovery: 66 Bcfe 2C contingent resources
- Significant additional volumes in upside case: 129 Bcfe
- Goddard flanks: 14 Bcfe and 10 Bcfe midcase prospective resources, 71% GCoS
- Southsea prospect: 16 Bcfe midcase prospective resources, 48% GCoS



## POTENTIAL SOUTHERN HUB (IOG 50%, CER 50%): NET RESOURCES

- Kelham Central: 21 Bcfe midcase prospective resources, 70% GCoS
- Kelham North: 18 Bcfe midcase prospective resources, 80% GCoS
- Thornbridge Deep: 29 Bcfe midcase prospective resources, 32% GCoS
- Thornbridge: under technical evaluation
- Abbeydale: 12 Bcfe 2C contingent resources
- Orrell\*: 21 Bcfe 2C contingent resources

# Expected catalysts: First Gas, Southwark, then 2 exciting appraisal wells



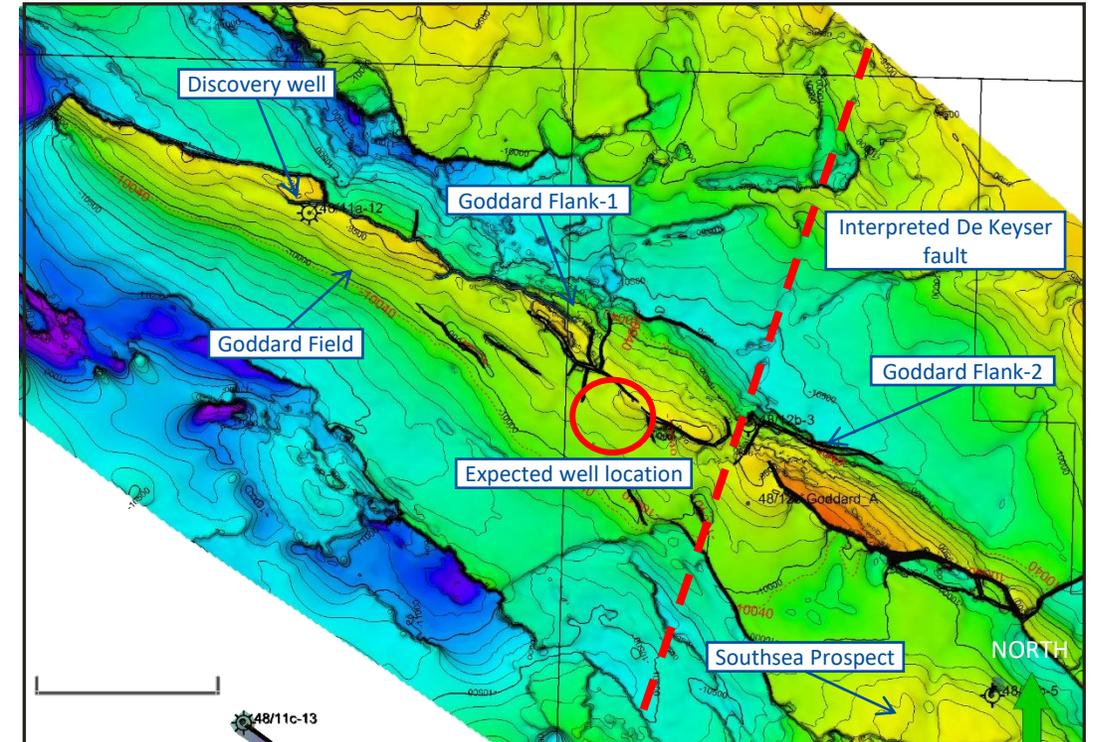
# Goddard appraisal well: enabling an optimal development

## Rationale and objectives

- Determining the optimal development plan, including infrastructure location and number of production wells, is the key to maximising field returns
  - Upside case development potentially up to 6 wells
  - Projected 44% IRR on 45p price deck (68% at 60p)
- Fully leverages synergies with Phase 1 infrastructure
- Increases hub potential by de-risking Goddard Flanks and Southsea, with other potential tie-backs also nearby
- Expected appraisal well location shown opposite

Resource Estimates (pre-drill, gross)	1C/Low	2C/Mid	3C/High	GCoS
Goddard: Contingent Resources	56.5	132.0	258.0	100%
Flank 1: Prospective Resources	14.0	28.0	68.0	71%
Flank 2: Prospective Resources	8.0	19.0	44.0	71%
Southsea: Prospective Resources	13.0	31.0	76.0	48%

## Top Rotliegend Reservoir Depth Map



# Kelham appraisal well: low-risk hub-opener in a prolific producing region



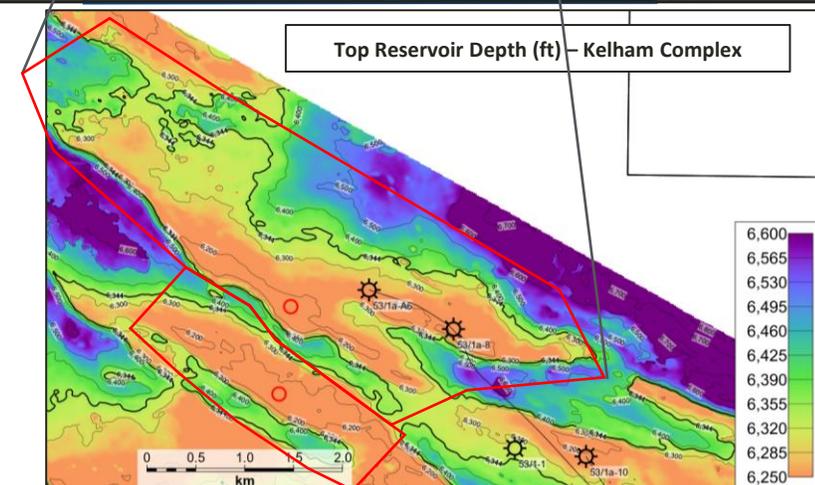
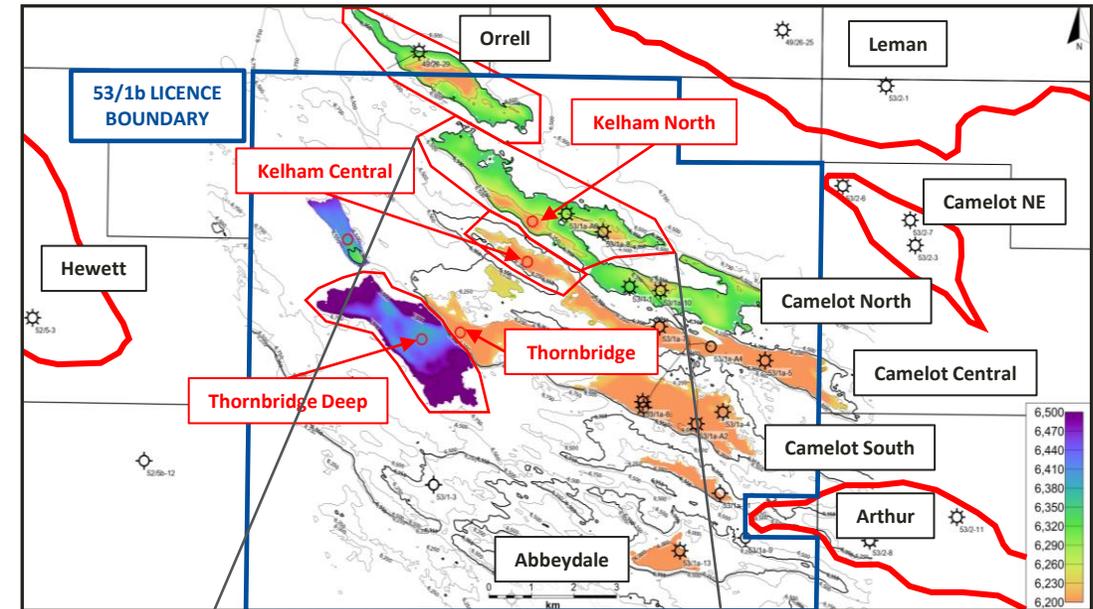
## Key points

- Dual lateral appraisal well to prove up high-return 3-field gas hub: Kelham North & Central plus Abbeydale
- Excellent returns: 47% IRR at 45p/th case (75% at 60p) based on:
  - Two Kelham development wells via unmanned platform
  - Abbeydale discovery as single well subsea tie-back
  - 30km 12" connector to co-owned 24" Saturn Banks Pipeline
- Could fast-track to production if successful
  - Thornbridge, Thornbridge Deep & Orrell potential additions

Resource Estimates (pre-drill, gross)	1C/Low	2C/Mid	3C/High	GCOS
Kelham N: Prospective Resources	14	36	68	80%
Kelham C: Prospective Resources	38	42	47	70%
Abbeydale: Contingent Resources	19	23	27	100%
Thornbridge Deep: Prosp. Resources	3	58	125	32%
Thornbridge: Prospective Resources	Undergoing technical evaluation			
Orrell* Contingent Resources	30	42	50	100%

\* c.50% of discovery extends into unlicensed area directly north of Block 53/1b

## Top Rotliegend Reservoir Depth Map



# Investor Return Strategy



## Value per Share

- Management focus on per share valuation metrics and accretion – value and cashflow over volume

## Capital Discipline



- Incremental investments assessed against fully costed, fully risked, IRR targets as well as strategic fit
- Cashflows to be protected via a prudent hedging strategy once on production



## Distribution Policy

- Will establish a sustainable and progressive dividend policy in combination with share buybacks once cashflow is available
- Strategy to deliver growth through high return incremental investment combined with shareholder distributions

## Management Alignment



- Board and employees own 1.2% and options/LTIPs for a further 6.5%
- Compensation is aligned with shareholder returns
- Historical aggregate board, management and in-house contractor salary and fee sacrifices into options of approximately £2.25m



## Highly Attractive Target

- Compelling cashflows, Operatorship, Infrastructure ownership and Net Zero business model likely to be an attractive proposition
- Low opex/boe and low CO<sub>2</sub>/boe makes for an attractive investment