13 August 2024

i3 Energy plc

("i3", "i3 Energy", or the "Company")

Q2 2024 Operational and Financial Results

i3 Energy plc (AIM:I3E) (TSX:ITE), an independent oil and gas company with assets and operations in the UK and Canada, is pleased to announce its operating and financial results for the three and six months ended 30 June 2024. i3's unaudited condensed interim financial statements for the three and six months ended 30 June 2024 and related Management's Discussion and Analysis ("MD&A") are available on i3 Energy's website at *https://i3.energy/* and filed on SEDAR+.

Highlights:

· i3 entered into a definitive agreement to sell most of the Company's royalty assets (the "Royalty Disposition") for a total gross cash consideration of USD 24.81 million (CAD 33.50 million) before customary closing adjustments, which at the time of Closing translated to 6.9 times 2024 forecasted cash flow and approximately USD 63,960 per flowing boepd

· Free cash flow (FCF)[(1)] for Q2 2024 was USD 28.5 million fuelled by the aforementioned Royalty Disposition and certain property divestments in the quarter.

· i3 posted a profit before tax of USD 24.4 million during Q2 2024 and net cash flow from operating activities of USD 7.6 million for same period.

· Achieved an average Q2 2024 production of 18,271 barrels of oil equivalent per day ("boepd"), despite the sale of ~415 boepd and management of several scheduled and unscheduled production outages.

· The Company further closed the accretive disposition of a non-core, non-operated, shallow dry gas focussed Northern Alberta asset (Hangingstone), along with two non-producing, non-core mineral rights divestments, for total realized proceeds of USD 2.75 million.

· At 30 June 2024 i3 was undrawn on its credit facility, posting a net cash surplus[(1)] of USD 6.96 million and i3 is pleased to announce a successful borrowing base redetermination at the original CAD 75 million.

· As part of i3's commitment to its total shareholder return model, Q1 2024 dividends of £3.084 million (USD 3.890 million) were declared and paid in Q2 2024.

Majid Shafiq, CEO of i3 Energy plc, commented:

"Q2 2024 was a very busy period for the Company as we completed the strengthening of our balance sheet through the highly accretive sale of the majority of our royalty interests and the refinancing of our outstanding debt with a revolving non-amortising reserves-based loan. This corporate activity essentially made i3 debt free and created significant liquidity to finance our development program.

We are very pleased to announce the successful semi-annual redetermination of our reserves-based borrowing facility, achieved in a lower commodity price environment which demonstrates the quality of our resource and asset base. Our production assets continue to perform robustly, and we are pleased to reconfirm existing production and EBITDA guidance for the year, which is a result of the Company's stable, low-decline, production profile and a rigorously enforced hedging programme.

With a solid half year behind us, we now look forward to our H2 focussed development and drilling programme which has already commenced with the successful drilling of our first operated well in Central Alberta. Our team will be busy during the second half of the year with back-to-back drilling across our portfolio, which will set the Company up for the commencement of our Montney development drilling in Q1 2025 for which we now are evaluating asset backed debt financing solutions to accelerate development."

Financial and Operating Summary

	Three-months Ended		**Six-months Ended**	
OPERATIONAL:	**30 Jun 2024**	30 Jun 2023	**30 Jun 2024**	30 Jun 2023
Average daily production:				
Oil and condensate (bbl/d)	3,983	4,247	4,113	4,740
Natural gas liquids (bbl/d)	4,616	4,057	4,714	4,809
Natural gas (mcf/d)	57,508	58,965	58,759	64,231
Royalty interest (boepd)	87	398	218	386
Average Sales Production (boepd)	**18,271**	18,529	**18,838**	20,640
Total Sales Production (boe)	**1,662,661**	1,686,139	**3,428,516**	3,735,840
Average realised pricing:				
Oil and condensate (CAD$/bbl)	101.72	93.13	95.45	94.60
Natural gas liquids (CAD$/bbl)	19.24	18.03	20.21	22.97
Natural gas (CAD$/mcf)	1.25	2.59	1.94	2.97
Royalty interest (CAD$/boe)	36.16	31.71	31.02	36.14
Total (CAD$/boe)	**31.15**	34.22	**32.32**	37.01
NET OPERATING INCOME PER BOE:	**USD/BOE**	USD/BOE	**USD/BOE**	USD/BOE

Oil and gas sales	22.74	25.41	23.81	27.47
Royalties	(3.36)	(2.47)	(3.38)	(3.48)
Processing income	1.20	0.86	1.15	0.88
Production costs	(11.16)	(13.33)	(12.36)	(12.02)
Net Operating Income[(1)] per BOE	**9.42**	10.47	**9.22**	12.85

FINANCIAL:	**USD'000**	USD'000	**USD'000**	USD'000
Revenue (net of royalties)	36,483	40,123	76,303	93,078
Net Operating Income[(1)]	15,659	17,646	31,621	48,019
Adjusted EBITDA[(1)]	15,770	16,088	24,163	47,546
Profit before Tax	24,351	2,294	19,484	17,840
Profit after Tax	18,245	912	10,585	13,494
Net cash from operating activities	7,636	3,990	24,751	29,955
Acquisitions & Capex[(1)]	3,316	4,317	5,497	20,268
FCF[(1)]	28,528	462	43,526	9,702
Dividends Declared	3,890	5,129	7,801	12,595

	Pence / share	Pence / share	**Pence / share**	Pence / share
Basic earnings per share	1.22	0.06	0.70	0.91
Diluted earnings per share	1.20	0.06	0.69	0.90

	30 Jun 2024	31 Dec 2023
	USD'000	USD'000
Borrowings and leases	264	44,065
Net (cash surplus) / debt[(1)]	(6,958)	23,005

(1) Non-IFRS measure. Refer to Note *1*.

The Company experienced strong FCF[(1)] for Q2 2024 of USD 28.5 million and posted a net profit before tax of USD 24.4 million, primarily as a result of a gain on the Royalty Disposition, and further bolstered through three separate non-core asset divestitures.

Production Update

Production in Q2 2024 averaged 18,271 boepd, comprised of 57.5 million standard cubic feet of natural gas per day ("mmcf/d"), 4,616 barrels per day ("bbl/d") of natural gas liquids ("NGLs"), 3,983 bbl/d of oil & condensate and 87 boepd of royalty interest production. The quarterly production represents a decrease of approximately 6% relative to Q1 2024, resulting from multiple non-core dispositions achieved throughout the period (consisting of ~415 boepd) along with conservative capital management during a period of softening gas prices, and downtime in the Wapiti area due to an outage to debottleneck third-party Pembina Pipeline Corporation infrastructure. Producing assets were further impacted by several additional temporary third-party facility outages and scheduled third-party facility turnarounds.

Post period, field estimated production for the last week of July 2024 averaged 18,371 boepd, not considering ~310 boepd of production that was voluntarily shut-in at the beginning of July due to current natural gas pricing.

Hedging Programme

i3 continues to employ a defensive risk management strategy with current hedges in place protecting USD 46.5 million of net operating income in 2024, and covering 31%, 25%, 34% and 28% of the Company's projected Q1, Q2, Q3 and Q4 2024 production volumes, respectively. i3's 2024 hedges are as follows:

	Swaps		**Basis Swaps**		
GAS	**Volume (GJ)**	**Price (C$/GJ)**	**Volume (mmbtu)**	**Price ($US/mmbtu)**	
Q1 2024	2,275,000	3.04	nil	nil	
Q2 2024	1,365,000	2.52			
Q3 2024	2,300,000	2.15			
Q4 2024	1,685,000	2.64			
			Costless Collars		
OIL	**Volume (bbl)**	**Price (C$/bbl)**	**Volume (bbl)**	**Avg Floor Price (C$/bbl)**	**Avg Ceiling Price (C$/bbl)**
Q1 2024	189,750	95.89	22,750	100.00	121.32
Q2 2024	182,000	98.45	38,000	95.99	108.46
Q3 2024	84,500	100.08	137,750	100.20	111.43
Q4 2024	145,550	97.41	64,450	100.95	112.36
PROPANE	**Volume (bbl)**	**Price ($US/bbl)**	**Volume (bbl)**	**Avg Floor Price ($US/bbl)**	**Avg Ceiling**

					Price ($US/bbl)
Q4 2024	23,000	34.97	nil	nil	nil

Strategic Non-Core Dispositions

Since entering Canada in 2020, i3 has executed a series of strategic acquisitions. This targeted acquisition strategy focused on establishing four high quality core operating areas (Central, Simonette, Wapiti & the Company's Clearwater position), each area consisting of strong, low-decline, production profiles and an inventory of economic development drilling opportunities. Through these strategic acquisitions, i3 also acquired a series of minor, non-core assets, which the Company continues to monetize to focus the business, thereby unlocking and accelerating unrecognized value.

During Q2 2024, i3 closed four asset transactions for combined net proceeds of USD 26.29 million. Proceeds from these transactions assisted in the elimination of all outstanding Net Debt. The Company exited Q2 2024 with a net cash surplus[(1)] of USD 6.96 million, positioning i3 with a strong balance sheet, a fully undrawn CAD 75 million credit facility, and strong cash flow base to execute its growth and income-based business strategy.

Partial Sale of Royalty Assets

On 17 April 2024, i3 announced the sale of the majority of the Company's royalty assets (the "Royalty Disposition") for a total gross cash consideration of USD 24.81 million (CAD 33.50 million) before customary closing adjustments, which includes USD 2.22 million (CAD 3.00 million) from a seismic license sale agreement which was recorded within our operating income.

The Royalty Disposition involved most of the Company's royalty assets, but not its core Simonette Royalty, and translated to 6.9 times 2024 forecasted cash flow and approximately USD 63,960 per flowing boepd, representing a significant premium to the Company's equivalent current market trading metrics.

Partial Sale of Hangingstone

On 16 April 2024, i3 closed a disposition encompassing most of its non-core, non-operated, shallow dry gas focussed Northern Alberta Hangingstone asset, for realized proceeds of USD 0.3 million. The sub-economic asset produced net 115 boepd for the month of February 2024 and was forecast to return negative cash flows for the 12-month period of March 2024 to February 2025, based on strip pricing. The sale of these non-core assets is highly accretive to the Company's Asset Retirement Obligations ("ARO") level, further reducing the Company's total ARO by USD 1.2 million.

Undeveloped Bluesky Land Disposition

On 10 April 2024, i3 Closed a disposition of 13.5 gross (10.1 net) sections of land in northern Alberta for realized proceeds of USD 1.72 million which translates to approximately USD 171,000 per section or USD 667 per hectare. Rights associated with these lands were limited to the Bluesky formation, with the Company retaining all associated Clearwater rights. The Company preserved upside exposure in the Bluesky formation through a retained 25%, non-operated, working interest in the

lands. The acquirer has committed to drilling a horizontal Bluesky well on these lands on or before March 31, 2025.

Undeveloped Central AB Land Disposition

On 6 May 2024, the Company closed a disposition of approximately 3.75 net sections of land in the greater Gilby area of Central Alberta for realized proceeds of USD 730,000, which translates to approximately USD 195,000 per section or USD 761 per hectare. Rights associated with the transaction were focused primarily on deep unconventional formations and i3 had no production or reserves associated with these lands.

Woodland Cree First Nation Relationship Agreement

During the quarter, the Company entered into a relationship agreement with the Woodland Cree First Nation (the "WCFN"). This agreement, based on mutual respect and understanding, provides a framework for development of the Company's Clearwater assets and a platform upon which the WCFN and i3 will establish a long and mutually beneficial relationship. The Company, in consultation and collaboration with the WCFN, is actively preparing its upcoming drilling program. i3 is looking forward to working together with the WCFN to advance its near- and long-term Clearwater initiatives.

Semi-Annual Credit Redetermination

In the first quarter, the Company announced the successful establishment of a CAD 75 million senior secured revolving reserve-based lending facility (the "Credit Facility") with National Bank of Canada. The new Credit Facility marked a significant step in transitioning i3's capital structure, enhancing the Company's financial flexibility through improved liquidity and enabling acceleration of its growth and income-based business plan.

The Company is pleased to announce that subsequent to the second quarter the lender has affirmed that at 30 June 2024 the Credit Facility remains at CAD 75 million until the next redetermination period. The borrowing base has been renewed at CAD 75 million, comprised of a CAD 55 million revolving facility and a CAD 20 million operating loan facility.

Return of Capital

The Company remains committed to delivering a sustainable dividend as part of its total return model. The Q1 2024 dividend of £3.084 million (USD 3.890 million) or 0.2565 pence per share was declared and paid in Q2 2024. The Q2 2024 dividend of £3.084 million (USD 3.890 million) or 0.2565 pence per share was declared in early July and subsequently paid in early August. Subject to Board approval, the Company expects to pay the Q3 2024 dividend of 0.2565 pence per share in early Q4 2024, which translates to a forward yield of 11.5% based on the closing price of i3's ordinary shares on 12 August 2024.

Environmental, Social and Governance ("ESG")

During the second quarter, the Company continued with initiatives to reduce its Scope 1 and Scope 2 carbon emissions. i3 installed and commenced the trial of a solar powered air compression system at one of its operated facilities, three booster compressors were shut-in to eliminate the combustion of fuel gas, and the Company's Alternative Fugitive Emissions Management Programme (ALT FEMP),

which images methane emissions from the air, identified 51 leaks which were repaired to eliminate 270 e3m3/year of emissions.

During the period, i3 also downhole abandoned 3 gross wells (3.0 net).

Outlook

Strong operational performance over the first half of 2024, combined with disciplined financial results have placed the Company on a strong footing to realize its growth plus income-based strategy. After accounting for the recent dispositions, the Company's low-decline production continues to perform in-line with expectations and remains on track to meet its 2024 annual average guidance of 18,000 - 19,000 boepd and exit rate guidance of 20,250 - 21,250 boepd.

Despite volatile commodity prices to date in 2024, resulting in a slightly reduced Net Operating Income forecast of USD 63-67 million, i3's hedging programme has been designed to protect and stabilize cash flows. At current strip prices, EBITDA after considering hedges remains within expectations of USD 50-55 million, based on a capital programme of approximately USD 50.9 million and with an exit net debt of approximately USD 23-26 million.

Following Spring break-up, the Company has commenced its H2 capital program with the drilling of its first horizontal well at Willesden Green, which was spud on 9 July 2024. The well was successfully drilled, cased, and completed, with tie-in operations ongoing. Following tie-in operations at Willesden Green, the Company expects to maintain continuous drilling operations through to year-end, with an initial focus on oil and liquid rich wells

The 2024 capital programme will be fully funded from existing Company resources and is designed to balance growth, financial discipline, and a sustainable long term-dividend through a predictable development-focused programme, all while positioning the Company to commence its Simonette Montney pad development drilling in Q1 2025. To accelerate development of our very substantial Simonette Montney drilling inventory, the Company has commenced evaluating options with third parties to finance an expanded drilling and infrastructure development via asset backed debt financing.

The Company has the flexibility to both reallocate its drilling locations to optimize economic returns or capitalize on strategic accretive transactions as they are identified and evaluated.

The Company is pleased to present a snapshot of its 2024 three and six months ended financial results below. i3's unaudited condensed interim financial statements for the three and six months ended 30 June 2024 and related Management's Discussion and Analysis ("MD&A") are available on i3 Energy's website at *https://i3.energy/* and filed on SEDAR+.

Financial Statements

Condensed Consolidated Statement of Comprehensive Income

	Three-months Ended	Six-months Ended

	30 Jun 2024	30 Jun 2023	**30 Jun 2024**	30 Jun 2023
	£'000	£'000	**£'000**	£'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	28,920	32,037	60,328	75,489
Production costs	(14,721)	(17,947)	(33,511)	(36,437)
Gain / (loss) on risk management contracts	1,624	387	(1,459)	3,343
Depreciation and depletion	(8,027)	(8,702)	(16,660)	(19,410)
Gross profit	**7,796**	5,775	**8,698**	22,985
Administrative expenses	(3,394)	(1,751)	(6,245)	(4,083)
Gain on asset dispositions	15,779	-	15,779	-
Operating profit	**20,181**	4,024	**18,232**	18,902
Finance income	72	120	288	249
Finance costs	(950)	(2,312)	(3,115)	(4,682)
Profit before tax	**19,303**	1,832	**15,405**	14,469
Tax charge	(4,840)	(1,104)	(7,036)	(3,525)
Profit for the period	**14,463**	728	**8,369**	10,944
Other comprehensive loss:				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange differences on translation of foreign operations	(1,204)	(621)	(3,674)	(4,449)
Other comprehensive loss, net of tax	**(1,204)**	(621)	**(3,674)**	(4,449)
Total comprehensive income	**13,259**	107	**4,695**	6,495
Earnings per share	**Pence**	Pence	**Pence**	Pence
Earnings per share - basic	**1.22**	0.06	**0.70**	0.91
Earnings per share - diluted	**1.20**	0.06	**0.69**	0.90

Condensed Consolidated Statement of Financial Position

	30 Jun 2024	31 Dec 2023
	£'000	£'000
	(unaudited)	(audited)
Non-current assets		
Property, plant & equipment	183,732	205,667
Exploration and evaluation assets	62,058	63,133
Other non-current assets	1,136	-
Total non-current assets	**246,926**	268,800
Current assets		
Cash and cash equivalents	8,802	23,507
Trade and other receivables	19,658	20,534
Income taxes receivable	27	205
Risk management contracts	2,669	1,701
Inventory	1,907	1,847
Total current assets	**33,063**	47,794
Current liabilities		
Trade and other payables	(23,479)	(27,640)
Risk management contracts	(2,450)	(136)
Borrowings and leases	(115)	(14,001)
Decommissioning provision	(3,778)	(3,244)
Total current liabilities	**(29,822)**	(45,021)
Net current (liabilities) / assets	**3,241**	2,773
Non-current liabilities		
Borrowings and leases	(94)	(20,568)
Decommissioning provision	(73,853)	(78,109)

Deferred tax liability	(13,828)	(9,817)
Other non-current liabilities	(431)	(84)
Total non-current liabilities	**(88,206)**	(108,578)
Net assets	**161,961**	162,995
Capital and reserves		
Ordinary shares	120	120
Deferred shares	170	50
Share premium	148,397	-
Share-based payment reserve	7,331	6,892
Foreign currency translation reserve	156	3,830
Capital reorganisation reserve	(148,517)	-
Retained earnings	154,304	152,103
Shareholders' funds	**161,961**	162,995

Condensed Consolidated Statement of Cash Flow

	Three-Months Ended		**Six-Months Ended**	
	30 Jun 2024	30 Jun 2023	**30 Jun 2024**	30 Jun 2023
OPERATING ACTIVITIES	**£'000**	£'000	**£'000**	£'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit before tax	19,303	1,832	15,405	14,469
Adjustments for:				
Depreciation and depletion	8,027	8,702	16,660	19,410
Gain on asset dispositions	(15,779)	-	(15,779)	-
Finance costs	950	2,312	3,115	4,682
Unrealised (gain) / loss on risk management contracts	(1,815)	(1,171)	1,311	(328)
Unrealised FX (gain)	(427)	(1)	(408)	(15)

Share-based payments expense - employees (including NEDs)	248	169	439	310
Expenditure on decommissioning assets	(505)	(953)	(1,048)	(1,921)
Current tax expense	(1,479)	(837)	(2,734)	(5,446)
Changes in non-cash working capital - operating activities	(2,470)	(6,867)	2,608	(6,867)
Net cash from operating activities	**6,053**	3,186	**19,569**	24,294
INVESTING ACTIVITIES				
Acquisitions	-	-	-	(13)
Additions to property, plant & equipment	(2,567)	(3,274)	(3,985)	(15,225)
Disposal of property, plant & equipment	17,956	-	17,956	-
Disposal of E&E assets	1,234	-	1,234	
Additions to E&E assets	(62)	(173)	(361)	(1,200)
Tax credit for R&D expenditure	-	-	-	184
Changes in non-cash working capital - investing activities	(52)	(5,154)	(5,428)	(10,729)
Net cash used in investing activities	**16,509**	(8,601)	**9,416**	(26,983)
FINANCING ACTIVITIES				
Exercise of warrants and options	-	1	-	14
Repayment of H1-2019 LN facility	-	(28,856)	-	(28,856)
Issuance of Debt Facility	-	44,481	-	44,481
Repayment of Debt Facility	-	(1,238)	(35,272)	(1,238)
Net draw on Credit Facility	(12,024)	-	-	-
Payment of deferred finance costs	(34)	(2,039)	(1,307)	(2,039)
Interest and other finance charges paid	(140)	(917)	(996)	(1,566)
Lease payments	(30)	-	(60)	-
Dividends declared	(3,084)	(4,095)	(6,168)	(10,215)
Changes in non-cash working capital - financing activities	-	(1,817)	-	(1,750)

Net cash used in financing activities	**(15,312)**	5,520	**(43,803)**	(1,169)
Effect of exchange rate changes on cash	530	(20)	113	(20)
Net Decrease in cash and cash equivalents	**7,780**	85	**(14,705)**	(3,878)
Cash and cash equivalents, opening	1,022	12,597	23,507	16,560
CASH AND CASH EQUIVALENTS, CLOSING	**8,802**	12,682	**8,802**	12,682

NoTE 1: Alternate performance measures

The Group uses Alternate Performance Measures (''APMs''), commonly referred to as non-IFRS measures, when assessing and discussing the Group's financial performance and financial position. APMs are not defined under IFRS and are not considered to be a substitute for or superior to IFRS measures. Other companies may not calculate similarly defined or described measures, and therefore their comparability may be limited. The Group continually monitors the selection and definitions of its APMs, which may change in future reporting periods. All USD figures were derived from the Group's GBP figures, which is the Group's IFRS presentation currency, and may differ from IFRS figures prepared using USD as their presentation currency.

EBITDA and Adjusted EBITDA

EBITDA is defined as earnings before depreciation and depletion, financial costs, and tax. Adjusted EBITDA is defined as EBITDA before gain on bargain purchase and acquisition costs. Management believes that EBITDA provides useful information into the operating performance of the Group, is commonly used within the oil and gas sector, and assists our management and investors by increasing comparability from period to period. Adjusted EBITDA removes the gain or loss on bargain purchase and asset dispositions and the related acquisition costs which management does not consider to be representative of the underlying operations of the Group.

A reconciliation of profit as reported under IFRS to EBITDA and Adjusted EBITDA is provided below.

	Three-months Ended		**Six-months Ended**	
	30 Jun 2024	30 Jun 2023	**30 Jun 2024**	30 Jun 2023
	£'000	£'000	**£'000**	£'000
Profit for the period	14,463	728	8,369	10,944
Depreciation and depletion	8,027	8,702	16,660	19,410
Finance costs	950	2,312	3,115	4,682
Tax	4,840	1,104	7,036	3,525
EBITDA	**28,280**	12,846	**35,180**	38,561
Gain on asset dispositions	(15,779)	-	(15,779)	-

Adjusted EBITDA	**12,501**	12,846	**19,104**	38,561
Adjusted EBITDA presented in USD [(i)]	**15,770**	16,088	**24,163**	47,546

(i) Amounts converted at the period-average GBP:USD exchange rates of 1.2615 and 1.2648 for the three and six months ended 30 June 2024, respectively, and 1.2524 and 1.2330 for the three and six months ended 30 June 2023 periods, respectively.

Net operating income

Net operating income is defined as gross profit before depreciation and depletion, gains or losses on risk management contracts, and other operating income, which equals revenue from the sale of oil and gas and processing income, less production costs. Management believes that net operating income is a useful supplementary measure as it provides investors with information on operating margins before non-cash depreciation and depletion charges and gains or losses on risk management contracts. These metrics are also presented on a per BOE basis.

A reconciliation of gross profit as reported under IFRS to net operating income is provided below.

	Three-months Ended		**Six-months Ended**	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Gross profit	7,796	5,775	8,698	22,985
Depreciation and depletion	8,027	8,702	16,660	19,410
(Gain) / loss on risk management contracts	(1,624)	(387)	1,459	(3,343)
Other operating income	(1,786)	-	(1,816)	(107)
Net operating income	**12,413**	14,090	**25,001**	38,945
Net operating income presented in USD [(i)]	**15,659**	17,646	**31,621**	48,019
Total Sales Production (BOE)	1,662,661	1,686,139	**3,428,516**	3,735,840
Net operating income per BOE (£/BOE)	**7.47**	8.36	**7.29**	10.42
Net operating income per BOE presented in USD [(i)]	**9.42**	10.47	**9.22**	12.85

(i) Amounts converted at the period-average GBP:USD exchange rates of 1.2615 and 1.2648 for the three and six months ended 30 June 2024, respectively, and 1.2524 and 1.2330 for the three and six months ended 30 June 2023 periods, respectively.

Acquisitions & Capex

Acquisitions & Capex is defined as cash expenditures on acquisitions, PP&E, and E&E. Management believes that Acquisition & Capex is a useful supplementary measure as it provides investors with information on cash capital investment during the period.

A reconciliation of the various line items per the statement of cash flow to Acquisitions & Capex is provided below.

	Three-months Ended		**Six-months Ended**	
	30 Jun 2024	30 Jun 2023	**30 Jun 2024**	30 Jun 2023
	£'000	£'000	**£'000**	£'000
Acquisitions	-	-	-	(13)
Expenditures on property, plant & equipment	2,567	3,274	3,985	15,225
Expenditures on exploration and evaluation assets	62	173	361	1,200
Acquisitions & Capex	**2,629**	3,447	**4,346**	16,438
Acquisitions & Capex presented in USD [(i)]	**3,316**	4,317	**5,497**	20,268

(i) Amounts converted at the period-average GBP:USD exchange rates of 1.2615 and 1.2648 for the three and six months ended 30 June 2024, respectively, and 1.2524 and 1.2330 for the three and six months ended 30 June 2023 periods, respectively.

Free cash flow (FCF)

FCF is defined as cash from / (used in) operating activities plus proceeds on disposal of PP&E and E&E, less cash capital expenditures on PP&E and E&E. Management believes that FCF provides useful information to management and investors about the Group's ability to pay dividends. This definition was expanded in Q2 2024 to include proceeds on disposal of PP&E and E&E as the Group completed material dispositions in the period.

A reconciliation of cash from / (used in) operating activities to FCF is provided below.

	Three-months Ended		**Six-months Ended**	
	30 Jun 2024	30 Jun 2023	**30 Jun 2024**	30 Jun 2023
	£'000	£'000	**£'000**	£'000
Net cash from operating activities	6,053	3,186	19,569	24,294
Disposal of property, plant & equipment	17,956	-	17,956	-
Disposal of E&E assets	1,234	-	1,234	-
Expenditures on property, plant & equipment	(2,567)	(3,274)	(3,985)	(15,225)
Expenditures on exploration and evaluation assets	(62)	(173)	(361)	(1,200)
FCF	**22,614**	369	**34,413**	7,869

FCF presented in USD [(i)]	**28,528**	462	**43,526**	9,702

(i) Amounts converted at the period-average GBP:USD exchange rates of 1.2615 and 1.2648 for the three and six months ended 30 June 2024, respectively, and 1.2524 and 1.2330 for the three and six months ended 30 June 2023 periods, respectively.

Net cash surplus or debt

Net cash surplus or net debt is defined as borrowings and leases and trade and other payables, less cash and cash equivalents and trade and other receivables. This definition was expanded in 2023 and 2024 to include other non-current liabilities and other non-current assets which are new account balances that arose during the respective years. When net debt is negative it is referred to as a net cash surplus. Management believes that net cash surplus or net debt is a meaningful measure to monitor the liquidity position of the Group.

A reconciliation of the various line items per the statement of financial position to net cash surplus or net debt is provided below.

	30 Jun 2024	31 Dec 2023
	£'000	£'000
Borrowings and leases	209	34,569
Trade and other payables	23,479	27,640
Other non-current liabilities	431	84
Income taxes (receivable) / payable	(27)	(205)
Cash and cash equivalents	(8,802)	(23,507)
Trade and other receivables	(19,658)	(20,534)
Other non-current assets	(1,136)	-
Net (cash surplus) / debt	**(5,504)**	18,047
Net (cash surplus) / debt presented in USD [(ii)]	**(6,958)**	23,005

(ii) Amounts converted at the period-end GBP:USD exchange rates of 1.2642 and 1.2747 for the 2024 and 2023 periods, respectively.

END

Qualified Person's Statement

In accordance with the AIM Note for Mining and Oil and Gas Companies, i3 discloses that Majid Shafiq is the qualified person who has reviewed the technical information contained in this document. He has a Master's Degree in Petroleum Engineering from Heriot-Watt University and is a member of the Society of Petroleum Engineers. Majid Shafiq consents to the inclusion of the information in the form and context in which it appears.

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Notes to Editors:

i3 Energy is an oil and gas Company with a low cost, diversified, growing production base in Canada's most prolific hydrocarbon region, the Western Canadian Sedimentary Basin and appraisal assets in the North Sea with significant upside.

The Company is well positioned to deliver future growth through the optimisation of its existing asset base and the acquisition of long life, low decline conventional production assets.

i3 is dedicated to responsible corporate practices and the environment, and places high value on adhering to strong Environmental, Social and Governance ("ESG") practices. i3 is proud of its performance to date as a responsible steward of the environment, people, and capital

management. The Company is committed to maintaining an ESG strategy, which has broader implications to long-term value creation, as these benefits extend beyond regulatory requirements.

i3 Energy is listed on the AIM market of the London Stock Exchange under the symbol I3E and on the Toronto Stock Exchange under the symbol ITE. For further information on i3 Energy please visit https://i3.energy

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Forward-Looking Statements

This press release offers our assessment of i3's future plans and operations as at the time of dissemination and contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "should", "plan", "intend", "believe" and similar expressions (including the negatives thereof) are intended to identify forward looking information or statements.

The forward-looking information and statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: those relating to results of operations and financial condition; general economic conditions; industry conditions; changes in regulatory and taxation regimes; volatility of commodity prices; escalation of operating and capital costs; currency fluctuations; the availability of services; imprecision of reserve estimates; geological, technical, drilling and processing problems; environmental risks; weather; the lack of availability of qualified personnel or management; stock market volatility; the ability to access sufficient capital from internal and external sources; and competition from other industry participants for, among other things, capital, services, acquisitions of reserves, undeveloped lands and skilled personnel. Risks are described in more detail in our Financial Review, which is available on *www.i3.energy* and on *www.sedarplus.ca.* Forward-looking statements are provided to allow investors to have a greater understanding of our business.

You are cautioned that the assumptions used in the preparation of such information and statements, including, among other things: future oil and natural gas prices; future capital expenditure levels; future production levels; future exchange rates; the cost of developing and expanding our assets; our ability to obtain equipment in a timely manner to carry out development activities; our ability to fund future dividends; our ability to market our oil and natural gas successfully to current and new customers; the impact of increasing competition; the availability of adequate and acceptable debt and equity financing and funds from operations to fund our planned expenditures; and our ability to add production and reserves through our development and acquisition activities, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Our actual results, performance, or achievement could differ materially from those expressed in, or implied by, these forward-looking

statements. We can give no assurance that any of the events anticipated will transpire or occur, or if any of them do, what benefits we will derive from them. The forward-looking information and statements contained in this document is expressly qualified by this cautionary statement. Our policy for updating forward-looking statements is that i3 disclaims, except as required by law, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-IFRS Financial Measures

i3 uses the following terms for measurement within this press release that do not have a standardized prescribed meaning under International Financial Reporting Standards ("IFRS") and these measurements may not be comparable with the calculation of similar measurements of other entities. The Company refers to these as Non-IFRS Measures or Alternate Performance Measures ("APMs"). APMs are not defined under IFRS and are not considered to be a substitute for or superior to IFRS measures. Other companies may not calculate similarly defined or described measures, and therefore their comparability may be limited. The Company continually monitors the selection and definitions of its APMs, which may change in future reporting periods. Refer to Note 1 Alternative Performance Measures for further discussion.

51-101 Advisory

In conformity with National Instrument 51-101, Standards for Disclosure of Oil and Gas Activities ("NI 51-101"), natural gas volumes have been converted to barrels of oil equivalent ("boe") using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. In certain circumstances, natural gas liquid volumes have been converted to a thousand cubic feet equivalent ("mcfe") on the basis of one barrel of natural gas liquids to six thousand cubic feet of gas. Boes and mcfes may be misleading, particularly if used in isolation. A conversion ratio of one barrel to six thousand cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio on a 6:1 basis may be misleading as an indication of value.