UNAUDITED CONSOLIDATED INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS AND FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2024

Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto of i3 Energy plc (the "Company", "i3 Energy", "we", "our", "us" or collectively with our subsidiaries, the "Group") (TSX:ITE, AIM:I3E) as at and for the three and six months ended 30 June 2024. This MD&A is a review of the financial results of i3 Energy and has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* for the three and six months ended 30 June 2024. Readers should also refer to all previous public filings, including the Company's Annual Information Form and Annual Report for the year ended 31 December 2023, which may be found on SEDAR+ at www.sedarplus.ca.

This MD&A is dated and has been prepared taking into consideration information available as at 12 August 2024.

All references to "GBP" and "£" are to the currency of British Pounds Sterling unless otherwise indicated.

All references to "financial statements" are to the condensed consolidated interim financial statements for the three and six months ended 30 June 2024, dated the same as this MD&A, unless otherwise stated. The financial statements are unaudited and unreviewed.

This MD&A includes forward-looking statements and assumptions. See "Cautionary Statements Regarding Forward-Looking Information and Statements" for additional details.

Overview of i3 Energy

The principal activities of the Group consist of oil and gas production in the Western Canadian Sedimentary Basin ("WCSB") and appraisal and development of oil and gas assets on the UK Continental Shelf ("UKCS"). The Company's wholly owned subsidiaries i3 Energy Canada Limited and i3 Energy North Sea Limited are independent oil and gas companies with producing assets in Canada and a discovery being evaluated for potential development in the UK , respectively. The Group holds various mineral licences across its main operating areas in the WCSB, being Wapiti, Simonette, Clearwater, and Central Alberta. The Group holds the P.2358 licence in the UKCS which contains the Serenity field discovery. The Company's principal activity is that of a listed holding company.

Operational Review of the Quarter

The Group eliminated its outstanding indebtedness on its credit facility and at the end of June 2024, had a net cash surplus of £5.5 million. At the end of March 2024, the Group finalised a CAD $75 million senior secured revolving Credit Facility with a Canadian chartered bank (the "Credit Facility"), unlocking significant liquidity. The Group used cash on hand and a portion of the Credit Facility to settle the Group's existing CAD $75 million, straight line amortising, Debt Facility with Trafigura Canada Ltd. (the "Debt Facility"), which enabled an expanded capital programme to be announced for the remainder of 2024. In Q2 2024, the Group entered into an agreement to sell the majority of its royalty assets for total gross cash consideration of £19.5 million before customary closing adjustments (including £1.75 million from the sale of certain seismic licenses). The sale of seismic licences was recorded within other operating income, and the remaining net proceeds of £18.0m after closing adjustments resulted in a gain on disposition of £15.8 million. A portion of the proceeds on disposition were used to fully eliminate the Group's outstanding indebtedness on the Credit Facility and along with proceeds from other asset dispositions in Q2 2024 and the conscious decision to delay its capital programme until Q3 2024, resulted in a cash surplus at the end of Q2 2024. The asset dispositions were considered in the best interest of the shareholders as they were completed at attractive metrics and provide the Group with considerable liquidity to execute its 2024 capital program and grow production through the drill bit.

Average sales production in Q2 2024 was 18,271 boepd, which was 6% lower than average sales production in Q1 2024 of 19,410 boepd. Lower production quarter over quarter was primarily due to temporary third-party facility outages, facility turnarounds, and the sale of the Group's royalty and minor assets in Q2 2024 and a capital programme deferred to H2 2024. There was a significant decrease in average realised natural gas prices in Q2 2024 (52%), due to increased natural gas storage levels and weak demand. Averaged realised oil and condensate prices increased in Q2 2024 (14%), primarily due to OPEC staying the course on its production cut policy and strong demand prior to the US driving season.

Total revenue (net of royalties) in Q2 2024 was £28.9 million, which was 8% lower than total revenue (net of royalties) in Q1 2024 of £31.4 million.

Net operating income in Q2 2024 was relatively flat compared to Q1 2024 being £12.4 million and £12.6 million, respectively.

The Group realised a gain on asset dispositions in Q2 2024 of £15.8 million from the royalty interest and Hangingstone dispositions.

Business 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.

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 20249th. 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.

Q2 2024 Financial and Operational Highlights

The following table sets forth a summary of the operational and financial highlights of the Group for the three and six months ended 30 June 2024:

	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:	**£/BOE**	£/BOE	**£/BOE**	£/BOE
Oil and gas sales	18.03	20.28	18.82	22.28
Royalties	(2.66)	(1.97)	(2.67)	(2.82)
Processing income	0.95	0.69	0.91	0.71
Production costs	(8.85)	(10.64)	(9.77)	(9.75)
Net Operating Income(1) per BOE	**7.47**	8.36	**7.29**	10.42
FINANCIAL:	**£'000**	£'000	**£'000**	£'000
Revenue (net of royalties)	28,920	32,037	60,328	75,489
Net Operating Income(1)	12,413	14,090	25,001	38,945
Adjusted EBITDA(1)	12,501	12,846	19,104	38,561
Profit before Tax	19,303	1,832	15,405	14,469
Profit after Tax	14,463	728	8,369	10,944
Net cash from operating activities	6,053	3,186	19,569	24,294
Acquisitions & Capex(1)	2,629	3,447	4,346	16,438
FCF(1)	22,614	369	34,413	7,869
Dividends Declared	3,084	4,095	6,168	10,215
	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 £'000	31 Dec 2023 £'000
Borrowings and leases	209	34,569
Net (cash surplus) / debt(1)	(5,504)	18,047

(1) Non-IFRS measure. Refer to Appendix B.

Operating and Financial Results

Operating segments

The Group operates as two segments, as follows:

- UK / Corporate – That of Corporate activities in the UK and oil and gas exploration, appraisal, and development on the UKCS.
- Canada – That of oil and gas production in the WCSB.

Such components are identified on the basis of internal reports that the Board reviews regularly.

The following is an analysis of the Group's revenue and results by reportable segment for the three months ended 30 June 2024:

	UK / Corporate £'000	**Canada £'000**	**Total £'000**
Revenue	–	28,920	28,920
Production costs	–	(14,721)	(14,721)
Loss on risk management contracts	–	1,624	1,624
Depreciation and depletion	(1)	(8,026)	(8,027)
Gross (loss) / profit	**(1)**	**7,797**	**7,796**
Administrative expenses	(783)	(2,611)	(3,394)
Gain on asset dispositions	–	15,779	15,779
Operating (loss) / profit	**(784)**	**20,965**	**20,181**
Finance income	–	72	72
Finance costs	(1)	(949)	(950)
(Loss) / profit before tax	**(785)**	**20,088**	**19,303**
Tax charge for the period	(183)	(4,657)	(4,840)
(Loss) / profit for the period	**(968)**	**15,431**	**14,463**

The following is an analysis of the Group's revenue and results by reportable segment for the six months ended 30 June 2024:

	UK / Corporate £'000	**Canada £'000**	**Total £'000**
Revenue	–	60,328	60,328
Production costs	–	(33,511)	(33,511)
Loss on risk management contracts	–	(1,459)	(1,459)
Depreciation and depletion	(2)	(16,658)	(16,660)
Gross (loss) / profit	**(2)**	**8,700**	**8,698**
Administrative expenses	(1,609)	(4,636)	(6,245)
Gain on asset dispositions	–	15,779	15,779
Operating (loss) / profit	**(1,611)**	**19,843**	**18,232**
Finance income	–	288	288
Finance costs	(1,499)	(1,616)	(3,115)
(Loss) / profit before tax	**(3,110)**	**18,515**	**15,405**
Tax charge for the period	(2,570)	(4,466)	(7,036)
(Loss) / profit for the period	**(5,680)**	**14,049**	**8,369**

The UK / Corporate segment is not revenue making. All of the Group's revenue is generated in the Canada segment, and accordingly all analysis of production, pricing, revenue, oil and gas sales, royalties, processing and other operating income, production costs, gain or loss on risk management contracts, depreciation and depletion, and finance income within this MD&A relates to the Group's Canadian operations.

Production

	Three-months Ended		Six-months Ended	
Average Sales Production:	**30 Jun 2024**	30 Jun 2023	**30 Jun 2024**	30 Jun 2023
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

	Three-months Ended		Six-months Ended	
Average Sales Production Mix:	**30 Jun 2024**	30 Jun 2023	**30 Jun 2024**	30 Jun 2023
Oil and condensate	22%	23%	**22%**	23%
Natural gas liquids	25%	22%	**25%**	23%
Natural gas	52.5%	53%	**52%**	52%
Royalty interest	0.5%	2%	**1%**	2%
	100%	100%	**100%**	100%

Average sales production in Q2 2024 decreased 1% to 18,271 boepd, compared to 18,529 boepd in Q2 2023. Despite a minor 1% decrease in average sales production in Q2 2024, compared to Q2 2023, different events in each quarter attributed to each respective quarterly total average sales production. In Q2 2023, average sales production was temporarily impacted by forest fires in May and scheduled facility turnarounds in June. In Q2 2024, average sales production was impacted by the sale of the majority of the Company's royalty interest production and a minor sale of assets in Hangingstone, which both closed in April 2024. In addition, producing assets were impacted by several temporary third-party facility outages and scheduled third-party facility turnarounds.

Average sales production in the first half of 2024 was 18,838 boepd, compared to 20,640 boepd in the first half of 2023. The 9% decrease period over period was primarily due to extreme cold temperatures in January 2024, causing pipelines, wells and instrumentation to freeze, resulting in temporary production downtime. In addition to the negative impact of cold temperatures in January 2024, production in the first half of 2024 was impacted by several third-party facility outages and facility turnarounds in Q2 2024 and production was further impacted by the sale of royalty interest and other minor producing assets. Also contributing to a decrease in average sales production period over period were natural production declines, partially offset by new production from the Group's Q4 2023 drilling activity.

Comparative average sales production mix for each quarter and each first half of the year were consistent, except for a minor decrease in royalty interest mix percentage due to the above-mentioned sale.

Pricing

In Q2 2023, the WTI price stabilised as global demand moderated and the potential of Russian supply issues relating to the ongoing Ukraine/Russia conflict subsided. In Q2 2024, the WTI price gained strength on news that OPEC would maintain their production cuts policy and that Mexico was planning on reduced exports. Also, strong production demand in the US prior to the driving season helped bolster oil pricing. Oil prices began to weaken in the second half of Q2 2024, primarily because of reduced Middle East tensions and weak economic data out of China. Natural gas pricing continued to face downward pressure across North America in 2023, due to increased production rates and weak seasonal demand. A temporary spike in the natural gas price, due to cold weather in January 2024, had a diminishing effect on natural gas prices in the first half of 2024 as mild temperatures returned.

Also, natural gas inventory levels increased in Western Canada due to continued robust production levels and a lack of sufficient demand.

The below table shows the average benchmark prices for 2024 and 2023.

	Three-months Ended		Six-months Ended	
Average Benchmark Pricing:	**30 Jun 2024**	30 Jun 2023	**30 Jun 2024**	30 Jun 2023
WTI (USD$/bbl)	80.57	73.78	**78.77**	74.95
WTI (CAD$/bbl)	110.25	99.11	**107.04**	101.00
NYMEX (USD$/mmbtu)	1.89	2.10	**2.07**	2.76
AECO 5A (CAD$/mcf)	1.12	2.32	**1.74**	2.69

i3's proceeds from the sale of oil and gas produced from its Canadian oil and gas assets are based on sales production volumes and realised sales prices in Canadian dollars. The below table shows the average prices in Canadian dollars realised by i3 in 2024 and 2023.

	Three-months Ended		Six-months Ended	
Average Realised Pricing[(1)]:	**30 Jun 2024**	30 Jun 2023	**30 Jun 2024**	30 Jun 2023
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

(1) Average realised prices derived by dividing oil and gas sales in GBP by averaged sales production and converting to CAD using period-average GBP/CAD exchange rate for the half-year ended 30 June 2024 of 1.7181 (six months ended 30 June 2023 of 1.6613).

Revenue

	Three-months Ended		Six-months Ended	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Oil and gas sales	29,981	34,203	**64,509**	83,221
Royalties	(4,426)	(3,324)	**(9,168)**	(10,540)
Revenue from the sale of oil and gas	25,555	30,879	**55,341**	72,681
Processing income	1,579	1,158	**3,171**	2,701
Other operating income	1,786	–	**1,816**	107
Total revenue	**28,920**	32,037	**60,328**	75,489

Total revenue decreased 10% in Q2 2024, compared to Q2 2023, due to lower realised gas prices, lower oil and gas sales and higher royalties, partially offset by higher processing income and other operating income.

In the first half of 2024 total revenue decreased 20%, compared to the same period in 2023. Contributing to the decrease was lower oil and gas sales, partially offset by lower royalty expense, higher processing income and other operating income. Average realised pricing and revenue are presented before any gains or losses on the Group's commodity risk management contracts.

Oil and gas sales:

	Three-months Ended		Three-months Ended	
	30 Jun 2024 £'000	**Oil and gas sales mix Q2 2024**	30 Jun 2023 £'000	Oil and gas sales mix Q2 2023
Oil and condensate	21,363	71%	21,369	63%
Natural gas liquids	4,679	16%	3,919	11%
Natural gas	3,773	12%	8,233	24%
Royalty interest	166	1%	682	2%
Oil and gas sales	**29,981**	100%	34,203	100%

Revenue from oil and gas sales in Q2 2024 of £30.0 million was 12% lower, compared to the same period in 2023 of £34.2 million. The decrease in revenue from oil and gas sales in Q2 2024, compared to Q2 2023, was primarily related to lower natural gas revenue, due to lower average natural gas sales production and lower natural gas price. In addition, royalty interest sales decreased due to the sale of royalty assets in April 2024.

	Six-months Ended		Six-months Ended	
	30 Jun 2024 £'000	**Oil and gas sales mix Q2 2024**	30 Jun 2023 £'000	Oil and gas sales mix Q2 2023
Oil and condensate	41,602	64%	48,850	59%
Natural gas liquids	10,095	16%	12,035	14%
Natural gas	12,094	19%	20,816	25%
Royalty interest	718	1%	1,520	2%
Oil and gas sales	**64,509**	100%	83,221	100%

Revenue from oil and gas sales in the first half of 2024 of £64.5 million was 22% lower, compared to the first half of 2023 of £83.2 million. The decrease in revenue from oil and gas sales in the first half of 2024, compared to the same period in 2023, was primarily related to lower average sales production and lower natural gas and NGL prices, partially offset by higher oil and condensate prices. In addition, royalty interest sales decreased due to the sale of royalty assets in April 2024.

Royalties:

	Three-months Ended		**Six-months Ended**	
	30 Jun 2024	30 Jun 2023	**30 Jun 2024**	30 Jun 2023
Royalties (£)	4,426	3,324	9,168	10,540
Royalties (£/boe)	2.66	1.97	2.67	2.82
Royalties (% of oil and gas sales)	14.8%	9.7%	14.2%	12.7%

Royalties are comprised of payments made to the Alberta Government (Crown), holders of freehold lands, gross overriding royalty holders and payments to certain first nations. Royalty rates for Alberta Crown royalties, which is where the majority of the Company's production comes from, are based on a sliding scale where the royalty rate is dependent on a monthly Alberta par price for oil and on a monthly Alberta reference price for natural gas and NGLs and individual well production rates. Higher commodity prices attract a higher royalty rate and vice-versa. Similarly, high individual production rates attract higher royalty rates and vice-versa.

Royalties in Q2 2024 of £4.4 million were 33% higher, compared to royalties in Q2 2023 of £3.3 million. In Q2 2023, i3 received a positive one-time yearly gas cost allowance ("GCA") adjustment from the Alberta Government of £1.8 million.

Royalties in the first half of 2024 of £9.2 million were 13% lower, compared to royalties in the first half of 2023 of £10.5 million. Lower royalties in the first half of 2024 compared to the same period in 2023 are primarily a result of lower average sales production and lower natural gas and NGL prices, in addition to lower Government par and reference prices used in calculating Crown royalties.

Adjusting both Q2 2023 and the first half of 2023 by the positive £1.8 million GCA adjustment results in royalties of £3.04/boe and £3.30/boe and 15.0% and 14.8% of oil and gas sales, respectively.

Processing and other operating income:

	Three-months Ended		Six-months Ended	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Processing income	1,579	1,158	3,171	2,701
Other operating income	1,786	–	1,816	107
Total processing and other operating income	**3,365**	1,158	**4,987**	2,808

Total processing income and other operating income in Q2 2024 and Q2 2023 were £3.4 million and £1.2 million, respectively and represented a 191% increase period over period. Total processing income and other operating income in the first half of 2024 and 2023 were £5.0 million and £2.8 million, respectively and represented a 78% increase period over period. The increase in both periods was primarily a result of revenue of £1.75 million from a seismic license agreement forming part of the sale of royalty interests completed in April 2024. Processing income is the result of fees charged to third party users of various facilities which are partially or wholly owned by the Group.

Production costs

	Three-months Ended		Six-months Ended	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Total Production Costs	14,721	17,947	33,511	36,437
Total Production Costs (£/boe)	**8.85**	10.64	**9.77**	9.75

Total production costs are primarily comprised of field labour and general field maintenance, land retention and taxes, well repairs and workovers, processing, and product transportation.

Total production costs in Q2 2024 were 18% lower than total production costs in Q2 2023 and primarily a result of costs in Q2 2023 relating to scheduled turnarounds. The decrease in total production costs on a £/boe basis in Q2 2024, compared to the same period in 2023 is primarily due to decreased costs described above, partially offset by a slightly lower production base.

Total production costs in the first half of 2024 were 8% lower than total production costs in the first half of 2023. Slightly lower total production costs in the first half of 2024, compared to the same period in 2023 are primarily attributed to lower maintenance activity and turnaround costs and lower electricity costs, partially offset by higher property taxes. Total production costs on a £/boe basis in the first half of 2024 was flat when compared to the same period in 2023 at £9.77/boe and £9.75/boe, respectively.

Net Operating Income:

	Three-months Ended		Six-months Ended	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Oil and gas sales	29,981	34,203	64,509	83,221
Royalties	(4,426)	(3,324)	(9,168)	(10,540)
Processing income	1,579	1,158	3,171	2,701
Production costs	(14,721)	(17,947)	(33,511)	(36,437)
Net operating income(1)	**12,413**	14,090	**25,001**	38,945
Total Sales Production (boe)	1,662,661	1,686,139	3,428,516	3,735,840
Net operating income per BOE(1) (£/boe)	**7.47**	8.36	**7.29**	10.42

(1) Non-IFRS measure. Refer to Appendix B.

In Q2 2024, net operating income was £12.4 million (£7.47/boe), which was 12% lower than Q2 2023 of £14.1 million (£8.36/boe). The decrease was primarily due to lower gas prices, lower oil and gas sales and higher royalties, partially offset by lower production costs and higher processing income.

In the first half of 2024, net operating income was £25.0 million (£7.29/boe), which was 36% lower than the first half of 2023 of £38.9 million (£10.42/boe). The decrease was primarily due to lower gas prices, lower oil and gas sales, partially offset by lower royalties, higher processing income and lower production costs.

Gain or loss on risk management contracts

	Three-months Ended		Six-months Ended	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Unrealised gain / (loss) on risk management contracts	1,815	1,171	(1,311)	328
Realised (loss) / gain on risk management contracts	(191)	(784)	(148)	3,015
Total gain / (loss) on risk management contracts	**1,624**	387	**(1,459)**	3,343

The Group enters a variety of risk management contracts to hedge a portion of the Group's exposure to fluctuations in prevailing commodity prices for oil, gas, and natural gas liquids. The Group's financial commodity contracts are remeasured at fair value at each reporting date with the changes recognised as an unrealised gain or loss on risk management contracts. The Group's physical commodity contracts represent physical delivery sales contracts in the ordinary course of business and are therefore not recorded at fair value. Realised gains or losses represent actual cash settlements on the financial and physical contracts in the period. The total loss of £1.5 million for the first half 2024 was largely driven by a general increase in WTI in Q1 2024, which was partially offset by a total gain of £1.6 million in Q2 2024 which was largely driven by softening AECO pricing. At 30 June 2024 the net current risk management contract asset was £0.2 million (31 December 2023: net asset £1.6 million). Refer to note 14 and note 20 of the financial statements for further details of the Group's risk management contracts entered into at and subsequent to 30 June 2024, respectively.

Depreciation and depletion

	Three-months Ended		Six-months Ended	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Total Depreciation and depletion	8,027	8,702	**16,660**	19,410
Total Depreciation and depletion (£/boe)	**4.83**	5.16	**4.86**	5.20

The Group incurred depreciation and depletion of £8.0 million in Q2 2024, a decrease of £0.7 million from £8.7 million in Q2 2023. The 8% decrease is largely due to a decrease in production and a decrease in depletion rates from £5.16 to £4.83/boe. This decrease on a per boe basis is due to changes in the proved plus probable reserves and future development costs from year to year.

The Group incurred depreciation and depletion of £16.7 million in the first half of 2024, a decrease of £2.7 million from £19.4 million in the first half of 2023. The 14% decrease is largely due to a decrease in production and a decrease in depletion rates from £5.20 to £4.86/boe. This decrease on a per boe basis is due to changes in the proved plus probable reserves and future development costs from year to year.

Administrative expenses

Administrative expenses for Q2 2024 increased by £1.6 million (94%), compared to Q2 2023. £1.1 million of the increase relates to employee costs which increased by £0.5 million for expenses amortised on deferred cash LTIPs granted in Q4 2023 and Q2 2024, and £0.6 million for reduced capitalised salaries and overhead recoveries due to less capital activity in Q2 2024 relative to Q2 2023. The remaining increase relates to FX gains and losses and an increase in professional fees.

Administrative expenses for the first half of 2024 increased by £2.1 million (53%), compared to first half 2023. £1.5 million of the increase relates to employee costs which increased by £0.8 million for expenses amortised on deferred cash LTIPs granted in Q4 2023 and Q2 2024, £0.4 million for reduced capitalised salaries and overhead recoveries due to less capital activity in the first half of 2024 relative to 2023, and £0.3 million for general salary increases and payments under the Group's short term incentive plan. £0.4 million relates to an increase in professional fees are a result of one-time charges pertaining to expanding our required continuous disclosure reporting requirements and corporate acquisition initiatives that after strict due diligence were deemed not to meet our investment criteria. The remaining increase of £0.2 million relates to FX gains and losses and other administrative costs. A breakdown of administrative expenses is as follows:

	Three-months Ended		**Six-months Ended**	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Directors' fees	87	87	173	173
Employee costs	2,158	1,052	3,689	2,165
Professional fees	559	359	1,173	807
Other	571	477	1,196	1,170
Realised FX (gain) / loss	446	(223)	422	(217)
Unrealised FX loss / (gain)	(427)	(1)	(408)	(15)
Total administrative expenses	**3,394**	1,751	**6,245**	4,083

Gain on asset dispositions

The Group recognised a gain on asset dispositions of £15.8 million in the three and six months ended 30 June 2024, an increase from nil in the three and six months ended 30 June 2023. During Q2 2024, the Group disposed of certain Canadian oil and gas properties and royalty interests. Net proceeds from the sales after allocating the seismic proceeds to other operating income and customary closing adjustments totalled approximately £18.0 million. Proceeds on dispositions less the carrying value of the assets and associated abandonment liabilities resulted in the Group recognising a gain on asset dispositions of £15.8 million. Included in the sale of its royalty interests was revenue of £1.75 million from a seismic license sale agreement which was recorded within other operating income.

Finance income

The Group recognised finance income of £72 thousand in Q1 2024, a decrease of 40% from £120 thousand in Q2 2024. The Group earns interest on cash balances maintained in the current banking account of i3 Canada. The 40% decrease resulted from generally lower cash balances in Q2 2024 as compared to Q2 2023. The Group recognised finance income of £288 thousand in the first half of 2024, which is an increase of 16% from £249 thousand in the first half of 2024. The 16% increase is due to increased cash balances maintained throughout Q1 2024 relative to Q1 2023, partially offset by the decrease in Q2 2024 as discussed above.

Finance costs

The Group incurred finance costs of £1.0 million in Q2 2024, a decrease of £1.3 million, or 59% from £2.3 million in Q2 2023. £1.2 million of this decrease relates to lower interest costs on the Credit Facility outstanding in Q2 2024 relative to the Debt Facility and H1-2019 Loan Notes which were outstanding in Q2 2023. Proceeds from the April 2024 royalty interest disposition were used to repay all outstanding balances on the Credit Facility which resulted in lower borrowings balances in Q2 2024 relative to Q2 2023 and therefore lower finance costs. There was also a £0.1 million decrease in bank charges and interest on creditors relating to timing of income tax payments in 2023.

The Group incurred finance costs of £3.1 million in the first half of 2024, a decrease of £1.6 million, or 33% from £4.7 million in the first half of 2023. £2.6 million of this decrease relates to lower interest and accretion costs due to generally lower principal balances outstanding in 2024, and FX gains on borrowings due to foreign exchange rate fluctuations in 2024. There was a further decrease of £0.2 million in the accretion of decommissioning provision and £0.2 million in bank charges and interest on creditors relating to timing of income tax payments in 2023. These decreases were partially offset by a £1.4 million increase in amortisation of deferred finance costs which was accelerated in Q1 2024 upon the prepayment of the Debt Facility.

Further details of the Group's loan transactions are provided in Borrowings and Leases discussion below and in Note 12 to the financial statements. Further details of the finance costs are provided in the following table:

	Three-months Ended		Six-months Ended	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Accretion of loan notes	–	652	–	1,615
Cash interest expense on loan notes	–	374	–	951
Accretion of decommissioning provision	645	650	1,249	1,408
Interest on Debt Facility	–	318	796	318
Interest on Credit Facility	55	–	101	–
Amortisation of deferred finance costs	163	93	1,513	93
Bank charges and interest on creditors	87	225	104	297
FX gain on Debt Facility	–	–	(648)	–
Total finance costs	**950**	2,312	3,115	4,682

Tax charge

The Group's current and deferred tax charge are presented in the following table.

	Three-months Ended		Six-months Ended	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Current tax charge	1,479	837	2,734	5,262
Deferred tax charge / (credit)	3,361	267	4,302	(1,737)
Total tax charge	**4,840**	1,104	**7,036**	3,525

The Group incurred a tax charge of £4.8 million in Q2 2024, an increase of £3.7 million, or 338% from £1.1 million in Q2 2023. £3.1 million of the increase relates to the deferred tax charge which primarily resulted from changes in net deductible temporary differences following the disposal of certain oil and gas properties and royalty interests in Canada which utilised existing mineral resource tax pools to defer the tax charge. The remaining £0.6 million relates to an increase in current tax in Canada due to income levels and movements in deductible mineral resource tax pools.

The Group incurred a tax charge of £7.0 million in the first half of 2024, an increase of £3.5 million, or 100% from £3.5 million in Q2 2023. £6.0 million of the increase to the deferred tax charge which resulted from the disposal of certain oil and gas properties and royalty interests as discussed above and a deferred tax provision recognised in i3 Energy plc in Q1 2024 for withholding taxes on intercompany dividends expected in the foreseeable future. This was partially offset by a £2.5 million decrease in current tax due to lower taxable income generated in Canada. Further details are provided in the financial statements note 6.

Cash and cash equivalents

The Group had £8.8 million of cash and cash equivalents at 30 June 2024, a decrease of £14.7 million from £23.5 million 31 December 2023. The Group generated £19.6 million in net cash from operating activities and £9.4 million of net cash from investing activities, which was the proceeds from the disposal of certain oil and gas properties and royalty interests in Canada, partially offset by capital expenditures as discussed in the PP&E and E&E section below. These cash inflows were offset by £43.8 million of net cash used in financing activities, primarily due to prepaying the Debt Facility in March 2024 with cash on hand and proceeds from the Credit Facility, and subsequently the Credit Facility in April 2024 with the cash proceeds from asset disposals completed in Q2. The £43.8 million also includes dividends of £6.2 million in the first half of 2024. There was also a £0.1 million positive effect for exchange rate changes in the period.

PP&E and E&E

The Group had PP&E assets of £183.7 million (31 December 2023: £205.7 million) and intangible E&E assets of £62.1 million (31 December 2023: £63.1 million) as at 30 June 2024.

The increase due to additions and acquisitions of PP&E was offset by dispositions and changes in estimates of the decommissioning provision, foreign exchange movement, and the depletion charge for the period. Further details are in note 8 of the financial statements.

Total property, plant and equipment additions in Q2 2024 totalling £2.6 million (Q2 2023: £3.3 million) was comprised of work associated with the Group's Canadian oil and gas assets, as per the table below, and a £0.04 million right of use asset associated with a vehicle which commenced its 3-year term at the end of June 2024.

Total property, plant and equipment additions in the first half of 2024 totalling £4 million (H1 2023: £15.2 million) was comprised of work associated with the Group's Canadian oil and gas assets, as per the table below, and £0.3 million right of use assets associated with an office lease which commenced its 2-year term on 1 January 2024 and a leased vehicle which commenced its 3-year term at the end of June 2024.

	Three-months Ended		**Six-months Ended**	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Land	24	48	61	118
Seismic	273	8	317	21
Drilling, completions, recompletions	1,339	574	1,498	8,234
Facilities, equipment and pipelines	931	2,643	2,110	6,851
Total additions to oil and gas assets	**2,567**	3,273	**3,986**	15,224

In Q2 2024, i3 invested £2.6 million on property, plant and equipment additions. £1.3 million was invested to prepare leases for the upcoming drilling program and recomplete an existing well. £0.9 million was invested in pipeline and facility modifications over several areas. The remainder was spent on the purchase of seismic licenses and land retention.

In the first half of 2024, i3 invested £4 million on property, plant and equipment additions. £0.2 million was invested to participate in drilling 2 (0.1 net) non-operated Cardium wells in the Lodgepole area and £1.3 million was invested to prepare leases for the upcoming drilling program and recomplete an existing well. £2.1 million was invested in pipeline and facility modifications over several areas. The remainder was spent on land retention and seismic costs.

In Q2 2023, i3 invested £3.3 million on property, plant and equipment additions. i3 spent £2.6 million on various well and facility electrification projects along with facility upgrades and well and pipeline modifications. The remainder was spent on land retention, seismic costs and lease drilling preparations.

During the first half of 2023, i3 invested £15.2 million on property, plant and equipment additions. i3 participated in drilling 8 (5.5 net) wells, which includes 3 (1.8 net) wells in the Wapiti area which were spud in December 2022. 3 wells (2.5 net) were drilled in the Clearwater area and are currently shut-in due to seasonal, winter only access. The remaining 2 wells, which consisted of 1 well (1.0 net) in the Lodgepole area and 1 well (0.2 net) in the Wapiti area were drilled, completed and equipped and placed on production in the first half of 2023. i3 also completed, equipped and placed on production 3 (1.8 net) Wapiti wells that were drilled in December 2022. Additional investments focused on various well and facility electrification projects along with facility upgrades and well and pipeline modifications. An additional £0.1 million was spent on land retention and seismic costs.

During Q2 2024, the Group disposed of certain Canadian oil and gas properties and royalty interests. Proceeds from the sales totalled approximately £18.0 million. Proceeds on dispositions less the carrying value of the assets and associated abandonment liabilities resulted in the Group recognising a gain on asset dispositions of £15.8 million. Included in the sale of its royalty interests was revenue of £1.75 million from a seismic license sale agreement which was recorded within other operating income.

E&E capital expenditures additions to intangible exploration and evaluation assets in the UK are outlined in the table below and related to continued evaluation of the Group's UK Serenity asset.

	Three-months Ended		**Six-months Ended**	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
UK	62	148	361	214
Canada	(1,234)	25	(1,234)	986
Total E&E capital expenditure	**(1,172)**	173	**(873)**	1,200

During Q2 2024, the Group disposed of certain undeveloped mineral rights in its Northern Clearwater assets for £1.2 million, while retaining all associated Clearwater mineral rights throughout its position. In the first half of 2023, E&E capital expenditures in Canada related to various Crown land acquisitions and a preliminary appraisal well drilled in the Marten Hills, Clearwater play.

Decommissioning provision

The Group had recognised a decommissioning provision of £77.6 million as at 30 June 2024 (31 December 2023: £81.4 million). A summary of the movement in the period is as follows:

	Six-months Ended 30 Jun 2024 £'000	Year Ended 31 Dec 2023 £'000
At start of period	81,353	93,331
Liabilities assumed through acquisitions	–	303
Liabilities incurred	6	195
Liabilities disposed	(489)	(328)
Liabilities settled	(1,048)	(3,722)
Change in estimates	(1,132)	(8,283)
Unwinding of discount	1,249	2,771
Exchange movement	(2,308)	(2,914)
At end of period	**77,631**	**81,353**

The decommissioning provision relies on various inputs and assumptions including costs, inflation rates, discount rates, and timing of abandonment. The change in estimate for the period ended 30 June 2024 was primarily driven by changes in market interest rates (which increased 0.37%) and inflation rates (which increased 0.18%) as published by the Bank of Canada. The Group also increased its underlying cost estimates by approximately to 2% to remain in line with the Alberta Energy Regulator cost estimates which were revised in June 2024. The provision is recognised by i3 Canada and is denominated in CAD, and favourable movements in GBP relative to CAD led to a reduction in the provision over the period. A summary of the key estimates and assumptions is in the table below.

	30 Jun 2024	31 Dec 2023
Undiscounted / uninflated expenditure (CAD, thousands)	**204,322**	200,745
Inflation rate	**1.80%**	1.62%
Discount rate	**3.39%**	3.02%
Timing of cash flows	**1-50 years**	1-50 years

Liquidity and Capital Resources

Borrowings and leases

The Group had borrowings and leases of £0.2 million at 30 June 2024, a decrease of £34.4 million from £34.6 million at 31 December 2023. On 22 March 2024 the Group, through its wholly owned subsidiary i3 Energy Canada Ltd., established the CAD 75 million Credit Facility with the National Bank of Canada. The Credit Facility comprises of a CAD 55 million revolving facility and a CAD 20 million operating loan facility. The two-year term of the Credit Facility is expected to be extended on an annual basis, subject to lender approval. The interest rate on the outstanding portion of the revolving facility depends on Net Debt to EBITDA ratios of i3 Canada which at inception was Canadian Prime Rate plus 2.00%, with the option to change to Canadian Overnight Repo Rate plus 3.00%. The standby fee for the undrawn portion of the Credit Facility is also dependent on Net Debt to EBITDA ratios of i3 Canada and was initially 0.75%. The Credit Facility is secured against substantially all the assets and shares of i3 Canada. The borrowing base is subject to semi-annual reviews and may also be subject to redetermination upon each review. The Credit Facility does not contain any financial covenants, but i3 Canada is subject to various positive and negative covenants. The Group was in compliance with all covenants as at 30 June 2024. The lender has affirmed that as at 30 June 2024 the credit facility remains at CAD 75 million until the next redetermination period.

The Group initially drew CAD 27 million on the Credit Facility, which was used along with cash on hand to repay the CAD 54 million principal balance of Debt Facility with Trafigura without any prepayment penalty. This initial draw was subsequently repaid in April 2024 with proceeds from the disposal of certain Canadian oil and gas properties and royalty interests

Borrowings and leases also include £0.2 million of lease liabilities which represent the present value of the minimum lease payments for i3 Canada's office lease which commenced its 2-year term in January 2024 and a vehicle lease which commenced its 3-year term in June 2024.

Equity

i3 Energy is authorized to issue an unlimited number of Ordinary Shares and Deferred Shares. The Ordinary Shares are listed for trading on the facilities of the TSX and AIM. The Deferred Shares are not listed on a recognized stock exchange. Holders of Ordinary Shares are entitled to one vote per Ordinary Share held at any meeting of the Shareholders, to participate in dividends declared by i3 Energy, and to receive the remaining property of i3 Energy upon dissolution. The Deferred Shares have full capital distribution (including on wind up) rights and do not confer any voting or dividend rights, or any rights of redemption.

On 15 April 2024 the Company completed a bonus issuance of 1,202,447,663 of newly created capital reduction deferred shares ("Deferred A shares") from its transition reserve. On a return of capital (including on wind up), the Deferred A shares confer on their holders the right to receive the nominal amount paid up on such shares and do not confer any voting or dividend rights, or any rights of redemption. These Deferred A shares were cancelled on 11 July 2024 following a reduction of capital. This bonus issuance and subsequent cancellation increased the distributable reserves of the Company by £148.6 million.

Details of the number of outstanding Ordinary Shares, Deferred Shares, and Share options are in the table that follows:

	12 Aug 2024	**30 Jun 2024**	31 Dec 2023
Ordinary shares outstanding	1,202,447,663	1,202,447,663	1,202,447,663
Deferred shares outstanding	5,000	5,000	5,000
Deferred A shares outstanding	–	1,202,447,663	–
Share options outstanding	48,740,239	48,740,239	49,467,069

Dividends

In Q2 2024, the Group declared £3.1 million of dividends (Q2 2023: £4.1 million). In the first half of 2024, the Group declared £6.2 million of dividends (first half 2023: £10.2 million). In June 2023 the Group revised its annual dividend guidance to a monthly equivalent of 0.0855 pence per share, to be paid quarterly, which annualises to 1.026 pence per share or approximately £12.3 million, or 0.2565 pence per share or approximately £3.1 million per quarter based on the number of ordinary shares outstanding as at 30 June 2024. The Group has maintained this quarterly dividend since publishing this revised guidance.

In 2023, i3 Energy Plc transitioned to UK IFRS and elected to use fair value as the deemed cost of its investment in i3 Energy Canada Ltd. as at the transition date, being 1 January 2022. This resulted in a £148.5 million undistributable transition reserve within equity. This transition reserve was capitalised on 15 April 2024 by way of a bonus issue of newly created capital reduction deferred shares. These deferred shares were cancelled on 11 July 2024 following a reduction of capital. This bonus issuance and subsequent cancellation increased the distributable reserves of the Company by £148.5 million. This will facilitate the future payment of dividends (in cash or otherwise) to Shareholders, where justified by the profits of the Company, or to allow the redemption or buy-back of the Company's shares (or other distributions to Shareholders).

Contractual obligations

As at 30 June 2024, i3's contractual obligations totalled £2.8 million. This includes operating commitments for office and vehicle leases in Canada, transportation commitments for take-or-pay pipeline capacity in Alberta, and principal repayments on the Credit Facility. The Group did not have any capital commitments as at 30 June 2024.

	1 year	**1-2 years**	**3-4 years**	**5+ years**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Operating	97	86	–	–	183
Transportation	1,672	1,286	339	4	3,301
Credit Facility Principal	–	–	–	–	–
Total	**1,769**	**1,372**	**339**	**4**	**3,484**

Liquidity, working capital and going concern

At 30 June 2024 the Group had cash and cash equivalents of £8.8 million, net cash surplus of £5.5 million (Non-IFRS measure. Refer to Appendix B), and net current assets of £3.2 million. During the six months ended 30 June 2024, the Group generated £19.6 million of cash from operating activities.

The Group's debt primarily consists of the CAD 75.0 million Credit Facility which was undrawn at 30 June 2024, of which CAD 0.6 million has been pledged as guarantees for product marketing and the balance remaining available to the Group as at 30 June 2024. The Credit Facility is available for general corporate purposes and may be drawn by the Group from time to time. As of the date hereof, the Group is in compliance with its covenants under the Credit Facility.

The Group operates in an industry that is inherently exposed to seasonal trends and fluctuations in both the timing of expenditure and the demand for and pricing of the hydrocarbons it produces. The Group is also exposed to the affects macroeconomic conditions may have on supply and demand factors for hydrocarbon products. The Group considers these trends and fluctuations in its financial forecasts. The Group enters into a variety of risk management contracts to hedge a portion of the Group's exposure to fluctuations in prevailing commodity prices.

The Group remains focussed on paying a sustainable dividend, maintaining balance sheet strength, and funding development activities. The Group has considered its current liquidity and working capital position, its anticipated working capital requirements, its results from operations, and its financial forecasts, and expects to generate sufficient amounts of cash and cash and equivalents to meet its planned growth and fund development activities. While the Group believes this expectation is reasonable, available cash and cash equivalents are subject to variations and risks associated with ordinary course operations of the business.

The Directors have considered the going concern of the Group and are satisfied that the Group has sufficient resources to operate and to meet their commitments as they come due over the going concern period which considers financial forecasts through the end of 2025. Refer to Note 2 of the financial statements for further discussion.

Off-Balance sheet arrangements

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial performance or financial condition.

Transactions Between Related Parties

Directors of the Group are considered to be Key Management Personnel. The remuneration of the Directors will be set out in the annual report for the year-ending 31 December 2024. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed. The Group did not have any other transactions between related parties.

Select Quarterly Financial Information

Three-months ended	**Q2 2024**	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
OPERATIONAL:								
Average daily production:								
Oil and condensate (bbl/d)	3,983	4,246	4,155	4,485	4,247	5,238	5,119	4,396
Natural gas liquids (bbl/d)	4,616	4,814	5,180	4,887	4,057	5,569	5,106	5,038
Natural gas (mcf/d)	57,508	60,009	63,894	68,653	58,965	69,555	72,442	64,180
Royalty interest (boepd)	87	348	429	342	398	373	458	440
Average Sales Production (boepd)	**18,271**	19,410	20,413	21,156	18,529	22,773	22,757	20,571
Average realised pricing:								
Oil and condensate (CAD$/bbl)	101.72	89.57	97.59	101.75	93.13	95.80	103.95	111.20
Natural gas liquids (CAD$/bbl)	19.24	21.14	19.94	21.42	18.03	26.61	32.46	33.74
Natural gas (CAD$/mcf)	1.25	2.61	2.36	2.74	2.59	3.30	5.28	4.23
Royalty interest (CAD$/boe)	36.16	29.73	46.42	35.55	31.71	41.02	53.52	57.18
Total (CAD$/boe)	**31.15**	33.42	33.29	35.97	34.22	39.31	48.54	46.46
FINANCIAL:	**£'000**	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total revenue (net of royalties)	28,920	31,408	33,605	37,220	32,037	43,452	56,520	50,346
Net Operating Income(1)	12,413	12,588	15,014	20,516	14,090	24,855	32,127	30,770
Adjusted EBITDA(1)	12,501	6,900	19,102	10,130	12,846	25,715	27,924	31,236
(Loss) / Profit Before Tax(2)	19,303	(3,898)	8,586	(2,157)	1,832	12,637	15,492	19,762
(Loss) / Profit After Tax(2)	14,463	(6,094)	6,683	(2,480)	728	10,216	6,801	20,425
Net (cash surplus) / Debt(1)	(5,504)	16,631	18,047	22,580	30,663	24,855	31,684	25,300
Dividends Declared	3,084	3,084	3,083	–	4,095	6,120	5,440	5,100
FINANCIAL (PER SHARE):	**Pence**	Pence	Pence	Pence	Pence	Pence	Pence	Pence
Dividends declared per share	0.2565	0.2565	0.2565	–	0.3420	0.5130	0.4560	0.4275
Basic (loss) / earnings per share	1.22	(0.51)	0.56	(0.21)	0.06	0.86	0.57	1.72
Diluted (loss) / earnings per share	1.20	(0.51)	0.55	(0.21)	0.06	0.84	0.56	1.67

(1) Non-IFRS measure. Refer to Appendix B.

(2) All profit is from continuing operations and attributable to owners of the Group

Average sales production increased each quarter from Q3 2022 to Q1 2023, primarily due to a successful Q1 2022 drilling program, partially offset by natural declines. Average sales production declined sharply in Q2 2023, primarily because of temporary shut-in production in May 2023 due to encroaching forest fires in northern Alberta areas and temporary shut-in production due to scheduled operated and non-operated facility turnarounds in June 2023. After the fires dissipated and facility turnarounds were completed, average sales production slowly returned to normal levels in Q3 2023, partially offset by natural declines. In Q4 2023, average sales production dropped slightly due to temporary third-party outages and decreased further in Q1 2024, primarily due to freezing temperatures experienced in January 2024. Average sales production decreased in Q2 2024, due to several third-party outages and scheduled third-party facility turnarounds. In addition, average sales production decreased because of the sale of the majority of the Group's royalty interest production and certain minor assets.

After an initial bump in total averaged realised pricing in Q2 2022 due to Russia's invasion of Ukraine, prices trended downward quarter over quarter, apart from Q4 2022, which increased temporarily due to natural gas prices rebounding to normal levels after AECO summer maintenance and Q3 2023, where oil prices temporarily increased due to global supply concerns. While oil prices increased in Q2 2024 due to OPEC policy stability and strong production demand in the US prior to the driving season, natural gas prices dropped dramatically due to increased production rates and weak seasonal demand causing inventory levels to increase. Total revenue, net of royalties, quarter over quarter generally correlated with average realised prices and declined from £50 million in Q3 2023 to £29 million in Q2 2024.

Net operating income quarter over quarter was impacted by fluctuations in total averaged realised pricing and generally trended downward. The biggest quarterly decline in net operating income occurred in Q2 2023, which was not only impacted by lower total averaged realised pricing but was also impacted by a significant drop in average sales production due to temporary shut-in production because of forest fires and facility turnarounds. Net operating income increased in Q3 2023 due to slightly higher average sale production and a temporary increase in oil prices. Net operating income continued to decrease thereafter primarily as a result of lower commodity prices and lower average sales production.

Commencing Q3 2022, adjusted EBITDA decreased quarter over quarter primarily attributed to lower net operating income. Despite an increase in net operating income in Q3 2023, compared to Q2 2023, adjusted EBITDA was lower because of a loss on risk management contracts of £7.8 million. In Q4 2023 adjusted EBITDA increased, compared to Q2 and Q3 2023, due to a gain on risk management contracts of £6.5 million. Adjusted EBITDA decreased in Q1 2024, compared to Q3 2023, due to recording a loss on risk management contracts of £3.1 million and lower net operating income. Adjusted EBITDA in Q2 2024 increased, compared to Q1 2024, primarily due to a gain on risk management contracts of £1.6 million.

Fluctuations in loss, or profit before tax quarter over quarter can generally be attributed to changes in adjusted EBITDA described above and additionally impacted by minor changes in quarterly depletion and financing expenses.

Net debt increased quarter over quarter in 2022 primarily due to an overall decrease in net operating income, an increase in capital spending and a provision for Income Tax. In Q2 2023, the Group entered a Debt Facility agreement with Trafigura Canada Ltd. and used a portion of the proceeds to redeem the outstanding H1-2019 Loan Notes. As a result of continued pressure on commodity prices in 2023, the Group scaled back its capital expenditure program for the remainder of 2023 and 2024 and focused on debt reduction. In Q1 2024, the Group established a CAD 75 million Credit Facility with the National Bank of Canada and along with cash on hand repaid the Debt Facility with Trafigura Canada Ltd. By pushing the timing of its drilling program to the second half of 2024 and selling its royalty income and minor assets in April of 2024, the Group paid down its remaining debt and had a cash surplus of £5.5 million.

The Group commenced its dividend programme in 2021 and began paying this on a monthly basis in Q1 2022 at 0.1050 pence per share, which increased to a monthly dividend of 0.1425 pence per share in May 2022 and 0.1710 pence per share in December 2022. In June 2023 the Group revised its annual dividend guidance to a monthly equivalent of 0.0855 pence per share, to be paid quarterly, which annualises to 1.026 pence per share or 0.2565 pence per share per quarter. The Group has maintained this quarterly dividend since publishing this revised guidance.

Select Annual Financial Information

	31 December 2023 £'000	31 December 2022 £'000	31 December 2021 £'000
Total revenue	146,314	208,436	86,763
Profit after tax(1)	15,147	41,951	25,083
Total Assets	316,594	353,212	316,290
Total non-current liabilities	108,578	101,808	155,053
Dividends declared	13,298	17,393	3,417
	Pence	Pence	Pence
Dividends declared per share	1.1115	1.4835	0.3600
Basic earnings per share	1.26	3.60	2.84
Diluted earnings per share	1.24	3.43	2.60

(1) All profit is from continuing operations and attributable to owners of the Group

Total revenue for the year ended 31 December 2023 was £146 million, compared to £208 million in the same period in 2022 and £87 million in 2021. The increase in total revenue for the year ended 31 December 2022, compared to the year ended 31 December 2021 was primarily due to recording of a full year of acquired assets from Cenovus Energy Inc., which was acquired by the Group on 20 August 2021. The decrease in total revenue for the year ended 31 December 2023, compared to the same period in 2022 was primarily a result of significantly lower commodity prices and royalties.

Profit after tax increased £17 million to £42 million for the year ended 31 December 2022, compared to £25 million for the year ended 31 December 2021. The £17 million increase in 2022 versus 2021 is primarily due to higher total revenues from the Cenovus Energy Inc. asset acquisition, partially offset by higher production costs, depreciation and depletion, loss on risk management contracts and a higher tax charge. In addition, profit after tax for the year ended 31 December 2021, included a £25 million gain on bargain purchase relating to the Cenovus Energy Inc. asset acquisition. Profit after tax decreased £27 million to £15 million for the year ended 31 December 2023, compared to the year ended 31 December 2022. The decrease in 2023 versus 2022 was primarily a result of lower revenue, partially offset by lower administrative expenses and a lower tax charge, in addition to a gain on risk management contracts versus a loss on risk management contracts in 2022.

Total assets as at 31 December 2023 was £317 million, compared to £353 million as at 31 December 2022 and £316 million as at 31 December 2021. The increase in total assets at the year ended 31 December 2022, compared to the same period in 2021 is primarily due to the Group's execution of the 2022 capital budget, including E&E expenditures, and the purchase of tubing inventory, partially offset by changes to decommissioning estimates and depletion expense. In addition, trade and other receivables increased due to an increase in monthly oil and gas revenue (accounts receivable includes the last month of production). The decrease in total assets at the year ended 31 December 2023, compared to the year ended 31 December 2022 was a result of lower capital expenditures, due to a lower capital budget, partially offset by changes to decommissioning estimates, exchange rate movement and depletion expense. Total current assets decreased slightly in 2023, compared to 2022 due to a decrease in trade and other receivables (accounts receivable includes the last month of production), partially offset by an increase in cash and cash equivalents due to lower capital expenditures.

Total non-current liabilities decreased £53 million to £102 million as at 31 December 2022, compared to £155 million as at 31 December 2021. The decrease was primarily a result of reclassification of the Loan notes from non-current liabilities at 31 December 2021 to current liabilities at 31 December 2022 and lower non-current decommissioning provision at 31 December 2022, compared to 2021 due to changes in decommissioning estimates in 2022. Total non-current liabilities at 31 December 2023 increased £7 million, compared to total non-current liabilities at 31 December 2022. The increase was primarily associated with the new Debt facility agreement entered with Trafigura Canada Ltd., which had an associated non-current portion of £21 million. The increase was partially offset by a reduction in non-current decommissioning provision of £12 million and a lower non-current deferred tax liability of £2 million.

The Group declared its first dividend on 8 July 2021 (£1.2 million at 0.16 pence per share) and declared an additional dividend on 27 September 2021 (£2.2 million at 0.20 pence per share). Monthly dividends in 2022 were declared commencing on 9 February 2022 at 0.1050 pence per share for three months, increasing to 0.1425 pence per share for seven months and increasing to 0.1710 pence per share on 22 December 2022, totalling £17.4 million for 2022. Monthly dividends were declared in 2023 commencing on 12 January 2023 for five months (£10.2 million at 0.1710 pence per share), at which time the Group decreased to a monthly equivalent of 0.0855 pence per share to be paid quarterly, and declared its first quarterly dividend on 2 October 2023 (£3.1 million at 0.2565 pence per share), totalling £13.3 million for 2023.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are set out in Note 3 of i3 Energy's 2023 audited Annual Consolidated Financial Statements. Certain of these accounting policies, as well as estimates made by management in applying such policies, are recognized as critical because they require management to make subjective or complex judgments about matters that are inherently uncertain. Such critical accounting judgements relate to the carrying value of intangible exploration and evaluation assets and the carrying value of property, plant and equipment – oil and gas assets, and such key sources of estimation uncertainty related to the commercial hydrocarbon reserves estimates, decommissioning costs, and recognition and measurement of deferred tax assets. All critical accounting judgements and estimates affect the Canada reportable segment. The carrying value of intangible exploration and evaluation assets and the recognition and measurement of deferred tax assets impact the UK / Corporate reportable segment.

In the preparation of the Company's unaudited Interim Condensed Consolidated Financial Statements, management has made judgments, estimates and assumptions that affect the recorded amounts of revenues, expenses, assets, liabilities and the disclosure of commitments, contingencies and guarantees. Estimates and judgments used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the unaudited Interim Condensed Consolidated Financial Statements are prepared. Actual results could differ from these estimates. The most significant estimates and judgments used in the preparation of the Company's unaudited Interim Condensed Consolidated Financial Statements have been set out in Note 3 of i3 Energy's 2023 audited Annual Consolidated Financial Statements. In assessing the carrying value of intangible exploration and evaluation assets at Q2 2024, management particularly focused on the upcoming P.2358 licence expiry and statements from the Labour Party regarding the UK oil and gas sector following the results of the UK general election on 4 July 2024, ultimately concluded that impairment indicators were not present at 30 June 2024. The status of the P.2358 licence extension will be known with certainty by the next interim reporting date of 30 September 2024, and if unsuccessful, could result in an impairment charge in the period then ending. Further details are provided in note 9 to the Interim Condensed Consolidated Financial Statements.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

i3 Energy's CEO and its CFO have designed, or caused to be designed under their direct supervision, i3 Energy's disclosure controls and procedures (as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, adopted by the Canadian Securities Administrators) to provide reasonable assurance that (i) material information relating to i3 Energy, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared; and (ii) material information required to be disclosed in i3 Energy's annual filings, interim filings or other reports filed or submitted by it under Canadian securities legislation is recorded, processed, summarized and reported on a timely basis. Further, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of i3 Energy's disclosure controls and procedures as at 31 December 2023 and have concluded the disclosure controls and procedures are fully effective.

i3 Energy's CEO and its CFO have also designed, or caused to be designed under their direct supervision, i3 Energy's internal control over financial reporting (as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, adopted by the Canadian Securities Administrators) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management used the Committee of Sponsoring Organizations of the Treadway Commission framework in Internal Control – Integrated Framework (2013) to evaluate the design and effectiveness of internal control over financial reporting. These controls are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and compliance with IFRS Accounting Standards. The Group's CEO and CFO have evaluated, or caused to be evaluated under their supervision, the design and operational effectiveness of such controls as at 31 December 2023. Based on that evaluation, the CEO and CFO concluded the Company's ICFR was effective as of 31 December 2023.

There were no changes to i3 Energy's internal control over financial reporting in the quarter ended 30 June 2024 that has materially affected or is reasonably likely to materially affect the Group's internal control over financial reporting.

Notwithstanding the foregoing, because of its inherent limitations, a control system can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. Management's estimates may be incorrect, or assumptions about future events may be incorrect, resulting in varying results. In addition, management has attempted to minimize the likelihood of fraud. However, any control system can be circumvented through collusion and illegal acts.

Non-IFRS Financial Measures

This MD&A contains references to certain financial measures, including some that do not have any standardized meaning prescribed by IFRS and that may not be comparable to similar measures presented by other companies or entities. The Company uses these non-IFRS financial measures, also referred to as Alternate Performance Measures, in addition to results prepared in accordance with IFRS. Such non-IFRS measures allow us to view certain aspects of i3 Energy's business that, when considered alongside applicable IFRS results, may provide a more comprehensive understanding of i3 Energy's operational and financial condition and the factors and trends affecting i3 Energy's business. These non-IFRS financial measures are identified and defined in Appendix B.

BOE Presentation

The term "barrels of oil equivalent" (boe) may be misleading, particularly if used in isolation. A boe conversion of six thousand cubic feet of natural gas to one barrel of oil (6:1) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers should be aware that historical results are not necessarily indicative of future performance.

Cautionary Statements Regarding Forward-Looking Information and Statements

Certain statements and information contained in this MD&A and other continuous disclosure documents of the Company referenced herein, including statements and information that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "continues to", "focus on", "grow", "target", "trend", "commitment", "look forward to", "advance", "maintain", "create", "exceed", "commitment", "growth", "potential", "future", "strategy", "opportunity", "long-term", "success", "effort", "development", "forecast" and similar expressions relating to matters that are not historical facts, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. These statements and information 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 statements and information. The Company believes the expectations reflected in such forward-looking statements and information are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking statements and information included in this MD&A should not be unduly relied upon. These forward-looking statements and information speak only as of the date of this MD&A.

In particular, forward-looking information and statements in this MD&A include, but are not limited to the following:

- the Company's ability to deliver continued shareholder value through its total return model;
- plans to participate in acquisitions and other growth opportunities and initiatives;
- the Company's ability to advance a field development plan for a one-well development for the Serenity field
- the strength and diversity of the Company's asset base and its ability to support the Company's growth;
- beliefs with respect to oil and gas supply, demand and pricing and the impact of such factors on the Company's cashflow;
- the Company's ability to deliver on its ESG commitments and its abandonment, decommissioning and reclamation efforts;
- the Company's expectations with respect to its operations, including strategies to control expenses, plans for well testing and development plans with its partners;
- the Company's 2024 guidance;
- disclosure under the heading "Business Outlook";
- the expected annual extension of the Credit Facility;
- the Company's ability to pay a sustainable dividend and maintain balance sheet strength;

- expectations with respect to its liquidity and working capital position and its ability to meet its planned growth and fund development activities; and
- sufficiency of the Company's resources to meet its commitments as they become due over the going concern period.

The forward-looking information and statements made in this MD&A rely on certain expected economic conditions and overall demand for i3 Energy's services and are based on certain assumptions. The assumptions used to generate this forward-looking information and statements are, among other things, that: the Company's oil and gas properties will continue to perform in a manner consistent with past performance; the Company will continue to conduct its operations in a manner consistent with past operations; the Company will maintain its relationships with its partners; expectations regarding future development will be realized; industry conditions will remain stable; existing tax, royalty, regulatory and environmental regimes will not change substantively; future acquisition opportunities will be available; estimates of the Company's reserves and resource volumes are accurate; certain commodity prices and other costs will not change substantively; oilfield services will continue to be available to the Company; and adequate debt and equity financing and cash flow from operations will be available to fund the Company's planned expenditures, obligations and commitments.

Risks and other uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements include, but are not limited to: volatility of oil and gas prices; processing facility and transportation constraints; foreign exchange exposure; volatility of i3 Energy's ordinary shares; commodity price risk; production risks and insurance; operating costs; operator performance and alignment; weather conditions and severe weather events; development of assets in the UKCS; competition; litigation; public health crises; tax, royalty and other government legislation; government laws and regulations; conflicts in Ukraine and the Middle East; title to assets; dividends and share repurchases; liquidity; debt service; credit risk; environmental legislation and regulations; decommissioning costs; climate change and energy transition; international operations and future expansions; failure to realize anticipated benefits of acquisitions and dispositions; reserves replacement; reserves estimates; cyber security; and reliance on key personnel, management and labour.

The foregoing list of risks is not exhaustive. The Group operates in the oil and gas industry in an environment subject to a range of inherent risk and uncertainties. The principal risks and uncertainties, being those determined to be the most significant, along with the way they are mitigated, are set out in the Company's Annual Report for the year ended 31 December 2023 (the "Annual Report"), which is available on the Company's website at www.i3.energy. Additional information relating to risks can also be found under the section titled "Risk Factors" in the Company's Annual Information Form for the year ended 31 December 2023 (the "AIF"), which is available on SEDAR+ at www.sedarplus.ca. The Directors have reconsidered the principal risks and uncertainties and risk factors and have concluded that the risks published in the Annual Report and in the AIF remain appropriate.

Any future-orientated financial information and financial outlook information (collectively, "FOFI") contained in this MD&A, as such terms are defined by applicable securities laws, is provided for the purpose of providing information about management's current expectations and plans relating to the future and is subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. Management believes that the FOFI has been prepared on a reasonable basis, reflecting best estimates and judgments; however, actual results of the Company's operations and financial outcomes may vary from the amounts set forth herein. FOFI contained in this MD&A was made as of the date of this MD&A and the Company does not undertake any obligation to publicly update or revise any FOFI contained in this MD&A, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. Readers are cautioned that any FOFI contained herein should not be used for purposes other than those for which it has been disclosed herein.

Readers are cautioned that the foregoing factors are not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results is included in reports on file with securities regulatory authorities in Canada and may be accessed through the SEDAR+ website (www.sedarplus.ca) or at the Company's website. The forward-looking statements and information contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

FINANCIAL STATEMENTS

Condensed Consolidated Statement of Comprehensive Income

		Three-months Ended		Six-months Ended	
	Notes	**30 Jun 2024**	30 Jun 2023	**30 Jun 2024**	30 Jun 2023
		£'000 (unaudited)	£'000 (unaudited)	**£'000 (unaudited)**	£'000 (unaudited)
Revenue	4	28,920	32,037	60,328	75,489
Production costs		(14,721)	(17,947)	(33,511)	(36,437)
Gain / (loss) on risk management contracts	14	1,624	387	(1,459)	3,343
Depreciation and depletion	8	(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	8	15,779	–	15,779	–
Operating profit		**20,181**	4,024	**18,232**	18,902
Finance income		72	120	288	249
Finance costs	5	(950)	(2,312)	(3,115)	(4,682)
Profit before tax		**19,303**	1,832	**15,405**	14,469
Tax charge	6	(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	7	**1.22**	0.06	**0.70**	0.91
Earnings per share – diluted	7	**1.20**	0.06	**0.69**	0.90

All operations are continuing.

The accompanying notes form an integral part of these interim financial statements.

Condensed Consolidated Statement of Financial Position

	Notes	30 Jun 2024	31 Dec 2023
		£'000 (unaudited)	£'000 (audited)
Non-current assets			
Property, plant & equipment	8	183,732	205,667
Exploration and evaluation assets	9	62,058	63,133
Other non-current assets	12	1,136	–
Total non-current assets		**246,926**	268,800
Current assets			
Cash and cash equivalents		8,802	23,507
Trade and other receivables	10	19,658	20,534
Income taxes receivable		27	205
Risk management contracts	14	2,669	1,701
Inventory		1,907	1,847
Total current assets		**33,063**	47,794
Current liabilities			
Trade and other payables	11	(23,479)	(27,640)
Risk management contracts	14	(2,450)	(136)
Borrowings and leases	12	(115)	(14,001)
Decommissioning provision	13	(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	12	(94)	(20,568)
Decommissioning provision	13	(73,853)	(78,109)
Deferred tax liability	6	(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	15	120	120
Deferred shares	15	170	50
Share premium	15	148,397	–
Share-based payment reserve	16	7,331	6,892
Foreign currency translation reserve		156	3,830
Capital reorganisation reserve	15	(148,517)	–
Retained earnings		154,304	152,103
Shareholders' funds		**161,961**	162,995

The accompanying notes form an integral part of these interim financial statements.

These condensed consolidated financial statements of i3 Energy plc, company number 10699593, were approved by the Board of Directors and authorized for issue on 12 August 2024. Signed on behalf of the Board of Directors by:

"Majid Shafiq"

Majid Shafiq - Director

Condensed Consolidated Statement of Changes in Equity

		Ordinary shares	Share premium	Deferred shares	Share-based payment reserve	Warrants - LN	Foreign currency translation reserve	Capital reorgani-sation reserve	Retained earnings	Total (unaudited)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023		119	48,646	50	6,311	2,045	8,052	–	99,523	164,746
Total comprehensive income for the period		–	–	–	–	–	(4,449)	–	10,944	6,495
Transactions with owners:										
Exercise of options		–	13	–	–	–	–	–	–	13
Exercise of warrants		1	2,045	–	–	(2,045)	–	–	–	1
Share-based payment expense		–	–	–	310	–	–	–	–	310
Dividends declared in the period		–	–	–	–	–	–	–	(10,215)	(10,215)
Balance at 30 June 2023		120	50,704	50	6,621	–	3,603	–	100,252	161,350
Balance at 1 January 2024		120	–	50	6,892	–	3,830	–	152,103	162,995
Total comprehensive income for the period		–	–	–	–	–	(3,674)	–	8,369	4,695
Bonus share issuance	15	–	148,397	120	–	–	–	(148,517)	–	–
Transactions with owners:								–		
Share-based payment expense	16	–	–	–	439	–	–	–	–	439
Dividends declared in the period	15	–	–	–	–	–	–	–	(6,168)	(6,168)
Balance at 30 June 2024		**120**	**148,397**	**170**	**7,331**	**–**	**156**	**(148,517)**	**154,304**	**161,961**

The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Ordinary shares	Represents the nominal value of shares issued
Share premium account	Amount subscribed for share capital in excess of nominal value
Deferred shares	Represents the nominal value of shares issued, the shares have full capital distribution (including on wind up) rights and do not confer any voting or dividend rights, or any of redemption
Share-based payment reserve	Represents the accumulated balance of share-based payment charges recognised in respect of share options granted by the Company less transfers to retained earnings in respect of options exercised or cancelled/lapsed
Warrants – LNs	Represents the accumulated balance of share-based payment charges recognised in respect of warrants granted by the Company in respect to warrants granted to the loan note holders
Foreign currency translation reserve	Exchange differences arising on consolidating the assets and liabilities of the Group's non-Pound Sterling functional currency operations (including comparatives) recognised through the Consolidated Statement of Other Comprehensive Income
Capital reorganisation reserve	Represents the offset for the deferred shares and share premium arising on the bonus issuance of the capital reduction deferred shares on 15 April 2024.
Retained earnings	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income

The accompanying notes form an integral part of these interim financial statements.

Condensed Consolidated Statement of Cash Flow

		Three-Months Ended		Six-Months Ended	
	Notes	**30 Jun 2024**	30 Jun 2023	**30 Jun 2024**	30 Jun 2023
OPERATING ACTIVITIES		**£'000 (unaudited)**	£'000 (unaudited)	**£'000 (unaudited)**	£'000 (unaudited)
Profit before tax		19,303	1,832	15,405	14,469
Adjustments for:					
Depreciation and depletion	8	8,027	8,702	16,660	19,410
Gain on asset dispositions		(15,779)	–	(15,779)	–
Finance costs	5	950	2,312	3,115	4,682
Unrealised (gain) / loss on risk management contracts	14	(1,815)	(1,171)	1,311	(328)
Unrealised FX (gain)		(427)	(1)	(408)	(15)
Share-based payments expense - employees (including NEDs)	16	248	169	439	310
Expenditure on decommissioning assets		(505)	(953)	(1,048)	(1,921)
Current tax expense	6	(1,479)	(837)	(2,734)	(5,446)
Changes in non-cash working capital – operating activities	19	(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	6	–	–	–	184
Changes in non-cash working capital – investing activities	19	(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	12	–	44,481	–	44,481
Repayment of Debt Facility	12	–	(1,238)	(35,272)	(1,238)
Net draw on Credit Facility	12	(12,024)	–	–	–
Payment of deferred finance costs	12	(34)	(2,039)	(1,307)	(2,039)
Interest and other finance charges paid	5	(140)	(917)	(996)	(1,566)
Lease payments	12	(30)	–	(60)	–
Dividends declared	15	(3,084)	(4,095)	(6,168)	(10,215)
Changes in non-cash working capital – financing activities	19	–	(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

Additional cash flow information is provided in note 19. The accompanying notes form an integral part of these interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

1 Summary of significant accounting policies

General Information and Authorisation of Financial Statements

i3 Energy plc ("the Company") is a Public Company, limited by shares, registered in England and Wales under the Companies Act 2006 with registered number 10699593. The Company's ordinary shares are traded on the Toronto Stock Exchange and the AIM Market operated by the London Stock Exchange. The address of the Company's registered office is New Kings Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG.

The Company and its subsidiaries (together, "the Group") principal activities consist of oil and gas production in the Western Canadian Sedimentary Basin ("WCSB") and of the appraisal and development of oil and gas assets on the UK Continental Shelf ("UKCS").

2 Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") and the AIM rules. These condensed consolidated interim financial statements have been prepared using the accounting policies that were applied in the Group's statutory financial statements for the year ended 31 December 2023 and are expected to be applied in the preparation of the financial statements for the year ending 31 December 2024. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with UK adopted international accounting standards ("IFRS"), and their interpretations issued by the International Accounting Standards Board ("IASB"), and with IFRS and their interpretations issued by the IASB.

The reports for the three and six months ended 30 June 2024 and 30 June 2023 are unreviewed, unaudited and do not constitute statutory accounts as defined by the Companies Act 2006. The financial statements for 31 December 2023 have been prepared and delivered to the Registrar of Companies. The auditor's report for these financial statements was unqualified.

The financial information is presented in Pounds Sterling (£, GBP), which is the Company's functional currency, and rounded to the nearest thousand unless otherwise stated. The functional currency of the Company's UK subsidiary, i3 Energy North Sea Limited, is GBP, and the functional currency of its Canadian subsidiary, i3 Energy Canada Ltd., is CAD. A summary of period-average and period-end exchange rates is presented in the table below:

	Six-months Ended 30 Jun 2024	Six-months Ended 30 Jun 2023
Period-average GBP:CAD exchange rate	1.7181	1.6613
Period-end GBP:CAD exchange rate	1.7299	1.6823

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty that could have a material impact on the condensed consolidated interim financial statements were the same as those disclosed in the Group's statutory financial statements for the year ended 31 December 2023.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the MD&A. The financial position of the Group, its net cash position and liabilities are described in these consolidated interim financial statements and in the MD&A.

2 Basis of preparation - continued

The Group ended the period with cash and cash equivalents of £8.8 million and net current assets of £3.2 million. The Group's debt primarily consists of the CAD 75.0 million Credit Facility which was undrawn and available to the Group as at 30 June 2024. During the six months ended 30 June 2024, the Group generated £19.6 million of cash from operating activities.

The Directors have given careful consideration to the appropriateness of the going concern assumption, including cash forecasts through the end of 2025, committed capital expenditure, and the principal risks and uncertainties faced by the Group. This assessment also considered various downside scenarios including a combined downside scenario with a 15% reduction in strip commodity prices and a production run rate of 80%, risks which are partially mitigated by the risk management contracts the Group currently has in place.

Following this review, the Directors are satisfied that the Group has sufficient resources to operate and to meet their commitments as they come due over the going concern period which considers at least 12 months from the date of approval of the condensed interim financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements for the period ended 30 June 2024.

3 Segmental reporting

The Chief Operating Decision Maker (CODM) is the Board of Directors. They consider that the Group operates as two segments, as follows:

- UK / Corporate – That of Corporate activities in the UK and oil and gas exploration, appraisal, and development on the UKCS.
- Canada – That of oil and gas production in the WCSB.

Such components are identified on the basis of internal reports that the Board reviews regularly.

The following is an analysis of the Group's revenue and results by reportable segment for the three months ended 30 June 2024:

	UK / Corporate £'000	Canada £'000	Total £'000
Revenue	–	28,920	28,920
Production costs	–	(14,721)	(14,721)
Loss on risk management contracts	–	1,624	1,624
Depreciation and depletion	(1)	(8,026)	(8,027)
Gross (loss) / profit	**(1)**	**7,797**	**7,796**
Administrative expenses	(783)	(2,611)	(3,394)
Gain on asset dispositions	–	15,779	15,779
Operating (loss) / profit	**(784)**	**20,965**	**20,181**
Finance income	–	72	72
Finance costs	(1)	(949)	(950)
(Loss) / profit before tax	**(785)**	**20,088**	**19,303**
Tax charge for the period	(183)	(4,657)	(4,840)
(Loss) / profit for the period	**(968)**	**15,431**	**14,463**

3 Segmental reporting - continued

The following is an analysis of the Group's revenue and results by reportable segment for the six months ended 30 June 2024:

	UK / Corporate £'000	Canada £'000	Total £'000
Revenue	–	60,328	60,328
Production costs	–	(33,511)	(33,511)
Loss on risk management contracts	–	(1,459)	(1,459)
Depreciation and depletion	(2)	(16,658)	(16,660)
Gross (loss) / profit	**(2)**	**8,700**	**8,698**
Administrative expenses	(1,609)	(4,636)	(6,245)
Gain on asset dispositions	–	15,779	15,779
Operating (loss) / profit	**(1,611)**	**19,843**	**18,232**
Finance income	–	288	288
Finance costs	(1,499)	(1,616)	(3,115)
(Loss) / profit before tax	**(3,110)**	**18,515**	**15,405**
Tax charge for the period	(2,570)	(4,466)	(7,036)
(Loss) / profit for the period	**(5,680)**	**14,049**	**8,369**

The timing of revenue recognition has been disclosed within Note 4.

The following is an analysis of the Group's revenue and results by reportable segment for the three months ended 30 June 2023:

	UK / Corporate £'000	Canada £'000	Total £'000
Revenue	–	32,037	32,037
Production costs	–	(17,947)	(17,947)
Gain on risk management contracts	–	387	387
Depreciation and depletion	(1)	(8,701)	(8,702)
Gross (loss) / profit	(1)	5,776	5,775
Administrative expenses	(249)	(1,502)	(1,751)
Operating (loss) / profit	(250)	4,274	4,024
Finance income	–	120	120
Finance costs	(1,438)	(874)	(2,312)
(Loss) / profit before tax	(1,688)	3,520	1,832
Tax (charge) for the period	–	(1,104)	(1,104)
(Loss) / profit for the period	(1,688)	2,416	728

3 Segmental reporting - continued

The following is an analysis of the Group's revenue and results by reportable segment for the six months ended 30 June 2023:

	UK / Corporate £'000	Canada £'000	Total £'000
Revenue	–	75,489	75,489
Production costs	–	(36,437)	(36,437)
Gain on risk management contracts	–	3,343	3,343
Depreciation and depletion	(2)	(19,408)	(19,410)
Gross (loss) / profit	**(2)**	**22,987**	**22,985**
Administrative expenses	(1,310)	(2,773)	(4,083)
Operating (loss) / profit	**(1,312)**	**20,214**	**18,902**
Finance income	–	249	249
Finance costs	(2,978)	(1,704)	(4,682)
(Loss) / profit before tax	**(4,290)**	**18,759**	**14,469**
Tax credit / (charge) for the period	184	(3,709)	(3,525)
(Loss) / profit for the period	**(4,106)**	**15,050**	**10,944**

The following is an analysis of the Group's assets and liabilities by reportable segment as at 30 June 2024 and the capital expenditure for the period then ended:

	UK / Corporate £'000	Canada £'000	Total £'000
Total assets	56,606	223,383	279,989
Total liabilities	(3,222)	(114,805)	(118,027)
Capital additions – E&E	361	–	361
Capital additions – PP&E	–	4,253	4,253

The following is an analysis of the Group's assets and liabilities by reportable segment as at 31 December 2023 and the capital expenditure for the period then ended:

	UK / Corporate £'000	Canada £'000	Total £'000
Total assets	56,041	260,553	316,594
Total liabilities	(35,606)	(117,993)	(153,599)
Capital additions – E&E	275	1,006	1,281
Capital additions – PP&E	–	23,155	23,155

4 Revenue

All revenue is derived from contracts with customers and is comprised of the sale of oil and gas and processing income, net of royalties, as follows:

	Three-months Ended		Six-months Ended	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Oil and condensate	21,363	21,369	41,602	48,850
Natural gas liquids	4,679	3,919	10,095	12,035
Natural gas	3,773	8,233	12,094	20,816
Royalty interest	166	682	718	1,520
Oil and gas sales	**29,981**	34,203	**64,509**	83,221
Royalties	(4,426)	(3,324)	(9,168)	(10,540)
Revenue from the sale of oil and gas	**25,555**	30,879	**55,341**	72,681
Processing income	1,579	1,158	3,171	2,701
Other operating income	1,786	–	1,816	107
Total revenue	**28,920**	32,037	**60,328**	75,489

Revenue from the sale of oil and natural gas liquids is recognised at the point in time when title transfers to the purchaser. Processing income is recognised at the time the service is rendered.

5 Finance costs

	Three-months Ended		Six-months Ended	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Accretion of loan notes	–	652	–	1,615
Cash interest expense on loan notes	–	374	–	951
Accretion of decommissioning provision (Note 13)	645	650	1,249	1,408
Interest on Debt Facility (Note 12)	–	318	796	318
Interest on Credit Facility (Note 12)	55	–	101	–
Amortisation of deferred finance costs (Note 12)	163	93	1,513	93
Bank charges and interest on creditors	87	225	104	297
FX gain on Debt Facility	–	–	(648)	–
Total finance costs	**950**	2,312	**3,115**	4,682

6 Taxation

Taxation charge / (credit)

The below table reconciles the tax charge for the period to the expected tax charge based on the result for the period and the corporation tax rate.

	Six-months Ended 30 Jun 2024 £'000	Six-months Ended 30 Jun 2023 £'000
Profit before tax	15,405	14,469
Rate of Corporate Tax	23%	23%
Expected tax (credit) / charge	3,543	3,328
Effects of:		
Interest and other expenses not deductible for SCT or EPL	–	1,155
Permanent differences	218	609
Foreign tax rate difference	(134)	(2,231)
Change in estimated pool balances	(3)	–
Derecognition of deferred tax asset	855	848
Deferred tax provision for future intercompany withholding tax	2,557	–
R&D tax credit received	–	(184)
Total tax charge / (credit)	**7,036**	3,525

	Six-months Ended 30 Jun 2024 £'000	Six-months Ended 30 Jun 2023 £'000
Current tax charge	2,734	5,262
Deferred tax charge / (credit)	4,302	(1,737)
Total tax charge	**7,036**	3,525

The current tax charge of £2,734 thousand in H1 2024 resulted from taxable income in the Group's Canadian subsidiary, i3 Canada, which was payable on instalment throughout 2023 and into the first half of 2024. In 2023 the Group received £184 thousand in R&D tax refunds in the UK in respect of the 2020 and 2021 fiscal years.

In 2022 the Energy Profits Levy (EPL) was introduced at a rate of 25% with effect from 26 May 2022 and increased to 35% effective 1 January 2023. This, along with the Ring Fence Corporation Tax (RFCT) at 30% and the Supplementary Charge (SCT) of 10% brings the overall tax rate in the UK to 75%. The EPL will remain in effect until 31 March 2028, although in 2023, the UK government announced that the EPL will switch off if commodity prices remain below threshold prices. On 29 July 2024 the government announced that the EPL will extend to March 2030 and that the overall tax rate will increase to 78% effective 1 November 2024. The Group will not be impacted by the EPL until such time as taxable profits are generated in the UK. The combined corporate rate of taxation in Canada remained unchanged at 23%.

6 Taxation - continued

Deferred tax

The components of the net deferred tax asset and the movements during the period is summarised as follows:

	At 31 Dec 2023	Acquired during the period	Recognised in income	FX movement	At 30 Jun 2024
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
UK:					
Deferred tax assets:					
Losses	38,367	–	360	–	38,727
Unrecognised deferred tax asset	(15,764)	–	(295)	–	(16,059)
Deferred tax liabilities:					
Provision for future intercompany withholding tax	–	–	(2,557)	–	(2,557)
PP&E / E&E	(22,603)	–	(65)	–	(22,668)
Net deferred tax (liability)	–	–	(2,557)	–	(2,557)
Canada:					
Deferred tax assets:					
Decommissioning provision	18,711	–	(327)	(529)	17,855
Losses	–	–	–	–	–
Other	214	–	62	(6)	270
Unrecognised deferred tax asset	(3,771)	–	(240)	109	(3,902)
Deferred tax liabilities:		–			
Risk management contracts	(360)	–	302	8	(50)
PP&E / E&E	(24,611)	–	(1,542)	709	(25,444)
Net deferred tax (liability)	(9,817)	–	(1,745)	291	(11,271)
Net deferred tax (liability)	**(9,817)**	**–**	**(4,302)**	**291**	**(13,828)**

Deferred tax assets of £6,059 thousand and £3,902 thousand have not been recognised in respect of tax losses and allowances in the UK and Canada, respectively, due to uncertainty over the availability of future taxable profits to offset these losses against. The unrecognised deferred tax asset in Canada relates to a portion of the Group's successor mineral resource tax pools which can only be utilised against future income from certain properties acquired from Toscana in 2020.

The Group recognised a net deferred tax liability through a net deferred tax charge of £4,302 thousand for changes in net deductible temporary differences in the period, partially offset by £291 thousand for FX movements during the period. The deferred tax asset has been recognised in Canada to the extent that the Group anticipates probable future taxable profits against which the assets can be utilised. The deferred tax liability in the UK resulted from a deferred tax provision in i3 Energy plc for withholding taxes on intercompany dividends expected in the foreseeable future.

6 Taxation - continued

	30 Jun 2024 £'000	31 Dec 2023 £'000
UK:		
Taxable losses	41,345	39,233
Mineral extraction allowances	53,065	52,705
Total – UK	**94,410**	91,938
Canada:		
Canadian exploration expense (CEE, deductible at 100% p.a.)	1,565	1,611
Canadian development expense (CDE, deductible at 30% p.a.)	29,489	33,502
Canadian oil and gas property expense (COGPE, deductible at 10% p.a.)	29,041	50,744
Undepreciated capital cost (UCC, deductible at 25% p.a.)	18,965	20,194
Other (deductible at various rates p.a.)	2,114	930
Total – Canada	**81,174**	106,981

7 Earnings per share

From continuing operations

Basic earnings or loss per share is calculated as profit for the period, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings or loss per share amounts are calculated by dividing profits or losses for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares.

The calculation of the basic and diluted earnings per share is based on the following data:

	Three-months Ended		Six-months Ended	
	30 Jun 2024 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'000
Earnings				
Earnings for the purposes of basic and diluted earnings per share being net earnings attributable to owners of i3 Energy	14,463	728	**8,369**	10,944
Weighted average number of shares				
Weighted average number of Ordinary Shares – basic	1,202,447,663	1,199,404,206	1,202,447,663	1,196,168,433
Effect of dilutive potential ordinary shares:				
Share options	3,094,684	14,037,805	2,961,838	14,618,629
Warrants	–	–	–	5,748,341
Weighted average number of Ordinary Shares – diluted	**1,205,542,347**	1,213,442,011	**1,205,409,501**	1,216,535,403
Basic earnings per share (pence)	**1.22**	0.06	**0.70**	0.91
Diluted earnings per share (pence)	**1.20**	0.06	**0.69**	0.90

As at 30 June 2024, the number of potentially dilutive Share options outstanding was 48,740,239 (Note 16).

8 Property, plant, and equipment

	Oil and gas assets £'000	Right of use assets £'000	Other fixed assets £'000	Total £'000
Cost				
As at 1 January 2023	297,714	–	184	297,898
Acquisitions	436	–	–	436
Additions	23,155	–	–	23,155
Decommissioning provisions incurred	195	–	–	195
Disposals	(709)	–	–	(709)
Changes to decommissioning estimates	(8,283)	–	–	(8,283)
Exchange movement	(9,341)	–	(5)	(9,346)
As at 31 December 2023	303,167	–	179	303,346
Acquisitions	–	–	–	–
Additions	3,985	268	–	4,253
Decommissioning provisions incurred	6	–	–	6
Disposals	(3,790)	–	–	(3,790)
Changes to decommissioning estimates	(1,132)	–	–	(1,132)
Exchange movement	(8,607)	(2)	(4)	(8,613)
As at 30 June 2024	**293,629**	**266**	**175**	**294,070**
Accumulated depreciation				
As at 1 January 2023	(61,346)	–	(87)	(61,433)
Charge for the year	(38,206)	–	(26)	(38,232)
Exchange movement	1,984	–	2	1,986
As at 31 December 2023	(97,568)	–	(111)	(97,679)
Charge for the period	(16,591)	(57)	(12)	(16,660)
Disposal	1,123	–		1,123
Exchange movement	2,875	1	2	2,878
As at 30 June 2024	**(110,161)**	**(56)**	**(121)**	**(110,338)**
Carrying amount at 31 December 2023	205,599	–	68	205,667
Carrying amount at 30 June 2024	**183,468**	**210**	**54**	**183,732**

The Group recognised a gain on asset dispositions of £15,779 thousand for the three and six months ended 30 June 2024 which represents the difference between the £17,956 thousand of proceeds on disposition and the £3,790 carrying value of the disposed Canadian oil and gas properties, less the associated abandonment liabilities of £489 thousand.

9 Exploration and evaluation assets (Intangible)

	Six-months Ended 30 Jun 2024 £'000	Year Ended 31 Dec 2023 £'000
At start of period	63,133	62,060
Additions	361	1,281
Disposals	(1,234)	–
Exchange movement	(202)	(208)
At end of period	**62,058**	63,133

Included within E&E assets is the Group's UK P.2358 Licence, which commenced its four-year second term on 30 September 2020 and contains the Serenity discovery and the Liberator West and Minos High prospective areas.

Also included within E&E assets are costs associated with land purchases and preliminary appraisal drilling in the Clearwater play in Canada. During Q2 2024, the Group disposed of certain undeveloped mineral rights in its Northern Clearwater assets for £1.2 million, while retaining all associated Clearwater mineral rights throughout its position.

Management conducted an assessment of indicators of impairment for its E&E assets as at 30 June 2024, concluding that no indicators of impairment were identified. This assessment focused on the upcoming 30 September 2024 P.2358 licence expiry and the statements from the Labour Party regarding the UK oil and gas sector following the results of the UK general election on 4 July 2024. However, after considering the status of the licence extension application that was submitted to the NSTA prior to the general election and discussions held with the NSTA to 30 June 2024, management has concluded that progress has been as anticipated in 2024 and that there are no indicators of impairment for Serenity as 30 June 2024. The status of the P.2358 licence extension will be known with certainty by the next interim reporting date of 30 September 2024, and if unsuccessful, could result in an impairment charge in the period then ending.

10 Trade and other receivables

	30 Jun 2024 £'000	31 Dec 2023 £'000
Trade receivables	10,569	12,839
Joint venture receivables	5,004	4,732
Prepayments & other receivables	4,085	2,963
Total trade and other receivables	**19,658**	20,534

Trade and other receivables are all due within one year.

Joint venture receivables represent amounts due from operating partners for operating and capital activity in Canada.

The fair value of trade and other receivables is the same as their carrying values as stated above and they do not contain any impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

11 Trade and other payables

	30 Jun 2024 £'000	31 Dec 2023 £'000
Trade creditors	4,522	5,736
Sales tax payable	167	170
Accruals	17,586	20,746
Cash pool LTIP awards – current liability	518	101
Joint venture payables	686	887
Total trade and other payables	**23,479**	27,640

The average credit period taken for trade purchases is 30 days. No interest is charged on the trade payables. The carrying values of trade and other payables are considered to be a reasonable approximation of the fair value and are considered by the Directors as payable within one year.

Joint venture payables represent amounts due to operating partners for operating and capital activity in Canada.

12 Borrowings and leases

Credit Facility

On 22 March 2024 the Group, through its wholly owned subsidiary i3 Energy Canada Ltd., established a CAD 75 million reserve-based lending facility (the "Credit Facility") with the National Bank of Canada. The Credit Facility comprises of a CAD 55 million revolving facility and a CAD 20 million operating loan facility. The two-year term of the Credit Facility is expected to be extended on an annual basis, subject to lender approval. The interest rate on the outstanding portion of the revolving facility depends on Net Debt to EBITDA ratios of i3 Canada which at inception was Canadian Prime Rate plus 2.00%, with the option to change to Canadian Overnight Repo Rate plus 3.00%. The standby fee for the undrawn portion of the Credit Facility is also dependent on Net Debt to EBITDA ratios of i3 Canada and was initially 0.75%. The Credit Facility is secured against substantially all the assets and shares of i3 Canada. The borrowing base is subject to semi-annual reviews and may also be subject to redetermination upon each review. The Credit Facility does not contain any financial covenants, but i3 Canada is subject to various positive and negative covenants. The Group was in compliance with all covenants as at 30 June 2024. The lender has affirmed that as at 30 June 2024 the credit facility remains at CAD 75 million until the next redetermination period.

The Group initially drew CAD 27 million on the Credit Facility, which was used along with cash on hand to repay the Debt Facility with Trafigura without any prepayment penalty. This balance was repaid in Q2 2024 with the proceeds from fixed asset dispositions in the period.

Debt Facility

On 31 May 2023 i3 Energy Plc established a CAD 100 million debt facility in the form of a Prepayment Agreement (the "Debt Facility") with Trafigura Canada Ltd., a subsidiary of Trafigura Pte Ltd (collectively, "Trafigura"). Concurrently, i3 Energy Canada Ltd. ("i3 Canada") entered an associated commercial contract related to i3 Canada's oil production. The Debt Facility had a three-year term, with interest payable monthly at 9.521% per annum, calculated on the outstanding portion of the loan. The Facility was prepaid without penalty on 22 March 2024 with cash on hand and proceeds from the Credit Facility.

H1-2019 loan note facility

In May 2019, the Group completed a £22 million H1-2019 loan note facility ("H1-2019 LN"). The H1-2019 LNs have a term of 4 years, maturing on 31 May 2023 and bearing interest, payable on a quarterly basis at the Group's option (i) in cash at a rate of 8% per annum, or (ii) in kind at a rate of 11% per annum by the issuance of additional H1-2019 LNs. The Group elected to pay all interest in kind prior to 2022, and in cash for all quarters since. The H1-2019 LNs matured on 31 May 2023 and were repaid in full using proceeds from the Debt Facility issuance.

12 Borrowings and leases - continued

Leases

Lease liabilities represent the present value of the minimum lease payments for i3 Canada's office lease which commenced its 2-year term in January 2024 and a vehicle lease which commences its 3-year term in June 2024.

Borrowings reconciliation

	Leases	H1-2019 LN	Debt Facility	Credit Facility	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2022	–	27,241	–	–	27,241
Issuance (cash)	–	–	44,481	–	44,481
Increase through interest (non-cash)	–	951	2,258	–	3,209
Accretion expense (non-cash)	–	1,615	–	–	1,615
Lease and interest payments (cash)	–	(951)	(2,258)	–	(3,209)
Principal payments (cash)	–	(28,856)	(8,636)	–	(37,492)
Additions in deferred finance costs (cash)	–	–	(2,039)	–	(2,039)
Amortisation of deferred finance costs (non-cash)	–	–	667	–	667
Exchange movement (non-cash)	–	–	96	–	96
At 31 December 2023	–	–	34,569	–	34,569
Net draw on Credit Facility (cash)	–	–	–	–	–
Lease commencement (non-cash)	266	–	–	–	266
Increase through interest (non-cash)	5	–	796	101	902
Lease and interest payments (cash)	(73)	–	(796)	(101)	(970)
Prepaid lease adjustment (non-cash)	14	–	–	–	14
Principal payments (cash)	–	–	(35,272)	–	(35,272)
Additions in deferred finance costs (cash)	–	–	–	(1,307)	(1,307)
Amortisation of deferred finance costs (non-cash)	–	–	1,350	163	1,513
Reclass of deferred finance costs * (non-cash)	–	–	–	1,136	1,136
Exchange movement (non-cash)	(3)	–	(647)	8	(642)
At 30 June 2024	**209**	**–**	**–**	**–**	**209**

* The Credit Facility was undrawn as at 30 June 2024 and therefore the unamortised deferred finance costs net of foreign exchange movements has been reclassified to Other non-current assets on the Consolidated Statement of Financial Position.

The classification as at 30 June 2024 is as follows:

	Leases	H1-2019 LN	Debt Facility	Credit Facility	Total
	£'000	£'000	£'000	£'000	£'000
Current	115	–	–	–	115
Non-current	94	–	–	–	94
At 30 June 2024	**209**	**–**	**–**	**–**	**209**

12 Borrowings and leases - continued

The classification as at 31 December 2023 is as follows:

	Leases	H1-2019 LN	Debt Facility	Credit Facility	Total
	£'000	£'000	£'000	£'000	£'000
Current	–	–	14,001	–	14,001
Non-current	–	–	20,568	–	20,568
At 31 December 2023	–	–	34,569	–	34,569

13 Decommissioning provision

	Six-months Ended 30 Jun 2024	Year Ended 31 Dec 2023
	£'000	£'000
At start of period	81,353	93,331
Liabilities assumed through acquisitions	–	303
Liabilities incurred	6	195
Liabilities disposed	(489)	(328)
Liabilities settled	(1,048)	(3,722)
Change in estimates	(1,132)	(8,283)
Unwinding of discount (Note 5)	1,249	2,771
Exchange movement	(2,308)	(2,914)
At end of period	**77,631**	81,353

	30 Jun 2024	31 Dec 2023
	£'000	£'000
Of which:		
Current	3,778	3,244
Non-current	73,853	78,109
Total	**77,631**	81,353

A summary of the key estimates and assumptions are as follows:

	30 Jun 2024	31 Dec 2023
Undiscounted / uninflated expenditure (CAD, thousands)	**204,322**	200,745
Inflation rate	**1.80%**	1.62%
Discount rate	**3.39%**	3.02%
Timing of cash flows	**1-50 years**	1-50 years

The change in estimate for the period ended 30 June 2024 was primarily driven by changes in market interest rates (which increased 0.37%) and inflation rates (which increased 0.18%) as published by the Bank of Canada. The inflation and discount rates have been pinpointed as a key source of estimation uncertainty, and a sensitivity to +/- 0.50% and +/- 2.00% movements to these inputs have been disclosed in the key sources of estimation uncertainty note in the Group's statutory financial statements for the year ended 31 December 2023. The Group also increased its underlying cost estimates by approximately to 2% to remain in line with the Alberta Energy Regulator cost estimates which were revised in June 2024.

14 Risk management contracts

The Group enters a variety of risk management contracts to hedge a portion of the Group's exposure to fluctuations in prevailing commodity prices for oil, gas, and natural gas liquids. The Group's physical commodity contracts represent physical delivery sales contracts in the ordinary course of business and are therefore not recorded at fair value in the consolidated interim financial statements. The Group's financial risk management contracts have not been designated as hedging instruments in a hedge relationship under IFRS 9 and are carried at fair value through profit and loss. The financial risk management contracts are classified as Level 2 in the fair value hierarchy as defined by IFRS 13 'Fair value measurements'.

The principal terms of the risk management contracts held as at 30 June 2024 are presented in the table below.

Type	Effective date	Termination date	Total Volume	Avg. Price
AECO 5A Financial Swaps	1 Apr 2024	31 Mar 2025	15,000 GJ/Day	CAD 2.5183 / GJ
AECO 5A Financial Swaps	1 Jul 2024	30 Sep 2024	10,000 GJ/Day	CAD 1.6000 / GJ
AECO 5A Financial Swaps	1 Nov 2024	31 Mar 2025	5,000 GJ/Day	CAD 3.2000 / GJ
AECO 5A Physical Swaps	1 Jan 2025	31 Mar 2025	10,000 GJ/Day	CAD 2.9300 / GJ
AECO 5A Physical Swaps	1 Apr 2025	30 Apr 2025	2,500 GJ/Day	CAD 2.7700 / GJ
AECO 5A Physical Swaps	1 Apr 2025	31 Dec 2025	7,500 GJ/Day	CAD 3.1167 / GJ
AECO 5A Physical Swaps	1 May 2025	30 Jun 2025	2,500 GJ/Day	CAD 2.5000 / GJ
AECO 5A Physical Swaps	1 Jun 2025	31 Dec 2025	5,000 GJ/Day	CAD 3.0000 / GJ
AECO 5A Physical Swaps	1 Oct 2025	31 Dec 2025	10,000 GJ/Day	CAD 3.2000 / GJ
WTI Financial Swaps	1 Jul 2024	31 Aug 2024	500 bbl/Day	CAD 101.50 / bbl
WTI Financial Swaps	1 Jul 2024	30 Sep 2024	500 bbl/Day	CAD 98.79 / bbl
WTI Financial Swaps	1 Sep 2024	30 Sep 2024	250 bbl/Day	CAD 102.18 / bbl
WTI Financial Swaps	1 Oct 2024	31 Oct 2024	150 bbl/Day	CAD 97.32 / bbl
WTI Financial Swaps	1 Oct 2024	31 Dec 2024	1,200 bbl/Day	CAD 95.89 / bbl
WTI Financial Swaps	1 Nov 2024	30 Nov 2024	500 bbl/Day	CAD 103.40 / bbl
WTI Financial Swaps	1 Dec 2024	31 Dec 2024	500 bbl/Day	CAD 102.50 / bbl
WTI Financial Swaps	1 Jan 2025	31 Jan 2025	1,050 bbl/Day	CAD 99.03 / bbl
WTI Financial Swaps	1 Jan 2025	31 Mar 2025	200 bbl/Day	CAD 101.20 / bbl
WTI Financial Swaps	1 Feb 2025	28 Feb 2025	900 bbl/Day	CAD 101.12 / bbl
WTI Financial Swaps	1 Mar 2025	31 Mar 2025	900 bbl/Day	CAD 99.82 / bbl
WTI Financial Swaps	1 Apr 2025	30 Apr 2025	1,000 bbl/Day	CAD 102.49 / bbl
WTI Financial Swaps	1 May 2025	31 May 2025	1,250 bbl/Day	CAD 99.40 / bbl
WTI Financial Swaps	1 Jun 2025	30 Jun 2025	1,050 bbl/Day	CAD 97.83 / bbl
WTI Financial Swaps	1 Feb 2025	28 Feb 2025	400 bbl/Day	USD 76.55 / bbl
WTI Financial Swaps	1 Mar 2025	31 Mar 2025	400 bbl/Day	USD 75.95 / bbl
WTI Financial Swaps	1 Apr 2025	30 Apr 2025	250 bbl/Day	USD 72.73 / bbl
WTI Financial Call	1 Jan 2025	31 Dec 2025	250 bbl/Day	CAD 95.00 / bbl
WTI Financial Collar	1 Jul 2024	30 Sep 2024	250 bbl/Day	CAD 100.00-108.00 / bbl
WTI Financial Collar	1 Jul 2024	30 Sep 2024	250 bbl/Day	CAD 100.00-111.00 / bbl
WTI Financial Collar	1 Jul 2024	30 Sep 2024	250 bbl/Day	CAD 100.00-112.00 / bbl
WTI Financial Collar	1 Jul 2024	30 Sep 2024	250 bbl/Day	CAD 100.00-112.10 / bbl
WTI Financial Collar	1 Jul 2024	30 Sep 2024	250 bbl/Day	CAD 100.00-113.80 / bbl

WTI Financial Collar	1 Sep 2024	30 Sep 2024	250 bbl/Day	CAD 100.00-107.00 / bbl
WTI Financial Collar	1 Oct 2024	31 Oct 2024	250 bbl/Day	CAD 100.00-111.15 / bbl
WTI Financial Collar	1 Oct 2024	31 Oct 2024	250 bbl/Day	CAD 100.00-113.10 / bbl
WTI Financial Collar	1 Oct 2024	31 Oct 2024	250 bbl/Day	CAD 102.00-111.45 / bbl
WTI Financial Collar	1 Nov 2024	30 Nov 2024	200 bbl/Day	CAD 100.00-110.00 / bbl
WTI Financial Collar	1 Nov 2024	30 Nov 2024	200 bbl/Day	CAD 100.00-112.55 / bbl
WTI Financial Collar	1 Dec 2024	31 Dec 2024	200 bbl/Day	CAD 100.00-110.15 / bbl
WTI Financial Collar	1 Jan 2025	31 Jan 2025	200 bbl/Day	CAD 100.00-110.50 / bbl
WTI Financial Collar	1 Jan 2025	31 Jan 2025	250 bbl/Day	CAD 100.00-110.00 / bbl
WTI Financial Collar	1 Feb 2025	28 Feb 2025	250 bbl/Day	CAD 100.00-112.25 / bbl
WTI Financial Collar	1 Mar 2025	31 Mar 2025	250 bbl/Day	CAD 100.00-110.45 / bbl
Conway Financial Swap	1 Oct 2024	31 Dec 2024	250 bbl/Day	USD 0.8325 / gal
Conway Financial Swap	1 Jan 2025	31 Mar 2025	250 bbl/Day	USD 0.8325 / gal

The Group's gains and losses on risk management contracts are presented in the following table:

	Three-months Ended		Six-months Ended	
	30 Jun 2024 **£'000**	30 Jun 2023 £'000	**30 Jun 2024** **£'000**	30 Jun 2023 £'000
Unrealised gain / (loss) on risk management contracts	1,815	1,171	(1,311)	328
Realised (loss) / gain on risk management contracts	(191)	(784)	**(148)**	3,015
Total gain / (loss) on risk management contracts	**1,624**	387	**(1,459)**	3,343

The carrying value of the Group's risk management contracts are presented in the following table.

	30 Jun 2024 **£'000**	31 Dec 2023 £'000
Current asset	2,669	1,701
Current liability	(2,450)	(136)
Net current asset	**219**	1,565

15 Authorised, issued and called-up share capital

	Issuance date	Ordinary shares	Deferred shares	Nominal value per Share	Ordinary shares	Deferred shares	Share premium before share issuance costs	Share issuance costs	Share premium after Share issuance costs
		Shares	Shares	£	£'000	£'000	£'000	£'000	£'000
At 31 December 202		1,192,731,373	5,000	–	119	50	50,646	(2,000)	48,646
Issued on exercise of 11 pence options	9 Jan 23	116,667	–	0.0001	–	–	12	–	12
Issued on exercise of 0.01 pence warrants	25 Apr 23	9,051,927	–	0.0001	1	–	2,045	–	2,045
Cancellation of shares *	29 May 23	(25,503)	–	0.0001	–	–	–	–	–
Issued on exercise of 5 pence options	12 Oct 23	573,199	–	0.0001	–	–	28	–	28
Capital reduction **	13 Nov 23	–	–	–	–	–	(52,731)	2,000	(50,731)
At 31 December 2023		1,202,447,663	5,000	–	120	50	–	–	–
Bonus issue	15 Apr 24	–	1,202,447,663	0.0001	–	120	148,397	–	148,397
As at 30 June 2024		**1,202,447,663**	1,202,452,663	**–**	**120**	**170**	**148,397**	**–**	**148,397**

15 Authorised, issued and called-up share capital - continued

* The cancellation of shares related to unclaimed shares from the Toscana acquisition which completed in 2020. The time limit to claim the shares had expired and 25,503 ordinary shares reverted to the Company to be held in treasury and were subsequently cancelled.

** On 13 November 2023 the Registrar of Companies registered the cancellation of i3's share premium account. The £50.7 million balance of the Group's share premium net of share issuance costs was accordingly transferred to retained earnings. This increased distributable reserves to enable the Company to continue paying dividends.

During 2023, the Company elected to transition its standalone financial statements from FRS 101 to UK-adopted international accounting standards. This resulted in a transition reserve of £148,517 thousand in the standalone financial statements but had no impact on the consolidated accounts. This transition reserve was capitalised on 15 April 2024 by way of a bonus issue of newly created capital reduction deferred shares ("Deferred A shares") with a nominal value of £0.0001 and share premium of £0.1234 for each share, increasing the legal reserves of the parent to be reflected in the consolidated balance sheet. There was no change to the net assets of the group and the bonus issue has been reflected as a reserves transfer from a capital reorganisation reserve.

On 11 March 2024 the Group announced a further reduction of capital following this bonus issue, which was completed after the period end on 11 July 2024. The reduction of share premium reduces the legal capital of the parent to be reflected in the consolidated balance sheet, and will be presented as a reserves transfer from share capital to set off the balance in the capital reorganisation reserve. Although neutral in the consolidated balance sheet, the aggregate effect of these capital reorganisation steps in the standalone financial statements is to increase realised profits of the Company by £148,517 thousand.

i3 Energy is authorised to issue an unlimited number of Ordinary Shares and Deferred Shares. The Ordinary Shares are listed for trading on the facilities of the TSX and AIM. The Deferred Shares are not listed on a recognised stock exchange. Holders of Ordinary Shares are entitled to one vote per Ordinary Share held at any meeting of the Shareholders, to participate in dividends declared by i3 Energy, and to receive the remaining property of i3 Energy upon dissolution. The Deferred Shares have full capital distribution (including on wind up) rights and do not confer any voting or dividend rights, or any rights of redemption. On a return of capital (including on wind up), the Deferred A shares confer on their holders the right to receive the nominal amount paid up on such shares and do not confer any voting or dividend rights, or any rights of redemption. The Deferred A shares were cancelled on 11 July 2024.

During the six-month period ended 30 June 2024 the Company declared dividends as summarised in the following table:

Declaration date	Ex-Dividend date	Record date	Payment date	Dividend per share	Total Dividend
				(pence)	£'000
9 January 2024	18 January 2024	19 January 2024	9 February 2024	0.2565	3,084
4 April 2024	11 April 2024	12 April 2024	3 May 2024	0.2565	3,084
Total				**0.5130**	**6,168**

During the year ended 31 December 2023 the Company declared dividends as summarised in the following table:

Declaration date	Ex-Dividend date	Record date	Payment date	Dividend per share	Total Dividend
				(pence)	£'000
12 January 2023	19 January 2023	20 January 2023	10 February 2023	0.1710	2,040
8 February 2023	16 February 2023	17 February 2023	10 March 2023	0.1710	2,040
15 March 2023	23 March 2023	24 March 2023	14 April 2023	0.1710	2,040
12 April 2023	20 April 2023	21 April 2023	12 May 2023	0.1710	2,040
17 May 2023	25 May 2023	26 May 2023	16 June 2023	0.1710	2,055
2 October 2023	12 October 2023	13 October 2023	27 October 2023	0.2565	3,083
Total				**1.1115**	**13,298**

16 Share-based payments

During the period the Group had share based payment expense for the three and six months ended 30 June 2024 of £248 thousand and £439 thousand, respectively (three and six months ended 30 June 2023: £169 and £310 thousand, respectively).

Employee and NED share options

Details on the employee and NED share options outstanding during the period are as follows:

	Number of options	Weighted average exercise price (pence)	Weighted average contractual life (years)
At 31 December 2022	31,404,955	10.72	7.93
5p options exercised during the period	(573,199)	5.00	7.25
11p options exercised during the period	(116,667)	11.00	8.94
Granted during the period	21,509,470	12.55	10.00
Forfeited during the period	(2,757,490)	10,92	7.55
At 31 December 2023	49,467,069	11.57	9.19
Forfeited during the period	(726,830)	11.50	8.76
At 30 June 2024	**48,740,239**	**11.57**	**7.93**

7,706,620 outstanding employee share options as at 30 June 2024 were fully vested and exercisable.

17 Related party transactions

Remuneration of Key Management Personnel

Directors of the Group are considered to be Key Management Personnel. The remuneration of the Directors will be set out in the annual report for the year-ending 31 December 2024.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Ultimate parent

There is no ultimate controlling party of the Group.

18 Commitments

	1 year £'000	1-2 years £'000	3-4 years £'000	5+ years £'000	Total £'000
Operating	97	86	–	–	183
Transportation	1,672	1,286	339	4	3,301
Credit Facility Principal	–	–	–	–	–
Total	**1,769**	**1,372**	**339**	**4**	**3,484**

Operating commitments relate to vehicle and office leases in Canada. Transportation commitments relate to take-or-pay pipeline capacity in Alberta. Debt commitments relate to principal repayments on the Credit Facility, which will be deferred if i3 obtains lender approval for the annual extension.

The Group did not have any capital commitments as at 30 June 2024.

19 Cash flow information

A reconciliation of the changes in non-cash working capital balances for the six-month period ended 30 June 2024 and their impacts on the various sections of the consolidated statement of cash flow is presented below:

	Trade and other receivables	Inventory	Trade and other payables	Income taxes receivable / (payable)	Other non-current liabilities	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Closing balance	19,658	1,907	(23,479)	27	(431)	
Opening balance	20,534	1,847	(27,640)	205	(84)	
Increase / (decrease) in cash	**876**	**(60)**	**(4,161)**	**178**	**347**	**(2,820)**
Generated from / (used in):						
Operating activities	2,053	(60)	90	178	347	2,608
Investing activities	(1,177)	–	(4,251)	–	–	(5,428)
Financial activities	–	–	–	–	–	–
Increase / (decrease) in cash	**876**	**(60)**	**(4,161)**	**178**	**347**	**(2,820)**

A reconciliation of the changes in non-cash working capital balances for the six months ended 30 June 2023 and their impacts on the various sections of the consolidated statement of cash flow is presented below:

	Trade and other receivables	Inventory	Trade and other payables	Income taxes receivable / (payable)	Other non-current liabilities	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Closing balance	25,118	2,597	(25,844)	(1,429)	–	
Opening balance	34,843	2,099	(45,973)	(9,873)	–	
Increase / (decrease) in cash	9,725	(498)	(20,129)	(8,444)	–	(19,346)
Generated from / (used in):						
Operating activities	11,627	(498)	(9,552)	(8,444)	–	(6,867)
Investing activities	(1,902)	–	(8,827)	–	–	(10,729)
Financial activities	–	–	(1,750)	–	–	(1,750)
Increase / (decrease) in cash	9,725	(498)	(20,129)	(8,444)	–	(19,346)

20 Events after the reporting period

Subsequent to 30 June 2024 i3 entered various risk management contracts, as summarised below.

Type	Effective date	Termination date	Total Volume	Avg. Price
WTI Financial Swaps	1 Apr 2025	30 Apr 2025	750 bbl/Day	CAD 102.66 / bbl
WTI Financial Swaps	1 May 2025	31 May 2025	250 bbl/Day	CAD 95.60 / bbl
WTI Financial Swaps	1 Jun 2025	30 Jun 2025	200 bbl/Day	CAD 102.33 / bbl
WTI Financial Swaps	1 Jul 2025	31 Jul 2025	1,100 bbl/Day	CAD 99.23 / bbl
WTI Financial Swaps	1 Aug 2025	31 Aug 2025	500 bbl/Day	CAD 94.67 / bbl
WTI Financial Collar	1 Aug 2024	31 Dec 2024	250 bbl/Day	CAD 102.00-114.00 / bbl

20 Events after the reporting period - continued

Subsequent to 30 June 2024 the Company has declared dividends as summarised in the following table:

Declaration date	Ex-Dividend date	Record date	Payment date	Dividend per share	Total Dividend
				(pence)	£'000
4 July 2024	11 July 2024	12 July 2024	2 August 2024	0.2565	3,084
Total				0.2565	**3,084**

On 4 July 2024 the Group announced that the court order cancelling i3 Energy's capital reduction deferred shares and the amount standing to the credit of the share premium account, along with the associated court approved statement of capital, has been delivered to the Registrar of Companies. The capital reduction became effective following the registration of the court order by the Registrar of Companies which occurred on 11 July 2024.

CORPORATE INFORMATION

Registered number	**10699593**
Directors	**John Festival** – Non-Executive Director and Non-Executive Chairman **Majid Shafiq** – Chief Executive Officer **Ryan Heath** – President, i3 Energy Canada Ltd. **Linda Janice Beal** – Non-Executive Director **Richard Millington Ames** – Non-Executive Director **Neill Ashley Carson** – Non-Executive Director
Company Secretary	**Burness Paull LLP**
Registered Office	New Kings Court Tollgate Chandler's Ford Eastleigh, Hampshire United Kingdom S053 3LG
Independent Auditor	**PKF Littlejohn LLP (Registered Auditor)** 15 Westferry Circus Canary Wharf London E14 4HD United Kingdom
Solicitors	**Burness Paull LLP** 50 Lothian Road Festival Square Edinburgh EH3 9WJ **Norton Rose Fulbright Canada LLP** 400 3rd Avenue SW, Suite 3700 Calgary, Alberta, Canada T2P 4H2
Nominated Advisor and Broker	**Zeus Capital Limited** 125 Old Broad St. London EC2N 1AR
Brokers	**Tennyson Securities** 23 Floor 20 Fenchurch Street London EC3M 3BY **Stifel Nicolaus Europe Limited** 150 Cheapside London EC2V 6ET
Registrars	**Link Group** 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL
Principal Bankers	**National Westminster Bank** **National Bank of Canada**
Company Website	*www.i3.energy*
Company Telephone Number	+44 (0) 1224 945 980

APPENDIX A: GLOSSARY

1P	Proved reserves
2P	Proved plus probable reserves
3CA	3 Consultant's Average, being the average of price forecasts of GLJ Ltd., McDaniel & Associates Consultants Ltd., and Sproule
AER	Alberta Energy Regulator
AIF	Annual Information Form
AIM	The AIM Market of the London Stock Exchange
APM	Alternate Performance Measure
ARO	Asset Retirement Obligation
bbl	Barrel
bbl/d	Barrels per day
BOE	Barrels of Oil Equivalent
boepd, boe/d	Barrels of Oil Equivalent Per Day
CAD	Canadian Dollars
Cenovus, CVE	Cenovus Energy Inc.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO2e	Carbon dioxide
the Code	QCA Corporate Governance Code
Company	i3 Energy plc
CPR	Competent person's report
Credit Facility	Reserve-based lending facility with National Bank of Canada, dated 22 March 2024
Debt facility	Prepayment Agreement with Trafigura, dated 31 May 2023
E&E	Exploration and evaluation
EPL	Energy Profits Levy
ERP	Emergency Response Plan
Europa	Europa Oil & Gas Limited
FCF	Free cash flow
FIA	Farm-In Agreement
FVTPL	Fair Value through Profit or Loss
FX	Foreign Exchange

Gain	Gain Energy Ltd.
gal	Gallon
GBP	British Pounds Sterling
GCA	Gas Cost Allowance
GJ	Gigajoule
Gross wells	Wells participated in by i3
Group, i3	i3 Energy plc, together with its subsidiaries
i3 Canada	i3 Energy Canada Ltd.
IAS	International Accounting Standard
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
IP30	Average daily production of a well over its initial 30-day production period
LTIP	Long term incentive plan
mcf	Thousand cubic feet
mcf/d	Thousand cubic feet per day
MD&A	Management's discussion and analysis
Mmcf	Million cubic feet
MMboe	Million Barrels of Oil Equivalent
MMBtu	Metric Million British Thermal Unit
MD&A	Management Discussion and Analysis
NGL	Natural gas liquids
NED	Non-Executive Director
Net wells	Gross wells multiplied by i3's working interest
NOI	Net Operating Income
NPV 10	Net Present Value, discounted at 10%
NSTA	UK North Sea Transition Authority
NTM	Next Twelve Months
OPEC	Organisation of the Petroleum Exporting Countries
p.a.	per annum
PDP	Proved, developed, producing reserves
PIK	Payment in kind
PP&E	Property, plant and equipment

QCA	Quoted Companies Alliance
RFCT	Ring Fence Corporation Tax
SCT	Supplementary Charge
SRP	Alberta's Site Rehabilitation Program
Toscana	Toscana Energy Income Corporation
Trafigura	Trafigura Pte Ltd. and its subsidiary Trafigura Canada Ltd.
TSX	Toronto Stock Exchange
UKCS	UK Continental Shelf
USD (US$)	United States Dollar
WI	Working Interest

APPENDIX B: 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.

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 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'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

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
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

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 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'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

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 £'000	30 Jun 2023 £'000	**30 Jun 2024 £'000**	30 Jun 2023 £'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

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 £'000	31 Dec 2023 £'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