



2022 ESG REPORT

Environment, Social and Governance
Report for i3 Energy plc

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INTRODUCTION

CEO letter to stakeholders

2022 was a transformational year for i3 Energy from an operational and ESG perspective.

Over the course of 2020 and 2021 we entered the Canadian oil and gas market through the acquisition of 17,000 boe/d of predominantly operated, conventional producing assets and an extensive network of complementary midstream infrastructure. Following an intensive period of work on consolidation of the businesses and assets and execution of a series of low-cost workovers and production optimisation initiatives, we entered 2022 at circa 18,000 boe/d. The impact of rising commodity prices on transaction values in the M&A market led us to pivot away from acquisition led growth to organic growth via exploitation of our extensive drilling inventory of over 900 locations. 2022 saw the first i3 operated drilling programme on our asset base in Canada and over the course of the year we completed a circa \$95mm capital programme which drilled twenty-three net wells in Canada and one in the UK and achieved our target of reaching 24,000 boe/d by year end. The programme was completed on budget, and we are very pleased to say very successfully from an environmental impact and health and safety standpoint.

In parallel with this very busy operational activity, i3 Energy published its inaugural annual ESG report, which set out baseline ESG data and metrics for our company and outlined some of the work we had commenced to investigate the most appropriate pathways to accelerate our ambition to reach net zero emissions no later than 2050, and earlier if technologically and commercially feasible. Our initial analysis of net zero pathways indicated that our asset base would enable multiple routes for achieving our emissions reductions goals.

In 2022, we focussed our attention on reducing methane emissions, managing water usage, minimising energy consumption, improving waste management and improving air quality around our operations. Managing methane emissions starts with data recording and in 2022 we made a great effort to improve emission data integrity and reporting, which allowed us to better target our emission abatement initiatives. We continued the methane reduction initiatives which we had started in 2021 to replace high-bleed pneumatic controllers with low or no-bleed models and began a programme to replace pneumatic chemical injection pumps with solar-driven electric pumps on reactivated wells. In October 2022, we commenced the installation of 400 solar-driven pumps on the assets acquired from Cenovus. Once complete, in aggregate these initiatives will reduce annual methane emissions by an estimated 64,600 tCO₂e annually. We have also commenced electrification of well pumpjacks, completing 30 conversions in 2022, reducing emissions by a further 6,366 tCO₂e annually.

Recognising that energy efficiency is key to reducing environmental impact, we have also made great strides in reducing emissions from our extensive fleet of compressor engines by improving fuel efficiency and engine performance and converting rich burn engines to lean burn engines. In 2022, we initiated a process to commence an alternative Fugitive Emissions Management Programme (alt-FEMP) which we launched in 2023. This programme uses a crewed aircraft equipped with laser technology to image methane emissions from the air, allowing more rapid and efficient repair operations, which we believe could reduce methane leakage by more than 10% across our infrastructure base. Our regular, ongoing abandonment and reclamation programme continues, and we abandoned 70 wells and decommissioned 37 well sites during the course of the year.

“In parallel with a very intense and successful operational programme which increased our production by 23%, we are very proud to have reduced our GHG emissions intensity by 4% over the course of 2022.”



Majid Shafiq, CEO

Since 2021, during which period the scope and scale of our operations grew significantly and our production by over 23%, we are very proud to say that multiple initiatives and company-wide efforts managed to reduce our Scope 1 and 2 emissions intensity by 4%, and our emissions intensity remain below the average of our peers operating in Alberta on a CO₂e/boe basis. This achievement is down to the strong oversight of our ESG Committee, and especially to the skill, ingenuity, dedication and hard work of all our employees and the daily efforts of our operations teams in the office and at the field level. We look forward to the future with optimism, as we continue to responsibly grow a sustainable energy business serving the needs of the communities and countries in which we operate.



About this report

Materiality

Following our initial ESG materiality assessment in 2021, supported by external advisors, we are actively advancing our ESG efforts. The assessment, detailed on [page 6](#), serves as a guiding framework to emphasize crucial and material ESG issues. Aligning this foundational understanding with our strategic endeavours, we continue to make significant strides in our sustainability journey, as highlighted in this report.

Reporting period

Unless otherwise stated, this report presents data and information from the year 2022. Data and information from earlier years may appear in some places to illustrate trends over time.

Reporting frameworks

A number of best practice industry frameworks and methodologies have guided the structure of and disclosure in this report:

- Task Force on Climate-related Financial Disclosures (TCFD)
- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)
- North Sea Transition Authority (formerly the UK Oil & Gas Authority) ESG Taskforce recommendations

As the quality and breadth of our baseline data increases, we will endeavour to more closely align future disclosure and ESG reports with these frameworks.

Scope

The data and information reported concerns the assets in our portfolio over which we have operational control. This is in line with standard industry practice.

Definitions

The terms *i3 Energy*, *we*, *us*, *our* or *the company* refer to i3 Energy plc and its subsidiaries i3 Energy Canada Ltd and i3 Energy North Sea Ltd. Refer to [page 17](#) for definitions of acronyms and units of measurement used in this report.

Advisories

In this ESG report, we have voluntarily disclosed certain information that we consider relevant to our sustainability performance, and that may be of interest to our stakeholders. While we have taken reasonable care to ensure that the information in this report is accurate, the content should not be considered to amend, qualify, or supersede information in previous i3 Energy public disclosures. We expressly disclaim all liability whatsoever for any errors or omissions.

Some of the statements and information contained in this report are forward-looking, including but not limited to statements regarding the company's plans, strategies, goals and ambitions. Forward-looking statements include but are not limited to statements regarding the intent, belief and current expectations of i3 Energy or its officers with respect to various matters, including reserves, production, drilling activity, sustainability practices, ESG goals and metrics, ESG performance and stakeholder engagement. When used in this report, words such as *expects*, *believes*, *anticipates*, *plans*, *may*, *intends* and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, but are based on various assumptions deemed to be reasonable by the company's management. Some of the key assumptions include: management's anticipated acquisition, appraisal and development timelines, production profiles for the company's current and potential future properties, and estimated cash flow from the company's current and future properties. Information concerning reserves and resources are deemed to be forward-looking statements, as such estimates involve the implied assessments that the reserves or resources can be profitably produced in the future.

The forward-looking statements in this report are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements, including without limitation: the risk that the company's development plans and timelines for current and future properties change as a result of new information or events, the risk that production and drilling results differ materially from management's current estimates, reliance on key personnel, general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, environmental risks, competition from other industry participants, the risk that transactions do not close in a timely matter or at all, the lack of availability of qualified personnel or management, and the ability to access additional sufficient capital from internal and external sources.



i3 Energy's W6 Waipiti Facility



About i3 Energy

i3 Energy is a London (AIM:i3E) and Toronto (TSX:iTE) listed energy company with a diverse, full-cycle portfolio of assets in the Western Canadian Sedimentary Basin and the UK North Sea.

In Q4 2022, we reached a production level of over 24,000 boe/d from large contiguous holdings in some of the Western Canadian Sedimentary Basin's most commercially attractive resources, with material upside through the company's sizeable positions in the

Glauconitic and Falher formations in the Central area, the Cardium and Dunvegan formations in Wapiti, the Montney formation at Simonette and the Clearwater play at Marten Hills and Marten Creek.

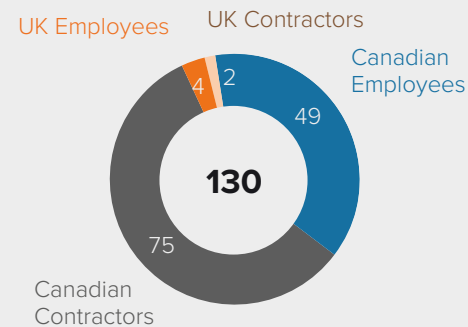
The company's year-end 2022 audited reserves reflect the successful reservoir management of ongoing operations, and the results of the 2022 drilling programme have contributed to an increase in the company's total inventory to 940 gross (537 net) drilling locations over

a net acreage of 628,000 (2520 km²).

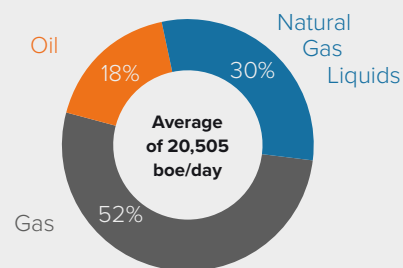
In the UK North Sea, i3 Energy owns and operates block 13/23c, which contains the company's 2019 Serenity oil discovery and the highly prospective Minos High area. i3 Energy's North Sea strategy focuses on the development of existing discoveries located proximal to existing infrastructure to minimise development capital and maximise economic recovery.

i3 Energy at a glance

Number of employees



Production in 2022



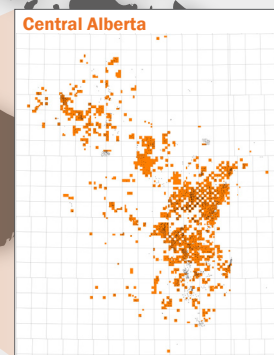
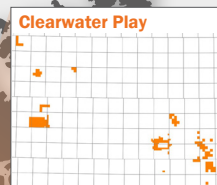
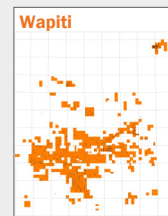
65% Increase in average boe/day vs 2021

Reserves, proved and probable

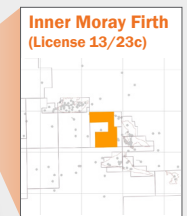
181.5 MMboe

Operations

Alberta, Canada



UK North Sea



Data is current as of March 2022.

OUR ESG STRATEGY

ESG vision

i3 Energy is committed to conducting its operations responsibly and in accordance with industry best practices. We choose to operate in jurisdictions with world-class regulations governing all aspects of ESG.

Our commitment to high ESG standards is central to maintaining our social licence to operate, creating value for all stakeholders and ensuring long-term commercial success. We recognise the safety and well-being of our employees, local communities and other key stakeholders as a priority, and consider climate change as having a material impact on our business.

We endeavour to set a high standard of ESG performance not only to benefit our business and stakeholders, but also to encourage similar actions amongst peers and have a positive influence on the energy sector. Our **key ESG commitments** include:

- Minimising our environmental impact in a manner that is mindful of the climate science, on the journey to achieve our net zero target no later than 2050, and earlier if technologically and commercially feasible (see [page 8](#))
- Ensuring our business is resilient to the energy transition and a low-carbon future (see [page 9](#))
- Protecting the safety, health and well-being of all affected stakeholders (see [page 12](#))
- Maintaining positive and responsive relationships with local communities (see [page 13](#))
- Meeting or exceeding all applicable legal and regulatory requirements
- Endorsing and aligning with international best-practice initiatives

ESG materiality assessment

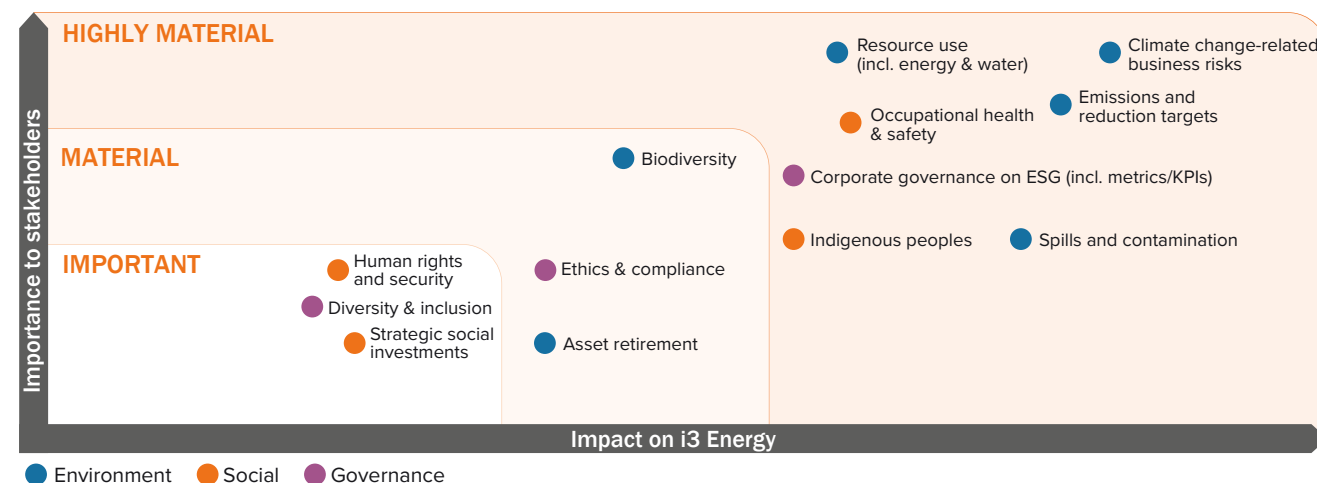
In 2021 and early 2022, i3 Energy, guided by our ESG advisors, conducted a high-level ESG materiality assessment to assess, review, and confirm the importance of ESG topics to both our company and external stakeholders. This evaluation considered the potential risks, opportunities, and the potential impact associated with each topic.

Drawing on guidance from SASB, the assessment encompassed the following approach:

- Analyzing our external stakeholder landscape

- Conducting impact evaluation and mapping, using the data and insights to inform the materiality analysis
- Engaging with internal and external stakeholders to assess the impact of specific ESG-related topics on the company and gauge stakeholder sentiments regarding current and emerging matters

The material topics identified through this comprehensive assessment and analysis will play a pivotal role in our ongoing risk assessment and strategic planning efforts. Please refer to the figure below for a detailed breakdown of these topics and their prioritisation. This assessment will be repeated in 2024.



Note: the issues identified through our ESG materiality assessment are not exhaustive. The results of the exercise serve as a snapshot in time, and the relative importance of issues will change over time, especially as the company grows, or due to changes to the regulatory environment. There are no monetary values assigned to any of the issues, and this assessment does not constitute a financial materiality assessment.



Improving our performance

Building upon the vision and commitments of our inaugural ESG report, we are proud to present our report for 2022. Following the strategic acquisition of assets from Cenovus Energy in August 2021, we further solidified our commitment to sustainability and environmental stewardship. Significant strides have marked our journey, particularly in reducing emissions, a testament to our unwavering dedication to environmental stewardship and responsible development.

With a resolute focus on reducing Scope 1 and Scope 2 emissions through innovative technologies, streamlined operations, and a rigorous commitment to energy efficiency, we have achieved substantial reductions in our carbon footprint. These efforts align seamlessly with our long-term vision of achieving **net-zero emissions by no later than 2050**. As we continue to evolve and adapt to the ever-changing landscape of sustainability, our dedication to ESG principles remains at the forefront of our corporate strategy. Our 2022 ESG report not only showcases our past achievements but also underscores our steadfast commitment to a sustainable future, one where our operations are in harmony with the environment and society at large.

We continue to measure progress on key ESG issues through quantitative metrics and qualitative measures informed by ESG standards, industry best practices and climate science. This information will serve as a catalyst for enhancing our ESG performance, promoting transparency and accountability, and fortifying our approach as we advance our business and broaden our operational footprint.

Quantitative metrics

With data spanning 2021 to 2022, we have refined our ESG roadmap, enhancing existing metrics and introducing new ones to fortify our accountability and foster productive engagement with stakeholders and investors. In this context, we are diligently compiling baseline data in three pivotal areas that will underpin more comprehensive disclosure in forthcoming ESG reports:

- Emissions (further details on page 8)
- Water and energy consumption
- Air quality and waste management

Additionally, we are dedicated to advancing our safety incident reporting across all operations, offering more in-depth insight into our safety performance. Please refer to page 12 for more details.

Qualitative measures

In addition to quantitative metrics, we will use some of the core elements of our ESG action plan to highlight progress on our roadmap in a qualitative manner. The table below provides an overview of our achievements and ongoing commitments. In subsequent ESG reports, we will report further on our progress towards these commitments.

Environment

Develop and publish climate change strategy in the form of an energy transition plan	In Progress
Issue CEO statement on climate change	Done
Align climate reporting and disclosure as much as possible with TCFD recommendations	In Progress
Disclose air quality and waste data	Done
Establish baseline water usage and energy use	Done
Issue biodiversity statement	Done

Social

Develop supplier and contractor strategy, including selection criteria and a supply chain code of conduct	In Progress
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Governance

Disclose ESG strategy	Done
Develop a code of conduct and business ethics	Done
Incorporate ESG criteria into screening process for potential acquisitions	Done
Form corporate ESG committee and develop committee mandate	Done



i3 Energy Wellhead-Near Gilby W5

ENVIRONMENT

What climate change means for i3 Energy

Impact of energy transition

i3 Energy acknowledges the risks associated with climate change and the inherent challenges of maintaining a secure and sustainable energy supply while mitigating GHG emissions. As such, hydrocarbons, specifically natural gas sourced from low-cost, responsible, and efficient producers like i3 Energy, will play a critical role as we transition towards a low-carbon future.

As we monitor local and international efforts to reduce GHG emissions in order to meet climate goals set out in the Paris Agreement and more recently reiterated at COP27, i3 Energy is committed to understanding our impacts. By identifying strategic initiatives and opportunities to remain resilient in a low-carbon future, we strive to maximize value for our investors and stakeholders through the transition.

Path to net zero

Amid increasing global attention on climate change, fossil fuel producers like i3 Energy must consider how to adapt operations and business planning to align with a transition to a low-carbon world.

Following our stated ambition to reach net zero Scope 1 and 2 emissions by 2050, we performed a marginal abatement cost curve (MACC) analysis to identify multiple routes to achieve this target. In 2022, our primary focus was on electrification and the implementation of solar pumps to mitigate vented methane emissions. Looking ahead to 2023, we plan to implement a new leak detection and repair programme.

As we continue to explore appropriate pathways to net zero, we have built on the following initiatives:

- Ongoing improvement in emission data integrity and monitoring to accurately report the company's overall emission profile (see pages 9 and 17 for emission metrics).
- Achieving active emissions reductions, resulting in a 4% reduction in Scope 1 and Scope 2 emissions intensity while our daily average production grew by 23% since 2021.
- Investigating and implementing solutions that continue to improve operational efficiencies to help accelerate the date by which we achieve net zero (see page 10).
- Continuously researching and investing in technologies and practices to decarbonize production processes, including exploring carbon capture and storage (CCS) technologies, utilizing renewable energy sources, and adopting best practices for reducing emissions during oil and gas extraction.

Strategic work on climate change

Our approach to addressing climate change is multifaceted, encompassing rigorous emissions and waste tracking, and centered around a comprehensive understanding of climate action risks. With a clear focus on reducing our carbon footprint, we have taken significant strides in transitioning our operations toward cleaner and more sustainable practices.

We continue to harness the power of electrification and solar-driven equipment to curtail fuel flare and vent emissions, prioritizing energy efficiency and GHG reduction. By implementing advanced tracking systems and ongoing emissions monitoring, we enhance our resource efficiency while minimizing our environmental impact. This comprehensive approach underscores our unwavering commitment to addressing climate change and driving tangible, positive change in our environmental practices.



i3 Energy's W5 Open Creek facility



Climate-related risk management

This section of our ESG report is structured in accordance with guidance from the TCFD recommendations to assist investors, lenders, and insurers seeking insight into climate-related financial disclosures. As a company with business in both Europe and North America, i3 Energy is striving to modify internal practices and policies to align with the movement to establish global standards of reporting and disclosure on climate and sustainability.

Governance

i3 Energy's board – and specifically the Health, Safety and Environmental Security (HSES) committee – has oversight and responsibility for the management of climate change impacts and climate-related business risks. John Festival, a 37-year veteran conducting business in the Western Canadian Sedimentary Basin, chairs the HSES committee.

At the executive level, the CEO provides direct oversight and demonstrates strong leadership on all climate change-related matters. Supporting the CEO in this role are the Chief Operating Officer in the UK, the President, the Regulatory & Environmental Coordinator, and the Chief Operating Officer in Canada. Additionally, the CFO is actively engaged in oversight due to climate change's emergence as a financially material factor.

Established in 2022 and comprised of a multidisciplinary team of senior leadership and subject matter experts across the organization, i3 Energy's ESG committee reports to the CEO and is tasked with assessing and recommending policies, programs, and practices that promote the company's ESG goals and align with our long-term sustainability strategy.

Risk management

Leveraging insights from the materiality and climate-related scenario assessments conducted in 2021, and early 2022, we established foundational components to incorporate into our strategic planning, which help define a path toward achieving net zero emissions.

Supported by the ESG and HSES committees, we evaluate and integrate climate-related risks into the company's risk management framework while actively seeking solutions to mitigate these challenges. Throughout 2022, our unwavering focus has remained on addressing climate action risks. We continue to implement and monitor measures to reduce GHG emissions and our carbon footprint through initiatives such as electrification, consolidation, and decarbonization.

Metrics and targets

Recognizing that effective emissions reduction strategies begin with an accurate baseline, we have dedicated substantial efforts to quantify our emissions profile over the last three years. As a company that began production in September 2020 and executed a significant asset acquisition in 2021, we maintain an unwavering commitment to transparency and accountability regarding our emissions.

To further reinforce our commitment, in 2021, we stated our ambition to reach net zero Scope 1 and 2 emissions by 2050. As such, and as highlighted throughout the report, we remain committed to implementing initiatives to reduce our emissions profile across all our operations.

Strategy

As we evaluate the nature of climate-related risks and opportunities impacting our business, we strive to devise mitigation and management solutions that promote responsible growth while maintaining environmental stewardship.

Transition risk

We have assessed **market** risks in terms of supply and demand. We have also considered **policy** and **legal** risks in relation to potential changes in carbon-specific regulation.

Opportunities

In our study of potential pathways to achieving net zero, we have considered the potential upside created by **resource efficiency** and **government subsidies** associated with GHG reduction initiatives. In 2022, we utilized government funding to progress initiatives around electrification and implementing an alternative fugitive emissions management programme (Alt-FEMP). Additionally, we generated carbon credits by retrofitting pneumatic controllers from high to low bleed and installing solar pumps.

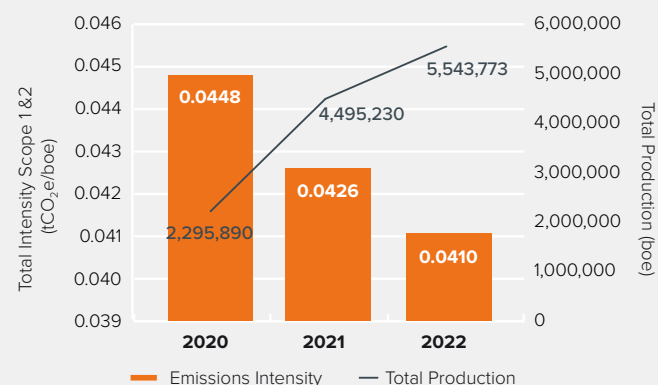
i3 Energy's emissions profile

Our operating portfolio is relatively well positioned for a lower-carbon economy, given its majority gas profile.

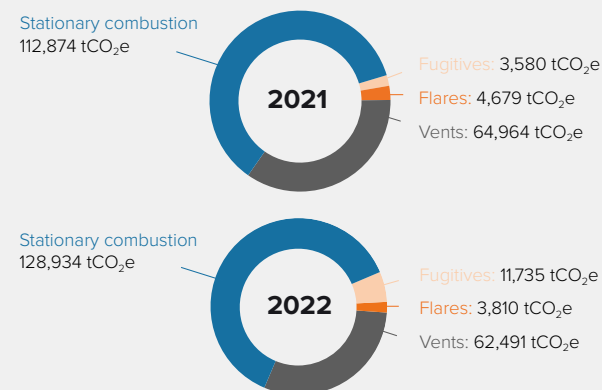
Combined 2022 Scope 1 and Scope 2 intensity was 41.0 kgCO₂e/boe. Despite a significant increase in production during that year, i3 Energy achieved a 4% reduction in intensity compared to 2021.

Through the implementation of emissions reduction initiatives, intensity now stands below the average emissions intensity for conventional oil production and natural gas production and processing in Canada, which Environment and Climate Change Canada projected at 48.1 kgCO₂e/boe and 42.0 kgCO₂e/boe, respectively, for the year 2020.¹

Emissions data



Breakdown of Scope 1 emissions



¹Source: Canada's Greenhouse Gas and Air Pollutant Emissions Projections 2021



Environmental stewardship

i3 Energy recognises the importance of delivering energy in a manner that minimises and, where possible, mitigates impacts on the environment.

We are fortunate to be present in jurisdictions, Canada and the UK, with some of the world's most stringent and rigorous environmental laws and regulations, as well as highly environmentally responsible operating contexts. This is an advantage, but our obligation to be stewards of the environment does not simply mean meeting legal requirements. We are committed to implementing industry best practices and, where possible, exceeding regulatory requirements in order to reduce our environmental impacts across our assets.

Resource use

Energy efficiency is a key priority for i3 Energy to reduce our overall environmental impact across our assets. To the right are some examples of how we are putting this priority into action.

Water

With substantial growth in i3 Energy's production in 2022, our demand for fresh water increased to facilitate drilling and completion operations. As we continue to establish a baseline of water metrics, we plan to leverage this data to investigate ways to recycle water within our operations. This strategic approach aims to reduce our water intensity and decrease our dependence on fresh water sources.

Biodiversity

i3 Energy is committed to responsible environmental stewardship and recognises the importance of biodiversity conservation. We strive for responsible operations that minimize impact on ecosystems and natural habitats, while protecting endangered species. We remain dedicated to complying with all applicable environmental laws and regulations, and we work to mitigate our activities' effects on local wildlife and ecosystems through sustainable practices and continuous improvement.

“Energy efficiency is a key priority for i3 Energy to reduce our overall environmental impact across our assets.”

Initiatives to drive energy efficiency / reduce energy use

Engine Efficiency

i3 Energy performed a comprehensive inventory and assessment of compressor engines across all sites and installed air-to-fuel ratio (AFR) gauges on our engines to measure fuel gas consumption, enabling our operators to optimize fuel efficiency and engine performance. We continue to assess specific opportunities to convert our rich-burn compressor engine inventory to lean-burn to support reductions in air and GHG emissions.

Consolidation of Assets

As we streamline and consolidate our asset portfolio, there is an inherent reduction in redundant infrastructure and optimization in resource utilization. By consolidating operations, the company aims to minimize environmental impact while improving cost-effectiveness.

Electrification

i3 Energy is actively pursuing the electrification of its Alberta and offshore operations, reducing reliance on fossil fuels and switching to cleaner energy sources.

In 2022, i3 completed the electrification of 30 pumpjacks at its Carmangay and Retlaw properties, **reducing emissions by approximately 6,366 tCO₂e/year**. In 2023, we plan to install intrinsically safe, zero-emission, electric starters to replace existing natural gas pneumatic starters in two operating locations and perform electrification of a compressor engine at our Simonette facility.





Methane emissions

Reducing methane emissions is an important part of our strategy to reduce overall GHG emissions, and this was a core area of focus for i3 Energy in 2022. We also recognise and acknowledge that reducing methane emissions globally was a top priority that emerged from COP26 in Glasgow.

Abandonment and reclamation

i3 Energy has been an active participant in government programmes to accelerate the responsible decommissioning of inactive well, pipeline and facility liabilities. We have maximised our involvement in the Alberta Site Rehabilitation Program (SRP).

In total, i3 Energy received grants amounting to \$2.26 million in 2021, which were fully utilized in 2022. This contributed to certain decommissioning operations in our Wapiti, Simonette, Marten Creek and Clair field locations. Overall, we are pleased with our significant progress on abandonment and reclamation, which is shown in the table below.

	2020	2021	2022
Well abandonments Alberta	13	17	70
Wellsites decommissioned	NR	1	37
Reclamation certificates	NR	9	9

NR: Data not reported



Fugitive emissions reduction

Methane reduction programme

In 2021, i3 Energy launched a three-phase programme to reduce methane emissions across its well sites, with support from Trido Energy Services, our technology partner.

Phase 1: Implemented in 2021, we inventoried and converted all high-bleed natural gas pneumatic controllers to low- or no-bleed models. These initiatives, which included our legacy Gain Energy and Toscana Energy assets, reduced our methane emissions by over **37,000 tCO₂e**.

Phase 2: Throughout 2022, we continued with our controller changes and replaced pneumatic pumps with non-venting solar-driven electric pumps on reactivated wells, resulting in the removal of over **16,000 tCO₂e** annually.

Phase 3: Commencing in October 2022, we began replacing 400 pneumatic pumps with non-venting solar-driven electric pumps on the assets acquired from Cenovus. Once complete, this initiative should result in an annual reduction of **11,600 tCO₂e**.

These initiatives qualify for carbon credits, which can be sold or used to offset future carbon tax obligations.

Spills

Spill avoidance and management is critical to minimising our environmental impacts, and an area that is stringently regulated by provincial governments.

Spill prevention is an integral part of our Safety Loss Management System. In addition to our preventative maintenance programme, i3 Energy's Pipeline Operations Management System ensures proper monitoring of and leak detection for our active pipelines. In 2022, we had four reportable spills, all of which have been addressed and rectified in accordance with provincial guidelines.

Fugitive emissions programme

In 2022, we initiated an application process for an alternative Fugitive Emissions Management Programme (Alt-FEMP), including calculations and modelling. We intend to launch the programme in 2023 in collaboration with an industry partner, facilitating the adoption of Bridger's Gas Mapping LiDAR (GML) technology for fugitive emissions detection and moving away from the traditional technology mandated by AER's Directive 060. The new technology utilizes a crewed aircraft with a laser to detect methane gas concentration and generate imagery of methane gas emissions to digitalize leak detections and repairs. The two-year programme projects several benefits, including faster leak identification, streamlined operational workflows, fewer subcontractor hours in the field, and reduced methane leakage by more than 10%.

Process optimisation

i3 Energy has invested in software to optimise its field process data acquisition in order to proactively detect and repair leaks. Among other things, this Intricate Flow Flare and Vent Software (FFVS) tracks fugitive emissions from field components to allow for improved management and reporting under Alberta's Directive 060. FFVS allows for process optimisation through the tracking and management of fugitive emissions from leaks and subsequent repairs. When the FFVS implementation is complete across the portfolio, we expect to further reduce methane emissions.



SOCIAL

Safety

Maintaining safe operations throughout our portfolio is of the utmost importance to i3 Energy. This commitment has two elements.

First, we are **committed to protecting the health and safety of our workforce**, and maintaining a strong safety culture for our employees and contractors. Our goal is to achieve zero harm.

Second, we will ensure that our operations do not negatively impact the health and safety of local communities, landowners or other affected stakeholders. In this regard, we will:

- Comply with, or exceed, all applicable environmental legislation, regulation and policy (which is already very stringent)
- Strive to create a workplace that is safe, prevent potential workplace injuries, and conduct investigations into any incidents that do occur
- Continuously work to improve health and safety performance
- Work to understand any potential risks to the health and safety of local communities
- Disclose our performance in quantifiable metrics

Our workforce

i3 Energy is a rapidly growing energy company, and we recognise that our workforce – at all levels – is fundamental to the success of our business.

We aim to have a diverse and inclusive working environment which recruits, respects and rewards our staff based solely on their skills and contribution to the goals and success of the company. We endeavour to be an enjoyable and rewarding place to work, where integrity, openness

Health and safety performance

As our company experiences growth and maturation in its operations, we remain committed to enhancing our safety culture through qualitative measures that we can track and analyze over time.

In 2022, we further advanced our safety metrics to align with industry standards and incorporated additional parameters such as health and safety training hours and the total recordable injury rate for employees and contractors.

	2020	2021	2022
Recordable injury (contractor)	1	1	2
Recordable injury (employee)	0	0	0
Lost time injury (contractor)	0	1	0
Lost time injury (employee)	0	0	0
Near misses (contractor)	NR	NR	0
Near misses (employee)	NR	NR	0

NR: Data not reported

and collaboration are fundamental to the way we do business. Through organizing regular gatherings and events, we continuously seek opportunities to engage and empower our personnel.

We also see ourselves as a fully integrated member of the communities in which we operate. Many of our employees live in those communities, and we strive to positively impact local society as we go about our day-to-day business.

i3 Energy's health and safety management system

We are proud of our comprehensive health and safety management system, which is reviewed on an annual basis and overseen by our HSES committee at the board level. Our system includes:

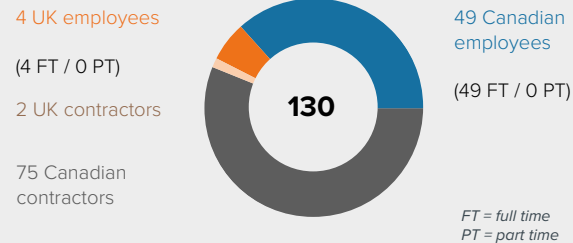
- Respective responsibilities of both the company and workers around working alone, safe journey management and incident reporting
- Identification, assessment and control of workplace hazards
- Role and function of our joint health and safety committee
- Required qualifications and training
- Requirements for contractors
- Inspections and preventative maintenance
- Incident investigation and reporting
- Records management
- The return to work after an injury

“Our goal is to achieve zero harm.”

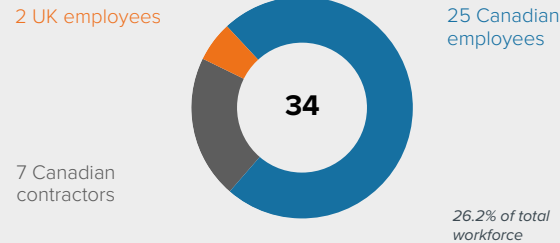


The nature of our workforce (YE 2022)

Breakdown of i3 Energy's workforce in both jurisdictions:



Women in i3 Energy's workplace:



Fostering new talent

i3 Energy is committed to developing new skills and talent in the energy sectors of both our jurisdictions.

While we do not yet have a formalised work experience programme, we will always endeavour to hire new graduates and summer students or interns in order to help foster the next generation of energy workers, especially in the fields of engineering and geology.

“Open and comprehensive engagement with stakeholders is critical to our success as a company.”

Stakeholder and community relationships

i3 Energy values the views and input of all stakeholders, and we seek to **build and maintain strong relationships with local communities, indigenous groups, regulators and our shareholders**. Open and comprehensive engagement with stakeholders is critical to our success as a company. In this regard, we will:

- Maintain dialogue with our investors and shareholders around ESG-related matters, including our performance and approach to the most material issues
- Engage regularly and respectfully with the communities around our operations and maintain an open platform for dialogue
- Understand and respond to local needs in relation to community investments, socio-economic impacts and environmental concerns
- Respond in a timely and transparent manner to concerns raised by stakeholders
- Identify and minimise adverse impacts on communities from our operations

We are fortunate to operate largely in Alberta, where the energy sector is heavily regulated by the Alberta Energy Regulator (AER). The AER oversees some of the largest established energy reserves in the world and ensures that companies like i3 Energy develop and produce oil and gas in a responsible and safe manner – and that

stakeholders are regularly consulted and engaged with respect to our operations. Similarly, the energy sector in the UK is very stringently regulated by the NSTA. Companies like i3 Energy that are active on the UK Continental Shelf are subject to robust oversight.

Indigenous relations

i3 Energy has a deep respect for our Indigenous stakeholders in Canada. We acknowledge the importance of Indigenous culture, history and traditional rights, and the United Nations Declaration on the Rights of Indigenous Peoples. We are committed to building and maintaining respectful and constructive relationships with Indigenous groups by:

- Deepening our understanding of the Indigenous groups relevant to our operations and proposed projects
- **Conducting meaningful engagement** with Indigenous groups in accordance with the Government of Alberta's First Nations and Métis Settlements consultation processes and guidelines for proposed development activities
- Undertaking proposed development activities on traditional Indigenous lands only in accordance with criteria established by the Indigenous group
- Working to understand and address concerns from Indigenous groups about our operations or proposed activities
- **Encouraging economic opportunities** for Indigenous-owned businesses



Giving back to local communities

We take great pride in our commitment to supporting the communities where we operate. From our company's inception, we have maintained a consistent practice of contributing to local Food Banks in areas near our core operations.

Our Indigenous neighbours

i3 Energy's operations in Alberta are proudly located on lands included in Treaty 8, Treaty 7 and Treaty 6. In addition, we have a development interest located on Treaty 8 lands in British Columbia.

GOVERNANCE

Accountability and integrity on ESG

i3 Energy's approach to ESG is supported by strong governance structures and corporate policies.

To reflect the increasing importance of ESG-related risks and opportunities, i3 Energy formed a Health, Safety, Environment and Security (HSES) committee with oversight of ESG matters.

In 2022, we took significant steps towards integrating ESG elements into our daily operations, which encompassed:

- Enhanced board oversight and understanding of ESG issues
- Established ESG-linked key performance indicators (KPIs), as well as monitoring leading and lagging indicators of safety
- Developed management incentives for strong performance of ESG issues
- Implemented our Code of Business Conduct and Ethics, which aligns with our commitment to operate in an ethical and transparent manner
- Ensured our employees received first-class training and guidance on ESG issues
- Engaged in dialogue with suppliers and contractors about our ESG approach

Our corporate ESG committee, established in 2022, is comprised of individuals from various departments and seniority within our organization. As referenced on page 9, this committee has been tasked with the responsibility of enhancing i3 Energy's ESG performance by concentrating on the company's strategy, policies, metrics, and disclosure practices.

Corporate governance and our board

i3 Energy's board recognises the importance of sound corporate governance commensurate with the size and nature of the company and the interests of shareholders.

As a UK corporation traded on the UK AIM market, the UK Corporate Governance Code does not apply to i3 Energy. However, the Quoted Companies Alliance (QCA) has published a set of corporate governance guidelines for AIM companies, which include a code of best practice comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters. i3 Energy's board has adopted the QCA Corporate Governance Guidelines for Smaller Quoted Companies.



i3 Energy's board

Board composition, qualifications, and training

Our board currently consists of:

- Two executive directors – the Chief Executive Officer Majid Shafiq and the President Canada Ryan Heath
- Four non-executive directors – Chairperson John Festival, Richard Ames, Linda Beal, and Neill Carson. Our four non-executive directors are, in the opinion of the board, independent in character and judgement.

The directors do not have any potential conflicts of interest between their duties to the company and their private interests and/or duties owed to third parties.

The composition of i3 Energy's board is reviewed regularly and strengthened as appropriate in response to the company's changing requirements. Appropriate training and orientation is undertaken for all directors when they are first appointed and then periodically as necessary, taking into account their existing qualifications and experience.

Board meetings

The board meets quarterly. Each year the board also holds an annual strategy meeting where the directors review the company's long-term strategic direction and financial plans.

Certain matters are reserved for consideration by the board as a whole, and other matters are delegated to specific board committees.



Board committees

The board has established the five following committees:

Audit committee	Corporate governance committee	Reserves committee	Remuneration committee	Health, Safety, Environment & Security (HSES) committee
<p>Monitors financial reporting; reviews internal control and risk management systems; monitors the effectiveness of external and internal audit functions; and oversees the relationship with the external auditors. Meets at least three times a year.</p>	<p>Develops and recommends guidelines, policies and procedures relating to corporate governance; evaluates the performance and effectiveness of the board; and reviews and makes recommendations on non-executive director compensation. Meets at least twice a year.</p>	<p>Assists the board in monitoring and reviewing the appointment of an independent engineering firm to report on the quantity and the value of the company's oil and gas reserves; reviews company procedures for providing information to the independent engineering firm, ensuring disclosure complies with applicable laws and regulations; oversees the preparation and public disclosure of reserve estimates. Meets at least twice a year.</p>	<p>Determines the policy for executive and senior employee remuneration, as well as setting specific remuneration packages; and recommends and monitors the remuneration of senior employees. Meets at least twice a year.</p>	<p>Oversees the company's health and safety management system and other policies, procedures and strategies related to ESG issues. Reports to the board on the integration of climate-related risks into business strategy and financial planning. Includes members of senior leadership to ensure the committee has deep insight into ESG matters. Meets at least three times a year.</p>
<p><i>Members</i> Linda Beal (chair) Richard Ames John Festival</p>	<p><i>Members</i> Linda Beal (chair) Neill Carson John Festival</p>	<p><i>Members</i> Neill Carson (chair) Richard Ames John Festival</p>	<p><i>Members</i> Richard Ames (chair) Linda Beal</p>	<p><i>Members</i> John Festival (chair) Neill Carson</p> <p><i>Executive members</i></p> <p>Majid Shafiq (CEO) Ian Schafer (COO Canada) John Woods (COO UK)</p>



ESG DATA TABLES

	Units	2020	2021	2022
i3 Production	boe	2,295,890	4,495,230	5,543,773
Emissions¹				
Combined direct and indirect GHG emissions intensity	tCO₂e/boe	0.0448	0.0426	0.0410
• Direct GHG emissions attributable to stationary combustion	tCO ₂ e	50,215	112,874	128,934
• Direct GHG emissions attributable to fugitives	tCO ₂ e	18.37	3,580	11,735
• Direct GHG emissions attributable to flaring	tCO ₂ e	3,559	4,679	3,810
• Direct GHG emissions attributable to vents	tCO ₂ e	45,135	64,964	62,491
Direct GHG emissions (Scope 1)	tCO₂e	98,927	186,097	206,970
Indirect GHG emissions (Scope 2)	tCO₂e	3,940	5,265	20,460
Air quality				
Sulfur dioxide	tonnes	NR	53.71	94.07
Nitrogen oxides	tonnes	340.89	1,146.41	1046.84
Volatile organic compounds	tonnes	56.69	228.35	91.27
Particulate matter	tonnes	5.63	11.05	9.35
Water				
Fresh water withdrawal ²	m ³	None	20	130,858
Volume of produced water	m ³	NR	NR	5,556
Biodiversity impacts				
Reportable spills	count	1	7	4
Volume of reportable spills	m ³	10.0	62.3	353

	Units	2020	2021	2022
Reclamation				
Well abandonments ³	count	13	17	70
Wells decommissioned	count	NR	1	37
Reclamation certificates received	count	NR	9	9
Safety				
Recordable injuries (contractor)	count	1	1	2
Recordable injuries (employee)	count	0	0	0
Lost-time injuries (contractor)	count	0	1	0
Lost-time injuries (employee)	count	0	0	0
Total recordable incident rate (contractor)	cases /200,000 work hours	NR	NR	2.67
Total recordable incident rate (employee)	cases /200,000 work hours	NR	NR	0
Fatality rate (contractor)	cases /200,000 work hours	NR	NR	0
Fatality rate (employee)	cases /200,000 work hours	NR	NR	0
Near miss frequency rate (contractor)	cases /200,000 work hours	NR	NR	0
Near miss frequency rate (employee)	cases /200,000 work hours	NR	NR	0
Average hours of health, safety, and emergency response training for (contractor) ⁴	hours	NR	NR	8.04
Average hours of health, safety, and emergency response training for (employee) ⁴	hours	NR	NR	1.16

¹i3 Energy utilized IPCC AR4 global warming potential (GWP) factors

²All water withdrawals were consumed by i3 Energy

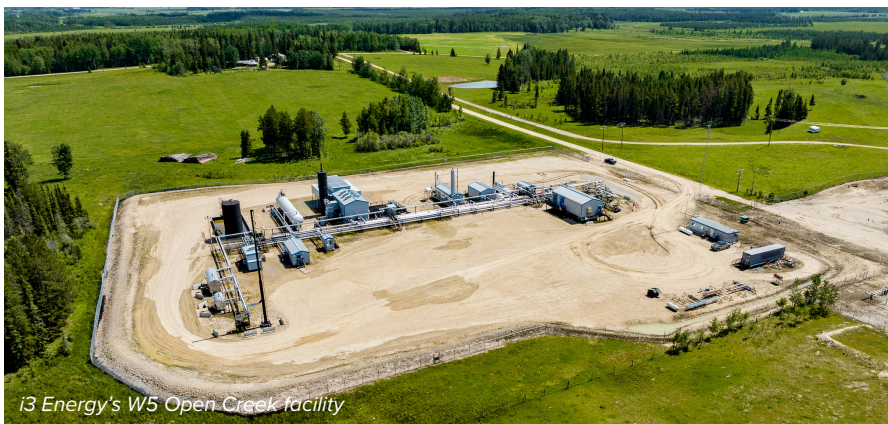
³Well abandonments does not include the 5 wells i3 Energy had under AER care and custody

⁴Average hours of health and safety training are for Canadian employees or contractors only

NR: Data not reported



	Units	Year end 2020	Year end 2021	Year end 2022
Workforce				
Total workforce	count	86	123	130
Employees in Canada	count	33	40	49
• Full-time Canada employees	count	3	39	49
• Part-time Canada employees	count	0	1	0
• Contractors in Canada	count	41	73	75
Employees in the UK	count	11	9	4
• Full-time UK employees	count	10	8	4
• Part-time UK employees	count	1	1	0
• Contractors in the UK	count	1	1	2
Women in the workforce	count	23	29	34
• Women in the UK workforce	count	3	2	2
• Women employees in the UK	count	3	2	2
• Women contractors in the UK	count	0	0	0
• Women in the Canadian workforce	count	20	27	32
• Women employees in Canada	count	16	20	25
• Women contractors in Canada	count	4	7	7



Abbreviations and definitions

Abbreviations

AER	Alberta Energy Regulator
AIM	Alternative Investment Market (London Stock Exchange)
ASCP	Accelerated Site Closure Program (Saskatchewan)
boe	Barrel of oil equivalent
COP26 / COP27	26th / 27th UN Climate Change Conference of the Parties
d	Day
ESG	Environment, Social and Governance
FFVS	Intricate Flow Flare and Vent Software
GHG	Greenhouse gas
GRI	Global Reporting Initiative
HSES	Health, Safety and Environmental Security
KPI	Key performance indicator
LTI	Lost time injury
MACC	Marginal abatement cost curve
MMboe	Million barrels of oil equivalent
NSTA	North Sea Transition Authority (formerly the UK Oil & Gas Authority)
QCA	Quoted Companies Alliance (UK)
SASB	Sustainability Accounting Standards Board
SRP	Site Rehabilitation Program (Alberta)
TCFD	Task Force on Climate-related Financial Disclosures
TSX	Toronto Stock Exchange

Definitions

Scope 1 / direct emissions	Greenhouse gas emissions that occur from sources that are controlled or owned by an organisation (e.g. emissions associated with fuel combustion in boilers, furnaces and vehicles)
Scope 2 / indirect emissions	Indirect greenhouse gas emissions associated with the purchase of electricity, steam, heat or cooling