IGas Energy plc

Six months to
30 September 2014

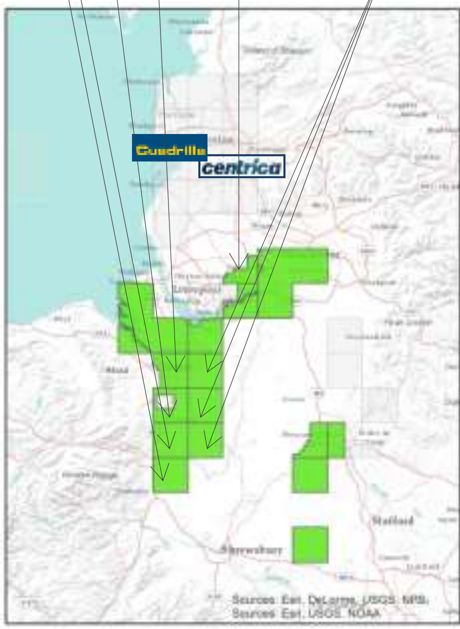
IGas Energy

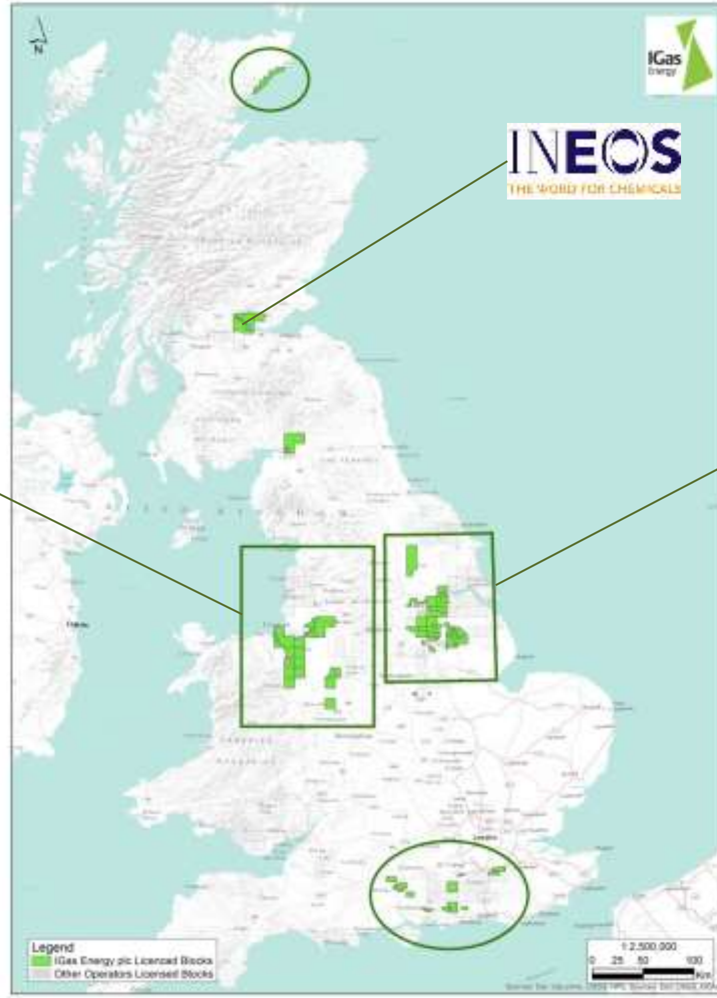
About IGas*

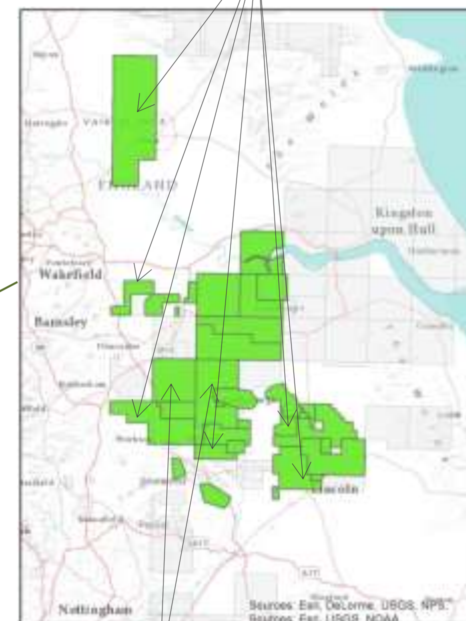
- Leading AIM quoted UK onshore hydrocarbon producer and operator
  - UK sole focus
  - 30 conventional fields with over 100 producing wells
  - Now operating an $80 million gross work programme
  - Operator of choice on behalf of Total, GDF and INEOS
  - Significant position in unconventional assets covering all major basins
    - 1 million net acres under licence
  - Shale Gas Initially In-Place (GIIP) estimates of c.148 Tcf (mid-case)
- Maximising producing assets
  - Chase the Barrels initiative
  - Gas monetisation projects
- Significant low risk cash flow
  - Majority of fields 100% owned and operated
  - Delivered directly to refineries in the UK by rail or tanker
- Social licence to operate
  - A long history of working in collaboration with communities
- Experienced senior management and operations team

** Enlarged group following acquisition of Dart Energy Ltd*

Where we operate





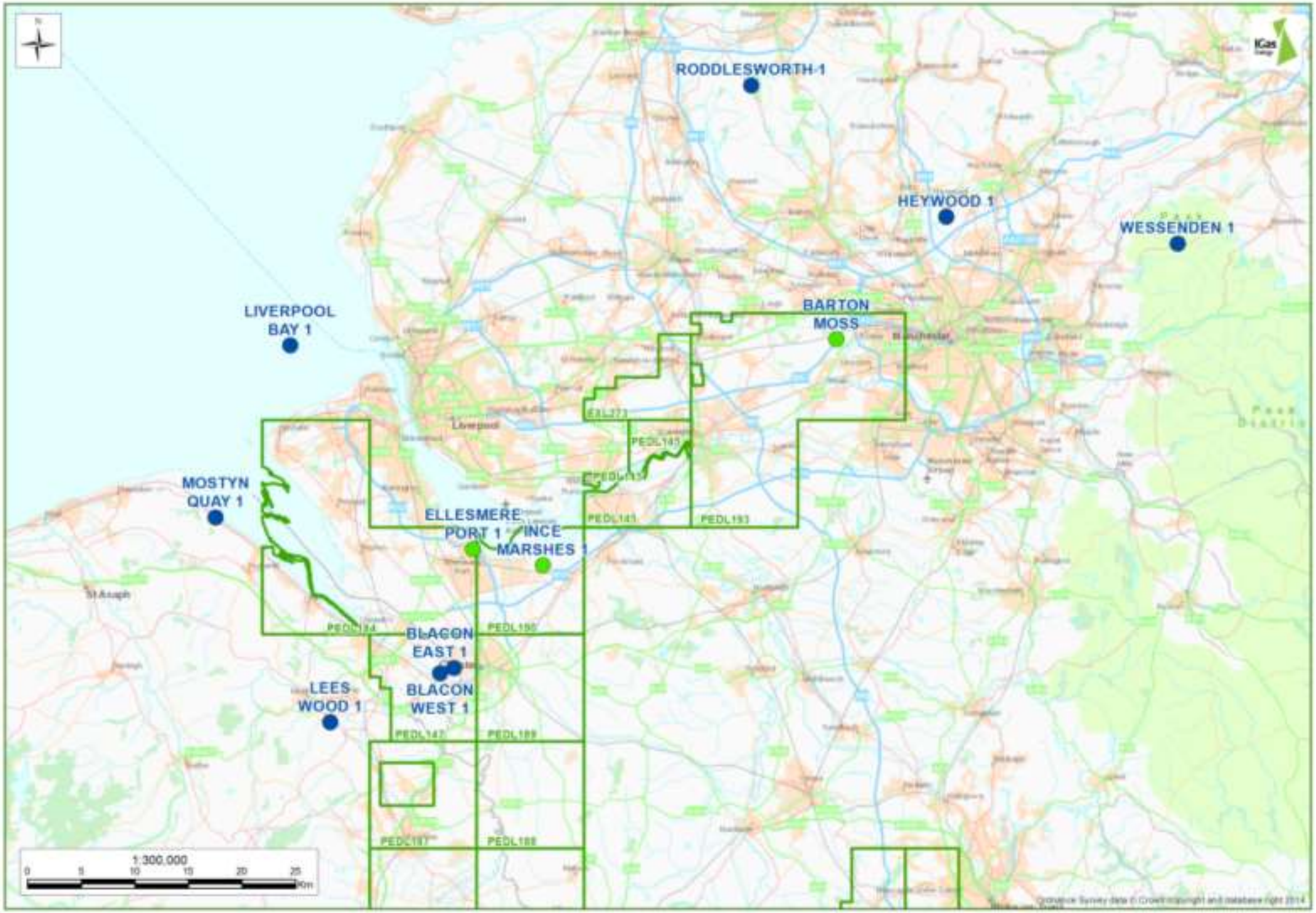


- Licence positions vary from 30-100% in unconventional basins
- Gross funded acreage of 395k. acres and a carried work programme of over US$80m for a total of 15 licences funded by GdF and Total

Highlights

- Average net production of 2,766 boepd (2013: 2,704 boepd)
- Ellesmere Port exploration well spudded on 15 November and we continue drilling
- Successful completion of Dart Energy acquisition on 16 October – integration on track
  - Group now has 1 million net acres under licence
- IGas now operates on behalf of Total, GDF and INEOS
- Barton Moss well results support reservoir model and help refine appraisal programme
- Updated estimates of GIIP at 148 Tcf mid case
- Applications made in 14th Onshore Licensing Round

IGas Licences within the North West



Barton Moss Well Operations Summary

Successful Operations

- Barton Moss was successfully drilled to a depth of 7,004ft
- The well drilled a full stratigraphic sequence of Pennine Coal Measures, encountering 15 coal seams with a net thickness of 77ft
- Additionally the well penetrated:
  - Millstone Grit Group
  - Upper and Middle Sabden Shales
  - Pendle Grit
  - Bowland Shale
  - Pendleside Limestone

Core & Logging

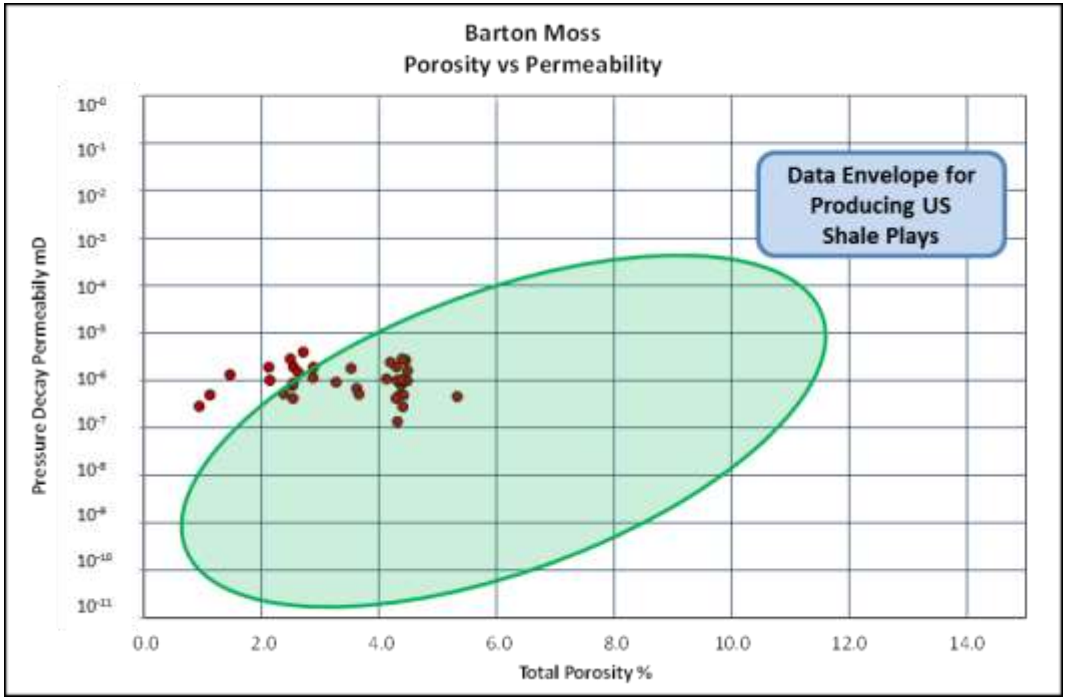
- Sidetracking the main bore facilitated the taking of 384ft of continuous core between the Upper Sabden - Pendleside Limestone
- Core analysis is being completed with key geochemical and rock petrophysics data now available
- Advanced wireline logging tools were run across key intervals in order to undertake a comprehensive formation evaluation

Safety Record

- The well was suspended in accordance with API and HSE regulations
- There were no safety related Lost Time Incidents (LTI's)

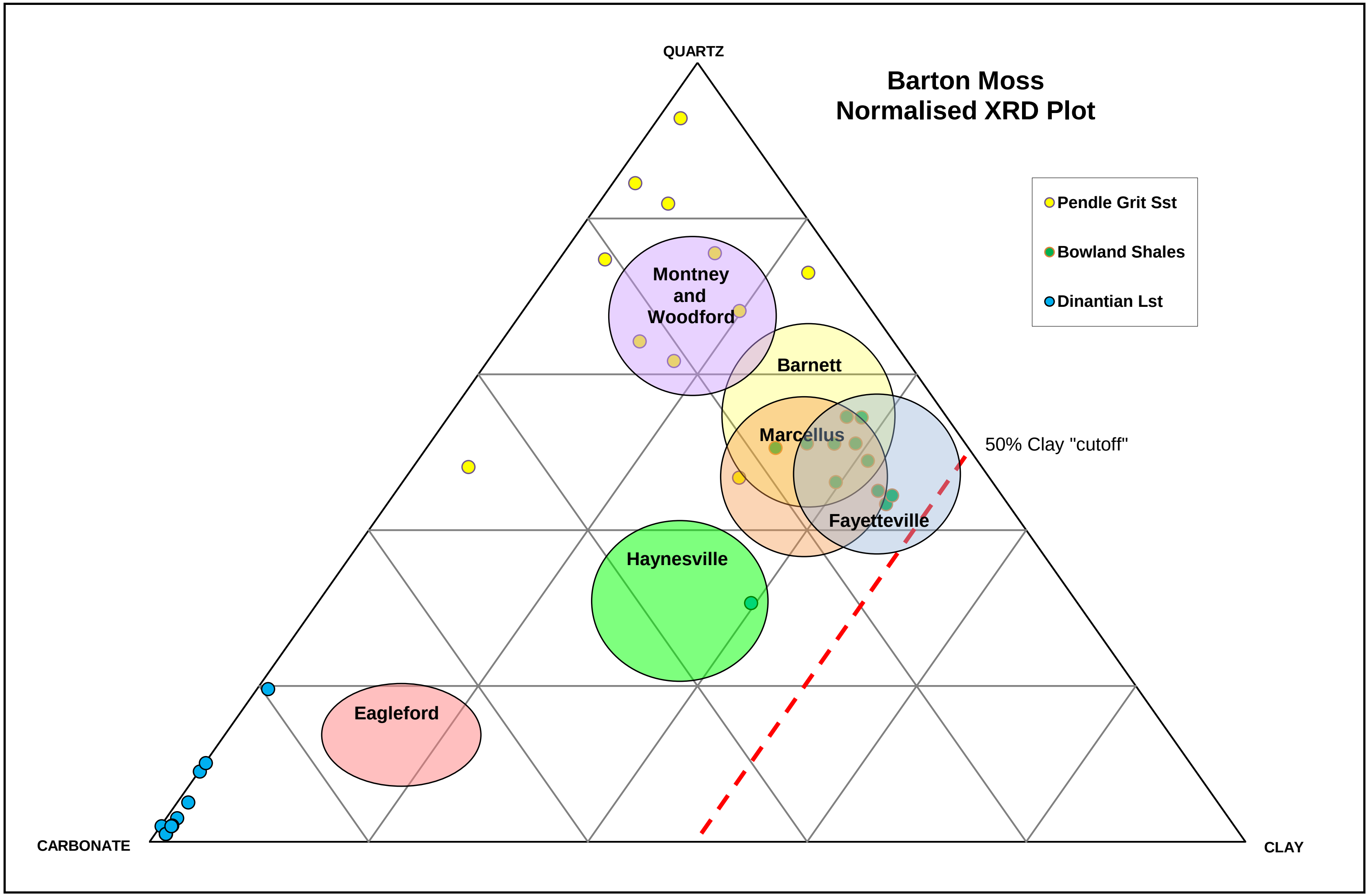
Barton Moss Key Core Analysis Results

Formation	Average TOC (%)	Maturity	Porosity (%)	Permeability (μD)
Upper Sabden	1.6 (up to 2.1)	Gas Window	3.3 – 5.3	0.03
Middle Sabden	2.4 (up to 5.7)	Gas Window	0.9 – 4.5	0.02
Bowland Shale	1.8 (up to 2.4)	Gas Window	1.1 – 2.9	0.03



Data Source: collation of various journals/presentations

Barton Moss Core Mineralogy Results



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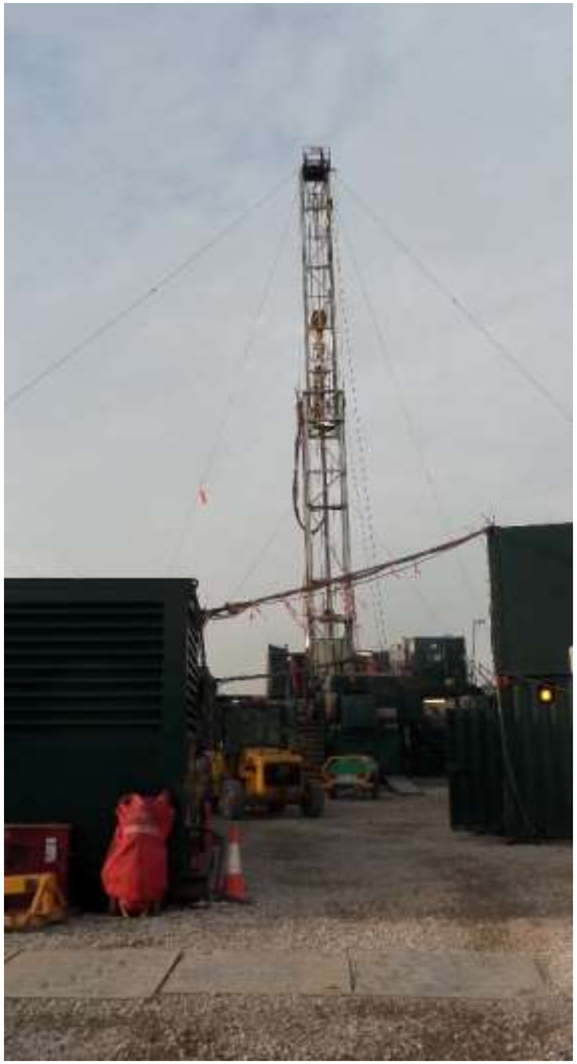
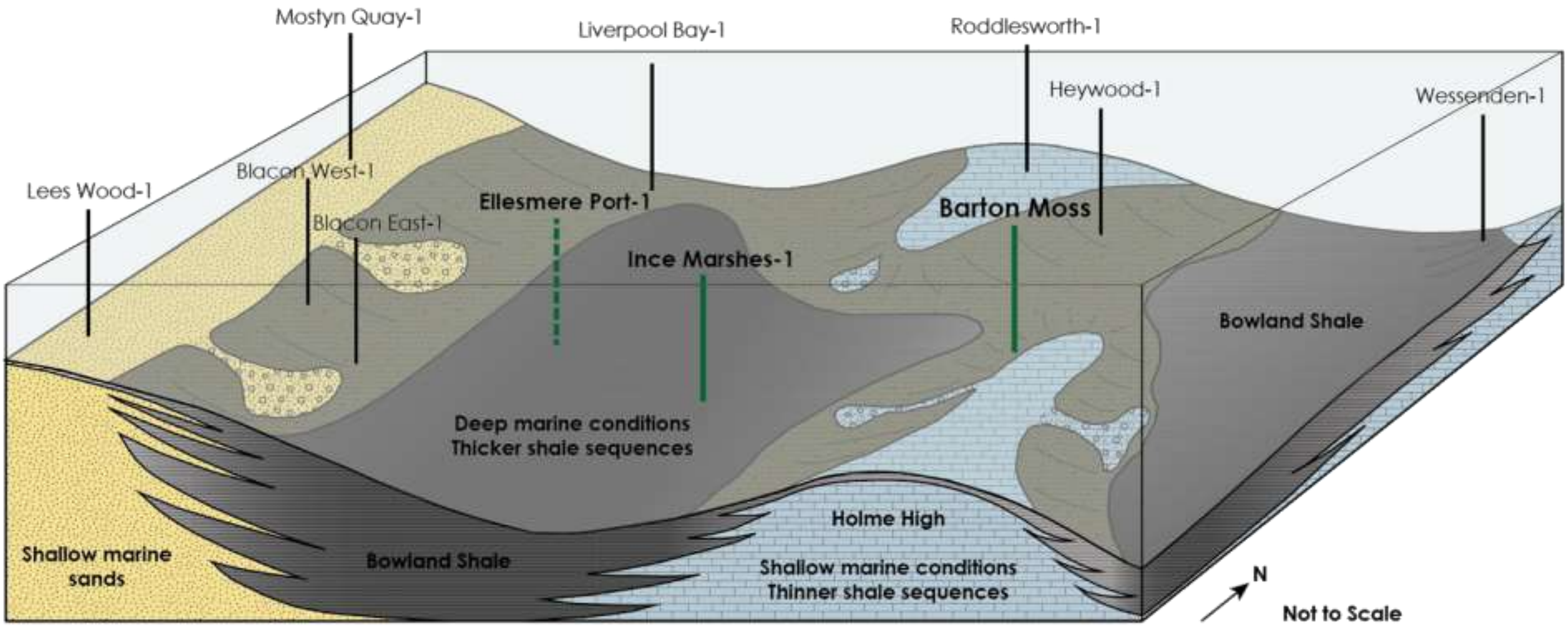
Ellesmere Port Operation



North West Geological Model



Financial highlights

- Revenue of £34.5 million (2013: £36.2 million), impacted by forex
- Gross profit of £12.5 million (2013: £16.4 million)
- Adjusted EBITDA[1] of £14.8 million (2013: £17.3 million)
- Underlying profit before[2] tax £1.1m (2013: £6.1m)
- Net back to IGas, on a pre SG&A basis, averaged US$66.2 per barrel (2013: US$70.3)
- Cash and cash equivalents at period end of £29.1 million (2013: £15.4 million)
- Net debt of £80.8 million (31 March 2014: £80.4 million)
- Hedging arrangements contracted to 30 September 2015 for 517,000 barrels of oil, at a blended rate of US$87.7 per barrel

Notes:
[1] Adjusted EBITDA relates to earnings before gains/(losses) on oil price derivatives, net finance costs, tax, depletion, depreciation and amortisation, acquisition costs and IFRS 2 charges
[2] Underlying profit before tax excludes the gain on oil price derivatives of £0.3m (2013: £1.6m loss), gain on revaluation of warrants £2.4m (2013: £5.3m loss) and net foreign exchange losses of £2.3m (2013: £5.4m gains)

Profit and loss account

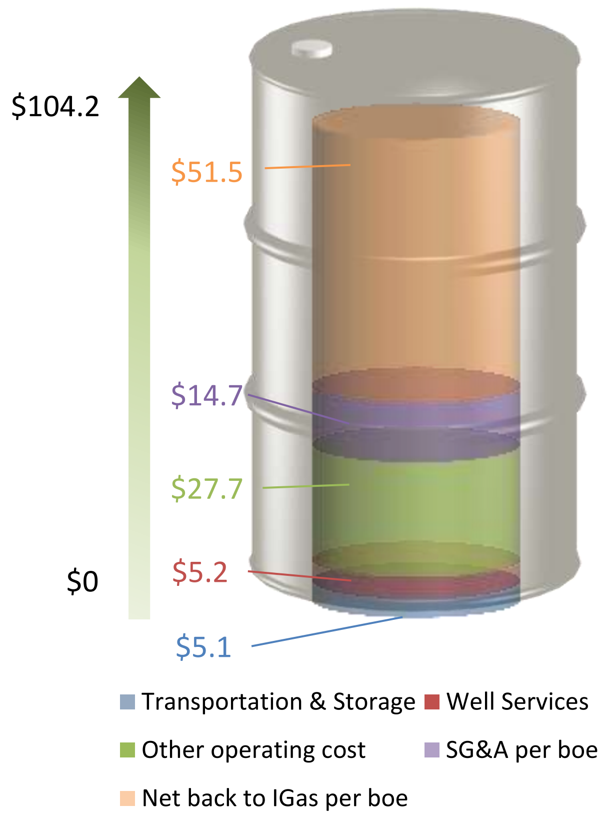
- Realised price per barrel pre- and post-hedge averaged £62.9 (US$104.2) (2013: pre-hedge £67.4 (US$104.2) and post hedge £65.6 (US$101.3)) with narrow discounts to Brent continuing to be achieved
- Group production in the period averaged 2,766 boepd (2013: 2,704 boepd) (net)
- Operating costs per barrel of oil equivalent ("boe") were £22.8 (2013: £21.8/boe), excluding third party costs
- Net finance costs amount to £6.2m (2013: £6.2m)

	6 months ended 30 September 2014 £m	6 months ended 30 September 2013 £m
Revenue	**34.5**	**36.2**
Cost of sales: Depreciation, depletion and amortisation	(5.8)	(4.9)
Other cost of sales	(16.2)	(14.9)
Total cost of sales	(21.9)	(19.8)
Gross profit	**12.5**	**16.4**
Administrative costs	(4.4)	(4.1)
Net finance cost[2]	(6.2)	(6.2)
Underlying profit before tax[3]	**1.1**	**6.1**
EBITDA[1]	**14.8**	**17.3**

Notes:
[1] Adjusted EBITDA relates to earnings before gains/(losses) on oil price derivatives, net finance costs, tax, depletion, depreciation and amortisation, acquisition costs and IFRS 2 charges
[2] Net finance costs before one-off costs excludes loss on interest rate swaps, loss/(gain) on warrants, finance charges on early settlement fees and write off of unamortised Macquarie loan cost and net fx gains (see note 3)
[3] Underlying profit before tax excludes the gain on oil price derivatives of £0.3m (2013: £1.6m loss), gain on revaluation of warrants £2.4m (2013: £5.3m loss) and net foreign exchange losses of £2.3m (2013: £5.4m gains)

Net back per barrel

- Average realised price per barrel (pre-hedge) US$104.2 (2013: US$104.2/bbl)
- Net back to IGas having taken into account operating costs and S,G&A averaged US$51.5 /bbl in the period (2013: US$57.5/bbl)
- Cash generated from operating activities in the period amounted to £12.4m (2013: £9.3m)
- Hedging is in place for 367,000 barrels over the 6 months to 31 March 2015 at US$90 per barrel and 150,000 barrels of its production hedged in the six months to 30 September 2015 at a blended rate of US$82 per barrel, with an average maximum payment of US$12 per barrel
- Recognised corporation tax losses as at 31 March 2014 amounted to £50.5m (excluding £60m not recognised from Caithness acquisition)



Balance sheet

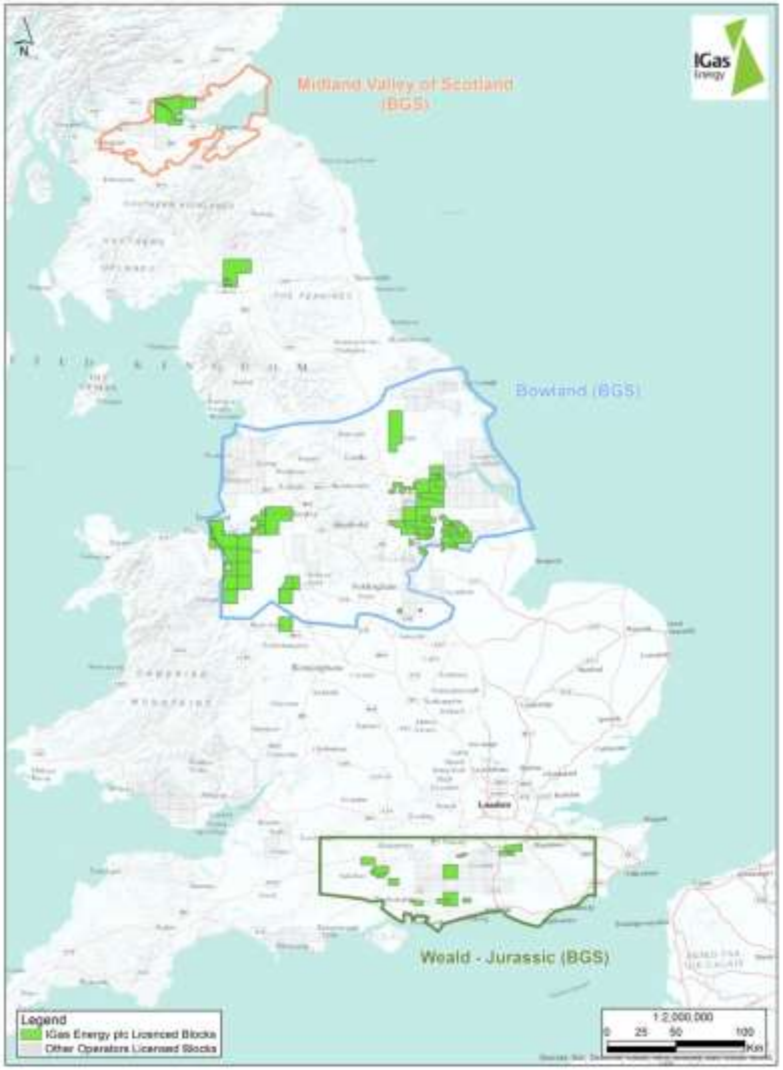
- Net current assets includes, for technical accounting reasons, a current liability of £3.3m in relation to the Company's outstanding warrants
- Net debt at the period end amounted to £80.8m (31 March 2014: £80.4m) following principal repayment of US$4.1m (2013: US$4.1m)
- Cash and cash equivalents of £29.1m (31 March 2014: £28.3m)

	Unaudited at 30 September 2014 £m	Audited at 31 March 2014 £m
Non-current assets	**246.7**	**245.7**
Current assets:		
Inventories	1.4	1.3
Trade and other receivables	9.8	11.4
Cash and cash equivalents	29.1	28.3
Derivative financial instruments	0.2	-
	40.5	**41.0**
Current liabilities:		
Trade and other payables	(8.9)	(11.0)
Borrowings	(5.1)	(4.9)
Other liabilities	(3.3)	(6.8)
Derivative financial instruments	-	(0.1)
	(17.3)	**(22.8)**
Net current assets	**23.2**	**18.3**
Non-current liabilities:		
Borrowings	(104.7)	(103.8)
Deferred tax liabilities	(63.0)	(57.7)
Provisions	(28.5)	(28.2)
	(196.2)	**(190.0)**
Net assets	**73.7**	**74.3**

Production update

- Net production 6 months to 30 Sept 2014 – 2,766 boepd
- STOIIP of approx. 475 mmboe – 68 mmboe recovered to date, all primary recovery with 23.9 mmboe of independently assessed remaining reserves (2P + 2C), expected recovery factor of <20%
- 'Chase the Barrels' initiative - focus on sustainable long-term production enhancements
  - advanced stages of three gas monetisation projects – CNG/LNG/Gas to Wire
  - installation of rod pump controllers successful and initiative being extended
  - Deployment of "digital oilfield" initiative
  - trialling a wax reduction tool in a number of wells with encouraging results
- Field development studies to identify infill well drilling opportunities
- Pilot water injection schemes:
  - Gainsborough installation complete – injection commenced
  - Welton pilot water injection scheme Q1 2015
  - Results from pilots to inform potential of secondary recovery to enhance production and reserves of portfolio

Significant shale resource potential



- The Midland Valley, Scotland:
  - Shale Gas in place estimates - 49.4 trillion cubic feet ("Tcf"), 80.3 Tcf, 134.6 Tcf (low, mid and high)
  - Shale Oil in place estimates - 3.2 billion barrels ("bnbbl"), 6.0 bnbbl, 11.2 bnbbl (low, mid and high)

    (source BGS, June 2014)

- Bowland Shale, Northern England
  - Shale Gas in place estimates - 822 Tcf, 1,329 Tcf, 2,281 Tcf (low, mid and high)
  - Shale Oil - no in place volumes for shale oil have been calculated.

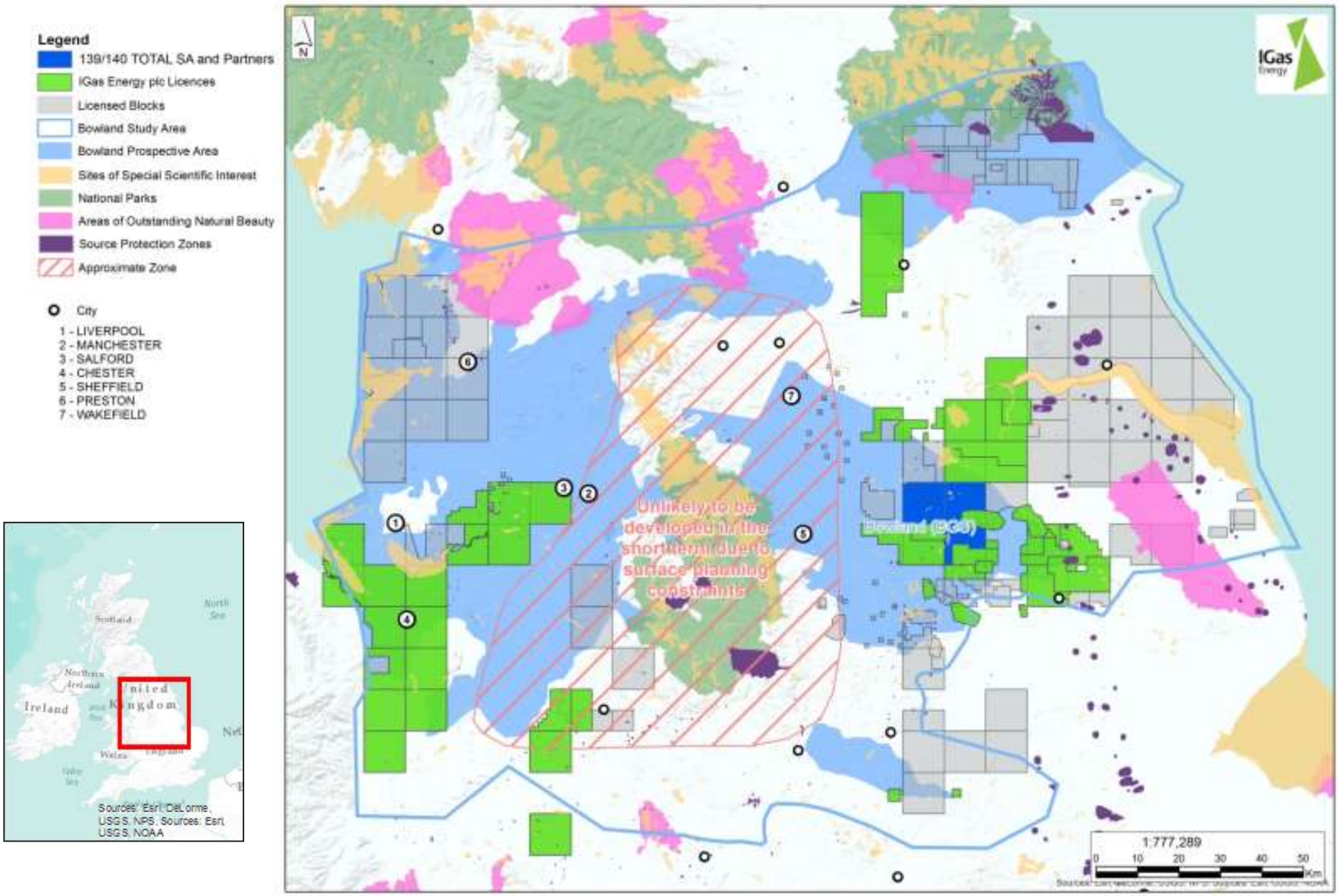
    (source BGS, July 2013)

- The Weald Basin, Southern England
  - Shale Oil in place estimates - 2.20 bnbbl, 4.4 bnbbl, 8.57 bnbbl (low, mid and high)
  - Shale Gas - no significant gas resource. Shales have not reached gas maturity

    (source BGS, May 2014)

- Total SA, Gaz de France and Centrica have farmed into UK licences in the past 18 months. All transactions were carried out at US$2.6m/Tcf in place when based off minimum capital commitments, and when aggregating the contingent consideration this increased up to US$5.7m/Tcf.
- In 2011 Cuadrilla tested and flowed at 400-500 mscf/day from a fracked vertical section (Source: AJ Lucas ASX announcement)

Unlocking the opportunity in key basins



Exploration – unlocking resources

- Successful exploration well - Irlam-1 - at Barton Moss in Eccles
  - Results support reservoir model and help refine appraisal programme
- Ellesmere Port exploration well; spudded 15 November 2014
  - Third exploratory well drilled in a sequence will give a suite of results across the licenced areas
- Sufficient data collated to design an initial hydraulic fracture program for wells in the area
- In the East Midlands 3-D seismic acquisition has been processed
  - results firming up the site selection process for a proposed well to be drilled in 2015
- 2D seismic in the North West completed – planning for 3D seismic acquisition
- Active bidders in the 14th Round of onshore licensing

Community and Industry Initiatives

- Continued support across all main political parties
- Social licence to operate
  - New community website - www.igas-engage.co.uk
- Ongoing engagement at Ellesmere Port
  - newsletter
- Launched the 2015 round of our IGas Energy Community Fund
- “Lets Talk About Shale” pilot
- National College

Let’s talk about shale

Going forward….

- Following the Dart acquisition we are now operating an $80 million gross work programme on behalf of partners
- IGas now operates on behalf of Total E&P UK Limited ("Total"), GDF SUEZ E&P UK Ltd ("GDF") and INEOS
- Anticipate drilling two further wells in 2015 which will be subsequently flow tested, subject to the necessary planning and permitting approvals
- 'Chase the Barrels' initiative continues to help maximise our producing assets and work continues on a number of gas monetisation opportunities
- Review of our conventional capital expenditure in light of uncertain oil price volatility – hedging in place
- We are committed to delivering hydrocarbons across the country in partnership with local communities, as we work together to unlock what is a strategically important resource for Britain

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