IGas Energy plc

Unaudited results for the six months to 30 September 2015
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IGas Overview

- IGas is one of Britain’s leading onshore oil and gas exploration and production businesses
- Production footprint in the East Midlands, Weald Basin (in southern England) and the northern coastal area of the Inner Moray Firth in Scotland – 30 conventional fields and over 100 producing wells
- At 31 March 2015, 2P reserves were 12.63 mmboe* and 2C was 12.32 mmboe*
- Extensive acreage in the highly prospective shale basins of the North West and East Midlands (including the Bowland Shale) and Weald Basin
- IGas estimates Gas Initially In Place (“GIIP”) of 80 tcf (most likely case)*
- Combined carried gross work programme of up to US$285m from our farm-in partners – Total E&P UK Limited, GDF Suez E&P UK Limited and INEOS

* Company estimates
Why we need gas?

- Gas provides over 80% of the energy to heat our homes
- Some 35% of our electricity is generated by gas
- Gas is used to make everything from fertilisers to plastics to toothpaste
- Gas is crucial to a more sustainable economy - move away from coal - UK Energy policy announced
- Institute of Directors: shale could cut UK gas imports in half - imported gas estimated at 75% by 2030
- National Grid believes that British shale gas could meet more than 40% of UK gas use

Source: Annual Energy Statement, DECC 2014

Source: DECC Energy in brief - 2014
Significant UK shale resource potential

<table>
<thead>
<tr>
<th>Area</th>
<th>P90</th>
<th>P50</th>
<th>P10</th>
<th>units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midland Valley</td>
<td>49</td>
<td>80</td>
<td>135</td>
<td>Tcf</td>
</tr>
<tr>
<td>Scotland</td>
<td>3.2</td>
<td>6.0</td>
<td>11.2</td>
<td>Bn bbls</td>
</tr>
<tr>
<td>N England</td>
<td>822</td>
<td>1,329</td>
<td>2,281</td>
<td>Tcf</td>
</tr>
<tr>
<td>Weald</td>
<td>2.2</td>
<td>4.4</td>
<td>8.6</td>
<td>Bn bbls</td>
</tr>
</tbody>
</table>

*All Volumes are In Place Resources*

*BGS estimates

- UK N Sea sector: ca. 19 Tcf remaining reserves
- UK consumes 3 Tcf / year
- Total SA, Gaz de France (Engie), Centrica and INEOS have farmed into UK licences
Where we operate – c.800 net k.acres*

*Gross c. 1,050 k.acres. Excludes blocks offered in the 14th Onshore Licensing Round
Recent Developments

Addressing the oil price environment
- Financials impacted by low oil price environment
- Cost reduction programme is now complete, with operating costs of c. US$30/bbl

Progress on development of shale assets
- INEOS farm-out – completed in May 2015
  - £30m cash
  - Phased carried work programme of up to £138 million
- Combined gross carried work programme of up to $285m on behalf of Total, GDF and INEOS
- National priority status for shale

Conventional assets
- Average net production of 2,540 boepd (1H 2014: 2,766)
  - Impacted by short term rig maintenance
  - Number of production enhancement opportunities being pursued

Financing
- Amendments to bond terms approved
- Cash as at 30 September 2015 of £34.5m
27 licenses offered in the first tranche; 132 to be awarded later in the year

IGas offered 6 new licences, covering 7 blocks

5 of the 7 blocks covered are joint ventures:

- IGas will be operator of these licences with a 35% interest
- Total will have a 50% interest
- Egdon a 15% interest

IGas has also been offered blocks SK99a and TF18b and would be the operator with a 100% interest

IGas has also applied for a number of additional licenses in the round, expected to be announced later in 2015

Delivering on Five Year Development Plan

- Planning application for Springs Road (PEDL 140) in North Notts validated 30 October 2015
  - 16 week determination timetable
  - Consultation underway including community events

- Pre-application scoping request for Tinker Lane (PEDL 200) submitted in October 2015

- Completion of acquisition of 110km² 3D seismic in North West
  - Results expected end Q1 2016
  - Further planning applications including hydraulic fracturing to follow

- Developing technologies/applications for shale gas development e.g.
  - Water recycling
  - Mini CNG

- Working with businesses to build a supply chain
National and Local Engagement

Government supportive
- Mandated to “continue to support the safe development of shale gas”
- “National Priority” status
- Clarity around local planning timetable and appeal process
- Secondary Legislation (Infrastructure Act 2015) HoL review
- 14th UK Onshore Licensing round

Early and comprehensive stakeholder engagement – building strong and sustainable relationships
- Dedicated websites
  - www.igas-engage.co.uk
  - www.springsroad.co.uk
- Community events
- Community liaison groups

IGas Community Fund 2016 launched

Industry collaboration/shared learnings
- Educating re importance of gas
  - Gas coalition
- National College of Onshore Oil & Gas
- Consumer media campaign
Production Update

- Average net production of 2,540 boepd (1H 2014: 2,766)
  - Impacted by short term rig maintenance

- Production year to 31\textsuperscript{st} March 2016 expected to be between 2,600 - 2,700 boepd (net)

- Drilling programme of three sidetracks in Weald Basin

- Pilot water injection projects continue to be monitored and evaluated

- Gas monetisation projects – CNG/Gas production
  - Planning applications for 2 projects validated and now in planning process

- Further opportunities to optimise operations identified for 2016
## Financial Highlights

### Results Summary

<table>
<thead>
<tr>
<th></th>
<th>Six months to 30 Sept 2015 £m</th>
<th>Six months to 30 Sept 2014 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>17.6</td>
<td>34.5</td>
</tr>
<tr>
<td>Adjusted EBITDA&lt;sup&gt;1&lt;/sup&gt;</td>
<td>7.4</td>
<td>14.8</td>
</tr>
<tr>
<td>Loss after tax</td>
<td>(19.3)</td>
<td>(3.8)</td>
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<tr>
<td>Net cash (used in)/from operating activities</td>
<td>(0.1)</td>
<td>12.4</td>
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<tr>
<td>Net debt</td>
<td>64.0</td>
<td>80.8</td>
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<tr>
<td>Cash and cash equivalents</td>
<td>34.5</td>
<td>29.1</td>
</tr>
</tbody>
</table>

Note 1: Adjusted EBITDA relates to earnings before gains/(losses) on oil price derivatives, net finance costs, tax, depletion, depreciation and amortisation, acquisition costs, restructuring costs and share based payment charges

- Revenues impacted by oil price decline in period
- Adjusted EBITDA includes £4.0 million gain on INEOS farm-out
- Loss after tax materially impacted by non cash impairment charges including £5.0 million impairment of P,P & E (net of tax)
- £30 million received on completion of INEOS farm-out in May 2015
- Non core asset disposal programme substantially complete
Costs per barrel

Average post hedging price per barrel US$60.9/bbl (1H 2014: US$104.2/bbl); £1.6m realised in the period from hedging

Net back per boe (on a profit and loss basis, post hedging) was US$15.5 (£10.1) (1H 2014: US$51.5 (£30.7)).

Cash generated from operating activities in the period amounted to £(0.1)m (1H 2014: £12.4m)

The benefits of the cost reduction exercise are starting to come through in full; continue to actively manage costs

Ring fenced corporation tax losses as at 30 September 2015 amounted to c.£175m
Financial summary

- Actions taken for lower oil price environment
  - Initial cost reduction programme completed – operating costs now c$30/bbl
  - Bond covenants amended to include cash balances
  - Further options being considered for continuing low oil price

- Hedging
  - 555,000 barrels of oil with an average floor price of $62/bbl for 15 months ending Dec 2016
  - Hedging strategy to continue to mitigate downside risk

- Portfolio management
  - INEOS farm-out completed in May 2015
  - $285 million gross carried work programme (Total, GDF & Ineos)

- Financial flexibility
  - Cash at 30 September 2015 of £34.5m
  - Bonds held on balance sheet as at 30 September 2015 $17.7m
Summary and Outlook

- Delivery against 5 year development plan
  - Application to drill 2 wells submitted in East Midlands (Springs Road); drilling summer 2016 (subject to planning and permitting)
  - 110km² of 3D seismic acquired in the North West – applications to hydraulically fracture to follow
  - Firming up work programme with partners for 2016
    - Gross carried work programme $285m

- Focused on delivering in a low oil price environment
  - Production enhancement opportunities ongoing
  - Costs remain under scrutiny
  - Hedging mitigates downside

- 14th UK onshore licensing round 2nd tranche expected later in the year