

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.**

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares in IGas Energy plc, please immediately forward this document, together with the accompanying Application Form (if appropriate), to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold or otherwise transferred only some of your holding of Existing Ordinary Shares you should retain this document and the accompanying Application Form (if appropriate) and should immediately contact your stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications set out in the Application Form. This document and any accompanying documents should not be sent or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities law or regulations including, but not limited to, any Restricted Jurisdiction.

**Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which recommends you to vote in favour of the Resolutions to be proposed at the General Meeting referred to below. Your attention is also drawn to the Risk Factors contained in Part II of this document and the additional information on the Company contained in Part V of this document. You should read this document in its entirety, together with the Application Form (if applicable), and consider whether or not to vote in favour of the Resolutions in light of the information contained in this document.**

**The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 31 March 2017. The procedure for acceptance and payment is set out in Part IV of this document and, where relevant, in the Application Form. There is also a section on Questions and Answers about the Open Offer in Part III of this document.**

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## IGAS ENERGY PLC



*(incorporated and registered in England and Wales with registered number 04981279)*

### **Proposed Subdivision of Existing Ordinary Shares**

**Proposed Kerogen Subscription of up to 639,251,892 New Ordinary Shares at a price of 4.5 pence per share to raise £28.76 million (\$35 million)**

**Proposed Ancillary Subscription of 22,430,642 New Ordinary Shares at a price of 4.5 pence per share to raise £1.01 million**

**Proposed Open Offer of up to 90,991,660 New Ordinary Shares at a price of 4.5 pence per share to raise up to £4.095 million (being less than €5 million)**

**Proposed Placing of 342,856,192 New Ordinary Shares at a price of 4.5 pence per share to raise approximately £15.43 million**

**Proposed Bond Equity Exchange of up to 1,408,637,205 New Ordinary Shares at a price equivalent to 4.5 pence per share**

**and**

### **Notice of General Meeting**

**Investec Bank plc**  
*Nominated Adviser and Joint Broker*

**Canaccord Genuity Limited**  
*Joint Broker*

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The total consideration under the Open Offer will be less than €5 million (or an equivalent amount) in aggregate and the Placing Shares shall only be available to qualified investors for the purposes of the Prospectus Rules or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Therefore, in accordance with section 85 and Schedule 11 A of FSMA, this document is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this document is not a prospectus or a prospectus equivalent document and it has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom or the London Stock Exchange. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules for Companies.

Capitalised terms used in this document shall, unless otherwise stated or defined, take their meaning from the Definitions section set out on pages 9 to 16 of this document. For a discussion of certain risk factors which should be taken into account when considering whether to vote in favour of the Resolutions, see Part II (*Risk Factors*) of this document.

Investec Bank plc (“**Investec**”), which is authorised by the Prudential Regulation Authority (the “**PRA**”) and regulated in the United Kingdom by the FCA and the PRA, is acting solely for the Company and no-one else in connection with the Kerogen Subscription, the Ancillary Subscription, the Placing, the Open Offer and the Bond Equity Exchange (together, the “**Fundraising**”) and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Fundraising and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Fundraising or any other matter referred to herein. Its responsibilities as the Company’s nominated adviser and joint broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed to the London Stock Exchange and the Company and not to any other person including, without limitation, in respect of any decision to acquire New Ordinary Shares in reliance on any part of this document. Investec has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Investec nor does it make any representation or warranty, express or implied, for the accuracy or completeness of any information or opinion contained in this document or for the omission of any information. Nothing in this document shall be relied upon as a promise or representation in this respect, whether as to the past or the future (without limiting the statutory rights of any person to whom this document is issued). Investec expressly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise which it might otherwise have in respect of this document.

Canaccord Genuity Limited (“**Canaccord**”), which is authorised by the FCA, is acting exclusively for the Company and no-one else in connection with the Fundraising and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Fundraising and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Fundraising or any other matter referred to herein. Its responsibilities as joint broker to the Company are owed to the London Stock Exchange and the Company and not to any other person including, without limitation, in respect of any decision to acquire New Ordinary Shares in reliance on any part of this document. Canaccord has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Canaccord nor does it make any representation or warranty, express or implied, for the accuracy or completeness of any information or opinion contained in this document or for the omission of any information. Nothing in this document shall be relied upon as a promise or representation in this respect, whether as to the past or the future (without limiting the statutory rights of any person to whom this document is issued). Canaccord expressly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise which it might otherwise have in respect of this document.

The Existing Ordinary Shares are admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Application will be made to the London Stock Exchange for the New Ordinary Shares (including the Fundraising Shares) to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares to be issued pursuant to the Kerogen Subscription, the Ancillary Subscription, the Placing, Open Offer and the Bond Equity Exchange will commence at 8.00 a.m. on 4 April 2017.

Qualifying Non-CREST Shareholders will find an Application Form accompanying this document. Qualifying CREST Shareholders (none of whom will receive an Application Form) will receive a credit to their stock accounts in CREST in respect of the Open Offer Entitlements on 20 March 2017, which will be enabled for settlement at 10.00 a.m. on 20 March 2017. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares were marked “ex-entitlement”.

If the Open Offer Entitlements are for any reason not enabled on 20 March 2017 or such later time as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsors regarding the action to be taken in connection with this document and the Open Offer. Applications for Excess Shares pursuant to the Excess Application Facility may be made by the Qualifying Shareholder provided that their Open Offer Entitlement has been taken up in full and subject to being scaled back in accordance with the provisions of this document.

No statement in this document or incorporated by reference into this document is intended as a profit forecast or profit estimate for any period and no statement in this document or incorporated by reference into this document should be interpreted to mean that the earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for the company.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

Copies of this document are available free of charge from the Company’s registered address at 7 Down Street, London W1J 7AJ, and from the Company’s website, [www.igasplc.com](http://www.igasplc.com).

**Notice of a General Meeting of the Company, to be held at the offices of Cooley (UK) LLP, Dashwood, 69 Old Broad Street, London EC2M 1QS at 10.00 a.m. on 3 April 2017, is set out at the end of this document. To be valid, the accompanying Proxy Form for use in connection with the meeting should be completed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by no later than 10.00 a.m. on 1 April 2017. Completion and return of a Proxy Form will not preclude Shareholders from attending and voting at the General Meeting should they so wish. Alternatively, you may appoint a proxy electronically in accordance with the instructions in Note 7 of the Notice of General Meeting set out at the end of this document. CREST members may use the CREST electronic proxy appointment service, instructions for which are contained in Note 8 of the Notice of General Meeting.**

### **Notice to Overseas Shareholders**

None of this document and/or the accompanying documents should be distributed, forwarded, or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the Restricted Jurisdictions. In addition, the transfer of Open Offer Entitlements or Excess Open Offer Entitlements through CREST in jurisdictions other than the UK, including the Restricted Jurisdictions, may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute, and may not be used for the purposes of, any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for New Ordinary Shares to or by anyone in any jurisdiction in which such offer, invitation or solicitation is unlawful or to any person to whom it is unlawful to make such offer or invitation or undertake such solicitation.

This document and the Application Form are not being sent, and do not constitute an offer of any Existing Ordinary Shares or New Ordinary Shares (including Fundraising Shares) to any person with a registered address, or who is resident or located, in any of the Restricted Jurisdictions.

None of the Existing Ordinary Shares or New Ordinary Shares (including Fundraising Shares), the Open Offer Entitlements or the Excess Open Offer Entitlements has been or will be registered under the Securities Act or under the applicable state securities laws of the United States or any other Restricted Jurisdiction. Subject to certain exceptions, the Existing Ordinary Shares or New Ordinary Shares (including Fundraising Shares), the Open Offer Entitlements and the Excess Open Offer Entitlements may not be offered, sold, taken up, delivered or transferred in or into any of the Restricted Jurisdictions. In particular, none of the Existing Ordinary Shares or New Ordinary Shares (including Fundraising Shares), the Open Offer Entitlements or the Excess Open Offer Entitlements may be, directly or indirectly, offered, sold, taken up, delivered, renounced or transferred in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any Applicable Securities Laws of any state or other jurisdiction of the United States. There will be no public offering of any of the Existing Ordinary Shares or New Ordinary Shares (including Fundraising Shares), the Open Offer Entitlements or the Excess Open Offer Entitlements in the United States.

Neither the SEC nor any state securities commission or other US regulatory authority has approved or disapproved of the Existing Ordinary Shares or New Ordinary Shares (including Fundraising Shares), the Open Offer Entitlements or the Excess Open Offer Entitlements or endorsed the merits of the Fundraising or the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

In addition, subject to certain exceptions, Application Forms are not being posted to and no Open Offer Entitlements or the Excess Open Offer Entitlements will be credited to a stock account of any person in any of the Restricted Jurisdictions. The attention of Overseas Shareholders and other recipients of this document who are residents or citizens of any country other than the United Kingdom is drawn to the section entitled "*Overseas Shareholders*" at paragraph 6 of Part IV of this document. This document and the New Ordinary Shares may not be redistributed or forwarded, directly or indirectly, into any Restricted Jurisdiction.

### **Forward-looking statements**

This document contains statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipates", "believes", "could", "envisages", "estimates", "expects", "intends", "may", "plans", "projects", "should", "will" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs and current expectations of the Company or the Directors concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Company and the industry in which the Group operates.

These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely, such as (a) price fluctuations in crude oil and natural gas; (b) changes in demand for the Group's respective products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss

of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (j) economic and financial market conditions in various countries and regions; (k) political risks, including the risks of renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement of shared costs; and (l) changes in trading conditions.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual results, performance or achievements of the Company or developments in the industry in which the Group operates may differ materially from the future results, performance or achievements or industry developments expressed or implied by the forward-looking statements contained in this document. In addition, even if the Company's and/or the Group's operating results, financial condition and liquidity, and the development of the industry in which the Company and the Group operate are consistent with the forward-looking statements contained in this document, those results or developments should not be indicative of results or developments in subsequent periods. Accordingly, Shareholders and prospective investors should not rely on those forward-looking statements.

The forward-looking statements contained in this document speak only as at the date of this document. The Company undertakes no obligation to update or revise publicly the forward-looking statements contained in this document to reflect any change in expectations or to reflect events or circumstances occurring or arising after the date of this document, except as required in order to comply with its legal and regulatory obligations (including under the AIM Rules for Companies).

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## DIRECTORS AND ADVISERS

<b>Directors</b>	Francis Gugen ( <i>Non-executive Chairman</i> ) Stephen Bowler ( <i>Chief Executive Officer</i> ) John Blaymires ( <i>Chief Operating Officer</i> ) Julian Tedder ( <i>Chief Financial Officer</i> ) John Bryant ( <i>Senior Independent Non-executive Director</i> ) Robert McTighe ( <i>Non-executive Deputy Chairman</i> ) Cuth McDowell ( <i>Non-executive Director</i> )  all of:  7 Down Street London W1J 7AJ
<b>Company Secretary</b>	Cooley Services Limited Dashwood 69 Old Broad Street London EC2M 1QS
<b>Nominated Adviser and Joint Broker</b>	Investec Bank plc 2 Gresham Street London EC2V 7QP
<b>Joint Broker</b>	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
<b>Solicitors to the Company</b>	Cooley (UK) LLP 69 Old Broad Street London EC2M 1QS
<b>Solicitors to the Nominated Adviser and Joint Brokers</b>	Ashurst LLP Broadwalk House 5 Appold Street London EC2A 2HA
<b>Registrars</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ
<b>Receiving Agent</b>	Computershare Investor Services PLC Corporate Actions Projects Bristol, BS99 6AH

## FUNDRAISING STATISTICS

Number of Existing Ordinary Shares in issue on the Record Date	303,305,534
Basis of the Open Offer:	3 Open Offer Shares for every 10 Existing Ordinary Shares
Number of New Ordinary Shares following the Subdivision but before the Fundraising	303,305,534
Number of New Ordinary Shares to be issued pursuant to:	
(a) the Kerogen Subscription*****	up to 639,251,892
(b) the Ancillary Subscription	22,430,642
(c) the Placing	342,856,192
(d) the Open Offer*	Up to 90,991,660
(e) the Bond Equity Exchange*****	Up to 1,408,637,205
(f) in aggregate***	Up to 2,708,112,845
Issue Price	4.5 pence
Enlarged Share Capital following completion of the Kerogen Subscription, the Ancillary Subscription, the Placing, the Open Offer and the Bond Equity Exchange***	Up to 3,011,418,379
Percentage of the Enlarged Share Capital represented by the Fundraising Shares***	Up to 89.93%
Gross proceeds of the Kerogen Subscription, the Ancillary Subscription and the Placing	£45.2 million
Gross proceeds of the Open Offer assuming that Open Offer Entitlements are fully taken up	Up to £4.095 million
Maximum gross value of Bonds at face value cancelled pursuant to the Bond Equity Exchange plus the Secured Bank Cash Cancellation Minimum**	£88.27 million
Estimated net cash proceeds of the Kerogen Subscription, the Ancillary Subscription the Placing and the Open Offer receivable by the Company*	Up to £44.509 million
Estimated face value of Secured Bonds outstanding following the maximum Bond Equity Exchange (converted at the Exchange Rate)** plus the Secured Bank Cash Cancellation Minimum	£32.535 million

All conversions of \$ and £ have been translated at the Exchange Rate

\* Assuming that entitlements under the Open Offer are fully taken up.

\*\* Assuming that the maximum nominal value of Bonds is cancelled pursuant to the Bond Equity Exchange.

\*\*\* Assuming that entitlements under the Open Offer are fully taken up and the maximum number of New Ordinary Shares are issued pursuant to the Bond Equity Exchange.

\*\*\*\* Assuming the maximum number of New Ordinary Shares are issued pursuant to the Bond Equity Exchange are issued.

\*\*\*\*\* Assumes no "top-up" New Ordinary Shares are issued to Kerogen Investor in any scenario.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2017

Record Date and time for entitlements under the Open Offer	6.00 p.m. on 15 March
Posting of this document (including the Notice of General Meeting), Application Form and Proxy Forms	17 March
Existing Ordinary Shares marked 'ex' by the London Stock Exchange	8.00 a.m. on 20 March
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	20 March
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST	4.30 p.m. on 27 March
Latest time for depositing Open Offer Entitlements and Excess Open Offer Entitlements into CREST	3.00 p.m. on 28 March
Latest time for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 29 March
<b>Latest time for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)</b>	11.00 a.m. on 31 March
Latest time for receipt of proxy forms for use at the General Meeting	10.00 a.m. on 1 April
General Meeting	10.00 a.m. on 3 April
Announcement of results of General Meeting through RNS	3 April
Record date for the Subdivision	3 April
Bondholder Meeting	3 April
Announcement of results of Bondholder Meeting through RNS	3 April
Results of Open Offer announced through RNS	3 April
Admission and commencement of dealings in Open Offer Shares, Kerogen Shares, Placing Shares, Ancillary Subscription Shares and Bond Equity Exchange Shares	8.00 a.m. on 4 April
Open Offer Shares to be held in uncertificated form credited to CREST stock accounts	4 April
Despatch of definitive share certificates for Open Offer Shares to be held in certificated form	Within ten days of Admission

If you have any questions on the procedure for acceptance and payment, under the Open Offer you should contact Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH, or by telephone on 0370 707 1106 from within the UK or on +44 (0)370 707 1106 if calling from outside the UK. Lines are open 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls may be recorded and randomly monitored for security and training purposes. Please note that Computershare Investor Services PLC cannot provide financial advice on the merits of the Fundraising or as to whether or not you should take up your entitlement under the Open Offer.

The dates and times set out in the Expected Timetable of Principal Events above and mentioned throughout this document are based on the Company's current expectations and may be subject to change, in which event details of the new dates will be notified to AIM and, where appropriate, to Shareholders by means of an announcement through a Regulatory News Service. The Expected Timetable of Principal Events above also assumes that the Resolutions are all passed at the General Meeting without adjournment.

All references in this document are to London times, unless otherwise stated. All events in the above timetable following the General Meeting are conditional on the passing of the Resolutions at the General Meeting.

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise or unless defined in Part IV of this document for the purposes of that part only:

<b>2006 Act</b>	the Companies Act 2006 (as amended)
<b>acceptor</b>	has the meaning given in paragraph 4.1 of Part IV
<b>Admission</b>	the admission of the Kerogen Shares, the Ancillary Subscription Shares, Placing Shares, Open Offer Shares (if any) and the Bond Equity Exchange Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
<b>AIM</b>	a market operated by the London Stock Exchange
<b>AIM Rules for Companies</b>	the AIM rules for companies and guidance notes, as published and amended from time to time by the London Stock Exchange
<b>AIM Rules for Nominated Advisers</b>	the rules for nominated advisers to AIM companies, as published and amended from time to time by the London Stock Exchange
<b>Amended Secured Bond Agreement</b>	the Secured Bond Agreement as amended by the Secured Bond Amendment and Restatement Agreement
<b>Ancillary Subscription</b>	the subscription by certain Directors, certain of their spouses and certain third parties for 22,430,642 New Ordinary Shares outside of the Placing
<b>Ancillary Subscription Letters</b>	means the agreements, by way of letter, between the Company and the participants in the Ancillary Subscription setting out the terms and conditions of the Ancillary Subscription
<b>Ancillary Subscription Shares</b>	22,430,642 New Ordinary Shares to be issued in connection with the Ancillary Subscription
<b>Applicable Securities Law</b>	has the meaning given in paragraph 9.8 of Part IV
<b>applicant</b>	a Qualifying Shareholder or a person entitled by virtue of a <i>bona fide</i> market claim who lodges an Application Form in connection with the Open Offer
<b>Application Form</b>	the application form which accompanies this document to be used by Qualifying Non-CREST Shareholders in connection with the Open Offer
<b>Articles</b>	the articles of association of the Company as at the date of this document
<b>Board or Directors</b>	the directors of the Company as at the date of this document, whose names are set out on page 6 of this document
<b>Bond Agreement Amendments</b>	has the meaning given to it in paragraph 5(e) of Part I
<b>Bond Agreements</b>	the Secured Bond Agreement and the Unsecured Bond Agreement
<b>Bond Equity Exchange</b>	the Voluntary Equity Exchange, the Conditional Secured Debt for Equity Swap and the Unsecured Debt for Equity Swap
<b>Bond Equity Exchange Shares</b>	up to 1,408,637,205 New Ordinary Shares to be issued in connection with the Bond Equity Exchange

<b>Bondholder Approved Transactions</b>	means the Secured Bondholder Approved Transactions and the Unsecured Bondholder Approved Transactions as described more fully in paragraph 5 of Part I
<b>Bondholder Meeting</b>	the meeting of Bondholders convened by the Bondholder Summons to consider, and if thought fit, approve the Bondholder Resolutions
<b>Bondholder Resolutions</b>	the resolutions proposed to Bondholders as set out in the Bondholder Summons seeking approvals for <i>inter alia</i> the Bondholder Approved Transactions
<b>Bondholders</b>	the Unsecured Bondholders and/or the Secured Bondholders (as the context requires)
<b>Bondholder Summons</b>	the document dated on or around 17 March 2017 (to be posted on Stamdata), convening a meeting of the holders of the Bonds and seeking approvals from the Bondholders for the Bondholder Resolutions
<b>Bondholder Transactions</b>	has the meaning given in paragraph 5 of Part I
<b>Bonds</b>	the Secured Bonds and the Unsecured Bonds
<b>Bond Trustee</b>	Nordic Trustee ASA, (previously Norsk Tillitsmann ASA) as bond trustee for the Bonds
<b>Business Day</b>	any day (other than a Saturday, Sunday or public holiday) on which commercial banks are open in London, UK for normal banking business
<b>Canaccord</b>	Canaccord Genuity Limited
<b>Cancelled Offered Bonds</b>	has the meaning given to it in paragraph 5(a) of Part I
<b>Cash Cancelled Offered Bonds</b>	has the meaning given in to it in paragraph 5(c) of Part I
<b>Cash Offering Secured Bondholders</b>	has the meaning given to it in paragraph 5(c) of Part I
<b>Company or IGas</b>	IGas Energy plc
<b>Company Bonds</b>	the Secured Bonds and Unsecured Bonds owned by the Company
<b>Completion Date</b>	means the date on which Admission occurs, which is expected to be 4 April 2017 and no later than the Longstop Date
<b>Computershare or Registrars or Receiving Agent</b>	Computershare Investor Services PLC
<b>Conditional Cash Cancellation</b>	has the meaning given to it in paragraph 5(d) of Part I
<b>Conditional Secured Debt for Equity Swap</b>	the process described in paragraph 5(b) of Part I by which a resolution of the voting Secured Bonds at the Bondholder Meeting shall direct the Bond Trustee to purchase and cancel in full Secured Bonds in an amount equal to the difference between the face value of the Cancelled Offered Bonds and the Secured Bond Conversion Minimum and waive any accrued unpaid accrued interest on the Secured Bonds relating to the period from and including 22 March 2017, in consideration for the issue of New Ordinary Shares on the terms described herein

<b>CREST</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear in accordance with the CREST Regulations which facilitates the transfer of title to shares in uncertificated form
<b>CREST manual</b>	the CREST manual published by Euroclear available from <a href="https://www.euroclear.com/site/public/EUI">https://www.euroclear.com/site/public/EUI</a>
<b>CREST Member Account ID</b>	the identification code or number attached to a member account in CREST
<b>CREST participant</b>	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
<b>CREST payment</b>	shall have the meaning given in the CREST Manual issued by Euroclear
<b>CREST Proxy Instruction</b>	has the meaning given to it in paragraph 9 of the Notes to the Notice of General Meeting set out at Part VI of this document
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI2001/3755) (as amended)
<b>CREST Sponsor</b>	a CREST participant admitted to CREST as a CREST sponsor
<b>CREST sponsored member</b>	a CREST member admitted to CREST as a sponsored member (which includes all CREST personal members)
<b>Deferred Shares</b>	means the deferred shares of 9.9999 pence each in the capital of the Company created by the Subdivision
<b>EBITDA</b>	earnings before interest, tax, depreciation and amortisation
<b>EEA</b>	the European Economic Area
<b>Enlarged Share Capital</b>	the entire issued share capital of the Company immediately following Admission
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>Excess Application Facility</b>	the arrangement pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of their Open Offer Entitlements in accordance with the terms and conditions of the Open Offer
<b>Excess Cash Amount</b>	has the meaning given to it in paragraph 5(c) of Part I
<b>Excess CREST Open Offer Entitlement</b>	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to his/her Open Offer Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility, which is conditional on him/her taking up his/her Open Offer Entitlement in full and which (i) is capped at an additional 100% of his/her Open Offer Entitlement; and (ii) may be subject to scaling back in accordance with the provisions of this document
<b>Excess Open Offer Entitlement</b>	in respect of each Qualifying Shareholder, the entitlement to apply for Open Offer Shares in addition to his/her Open Offer Entitlement pursuant to the Excess Application Facility, which is conditional on him/her taking up his/her Open Offer Entitlement in full and which (a) is uncapped; but (b) may be subject to scaling back in accordance with the provisions of this document

<b>Excess Shares</b>	the Open Offer Shares for which Qualifying Shareholders may apply under the Excess Application Facility in addition to their Open Offer Entitlement
<b>Exchange Rate</b>	means GBP 1: USD 1.21670 being the closing exchange rate on 9 March 2017 as shown on Bloomberg
<b>Executive Directors</b>	means Stephen Bowler, John Blaymires and Julian Tedder
<b>Ex-entitlement Date</b>	the date on which the Existing Ordinary Shares are marked “ex” for entitlement under the Open Offer, being 20 March 2017
<b>Existing Ordinary Shares</b>	the 303,305,534 ordinary shares of 10 pence each in the capital of the Company in issue on the date of this document
<b>FCA</b>	the Financial Conduct Authority of the United Kingdom
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)
<b>Fundraising</b>	the Kerogen Subscription, the Ancillary Subscription, the Placing, the Open Offer and the Bond Equity Exchange, taken together
<b>Fundraising Resolutions</b>	the Resolutions, save for the Subdivision Resolution
<b>Fundraising Shares</b>	the Kerogen Shares, the Ancillary Subscription Shares, the Placing Shares, the Open Offer Shares and the Bond Equity Exchange Shares taken together
<b>General Meeting</b>	the general meeting of the Company convened for 10.00 a.m. on 3 April 2017, notice of which is set out in this document, and any adjournment thereof
<b>Group</b>	the Company and its subsidiaries and subsidiary and associated undertakings at the date of this document
<b>HMRC</b>	Her Majesty’s Revenue & Customs
<b>INEOS</b>	has the meaning given to it in paragraph 4 of Part I
<b>Investec</b>	Investec Bank plc
<b>ISIN</b>	International Securities Identification Number
<b>Issue Price</b>	4.5 pence per New Ordinary Share
<b>Joint Brokers</b>	Investec and Cannacord
<b>Kerogen Capital</b>	Kerogen Capital II Limited, the manager of Kerogen Investor, and its associated companies which act as manager of other funds
<b>Kerogen Group</b>	Kerogen Investor and its associates
<b>Kerogen Investor</b>	Unconventional Energy Limited, an affiliate of Kerogen Capital
<b>Kerogen Shares</b>	the New Ordinary Shares to be issued to Kerogen Investor pursuant to the Kerogen Subscription subject to, inter alia, the Kerogen Subscription becoming unconditional in all respects and Admission of the Fundraising Shares
<b>Kerogen Subscription</b>	the conditional subscription for New Ordinary Shares by Kerogen Investor pursuant to the Kerogen Subscription Agreement

<b>Kerogen Subscription Agreement</b>	agreement between the Company and Kerogen Investor in respect of the Kerogen Subscription dated 17 March 2017 further details of which are contained in paragraph 6 of Part I
<b>Kerogen Top-up Right</b>	the right of Kerogen Investor under the Subscription Agreement to subscribe for further New Ordinary Shares in the Company at nominal value as described further in paragraph 13 of Part I
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Longstop Date</b>	28 April 2017
<b>Maximum Equity Conversion Amount</b>	has the meaning given to it in paragraph 5(a)(ii) of Part I
<b>Minimum Tendering Amount</b>	has the meaning given to it in paragraph 5(a)(iii) in Part I
<b>Money Laundering Regulations</b>	the Money Laundering Regulations 2007 (as amended) and obligations in connection with money laundering under the Criminal Justice Act 1993 and the Proceeds of Crime Act 2002
<b>New Ordinary Shares</b>	the ordinary shares of 0.0001p each in the capital of the Company arising from the Subdivision
<b>Notice of General Meeting</b>	the notice convening the General Meeting which is set out on page 105 of this document
<b>Offered Bonds</b>	has the meaning given to it in paragraph 5(a) of Part I
<b>Offering Secured Bondholders</b>	has the meaning given to it in paragraph 5(a)(iv) in Part I
<b>Official List</b>	the daily official list maintained by the FCA
<b>Open Offer</b>	the conditional offer made to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in Part IV of this document and, where relevant, in the Application Form
<b>Open Offer Entitlement</b>	the entitlement for Qualifying Shareholders to subscribe for Open Offer Shares on the basis set out in this document allocated to Qualifying Shareholders on the Record Date pursuant to the Open Offer
<b>Open Offer Shares</b>	up to 90,911,660 New Ordinary Shares being made available to Qualifying Shareholders pursuant to the Open Offer
<b>Ordinary Shares</b>	the ordinary shares of the Company in issue from time to time
<b>Overseas Shareholder</b>	a Shareholder who is resident, or who is a citizen of, or who has a registered address in a jurisdiction outside the EEA
<b>Participant ID</b>	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
<b>Placing</b>	the conditional placing of the Placing Shares, otherwise than on a pre-emptive basis, at the Issue Price by Investec and Canaccord as agents for the Company, as described in this document
<b>Placing and Open Offer Agreement</b>	the Agreement between the Company, Investec and Canaccord in respect of the Placing and the Open Offer dated 17 March 2017,

	further details of which are contained in paragraphs 6.4 of Part I and paragraph 8.3 of Part V
<b>Placing Shares</b>	342,856,192 New Ordinary Shares to be issued pursuant to the Placing which have conditionally been placed by the Joint Brokers subject to, <i>inter alia</i> , the Placing becoming unconditional in all respects and Admission of the Fundraising Shares
<b>Plan</b>	has the meaning given to it in paragraph 5.2(a) of Part V
<b>PRA</b>	Prudential Regulation Authority
<b>Prospectus Rules</b>	the rules made by the UK Listing Authority under Part VI of FSMA in relation to transferable securities to the public and admission of transferable securities to trading on a regulated market
<b>Proxy Form</b>	the form of proxy for use in connection with the General Meeting which accompanies this document
<b>Qualifying CREST Shareholders</b>	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date were held in a CREST account (but excluding any Overseas Shareholders who are resident in, or who are citizens of, or who have a registered address in a Restricted Jurisdiction)
<b>Qualifying Non-CREST Shareholders</b>	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date were held in certificated form (but excluding any Overseas Shareholders who are resident in, or who are citizens of, or who have a registered address in a Restricted Jurisdiction)
<b>Qualifying Shareholders</b>	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date (but excluding any Overseas Shareholders who are resident in, or who are citizens of, or who have a registered address in a Restricted Jurisdiction)
<b>Record Date</b>	6.00 p.m. on 15 March 2017 (in respect of the Open Offer)
<b>Regulatory Information Service</b>	a regulatory information service that is approved by the FCA as meeting primary information provider criteria and that is on the list of regulatory information services maintained by the FCA
<b>Relationship Agreement</b>	agreement between the Company and Kerogen Investor dated 17 March 2017 further details of which are contained in paragraph 6 of Part I
<b>Resolutions</b>	the resolutions set out in the Notice of General Meeting
<b>Restricted Jurisdiction</b>	each and any of the United States of America, Australia, Canada, Japan, New Zealand, Russia and the Republic of South Africa and any other jurisdiction outside the EEA where extension or availability of the Placing and/or the Open Offer would breach any applicable law or regulations
<b>Restructuring</b>	has the meaning given to it in paragraph 1 of Part I
<b>RNS</b>	Regulatory News Service
<b>SDRT</b>	Stamp Duty Reserve Tax
<b>SEC</b>	the US Securities Exchange Commission

<b>Secured Bond Agreement</b>	the bond agreement for the Secured Bonds between the Company and the Bond Trustee as amended and restated by an amendment and restatement agreement dated 24 September 2015
<b>Secured Bond Amendment and Restatement Agreement</b>	means the agreement effecting the Bond Agreement Amendments
<b>Secured Bond Cash Cancellation Minimum</b>	has the meaning given to it in paragraph 5(c) of Part I
<b>Secured Bond Conversion Minimum</b>	has the meaning given to it in paragraph 5(a)(iv) in Part I
<b>Secured Bondholder</b>	the holder(s) of Secured Bond(s), as registered in the securities depository in Norway, being the Verdipapirsentralen, from time to time
<b>Secured Bondholder Approved Transaction</b>	has the meaning given to it in paragraph 5(b) of Part I
<b>Secured Bonds</b>	the 10% Senior Secured Callable Bonds 2013/18 issued pursuant to the Secured Bond Agreement with ISIN No 001 0673791
<b>Securities Act</b>	US Securities Act of 1933 (as amended)
<b>Shareholders</b>	the holders of Existing Ordinary Shares or, following the Subdivision, New Ordinary Shares from time to time
<b>stock account</b>	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
<b>Subdivision</b>	the subdivision of the Company's entire issued ordinary share capital on the basis that each Existing Ordinary Share of 10p shall be subdivided into 1 ordinary share of 0.0001p and 1 Deferred Share of 9.9999p
<b>Subdivision Resolution</b>	the Resolution to effect the Subdivision proposed as Resolution 1 of the Notice of General Meeting
<b>UK Listing Authority</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>Unallocated Shares</b>	such Open Offer Shares, if any, which are not taken up by Qualifying Shareholders pursuant to the Open Offer Entitlements or pursuant to the Excess Application Facility
<b>Unsecured Bond Agreement</b>	the bond agreement for the Unsecured Bonds between the Company and the Bond Trustee dated 10 December 2013 as amended and restated by an amendment and restatement agreement dated 24 September 2015, and as further amended by the second amendment agreement dated 19 December 2016
<b>Unsecured Bondholder</b>	the holder(s) of Unsecured Bond(s), as registered in the securities depository in Norway, being the Verdipapirsentralen
<b>Unsecured Bondholder Approved Transaction</b>	has the meaning given to it in paragraph 5 of Part I
<b>Unsecured Bonds</b>	the 10% Senior Unsecured Callable Bonds 2013/18 issued pursuant to the Unsecured Bond Agreement with ISIN No 001 0698053, from time to time

<b>Unsecured Debt for Equity Swap</b>	the Unsecured Debt for Equity Swap process described in paragraph 5(g) of Part I by which a resolution of the voting Unsecured Bondholders at a meeting of the Unsecured Bondholders direct the Bond Trustee to purchase and cancel in full all of the Unsecured Bonds and waive any accrued unpaid accrued interest on the Unsecured Bonds in consideration for the issue of New Ordinary Shares to the Unsecured Bondholders on the terms described herein
<b>USE</b>	has the meaning given to it in paragraph 3.2(c) of Part IV
<b>USE Instruction</b>	has the meaning given to it in paragraph 3.2(c) of Part IV
<b>Voluntary Cash Offers</b>	has the meaning given to it in paragraph 5(c) of Part I
<b>Voluntary Equity Exchange</b>	the process described in paragraph 5(a) of Part I by which the Company will accept voluntary equity exchanges made by Secured Bondholders to sell part or all of their Offered Bonds (and waive any accrued interest from and including 22 March 2017) in consideration for the issue of New Ordinary Shares on the terms described herein
<b>Voting Bonds</b>	means (i) in respect of the Secured Bonds, all of the Secured Bonds less the Secured Bonds held by the Company, any person or persons who has decisive influence over the Company, or any person or persons over whom the Company has decisive influence; or (ii) in respect of the Unsecured Bonds, all of the Unsecured Bonds less the Unsecured Bonds held by the Company, any person or persons who has decisive influence over the Company, or any person or persons over whom the Company has decisive influence,

## GLOSSARY

<b>Euros or €</b>	The lawful currency of the European Union
<b>sterling, pounds sterling, £, pence or p</b>	The lawful currency of the United Kingdom
<b>Dollars, US dollars, \$, US\$ or cents</b>	The lawful currency of the United States of America
<b>2P</b>	Best estimate of commercially recoverable reserves
<b>Boepd</b>	Barrels of oil equivalent per day
<b>Hydraulic Fracturing</b>	Hydraulic Fracturing or ‘fracking’ as it has become known is the process by which gas or oil can be extracted from impermeable rock. For shale oil or gas, the rock is fractured by injecting water at high pressure, an established technique for conventional oil and gas, but used more intensively for shale. Small particles (usually sand) are pumped into the fractures to keep them open when the pressure is released, so gas can flow into the well. 98-99% of the mixture is water and sand. Small quantities of chemicals are normally added to improve efficiency, for example by reducing friction. Once the rock is fractured, some of the fluid returns to the surface, where it is sealed in containers before treatment. The gas or oil can then flow through the well to surface operations which separate and process the gas or oil.
<b>MMboe</b>	Millions of barrels of oil equivalent

## EXECUTIVE SUMMARY

This summary is, by its nature, a very simplified overview of the information set out in this document and is not a substitute for careful consideration of the whole of this document.

We are providing a high level summary because (i) the Company is committed to clear and concise and understandable communications with its shareholders; (ii) the proposals are complex; and (iii) we consider that reading an executive summary may assist in your understanding of the full information set out in this document. As this summary is intended to convey an overview, we have avoided the use of defined terms unless absolutely necessary.

### Key highlights:

- *a proposed new equity fundraise to raise approximately US\$55 million (equivalent to approximately £45.2m) from (a) a subscription by a new investor, Kerogen; (b) a placing of shares with institutional investors; (c) a subscription by certain of the Directors, certain of their spouses and certain third parties;*
- *a subscription by existing shareholders under an open offer for up to €5 million;*
- *a debt for equity swap in respect of all the unsecured bonds (through a bondholder vote); and a debt for equity swap in respect of some of the secured bonds (through a voluntary equity exchange and/or bondholder vote); the secured bonds will convert to equity at 100% of par value and the unsecured bonds will convert to equity at 62.5% of par value;*
- *the Company has received signed undertakings to vote and written indications of support in favour of the Bondholder Approved Transactions from approximately 75% of the Secured Bondholders and approximately 61% of the Unsecured Bondholders;*
- *the Company's overall net debt reduced from US\$122 million at 31 December 2016 (equivalent to £100m) to not more than US\$10 million (equivalent to c.£8m) by the (i) cancellation of all of the unsecured bonds (through a bondholder vote), (ii) a cancellation of up to US\$60m (equivalent to c.£49 m) of secured bonds in consideration for the issue of new shares (through a voluntary equity exchange and/or bondholder vote); and (iii) a cancellation of part of the secured bonds following a re-purchase in consideration for cash payments (through a voluntary cash offer and/or a bondholder vote);*
- *a renegotiated set of terms and conditions and covenants for the secured bonds remaining after the debt for equity swap and cash repurchase, which, in the opinion of the board of directors, would give the Company capacity to operate on a sustainable basis and advance the business with lower levels of financial constraint; and*
- *the new ordinary shares will be issued to new and existing investors at the issue price of 4.5p.*

### What this means for Shareholders

The detail of these proposals, described as a “restructuring”, are complex and have been the subject of extensive negotiations between the Company, certain of the bondholders and Kerogen Capital. The board of directors is of the opinion that the restructuring reflects the best deal currently available to the Company in all the circumstances, by providing a capital structure for the Company which is sustainable in the current oil price environment and enabling the Company to capitalise on value accretive opportunities in both its conventional and shale portfolios.

We are now putting these proposals to you for approval. From the perspective of a shareholder you should carefully consider them as they fundamentally affect the future of the Company and your interest in it.

If the proposals for the restructuring are not approved by you, the restructuring cannot happen. We, your board of directors, are of the opinion that if these proposals are not approved, there are no other alternative

options which would allow the Company to avoid a default occurring under the terms and conditions of the Company's debt on or before 5 April 2017 (unless such default is waived with the consent of the requisite majority of bondholders).

If a default were to happen, the people who own the secured bonds would be entitled to take enforcement action which, if taken, would in all likelihood result in the Company and/or its subsidiaries (who have guaranteed the repayment of the debt) being subject to insolvency proceedings and/or would adversely affect some of the carry agreements which benefit the Company. Such enforcement action could also lead to forfeiture under the terms of some of the Company's UK licences. This would result in an indefinite suspension of trading of the shares on AIM and would likely result in little or no residual value for you as the holders of the ordinary shares.

The Company also needs your approval to sub-divide the Existing Ordinary Shares of 10p, to create the New Ordinary Shares and an equal number of Deferred Shares, this is referred to as the "Subdivision". **Please note that the Subdivision itself has no economic or other effect on the rights of Shareholders. It is merely a technical process to allow the issue of the New Ordinary Shares at the Issue Price. All economic value remains in the Ordinary Shares.**

The proposals are conditional on (among other things) the approval by the requisite majorities of the secured bondholders and the unsecured bondholders.

#### **What we recommend you do**

**THE BOARD'S RECOMMENDATION IS THAT YOU VOTE IN FAVOUR OF ALL OF THE RESOLUTIONS TO BE PROPOSED AT THE GENERAL MEETING WHICH HAS BEEN CONVENED FOR 10.00 AM ON 3 APRIL 2017 TO PROTECT YOUR SHAREHOLDER VALUE. EVEN IF ALL THE RESOLUTIONS ARE PASSED BY YOU AS SHAREHOLDERS, THE HOLDERS OF THE SECURED AND UNSECURED BONDS EACH STILL HAVE TO APPROVE THE PROPOSALS AS WELL. UNLESS ALL OF THE RESOLUTIONS ARE PASSED WE CANNOT MOVE FORWARD TO IMPLEMENT THE PROPOSALS. YOUR VOTE IS ACCORDINGLY CRITICAL.**

In addition, the Company announced that up to a maximum of £4.095 million is proposed to be raised by way of the Open Offer made to Qualifying Shareholders of up to 90,991,660 Open Offer Shares (being less than the €5 million (or an equivalent) maximum amount permitted without requiring the publication by the Company of a prospectus under the Prospectus Rules). The Open Offer is being conducted on the basis of 3 Open Offer Shares at a price of 4.5 pence per share for each 10 Existing Ordinary Shares held as at the Record Date of 15 March 2017. This gives Shareholders the right to participate in the Fundraising.

An Excess Application Facility also allow excess applications for the Open Offer Shares over and above Qualifying Shareholders' Open Offer Entitlements, limited to an additional amount equal to a Qualifying Shareholder's Open Offer Entitlement. However if you wish to apply for to the extent that other Qualifying Shareholders do not take up their full Open Offer Entitlements. This means that Shareholders can apply in the Open Offer for a number of shares at equal to double their existing holding if they so wish, at the same price as Kerogen Investor and the institutional investors in the Placing, and thereby mitigate some of the effect of the dilution that the Fundraising causes to existing shareholdings.

**If, however, Qualifying Shareholders wish to apply for more than the Excess Entitlement would give the Qualifying Shareholder should contact the Receiving Agent by telephone on +44 (0) 370 707 1106 who will make appropriate arrangements. Any allocation above Standard Excess Entitlements is at the sole discretion of the Directors.**

If you wish to participate in the Open Offer, please refer to paragraph 10 of Part I of this document.

**We must stress that if you are in any doubt about the contents of this document and/or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.**

## PART I

### LETTER FROM THE CHAIRMAN

#### IGAS ENERGY PLC

(incorporated in England and Wales with registered number 04981279)

*Directors:*

Francis Gugen (*Non-executive Chairman*)  
Stephen Bowler (*Chief Executive*)  
John Blaymires (*Chief Operating Officer*)  
Julian Tedder (*Chief Financial Officer*)  
John Bryant (*Senior Independent Non-executive Director*)  
Robert McTighe (*Non-executive Deputy Chairman*)  
Cuth McDowell (*Non-executive Director*)

*Registered Office:*

7 Down Street  
London  
W1J 7AJ

17 March 2017

Dear Shareholder,

**Proposed Subdivision of Existing Ordinary Shares**

**Proposed Kerogen Subscription of up to 639,251,892 New Ordinary Shares at a price of 4.5 pence per share to raise £28.76 million (\$35 million)**

**Proposed Ancillary Subscription of 22,430,642 New Ordinary Shares at a price of 4.5 pence per share to raise £1.0 million**

**Proposed Open Offer of up to 90,991,660 New Ordinary Shares at a price of 4.5 pence per share to raise up to £4.095 million (being less than €5 million)**

**Proposed Placing of 342,856,192 New Ordinary Shares at a price of 4.5 pence per share to raise approximately £15.43 million**

**Proposed Bond Equity Exchange of up to 1,408,637,209 New Ordinary Shares at a price equivalent to 4.5 pence per share**

**and**

**Notice of General Meeting**

#### **1. Introduction**

The Company has today announced that it has conditionally raised approximately £45.2 million (before expenses) (being \$55 million) through the issue of up to 1,004,538,726 New Ordinary Shares at 4.5 pence per share pursuant to the Kerogen Subscription, the Ancillary Subscription and the Placing.

The Kerogen Subscription, the Ancillary Subscription and the Placing are part of a restructuring of the capital structure of the Company as further described below (the “**Restructuring**”) and conditional, *inter alia*, upon the Company obtaining approval from its Shareholders to allot the Kerogen Shares, the Ancillary Subscription Shares and the Placing Shares and to disapply statutory pre-emption rights which would apply to, *inter alia*, the allotment of the Kerogen Shares, the Ancillary Subscription Shares and the Placing Shares. The Restructuring is also conditional upon the approval of the Bondholder Transactions described below in paragraph 5 of Part I of this document (including debt for equity swaps in respect of all of the Unsecured Bonds and part of the Secured Bonds, cash re-purchases of part of the Secured Bonds and amendments to the existing terms of the Secured Bond Agreement).

Pursuant to the terms of the Subscription Agreement, Kerogen Investor has conditionally agreed to subscribe for up to 639,251,892 New Ordinary Shares, at 4.5 pence per share to raise \$35 million for the Company being an amount that will result in Kerogen Investor holding approximately 28% of the voting rights of the Company immediately following the Fundraising and Admission. Kerogen Investor does not currently hold any shares in the Company.

The Placing has been arranged by the Joint Brokers pursuant to the terms of the Placing and Open Offer Agreement, respectively. Neither the Kerogen Subscription, the Ancillary Subscription nor the Placing is underwritten.

Qualifying Shareholders are being given the opportunity to subscribe in an Open Offer for New Ordinary Shares at a price of 4.5 pence per Open Offer Share, pro rata to their holdings of Existing Ordinary Shares on the Record Date. This will give Existing Shareholders an opportunity to participate in the Fundraising at the Issue Price.

The Company also announced today that a meeting of the holders of the Bonds had been convened for 3 April 2017 to consider, and if thought fit, approve the Bondholder Transactions, including certain amendments to the terms of the Secured Bonds (described in further detail in section 5 of this Part I).

Admission of the Fundraising Shares is conditional on Bondholders approving the Bondholder Resolutions as set out in the Bondholder Summons in respect of the Bondholder Approved Transactions (as described in paragraph 5, below). The Bondholder Transactions include (i) a Voluntary Equity Offer (as described in paragraph 5 below) and a Conditional Secured Debt for Equity Swap (as described in paragraph 5(b) below) which:

- (a) if accepted to the minimum extent, would result in the issue of 730,573,573 New Ordinary Shares to Bondholders in consideration for the extinguishment of USD39,999,999 (or £32,875,811) in face value of the Secured Bonds; and (ii) the Unsecured Debt for Equity Swap, which would result in the issue of 312,776,818 New Ordinary Shares to Unsecured Bondholders in consideration for the extinguishment of USD27,400,000 (or £22,519,931) in face value of the Unsecured Bonds; and
- (b) if accepted to the maximum extent, would result in the issue of 1,095,860,387 New Ordinary Shares to Bondholders in consideration for the extinguishment of USD60,000,000 (or £49,313,717) in face value of the Secured Bonds; and (ii) the Unsecured Debt for Equity Swap, which would result in the issue of 312,776,818 New Ordinary Shares to Unsecured Bondholders in consideration for the extinguishment of USD27,400,000 (or £22,519,931) in face value of the Unsecured Bonds.

In addition, the Company announced that up to a maximum of £4.095 million is proposed to be raised by way of the Open Offer made to Qualifying Shareholders of up to 90,991,660 Open Offer Shares (being less than the €5 million (or an equivalent) maximum amount permitted without requiring the publication by the Company of a prospectus under the Prospectus Rules). The Open Offer is being conducted on the basis of 3 Open Offer Shares at a price of 4.5 pence per share for each 10 Existing Ordinary Shares held as at the Record Date of 15 March 2017.

An Excess Application Facility will allow excess applications for the Open Offer Shares over and above Qualifying Shareholders' Open Offer Entitlements (limited to an additional amount equal to a Qualifying Shareholder's Open Offer Entitlement) to be accepted from such holders to the extent that other Qualifying Shareholders do not take up their full Open Offer Entitlements. The Open Offer is not underwritten.

Application will be made to the London Stock Exchange for the Fundraising Shares to be admitted to trading on AIM. The Fundraising Shares are expected to be admitted to AIM and commence trading at 8.00 a.m. on 4 April 2017.

The Company has received irrevocable undertakings from the Directors pursuant to which they have undertaken to vote in favour of the Resolutions to be proposed at the General Meeting in respect of the Existing Ordinary Shares in which they are interested, amounting, in aggregate, to 28,324,370 Existing Ordinary Shares, representing 9.34 per cent. of the Existing Ordinary Shares.

The Company has received signed undertakings to vote and written indications of support in favour of the proposal from approximately 75% of the Secured Bondholders and approximately 61% of the Unsecured Bondholders.

The Fundraising is conditional upon Shareholders passing the Resolutions, Bondholders passing the Bondholder Resolutions and each and all of the Kerogen Subscription Agreement, the Ancillary Subscription

Letters, the Placing and Open Offer Agreement, the Secured Bond Amendment and Restatement Agreement becoming unconditional in all respects (save for the condition relating to Admission). The Fundraising and the Restructuring are therefore all conditional upon Admission. Subject to all relevant conditions being satisfied (or, if applicable, waived), it is expected that Admission will take place on or around 8.00am on 4 April 2017.

If the Fundraising and/or the Bondholder Transactions are not approved and the Restructuring does not take place, the Directors are of the opinion that there are no alternative options for the Company to avoid the forecast events of default occurring under the Bond Agreements (as described further below). As previously announced, the Company forecasts that it will, absent a successful restructuring, breach its liquidity covenants and leverage covenants and one or more events of defaults will occur under the Bond Agreements on or before 5 April 2017. A breach of the liquidity covenants which is forecast to occur on or around 22 March 2017 would result in the occurrence of an event of default unless the Restructuring completes on or before 5 April 2017 (except that if the Bondholders approve the Bondholder Resolutions, such events of default will be waived on 3 April 2017 provided that all of the Bondholder Resolutions and Resolutions are passed in order to effect the Restructuring but will terminate if the Restructuring does not complete on or before the Longstop Date). Such event of default could not be cured or remedied without the consent of the requisite majority of Secured Bondholders and the requisite majority of the Unsecured Bondholders. Following the occurrence of an event of default, the Secured Bondholders would be entitled to take enforcement action which, if taken, would result in the Company and/or its subsidiaries (as guarantors of the Secured Bonds) being subject to insolvency proceedings and/or a sale of their assets taking place as part of an enforcement process or otherwise. On advice received by the Board, this would result in an indefinite suspension of trading of the Ordinary Shares on AIM and would likely result in little or no residual value for the Shareholders.

**Accordingly, it is critical that Shareholders vote in favour of the Resolutions.**

**The purpose of this letter is to explain to Shareholders the background to, and the reasons for, the Fundraising; to explain why the Board considers the Fundraising to be in the best interests of the Company and its Shareholders as a whole; to explain why the Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document; and to seek your approval for the issue of the Fundraising Shares.**

## **2. Background to and reasons for the Fundraising and strategic opportunities**

The Company issued \$165,000,000 of Secured Bonds in March 2013 and \$30,000,000 of Unsecured Bonds in December 2013 when the price of oil was c.US\$110/bbl. Over the course of the last two years, the Company has been de-leveraging its balance sheet through a combination of farm outs and Bond buy backs as well as through the amortisation of the Secured Bonds. As at 28 February 2017, net debt was approximately \$120 million, comprising net Bonds outstanding of approximately \$151 million and cash of approximately \$30 million. Despite the oil price improving considerably from lows in the first quarter of 2016 and the de-leveraging of the Company's balance sheet, the Board considers that significant corrections to the Company's capital structure remain necessary to achieve a capital structure that is sustainable in the current oil price environment, as well as enabling the Company to capitalise on value accretive opportunities.

As has also been previously announced, the Company's current forecasts project non-compliance with its leverage covenants as at 31 December 2016, when its financial statements are delivered. If the Fundraising and Bondholder Transactions are approved, the forecast leverage covenants breaches would be irrevocably remedied or waived in full by the Secured Bondholders.

The principal purposes of the Fundraising and the Bondholder Transactions are to (i) remedy the Company's forecast breach of its daily liquidity covenants in late March 2017 when the next amortisation and interest payment is due in respect of the Secured Bonds; (ii) avoid the forecast leverage covenants breaches; and (iii) significantly de-leverage the Company by significantly reducing the net debt of the Company. This will remove the risk of security enforcement by Secured Bondholders and instead provide a stable platform by extending the maturity of the Secured Bonds.

Completion of the Fundraising and Bondholder Transactions will result in a reduction of net debt from £100 million (as at 31 December 2016) (being \$122 million) to £8 million (being \$10 million).

In structuring the Fundraising and the Bondholder Transactions, the Company has carefully considered the interests of all of its stakeholders, in light of their relative priorities in the capital structure.

### **3. Importance of the resolutions being passed**

3.1 As described more fully in this Part I and elsewhere in this document:

- (a) the Company is seeking approvals from the Secured Bondholders and Unsecured Bondholders for the Bondholder Approved Transactions;
- (b) the Company has conditionally raised a total of £45.2, comprising £28.8 million (being approximately \$35 million) from the Kerogen Subscription; £1.0 million (being \$1.23 million) from the Ancillary Subscription; and £15.429 million (being \$18.77 million) from the Placing;
- (c) the Company has proposed to raise up to a further £4.095 million by way of the Open Offer.

3.2 If the Resolutions set out in the Notice of General Meeting or the Bondholder Resolutions in the Bondholder Summons are not passed, or if any other condition or implementation of the Fundraising or Bondholder Transactions is not satisfied (or, if applicable, waived), none of the above transactions will take place and the following consequences will occur (absent substantial alternative funding being made available to the Company on or before the occurrence of the below events, such alternative funding being, in the opinion of the Directors at the date of this document, highly unlikely):

- (a) an event of default will occur under the Bond Agreements on or before 5 April 2017 as a result of a breach of the liquidity covenants in late March (as forecast and subject to prior waivers being obtained as detailed above); and
- (b) an event of default will occur under the Bond Agreements in late April 2017 as a result of a breach of the leverage covenants (as at 31 December 2016) upon delivery by the Company of its financial statements.

3.3 Upon the occurrence of the events of default described in paragraph 3.2 above, the following consequences will arise:

- (a) the Bond Trustee (in respect of the Secured Bonds) may declare the Secured Bonds due for immediate payment and shall do so upon receipt in writing of a demand from the Secured Bondholders representing at least 1/5 of the Voting Bonds or a declaration at a meeting of the Secured Bondholders following a simple majority vote;
- (b) the Bond Trustee (in respect of the Unsecured Bonds) may declare the Unsecured Bonds due for immediate payment (shall do so upon receipt in writing of a demand from the Unsecured Bondholders representing at least 1/5 of the Voting Bonds or a declaration at a meeting of the Unsecured Bondholders following a simple majority vote);
- (c) if either or both of the Bond Trustees declare the Secured Bonds and/or the Unsecured Bonds due for immediate payment, the Bond Trustees are required to take every measure necessary to recover the amounts due under the outstanding bonds. Such action would likely include the following:
  - (i) a demand for immediate payment of all of the Secured Bonds and/or Unsecured Bonds. This would likely result in an insolvency of the Company and/or the relevant guarantors named in the demand; and/or
  - (ii) enforcement action against all and/or individual assets of the Company and/or the guarantors. The Secured Bonds are secured obligations of the Company and are guaranteed by all material subsidiaries of the Company. The security securing the Secured Bonds covers all of the Company's assets including all of the shares in its

subsidiaries. Enforcement action could include enforcement against all of the Company's shares in its subsidiaries or any other assets of the Company and/or guarantors. As a result of such action, the assets of the Company and/or relevant guarantors could be sold to realise value for the Secured Bondholders. Following such enforcement action, the Company would likely retain no, or very few, assets.

- (d) any such enforcement action by the Bondholders would adversely affect the carry arrangements which benefit the Company and/or the subsidiaries, resulting in a significant loss of value for all of its stakeholders;
  - (e) even if the Bond Trustee does not take immediate action as a result of the events of default described in paragraph 3.2 above, the events of default would likely cross-default commercial contractual provisions entered into by the Company and/or the guarantors and could have significant commercial/reputational consequences, leading to a significant loss of value for the Group's stakeholders.
- 3.4 Furthermore, the Board is of the opinion that, if the Fundraising and the Bondholder Approved Transactions are not approved, there would be no alternative options for the Company to refinance and/or restructure the Bonds prior to the event of default occurring as a result of the breach of the liquidity covenant on or before 5 April 2017. Such an event of default cannot be remedied or waived without the consent of the requisite majority of the Bondholders.
- 3.5 The Company has explored alternative restructuring options and has not been able to obtain alternative funding from other sources. Therefore, if the Fundraising and the Bondholder Approved Transactions are not approved and the Restructuring does not take place, any alternative restructuring solution (assuming no enforcement action is taken by the Bondholders prior to such restructuring) would likely result in no or little residual value for the Shareholders.
- 3.6 **As such, it is critical that Shareholders vote in favour of the Resolutions so that, assuming the other conditions are satisfied, the Fundraising and Bondholder Transactions can proceed and the Shareholders can preserve their value, with the Group continuing its operations, with a de-leveraged balance sheet and a capital structure that the Board believes is sustainable in the current oil price environment and that will enable the Company to capitalise on value accretive opportunities in both its conventional and shale portfolios.**

#### **4. Current trading, trends and prospects**

Despite the challenging environment with prolonged oil price volatility and post-Brexit currency swings, the Board has continued to progress the business while significantly reducing its operational costs and strengthening its balance sheet, as exemplified by the conclusion of the farm-out arrangement with INEOS Upstream Limited ("INEOS") in May 2015.

The Board believes that there is significant potential to both replace the underlying decline and grow the Group's production in the longer term, with a number of incremental opportunities identified and five planning consents for future conventional projects secured, including projects to monetise the Group's stranded gas assets.

Production for the 2016 was c. 2,355 boepd against guidance of c. 2,400-2,600 boepd and was impacted by two key factors. Firstly, the Group reduced its capital expenditure budget in order to preserve cash and focus on projects that maximised economic benefits thereby delaying some planned production. In addition, the Group had unplanned downtime as a number of wells were worked over during the summer.

Revenue for the year was £30.5 million reflecting the continuing low oil price environment, partially offset by the strength of the US dollar. The price of Brent crude reached a low of \$27/bbl in January 2016 and a high of \$55/bbl in December 2016, with an average price of \$44/bbl during the year. The Group's average realised price for oil sales was \$44.1/bbl pre-hedge and \$58.1/bbl post-hedge. Revenue in sterling terms was supported by the decline in the GBP/USD exchange rate from £1:\$1.50 at the beginning of the year to £1:\$1.23 in December 2016, following the result of the EU referendum.

The Group continued to focus on improving efficiencies and reducing costs across the business with 2016 operating costs per boe of £21.1/boe (\$28.8/boe), with the impact of lower production on fixed costs partially offsetting overall savings. The Group deferred a number of discretionary capital projects and focused on initiatives to sustain production and boost recovery through technical work programmes and the application of technology.

DeGolyer & MacNaughton (“D&M”), the leading international reserves and resources auditors, completed an independent evaluation of the Group’s conventional and shale interests as of 31 July 2016. D&M’s estimates state an increase in proven and probable reserves to 13.7 MMboe and for the first time have included an estimate of shale gas risked prospective resources of 2.5Tcf which in oil equivalent terms is c.440mmboe. The estimate takes into account a recovery factor, adjustments for productive areas and geological risk but even heavily risked this is still a significant number for the Group and to give context, it is a figure equivalent to almost the entire UK gas consumption for a year.

The Group operates one of the largest net acreage positions in the UK, with a total gross carried shale work programme as at 31 December 2016 of \$230 million and continues to move its shale development plan forward. In November 2016, following a recommendation from the Planning Officer, Nottinghamshire County Council’s Planning and Licensing Committee granted planning consent, subject to an agreement being reached with Nottinghamshire County Council pursuant to section 106 of the Town and Country Planning Act 1990 (as amended), for the application to develop a hydrocarbon wellsite and drill up to two exploratory wells in Misson Springs, North Nottinghamshire. We await determination on a further site in North Nottinghamshire to drill a single exploration well at a planning committee meeting to be held on 21 March 2017.

Following the final interpretation and assessment of the seismic data from the North West survey, which helps identify the shale potential within the survey area, the data is being utilised to propose drilling locations and will allow us to firm up a future development programme.

The Group was formally awarded 17 blocks, across nine PEDLs, in the UK’s 14th Onshore Oil and Gas Licensing round. The blocks, across three key basins, represent a total gross area of c. 257,000 acres; the Group’s net interest is c. 115,000 acres. As part of its ongoing asset portfolio management, the Group has also relinquished a number of licences in order to focus on core, high potential areas with its partners. IGas now has an area of over 1 million acres (gross) (c.0.63 million acres net) under licence.

Soon after taking office, the new Prime Minister lent her support to recognising the increasing importance that energy and infrastructure will play following the referendum. Home grown energy is critical in this and UK shale will be an important constituent in our energy mix and has the potential to create a significant supply chain and create and protect thousands of jobs in the UK.

The UK onshore industry has made good progress during 2016 with a number of operators in addition to the Group being granted planning permission to further shale appraisal.

In May 2016, Third Energy was granted permission for flow tests at its existing KM8 well in Ryedale, Yorkshire. The decision was challenged in court later in the year, but successfully upheld.

In October 2016, the long awaited decision by the Secretary of State for Communities and Local Government was made in favour of Cuadrilla’s Preston New Road site. Initial work has now started at the site and we look forward to seeing the results in due course. INEOS has also announced the first of several screening applications which will provide further forward momentum for the UK Shale industry.

The Company continues to hold significant cash resources of US\$30.3 million as at 28 February 2017, and had a total gross carried shale work programme of c.US\$230 million as at 31 December 2016.

The Group forecasts net production for 2017 to be c.2,500 boepd. The Group has entered into put/call options to manage its commodity price risk with outstanding contracts for 600,000 bbls in 2017, representing c.65% of budgeted production, with downside protection of c.\$43/bbl.

Operating costs for 2017 are forecast at £18.5 million resulting in an estimated US\$ operating cost of \$25/boe based on a \$1.25/£ USD:GBP exchange rate. The 2017 capital expenditure budget includes

c£40 million of carried expenditure to progress our shale programme with a net cost to the Group of £1 million. We plan to spend £4.2 million on our conventional assets during 2017, primarily to improve efficiency and sustain production levels.

Shareholders should also note that, following completion of the Fundraising and Bond Transactions, Kerogen Investor will control approximately 28 per cent. of the voting rights of the Company and that this will increase the percentage of the Ordinary Shares that are not in public hands (as defined in the AIM Rules). This may in turn have the effect of reducing the liquidity of trading in the Ordinary Shares on AIM. Kerogen Investor's stake in the voting rights of the Company will also mean that Kerogen Investor will be able, if it so wishes, to exert significant influence over resolutions proposed at future general meetings of the Company. Although it is not the current intention of Kerogen Investor to seek a resolution at a general meeting of the Company to de-list the Ordinary Shares from AIM, Kerogen Investor could, if it so wishes in the future, propose and exert significant influence over the result of such a resolution. Kerogen Investor and the Company have also entered into the Relationship Agreement (described further in paragraph 6, below) which contains provisions designed to regulate the relationship between the Company and Kerogen Investor.

## 5. Details of the Bondholder Transactions

The Restructuring proposed by the Company includes the following transactions in respect of the Bonds, all of which are inter-conditional with the Fundraising (such that none of the below transactions occur unless all of the below are implemented (except that paragraphs (b) and (d) may not be required depending on the level of tenders made in paragraphs (a) and (c) below) and the Fundraising Shares are issued and Admission occurs). Together the transactions set out at paragraphs (a) to (i) are the “**Bondholder Transactions**”.

The Restructuring is conditional upon *inter alia*, the Resolutions being passed at the General Meeting and, the Secured Bondholder Approved Transactions being approved by the Secured Bondholders, the Unsecured Bondholder Approved Transactions being approved by the Unsecured Bondholders (as described below), the Fundraising Shares being issued and Admission occurring. If these conditions are satisfied, the Bondholder Transactions shall take place in the order set out below on the Completion Date (subject to the waivers being made on the terms set out below).

### *Waivers*

The waivers set out in (f) and (h) below, if approved by both the requisite majority of Secured Bondholders and Unsecured Bondholders, shall take effect (on the terms set out in the Bondholder Summons which shall prevail for the purposes of the waivers) on 3 April 2017, provided that the waivers shall expire (and the Bondholders' rights shall be re-instated in full) if Shareholders do not approve the Resolutions or if the Restructuring has not completed on or before the Longstop Date.

### *Secured Bonds*

In order for the Restructuring to be implemented, the requisite majority of Secured Bondholders (as further described below) shall be required to approve the transactions set out at (b), (d), (e), and (f) (the “**Secured Bondholder Approved Transactions**”) and individual Secured Bondholders may, at their discretion, take part in the transactions set out at (a) and (c) below.

- (a) **Voluntary Equity Exchange:** the Company shall accept voluntary offers made by Secured Bondholders to sell part or all of their Secured Bonds to the Company and cancel them on the terms below (the “**Offered Bonds**”):
  - (i) at a fixed all-in price of 100% of face value for every \$1 of face value of the Secured Bonds based on the Exchange Rate, with no additional consideration being paid in respect of accrued interest relating to the period from and including 22 March 2017;
  - (ii) in consideration for the issue by the Company of New Ordinary Shares at the Issue Price, for up to US\$60 million of face value of the Secured Bonds (the “**Maximum Equity Conversion Amount**”);

- (iii) only valid offers for the exchange of sufficient Offered Bonds to ensure that the aggregate value of the New Ordinary Shares to be allotted and issued to the relevant Offering Secured Bondholders (as defined below) at the Issue Price will be equal to or greater than US\$110,000 (calculated to be in excess of €100,000 on the basis of an agreed exchange rate of 1 EUR:1.0613 USD) (the “**Minimum Tendering Amount**”) shall be accepted by the Company;
  - (iv) to the extent that the aggregate face value of all the Offered Bonds of any or all of the Secured Bondholders (the “**Offering Secured Bondholders**”) is equal to or below US\$50 million less an amount equal to 50% of the proceeds of the Placing and Ancillary Subscription (the “**Secured Bond Conversion Minimum**”), the Company shall accept such offers in full (on the terms described above);
  - (v) to the extent that the aggregate face value of all the Offered Bonds of any or all of the Offering Secured Bondholders exceeds the Secured Bond Conversion Minimum, the Company shall not be obliged to but may elect to accept, in part or in full, such offers (on the terms described above) up to the Maximum Equity Conversion Amount. If the Company accepts such offers in part, it will first accept Offered Bonds with a face value equal to the Minimum Tendering Amount from each Offering Secured Bondholder, and thereafter it shall accept Offered Bonds on a pro rata basis from each Offering Secured Bondholder, in the proportion borne by the balance of the its Offered Bonds to the balance of the aggregate Offered Bonds of all Offering Secured Bondholders (in each case after deduction of the Minimum Tendering Amount). Notwithstanding the above, in the highly unlikely event that the Maximum Equity Conversion Amount is not sufficient to accept Offered Bonds with a face value equal to the Minimum Tendering Amount from all Offering Secured Bondholders, the Company will select those Offering Secured Bondholders from whom it will accept Offered Bonds with a face value equal to the Minimum Tendering Amount by drawing lots and only those selected by drawing lots and who have tendered the Minimum Tendering Amount shall be selected; and
  - (vi) all Secured Bonds purchased by the Company in this Voluntary Equity Exchange shall be released and cancelled in full (the “**Cancelled Offered Bonds**”).
- (b) **Conditional Secured Debt for Equity Swap:** if the aggregate face value of the Cancelled Offered Bonds is less than the Secured Bond Conversion Minimum, the Company shall:
- (i) purchase and cancel in full Secured Bonds with a total aggregate face value (and waive all interest accrued thereon relating to the period from and including 22 March 2017 on such Secured Bonds) in an amount equal to the shortfall, being the difference between the face value of the Cancelled Offered Bonds and the Secured Bond Conversion Minimum;
  - (ii) in consideration for the issue by the Company of New Ordinary Shares at the Issue Price to the Secured Bondholders at a fixed all-in price of 100% of face value for every \$1 of face value of Secured Bonds purchased and cancelled, based on the Exchange Rate,
- on a pro rata basis, in respect of each such Secured Bondholder (excluding the Company as Secured Bondholder), in the proportion borne by its Secured Bonds (excluding the Cancelled Offered Bonds and the Company Bonds) to all Secured Bonds (excluding the Cancelled Offered Bonds and the Company Bonds). There shall be no Minimum Tendering Amount in respect of the Conditional Secured Debt for Equity Swap.
- (c) **Voluntary Cash Offers:** the Company shall accept voluntary offers made by Secured Bondholders to sell part or all of their Secured Bonds to the Company and cancel them on the terms below (the “**Cash Offered Bonds**”):
- (i) at a fixed all-in price of 100% of face value for every \$1 of face value of the Secured Bonds, with no additional consideration being paid in respect of accrued interest relating to the period from and including 22 March 2017 on such Secured Bonds;
  - (ii) in consideration for cash;

- (iii) to the extent that the aggregate face value of all the Cash Offered Bonds offered for purchase and cancellation by any or all of the Secured Bondholders (the “**Cash Offering Secured Bondholders**”) is equal to or below the Secured Bond Cash Cancellation Minimum the Company shall accept the Cash Offered Bonds in full (on the terms described above);
- (iv) to the extent that the aggregate face value of the Cash Offered Bonds offered for sale by any or all of the Cash Offering Secured Bondholders exceeds the Secured Bond Cash Cancellation Minimum, and would, if accepted, not require more than the Excess Cash Amount (as defined below) to be paid to such Offering Secured Bondholders, the Company shall accept the Cash Offered Bonds in excess of the Secured Bond Cash Cancellation Minimum in full (on the terms described above);
- (v) to the extent that the aggregate face value of the Cash Offered Bonds exceeds the Secured Bond Cash Cancellation Minimum and would, if accepted, require more than the Excess Cash Amount to be paid to such Cash Offering Secured Bondholders, the Company shall accept such Cash Offered Bonds in full (or in part) on the terms described above up to the Excess Cash Amount and shall elect, in its absolute discretion, whether to accept, in full or in part, such offers in excess of the Excess Cash Amount on the terms described above. To the extent that the Company accepts any offers in part, it shall do so on a pro rata basis, in respect of each Cash Offering Secured Bondholder, in the proportion borne by its Cash Offered Bonds to the aggregate of all Cash Offered Bonds; and
- (vi) all Secured Bonds purchased by the Company shall be released and cancelled in full (the “**Cash Cancelled Offered Bonds**”).

For the purposes of the Voluntary Cash Offer described above, the **Secured Bond Cash Cancellation Minimum** shall mean:

- (A) US\$30 million (face value); or
- (B) if the amount of the Secured Bonds tendered and accepted through the Voluntary Equity Exchange exceeds the Secured Bond Conversion Minimum, \$30 million less 50% of such excess.

**Excess Cash Amount** means the total net proceeds of the Placing and the Ancillary Subscription.

- (d) **Conditional Cash Cancellation:** if the aggregate face value of the Cash Cancelled Offered Bonds is less than the Secured Bond Cash Cancellation Minimum, the Company shall:
  - (i) purchase and cancel in full an amount of Secured Bonds (and waive all accrued interest thereon relating to the period from and including 22 March 2017) with a total aggregate face value equal to the shortfall, being the difference between the face value of the Cash Cancelled Offered Bonds and the Secured Bond Cash Cancellation Minimum; and
  - (ii) in consideration for the payment (in cash) by the Company to the Secured Bondholders at a fixed all-in price of 100% of par value of the Secured Bonds purchased and cancelled,

on a pro rata basis, in respect of each such Secured Bondholder (excluding the Company as Secured Bondholder), in the proportion borne by its Secured Bonds (excluding the Cancelled Offered Bonds and the Cash Cancelled Offered Bonds) to all Secured Bonds (excluding the Cancelled Offered Bonds and Cash Cancelled Offered Bonds and the Company Bonds).

- (e) **Amendments to the terms of the remaining Secured Bonds:** a resolution of at least 66⅔% of the Voting Bonds of the Secured Bonds (represented at the Bondholder Meeting) shall authorise the Bond Trustee to amend the balance of the Secured Bonds remaining following the transactions listed above and a summary of the amendment are set out below (together, the “**Bond Agreement Amendments**”) (all terms below shall have the meaning given to them in the Amended Secured Bond Agreement):

- Term extended to 30 June 2021;

- Interest 8% p.a. (effective from and including 22 March 2017) payable each 6 months on 22 September and 22 March each year;
  - Amortisation year 1: 2.5% (outstanding principal amount at the Completion Date following cancellation of the Company Bonds) payable on 22 September 2017 and 22 March 2018;
  - Amortisation year 2 onwards: 5% (outstanding principal amount at completion Date following cancellation of the Company Bonds) payable each 6 months on 22 September and 22 March each year;
  - Repayment in full at maturity: outstanding balance repayable at maturity;
  - Amortisation suspended if Brent Crude oil price is less than US\$50 per barrel (calculated by reference to the average Brent Crude price in 6 months period to the interest payment date immediately preceding the amortisation payment date);
  - Liquidity: maintains Liquidity of US\$7.5 million;
  - Leverage Ratio: maintains a Leverage Ratio of no more than 3.5;
  - No other financial covenants;
  - Debt service retention account removed and amounts released to Company;
  - No minimum investment requirement in hydrocarbon assets, mandatory redemption offer in respect of capital expenditure removed;
  - More flexibility on disposal of business, mandatory offer in respect of disposal proceeds to be set at a threshold of US\$20 million with 50% of net proceeds in excess of this to be offered to the remaining Secured Bondholders for redemption at par;
  - More flexibility in respect of the negative pledge;
  - Amendments to hedging requirements;
  - Amendments to change of control put option to allow the Kerogen Group to hold more than 30% of the Ordinary Shares/voting rights in the Company but no more than 35%; and
  - All prepayment premia to be removed. Prepaid amounts to be applied in order of maturity.
- (f) **Waivers:** the Secured Bondholders shall agree to the waivers on the terms set out in the Bondholder Summons (including waivers in respect of any interest accrued under the Secured Bonds from and including 22 March 2017 to the Completion Date and of certain defaults occurring under the Secured Bond Agreement on or before the Completion Date.

### ***Interest on Secured Bonds***

The accrued interest and amortisation payment due on 22 March 2017 in respect of the Secured Bonds shall be paid in cash in full (at 100% of nominal value) by the Company on its due date.

### ***Unsecured Bonds***

In order for the Restructuring to be implemented, the requisite majority of the Unsecured Bondholders (as further described below) shall be required to approve the transactions set out at (g) and (h) (the “**Unsecured Bondholder Approved Transactions**”).

- (g) **Unsecured Debt for Equity Swap:** the Company shall:
- (i) purchase and cancel in full all of the Unsecured Bonds in consideration for the issue by the Company of New Ordinary Shares at the Issue Price to the Unsecured Bondholders at a fixed price of 60% of face value for every \$1 of face value of Unsecured Bonds (excluding the Company Bonds) cancelled, based on the Exchange Rate;

- (ii) waive any accrued and unpaid interest on the Unsecured Bonds to the Completion Date in consideration for the issue by the Company of New Ordinary Shares at the Issue Price to the Unsecured Bondholders which correspond to a value equivalent to 2.5% of the face value of the Unsecured Bonds (excluding the Company Bonds), based on the Exchange Rate,

on a pro rata basis in respect of each Unsecured Bondholder (excluding the Company as an Unsecured Bondholder), in the proportion borne by its Unsecured Bonds (excluding the Company Bonds) to the aggregate of all Unsecured Bonds (excluding the Company Bonds).

- (h) **Waivers:** the Unsecured Bondholders shall agree to the waivers on the terms set out in the Bondholder Summons (including waivers in respect of any interest accrued but unpaid to the Completion Date and of certain defaults occurring under the Unsecured Bond Agreement on or before the Completion Date).

#### ***Cancellation of Company held Bonds for no consideration***

- (i) The Secured Bonds and Unsecured Bonds held by the Company (the “**Company Bonds**”) shall be cancelled in full for nil consideration and excluded from all of the Bondholder Transactions.

#### ***Settlement of the Voluntary Cash Offer and Conditional Cash Cancellation***

Save as set out in the Voluntary Cash Offer, the Company may elect, at its discretion, to fund the Voluntary Cash Offer and/or the Conditional Cash Cancellation from the proceeds of the Kerogen Subscription, the Ancillary Subscription, the Placing, the Open Offer and/or cash in the business.

#### ***Equity Ownership Limit***

To the extent that any Bondholder would receive more than 24.9% of the Enlarged Share Capital, the Company will only issue New Ordinary Shares to such Bondholder to the extent that it would not result in such Bondholder holding in excess of 24.9% of the Enlarged Share Capital. Such Bondholder(s) will be entitled to nominate other entities to receive the excess New Ordinary Shares that could not be allocated to them as a consequence of the restriction set out above.

#### ***Board position***

The Company has agreed that the largest holder by face value of the Secured Bonds, Trans European Oil & Gas Luxco II S.a.r.l. (“TEOG”) shall have the right, conditional upon Admission, to appoint one director to the Board for so long as TEOG (and/or any entity or entities controlled directly or indirectly by TEOG’s parent or Kohlberg Kravis Roberts which in aggregate hold 10 per cent. or more of the Enlarged Share Capital. The exercise of the right to appoint any person as a director is subject to the Company’s nominated adviser being in a position to confirm, having undertaken its customary due diligence in respect of the proposed director, that such person is suitable to be a director of a UK public company.

#### ***Approvals required for the Bondholder Approved Transactions***

The Fundraising is, *inter alia* conditional on the requisite majority of Secured Bondholders at the Bondholder Meeting consenting to the Secured Bondholder Approved Transactions and the requisite majority of Unsecured Bondholders at the Bondholder Meeting consenting to the Unsecured Bondholder Approved Transactions, for which separate votes will be held pursuant to the terms of the Bondholder Summons.

To approve the Bondholder Approved Transactions, Bondholders representing at least 66⅔% of the Secured Bonds (excluding the Company Bonds) represented at the Bondholder Meeting and 66⅔% of the Unsecured Bonds (excluding the Company Bonds) represented at the Bondholder Meeting must vote in favour of the Bondholder Resolutions set out in the Bondholder Summons. In order to be quorate, at least 50% of the Secured Bondholders and Unsecured Bondholders must vote in person or by proxy at the Bondholder Meeting.

The Fundraising is conditional upon and the Bondholder Transactions (as applicable) will only become effective if the Secured Bondholders consent to the Secured Bondholder Approved Transactions and the

Unsecured Bondholders consent to the Unsecured Bondholder Approved Transactions and are conditional, *inter alia*, upon the completion of the Fundraising and Admission.

### ***Current support for Bondholder Approved Transactions***

All of the Bondholders that the Company has spoken to have indicated their support to the terms set out below.

The Company has received signed undertakings to vote and written indications of support in favour of the Bondholder Approved Transactions from approximately 75% of the Secured Bondholders and approximately 61% of the Unsecured Bondholders.

### ***Completion Date***

Assuming that the Bondholder Approved Transactions are duly approved by the requisite majority of Bondholders and subject to, *inter alia*, the completion of the Fundraising and Admission, the Bondholder Transactions (as applicable) will be formally implemented on the Completion Date in the order described above.

### ***Debt structure of the Company upon completion of the Restructuring***

Completion of the proposed Fundraising and Bondholder Transactions (as applicable) would, if they are implemented in full, result in a reduction of net debt from c. \$122 million at 31 December 2016 to not more than US\$20 million following Admission. The table below shows an illustrative debt structure of the group following completion of the proposed fundraising and Bondholder Transaction (as applicable).

	Balance at 31/12/2016	Movement <sup>1</sup>	Balance at 28/02/2017	Bond adjustments <sup>2</sup>	Balance before restructure	Cash buy back <sup>3</sup>	Cancellation <sup>4</sup>	Debt for equity conversion <sup>5</sup>	Kerogen subscription <sup>6</sup>	Equity raise <sup>7</sup>	Balance following restructure, equity conversion and equity raise
<b>\$'m</b>											
<b>Issued Bonds</b>											
Secured Bonds	(136.1)	–	(136.1)	6.3	(129.8)	30.0	10.2	40.0	–	–	(49.6)
Unsecured Bonds	(30.0)	–	(30.0)	–	(30.0)	–	2.6	27.4	–	–	–
	(166.1)	–	(166.1)	6.3	(159.8)	30.0	12.8	67.4	–	–	(49.6)
<b>Bonds held by IGas</b>											
Secured Bonds	10.5	–	10.5	(0.3)	10.2	–	(10.2)	–	–	–	–
Unsecured Bonds	2.6	–	2.6	–	2.6	–	(2.6)	–	–	–	–
	13.1	–	13.1	(0.3)	12.8	–	(12.8)	–	–	–	–
<b>Outstanding Bonds</b>	<b>(153.0)</b>	<b>–</b>	<b>(153.0)</b>	<b>6.0</b>	<b>(147.0)</b>	<b>30.0</b>	<b>–</b>	<b>67.4</b>	<b>–</b>	<b>–</b>	<b>(49.6)</b>
Cash and cash equivalents	31.1	(0.7)	30.3	(12.4)	17.9	(30.0)	–	–	35.0	20.0	42.9
<b>Net Debt</b>	<b>(122.0)</b>	<b>(0.7)</b>	<b>(122.7)</b>	<b>(6.4)</b>	<b>(129.1)</b>	<b>–</b>	<b>–</b>	<b>67.4</b>	<b>35.0</b>	<b>20.0</b>	<b>(6.7)</b>
Issued number of shares (million)	302.8	0.5	303.3	–	303.3	–	–	1,043.3	665.8	365.3	2,377.7
Equity holding(%)					12.8%			43.9%	28.0%	15.3%	100%

#### **Notes**

- Movement to 28 February 2017: Includes \$0.7m of Operating cash outflows and the issue of 0.5m SIP shares to employees.
- Bond adjustments: Includes a \$6.3m reduction in secured bonds following a \$2.2m capital expenditure Mandatory Redemption and Bond amortisation of \$4.1m. This is offset by \$0.3m for Company owned bonds. Cash is further reduced by interest payments of \$6.3m.
- Cash buy back: An amount equal to the secured Bond cash cancellation (\$30 million face value or less if Secured Bond Conversion minimum is exceeded) is bought back at par. Subject to offers from the secured bondholders, the buyback may be increased by an amount equal to the amount of the Placing and Ancillary Subscription proceeds. The increased buy back is not shown in the table above.
- Cancellation: Company held secured bonds of \$10.2m and unsecured bonds of \$2.6m are cancelled.
- Debt for equity conversion
  - Secured: A minimum of \$50 million and a maximum of \$60 million of secured debt is converted to equity at par. The amount of \$40 million in the table above shows the minimum \$50 million debt to equity conversion reduced by 50% of the equity raised (note 7).
  - Unsecured \$27.4 million of unsecured debt is converted to equity at 62.5% face value.
- Kerogen Subscription: Kerogen subscribe for \$35.0m of shares in exchange for approximately 28% of the Company. The issued number of shares includes additional New Ordinary Shares so that Kerogen owns approximately 28% of the ordinary shares of the Company.
- Equity raise: Includes funds raised from the Ancillary Subscription and the Placing of \$20 million. The table above excludes any subscription from existing shareholders through the open offer.

## **6. Details of the Kerogen Subscription, the Ancillary Subscription, the Placing and the Open Offer**

### **6.1 Information about Kerogen**

Kerogen Capital is an independent private equity fund established in 2007 specialising in the international oil and gas sector. It provides expansion and development capital to established junior oil and gas companies and has a strategy of partnering with management teams which have a competitive advantage in a particular area of technical expertise.

Kerogen Capital has managed approximately US\$1.9 billion of capital commitments across three funds and their related parallel and co-investment funds. Kerogen Capital's investors comprise a range of blue-chip institutions including endowment funds, foundations, pension plans, fund of funds, international corporations and family offices.

Kerogen Capital's managed funds are currently invested in the following nine oil and gas companies:

Zenor Petroleum Ltd, a private exploration and production company focusing on the North Sea;

AJ Lucas Group Limited, a leading drilling services company in Australia. AJ Lucas also holds a 45% interest in Cuadrilla Resources Holdings Limited, an early mover in the European shale gas industry with a portfolio of prospective acreage across the UK and continental Europe;

New Age (African Global Energy) Limited, a private oil and gas exploration and development company with a regional focus in Sub-Saharan Africa;

Twinza Oil Limited, an oil and gas company focused on the Asia Pacific region;

Buried Hill (Cyprus) Energy PLC, an upstream oil and gas company with its core asset located in the Caspian Sea;

HKN Holding Limited, a private oil and gas company and subsidiary of Hillwood International Energy L.P., with an operated interest in the Sarsang block in Kurdistan;

MI2 Investment Limited, a co-investment with New Age (African Global Energy) Limited in the Marine XII licence off the coast of the Republic of the Congo; and

Hurricane Energy plc. Hurricane Energy is a UK-based oil and gas company with a specialist focus on hydrocarbon resources in naturally fractured basement reservoirs. Hurricane Energy's acreage is located on the UK Continental Shelf where the company has made two significant discoveries.

Pandion Energy A.S.. Pandion Energy is a private oil and gas company focused on exploration, appraisal and development opportunities on the Norwegian Continental Shelf.

Energen Israel Limited. Energen Israel is focused on the development of the Karish and Tanin gas fields located offshore Israel in the Levantine Basin, a region containing some of the largest global gas discoveries in recent years.

The team at Kerogen Capital comprises highly experienced investment professionals as well as in-house technical and operations expertise in the oil and gas industry. Together with its Executive Board, Kerogen Capital seeks to support and assist its portfolio companies in delivering the full potential of their assets.

## **6.2 *Details of the Kerogen Subscription – Equity investment of up to \$35 million for approximately 28% of the Ordinary Shares in the Company***

Kerogen Investor has agreed to invest \$35 million to subscribe for New Ordinary Shares issued by the Company at the Issue Price resulting in an equity interest of approximately 28% in the Enlarged Share Capital immediately following Admission, on the terms set out in this document and conditional on, *inter alia*, the approval and implementation of the Fundraising and the Bondholder Transactions (as applicable).

To the extent that immediately following Admission, the Kerogen Shares represent less than 28% of the Ordinary Shares in the Company, additional New Ordinary Shares will be issued to Kerogen Investor at a nominal value (i.e. at a price of 0.0001p each) to ensure that Kerogen Investor holds approximately 28% of the Ordinary Shares of the Company.

The Kerogen Subscription Agreement contains certain warranties given by the Company in favour of Kerogen Investor in relation to, *inter alia*, the accuracy of the information in this document and other

matters relating to the Group and its business and certain customary warranties given by Kerogen Investor in favour of the Company.

Kerogen Investor and the Company have also entered into the Relationship Agreement. The Relationship Agreement is conditional on Admission taking place no later than 8.00 a.m. on 4 April 2017 (or such later date as the parties may agree, being not later than 28 April 2017) and will remain in force, for so long as the Ordinary Shares are admitted to trading on AIM and the Kerogen Group holds 10 per cent. or more of the voting rights of the Ordinary Shares in issue from time to time.

The Relationship Agreement provides that:

- (a) For so long as the Kerogen Group holds 10 per cent or more of the voting rights of the Ordinary Shares in issue from time to time, the Kerogen Investor undertakes (i) not to take any action so as to prevent the Group from carrying on its business independently of the Kerogen Group; (ii) to conduct all transactions with members of the Group on an arm's length basis and normal commercial terms; (iii) not to take any action to prevent the Company from complying with its legal and regulatory obligations; and (iv) not to take any action to prevent the business and affairs of the Company from being conducted in accordance with its articles of association;
- (b) for so long as the Kerogen Group holds 20 per cent or more of the voting rights of the Ordinary Shares, Kerogen Investor has the right to nominate two Directors to the Board (each a "**Nominated Director**"). The appointment of any Nominated Director shall be subject to the prior consultation with the Company's nominated adviser, to enable the nominated adviser to conduct reasonable due diligence on the proposed Nominated Director.
- (c) in the event that the percentage holding of the Kerogen Group drops to below 20 per cent but stays above 10 per cent, Kerogen Investor will retain the right to appoint at least one Nominated Director; and
- (d) Kerogen Investor also has the right to nominate a Nominated Director to each of the existing Committees of the Board.
- (e) the Company will also establish a technical and operating committee (the "**TechCom**") whose purpose will be to review and consider technical and operational matters, together with other risk issues, before they are presented to the Board of Directors.

Technical and operating matters shall include (without limitation):

- (i) Review of any new projects or acreage;
  - (ii) Review of any key operating activities including G&G programmes, drilling and testing activities, field development plans, etc; and
  - (iii) Review of operational and financial performance (such as KPIs, HSE metrics, operating and other costs, and performance against budgets);
- (f) for so long as the Kerogen Group owns more than 10% of the Ordinary Shares of IGas, Kerogen Investor shall be permitted to nominate two representatives to the TechCom.

As explained above, the final percentage of New Ordinary Shares that will be held by Kerogen Investor on Admission will not be known at the date of this document as the numbers of New Ordinary Shares to be issued pursuant to the Ancillary Subscription, Placing, Open Offer and the Bond Equity Exchange will not be known until those offer processes are completed.

The Company will announce all relevant numbers and percentages of New Ordinary Shares to be issued under the various components of the Fundraising following the General Meeting.

### 6.3 *Details of the Ancillary Subscription*

Certain Directors, certain of their spouses and certain third parties have entered into subscription letters with the Company to subscribe for a total of 22,430,642 New Ordinary Shares at the Issue Price.

The Ancillary Subscription is conditional upon, *inter alia*, the Bondholder Resolutions being passed (and the Bondholder Transactions (as applicable) becoming effective), the passing of the Resolutions at the General Meeting and the Kerogen Subscription Agreement and the Placing and Open Offer Agreement each becoming unconditional in all respects.

The Ancillary Subscription Shares will, upon issue, rank *pari passu* with the other Fundraising Shares and all of the New Ordinary Shares in issue.

### 6.4 *Details of the Placing*

The Joint Brokers have conditionally placed 342,856,192 New Ordinary Shares at the Issue Price with institutional and other investors.

The Issue Price of 4.5 pence represents a discount of 11.5 per cent. to the middle market closing price of the Existing Ordinary Shares on 16 March 2017 (being the latest practicable date before publication of this document) which was 5.08 pence.

The Placing is conditional upon, *inter alia*, the Bondholder Resolutions being passed (and the Bondholder Transactions (as applicable) becoming effective), the passing of all Resolutions at the General Meeting and the Kerogen Subscription Agreement, the Ancillary Subscription and the Placing and Open Offer becoming unconditional in all respects.

The Placing Shares will, upon issue, rank *pari passu* with the other Fundraising Shares and the other New Ordinary Shares.

The Placing and Open Offer Agreement contains customary warranties given by the Company in favour of the Joint Brokers in relation to, *inter alia*, the accuracy of the information in this document and matters relating to the Group and its business. In addition, the Company has agreed to indemnify the Joint Brokers in relation to certain liabilities which the Joint Brokers may incur in respect of the Fundraising.

The Joint Brokers have the right to terminate the Placing and Open Offer Agreement in certain circumstances prior to Admission, in particular, in the event of breach of any of the warranties or a material adverse change.

The Placing and Open Offer Agreement also provides for the Company to pay all costs, charges and expenses of, or incidental to, the Fundraising and Admission including all legal and other professional fees and expenses.

Further details of the Placing and Open Offer Agreement can be found in paragraph 12 of Part I.

### 6.5 *Principal terms of the Open Offer*

Subject to the fulfilment of the conditions set out below and in Part IV of this document, Qualifying Shareholders are being given the opportunity to subscribe for the Open Offer Shares at a price of 4.5 pence per Open Offer Share, pro rata to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

#### **3 Open Offer Shares for every 10 Existing Ordinary Shares**

Open Offer Entitlements will be rounded down to the nearest whole number of Open Offer Shares.

The participants in the Ancillary Subscription have agreed not to take up their entitlements (if any) in the Open Offer to maximise the number of Open Offer Shares available for subscription by the remaining Qualifying Shareholders.

Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlements in full, to apply for Excess Shares through the Excess Application Facility. Applications for Excess Shares are limited to a further 100% of a Shareholder's Open Offer Entitlement.

**If, however, Qualifying Shareholders wish to apply for more than the Excess Entitlement the Qualifying Shareholder should contact the Receiving Agent by telephone on +44 (0) 370 707 1106 who will make appropriate arrangements. Any allocation above Excess Entitlements is at the sole discretion of the Directors.**

The Open Offer Shares will be allotted and issued conditional upon, *inter alia*, the Bondholder Transactions, the Kerogen Subscription Agreement, the Ancillary Subscription Letters and the Placing and Open Offer Agreement having become unconditional in all respects and not having been terminated in accordance with their respective terms. The Open Offer is not underwritten. Accordingly, if the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies received by the Registrars will be returned to the applicants (at the applicants' sole risk), without payment of interest, as soon as practicable following the lapse of the Open Offer.

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure and payment, are contained in Part IV of this document (and accompanying Application Form).

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of approximately £4.095 million (being less than €5 million) for the Company.

The Open Offer Shares will, upon issue, rank *pari passu* with the Fundraising Shares and the other New Ordinary Shares.

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating the Open Offer Entitlements.

It should be noted that the Open Offer is not a rights issue. Accordingly, the Application Form is not a document of title and cannot be traded. Any Open Offer Shares not applied for under the Open Offer will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not take up their rights to subscribe under the Open Offer.

#### 6.6 *Excess Application Facility*

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares.

**If, however, Qualifying Shareholders wish to apply for more than the Excess Entitlement the Qualifying Shareholder should contact the Receiving Agent by telephone on +44 (0) 370 707 1106 who will make appropriate arrangements. Any allocation above Excess Entitlements is at the sole discretion of the Directors.**

Qualifying Non-CREST Shareholders who wish to apply to acquire more than their Open Offer Entitlements should complete the relevant sections of the Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 3.1(g) of Part IV of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility. Open Offer Shares will be available to satisfy Excess Open Offer Entitlements only and to the extent that applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. Once applications by Qualifying Shareholders for their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any applications under the Excess Application Facility in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Application will be made for the Open Offer Entitlements and Excess Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 20 March 2017. Such Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 20 March 2017. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying Non-CREST Shareholders will receive an Application Form with this document which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Qualifying CREST Shareholders and Excess Crest Open Offer Entitlements will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements as soon as possible after 8.00 a.m. on 20 March 2017. Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued and any outstanding Open Offer Entitlements will lapse.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part IV of this document.

For Qualifying Non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH. Delivery by hand (during normal business hours only) can be made to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. Arrival should be as soon as possible and in any event, to be received no later than 11.00 a.m. on 31 March 2017. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this document by no later than 11.00 a.m. on 31 March 2017.

#### 6.7 ***Conditions and other information relating to the Fundraising***

The Fundraising is conditional, *inter alia*, upon

- (a) the passing of all of the Resolutions at the General Meeting;
  - (b) the passing of the Bondholder Resolutions;
  - (c) the Secured Bond Amendment and Restatement Agreement becoming unconditional in all respects (save for the condition relating to Admission);
  - (d) the Kerogen Subscription Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms;
  - (e) the Ancillary Subscription Letters becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with their terms;
  - (f) the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms;
- and

- (g) Admission becoming effective by no later than 8.00 a.m. on 4 April 2017, or such later date as may be agreed between the Company and each of the other parties to both the Subscription Agreement and the Placing and Open Offer Agreement, being not later than 8.00 a.m. on 28 April 2017.

Accordingly, if any such conditions are not satisfied, or, if applicable, waived (save that (a), (b) and (g) above cannot be waived), no part of the Fundraising or Bondholder Transactions will proceed. If the Open Offer does not proceed, any applications made by Qualifying Shareholders will be rejected and application monies will be returned without payment of interest as soon as practicable.

A summary of the principal terms of the Kerogen Subscription Agreement, the Ancillary Subscription Letters and the Placing and Open Offer Agreement are set out in paragraph 8 of Part V.

The Fundraising will result in the issue of, in total, up to 2,708,112,845 New Ordinary Shares assuming full take up under the Open Offer and assuming the maximum number of New Ordinary Shares are issued pursuant to the Bond Equity Exchange (representing, in aggregate, approximately 89.93 per cent. of the Enlarged Share Capital). The Fundraising Shares, will be issued credited as fully paid, and will rank *pari passu* in all respects with the New Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the Fundraising Shares. No temporary documents of title will be issued.

Following the issue of the Fundraising Shares pursuant to the Fundraising (and assuming that the Open Offer is taken up in full and assuming the maximum number of New Ordinary Shares are issued pursuant to Bond Equity Exchange), Qualifying Shareholders who take up their full Open Offer Entitlements (excluding, for the avoidance of doubt, any Open Offer Shares acquired through the Excess Application Facility) in respect of the Open Offer will undergo a dilution of up to approximately 86 per cent. to their interests in the Company due to the issue of the Fundraising Shares. Qualifying Shareholders who do not take up any of their Open Offer Entitlements in respect of the Open Offer will experience a more substantial dilution to their interests in the Company because of the Fundraising.

## **7. Use of proceeds**

The Kerogen Subscription, the Ancillary Subscription, the Placing and Open Offer will strengthen the Company's balance sheet, enabling the restructuring of its bonds to take place and thereby providing financial flexibility and right sizing its capital structure for the current oil price environment.

The use of proceeds from the Kerogen Subscription, the Ancillary Subscription, the Placing and the Open Offer is not restricted and the Company may use such proceeds at its own discretion, save that some or all of such proceeds and/or forecast cashflows from the Company's asset base, will be used to give effect to the Bondholder Transactions (in particular the Voluntary Cash Offer and the Conditional Cash Cancellation).

Thereafter, the remaining proceeds of the Fundraising and cashflow shall be used to fund expenditure to develop and extract further value from the Group's conventional hydrocarbon assets and progress its unconventional hydrocarbon assets. The Company has identified a number of opportunities to increase production across its existing conventional portfolio including investment in oil behind pipe, gas monetization and water flood opportunities with the potential to increase production by c.320 boepd (net of decline) by the end of 2018.

## 8. Directors' and major Shareholders' participation in the Placing and the Ancillary Subscription

The Directors listed in the table below have conditionally agreed to subscribe for a total of £914,379 in the Ancillary Subscription, representing 20,319,532 New Ordinary Shares, in the amounts set out next to their names. The Directors have irrevocably agreed not to take up their Open Offer Entitlements.

	<i>No. of New Ordinary Shares</i>
Robert McTighe	11,111,111
Stephen Bowler	1,000,000
Julian Tedder	2,222,222
John Blaymires*	666,666
John Bryant	1,666,666
Francis Gugen	3,652,867

\*of which 333,333 New Ordinary Shares have been subscribed for by his wife, Melanie Blaymires

Further details of the Directors' interests in the share capital of the Company are set out in paragraph 5 of Part V.

Cuth McDowell has not subscribed under the Ancillary Subscription for New Ordinary Shares but instead has undertaken to tender US\$240,000 of Secured Bonds in the Voluntary Equity Exchange and accordingly expects to acquire up to 4,383,441 New Ordinary Shares in connection with the proposed Bondholder Transactions.

In addition certain third parties have conditionally agreed to subscribe for a total of £95,000 in the Ancillary Subscription, representing 2,111,110 New Ordinary Shares.

## 9. Financial position and financial prospects

If the Fundraising and the Bondholder Transactions (as applicable) are not approved and the Restructuring does not take place, the Directors are of the opinion that there are no alternative options for the Company to avoid the forecast events of default occurring under the Bond Agreements (as described above). As previously announced, the Company forecasts that it will, absent a successful restructuring, breach its liquidity covenants and leverage covenants and one or more events of defaults will occur under the Bond Agreements on or before 5 April 2017 (unless such events of default are waived with the consent of the requisite majority of Bondholders). Following the occurrence of an event of default, the Secured Bondholders would be entitled to take enforcement action which, if taken, could, *inter alia*, result in the Company and/or its subsidiaries (as guarantors of the Secured Bonds) being subject to insolvency proceedings or could adversely affect some of the carry agreements which benefit the Company. This would result in an indefinite suspension of trading of the Ordinary Shares on AIM and would likely result in little or no residual value for the Shareholders.

**9.1 As such, it is critical that Shareholders vote in favour of the Resolutions so that, assuming the other conditions are satisfied, the Fundraising and Bondholder Transactions can proceed and the Group can continue trading.**

## 10. Action to be taken with respect to the Open Offer

### 10.1 *Qualifying Non-CREST Shareholders*

If you are a Qualifying Non-CREST Shareholder you should have received with this document an Application Form which gives details of your entitlement under the Open Offer. If you wish to apply for the number of Open Offer Shares you are entitled to under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you) or more or less Open Offer Shares than you are entitled to under the Open Offer, you should complete the enclosed Application Form in accordance with the procedure for application set out in paragraph 4.1 of Part IV of this document and on the Application Form itself.

## 10.2 *Qualifying CREST Shareholders*

If you are a Qualifying CREST Shareholder, no Application Form is enclosed with this document and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your entitlement under the Open Offer and Excess Open Offer Entitlement. You should refer to the procedure for application set out in paragraph 4.2 of Part IV of this document.

**The latest time for applications under the Open Offer to be received is 11.00 a.m. on 31 March 2017. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Open Offer Entitlements or have your Open Offer Entitlements credited to your stock account in CREST. The procedures for application and payment are set out in Part IV of this document. Further details also appear in the Application Form which has been sent to Qualifying Non-CREST Shareholders.**

**Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsors regarding the action to be taken in connection with this document and the Open Offer.**

## 11. Overseas Shareholders

Information for Overseas Shareholders appears in section 6 of Part IV of this document, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you pay particular attention to that section of this document.

## 12. Placing and Open Offer Agreement

Pursuant to the Placing and Open Offer Agreement dated 17 March 2017 between (1) the Company; (2) Investec; and (3) Canaccord. Investec and Canaccord have agreed to use their respective reasonable endeavours to procure places for the Placing Shares at the Issue Price, as the Company's agents.

The Placing and Open Offer Agreement contains certain warranties and indemnities from the Company in favour of Investec and Canaccord and is conditional, *inter alia*, upon

- (a) the passing of all of the Resolutions at the General Meeting;
- (b) the passing of the Bondholder Resolutions;
- (c) the Secured Bond Amendment and Restatement Agreement becoming unconditional in all respects (save for the condition relating to Admission);
- (d) the Kerogen Subscription Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms;
- (e) the Ancillary Subscription Letters becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with their terms;
- (f) the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms; and
- (g) Admission becoming effective by no later than 8.00 a.m. on 4 April 2017, or such later date as may be agreed between the Company and each of the other parties to both the Subscription Agreement and the Placing and Open Offer Agreement, being not later than 8.00a.m. on 28 April 2017.

Accordingly, if any such conditions are not satisfied, or, if applicable, waived (save that (a), (b) and (g) above cannot be waived), no part of the Fundraising or Bondholder Transactions will proceed.

Investec and Canaccord may terminate the Placing and Open Offer Agreement in certain circumstances prior to Admission of the Fundraising Shares including, *inter alia*, if there shall have been a material adverse change, or a development involving a prospective material adverse change, in national or international political, military, diplomatic, terrorist, monetary, industrial, economic, financial or stock market conditions,

which in the opinion of Investec and Canaccord would be likely to prejudice materially the success of any part of the Fundraising or which would make it impracticable or inadvisable to market any of the Fundraising Shares or to enforce contracts for the sale of the Fundraising Shares, or if the Company fails to comply in any material respect with any of its obligations under the Placing and Open Offer Agreement.

In the event that the Placing and Open Offer Agreement fails to become unconditional or is terminated in accordance with its terms none of the other parts of the Fundraising will proceed.

### **13. Subdivision**

The current issued capital of the Company is £30,330,553.40 divided into 303,305,534 Existing Ordinary Shares of a nominal value of 10 pence each. No other shares of the Company are in issue.

English company law prohibits a public company from issuing a new share at a price less than its nominal value. As the Issue Price is lower than the current nominal value of the Existing Ordinary Shares, it is proposed that each Existing Ordinary Share be sub-divided into one ordinary share of 0.0001p each and one Deferred Share of 9.9999p each. It will not be possible to effect the Fundraising without first effecting the Subdivision. In addition to the extent that the number of New Ordinary Shares to be issued to Kerogen Investor pursuant to the Kerogen Subscription Agreement represent less than 28% of the Ordinary Shares in the Company at Admission, additional New Ordinary Shares must be issued to Kerogen Investor at a nominal value (i.e. at a price of 0.0001p each) to ensure that Kerogen Investor holds approximately 28% of the Ordinary Shares in the Enlarged Share Capital, the Subdivision has been designed in this way as it has been agreed with Kerogen Investor to make the cost of this “top-up” right minimal to Kerogen Investor.

New share certificates will not be issued and the existing share certificates will continue to be valid following the Subdivision. Shareholders who hold their shares in the Company through CREST should note that the Company’s ISIN number (GB00B29PWM59) will continue to be valid.

**Please note that the Subdivision itself has no economic or other effect on the rights of Shareholders. It is merely a technical process to allow the issue of the New Ordinary Shares at the Issue Price. All economic value remains in the Ordinary Shares.**

Application will, assuming the passing of the Subdivision Resolution, be made for the New Ordinary Shares to be admitted to trading on AIM. Dealings in the Existing Ordinary Shares will cease at the close of business on the date of the General Meeting and dealings in the New Ordinary Shares (including the Fundraising Shares) are expected to commence on the following day.

The Deferred Shares will have no income or voting rights. The only right attaching to the Deferred Shares will be to receive the amount paid up on a winding-up of the Company once the holders of New Ordinary Shares have received £1,000,000 per New Ordinary Share held. The Deferred Shares will not be transferable and will be held by the Company Secretary as trustee for the holders. The Company may purchase the Deferred Shares in issue at any time for no consideration. As such, the Deferred Shares effectively have no value. No application will be made for the Deferred Shares created by the Subdivision to be admitted to trading on AIM, and no share certificates will be issued in respect of the Deferred Shares.

In the event that the Fundraising Resolutions are not passed but the Subdivision Resolution is passed, then the Subdivision would still proceed but the Fundraising would not.

### **14. Additional information**

Your attention is drawn to the Risk Factors set out in Part II of this document and the additional information set out in Part V of this document. Shareholders are advised to read the whole of this document and to not rely solely on the information presented in this Part I.

Details of the action to be taken if you wish to subscribe for Open Offer Shares is provided in Part IV of this document and a section dealing with some questions and answers about the Open Offer is set out in Part III of this document.

This document will be available for a period of twelve months from the date of this document on the Company's website [www.igasplc.com](http://www.igasplc.com) free of charge in accordance with the requirements of Rule 26 of the AIM Rules for Companies.

## 15. Related Party Transaction

A number of Related Parties as defined in the AIM Rules will be participating in the Placing or the Ancillary Subscription.

<i>Related Party</i>	<i>Current Holding</i>	<i>Subscription/ Conversion</i>	<i>Holding post Subscription</i>
Francis Gugen	27,615,764	3,652,867	31,268,631
Robert McTighe	250,000	11,111,111	11,361,111
Stephen Bowler	139,920	1,000,000	1,139,920
Julian Tedder	169,638	2,222,222	2,391,860
John Blaymires	90,003	666,666*	756,669*
John Bryant	59,045	1,666,666	1,725,711
Cuth McDowell	0	4,383,441	4,383,441

\*of which 333,333 New Ordinary Shares have been subscribed for by, and will be held by, his wife, Melanie Blaymires

## 16. General Meeting

The Directors do not currently have sufficient authority to allot all of the Fundraising Shares required to effect the Fundraising. Accordingly, the Board is seeking the approval of Shareholders to allot the Fundraising Shares at the General Meeting. The authorities granted to the Directors to allot shares of the Company at the Annual General Meeting held on 25 May 2016 will be revoked pursuant to the Resolutions.

A notice convening the General Meeting, which is to be held at the offices of Cooley (UK) LLP, Dashwood, 69 Old Broad Street, London EC2M 1QS at 10.00 a.m. on 3 April 2017, is set out at the end of this document. At the General Meeting, the following Resolutions will be proposed:

- (a) Resolution 1 is an ordinary resolution to subdivide each of the 303,305,534 Existing Ordinary Shares into one New Ordinary Share and one Deferred Share;
- (b) Resolution 2, which is conditional on the passing of Resolution 3, is an ordinary resolution to authorise the Directors to allot relevant securities up to an aggregate nominal amount of £3,600, being equal to 3,600,000,000 New Ordinary Shares (i.e. the maximum number of New Ordinary Shares required to be issued pursuant to the Fundraising; and
- (c) Resolution 3, which is conditional on the passing of Resolution 2, is a special resolution to authorise the Directors to issue and allot equity securities up to an aggregate nominal value of £3,600, being equal to 3,600,000,000 New Ordinary Shares, pursuant to the Fundraising on a non-pre-emptive basis.

The authorities to be granted pursuant to each of the Resolutions will expire on the date falling six months from the date of the passing of those Resolutions (unless renewed varied or revoked by the Company before or on that date) and will also revoke the Directors' authority to allot relevant securities granted at the Company's annual general meeting held on 25 May 2016.

## 17. Irrevocable undertakings

The Company has received irrevocable undertakings from the Directors to vote in favour of the Resolutions in respect of their respective entire holdings of Existing Ordinary Shares representing, in aggregate, 9.34 per cent. of the Existing Ordinary Shares.

## 18. Action to be taken in relation to the General Meeting

A Proxy Form for use at the General Meeting accompanies this document. The Proxy Form should be completed in accordance with the instructions thereon and returned to the Company's registrars,

Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY as soon as possible, but in any event so as to be received by 10.00 a.m. on 1 April 2017. The completion and return of a Proxy Form will not preclude Shareholders from attending the General Meeting and voting in person should they so wish. Alternatively, Shareholders may appoint a proxy electronically in accordance with the instructions in Note 7 of the Notice of General Meeting set out at the end of this document. CREST members may use the CREST electronic proxy appointment service, instructions for which are contained in Note 8 of the Notice of General Meeting.

**As stated above, it is critical that Shareholders vote in favour of the Resolutions so that, assuming the other conditions are satisfied, the Fundraising and Bondholder Transactions can proceed and the Group can continue trading.**

#### **19. Recommendation**

**The Directors believe that the Kerogen Subscription, the Ancillary Subscription, the Placing, the Open Offer and the Bond Equity Exchange and the passing of the Resolutions are in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors, unanimously recommend Shareholders to vote in favour of the Resolutions, as the Directors intend to do in respect of their aggregate beneficial holdings of 28,324,370 Existing Ordinary Shares, representing 9.34 per cent. of the Existing Ordinary Shares.**

**The Fundraising and Bondholder Transactions are conditional, among other things, upon the passing of all of the Resolutions at the General Meeting and the passing of the Bondholder Resolutions. Shareholders should be aware that if any Resolution is not approved by Shareholders at the General Meeting or any Bondholder Resolution is not approved at the Bondholder Meeting, the Fundraising and Bondholder Transactions will not proceed.**

Yours faithfully,

**Francis Gugen**

*Chairman*

IGas Energy plc

## **PART II**

### **RISK FACTORS**

**THE FUNDRAISING IS CONDITIONAL UPON, AMONG OTHER THINGS, THE AGREEMENT OF THE REQUISITE MAJORITY OF BONDHOLDERS TO THE BONDHOLDER APPROVED TRANSACTIONS, SHAREHOLDER APPROVAL AND ADMISSION. IN THE EVENT THAT ANY CONDITION TO WHICH ADMISSION IS SUBJECT IS NOT SATISFIED OR, IF CAPABLE OF WAIVER, WAIVED, ADMISSION WILL NOT OCCUR AND THE RESTRUCTURING AND FUNDRAISING WILL NOT COMPLETE.**

**IF THE RESOLUTIONS SET OUT IN THE NOTICE OF GENERAL MEETING OR THE BONDHOLDER RESOLUTIONS IN THE BONDHOLDER SUMMONS ARE NOT PASSED, OR IF ANY OTHER CONDITION OR IMPLEMENTATION OF THE FUNDRAISING OR BONDHOLDER TRANSACTIONS IS NOT SATISFIED, NEITHER THE FUNDRAISING NOR THE BONDHOLDER TRANSACTIONS WILL TAKE PLACE AND THE RESTRUCTURING WILL NOT COMPLETE. THE BOARD OF THE COMPANY IS OF THE OPINION THAT, IF THE FUNDRAISING AND THE BONDHOLDER TRANSACTIONS ARE NOT APPROVED, THERE WOULD BE NO ALTERNATIVE OPTIONS FOR THE COMPANY TO REFINANCE AND/OR RESTRUCTURE THE BONDS PRIOR TO THE FORECAST EVENT OF DEFAULT OCCURRING ON OR BEFORE 5 APRIL 2017 AS A RESULT OF THE FORECAST BREACH OF THE LIQUIDITY COVENANT.**

Any investment in the New Ordinary Shares is subject to a number of risks and uncertainties. Prior to investing in the New Ordinary Shares, prospective investors should carefully consider the factors, risks and uncertainties associated with any such investment, the Company's business and the industry in which it operates including, in particular, the risk factors set out below in addition to the other information contained in this document. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks and explanations listed do not purport to comprise all those risks and explanations associated with an investment in the Company, are not set out in any particular order of priority and should be used as guidance only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, the potential significance of the risks or of the scope of any potential harm to the Company's business, results of operations and financial conditions or prospects. Additional risks and uncertainties not currently known to the Directors, or which the Directors currently deem immaterial, may individually or cumulatively also have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's performance may be materially and adversely affected by changes in the market and economic conditions and by changes in the laws and regulations (including tax law and regulations) relating to, or affecting, the Company or the interpretation of such laws and regulations. If any of the following risks actually occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In this event, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

The investment offered in this document may not be suitable for all of its recipients. Before making an investment decision, prospective investors should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances, the information in this document and the financial resources available to him/her.

## **1. Business Risks specific to IGas**

### **1.1 *Following Admission the Group will continue to carry debt***

The Group currently has a substantial amount of indebtedness and even if the Fundraising and Bondholder Resolutions are implemented, the Group will continue to have a net indebtedness of c. £8 million. The Secured Bonds currently carry a coupon of 10% per annum (where interest is payable semi-annually in arrears) and semi-annual amortisation of 2.5% of initial loan amount. Final maturity on the Secured Bonds is currently 22 March 2018.

Assuming the Restructuring completes (which is conditional, *inter alia*, upon approval by Shareholders of the Resolutions and approval by Bondholders of the Bondholder Approved Transactions), the terms of the Secured Bonds will be amended (as described above in paragraph 5 of Part I). However, the Company may be required to continue to use a material portion of its cash flow to pay interest and principal on the new amended Secured Bonds, which will reduce the funds available for future operational purposes and the Company may be at a competitive disadvantage relative to its competitors who operate on a less leveraged basis. The Secured Bond Agreement will continue to include certain financial covenants (for example a leverage covenant) for a leveraged company (see paragraph 5 of Part I above).

Whilst IGas has reached agreement in principle with certain holders of the Secured Bonds to remove or relax certain covenants and extend certain maturities as described in paragraph 5 of Part I, the Restructuring is conditional upon the approval of the requisite majority of Secured Bondholders at a Bondholders' Meeting. The proposed amendments to the Secured Bond Agreement imposes further constraints upon the ability of IGas to conduct its business and certain of the relaxations of covenants are temporary in nature. It is possible that IGas may not be able to meet future minimum liquidity covenants and/or amortisation or maturity payments or interest payments and there can be no guarantee that the Secured Bondholders would agree to any further waivers or relaxations of covenants or any further extensions to repayment dates. Any failure to meet a future covenant test or a repayment date would constitute an event of default, giving the Secured Bondholders the power to accelerate all sums outstanding and to enforce security held by them, leaving no or little residual value for the Shareholders.

### **1.2 *Risks relating to completion of the Restructuring***

Completion of the Restructuring is subject to approval, in each case at the requisite approval levels, by Shareholders of the Resolutions and approval by the Bondholders of the Bondholder Approved Transactions and the conditions set out in the documents. If the Bondholder Resolutions are not approved, the Restructuring would not complete and an event of default would occur under the Secured Bonds on or before 5 April 2017. Such event of default could only be waived with the consent of the requisite majority of Bondholders.

Furthermore, the Board is of the opinion that, if the Fundraising and the Bondholder Transactions are not approved, there would be no alternative options for the Company to refinance and/or restructure the Bonds prior to the event of default occurring as a result of the breach of the liquidity covenant on or before 5 April 2017.

The Company has explored alternative restructuring options and has not been able to obtain certainty of alternative funding from other sources. Therefore, if the Fundraising and the Bondholder Transactions do not occur, any alternative restructuring solution (assuming no enforcement action is taken by the Bondholders prior to such restructuring) would likely result in no or little residual value for the Shareholders.

### **1.3 *Following the Restructuring the Secured Bondholders will own a significant proportion of the Group's equity and all of its debt***

Following the completion of the Restructuring, the Secured Bondholders will, individually and in aggregate, hold a significant proportion of the Group's equity and all of its debt (the amended Secured Bonds). Interests of the Secured Bondholders may therefore conflict with the interests of the other

Shareholders and/or the interests of the Group. Therefore matters may not be resolved in a manner which other Shareholders consider to be in their best interests or in the interests of the Company or the Group. The Secured Bondholders may be traditional debt holders and may not be accustomed to holding equity and as such may behave differently and their interests may not be aligned with the other Shareholders.

Following the completion of the Restructuring, the Unsecured Bondholders will, individually and in aggregate, hold a significant proportion of the Group's equity. The Unsecured Bondholders may be traditional debt holders and may not be accustomed to holding equity and as such may behave differently and their interests may not be aligned with the other Shareholders.

1.4 ***IGas may need additional funds in the longer term in order to develop its business***

IGas may need additional funds in the longer term in order to further develop exploration and development programmes. Additional equity financing may be dilutive to holders of IGas's Ordinary Shares and could contain rights and preferences superior to those of the Ordinary Shares. Debt financing may involve restrictions on IGas's financing and operating activities. In either case, additional financing may not be available to IGas on acceptable terms. If IGas is unable to raise additional funds as needed, the scope of its operations may be reduced and, as a result, IGas may be unable to fulfil its long-term expansion programme, or meet its contractual obligations under contracts it is a party to which may ultimately be withdrawn or terminated for non-compliance. No assurances can be given that IGas will be able to raise the funding required for such capital expenditure, on a secured basis or otherwise, on acceptable terms or at all.

IGas' ability to obtain outside funding will depend, in addition to IGas' financial position, in part upon the industry's perception of the future commodity prices and other factors outside IGas' control. If IGas is unable to obtain any required funding in a timely manner, at a reasonable cost or on reasonable terms, it could be required to scale back, defer, curtail or abandon its operational plans, which could have a material adverse effect on the Group's business, results of operations and financial condition.

1.5 ***A substantial or extended decline in oil and natural gas prices or consumption may adversely affect IGas' businesses, financial condition and results of operations***

Historically, hydrocarbon prices have been subject to large fluctuations in response to a variety of factors beyond IGas' control, including operational issues, natural disasters, weather, political instability or conflicts, economic conditions or actions by major oil-exporting countries. Price fluctuations can affect the business assumptions, investment decisions and financial position of the Group. In particular, a substantial or extended decline in the price or consumption of oil and gas could have a short or long term effect on either or both of the Group's financial position. Lower hydrocarbon prices or reduced demand for oil and gas could reduce the economic viability of the companies' projects, result in a reduction in revenues or net income, adversely affect the Group's ability to maintain working capital requirements, impair their ability to make planned expenditures and could materially adversely affect their prospects, financial condition and results of operations. The degree to which the crystallisation of these risks may *affect* the financial position of IGas would depend on the degree and period of decline.

1.6 ***IGas is reliant on strategic relationships with its partners***

Where a Group company does not own a majority interest in or operate its assets, such as licences awarded by the Oil and Gas Authority where the Group does not have a majority or controlling interest or licences that are subject to joint operating agreements, farm-outs or other operations by third parties, the Group surrenders certain economic rights and has less ability to influence the day-to-day operation of such licences. In addition, the Group's reliance on strategic relationships with farm-out or joint venture partners exposes it to, among others, financial failure or insolvency of those partners, non-compliance with obligations or default by a participant in any farm-out arrangement to which the Group is or becomes a party; and requiring the consent of the Group's farm-out or joint venture partners for certain decisions in relation to a project.

1.7 ***The Group's activities are subject to planning constraints extensive regulations and permitting requirements. New legislation or regulations or failure to comply with such requirements could have a materially adverse impact on the Group's business***

The Group's current and anticipated future operations, including further exploration, appraisal, development, production and ultimately decommissioning activities, require planning permissions numerous permits and approvals from various national and local governmental authorities. Obtaining planning permission for all of these activities remains a politically charged, expensive and protracted process, subject to delays, appeal processes and, ultimately judicial review. The permits that may be required for construction of development and/or production facilities and conduct of development and/or production operations must be obtainable on reasonable terms which would allow the company to carry out economically viable production. Unfavourable and possibly retrospective amendments to current laws, regulations and permits governing operations and activities of development and/or production companies, or more stringent implementation thereof, could have a materially adverse impact on the business of the company and cause increases in capital expenditures which could adversely affect the company's financial condition, and lead to a reduction or cessation of affected operations. In short, compliance with new or changed regulation in these or other areas could have an adverse impact on the Group in a variety of ways, including because of the Group's need to spend more on compliance, and/or to change its existing operations, any of which could have a material adverse effect on the Group's business, results of operations and financial condition.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including civil or criminal fines or penalties, orders issued by regulatory or judicial authorities causing operations to cease or be reduced, and may include corrective measures requiring capital expenditure, installation of additional equipment or remedial actions. If such penalties were significant, they could adversely affect the Company's financial condition. The company's operations are extensively regulated, which imposes significant costs and future regulations (or judicial interpretations of existing laws and regulations) could increase those costs or reduce or limit its ability to produce hydrocarbons. Substantial increases in the costs sustained over a long period of time could reduce the available cash flow of the Company in the long term, which could affect the Company's ability to meet payment of its debts (if any). Each company is subject to extensive regulations with respect to matters such as but not only:

- (a) employee health and safety;
- (b) permitting and licensing requirements;
- (c) environmental issues such as air quality standards, water quality standards, and the effects of development and/or production operations on groundwater quality and availability;
- (d) plant and wildlife protection;
- (e) reclamation/restoration of properties after production completed;
- (f) discharge of materials into the environment, including, among other things, water disposal and gas flaring; and
- (g) surface subsidence from underground production.

1.8 ***If the Group's licences are withdrawn or not renewed, it could have a material adverse effect on its reserves, business, operations and prospects***

Although the Directors believe that the activities of the Group are currently carried out in accordance with applicable rules and regulations and that they hold all necessary approvals, licences and permits, in the future IGas may be unable or unwilling to comply with the terms or requirements of a licence in circumstances that entitle the relevant authority to suspend or withdraw the terms of such licence. Moreover, some of the exploration and production licences which IGas hold expire or may expire before the end of what might be the productive life of the licensed fields.

There can be no assurance that when licences reach the point of expiry that extensions will be granted and any failure to receive such extensions or any premature termination, suspension or withdrawal of licences may cause the Group to discontinue certain operations and the imposition of additional conditions may cause the Group to incur additional compliance costs, either of which could have a material adverse effect on the Group's reserves, business, results of operations, financial condition and prospects if the terminated licence relates to material assets of IGas.

1.9 ***IGas may in the future seek consents to use Hydraulic Fracturing which may be curtailed by environmental assessments***

Hydraulic Fracturing can be used to increase or restore the production from subterranean reservoirs. Hydraulic Fracturing is achieved by injecting a fluid into the rock structure, typically consisting of water, proppants and chemical additives. The process of Hydraulic Fracturing is currently under review by a number of governmental and non-governmental environmental agencies around the world. Whilst IGas does not currently use Hydraulic Fracturing as an exploration or development tool for shale gas, if the results from its current exploratory drilling confirms that production from its shale gas resources are commercially viable, IGas may seek such consents in the future. The results of environmental assessments may ultimately curtail the Company's potential use of Hydraulic Fracturing as an exploration and development tool, to enhance recovery of its shale gas resources which in turn may impact IGas' ability to recover its resources in the future.

1.10 ***IGas is subject to regulatory and fiscal changes imposed by regulators***

IGas is exposed to regulatory and fiscal risk. This can include changes in government or the effect of local or national referenda.

These political risks can result in changes to regulatory or fiscal environment (including taxation) which could affect the Group's ability to deliver its strategy. However, through UK Onshore Oil & Gas ("UKOOG") (the representative body for the UK onshore oil and gas industry) and other industry associations, the Group engages with government and other appropriate organisations to ensure it is kept abreast of expected potential changes and takes an active role in making appropriate representations.

1.11 ***IGas' shale gas exploration and development activities are highly speculative***

Unconventional gas exploration is a highly speculative activity and there are a number of risks which may impact the businesses of IGas. There is no certainty that the expenditures IGas make towards the search and evaluation of unconventional gas deposits will result in discoveries of commercial quantities. IGas' longer-term profitability is directly related to the success of its project development and exploration activities.

In the event that an exploration project is unsuccessful, the value of IGas' business and any associated exploration licences may be diminished.

1.12 ***IGas may face interruption or delays with respect to its future exploration and production activity due to a number of factors***

In general, there is inherent risk in estimates of oil and gas reserves, and their anticipated production profiles, because they involve subjective judgments and determinations based on available geological, technical, contractual and economic information. They are not exact determinations and the actual resources, reserves and production may be greater or less than those calculated. In addition, these judgments may change based on new information from production or drilling activities or changes in economic factors, as well as from developments such as acquisitions and disposals, new discoveries and extensions of existing fields and the application of improved recovery techniques.

If any estimates of hydrocarbon resources, reserves or production profiles (including any competent persons' reports which IGas relies upon in making any operational decision) prove to be substantially incorrect, IGas may be unable to recover and produce the estimated levels or quality of hydrocarbons

set out in such estimates and the business, prospects, financial condition or results of operations of IGas could be materially adversely affected. Data obtained from exploratory drilling and production data from producing wells, together with seismic models produced by IGas, are used to supplement and verify estimates of resources, reserves and production profiles.

1.13 ***IGas' production plans are subject to geological and operational obstacles and risks***

The delivery of production plans is dependent on the successful continuation of existing field production operations and the development of key projects. Both of these involve risks normally inherent to such activities including blowouts, oil spills, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations, abnormal pressures, availability of technology and engineering capacity, availability of skilled resources, maintaining project schedules and managing costs, as well as technical, fiscal, regulatory, political and other conditions. Such potential obstacles may impair the continuation of existing field production and delivery of key projects and, in turn, IGas' operational performance and financial position (including the financial impact from failure to fulfil contractual commitments related to project delivery).

IGas may face interruptions or delays with respect to future exploration and production activities in relation to the availability of infrastructure, including pipelines and storage tanks, on which exploration and production activities are dependent. The production performance of reservoirs and wells developed in the future may also be different to that forecast due to normal geological or mechanical uncertainties. Such interruptions, delays or performance differences could result in disruptions or changes to IGas' future production and projects by lowering production and increasing costs, and may have an adverse effect on IGas' future profitability.

1.14 ***The Group's longer-term success is dependent on accessing new oil and gas reserves and resources and efficiently developing and exploiting current reserves; planning policies and processes remain a challenge***

Future hydrocarbon production will depend on IGas' access to new resources through exploration, negotiations with governments and other owners of known reserves. Failures in exploration or in identifying and finalising transactions to access potential reserves and resources could slow the Group's oil and gas production growth and replacement of reserves. This could have an adverse effect on the Group's turnover and profits. The process of obtaining planning consents remains a major issue and can be protracted and expensive, involving appeals and judicial review proceedings.

In addition, the results of appraisal of discoveries are uncertain and may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but uneconomic to develop. Appraisal and development activities may be subject to delays in obtaining governmental approvals or consents, shut-ins of connected wells, insufficient storage or transportation capacity or other geological and mechanical conditions all of which may variously increase the Group's costs of operations. If exploration activities prove unsuccessful over a prolonged period of time, in the long term, this could have an adverse effect on the Group's turnover and profits. Producing natural gas reservoirs are typically characterised by declining production rates that vary depending upon reservoir characteristics and other factors. The rate of decline from IGas' existing wells may change in a manner different than what it has estimated. This could affect the respective Group's long term hydrocarbon reserves and production and, therefore, its cash flow and income. In addition, the Group may not be able to economically develop, find, or acquire future reserves to replace its current and future production at acceptable costs. This could directly affect the Group's results and financial condition.

1.15 ***IGas may in the future make acquisitions which will expose it to the risks commonly associated with the acquisition of companies or businesses***

IGas may continue to assess acquisitions that complement its existing business as part of its strategy. If IGas makes an acquisition it will be exposed to the risks commonly associated with acquisitions of

companies or businesses. These risks include the difficulty of integrating the operations and personnel of the acquired business, the potential disruption to the business of IGas and risks arising from the contracts and legal processes associated with the acquisition. Furthermore, the value of any business that IGas acquires or invests in may be less than the purchase price paid by IGas.

In acquiring producing properties, IGas assesses the recoverable reserves, future oil and gas prices, operating costs, potential liabilities and other factors relating to the properties. These assessments are necessarily inexact and their accuracy is inherently uncertain. The review of a property in connection with an acquisition assessment will not reveal all existing or potential problems or permit IGas to become sufficiently familiar with the property to assess fully its deficiencies and capabilities. IGas may not inspect every well, and it may not be able to observe structural and environmental problems even when it does inspect a well. If problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of those problems. Any acquisition of property interests may not be economically successful, and unsuccessful acquisitions may have a material adverse effect on the Company's financial position and future results of operations.

**1.16 *IGas' competitors will often have greater resources than IGas giving its competitors a competitive advantage over IGas***

The oil and gas industry is highly competitive, and IGas' competitors will often have greater resources than the Group which will give them a competitive advantage over IGas. Major and independent oil and gas companies, drilling and production acquisition programs and individual producers and operators are active bidders for desirable oil and gas properties, as well as the equipment and labour required to operate those properties. There is a risk that increased industry competition will result in increased costs in the carrying on of IGas' long term activities and reduced available growth opportunities.

**1.17 *The Group's actual future exploration costs may differ materially from its estimates, which may materially and adversely affect its viability in the long term***

Exploration expenditure estimates are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Additionally, shale gas sometimes require unconventional methods of exploration which can be more expensive than conventional exploration methods. Further, shale gas by its nature is often also produced with a significant amount of water and hence the environmental implications of carrying out both the drilling and dewatering operations in the future can be costly and time consuming for IGas which could materially and adversely affect IGas' viability and long term.

**1.18 *The expense of meeting planning and environmental regulations could cause a significantly negative effect on the Group's long term profitability, as could failure to obtain certain necessary planning and environmental permits***

While certain planning authorities currently appear supportive of the type of projects that IGas is pursuing, when considering the grant of planning permission for such projects there can be no guarantee that as local structure plans are revised that this policy is not changed, modified or reversed and there can be no assurance that planning might ever be obtained in those areas where authorities are less supportive. Opposition to IGas' projects could lead to the involvement in appeals or public enquiries where costs to IGas could be potentially large and the ultimate outcome uncertain including failure to obtain the permissions necessary to pursue development and/or production or, if granted, to enable development and/or production to be pursued economically. IGas' reputation could also be negatively affected by such opposition.

Environmental legislation and regulations and the manner in which these are enforced are likely to evolve in a manner which will require higher and more demanding standards and stricter enforcement, as well as increased fines and penalties for non-compliance. However, the Directors are unable to predict the extent and effect of additional environmental laws and regulations which may be adopted

in the future, including whether any such laws or regulations would materially increase IGas' cost of doing business or affect its operations in any area.

**1.19 *IGas' decommissioning liabilities are likely to be significant***

In common with other exploration and production companies, the Group incurs decommissioning costs in connection with its licences. These costs may arise as a result of applicable law or regulation, the terms of the Group's licences, the Group's internal health and safety policies or industry best practice. As at 31 December 2015, the Group had recognised a provision of £25,284,000 for the discounted future cost of restoring fields to a condition acceptable to the relevant authorities. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain as set out at paragraph 1.5 above.

**1.20 *IGas is subject to many operational risks in the running of its business***

The nature of its operations exposes the Group to a number of significant health, safety, security, environmental and other operating risks. These risks include industrial accidents, including blowouts or explosions, or mishandling or loss of containment of dangerous substances. The occurrence of one or more of these or other risks may expose the Group to lawsuits, arbitration and other legal or regulatory proceedings, the final outcome of which is generally uncertain and inherently unpredictable, increased rehabilitation costs required under environmental laws and regulations, damage to the Group's reputation or loss or suspension of the Group's licence to operate, leading to delays or interruption to production, cost overruns, the failure to produce oil and gas in commercial quantities which could have a material adverse effect of the Group's operations and financial condition. This is also the case at sites where exploration, development or production activities are conducted jointly with or through other parties.

**1.21 *IGas may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage***

IGas may be subject to substantial liability claims due to the inherently hazardous nature of its business or for acts and omissions of subcontractors, operators or joint venture partners. Any contractual indemnities it may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources. There can be no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover related losses or liabilities. IGas' insurance coverage may prove inadequate to satisfy future claims against IGas or to protect the IGas against natural disasters or operational catastrophes, which IGas may be exposed to as a result of extraction from wells. In addition, IGas may also suffer material losses from uninsurable or uninsured risks. The occurrence of any of these risks could adversely affect IGas' respective financial performance.

IGas may be subject to substantial liability claims due to the inherently hazardous nature of its business or for acts and omissions of subcontractors, operators or joint venture partners. Any indemnities IGas may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources. There can be no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, IGas may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage.

**1.22 *The Group is subject to litigation risks from third parties which could negatively impact on IGas***

Exposure to litigation brought by third parties such as customers, regulators, employees or business associates could negatively impact on IGas' financial performance through increased costs, payments for damages and damage to reputation.

IGas may suffer substantial financial loss from engagement in litigation in its many forms. The cost of the litigation for the Group even without a resolution could be substantial depending on the nature of the dispute. IGas could be deemed to be a target for litigation due to the nature of its business and the intention of third parties to damage its reputation.

**1.23 *IGas may suffer protests on an individual or collective basis because of the nature of its business in the UK***

The planning permission process involves local consultation and it is feasible that projects could be opposed, either individually or on a general basis, at the planning level by national or local pressure groups; opposition to projects could lead to the Company being involved in appeals or public enquiries where costs could be potentially large and the outcome uncertain. Opposition to drilling or testing activities once planning consent has been awarded could lead to on-site disruption causing delay to the process and a significant increase to the cost of operations.

IGas' land access and tenure may be disputed by various parties such as community action groups resulting in disruption and/or impediment in the operation or development of a resource. Any new well development or expansion of existing operations will require landholder issues to be addressed, which can have significant timing and cost implications.

**1.24 *IGas is subject to currency, commodity price and interest rate fluctuations and related risks associated with its hedging strategy***

IGas operates principally in the UK, where costs are principally denominated in pounds sterling. However, a number of key inputs into IGas' businesses are often denominated in other currencies, most typically US dollars. IGas is subject to the risk currency, commodity price and interest rate fluctuations, which may adversely impact its business.

IGas uses hedging instruments to manage the impact of commodity price fluctuations. IGas believes that the extent of hedging currently in place offers some protection against commodity fluctuations. In the event of any counterparty to such a hedging instrument failing to satisfy any of its payment or delivery obligations under such instrument, IGas' ability to manage commodity price risk may be adversely affected and this could in turn materially adversely affect its business, financial condition and results of operations, in accordance with the duration of IGas' current hedging arrangements.

**1.25 *Credit market conditions could increase the Group's finance costs or restrict its ability to take advantage of opportunities in the long term***

All of the projects which are intended to be developed by IGas are highly capital intensive. Any restriction of supply of credit or application of more stringent lending criteria in the future could mean that the cost of future debt is increased or that credit is not available thereby increasing IGas' future costs and make future projects less economically viable. This could adversely affect the financial condition of IGas.

**1.26 *The loss of key personnel could have a material adverse effect on the Group***

IGas' success is closely aligned to the experience, abilities and contributions of certain of its key senior managers. The loss of the services of any key personnel could have a material adverse effect on IGas. There can be no assurance that IGas will be able to continue to attract and retain all personnel necessary for the development and operation of its business and, if IGas is not successful in retaining or attracting highly qualified individuals in key management positions, its business and profitability may be adversely affected.

## **2. Risks relating to the New Ordinary Shares**

### **2.1 *Investments in shares quoted on AIM may carry a higher risk than investments in shares quoted on the Official List***

The New Ordinary Shares will be quoted on AIM rather than the Official List. The rules of AIM are less demanding than those of the Official List and an investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success and the liquidity in the market for the Company's securities cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may, therefore, not recover their original investment.

In order to voluntarily terminate trading on AIM, Shareholders would need to pass a special resolution, whilst Kerogen Investor could block such a resolution, it does not have the unilateral power to cause trading on AIM to be terminated.

### **2.2 *There is no guarantee that the Company's Ordinary Shares will continue to be traded on AIM***

The Company cannot assure investors that the Company's Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded could decline.

### **2.3 *The market price of the Company's Ordinary Shares may be highly volatile***

The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in investor sentiment regarding the Company's shares or in response to various facts and events, including variations in the Company's interim or full year operating results and business developments of the Company and/or its competitors. The price at which investors may dispose of their shares in the Company may be influenced by a number of factors, some of which may relate to the Company, and others of which are not specific to the Company. On any disposal investors may realise less than the original amount invested.

There can be no guarantee that there will continue to be an active market for the Ordinary Shares or that the price of the Ordinary Shares will increase. There may be relatively few buyers or sellers of Ordinary Shares on AIM at any given time. This may affect the volatility of the trading price of the Ordinary Shares on AIM. It may also affect the prevailing trading price at which Shareholders are able to sell their Ordinary Shares on AIM.

The value of Ordinary Shares can be expected to fluctuate depending on various factors including general worldwide economic conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets, prices of IGas' products, variations in the operating costs and development and sustaining capital expenditure which IGas will require in the future.

### **2.4 *The value of the Company's Shares is highly dependent on the price of oil and gas***

Even if the Fundraising does proceed, the ability of the Group to be in a position to return value to Shareholders for their investment is highly dependent on oil and gas prices, as set out in paragraph 1.5 above. Oil and gas prices would need to increase above current levels for Shareholders to receive a return on their investment, and this is outside of the Company's control. If oil prices remain at their current levels, it is highly likely that no dividends would be declared, made or paid to Shareholders.

### **2.5 *Kerogen will exert significant control over IGas following Investor post-Admission***

Assuming the Fundraising is completed with full take up under the Open Offer and the Bond Equity Exchange, at Admission Kerogen Investor will hold approximately 28 per cent. of the Enlarged Share Capital. Unless Kerogen Investor sells some of its holding in the Company or is otherwise diluted, it will continue to be a substantial shareholder in the Company. Whilst Kerogen Investor's shareholding

is above 25 per cent it will have the ability to block special resolutions proposed at the Company's annual general meeting or an extraordinary general meeting of the shareholders of the Company. In order to voluntarily terminate trading on AIM, Shareholders would need to pass a special resolution, whilst Kerogen Investor could block such a resolution, it does not have the unilateral power to cause trading on AIM to be terminated. As set out at paragraph 6.2 of Part I of this document, Kerogen Investor will also have the right to nominate certain directors to the Board depending upon the level of its shareholding.

In connection with the Fundraising, Kerogen Investor will not be subject to a lock-up of its New Ordinary Shares at or after Admission and will therefore be free to deal in its New Ordinary Shares immediately following Admission.

The interests of Kerogen Investor may not, in all cases, be aligned with the interests of other Shareholders and/or the Group. If the Group encounters financial difficulties, or is unable to pay its debts as they mature, the interests of Kerogen Investor may conflict with those of the other shareholders of Ordinary Shares. There can be no assurance that the resolution of any matter that may involve the interest of Kerogen Investor will be resolved in a manner which other shareholders of Ordinary Shares would consider to be in their best interests.

**2.6 *Shareholders face significant dilution of their shareholdings in connection with the Restructuring***

The issue of the Fundraising Shares will cause Shareholders to experience a dilution of their ownership interest and voting rights, and such dilution may be material. See paragraph 5.4 of Part III of this document for further details.

**2.7 *Overseas Shareholders in IGas are subject to exchange rate risks***

The Ordinary Shares are denominated in pounds sterling. An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in Ordinary Shares in foreign currency terms, and any appreciation of pounds sterling will increase the value in foreign currency terms. Investors should therefore consider carefully whether an investment in the Company is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

**These potential risks are not presented in any order of priority and do not necessarily comprise all those faced by the Company.**

## PART III

### QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part III are intended to be in general terms only and, as such, you should read Part IV for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This Part III deals with general questions relating to the Open Offer and more specific questions relating principally to the Existing Ordinary Shares held by persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read section 6 of Part IV of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements or apply for Excess Shares pursuant to the Excess Application Facility. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part IV of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST Sponsor.

If you do not know whether your Existing Ordinary Shares are held in certificated or uncertificated form, please call Computershare Investor Services PLC on 0370 707 1106 (from inside the United Kingdom), or +44 (0)370 707 1106 (from outside the United Kingdom), which is available between the hours of 8.30 a.m. to 5.30 p.m. on any Business Day. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

#### **1. What is an open offer?**

An open offer is a way for companies to raise money. Companies may do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (the “Open Offer”).

#### **2. What is the Company’s Open Offer?**

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire an aggregate of up to 90,911,660 Open Offer Shares at the Issue Price. If you hold Existing Ordinary Shares on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States or another Restricted Jurisdiction (for further information, see paragraph 6 of “Part IV – *Terms and Conditions of the Open Offer*”), you will be entitled to apply for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 3 Open Offer Shares for every 10 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to apply for an Open Offer Share in respect of any fraction of an Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of Open Offer Shares will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

Open Offer Shares are being offered to Qualifying Shareholders at the Issue Price, which represents a discount of 11.5 per cent. to the closing middle market price of an Existing Ordinary Share of 5.08 pence on 16 March 2017, being the last Business Day prior to the announcement of the Placing and the Open Offer.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlements. Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlements in full, to apply for additional Open Offer Shares through the Excess Application Facility. Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer.

Shareholders should note that the Open Offer is conditional upon *inter alia*, upon

- (a) the passing of all of the Resolutions at the General Meeting;
- (b) the Kerogen Subscription Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms;
- (c) the Ancillary Subscription Letters becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with their terms;
- (d) the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms;
- (e) the passing of the Bondholder Resolutions;
- (f) the Secured Bond Amendment and Restatement Agreement becoming unconditional in all respects (save for the condition relating to Admission); and
- (g) Admission becoming effective by no later than 8.00 a.m. on 4 April 2017, or such later date as may be agreed between the Company and each of the other parties to both the Subscription Agreement and the Placing and Open Offer Agreement, being not later than 8.00 a.m. on 28 April 2017.

Accordingly, if any such conditions are not satisfied, or, if applicable, waived (save that (a), (e) and (g) above cannot be waived), no part of the Fundraising or Bondholder Transactions will proceed.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of additional Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility.

The number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. Assuming that there is no Overseas Shareholder who has a registered address in, or is a resident in or a citizen of, a Restricted Jurisdiction, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full, there will be no Open Offer Shares available under the Excess Application Facility.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only), and the Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be tradable or listed, and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

### **3. I hold my Existing Ordinary Shares in certificated form. How do I know whether I am able to acquire Open Offer Shares under the Open Offer?**

If you receive an Application Form and are not a holder with a registered address in a Restricted Jurisdiction, and, subject to certain limited exceptions, are not physically located in the United States or another Restricted Jurisdiction, then you should be eligible to acquire Open Offer Shares under the Open Offer, as long as you have not sold all of your Existing Ordinary Shares before the Ex-entitlement Date. If you are in any doubt as to whether you are eligible to participate, you are recommended to seek your own independent legal advice.

**4. I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?**

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address and are not located in the United States or another Restricted Jurisdiction, you should have been sent an Application Form that shows:

- (a) how many Existing Ordinary Shares you held at close of business on the Record Date for the Open Offer;
- (b) how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- (c) how much you need to pay if you want to take up your right to buy all your entitlement to the Open Offer Shares.

Subject to certain exceptions, if you have a registered address in the United States or one of the Restricted Jurisdictions, you should not receive an Application Form.

If you would like to apply for any of, all of or more than the Open Offer Shares comprised in your Open Offer Entitlement, you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Please return the completed form in the reply-paid envelope provided with the Application Form along with a cheque or banker's draft for the number of Open Offer Shares you want to apply for, and allow at least four Business Days for delivery if sent by first class post from within the United Kingdom. Please also see questions 5 and 12 for further help in completing the Application Form.

**5. I hold my Existing Ordinary Shares in certificated form. What are my choices in relation to the Open Offer and what should I do with the Application Form?**

**5.1 *If you want to take up all of your Open Offer Entitlement***

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is sign the Application Form (ensuring that all joint holders sign (if applicable)) and send the Application Form, together with your cheque or duly endorsed banker's draft for the amount (as indicated in Box C of your Application Form), payable to "Computershare Investor Services PLC re IGas plc" and crossed "A/C payee only", in the reply-paid envelope provided to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH. Delivery by hand (during normal business hours only) can be made to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. Arrival should be as soon as possible and in any event, to arrive by no later than 11.00 a.m. on 31 March 2017. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in the Application Form. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 14 April 2017.

**5.2 *If you want to take up some but not all of your Open Offer Entitlement***

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Box D of your Application Form. For example, if you are entitled to take up 1,000 shares but you only want to take up 500 shares, then you should write '500' in Box D.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, 500) by the Issue Price, which is the price of each Open Offer Share. You should write the resulting amount in Box G, rounding down to the nearest whole penny and this should be the amount your cheque or banker's draft is made out for. You should then sign and return your Application Form together with your cheque or banker's draft for that

amount, payable to “Computershare Investor Services PLC re IGas plc” and crossed “A/C payee only”, in the reply-paid envelope provided, by post to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH. Delivery by hand (during normal business hours only) can be made to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. Arrival should be as soon as possible and in any event, to arrive by no later than 11.00 a.m. on 31 March 2017, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part IV of this document and will be set out in the Application Form.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 14 April 2017.

### 5.3 *If you want to apply for more than your Open Offer Entitlement*

Provided that you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares using the Excess Application Facility. The Excess Application Facility is limited to a maximum of 100% of your actual Open Offer Entitlement, so that, if you are entitled to 100 Open Offer Shares you may apply for up to an additional 100 Open Offer Shares in the Excess Application Facility. You should write the number of Open Offer Shares you wish to take up in Box D which must be the number of Open Offer Shares shown in Box B. You should then write the number of Open Offer Shares you wish to apply for under the Excess Application Facility in Box E and then complete Box F by adding together the numbers you have entered in Boxes D and E.

**If, however, Qualifying Shareholders wish to apply for more than the Excess Entitlement the Qualifying Shareholder should contact the Receiving Agent by telephone on +44 (0) 370 707 1106 who will make appropriate arrangements. Any allocation above Excess Entitlements is at the sole discretion of the Directors.**

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares shown in Box F by the Issue Price, which is the price of each Open Offer Share. You should write this amount in Box G, rounding down to the nearest whole penny. You should then return your Application Form together with your cheque or banker’s draft for that amount payable to “Computershare Investor Services PLC re IGas plc” and crossed “A/C payee only”, in the reply-paid envelope provided, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH. Delivery by hand (during normal business hours only) can be made to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. Arrival should be as soon as possible and in any event, to arrive by no later than 11.00 a.m. on 31 March 2017, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in the Application Form.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event, Qualifying Shareholders will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, the relevant Qualifying Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the applicant’s sole risk.

A definitive share certificate will be sent to you for the Open Offer Shares that you take up and otherwise successfully apply for using the Excess Application Facility. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than ten days after Admission.

#### **5.4 *If you do not want to take up your Open Offer Entitlement***

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. If you do not take up your Open Offer Entitlement then, following the issue of Open Offer Shares pursuant to the Open Offer, your interest in the Company may be diluted by up to 89.9% from Admission. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue provided the price at which they are sold exceeds the costs and expenses of effecting the sale. You cannot sell your Open Offer Entitlement to anyone else. If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 31 March 2017, we have made arrangements to issue the Open Offer Shares comprising your Open Offer Entitlement to any Qualifying Shareholder who has made an application under the Excess Application Facility. Shareholders who do not wish to take up their Open Offer Entitlements are, however, encouraged to vote at the General Meeting by attending in person or completing and returning the Proxy Form enclosed with this document. You may also submit your Proxy Form electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) using the Control Number, Shareholder Reference Number (“SRN”) and PIN printed on the Proxy Form.

#### **5.5 *Payment***

All payments should be in U.K. sterling and made by cheque or banker’s draft made payable to “Computershare Investor Services PLC re IGas plc” and crossed “A/C payee only”. Cheques or banker’s drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the U.K., the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker’s drafts to be cleared through the facilities provided by either of those companies. Cheques and banker’s drafts must bear the appropriate sorting code number in the top right-hand corner and must be for the full amount payable on application. Post-dated cheques will not be accepted.

Cheques drawn on a non-U.K. bank will be rejected. Third party cheques may not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant’s name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Cheques or banker’s drafts will be presented for payment upon receipt. Payments via CHAPS, BACS or electronic transfer will not be accepted. The Company reserves the right to instruct Computershare to seek special clearance of cheques and banker’s drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker’s drafts sent through the post will be sent at the risk of the sender.

#### **6. *Will I be taxed if I take up my entitlements?***

If you are resident in the U.K. for U.K. tax purposes, you should not have to pay U.K. tax when you take up your right to receive Open Offer Shares (please see paragraph 7.4 of Part V for further detail), although the Fundraising may affect the amount of U.K. tax you pay when you sell your Open Offer Shares.

**7. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?**

CREST members should follow the instructions set out in Part IV of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by such CREST member of the number of Open Offer Shares they are entitled to take up or apply for under their Open Offer Entitlement and their Excess CREST Open Offer Entitlement, respectively, and should contact their CREST member should they not receive this information.

**8. I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?**

If you do not receive an Application Form but hold your Existing Ordinary Shares in certificated form, this probably means that you are not able to acquire Open Offer Shares under the Open Offer. Some Qualifying Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to acquire Open Offer Shares under the Open Offer, namely:

- (a) Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on the Record Date and who have converted them to certificated form;
- (b) Shareholders who bought Existing Ordinary Shares before 8.00 a.m. on the Ex-entitlement Date and who hold such Existing Ordinary Shares in certificated form but were not registered as the holders of those Existing Ordinary Shares at the close of business on the Record Date; and
- (c) certain Overseas Shareholders.

If this applies to you, please contact the Receiving Agent using the details set out in the answer to question 21 below.

**9. If I buy Existing Ordinary Shares after the Record Date, will I be eligible to participate in the Open Offer?**

If you bought your Existing Ordinary Shares after the Record Date, you are unlikely to be able to participate in the Open Offer, as the Existing Ordinary Shares are expected to start trading ex-entitlement on the London Stock Exchange at 8.00 a.m. on the Ex-entitlement Date.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. If you buy Existing Ordinary Shares at or after 8.00 a.m. on the Ex-entitlement Date, you will not be eligible to participate in the Open Offer in respect of those Existing Ordinary Shares.

**10. What if I change my mind?**

Once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares you have applied for.

**11. What if the number of Open Offer Shares to which I am entitled is not a whole number? Am I entitled to fractions of Open Offer Shares?**

Your entitlement to Open Offer Shares will be calculated at the Record Date. If the result is not a whole number, you will not receive an Open Offer Share in respect of the fraction of each Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number.

**12. I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box C of the Application Form?**

If you want to spend more than the amount set out in Box C, you should divide the amount you want to spend by the Issue Price. This will give you the number of Open Offer Shares for which you should apply. You can only apply for a whole number of Open Offer Shares. For example, if you wish to spend a certain amount

of money on the Open Offer Shares, you should divide that amount by the Issue Price. If this is not a whole number, you should round it down to give you the number of Open Offer Shares for which you can apply without exceeding your chosen amount. Write the total number of Open Offer Shares in Box F. To get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for by the Issue Price and then fill in that amount rounded down to the nearest whole penny in Box G and on your cheque or banker's draft accordingly.

You should note that the number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. If applications are received for more than the available number of Open Offer Shares, applications made under the Excess Application Facility will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders. Assuming that there are no Overseas Shareholders who have registered addresses in, or are residents in or citizens of, a Restricted Jurisdiction, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility. Qualifying Non-CREST Shareholders whose applications under the Excess Application Facility are so scaled back will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, them multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the applicant's sole risk.

If you want to spend less than the amount set out in Box C, you should divide the amount you want to spend by the Issue Price (being the price of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend a certain amount of money on the Open Offer Shares, you should divide that amount by the Issue Price. You should round that down to the nearest whole number to give you the number of shares you want to take up. Write that number in Box F. To get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for by the Issue Price and then fill in that amount rounded down to the nearest whole penny in Box G and on your cheque or banker's draft accordingly.

**13. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?**

If you hold Existing Ordinary Shares in the Company directly and you sell some or all of your Existing Ordinary Shares before the Ex-entitlement Date, you should contact the buyer or the person/company through whom you sold your Existing Ordinary Shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer.

**14. I hold my Existing Ordinary Shares in certificated form. How do I pay?**

You should return your Application Form with a cheque or banker's draft drawn in pounds sterling from a UK bank or building society account in the accompanying reply-paid envelope (from within the United Kingdom). You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. Cheques should be drawn on a personal account of the Qualifying Shareholder who is applying for the Open Offer Shares or you may be required to supply additional documentation to satisfy Money Laundering Regulations. The funds should be made payable to "Computershare Investor Services PLC re IGas plc". In each case, the cheque should be crossed "A/C Payee only". Third party cheques will not be accepted, except bankers' drafts or buildings society cheques which have been endorsed by the bank or building society on the back of the draft or cheque, as appropriate. Payments via CHAPS, BACS or electronic transfer will not be accepted.

**15. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?**

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced to a greater extent than if you apply.

**16. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?**

You should send your completed Application Form and payment in full in the accompanying reply-paid envelope (from within the United Kingdom) to: Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH. Delivery by hand (during normal business hours only) can be made to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. You should allow at least four Business Days for delivery if using first-class post within the United Kingdom.

If you do not want to take up or apply for Open Offer Shares then you need take no further action.

**17. I hold my Existing Ordinary Shares in certificated form. When do I have to decide whether I want to apply for Open Offer Shares?**

The Receiving Agent must receive your completed Application Form and cheque or banker's draft by 11.00 a.m. on 31 March 2017. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope included with the Application Form, within the United Kingdom.

**18. I hold my Existing Ordinary Shares in certificated form. If I take up my entitlements, when will I receive the certificate representing my Open Offer Shares?**

It is expected that the Registrars will post all new share certificates within ten days of Admission.

**19. What should I do if I think my holding of Existing Ordinary Shares (as shown in Box A on page 1 of the Application Form) is incorrect?**

If you bought or sold Existing Ordinary Shares shortly before the Record Date, your transaction may not have been entered on the register of members before the Record Date for the Open Offer. If you bought Existing Ordinary Shares before close of business on 15 March 2017 but were not registered as the holder of those shares on the Record Date for the Open Offer, you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure that you claim your entitlement.

You will not be entitled to Open Offer Entitlements in respect of any Existing Ordinary Shares acquired on or after 15 March 2017.

**20. What should I do if I live outside the United Kingdom?**

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement.

Shareholders with registered addresses or who are located in the United States or another Restricted Jurisdiction are not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part IV of this document.

**21. How do I transfer my entitlements into the CREST system?**

If you are a Qualifying Non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (Box O on page 4 of the Application Form), and ensure they are delivered to the CREST courier and sorting service to be received by 11.00 a.m. on 31 March 2017 at the latest. CREST sponsored members should arrange for their CREST Sponsors to do this.

If you have transferred your rights into the CREST system, you should refer to Part IV of this document for details on how to apply for the Open Offer Shares.

**22. Do I need to comply with the Money Laundering Regulations (as set out in paragraph 4 of Part IV of this document)?**

If you are a Qualifying Non-CREST Shareholder, you may not need to follow these procedures if the value of the Open Offer Shares you are acquiring is less than €15,000 (or its pounds sterling equivalent) or if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or United Kingdom regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Open Offer Entitlements as agent for one or more persons and you are not an EU or United Kingdom regulated financial institution.

Qualifying Non-CREST Shareholders should refer to paragraph 4.1 of Part IV of this document and Qualifying CREST Shareholders should refer to paragraph 4.2 of Part IV of this document for a fuller description of the requirements of the Money Laundering Regulations.

**23. Further assistance**

Should you require further assistance, please call Computershare Investor Services PLC on 0370 707 1106 (from inside the United Kingdom), or +44 (0)370 707 1106 (from outside the United Kingdom), which is available between the hours of 8.30 a.m. to 5.30 p.m. on any Business Day. Please note that, for legal reasons, the Receiving Agent is only able to provide information contained in this document and is unable to give advice on the merits of the Open Offer or to provide legal, business, accounting, tax, investment or other professional advice.

## PART IV

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### Introduction

As explained in the letter from the Chairman set out in Part I of this document, the Company is proposing to raise gross proceeds of up to approximately £45.2 million by way of the Kerogen Subscription, the Ancillary Subscription Letters, the Placing and the Open Offer, of which up to approximately £4.095 million will be raised from the issue of the Open Offer Shares at the Issue Price to Qualifying Shareholders under the Open Offer.

The Open Offer is an opportunity for Qualifying Shareholders to apply for up to 90,911,660 Open Offer Shares pro rata (excepting fractional entitlements) to their current holdings at the Issue Price in accordance with the terms of the Open Offer. The Open Offer is not underwritten. Qualifying Shareholders are also being offered the opportunity to apply for additional Open Offer Shares in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlement in full. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement as at the Record Date. Further details in relation to the Excess Application Facility are set out in this Part IV and, for Qualifying Non-CREST Shareholders, the Application Form.

The purpose of this Part IV is to set out the terms and conditions of the Open Offer.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is 6.00 p.m. on 15 March 2017. Application Forms will be posted to Qualifying Non-CREST Shareholders on or around 17 March 2017 and Open Offer Entitlements will be credited to stock accounts of Qualifying CREST Shareholders in CREST by 20 March 2017.

The latest time and date for receipt of a completed Application Form and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 31 March 2017 with Admission and commencement of dealings in Open Offer Shares expected to take place at 8.00 a.m. on 4 April 2017.

This document and, for Qualifying Non-CREST Shareholders only, the Application Form contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 3 of this Part IV which gives details of the procedure for application and payment for the Open Offer Shares and any Excess Shares applied for pursuant to the Excess Application Facility.

The Open Offer Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after Admission. The Open Offer Shares will be in registered form and capable of being held in certificated form or uncertificated form in CREST. The Open Offer Shares will together represent approximately 3.63% of the Enlarged Share Capital.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Existing Ordinary Shares prior to the Ex-entitlement Date is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

#### 1. Terms and conditions of the Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders are being given the opportunity under the Open Offer to subscribe for Open Offer Shares at the Issue Price pro rata to their holdings, payable in full on application and free of all expenses. The Issue Price represents a discount of 11.5 per cent. to the closing middle market

price of 5.08 pence per Existing Ordinary Share on 16 March 2017 (being the last practicable date before publication of this document).

Qualifying Shareholders have basic entitlements of:

### **3 Open Offer Shares for every 10 Existing Ordinary Shares**

registered in their name on the Record Date. Entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares, with fractional entitlements being aggregated and made available under the Excess Application Facility.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box A of the Application Form) and your Open Offer Entitlements (in Box B of the Application Form).

If you are a Qualifying CREST Shareholder, application will be made for your Open Offer Entitlement and Excess CREST Open Offer Entitlement to be credited to your CREST account. Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts on 20 March 2017. The Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the New Ordinary Shares. All such Ordinary Shares, when issued and fully paid, may be held and transferred by means of CREST.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders, provided they have taken up their Open Offer Entitlement in full, to apply for further Open Offer Shares in excess of their Open Offer Entitlement. Further details in relation to the Excess Application Facility are set out in paragraph 3.2(f) and 3.2(k) of this Part IV and, for Qualifying Non-CREST Shareholders, the Application Form. Qualifying CREST Shareholders should refer to paragraph 3.2 of this Part IV for information on the relevant CREST procedures and further details on the Excess Application Facility. Qualifying CREST Shareholders can also refer to the CREST Manual for further information on the relevant CREST procedures.

The Company may satisfy valid applications for Excess Shares of applicants in whole or in part but reserves the right not to satisfy any excess above any Open Offer Entitlement. The Board may scale back applications made in excess of Open Offer Entitlements on such basis as it reasonably considers to be appropriate.

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their respective Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited through CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer. Any Open Offer Shares which are not applied for by Qualifying Shareholders under the Open Offer will not be issued by the Company as the Open Offer is not underwritten.**

The attention of Overseas Shareholders is drawn to paragraph 6 of this Part IV.

The Open Offer Shares will when issued and fully paid, rank in full for all dividends and other distributions declared, made or paid after the date of this document and otherwise *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

## **2. Conditions and further terms of the Open Offer**

The Open Offer is conditional upon *inter alia*, upon

- (a) the passing of all of the Resolutions at the General Meeting;
- (b) the Kerogen Subscription Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms;
- (c) the Ancillary Subscription Letters becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with their terms;
- (d) the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms;
- (e) the passing of the Bondholder Resolutions;
- (f) the Secured Bond Amendment and Restatement Agreement becoming unconditional in all respects (save for the condition relating to Admission); and
- (g) Admission becoming effective by no later than 8.00 a.m. on 4 April 2017, or such later date as may be agreed between the Company and each of the other parties to both the Subscription Agreement and the Placing and Open Offer Agreement, being not later than 8.00 a.m. on 28 April 2017.

Accordingly, if any such conditions are not satisfied, or, if applicable, waived (save that (a), (e) and (g) above cannot be waived), no part of the Fundraising or Bondholder Transactions will proceed.

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted within ten days of Admission to those accepting Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form or their agents or, in the case of joint holdings, to the first-named Shareholder, in each case at their registered address (unless lodging agent details have been completed on the Application Form).

In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by 4 April 2017.

Application will be made for the Open Offer Shares to be admitted to trading on AIM. Admission is expected to occur on 4 April 2017, when dealings in the Open Offer Shares are expected to begin.

If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.

## **3. Procedure for application and payment**

If you are in any doubt about the contents of this Document or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under FSMA, or, if not, from another appropriately authorised independent financial adviser.

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you are sent an Application Form in respect of your Open Offer Entitlement under the Open Offer or your Open Offer Entitlement and Excess CREST Open Offer Entitlement is credited to your CREST stock account.

Qualifying Shareholders who hold all or part of their Existing Ordinary Shares in certificated form will receive the Application Form, enclosed with this document. The Application Form shows the number of Existing Ordinary Shares held at the Record Date. It will also show such Qualifying Shareholders their Open Offer Entitlement that can be issued in certificated form.

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 3.2(f) of this Part IV.

CREST sponsored members should refer to their CREST Sponsor, as only their CREST Sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form, or send a USE message through CREST.

### 3.1 *If you have an Application Form in respect of your Open Offer Entitlement under the Open Offer*

#### (a) *General*

Subject to paragraph 6 of this Part IV in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box A of the Application Form. It also shows the Open Offer Entitlement allocated to them set out in Box B of the Application Form. Entitlements to Open Offer Shares are rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be aggregated and made available under the Excess Application Facility. Box C of the Application Form shows how much they would need to pay if they wish to take up their Open Offer Entitlement in full. Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying Non-CREST Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement as at the Record Date. The Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

The instructions and other terms set out in the Application Form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

**The latest time and date for acceptance of the Application Forms and payment in full will be 11.00 a.m. on 31 March 2017.** The Open Offer Shares are expected to be issued on 14 April 2017. After such date the Open Offer Shares will be in registered form, freely transferable by written instrument of transfer in the usual common form, or if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

**Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares should take no action and should not complete or return the Application Form.** Qualifying Shareholders are, however, encouraged to vote at the General Meeting by attending in person

or by completing and returning the enclosed Proxy Form (either in hard copy or electronically) or by completing and transmitting a CREST Proxy Instruction.

(b) *Bona fide market claims*

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer. Application Forms may not be sold, assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 28 March 2017. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should contact his broker or other professional adviser authorised under FSMA through whom the sale or purchase was effected as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the purchaser(s) or transferee(s).

Qualifying Non-CREST Shareholders who have sold all of their registered holding should, if the market claim is to be settled outside CREST, complete Box J on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, or directly to the purchaser or transferee, if known. The Application Form should not, however be forwarded to or transmitted in or into the United States of America, any Restricted Jurisdiction, nor in or into any other jurisdiction where the extension of the Open Offer would breach any applicable law or regulation. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 3.2 below.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of their registered holding should, if the market claim is to be settled outside CREST, complete Box J on the Application Form and immediately deliver the Application Form, together with a letter stating the number of Application Forms required (being one for the Qualifying Non-CREST Shareholder in question and one for each of the purchasers or transferees), the total number of Existing Ordinary Shares to be included in each Application Form (the aggregate of which must equal the number shown in Box A of the Application Form) and the total number of Open Offer Entitlements to be included in each Application Form (the aggregate of which must equal the number shown in Box B), to the broker, bank or other agent through whom the sale or transfer was effected or return it by post to Computershare so as to be received by no later than **11.00 a.m. on 31 March 2017**. The Receiving Agent will then create new Application Forms, mark the Application Forms “Declaration of sale or transfer duly made” and send them by post to the person submitting the original Application Form for appropriate distribution. The Application Form should not, however, be forwarded to or transmitted in or into any Restricted Jurisdiction, including the United States.

(c) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire Open Offer Shares (whether in respect of all or part of their Open Offer Entitlement or Excess Shares in addition to their Open Offer Entitlement under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it. Qualifying Non-CREST Shareholders may only apply for Excess Shares if they have agreed to take up their Open Offer Entitlements in full. The Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

Completed Application Forms, together with a cheque representing payment in full for the Open Offer Shares, should be posted to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal office hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to be received by Computershare by no later than **11.00 a.m. on 31 March 2017**. Applications delivered by hand will not be checked upon delivery and no receipt will be provided. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid. The Company further reserves the right (but shall not be obliged) to accept either Application Forms or remittances received after 11.00 a.m. on 31 March 2017. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. Multiple applications will not be accepted. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

All documents and remittances sent by post by, to, from or on behalf of an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk.

(d) *Payments*

All payments must be in pounds sterling and made by cheque or A/C banker's draft made payable to "Computershare Investor Services PLC RE: IGas plc Open Offer" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or draft to confirm that the relevant Qualifying Shareholder has title to the underlying funds. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Registrars to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. If the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies received by the Registrars will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Open Offer.

If Open Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Registrars shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Registrars, the Joint Brokers or the

Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholders.

(e) *Discretion as to validity of acceptances*

If payment is not received in full by 11.00 a.m. on 31 March 2017, the offer to acquire Open Offer Shares will be deemed to have been declined and will lapse. However, the Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 31 March 2017; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 31 March 2017 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

The Company reserves the right to treat as invalid any application or purported application for the Open Offer Shares pursuant to the Open Offer that appears to the Company to have been executed in, despatched from, or that provides an address for delivery of definitive share certificates for Open Offer Shares in, a Restricted Jurisdiction, including the United States.

(f) *Incorrect sums*

If an Application Form encloses a payment for an incorrect sum, the Company through the Registrars reserves the right:

- (i) to reject the application in full and return the cheque or banker's draft or refund the payment to the Qualifying Non-CREST Shareholder in question; or
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the Qualifying Non-CREST Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Open Offer Shares referred to in the Application Form, refunding any unutilised sums to the Qualifying Non-CREST Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company.

All monies received by the Registrars in respect of Open Offer Shares will be held in a separate account.

(g) *The Excess Application Facility*

Provided they choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables a Qualifying Non-CREST Shareholder to apply for Excess Shares. The Excess Application Facility is limited to a maximum of 100% of your actual Open Offer Entitlement, so that, if you are entitled to 100 Open Offer Shares you may apply for up to an additional 100 Open Offer Shares in the Excess Application Facility. Qualifying Non-CREST Shareholders wishing to apply for Excess Shares may do so by completing Box E of the Application Form.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, the

Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. Qualifying Non-CREST Shareholders who wish to apply for Excess Shares must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for Open Offer Shares exceed 90,911,660 Open Offer Shares, resulting in a scale back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for Excess Shares and from whom payment in full for the Excess Shares has been received will receive a pounds sterling amount equal to the number of Excess Shares applied and paid for but not allocated to the relevant Qualifying Non-CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

(h) *Effect of application*

All documents and remittances sent by post by, to, from, or on behalf of or to an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company and the Joint Brokers that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and the Joint Brokers that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by and construed in accordance with the laws of England;
- (iii) confirms to the Company and the Joint Brokers that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document (including any documents incorporated by reference into this document) or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, including any documentation incorporated by reference, he will be deemed to have had notice of all information in relation to the Company contained in this document (including information incorporated by reference);
- (iv) represents and warrants to the Company and the Joint Brokers that if he has received some or all of his Open Offer Entitlement from a person other than the Company he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (v) represents and warrants to the Company and the Joint Brokers that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlement or that he received such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vi) requests that the Open Offer Shares, to which he will become entitled, are issued to him on the terms set out in this document and the Application Form subject to the Articles of the Company;
- (vii) represents and warrants to the Company and the Joint Brokers that he is not, nor is he applying on behalf of any person who is, located in any Restricted Jurisdiction or is a

citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in any Restricted Jurisdiction or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (viii) represents and warrants to the Company and the Joint Brokers that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
- (ix) confirms that in making the application he is not relying and has not relied on the Company or the Joint Brokers or any person affiliated with the Company or the Joint Brokers in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to, Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH, or you can contact them on 0370 707 1106 or +44 (0)370 707 1106 if calling from outside the UK. Calls may be recorded and randomly monitored for security and training purposes. Please note the Registrars cannot provide advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or give any financial, legal or tax advice.

(i) *Qualifying Non-CREST Shareholders*

Qualifying Non-CREST Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. A Qualifying Non-CREST Shareholder who is also a CREST member may elect to receive the Open Offer Shares to which he is entitled in uncertificated form in CREST. Please see paragraph 3.2(f) below for more information.

**3.2 *If you have an Open Offer Entitlement and an Excess CREST Open Offer Entitlement credited to your stock account in CREST in respect of your entitlement under the Open Offer***

(a) *General*

Subject to paragraph 6 of this Part IV in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlement equal to the maximum number of Open Offer Shares for which he is entitled to apply under the Open Offer plus an amount equal to a Qualifying Shareholder's Open Offer Entitlement. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any Open Offer Entitlements have therefore also been rounded down. Any fractional entitlements to Open Offer Shares arising will be aggregated and made available under the Excess Application Facility.

The CREST stock account to be credited will be an account under the Participant ID and CREST Member Account ID that apply to the Existing Ordinary Shares held on the Record

Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess CREST Open Offer Entitlements have been allocated.

If for any reason Open Offer Entitlements and/or the Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 5.00 p.m. on 20 March 2017, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlement and Excess CREST Open Offer Entitlement which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive an Application Form. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

**CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Shares and their Excess CREST Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Registrars on 0370 707 1106 or +44 (0)370 707 1106 if calling from outside the UK. Calls may be recorded and randomly monitored for security and training purposes. Please note that the Registrars cannot provide advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or apply for Excess CREST Open Offer Entitlements or give any financial, legal or tax advice. If you are a CREST sponsored member you should consult your CREST Sponsor if you wish to apply for Open Offer Shares as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.**

In accordance with the instructions in this Part IV, the CREST instruction must have been settled by 11.00 a.m. on 31 March 2017.

(b) *Bona fide market claims*

Each of the Open Offer Entitlements and Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *Unmatched Stock Event (“USE”) instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements and their Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST Sponsor sends) a USE instruction to CREST which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the Participant ID and CREST Member Account ID specified below, with a number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and

- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 3.2(c)(i) above.

(d) *Content of USE Instruction in respect of Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is GB00BDB77X23;
- (iii) the Participant ID of the accepting CREST member;
- (iv) the CREST Member Account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the Participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 8RA25;
- (vi) the Member Account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is R066;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above at the Issue Price;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 31 March 2017; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 31 March 2017. In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (x) a contact name and telephone number (in the free format shared note field); and
- (xi) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE Instruction may settle on 31 March 2017 in order to be valid is 11.00 a.m. on that day. In the event that the Placing and Open Offer does not become unconditional by 8.00 a.m. on 4 April 2017 (or such later time and date as the Company, Investec and Canaccord determine being no later than 8.00 a.m. on 28 April 2017), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Registrars will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(e) *Content of USE Instruction in respect of Excess CREST Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with CREST's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Excess Shares for which application is being made (and hence the number of Excess CREST Open Offer Entitlements being delivered to the Receiving Agent);

- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BDB77Y30;
- (iii) the Participant ID of the accepting CREST member;
- (iv) the CREST Member Account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the Participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 8RA25;
- (vi) the Member Account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is R066;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Excess Shares referred to in (i) above at the Issue Price;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 31 March 2017; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 31 March 2017.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE Instruction may settle on 31 March 2017 in order to be valid is 11.00 a.m. on that day.

In the event that the Placing and Open Offer do not become unconditional by 8.00 a.m. on 4 April 2017 (or such later time and date as the Company, Investec and Canaccord determine being no later than 8.00 a.m. on 28 April 2017), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Registrars will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(f) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and entitlement to apply under the Excess Application Facility is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal (these are set out in the Application Form in the case of a deposit into CREST).

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 31 March 2017. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Registrars.

In particular, having regard to normal processing times in CREST and on the part of the Registrars, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 28 March 2017 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 27 March 2017 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility, as the case may be, prior to 11.00 a.m. on 31 March 2017.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Registrars by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed “*Instructions for depositing entitlements under the Open Offer into CREST*” on page 2 of the Application Form, and a declaration to the Company and the Registrars from the relevant CREST member(s) that it/they is/are not located in the United States or citizen(s) or resident(s) of any Restricted Jurisdiction or any other jurisdiction in which the application for Fundraising Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(g) *Validity of application*

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 31 March 2017 will constitute a valid application under the Open Offer.

(h) *CREST procedures and timings*

CREST members and (where applicable) their CREST Sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST Sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 31 March 2017. In this connection CREST members and (where applicable) their CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) *Incorrect or incomplete applications*

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Registrars, reserves the right: (i) to reject the application in full and refund the payment to the CREST member in question (without interest); (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

(j) *The Excess Application Facility*

The Excess Application Facility enables Qualifying CREST Shareholders, who have taken up their Open Offer Entitlement in full, to apply for Excess Shares in excess of their Open Offer Entitlement as at the Record Date. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, the Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. Excess CREST Open Offer Entitlements may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Part IV in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with Excess CREST Open Offer.

(k) *Entitlements to enable applications for Excess Shares to be settled through CREST*

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities. Neither the Open Offer Entitlements nor the Excess CREST Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that an additional USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Open Offer become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed 90,911,660 Open Offer Shares, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application pursuant to his Excess CREST Open Offer Entitlement and from whom payment in full for the excess Open Offer Shares has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable following the completion of the scale back, without payment of interest and at the applicant’s sole risk by way of cheque or CREST payment, as appropriate. Fractions of Open Offer Shares will be aggregated and made available under the Excess Application Facility.

All enquiries in connection with the procedure for applications under the Excess Application Facility and your Excess CREST Open Offer Entitlement should be addressed to the Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. The Registrars can be contacted on 0370 707 1106 or +44 (0)370 707 1106 if calling from outside the UK. Calls to the helpline number are typically charged at your service provider's standard rate. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the Registrars cannot provide financial or taxation advice or comment on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements.

(1) *Effect of valid application*

A CREST member who makes or is treated as making a valid application for some or all of his pro rata entitlement to the Open Offer Shares in accordance with the above procedures thereby:

- (i) represents and warrants to the Company and the Joint Brokers that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (iii) agrees with the Company and the Joint Brokers that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (iv) confirms to the Company and the Joint Brokers that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document (including any documents incorporated by reference into this document) or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, including any documentation incorporated by reference, he will be deemed to have had notice of all the information in relation to the Company contained in this document (including information incorporated by reference);
- (v) represents and warrants to the Company and the Joint Brokers that if he has received some or all of his Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vi) represents and warrants that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles of the Company;

- (viii) represents and warrants to the Company and the Joint Brokers that he is not, nor is he applying on behalf of any Shareholder who is, located in any Restricted Jurisdiction or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in any Restricted Jurisdiction or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor any person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
  - (ix) represents and warrants that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
  - (x) confirms that in making the application he is not relying and has not relied on the Joint Brokers or any person affiliated with the Company or the Joint Brokers in connection with any investigation of the accuracy of any information contained in this document or his investment decision.
- (m) *Company's discretion as to the rejection and validity of applications*
- The Company may in its sole discretion:
- (i) reject any acceptance constituted by a USE Instruction, which is otherwise valid, in the event of a breach of any of the representations, warranties and undertakings set out or referred to in paragraph 3.2(l) of this Part IV. Where an acceptance is made as described in this paragraph 3.2 which is otherwise valid, and the USE Instruction concerned fails to settle by 11.00 a.m. on 31 March 2017 (or by such later time and date as the Company may determine), the Company shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this paragraph 3.2(m), that there has been a breach of the representations, warranties and undertakings set out or referred to in paragraph 3.2(l) above unless the Company is aware of any reason outside the control of the Qualifying CREST Shareholder or CREST Sponsor (as appropriate) concerned for the failure of the USE Instruction to settle;
  - (ii) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part IV;
  - (iii) accept an alternative properly authenticated dematerialised Instruction from a CREST member or (where applicable) a CREST Sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
  - (iv) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which the Registrars receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Registrars has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any

information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

- (v) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative Instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST Sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

(n) *Lapse of the Open Offer*

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 4 April 2017 or such later time and date as the Company, Investec and Canaccord may agree (being no later than 8.00 a.m. on 28 April 2017), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Registrars will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(o) *Issue of Open Offer Shares in CREST*

Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 31 March 2017. If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures, and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' Open Offer Entitlements with effect from the next Business Day. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE Instruction was given.

(p) *Right to allot and issue Open Offer Shares in certificated form*

Despite any other provision of this document, the Company reserves the right to allot and to issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by the Registrars in connection with CREST.

#### **4. Money Laundering Regulations**

##### **4.1 Holders of Application Forms**

To ensure compliance with the Money Laundering Regulations, the Registrars may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrars. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the "**acceptor**"), including any person who appears to the Registrars to be acting on

behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 4 the “**relevant Open Offer Shares**”) shall thereby be deemed to agree to provide the Registrars with such information and other evidence as they may require to satisfy the verification of identity requirements.

If the Registrars determine that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Registrars are entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Registrars nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts and potential rejection of an application. If, within a reasonable time following a request for verification of identity, the Registrars has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor’s risk) without interest to the account of the bank or building society on which the relevant cheque or banker’s draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Registrars, and the Joint Brokers from the applicant that the Money Laundering Regulations will not be breached by the application and the acceptance of such remittance and an undertaking to provide promptly to the Registrars such information as may be specified by the Registrars as being required for the purpose of the Money Laundering Regulations.

The verification of identity requirements will not usually apply:

- (a) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no.91/308/EEC));
- (b) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (c) the acceptor is a company whose securities are listed on a regulated market subject to specified disclosure obligations;
- (d) if the applicant (not being an applicant who delivers his application in person) makes payment through an account in the name of such applicant with a credit institution which is subject to the Money Laundering Regulations or with a credit institution situated in a non-EEA State which imposes requirements equivalent to those laid down in that directive; or
- (e) the aggregate subscription price for the relevant Open Offer Shares is less than €15,000 (or its U.K. Sterling equivalent).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker’s draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, which are recommended to be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to “Computershare Investor Services PLC Re: IGas Energy plc Open Offer” in respect of an application by a Qualifying Shareholder

and crossed “A/C Payee Only”. Third party cheques will not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker’s draft to such effect. The account name should be the same as that shown on the Application Form;

- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force, the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Registrars and/or any relevant regulatory or investigatory authority. If the agent is not such an organisation, it should contact the Registrars at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY; or
- (iii) if an Application Form is lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

**To confirm the acceptability of any written assurance referred to in (ii) above, or in any other case, the acceptor should contact the Registrars on 0370 707 1106 or +44 (0)370 707 1106 if calling from outside the UK. Calls to the helpline number are typically charged at your service provider’s standard rate. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the Registrars cannot provide financial or taxation advice or comment on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlement.**

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 14 April 2017, the Registrars has not received evidence satisfactory to it as aforesaid, the Registrars may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the payee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

#### 4.2 *Open Offer Entitlements in CREST*

If you hold your Open Offer Entitlement and Excess CREST Open Offer Entitlement in CREST and apply for Open Offer Shares in respect of some or all of your Open Offer Entitlement and Excess CREST Open Offer Entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Registrars are obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Registrars before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to the Company and the Joint Brokers to provide promptly to the Registrars such information as may be specified by the Registrars as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Registrars as to identity, the Registrars, having consulted with the Company, may take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE Instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## 5. Admission, settlement and dealings

The result of the Open Offer is expected to be announced on 3 April 2017. Applications will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. Subject to the Placing and the Open Offer becoming unconditional in all respects (save only as to Admission), it is expected that Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 4 April 2017.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 31 March 2017 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company.

On 4 April 2017, the Registrars will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission. The stock accounts to be credited will be accounts under the same Participant IDs and CREST Member Account IDs in respect of which the USE Instruction was given. Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

No temporary documents of title will be issued and transfers will be certified against the UK share register of the Company. All documents or remittances sent by, to, from or on behalf of applicants, or as they may direct, will (in the latter case) be sent through the post and will (in both cases) be at the risk of the applicant. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 3.1 above and their respective Application Form.

## 6. Overseas Shareholders

The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

### 6.1 *General*

**The distribution of this document and the making or acceptance of the Open Offer to or by persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdictions. It is the responsibility of those persons to consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.**

No action has been or will be taken by the Company, the Joint Brokers, or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. Receipt of this document and/or an Application

Form and/or a credit of an Open Offer Entitlement or an Excess CREST Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to, and Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or a Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Having considered the circumstances, the Directors have formed the view that it is necessary or expedient to restrict the ability of the Shareholders in the United States and the other Restricted Jurisdictions to participate in the Open Offer due to the time and costs involved in the registration of this document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company or the Joint Brokers nor any of their respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer or renounce the Application Form or transfer the Open Offer Entitlements or Excess CREST Open Offer Entitlements in CREST unless the Company or Joint Brokers determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements or Excess CREST

Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part IV “*Terms and Conditions of the Open Offer*” and specifically the contents of this paragraph 6.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any other jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

Notwithstanding any other provision of this document or the relevant Application Form, the Company and the Joint Brokers reserve the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker’s drafts or where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST. Due to restrictions under the securities laws of the United States and the Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the United States or any Restricted Jurisdiction or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements. No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into the United States or any Restricted Jurisdiction. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

## 6.2 *United States*

The Open Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered, sold, re-sold, taken up, renounced, transferred, delivered or distributed, directly or indirectly, into or within the United States except in reliance on an exemption from the registration requirements of the Securities Act and in compliance with any Applicable Securities Laws of any state or other jurisdiction of the United States. There will be no public offer of the Open Offer Shares in the United States.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, neither this document nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Open Offer Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form have been nor will be sent to, and no Open Offer Shares have been or will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address for registration of the Open Offer Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires Open Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the Open Offer Shares, that they are not, and that at the time of acquiring the Open Offer Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States.

Neither the Open Offer Shares, the Proxy Form, the Application Form, this document nor any other document connected with the Fundraising have been or will be approved or disapproved by the SEC or by the securities commissions of any state or other jurisdiction of the United States or any other regulatory authority, nor have any of the foregoing authorities or any securities commission passed upon or endorsed the merits of the offering of the Open Offer Shares, the Proxy Form, the Application Form, or the accuracy or adequacy of this document or any other document connected with this Fundraising. Any representation to the contrary is a criminal offence in the United States.

Any person who subscribes for Open Offer Shares will be deemed to have declared, represented, warranted and agreed to, by accepting delivery of this document or the Application Form or by applying for Open Offer Shares in respect of Open Offer Entitlements or Excess CREST Open Offer Entitlements credited to a stock account in CREST, and delivery of the Open Offer Shares, the representations and warranties set out in paragraph 6.5 of this Part IV.

The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of Open Offer Shares, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located in the United States and is not acquiring the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements.

The Company will not be bound to allot or issue any Open Offer Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any Open Offer Shares may be transferred. In addition, the Company and the Joint Brokers reserve the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the Open Offer Shares. In addition, until 45 days after the commencement of the Open Offer, an offer, sale or transfer of the Open Offer Shares within the United States by a dealer (whether or not participating in the and Open Offer) may violate the registration requirements of the Securities Act.

### 6.3 *Restricted Jurisdictions*

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements. The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer or invitation to apply for Open Offer Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction.

### 6.4 *Other overseas territories*

Application Forms will be sent to Qualifying Non-CREST Shareholders (other than those Qualifying Non-CREST Shareholders who have registered addresses in the Restricted Jurisdictions) and Open

Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders (other than those Qualifying Non-CREST Shareholders who have registered addresses in the Restricted Jurisdictions). Qualifying Shareholders in jurisdictions other than the United States or the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form. Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares in respect of the Open Offer.

## 6.5 ***Representations and warranties relating to Overseas Shareholders***

### (a) *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, the Joint Brokers and the Registrars that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within the United States or any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within the United States or any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to offer, sell, resell, transfer, deliver or distribute, directly or indirectly, any such Open Offer Shares into any of the above territories.

The Company and/or the Registrars may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in the United States or a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the representation and warranty required by this sub-paragraph (a).

### (b) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part IV represents and warrants to the Company and the Joint Brokers that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he or she is not within the United States or any Restricted Jurisdiction; (ii) he or she is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) he or she is not accepting on a non-discretionary basis for a person located within the United States or any Restricted Jurisdiction (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he or she is not acquiring any Open Offer Shares with a view to offer, sell, resell, transfer, delivery or distribute, directly or indirectly, any such Open Offer Shares into any of the above territories.

The Company and/or the Registrars may treat as invalid any USE Instruction which: (i) appears to the Company or its agent to have been despatched from the United States or any other Restricted Jurisdiction or otherwise in a manner which may involve a breach of the laws of any jurisdiction or which the Company or its agents believe may violate any applicable legal or regulatory requirement; or (ii) purports to exclude the representation and warranty required by this section.

#### **6.6 Waiver**

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company and the Joint Brokers in their absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

#### **7. Times and dates**

The Company shall, in agreement with Investec and Canaccord after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the London Stock Exchange, and make an announcement on a Regulatory Information Service but Qualifying Shareholders may not receive any further written communication.

If a supplementary circular is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall, with the agreement of the Joint Brokers be extended to the date that is three Business Days after the date of issue of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

#### **8. Admission, settlement and dealings**

- 8.1 The result of the Open Offer is expected to be announced on 3 April 2017. Application will be made to AIM for Admission to trading of the Open Offer Shares, which is expected to become effective and dealings in such Ordinary Shares, fully paid, to commence at 8.00 a.m. on 4 April 2017.
- 8.2 The Existing Ordinary Shares are already admitted to CREST and applications will be made for the Open Offer Shares to be admitted to CREST. All such Ordinary Shares, when issued and fully paid, may be held and transferred by means of CREST.
- 8.3 Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 31 March 2017 (being the latest practicable date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, the Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for the Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 4 April 2017, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be on 4 April 2017). The stock accounts to be credited will be accounts under the same Participant IDs and CREST Member Account IDs in respect of which the USE Instruction was given.
- 8.4 Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Holders an Application Form instead of crediting the relevant stock account holders with Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

- 8.5 For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be dispatched by post by within ten days of Admission. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register of members of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk.
- 8.6 The result of the Open Offer will be announced and made public through an announcement on a Regulatory Information Service as soon as reasonably practicable after the results are known.

## 9. Warranties

Each Qualifying Shareholder applying for Open Offer Shares represents, warrants, covenants, undertakes, agrees and acknowledges as follows:

- 9.1 the Company and others will rely upon its representations, warranties, covenants, agreements and acknowledgements set forth herein, and it agrees to notify the Company promptly in writing if any of its representations, warranties, covenants, agreements or acknowledgements ceases to be accurate and complete;
- 9.2 it has read and understood and accepted the terms and conditions of the Open Offer contained in this document and its application for Open Offer Shares shall be on and subject to the terms and conditions of this document and, if it is a Qualifying Non-CREST Shareholder, the Application Form;
- 9.3 it agrees that all applications, and contracts resulting therefrom, and all non-contractual claims under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- 9.4 it is a Qualifying Shareholder originally entitled to Open Offer Entitlements or if it has received some or all of its Open Offer Entitlements from a person other than the Company, it is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- 9.5 it may lawfully acquire the Open Offer Shares to be subscribed by it pursuant to the Open Offer and has the capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Open Offer Shares and will honour such obligations;
- 9.6 it agrees that its obligations under the Open Offer shall not be capable of rescission or termination by it in any circumstance;
- 9.7 in agreeing to acquire the Open Offer Shares, it is relying on the information contained in this document and any announcement made by or on behalf of the Company through a Regulatory Information Service and it is not relying on any information given or representation, warranty, undertaking, agreement or statement made at any time by the Company or a Joint Broker or any of their respective officers, directors, agents, employees or advisers, or any other person in relation to the Company or its subsidiary undertakings, the Open Offer or the Open Offer Shares, and neither the Company nor any Joint Broker nor any other person will be liable for any Qualifying Shareholder's decision to participate in the Open Offer based on any other information, representation, warranty, undertaking, agreement or statement which Qualifying Shareholders may have obtained or received. In addition, it has neither received nor relied on any confidential price-sensitive information. Nothing in this paragraph shall exclude the liability of any person for fraud;
- 9.8 it is entitled to acquire the Open Offer Shares under the terms of the Open Offer and the laws of all relevant jurisdictions which apply to it (the "**Applicable Securities Laws**") and it has fully observed such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has not taken any action or omitted to take any action which will or may result in the Company or any of their officers, directors, agents, employees or advisers acting in breach of any law or regulatory requirement of any territory or jurisdiction in connection with the Open Offer or its entitlement;

- 9.9 it is not, nor is it applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that it is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome) and the Qualifying Shareholder is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of its application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is or may be prevented by law (except where proof satisfactory to the Company has been provided to the Company that the Qualifying Shareholder is able to accept the invitation by the Company pursuant to an applicable exemption and free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor such person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- 9.10 it irrevocably appoints any director of the Company as its agent for the purpose of executing and delivering to the Company and/or the Receiving Agent any documents on its behalf necessary to enable it to be registered as the holder of Open Offer Shares;
- 9.11 it is not, and nor is it applying for Open Offer Shares as nominee or agent for, a person who is or may be liable to notify and account for stamp duty or stamp duty reserve tax at any of the increased rates referred to in sections 67 to 72 inclusive and sections 93 to 97A inclusive of the Finance Act 1986 (Depositary Receipts and Clearance Services) and, in the event of any breach of this warranty, it agrees that neither the Company nor any other person will have any liability to it or other persons in respect of such duty or tax;
- 9.12 the Applicable Securities Laws do not require the Company to make any filings or seek any approvals of any kind whatsoever from any regulatory authority of any kind in connection with the Open Offer in the jurisdiction in which it is resident;
- 9.13 the purchase by it of Open Offer Shares does not trigger in the jurisdiction in which it is resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action;
- 9.14 the offer and sale to it of Open Offer Shares was not made through an advertisement of the Open Offer Shares in printed media of general and regular paid circulation, radio or television or any other form of advertisement;
- 9.15 it and any person acting on its behalf is aware of the obligations in connection with money laundering under the Money Laundering Regulations to the extent applicable to it and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Money Laundering Regulations;
- 9.16 it agrees to be bound by the terms of the articles of association of the Company in force immediately following Admission of the Open Offer Shares;
- 9.17 it will not deal or cause or permit any other person to deal in all or any of the Open Offer Shares unless and until Admission of the Open Offer Shares becomes effective;
- 9.18 the Company is relying on one or more exemptions from the registration requirements of the Securities Act and, as a consequence of acquiring the Open Offer Shares pursuant to such exemption(s), certain protections, rights and remedies provided by Applicable Securities Laws will not be available to it, including an obligation on the Company to provide it with a prospectus or other

- disclosure document, and, save for this document, no offer document, admission document or prospectus has been, or is required to be, prepared in connection with the Open Offer;
- 9.19 it has not received a prospectus or admission document or, save for this document, any other offering document in connection with the Open Offer, and no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Open Offer Shares or the fairness or suitability of the investment in the Open Offer Shares nor have such authorities passed upon or endorsed the merits of the offering of the Open Offer Shares;
- 9.20 it acknowledges that the Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the “**Exchange Information**”), and that it is able to obtain or access the Exchange Information without undue difficulty;
- 9.21 neither the Company nor any Joint Broker nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person;
- 9.22 if it is acquiring any Open Offer Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, covenants, agreements and acknowledgements on behalf of each such account;
- 9.23 it acknowledges that the Open Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, or under any relevant securities laws of any Restricted Jurisdiction;
- 9.24 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document (or any part thereof) to or within the United States or any Restricted Jurisdiction, nor will it do any of the foregoing;
- 9.25 it is purchasing the Open Offer Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Open Offer Shares in any manner that would violate the Securities Act or any other Applicable Securities Laws, and it does not have a present arrangement to effect any distribution of the Open Offer Shares to or through any person or entity;
- 9.26 it is not acquiring any Open Offer Shares for resale in the United States or any Restricted Jurisdiction and it has not and will not deliver or forward any advertisement or other offering material in relation to the Open Offer Shares in or into the United States or any Restricted Jurisdiction;
- 9.27 it will indemnify and hold the Company and its respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, agreements and covenants in this document. All representations, warranties, agreements and covenants given by it in this document are given to the Company and will survive completion of the Open Offer;
- 9.28 it is acquiring the Open Offer Shares in an offshore transaction meeting the requirements of Regulation S under the Securities Act;
- 9.29 at the time it received the offer to purchase the Open Offer Shares it was not in the United States or any Restricted Jurisdiction;

- 9.30 it: (i) understands and acknowledges that the offering and sale of the Open Offer Shares are not being, and will not be, made, directly or indirectly, in or into, or by the use of the mails or any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States or any Restricted Jurisdiction; and (ii) acknowledges that no Application Form will be accepted by any such use, means, instrumentality or facility or from within the United States or any Restricted Jurisdiction, and doing so may render such Application Form invalid;
- 9.31 its receipt and execution of the Application Form each occurred outside the United States or any Restricted Jurisdiction;
- 9.32 it is not acquiring the Open Offer Shares as a result of or due to, and will not engage in, any “directed selling efforts” (as defined in Regulation S under the Securities Act) in the United States or any Restricted Jurisdiction in respect of the Open Offer Shares, which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States or any Restricted Jurisdiction for the resale of the Open Offer Shares, including placing an advertisement in a publication with a general circulation in the United States or any Restricted Jurisdiction, nor has it seen or been aware of any activity that, to its knowledge, constitutes directed selling efforts in the United States or any Restricted Jurisdiction; and
- 9.33 it understands and acknowledges that the Joint Brokers are acting for the Company and not any other person in connection with the Open Offer and will not be responsible to any other person for providing the protections afforded to the clients of the Joint Brokers or for affording advice in relation the Open Offer. Nothing in this paragraph shall serve to exclude or limit any responsibilities which the Joint Brokers may have under FSMA or the regulatory regime established thereunder. The Joint Brokers are not making any representation or warranty, express or implied, as to the contents of this document.

## **10. Taxation**

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

## **11. Further information**

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

## **12. Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law.

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form. By taking up Open Offer Shares, by way of their Open Offer Entitlement and the Excess Application Facility (as applicable), in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## PART V

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Directors, whose names are set out on page 6 of this document, accept responsibility for the information contained in this document with the exception of any information relating to any Kerogen entity. To the best knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. The Company

The Company was incorporated as a public company limited by shares under the laws of England and Wales under the Companies Act 1985, on 1 December 2003, with number 04981279, under the name KP Renewables PLC.

On 28 December 2007, the Company changed its name to Island Gas Resources PLC and on 11 December 2009, the Company changed its name to IGas PLC.

The Company is not regulated by the FCA or any financial services. The company's activities are regulated by the Environment Agency, the Health and Safety Executive, the Department of Business, Energy and Industrial Strategy, the Oil and Gas Authority and local minerals planning authorities.

The principal legislation under which the Company operates, and pursuant to which the Ordinary Shares have been created is the Companies Act 2006.

The Company is domiciled in England and Wales, its registered office is at 7 Down Street, London, W1J 7AJ, United Kingdom, its telephone number is +44 (0)20 7993 9899.

The Company has the following wholly-owned subsidiaries:

#### *Subsidiaries held by Company:*

Dart Energy Pty Ltd  
Island Gas Limited  
Island Gas Operations Limited  
IGas Energy (Caithness) Limited  
IGas Exploration UK Limited  
Star Energy Group Limited  
Star Energy Limited  
Star Energy Weald Basin Limited  
Star Energy Oil and Gas Limited

#### *Subsidiaries held through subsidiaries:*

Island Gas (Singleton) Limited  
Star Energy (East Midlands) Limited  
Dart Energy (East England) Limited  
Dart Energy (West England) Limited  
GP Energy Limited  
Dart Energy (Europe) Limited  
Dart Energy (Forth Valley) Limited  
Dart Energy (Carbon Storage) Limited  
Dart Energy (Lothian) Limited  
Greenpark Energy Transportation Limited  
Apollo Gas Pty Ltd  
Dart Energy (Bruxner) Pty Limited  
Dart Energy (India) Pty Limited  
Dart Energy SPV No.1 Pty. Limited  
Dart Energy SPV No.2 Pty. Limited  
Dart Energy (China) Pty. Limited  
Dart Energy (Overseas) Pty. Limited  
Dart Energy Global CBM Pty Limited  
Dart Energy India Services Pvt Limited  
Dart Energy (Europe) Pte Limited  
Dart Energy (China) Holdings Pte Limited  
Dart Energy (India) Pte Limited  
Dart Energy (ST) Pte Limited

*Subsidiaries held by Company:*

*Subsidiaries held through subsidiaries:*

Dart Energy (AS) Pte Limited  
Dart Energy (Sangatta West) Pte Limited  
Dart Energy (Dajing) Pte. Limited  
Dart Energy (Vietnam) Holdings Pte Limited  
Dart Energy (India) Holdings Pte. Limited  
Dart Energy International Limited  
Dart Energy Asia Holdings Pte Ltd  
Dart Energy (CIL) Pte Ltd  
Dart Energy (MG) Pte Ltd  
Dart Energy (Hanoi Basin CBM) Pte Ltd  
Dart Energy India (CMM) Pte Ltd  
Dart Energy Technology (Beijing) Co. Ltd.

The liability of the members of the Company is limited.

### **3. Share capital and options**

#### **3.1 Issued share capital**

The issued share capital of the Company as at the date of this document and the maximum that it could be immediately following Admission (assuming that the Open Offer is fully subscribed, the Bond Equity Exchange is taken up in full and no options or warrants are exercised prior to Admission) is set out below:

	<i>As at the date of this document</i>	<i>Maximum* immediately following Admission</i>
Number of fully paid Ordinary Shares	303,305,534	3,011,418,379

\*Estimated

The Existing Ordinary Shares rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and rank *pari passu* in all other respects with all other Existing Ordinary Shares.

The Existing Ordinary Shares are admitted to trading on AIM. Trading on AIM affords investors in the Company a lower level of regulatory protection than that afforded to investors in companies with premium listings on the Official List, which are subject to additional obligations under the Listing Rules.

The pre-emption rights contained in the Companies Act 2006 (whether to issue equity securities or sell them from treasury) will be disapplied (assuming that the Resolutions are passed) for the purposes of issuing all the New Ordinary Shares required to be issued in connection with the Fundraising.

Except as stated in this document or any document incorporated herein by reference:

- (a) the Company does not have in issue any securities not representing share capital; and
- (b) there are no outstanding convertible securities issued by the Company;
- (c) no person has any preferential subscription rights for any share capital of the Company;
- (d) other than options issued as part of the employee incentive schemes, no share or loan capital of the Company is currently under option or agreed conditionally or unconditionally to be put under option; and
- (e) other than Existing Ordinary Shares in the Company issued to Jefferies International for advisory services for a farm-out and purchase agreement with INEOS in 2015, no commissions, discounts, brokerages or other special terms have been granted by the Company

since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

### 3.2 Warrants

Pursuant to a warrant instrument dated 14 December 2011 (the “**Warrant Instrument**”), the Company issued warrants (the “**Warrants**”) which may be exercised to acquire Ordinary Shares on the terms set out therein. As at the date of this document, Macquarie Bank Limited (“**Macquarie**”), as the original holder of Warrants, holds 2,000,000 Warrants and, pursuant to a historic transfer of Warrants by Macquarie, Rock Nominees Limited (“**Rock**”) holds 5,500,000 Warrants. Pursuant to the terms of the Warrant Instrument, a Warrant holder may elect to exercise all or some of its Warrants as a regular exercise, whereby the holder makes remittance to the Company on the date of exercise of an amount equal to the aggregate subscription price, being 55.8 pence per Ordinary Share. The Subdivision has no effect upon the exercise price, unless nominal exercise applies. Pursuant to a nominal exercise, the Warrant holder may elect to exercise its Warrants at an exercise price equal to the nominal value of the Ordinary Shares. Due to the level of exercise price and assuming the Ordinary Shares trade at or around a level below the exercise price, nominal exercise price it will not be possible. The number of Warrants which can be exercised in this way is calculated in accordance with a formula contained in the Warrant Instrument. Exercise of the Warrants may only occur until the earlier of (i) the date of termination of the Warrants pursuant to a takeover offer of the Company; or (ii) 14 December 2017 (or, if on 14 December 2017, the Warrant holder would be considered to have non-public price sensitive information relating to the Company, 90 days following the date upon which the Warrant holder is no longer considered to hold such information). Ordinary Shares issued on the exercise of Warrants will rank pari passu with existing fully paid Ordinary Shares in all respects. Warrants may be transferred to a nominee, trustee or affiliate of or fund managed by the Warrant holder without the consent of the Company, or to any other proposed transferee with the consent of the Company.

## 4. Major Shareholders

Insofar as has been notified to the Company, and in addition to the holdings of the Directors disclosed in Part V above, the following persons hold, as at the date of this document, and are expected to hold immediately following Admission, directly or indirectly, 3 per cent. or more of the Enlarged Share Capital:

	<i>As at the date of this document</i>		<i>Immediately following Admission*</i>	
	<i>No. of Ordinary Shares</i>	<i>% of Existing Ordinary Shares</i>	<i>No. of New Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
Hargreaves Lansdown Asset Management	40,138,293	13.23	40,138,293	1.33
Nexen Petroleum UK	39,714,290	13.09	39,714,290	1.32
Francis Gugen	27,615,764	9.10	31,268,631	1.04
Barclays Wealth	15,871,089	5.23	15,871,089	0.53
Halifax Share Dealing	15,635,072	5.15	15,635,072	0.52
Krestlake Pty Ltd	14,709,385	4.85	14,709,385	0.49
TD Direct Investing	13,597,702	4.48	13,597,702	0.45

\* Assuming that the Open Offer is fully subscribed and the maximum number of New Ordinary Shares are issued under the Bond Equity Exchange, the Shareholders listed above do not participate in the Open Offer and no options or warrants are exercised prior to Admission.

Following Admission, the Directors expect that a number of persons will have an interest, directly or indirectly, in at least 3 per cent. of the voting rights attached to the Enlarged Share Capital. Such persons will be required to notify such interests to the Company in accordance with the provisions of Chapter 5 of the Disclosure Rules, and such interests will be notified by the Company to the public in accordance with the AIM Rules.

## 5. Directors service contracts and interests

- 5.1 The interests (all of which are beneficial unless stated otherwise) of the Directors and of persons connected with them (within the meaning of section 252 of the 2006 Act) in the issued ordinary share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this document and as they are expected to be immediately following Admission are as follows:

	<i>As at the date of this document</i>		<i>Immediately following Admission*</i>	
	<i>No. of Existing Ordinary Shares</i>	<i>% of Existing Ordinary Shares</i>	<i>No. of New Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
F Gugen	27,615,764	9.10	31,268,631	1.04
S Bowler	139,920	0.05	1,139,920	0.04
J Blaymires**	90,003	0.03	756,669	0.03
J Tedder	169,638	0.06	2,391,860	0.08
J Bryant	59,045	0.02	1,725,711	0.06
C McDowell	–	–	4,383,441	0.15
Robert McTighe	250,000	0.08	11,361,111	0.38

\* Assuming that the Open Offer is fully subscribed and the maximum number of New Ordinary Shares are issued under the Bond Equity Exchange, the Directors do not participate in the Open Offer, certain Directors participate in Ancillary Subscription and no options or warrants are exercised prior to Admission

\*\* of which 333,333 New Ordinary Shares have been subscribed for by, and will be held by, his wife, Melanie Blaymires

- 5.2 The interests (all of which are beneficial unless stated otherwise) of the Directors and of persons connected with them (within the meaning of section 252 of the 2006 Act) in options over the Existing Ordinary Shares and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this document are as follows:

(a) *IGas Energy plc 2015 Executive Director Retention Plan (the “Plan”)*

<i>Executive Director Retention Plan</i>	<i>Date of Grant</i>	<i>Number of Options</i>	<i>Earliest vesting date</i>	<i>Lapse date</i>
S Bowler	13/07/2015	3,500,000	13/07/2016	13/07/2023
J Blaymires	13/07/2015	3,000,000	13/07/2016	13/07/2023

The Remuneration Committee, recognising the need to have a strong retention mechanism in place for the Executive Directors, adopted the Plan in July 2015 as an exceptional share arrangement. On 13 July 2015 the Executive Directors received awards under the Plan in the form of nil cost options (S Bowler was made an award in the form of an option over 3,500,000 ordinary shares in the Company, and J Blaymires over 3,000,000 ordinary shares in the Company). The options issued under the Plan vested and became exercisable on the first anniversary of the date of grant of the retention award subject to the Executive Directors continued employment with the Group and are subject to a one year holding period following the date of vesting. Options will normally remain exercisable for seven years following the date of vesting. It is not intended that the Plan will be used to grant any further awards over the next stage of the Company’s development.

(b) *2011 Long Term Incentive Plan*

<i>Long Term Incentive Plan</i>	<i>Date of Grant</i>	<i>Number of Options</i>	<i>Earliest vesting date</i>	<i>Lapse date</i>
J Tedder (appointed 28 September 2015)	25/11/2015	1,315,789	27/09/2018	25/11/2025

(c) *Executive Incentive Plan*

<i>Executive Incentive Plan</i>	<i>Date of Grant</i>	<i>Number of Options</i>	<i>Earliest vesting date</i>	<i>Lapse date</i>
S Bowler – CEO	30/03/2016	1,481,520	30/03/2019	30/03/2026
J Tedder – CFO	30/03/2016	1,058,228	30/03/2019	30/03/2026
J Blaymires – COO	30/03/2016	1,185,216	30/03/2019	30/03/2026

The options granted under the Executive Incentive Plan take the form of a base award over the number of ordinary shares specified above. The number of ordinary shares over which the options vest may be increased by a multiple of up to two times the number of ordinary shares subject to the base award, if a specified ordinary share price is met at the vesting date.

The options are subject to malus and clawback provisions contained in the rules of the Executive Incentive Plan however for the avoidance of doubt, the maximum number of shares which can be awarded to the CEO, CFO and COO is 2,963,040, 2,116,456 and 2,370,432 respectively. The two times multiplier will only apply if the ordinary share price at vesting is 75 pence per share or more.

Each individual's base award will normally vest and become exercisable on the third anniversary of the date of grant of the options, subject to continued employment and with a provision for the Remuneration Committee to scale back the number of shares which vest if the Company's ordinary share price at vesting is in the opinion of the Remuneration Committee materially lower than the ordinary share price at grant.

5.3 C McDowell currently holds \$247,500 in face value of the Secured Bonds.

## 6. Directors' Compensation

### 6.1 *Non-executive Directors*

The Non-executive Directors are engaged under rolling contracts with notice periods of three months, under which they are not entitled to any pension, benefits or bonuses, but are entitled to reimbursement of reasonable expenses.

<i>Non-executive Directors</i>	<i>Annual Compensation Taxable</i>			
	<i>Emoluments</i>	<i>Benefits</i>	<i>Pensions</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
F Gugen – Non-executive Chairman	105	–	–	105
R McTighe – Non-executive Deputy Chairman	100	–	–	100
J Bryant – Senior Independent	75	–	–	75
C McDowell	60	–	–	60
Total – Non-executive Directors	340	–	–	340

## 6.2 *Executive Directors*

The Executive Directors are employed under rolling contracts with notice periods of 12 months or less from the Company or executive.

<i>Executive Directors</i>	<i>Annual Compensation Taxable</i>					<i>Total</i> <i>£000</i>
	<i>Salary</i> <i>£000</i>	<i>Bonus</i> <i>£000</i>	<i>Pension</i> <i>£000</i>	<i>Benefits</i> <i>£000</i>	<i>Pensions</i> <i>£000</i>	
S Bowler – CEO	350	up to 100% of salary	37	–	10	397
J Blaymires – COO	280	up to 100% of salary	36	–	–	316
J Tedder – CFO	250	up to 100% of salary	24	–	10	284
Total – Executive Directors	<u>880</u>	<u>–</u>	<u>97</u>	<u>–</u>	<u>20</u>	<u>997</u>

## 7. **United Kingdom Taxation**

### 7.1 *General*

The following paragraphs are intended as a general guide to certain limited tax matters connected with the Ordinary Shares. The statements in these paragraphs do not constitute tax advice and are intended to apply only as a general guide to the position under current UK tax law and the published practice of HMRC as at the date of this document, either of which is subject to change at any time (possibly with retrospective effect).

Furthermore, this information is intended to apply only to holders of Ordinary Shares who are resident (and, in the case of individuals, domiciled) in (and only in) the UK for UK tax purposes (unless expressly stated otherwise) and to whom split-year treatment does not apply, who hold Ordinary Shares as investments (and not through an individual savings account or a self-invested personal pension) and who are the direct absolute beneficial owners of their Ordinary Shares. In particular, the information does not apply to certain categories of holders of Ordinary Shares who are subject to special rules including dealers, traders, brokers, insurance companies, trustees, investment companies, collective investment schemes, tax-exempt institutions, persons holding Ordinary Shares or rights over Ordinary Shares in connection with an employment or office or those who hold 5 per cent. or more of the Ordinary Shares.

**Any person who is in any doubt as to his or her tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should consult their own appropriate independent professional tax adviser.**

### 7.2 *Taxation of dividends*

No UK tax is required to be withheld from dividend payments by the Company.

#### (a) *Individuals*

As of 6 April 2016, the notional dividend tax credit system was abolished. Instead, as introduced in the Finance Act 2016, UK resident and domiciled individuals will receive a dividend allowance in the form of a 0 per cent. tax rate on the first £5,000 of dividend income per year (it was announced in the Spring Budget 2017 that this allowance will be reduced to £2,000 from 6 April 2018). Dividend receipts in excess of this allowance will be taxed at the rates of 7.5 per cent. for basic rate income tax payers, 32.5 per cent. for higher rate income tax payers, and 38.1 per cent. for additional rate income tax payers.

(b) *Corporate shareholders*

Holders of Ordinary Shares that are within the charge to corporation tax will be subject to corporation tax on dividends paid by the Company, unless (subject to special rules for holders of Ordinary Shares that are “small” companies) the dividends fall within an exempt class and certain other conditions are met. The position of each corporate holder of Ordinary Shares will depend on its own particular circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class.

Holders of Ordinary Shares that are within the charge to corporation tax that receive dividends that are not exempt will be liable to corporation tax at the prevailing rate of corporation tax (being 20 per cent. for the financial year 1 April 2016 to 31 March 2017, reducing to 19 per cent. with effect from 1 April 2017 and then to 17 per cent. with effect from 1 April 2020).

### 7.3 *Taxation of chargeable gains on disposals of Ordinary Shares*

A disposal, or deemed disposal, of Ordinary Shares by a holder of such shares may give rise to either an allowable loss or a chargeable gain for the purposes of UK taxation of chargeable gains, depending on the circumstances of that holder of Ordinary Shares and in particular the availability of any exemption or relief.

(a) *Individuals*

Any gain realised on a sale or other disposal of all or part of a holding of Ordinary Shares (including from a liquidation or dissolution of the Company) by holders of Ordinary Shares who are individuals may be subject to capital gains tax as a chargeable gain. Subject to claiming any available reliefs and exemptions, the current rates of capital gains tax are 10% for individual holders of Ordinary Shares who are basic rate taxpayers and 20% for individual holders of Ordinary Shares who are subject to higher and additional income tax rates.

Individuals who are temporarily not resident in the UK may, in certain circumstances, be subject to tax in respect of gains realised on a disposal or deemed disposal of Ordinary Shares while they are not resident in the UK.

(b) *Corporate shareholders*

Any gain realised on a sale or other disposal of the Ordinary Shares (including from liquidation or dissolution of the Company) by holders of Ordinary Shares who are subject to corporation tax may be subject to corporation tax on chargeable gains. Corporation taxpayers may be entitled to calculate their chargeable gains taking into account indexation allowance, in accordance with any rise in the Retail Prices Index over their period of ownership of the Ordinary Shares being disposed of. Indexation allowance can only reduce or eliminate a chargeable gain, and not create or increase an allowable loss.

### 7.4 *UK chargeable gains consequences of the Open Offer*

For the purposes of capital gains tax and corporation tax on chargeable gains, a Shareholder should not be treated as making a disposal of all or part of his existing holding of Ordinary Shares by reason of taking up his entitlement under the Open Offer and the consequent issue to that Shareholder of Open Offer Shares. It is arguable as a matter of UK tax law that the Open Offer is not strictly speaking a reorganisation of the share capital of the Company for the purposes of UK taxation of chargeable gains. However, whilst HMRC treatment of the Open Offer cannot be guaranteed, and specific confirmation has not been requested in relation to the Open Offer, HMRC’s current published practice is to treat an acquisition of shares by an existing shareholder up to his pro rata entitlement pursuant to the terms of an open offer as a reorganisation for these purposes (although HMRC may not follow this treatment where an open offer is not made to all holders of a class of shares).

If the Open Offer is treated as a reorganisation, to the extent a Shareholder takes up his pro rata entitlement to Open Offer Shares, he will not be treated as making a disposal of any part of his existing holding of Ordinary Shares by reason of acquiring such Open Offer Shares. Consequently, no liability to taxation on chargeable gains should arise in respect of the issue of such Open Offer Shares. Furthermore, if reorganisation treatment applies, the Open Offer Shares allotted to a Shareholder under the Open Offer up to and including the Shareholder's pro rata entitlement will be treated as the same asset as the existing holding of Ordinary Shares, acquired at the time he acquired that holding. The subscription monies will therefore be added to the base cost of his existing holding.

To the extent that the issue of the Open Offer Shares by the Company to Qualifying Shareholders under the terms of the Open Offer is not treated as a reorganisation or, where it is treated as a reorganisation, to the extent a Shareholder takes up Open Offer Shares in excess of his entitlement under the Open Offer under the Excess Application Facility, the Open Offer Shares acquired will be treated as acquired as part of a separate acquisition. Subject to specific rules for acquisitions within specified periods either side of a disposal, the holding of existing Ordinary Shares and the Open Offer Shares issued pursuant to the Open Offer will be treated as a single asset, the base cost of which will be the aggregate of the amount paid for the Open Offer Shares and the base cost of the holding of existing Ordinary Shares.

To the extent that Open Offer Shares are issued to persons other than Qualifying Shareholders pursuant to the Placing, this will not be treated as a reorganisation of the Company's share capital for the purposes of UK tax on chargeable gains. Instead, such Open Offer Shares will be treated as acquired as part of a separate acquisition. In these circumstances the price paid for the Open Offer Shares (issued pursuant to the Placing) will constitute such person's base cost for the purposes of UK taxation on chargeable gains.

#### **7.5 *Inheritance Tax***

The Open Offer Shares are treated as unquoted shares for the purposes of UK inheritance tax. Individuals subject to UK inheritance tax in relation to a holding of Ordinary Shares may be entitled to business property relief of up to 100 per cent. after a holding period of two years, provided that all the relevant conditions for the relief are satisfied at the appropriate time.

#### **7.6 *Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

No stamp duty or SDRT will generally be payable on the issue of Open Offer Shares.

Provided AIM continues to be accepted as a "recognised growth market" as construed in accordance with section 99A of the Finance Act 1986, neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) on the basis that the Ordinary Shares are admitted to trading on AIM, but are not listed on any other market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear.

### **8. *Material Contracts***

The following are the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company during the two years prior to the date of this document which: (a) are, or may be, material to the Company; or (b) contain obligations or entitlements which are, or may be, material to the Company as at the date of this document, save where such contracts have previously been announced via a Regulatory Information Service.

#### **8.1 *Kerogen Subscription Agreement and Relationship Agreement***

##### *Kerogen Subscription Agreement*

On 17 March 2017 the Company and Kerogen Investor entered into the Kerogen Subscription Agreement. Pursuant to the Kerogen Subscription Agreement, Kerogen Investor has agreed to

subscribe for the Kerogen Shares at the Issue Price. The Kerogen Subscription Agreement is conditional upon, among other things:

- (a) the passing of all of the Resolutions at the General Meeting;
- (b) the passing of the Bondholder Resolutions;
- (c) the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms; and
- (d) Admission becoming effective by no later than 8.00 a.m. on 4 April 2017, or such later date as may be agreed between the Company and each of the other parties to both the Subscription Agreement and the Placing and Open Offer Agreement, being not later than 8.00a.m. on 28 April 2017.

Accordingly, if any such conditions are not satisfied, no part of the Fundraising or Bondholder Transactions will proceed.

The Kerogen Subscription Agreement contains certain warranties given by the Company in favour of Kerogen Investor in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business and certain customary warranties given by Kerogen Investor in favour of the Company.

#### *Relationship Agreement*

On 17 March 2017 the Company, Investec (as nominated adviser to the Company) and Kerogen Investor entered into the Relationship Agreement. The Relationship Agreement is conditional on Admission and its key terms are summarised at paragraph 6.2 of Part I.

## 8.2 *The Ancillary Subscription Letters and the Bond Transactions*

The Company has entered into Ancillary Subscription Letters with the following Directors, individuals and other entities, who have agreed to subscribe for New Ordinary Shares in the Ancillary Subscription as follows:

	<i>No. of New Ordinary Shares</i>
Francis Gugen	3,652,867
Robert McTighe	11,111,111
Stephen Bowler	1,000,000
Julian Tedder	2,222,222
John Blaymires*	666,666
John Bryant	1,666,666

\* of which 333,333 New Ordinary Shares have been subscribed for by his wife, Melanie Blaymires

The Ancillary Subscription Letters are conditional, *inter alia*, upon

- (a) the passing of all of the Resolutions at the General Meeting;
- (b) the passing of the Bondholder Resolutions (and the Bond Agreement Amendments becoming effective);
- (c) the Kerogen Subscription Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms;
- (d) the Placing and Open Offer Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and

- (e) Admission becoming effective by no later than 8.00 a.m. on 4 April 2017, or such later date as may be agreed between the Company and each of the other parties to both the Subscription Agreement and the Placing and Open Offer Agreement, being not later than 8.00a.m. on 28 April 2017.

Cuth McDowell has not subscribed under the Ancillary Subscription for New Ordinary Shares but instead has undertaken to tender US\$240,000 of Secured Bonds in the Voluntary Equity Exchange and accordingly expects to acquire up to 4,383,441 New Ordinary Shares in connection with the proposed Bondholder Transactions.

### 8.3 *Placing and Open Offer Agreement*

On 17 March 2017 the Company and the Joint Brokers entered into the Placing and Open Offer Agreement, which contains, among other things, the following provisions:

- (a) the Company has unconditionally appointed each of the Joint Brokers as its agent for the purpose of effecting the Placing of the Placing Shares on the terms and conditions of the Placing and Open Offer Agreement.
- (b) the Joint Brokers have conditionally placed 342,856,192 New Ordinary Shares at the Issue Price with institutional and other investors.
- (c) the Placing and Open Offer Agreement contains customary warranties given by the Company in favour of the Joint Brokers in relation to, inter alia, the accuracy of the information in this document and matters relating to the Group and its business. In addition, the Company has agreed to indemnify the Joint Brokers in relation to certain liabilities which the Joint Brokers may incur in respect of the Placing.
- (d) the Joint Brokers have the right to terminate the Placing and Open Offer Agreement in certain circumstances prior to Admission, in particular, in the event of breach of any of the warranties or a material adverse change.
- (e) the Placing and Open Offer Agreement also provides for the Company to pay all costs, charges and expenses of, or incidental to, the Placing, Open Offer and Admission including all legal and other professional fees and expenses. The Company, subject to certain exceptions, has agreed to pay the Joint Brokers certain fees and a commission of 4 per cent. of the aggregate value of the proceeds paid to the Company in respect of the Placing Shares at the Issue Price (to be shared equally by the Joint Brokers).
- (f) the obligation of the Company to issue the Placing Shares and the obligations of the Joint Brokers under the Placing and Open Offer Agreement are conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others, the release of a press announcement in the agreed form containing details of the Placing, Open Offer and Bond Equity Exchange, to a Regulatory Information Service by not later than 8.00 a.m. on the date of the Placing and Open Offer Agreement. In addition the Placing and Open Offer Agreement is conditional upon:
  - (i) the passing of all of the Resolutions at the General Meeting;
  - (ii) the passing of the Bondholder Resolutions (and the Bond Agreement Amendments becoming effective);
  - (iii) the Kerogen Subscription Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms;
  - (iv) the Ancillary Subscription Letters becoming unconditional in all respects and not having been terminated in accordance with their terms; and

- (v) Admission becoming effective by no later than 8.00 a.m. on 4 April 2017, or such later date as may be agreed between the Company and each of the other parties to both the Subscription Agreement and the Placing and Open Offer Agreement, being not later than 8.00 a.m. on 28 April 2017.
- (g) The Placing and Open Offer Agreement entitles Investec or Canaccord to terminate the Placing and Open Offer Agreement in certain circumstances. If this right is exercised, the Placing and Open Offer will lapse and any monies received in respect of the Open Offer will be returned by the Company.
- (h) The Placing and Open Offer Agreement is governed by English law.

#### 8.4 ***Nominated Adviser agreement with Investec Bank plc***

On 31 May 2016, the Company entered into an engagement letter with Investec (“**Investec Engagement Letter**”) appointing Investec as its nominated adviser pursuant to rule 1 of the AIM Rules for Companies, and joint corporate broker.

- (a) The Investec Engagement Letter may be terminated by either party on one month’s written notice with or without cause. Investec may terminate the Investec Engagement Letter at any time where (i) the Company commits a material breach of the terms of the Investec Engagement Letter; (ii) the Company fails to accept and implement the advice of Investec on a material matter concerning action to be taken in respect of, or in relation to, Investec’s engagement by the Company pursuant to the Investec Engagement Letter; (iii) where the Company cannot proceed with the engagement of Investec without defaulting on its responsibilities under the Listing Rules, the Disclosure and Transparency Rules, the AIM Rules for Companies or any other legal or regulatory requirement or (iv) where in continuing to act, Investec may suffer damage to its reputation. The Company may terminate the Investec Engagement Letter at any time where Investec has committed a material breach of the terms of the Investec Engagement Letter or is removed from the London Stock Exchange register of nominated advisers.
- (b) Any transaction on which Investec is advising in its role as nominated adviser to the Company (including the Fundraising) is conditional, at the sole Discretion of Investec, upon completion of due diligence to the satisfaction of Investec (including where required by Investec, addressing to Investec all due diligence reports and comfort letters from the Company’s other advisers).
- (c) The consideration payable by the Company under the Investec Engagement Letter is an annual fee of £75,000.
- (d) The Company has certain obligations including, *inter alia*, providing Investec with certain information and notifications, permitting a representative of Investec to attend meetings of the Board of Directors and make representations at such meetings in respect of certain matters, and compliance obligations.

### **9. Related party transaction**

From 31 December 2015 up to and including the date of this document, the Company has not entered into any related party transactions other than as set out in paragraph 15 of Part I of this document.

### **10. General**

- 10.1 Neither the Company nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings and, so far as the Directors are aware, there are no governmental, legal or arbitration proceedings pending or threatened against them or being brought by the Company or any of its subsidiaries, during the previous 12 months, which may have, or had in the recent past, a significant effect on the financial position or profitability of the Company.

- 10.2 Investec and Canaccord have each given and not withdrawn their written consent to the issue of this document with the inclusion herein of references to their names in the form and context in which they appear.
- 10.3 The total costs and expenses of, and incidental to, the Placing and Open Offer payable by the Company (including professional fees, commissions, the cost of printing and the fees payable to the registrars) are estimated to amount to approximately £665,000 (excluding value added tax).
- 10.4 The information in this document that is sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### **11. Availability of documents**

- 11.1 A copy of the Company's Articles will be available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at 7 Down Street, London, W1J 7AJ from the date of this notice of meeting until the close of the meeting.
- 11.2 A copy of this document will be available on the Company's website [www.igasplc.com](http://www.igasplc.com) for a period of 12 months from the date of this document.

17 March 2017

## PART VI

### NOTICE OF GENERAL MEETING

#### IGAS ENERGY PLC

*(Incorporated and registered in England and Wales under the Companies Act 2006 with registered No. 04981279)*

#### NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a General Meeting of IGas Energy plc (the “**Company**”) will be held at the offices of Cooley (UK) LLP, Dashwood, 69 Old Broad Street, London EC2M 1QS on 3 April 2017 at 10.00 a.m. to consider and, if thought fit, pass the following resolutions, of which Resolutions 1 and 2 will be proposed as ordinary resolutions and Resolution 3 will be proposed as a special resolution.

#### ORDINARY RESOLUTIONS

1. **THAT**, each of the 303,305,534 ordinary shares of 10p each in the capital of the Company be sub-divided into one ordinary share of 0.0001p each in the capital of the Company and one deferred share of 9.9999p each in the capital of the Company.
2. **THAT**, subject to and conditional upon the passing of Resolution 3, and in substitution for all powers granted to the Directors at the Company’s Annual General Meeting on 25 May 2016, in accordance with section 551 of the Companies Act 2006 (the “**Companies Act**”), the Directors be generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £3,600 (being equal to 3,600,000,000 New Ordinary Shares) in connection with the Fundraising, as defined in the circular to Shareholders of which this Notice forms part (the “**Circular**”), provided that this authority will expire on the date falling six months from the date of the passing of this Resolution (unless renewed varied or revoked by the Company prior to or on that date) but the Company may, before this authority expires, make an offer or agreement which would or might require shares in the Company or rights to be allotted or granted in connection with the Fundraising, after this authority expires and that the Directors may allot shares in the Company or grant rights pursuant to such an offer or agreement as if the authority conferred by this Resolution had not expired.

#### SPECIAL RESOLUTION

3. **THAT**, subject to and conditional upon the passing of Resolution 2, and in substitution for all powers granted to the Directors at the Company’s Annual General Meeting on 25 May 2016, in accordance with section 570 of the Companies Act, the Directors be empowered to allot equity securities for cash (within the meaning of section 560 of the Companies Act) pursuant to the authority conferred by Resolution 2 above, as if section 561 of the Companies Act did not apply to any such allotment, provided that this power shall:
  - (a) be limited to the allotment of equity securities in connection with to the Fundraising up to an aggregate nominal value of £3,600 (being equal to 3,600,000,000 New Ordinary Shares); and
  - (b) expire on the date falling six months from the date of passing this Resolution but may be previously revoked or varied by special resolution and so that the Company may, before such expiry, revocation or variation, make an offer or agreement which would or might require equity securities to be allotted in connection with the Fundraising after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if such power had not expired.

By order of the Board:  
**Cooley Services Limited**  
*Company Secretary*

*Registered Office:*  
7 Down Street  
London W1J 7AJ

17 March 2017

## Notes to the Notice of General Meeting

1. Only those members who are entered in the register of members of the Company as at 6.00 p.m. on 1 April 2017 or, in the event the General Meeting is adjourned, at 6.00 p.m. on the day which is two days before the adjourned meeting, shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their names at that time. Changes to entries in the register of members of the Company after 6.00 p.m. on 1 April 2017 or, in the event that the General Meeting is adjourned, after 6.00 p.m. on the day which is two days before the adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the General Meeting. This is the time specified by the Company for the purposes of Regulation 41 of the Uncertificated Securities Regulations 2001.
2. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the General Meeting. A member may appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. To appoint more than one proxy, you will need to complete a separate Proxy Form in respect of each appointment. A proxy need not be a member of the Company. A Proxy Form for the General Meeting is enclosed.
3. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the Proxy Form are set out in the notes to the Proxy Form.
4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
5. The appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the General Meeting in person, your proxy appointment will automatically be terminated.
6. To appoint a proxy using the Proxy Form, the form must be completed and signed, sent or delivered to the Company's registrars at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY and received by the Company's registrars no later than 10.00 a.m. on 1 April 2017. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form.
7. You can appoint a proxy electronically by going to [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and following the online instructions. For an electronic proxy appointment to be valid, your appointment must be logged on the website using the details contained in your Proxy Form no later than 10.00 a.m. on 1 April 2017.
8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID number 3RA50) by not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
10. CREST members and, where applicable, their CREST Sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST Sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST Sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
14. To change your proxy instructions simply submit a new proxy appointment using the methods set out above or contact Computershare Investor Services PLC on 0370 707 1106. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.



