

# IGas Energy PLC

Six months to  
30 September 2013





# IGas Energy overview

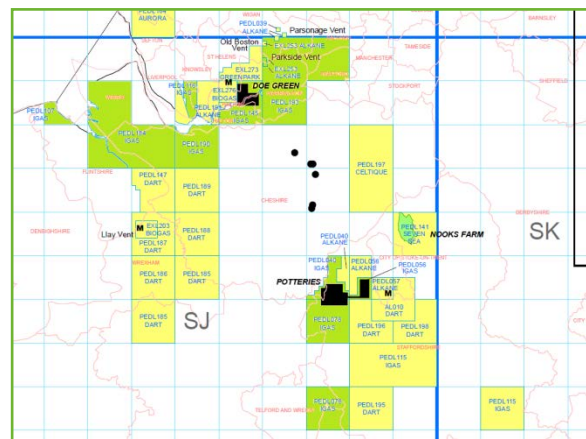


- ✓ **Leading UK onshore hydrocarbon producer and operator**
  - ✓ 30 fields with 117 producing wells
  - ✓ Recent acquisition of Caithness Oil Limited
  - ✓ 1P reserves of 12.0 mmboe, 2P reserves of 20.0 mmboe<sup>1</sup>
- ✓ **Further potential from conventional assets**
  - ✓ Chase the Barrels initiative
  - ✓ A number of incremental projects identified through recent initiatives – tested field potential > 3,500 boepd
- ✓ **Significant position in unconventional assets**
  - ✓ Shale Gas Initially In-Place (GIIP) estimates in North West acreage of up to ca. 170 Tcf
- ✓ **Significant low risk cash flow**
  - ✓ Production of circa 3,000 boepd, over 90% oil
  - ✓ Oil sold at narrow discount to Brent
  - ✓ Majority of fields 100% owned and operated
  - ✓ Delivered directly to refineries in the UK by rail or tanker
- ✓ **Social licence to operate**
  - ✓ Working in collaboration with communities for decades
- ✓ **Experienced senior management and operations team**

(1) As at 30 June 2012, and includes 2P reserves from Baxter's Copse  
Numbers exclude Caithness

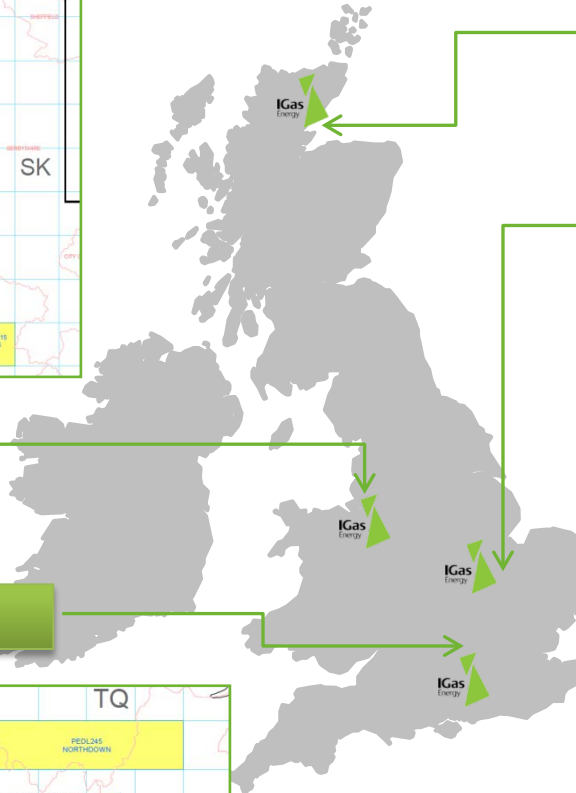
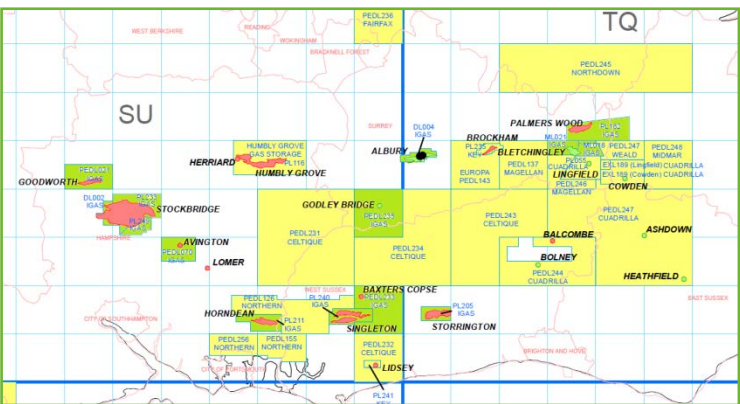


# Where we operate



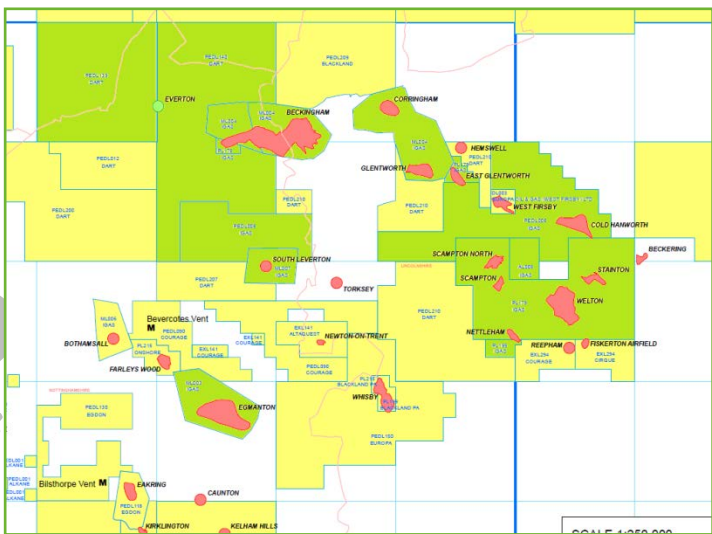
North West / Staffs

Weald Basin



Caithness, Scotland\*

East Midlands



- Other licence
- IGas licence
- Oil Field
- Unconventional Field

\*Acquisition to complete imminently



## Operational Highlights

- ✓ Exploration drilling programme at Barton site underway in line with plans following extensive community engagement
- ✓ Good progress on Chase the Barrels initiative with September production rate net to IGas at 2,874 boepd
- ✓ Acquisition of Caithness Oil Limited anticipated to complete imminently

## Financial highlights

- ✓ Revenue £36.2m (2012: £33.4m)
- ✓ Gross profit £16.4m (2012: £16.0m)
- ✓ EBITDA<sup>1</sup> £17.3m (2012: £17.5m)
- ✓ Underlying profit before tax<sup>2</sup> £6.1m (2012: £7.7m)
- ✓ Net back to IGas<sup>3</sup> averaged US\$57.47 per barrel in the period (2012: \$61.84/bbl)
- ✓ Cash and cash equivalents £15.4m (31 March 2013: £9.8m)
- ✓ Net debt<sup>4</sup> of £81.3m (31 March 2013: £77.4m)
- ✓ Successful listing of Bond on Oslo main market



### Footnotes:

1 EBITDA is before loss on oil price derivatives of £1.6m (2012: gain £6.3m)

2 Underlying profit before tax excludes the loss on oil price derivatives of £1.6m (2012: gain £6.3m), loss on revaluation of warrants £5.3m (2012: £3.9m), loss on interest rate swaps £nil (2012: £0.2m) and net foreign exchange gains of £5.4m (2012: £0.3m)

3 Net back to IGas is realised oil price less operating costs and administrative costs

4 Net debt is total borrowings less cash

# Profit and loss account

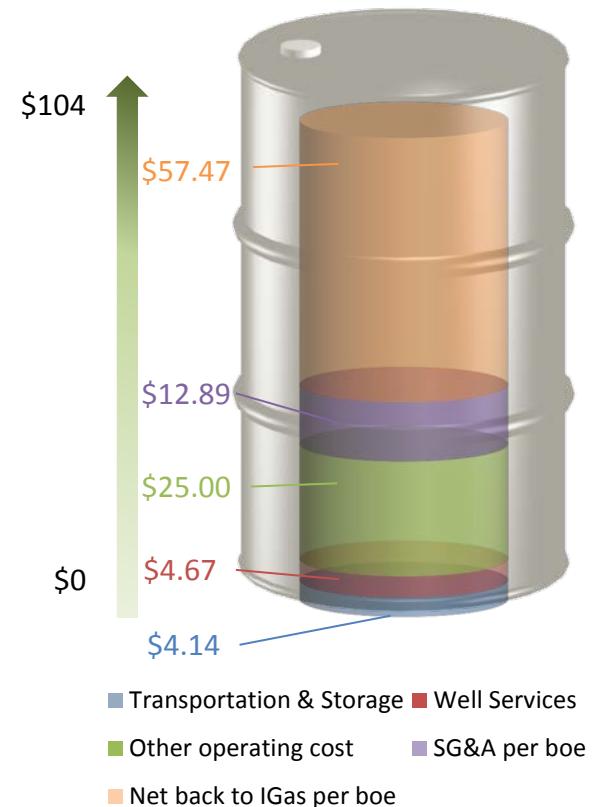
- ✓ Average realised price per barrel pre-hedge was £67.4 (US\$104.2) (2012: £67.6 (US\$106.9)) with narrow discounts to Brent continuing to be achieved
- ✓ Group production in the period was 475,118 boe, representing an average of 2,704 boepd (2012: 2,513 boepd)
- ✓ Operating costs per barrel of oil equivalent ("boe") were £21.8 (2012: £20.4/bbl), excluding third party costs
- ✓ Net finance costs amount to £6.2m (2012: £8.7m) Net finance costs excluding 'one-off' costs<sup>2</sup> amounted to £6.2m (2012: £4.9m)

	Unaudited 6 months ended 30 September 2013 £m	Unaudited 6 months ended 30 September 2012 £m
<b>Revenue</b>	<b>36.2</b>	<b>33.4</b>
Cost of sales:		
Depreciation, depletion and amortisation	(4.9)	(5.0)
Other cost of sales	(14.9)	(12.4)
Total cost of sales	(19.8)	(17.4)
<b>Gross profit</b>	<b>16.4</b>	<b>16.0</b>
Administrative costs	(4.1)	(3.4)
Net finance cost <sup>2</sup>	(6.2)	(4.9)
<b>Underlying profit before tax<sup>3</sup></b>	<b>6.1</b>	<b>7.7</b>
<b>EBITDA<sup>1</sup></b>	<b>17.3</b>	<b>17.6</b>

**Note 1**  
**1 EBITDA is before loss on oil price derivatives of £1.6m (2012: gain £6.3m)**  
**2 Net finance costs before one-off costs excludes loss on interest rate swaps, loss/(gain) on warrants, finance charges on early settlement fees and write off of unamortised Macquarie loan cost and net fx gains (see note 3)**  
**3 Underlying profit before tax excludes the loss on oil price derivatives of £1.6m (2012: gain £6.3m), loss on revaluation of warrants £5.3m (2012: £3.9m), loss on interest rate swaps £nil (2012: £0.2m) and net foreign exchange gains of £5.4m (2012: £0.3m)**

# Net back / barrel

- ▼ Average realised price per barrel (pre-hedge)  
\$104.2 (2012: \$106.9/bbl)
- ▼ Net back to IGas having taken into account operating costs and S,G&A averaged US\$57.47 /bbl in the period (6 months to 30 September 2012 US\$61.84/bbl)
- ▼ Cash generated from operating activities in the period amounted to £12.3m, before payment of £3.0m relating to tax payable for Star Group for the period to 31 Dec 2011 (2012: £15.5m)
- ▼ IGas acquired hedging instruments for ca.1m barrels at US\$90 per barrel (or sterling equivalent) for the period from May 2013 to June 2014 at a total cost of ca.£2.0m
- ▼ Corporation tax losses as at 31 March 2013 £49m and supplementary charge losses of £25m carried forward (pre Caithness Oil)



# Balance sheet

- ✔ Balance sheet strengthened during the period due principally to refinancing
- ✔ Net current assets includes, for technical accounting reasons, a current liability of £6.1m in relation to the Company's outstanding warrants
- ✔ Net debt at the period end amounted to £81.3m (31 March 2013: £77.4m) following principal repayment of US\$4.1m (2012: US\$14.0m)
- ✔ Cash and cash equivalents of £15.4m (31 March 2013: £9.8m)

	Unaudited at 30 September 2013 £m	Audited at March 2013 £m
<b>Non-current assets</b>	<b>230.7</b>	<b>231.3</b>
Current assets:		
Inventories	1.3	1.1
Trade and other receivables	10.7	8.6
Cash and cash equivalents	15.4	9.8
Other financial assets – Restricted cash	-	102.8
Derivative financial instruments	0.4	-
	<b>27.8</b>	<b>122.3</b>
Current liabilities:		
Trade and other payables	(11.6)	(14.1)
Current tax liabilities	-	(3.0)
Borrowings – Macquarie	-	(89.7)
Borrowings - Bond	(5.1)	(5.4)
Other liabilities	(6.1)	(8.2)
Derivative financial instruments	-	(10.0)
	<b>(22.8)</b>	<b>(130.4)</b>
<b>Net current assets/(liabilities):</b>	<b>5.0</b>	<b>(8.1)</b>
Non-current liabilities:		
Borrowings – Bond	(91.6)	(94.9)
Deferred tax liabilities	(45.1)	(40.2)
Provisions	(29.3)	(29.0)
	<b>(166.0)</b>	<b>(164.1)</b>
<b>Net assets</b>	<b>69.7</b>	<b>59.1</b>



# Operational Review

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# Caithness Oil Limited: Incremental production

## Incremental production upside

- ✓ Acquisition of 100% interest in the licences of Caithness Oil Limited, including the Lybster Field
- ✓ Discovered in 1996 by Premier Oil and first put into production in May 2012
- ✓ Acquisition to complete imminently and production to resume following workover
- ✓ Upside production potential of 150 bopd
- ✓ 2 mmscf/d of associated gas – potential for associated gas monetisation
- ✓ Additional NAV upside from significant existing tax losses



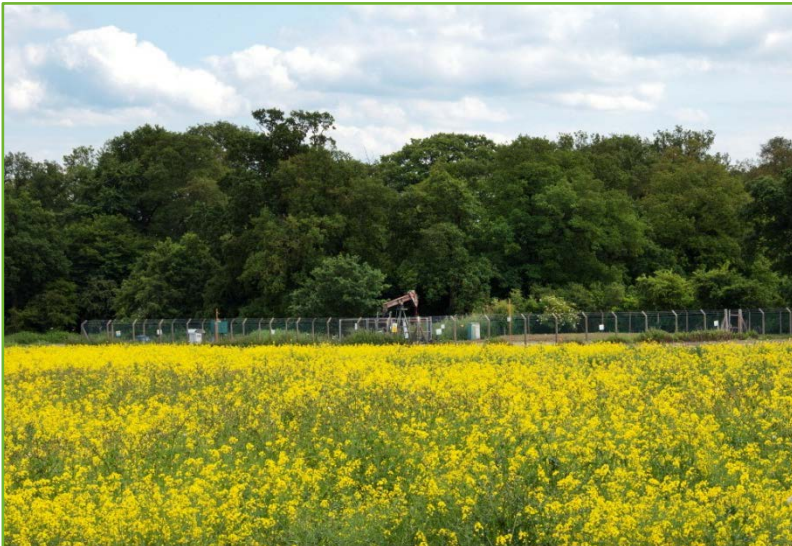
# Chase the Barrels examples

## Scampton North B1

- ✔ Has been shut-in for a considerable period of time, is now producing
- ✔ Previously completed with a jet pump
- ✔ Objective was to work well over and return shut well to beam pump production
- ✔ Additional production of 20 bopd achieved

## Welton B22

- ✔ Objective to return suspended well to production
- ✔ Initial identified upside of 5-10 bopd
- ✔ Post workover, realised additional production of 28 bopd and 60,000 scf/gas for gas generation





# Upside potential: Stranded gas monetisation

## Albury

- ✔ Albury flow tested the well at rate of up to 1.5 MMscf/day (260 boe/d)
- ✔ Albury permitting achieved – opportunity to develop potential

## Other opportunities

- ✔ Electricity sales up 50% over last 18 months as IGas continues to develop its associated gas portfolio
- ✔ Near term tested field potential >3,500 boe/d
- ✔ Other opportunities being pursued



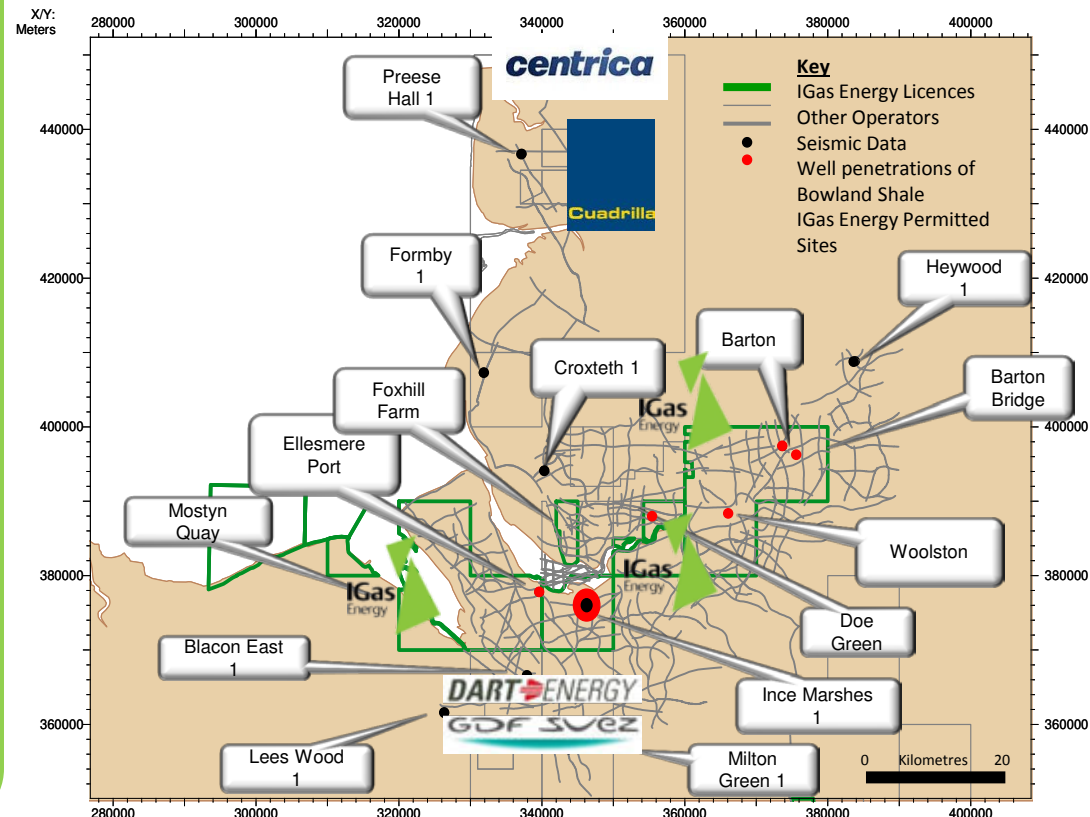
Schematic of Albury site post installation of plant

# Gas appraisal

- Gas Initially In-Place (GIIP) volumes of the North West licences estimated
- Spudding exploration well in the North West commencing Q4 2013
- June 2013 - Centrica farms into Cuadrilla acreage for £100m in cash and future commitments for 25% interest (potential for further £60m)
- October 2013 - Dart/GDF Suez transaction of US\$48m for 25% interest
- Further work underway to evaluate shale potential of our East Midlands and Weald licences

## North West licence area

Low	Most Likely	High
15 Tcf	102Tcf	172 Tcf





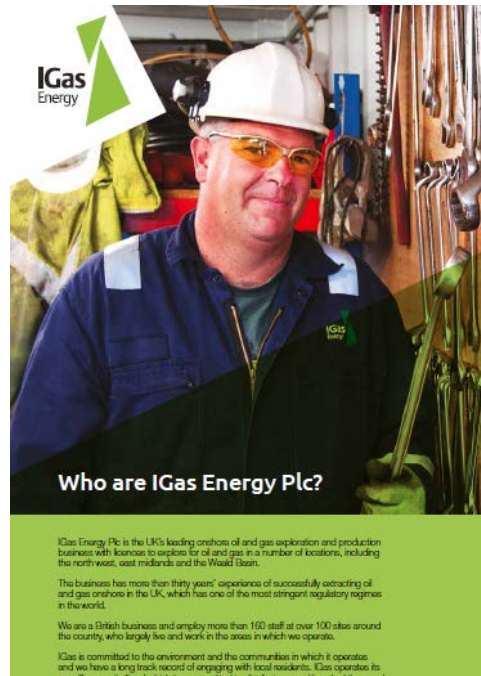
# Barton Exploration Well

- ✔ Operations underway as planned
- ✔ Drilling expected to complete Q1 2014
- ✔ Core and log analysis to follow thereafter
- ✔ Extensive community engagement



# Barton Community Engagement

- ✔ Community Liaison Group meetings since 2010
- ✔ Exhibition open day – September
- ✔ Barton microsite
- ✔ Newsletter/local magazine advertorials
- ✔ Drop in “surgery”




**COMMUNITY INFORMATION DAY**  
**Exploration well at Barton Moss**

Your chance to learn more about the exploration work at Barton Moss Road, Irlam.

**Tuesday, 17th September** at Salford City Stadium, 1 Stadium Way, Eccles, Salford M30 7EY from **11am to 8pm**.

To find out more visit  
**[www.igas-bartonmoss.co.uk](http://www.igas-bartonmoss.co.uk)**  
or call our information line **0203 675 6058\***  
open weekdays from 10am-4pm.

\*Calls are charged at the standard rate. Calls from mobiles may cost more.



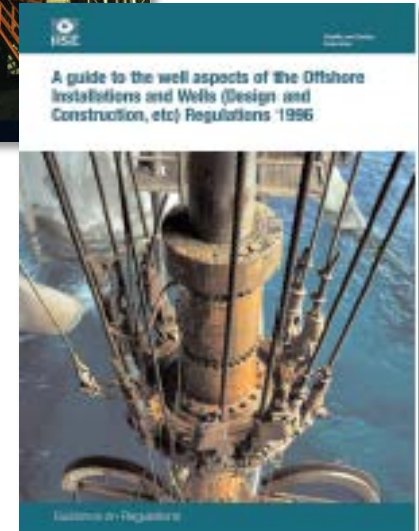
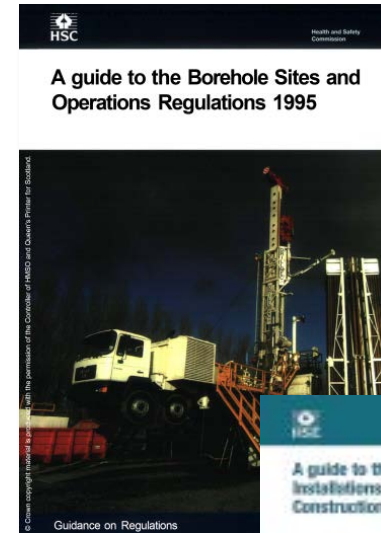
# UK regulatory and political landscape

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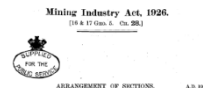


# Our regulatory environment

- ✔ Hydrocarbons in the UK are owned by the Crown and therefore no royalties payable to landowners
- ✔ PEDLs are granted by DECC via licensing rounds
- ✔ The UK regulatory regime is recognised as a global exemplar
- ✔ Key regulatory bodies include:
  - ✔ DECC (Department of Energy & Climate Change)
  - ✔ HSE (Health & Safety Executive)
  - ✔ EA (Environment Agency)
  - ✔ The local Planning Authorities



Petroleum Act 1998





# Government and Industry

- ▼ Government has now put full support behind shale development
  - ▼ Broad cross party consensus
- ▼ Establishment of the government's new Office of Unconventional Gas and Oil (OUGO)
- ▼ UKOOG Community Engagement Charter signed
- ▼ Recent government package:
  - ▼ Community incentives
  - ▼ Guidelines on permitting and planning
  - ▼ Launched consultation on tax incentives
- ▼ Public Health England report published in November



# Building on our strengths

## History



## Land



## Community



- ▼ Financial platform in place to invest in the conventional oil reserves and continue the evaluation of the resource gas potential
- ▼ Substantial position in British discovered hydrocarbons with identified upside
- ▼ Step change in the political backdrop and geological understanding of shale gas in Britain
- ▼ Operations at Barton commenced - will help to refine estimates and advance understanding
- ▼ Working towards permitting of second well
- ▼ Experience and expertise to unlock the potential of Britain's untapped natural resources and help to secure Britain's energy future

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