

IGas Energy plc

Interim Results
for the six months
ended 30 June 2017



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Introduction

- Capital restructuring and fundraising completed April 2017
 - Kerogen 28% shareholder for \$35m investment
- Cashflow generative at current oil prices
 - Production of 2,500 boepd and operating costs of c. US\$25/bbl in medium term
 - Significant shale carried work programme of up to £183m (US\$238m)
- Operational progress:
 - Incremental projects being progressed; 2 projects reaching FID since period end
 - Good progress across our East Midlands shale acreage
 - Planning application submitted to test Pentre Chert at Ellesmere Port
- Momentum in UK onshore industry
 - 8 operators drilling or flowing wells in next 12-18 months
- Indigenous gas increasingly key part of energy mix and future energy security



Financial Highlights

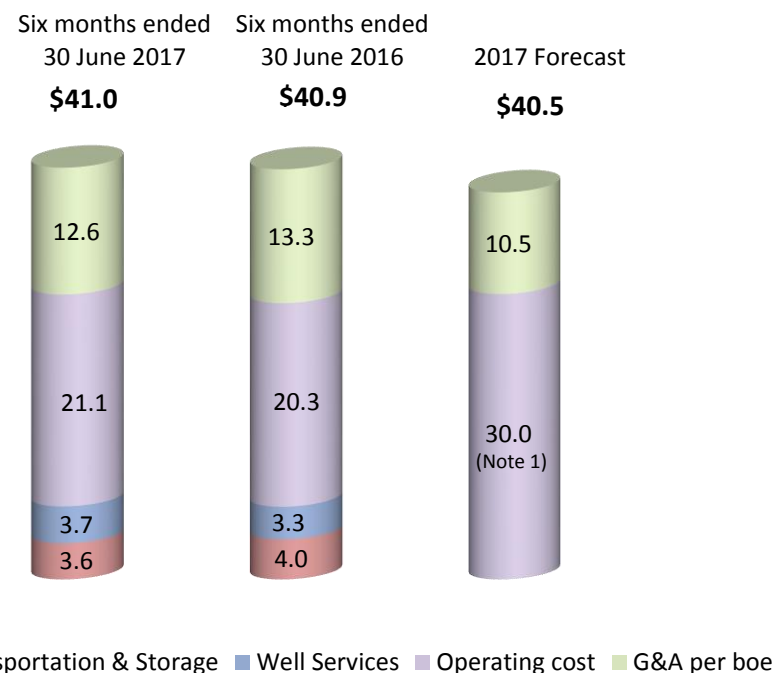
	Six months to 30 June 2017 £m	Six months to 30 June 2016 £m
Revenues	16.8	12.1
Adjusted EBITDA	2.5	5.1
Profit/(loss) after tax	8.0	(25.2)
Net cash from operating activities	0.4	9.1
Net debt	7.2	83.5
Cash and cash equivalents	16.3	27.1

- **Revenues** – higher pre hedge realised oil price (1H17 \$46.8/bbl vs 1H16 \$40.0/bbl) and impact of stronger USD/GBP exchange rate
- **Adjusted EBITDA** – reduction in post hedge realised oil price (1H17 \$46.8/bbl vs 1H16 \$54.5/bbl) and higher operating costs principally due to maintenance activity
- **Profit after tax** – positively impacted by gain on capital restructuring (£5.3m) and tax credit (£8.8m)
- **Net debt** – significantly reduced following capital restructuring which completed in April 2017

Key statistics

- Realised price post hedge of \$46.8 bbl (1H 2016: \$54.5 bbl)
 - No realised hedging gains in 1H 2017
 - 300,000 bbls hedged for 2H 2017 at floor prices of \$40-\$45/bbl; 450,000 bbls hedged for 2018 at floor prices of \$41 - \$46/bbl
- Operating costs of \$28.5/boe (1H 2016: \$27.5/boe)
 - 2017 impacted by higher maintenance activity and a rates refund in 1H 2016
- G&A of £3.9m (H1 2016: £4.3m)
 - Impact of ongoing cost reduction programme
- Tax credit of £8.8m (1H 2016: £1.2m)
 - Recognition of deferred tax asset due to revised estimate of future profits which can be offset against ring fence tax losses
 - Ring fence tax losses at 30 June 2017 were c. £173m
- Net debt at 30 June 2017 was \$9.3m (£7.2m)

Cost Per Barrel



Note 1: Includes Transportation & Storage and Well Services

Net debt

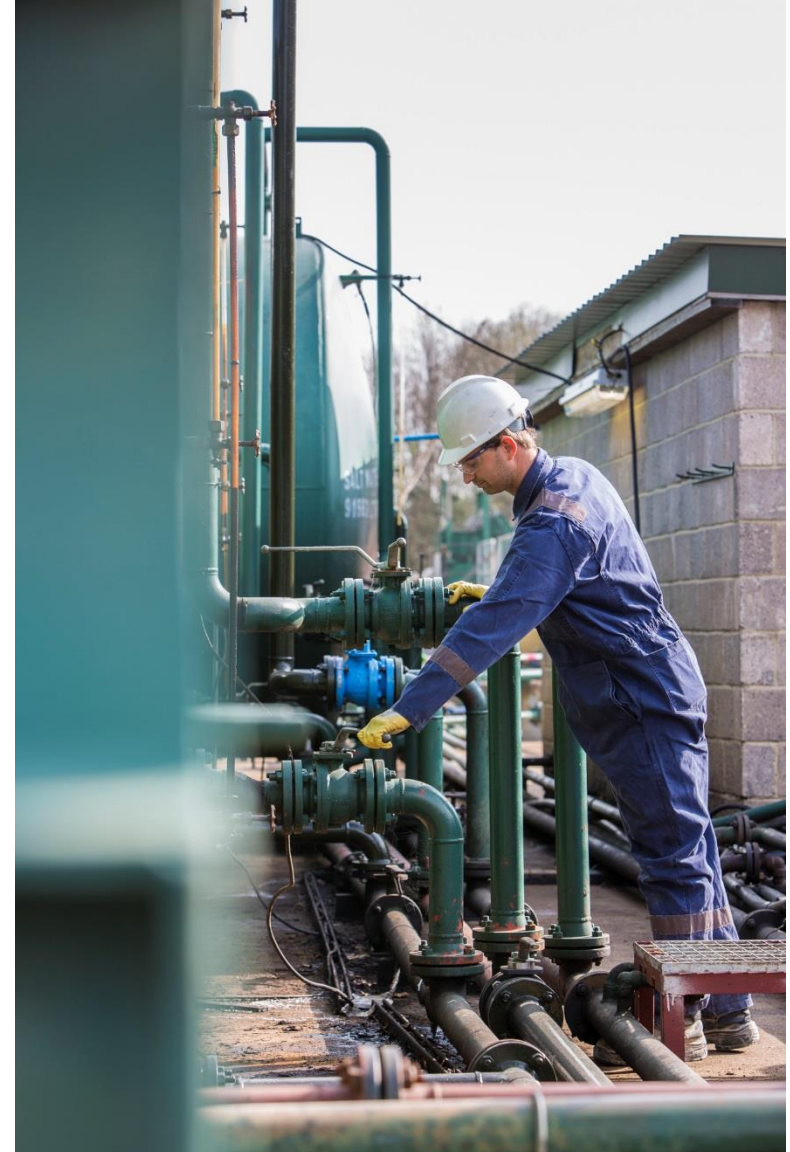
\$m	Balance at 31/12/2016	Movements since 31 December 2016	Balance at 30/06/2017
Issued bonds			
Secured bonds	(136.1)	105.7	(30.4)
Unsecured bonds	(30.0)	30.0	-
	(166.1)	135.7	(30.4)
Bonds held by IGas			
Secured bonds	10.5	(10.5)	-
Unsecured bonds	2.6	(2.6)	-
	13.1	(13.1)	-
Outstanding bonds	(153.0)	122.6	(30.4)
Cash and cash equivalents	31.0	(9.9)	21.1
Net Debt	(122.0)	112.7	(9.3)

New Secured Bond Terms

- Maturity date extended to 30 June 2021
 - Interest 8% p/a – payable March and September
 - Amortisation 2.5% year 1 and 5% p/a thereafter – payable March and September
 - Amortisation will be suspended if Brent oil price is less than \$50/bbl
 - Liquidity requirement \$7.5 million at all times
 - Financial covenant – < 3.5 times Net debt/EBITDA ratio
 - Hedging requirement – 60% - 75% of budgeted production
- The Group is well financed to fund its future strategy following the successful capital restructure
 - Annual finance costs have decreased from \$15.3m to \$2.4m

Operational Update: Conventional

- Average production 1H 2017 was 2,326 boepd (1H 2016 2,299)
 - Maintenance on a number of wells for which we took remedial action; now back online
- Anticipated average production for 12 months to 31 December 2017 is c. 2,250 boepd
 - Second half of year preventative maintenance predominantly in the East Midlands
 - Expect to exit 2017 at c. 2,500 boepd
- Capex £4.0 million includes:
 - Pump enhancement
 - Plant & maintenance
 - Preparation of Albury
- Albury gas monetisation
 - Currently anticipate first gas in Q3, 2018
- Multiple incremental projects with attractive return potential identified and progressing
 - Welton water injection extension
 - Stockbridge – workover and side track



Welton Waterflood Expansion Project

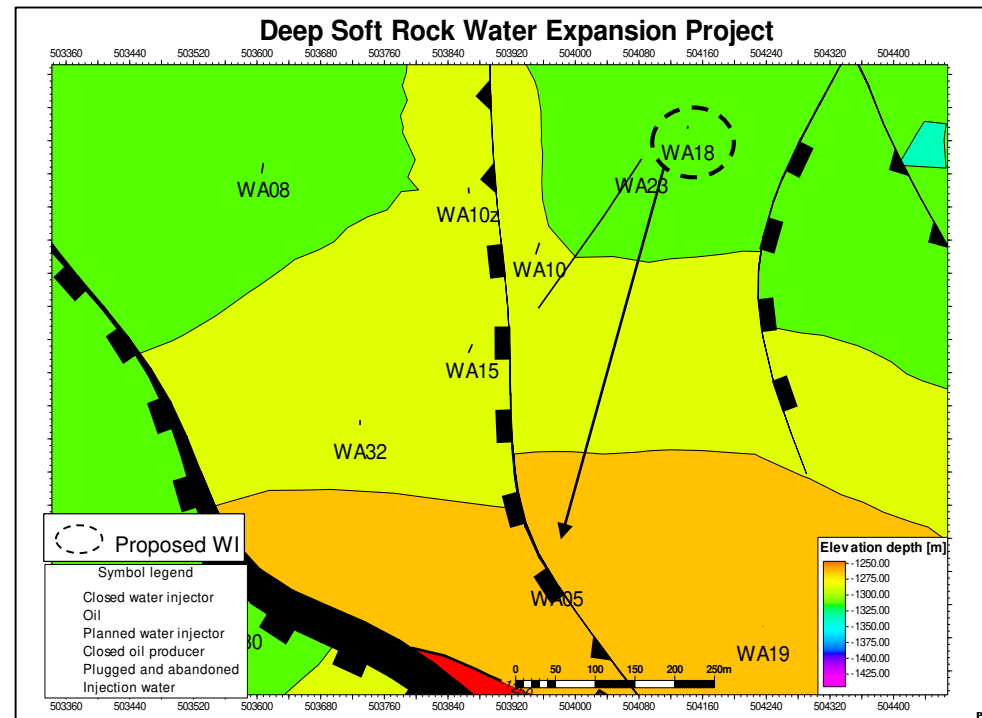
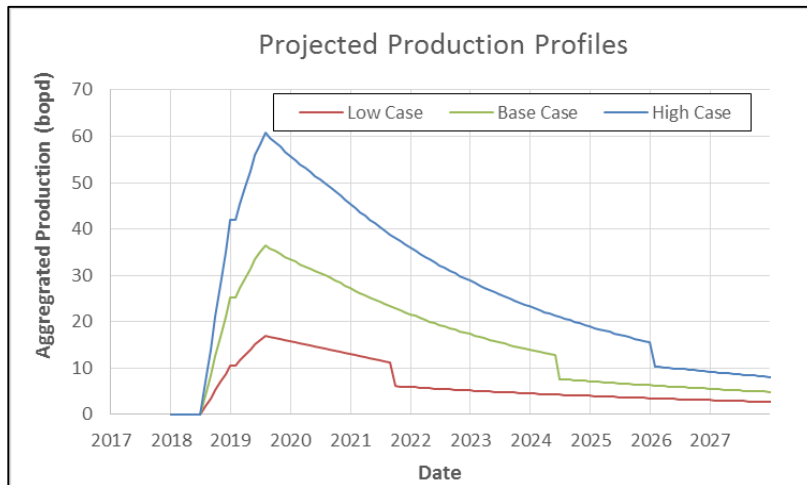
Operational Summary: Total 3 well programme inc.

- 1x well conversion to water injection
- Injection pump, flowlines and surface facilities
- 2x return wells to production (associated works)
- Additional water injector at Welton to de-risk existing production

Timing: Four Distinct Phases

- Well conversion commence January 2018
- First Water Injection estimated June 2018
- First Incremental Oil estimated December 2018

Welton Waterflood Expansion: Key Parameters	
Estimated CAPEX, £m	0.46
Btax NPV, £m	0.93
Estimated Peak Production, bopd	36
Incremental Reserves (10yr), MSTB	57
BET, yrs	2



Stockbridge Production Recovery

Operational Summary: Total 5 well programme inc.

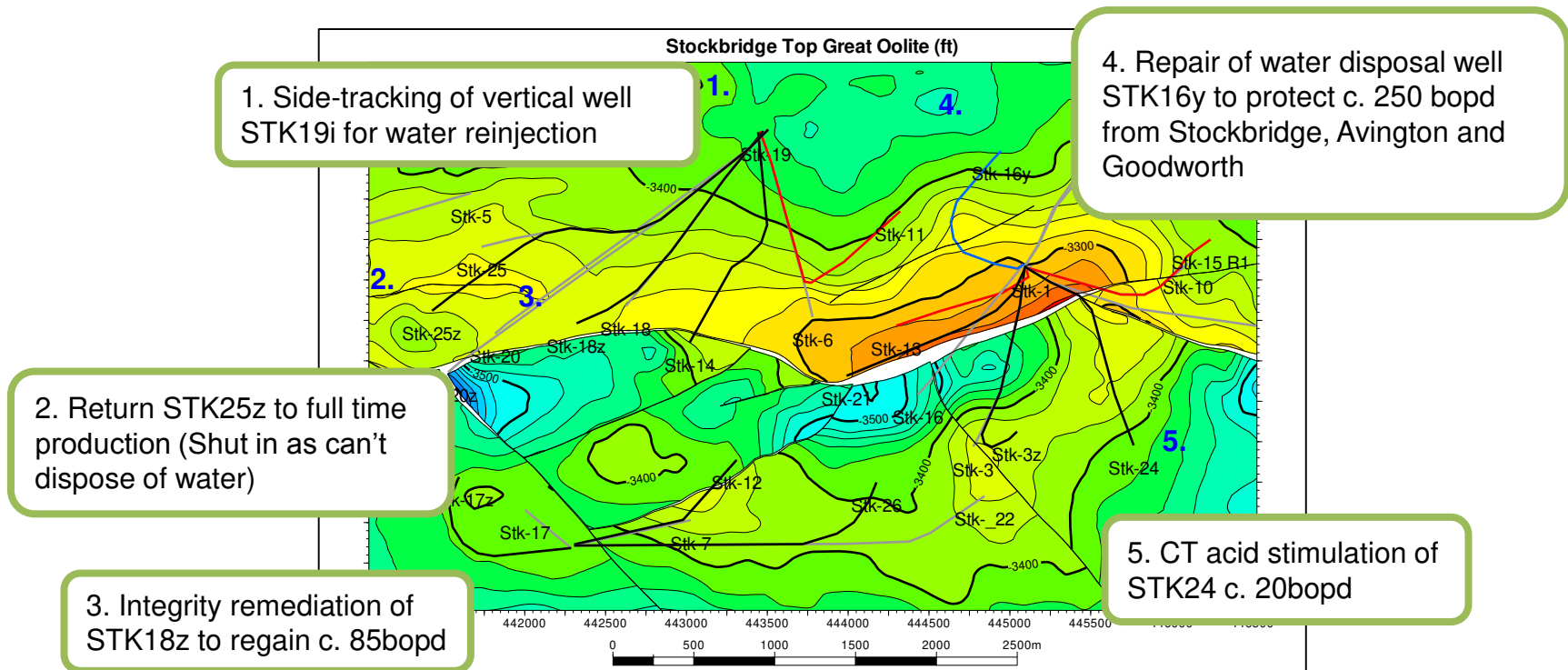
- 1x Sidetrack water disposal well
- 2x well integrity remediation operations
- 1x stimulation
- 1x return to production with disposal opportunity

Timing: Project Completion estimated May 2018

Added upside: De-risk existing production of ~250bopd

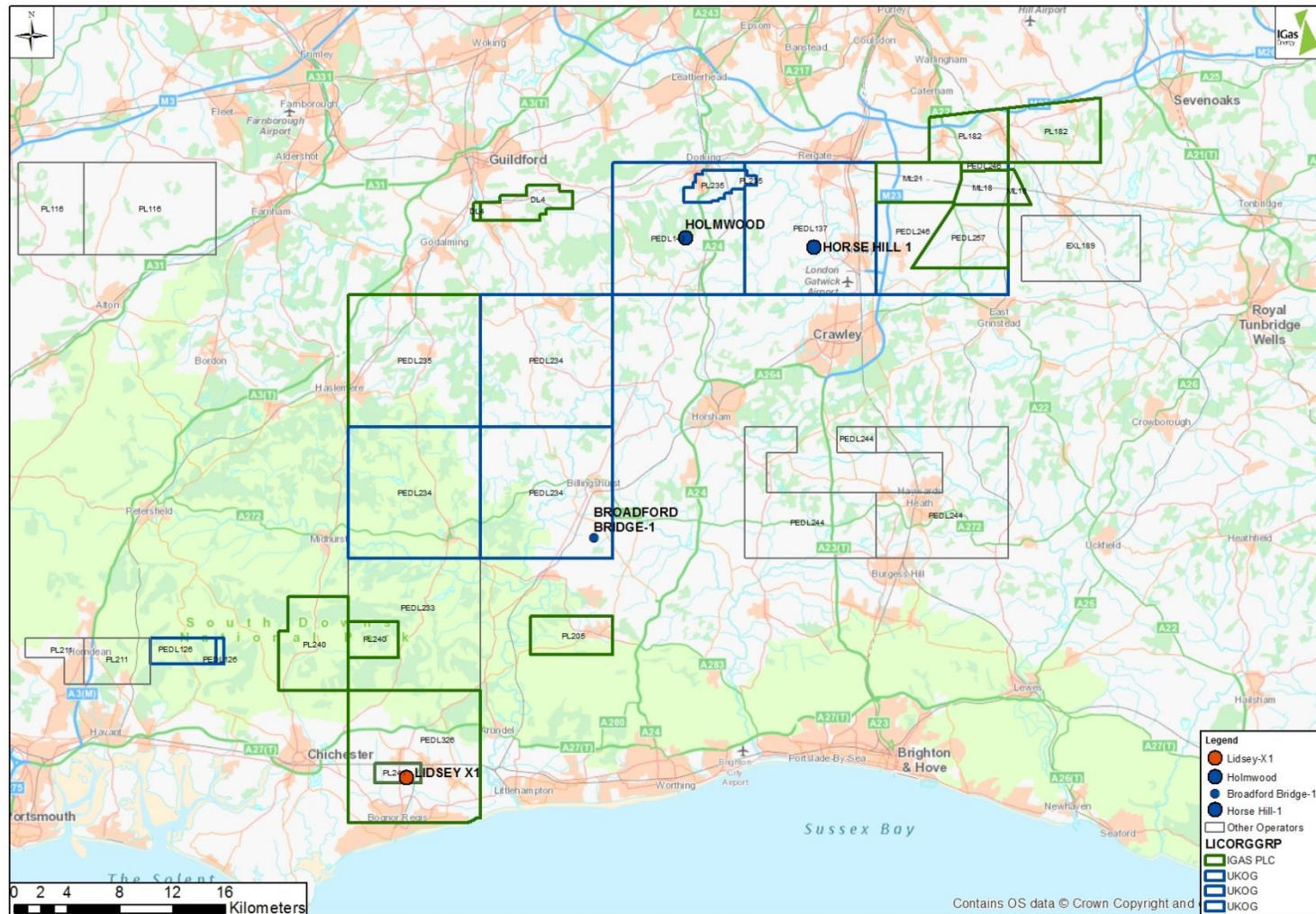
Stockbridge Production Recovery: Key Parameters

Estimated CAPEX, £m	1.8
Btax NPV, £m	7.2
Yr1 Risked Avg. Production, bopd	79
Incremental Production, bopd	130
BET, yrs	<1

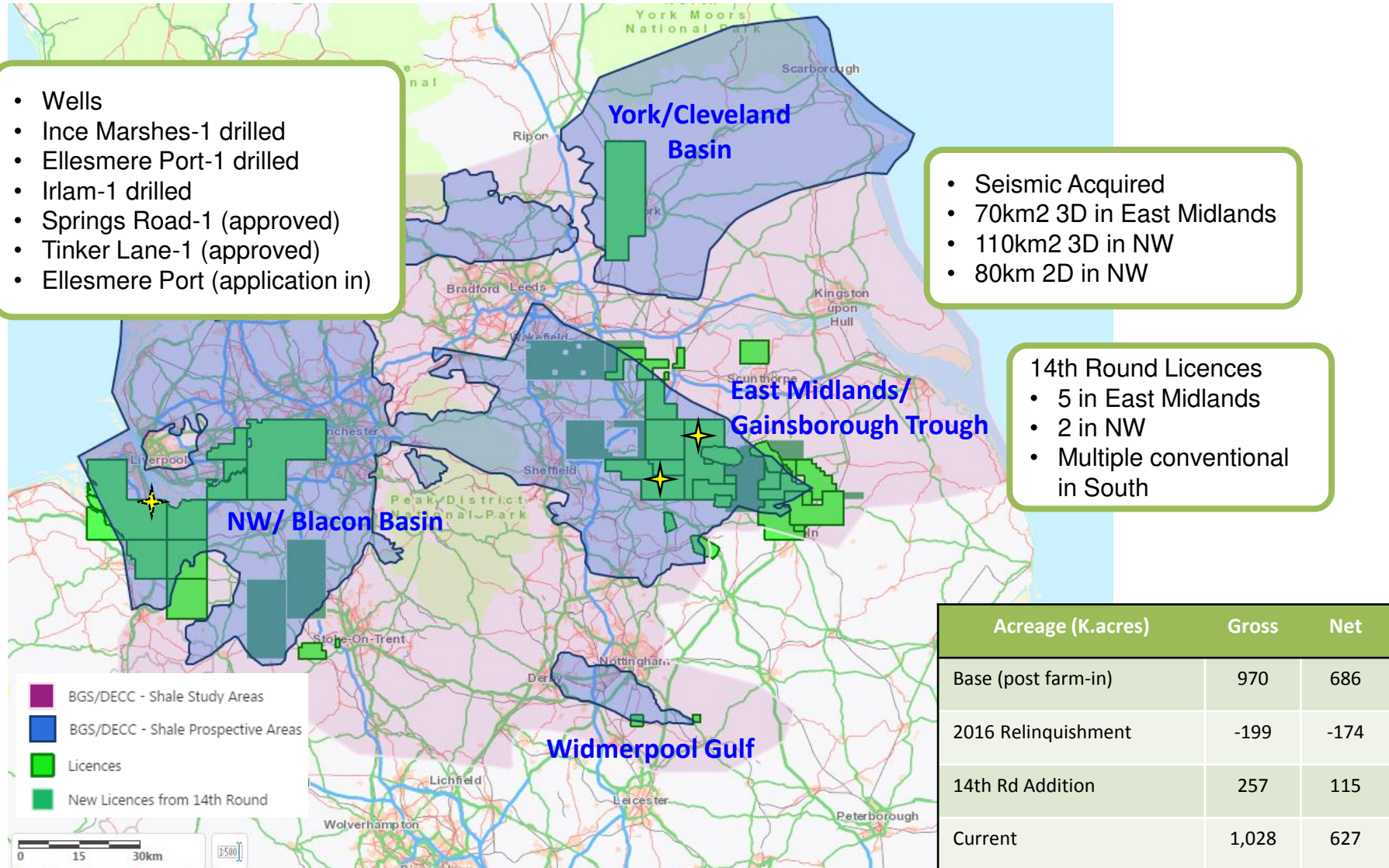


Activity in the Weald Basin

- Currently no booked resources/reserves for the Kimmeridge/Micrite play in our Licences
- Continue to closely monitor the progress of the UKOG drilling and testing campaign as well as other operators that are expected to commence work later this year

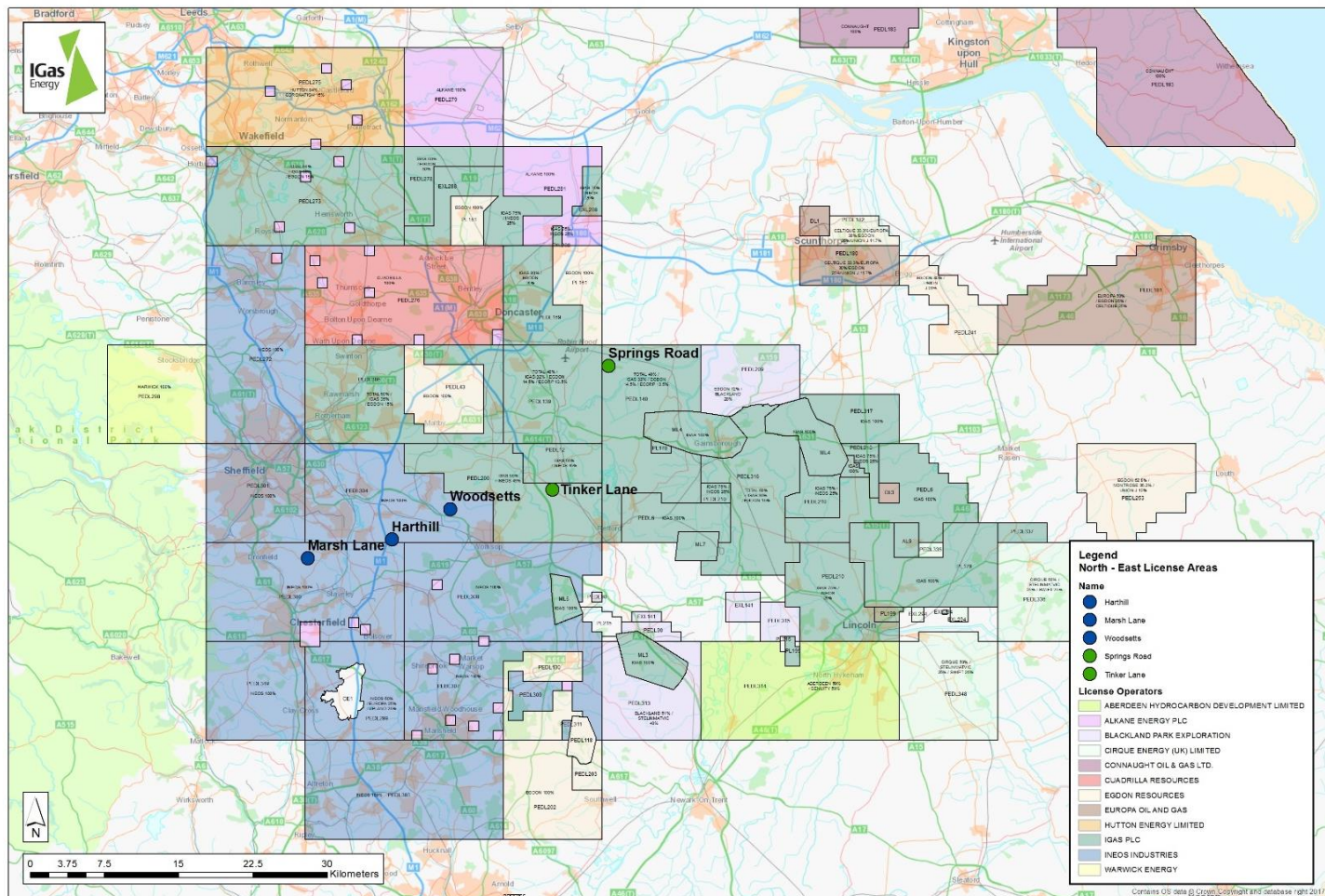


IGas Shale



Activity in the East Midlands/Yorks

- Site construction to commence for Springs Road and Tinker Lane post Nottingham County Council approval of discharge of planning conditions
- INEOS – 3 vertical exploration wells, various stages of planning and 3D seismic acquisition
- Egdon – Wressle appeal in Nov 2017



Springs Road (PEDL 139/140)

Objectives

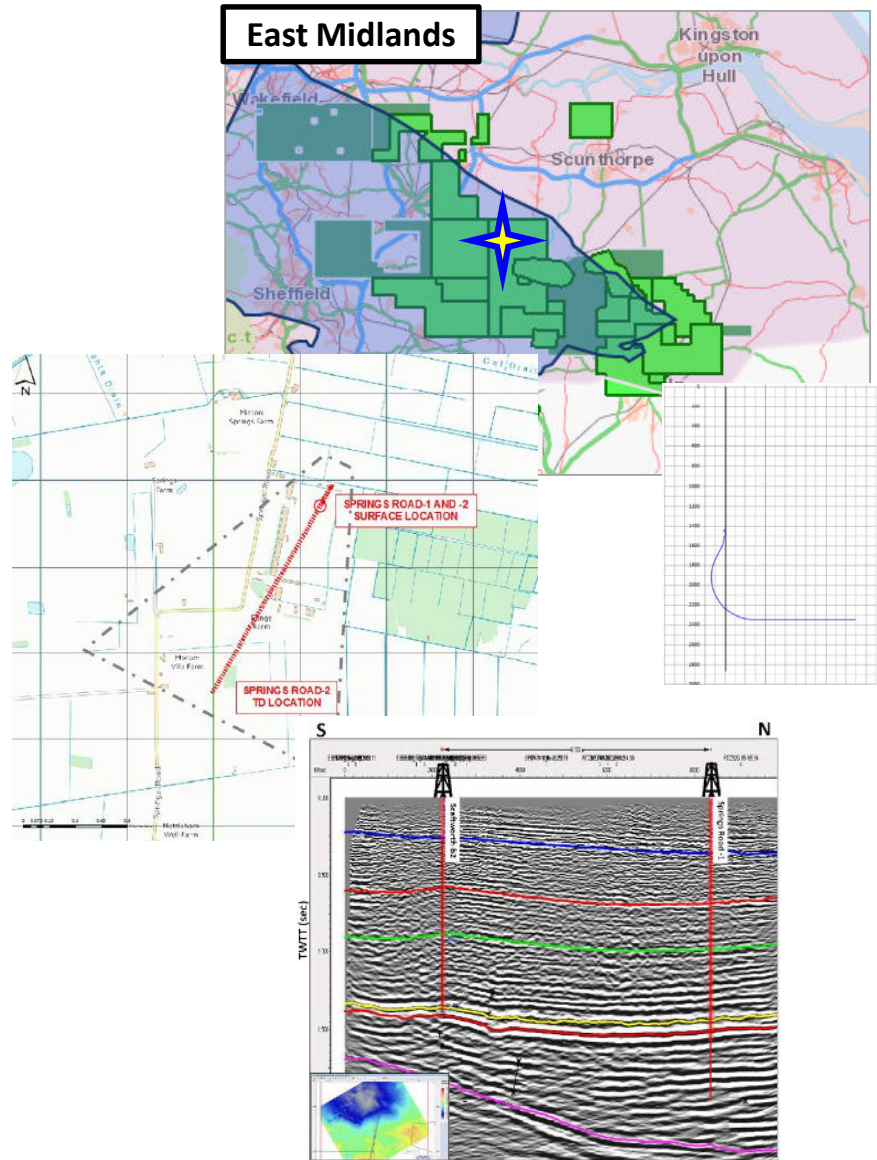
- Explore the Bowland Shale
- Explore deeper Carboniferous Shale targets
- Determine the landing depth for the Springs Road-2 lateral

Project Background

- Vertical exploration well (~3,500m) and horizontal well
- Carried by Total

Position to Date

- 3D seismic acquisition
- Groundwater monitoring boreholes
 - Operational >3months
 - Data forwarded onto EA
- May 2017 - Planning Permission Granted subject to Conditions
- August 2017 – Submission for Discharge of Conditions completed
- Awaiting approvals from Notts CC
- Q4 2017– Site Investigations and pre-work
- Q4 2017 – Site Construction
- Q1 2018 – Spud



Tinker Lane (PEDL 200)

Objectives

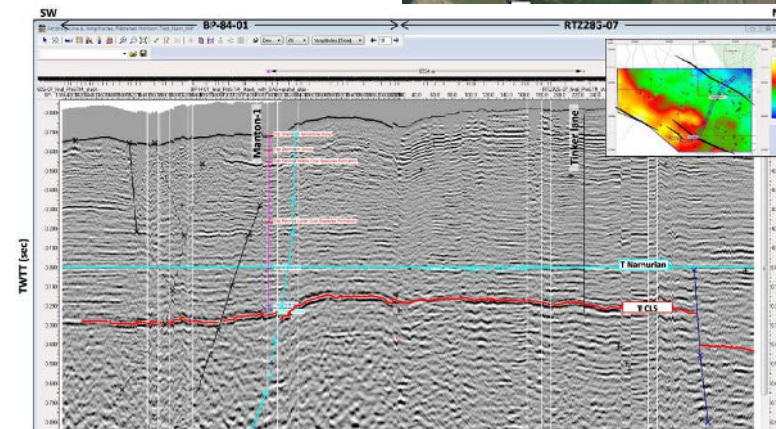
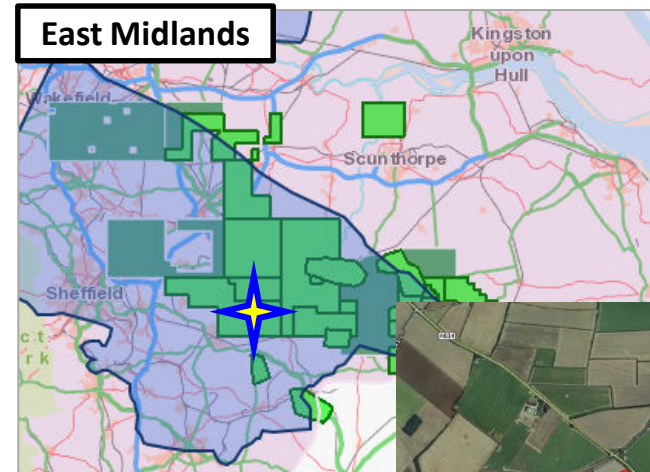
- Explore basin margin
- Determine if basin margin shales are prospective enough to warrant further activity (e.g. 3D)

Project Overview

- Drill vertical exploration well to ~1,800m
- Work program carried by INEOS

Position to Date

- May 2017 - Planning Permission Granted subject to Conditions
- August 2017 – Submission for Discharge of Conditions completed
- Awaiting approvals from NottsCC
- Q4 2017 – Site Investigations and pre-work
- Q4 2017 – Site Construction



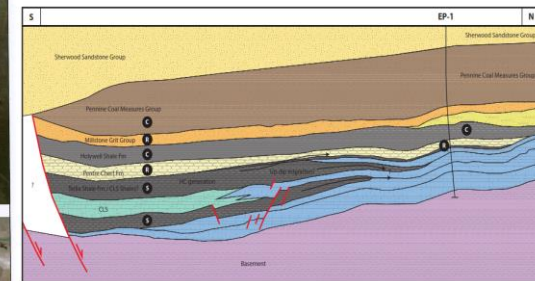
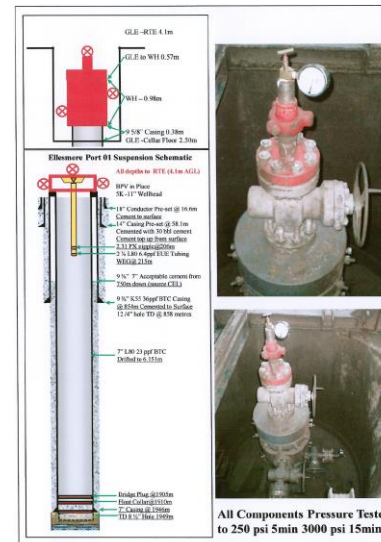
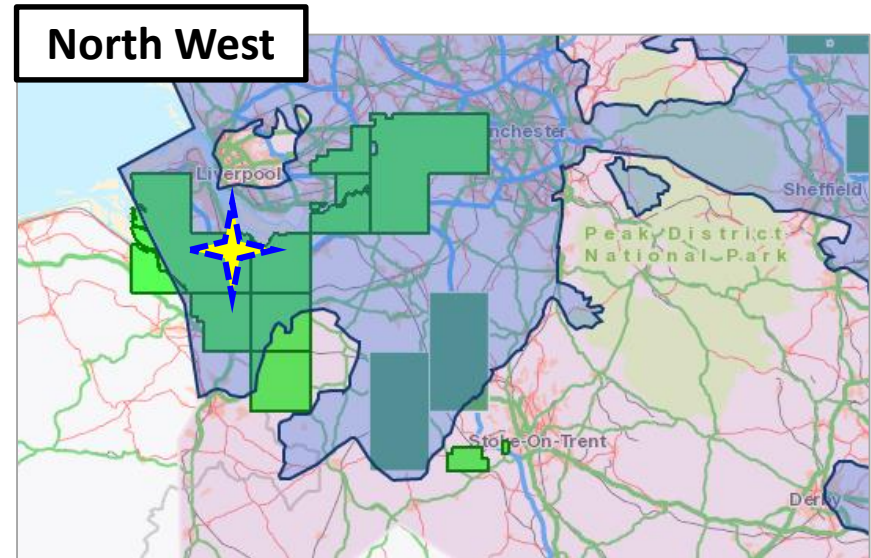
Ellesmere Port (PEDL 184)

Objective

Test the prospectivity of the hybrid play which could extend over multiple NW licences

Project Overview

- Acid stimulate and flow test of Pentre Chert Hybrid play ~ 90 day program
- Funded by INEOS
- Gas shows from fracture network during drilling. Working analogues in US. Not a shale/resource play
- Planning application submitted 21/07/17
- EA permit submitted 04/08/17 ~ HPI – 17 weeks ~ 01/12/17
- Public exhibition held 16th August
- If results are positive, commence extended well test

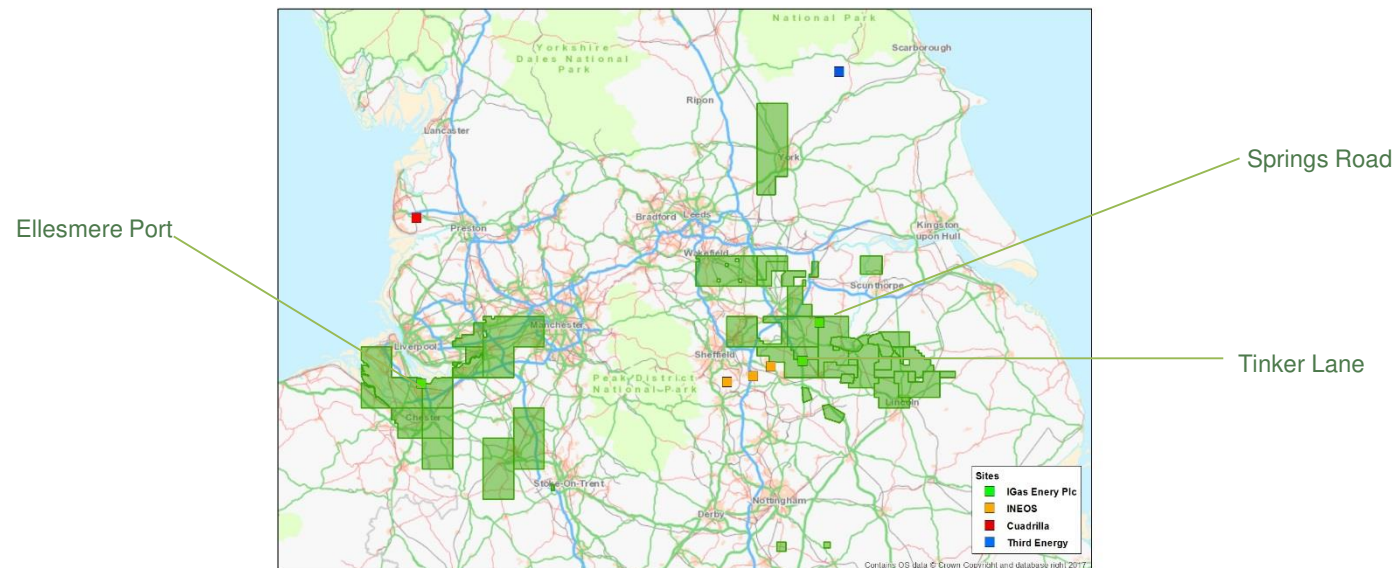


2017/18 Anticipated UK Shale Activity

Industry wide collaboration across a number of technical and stakeholder areas

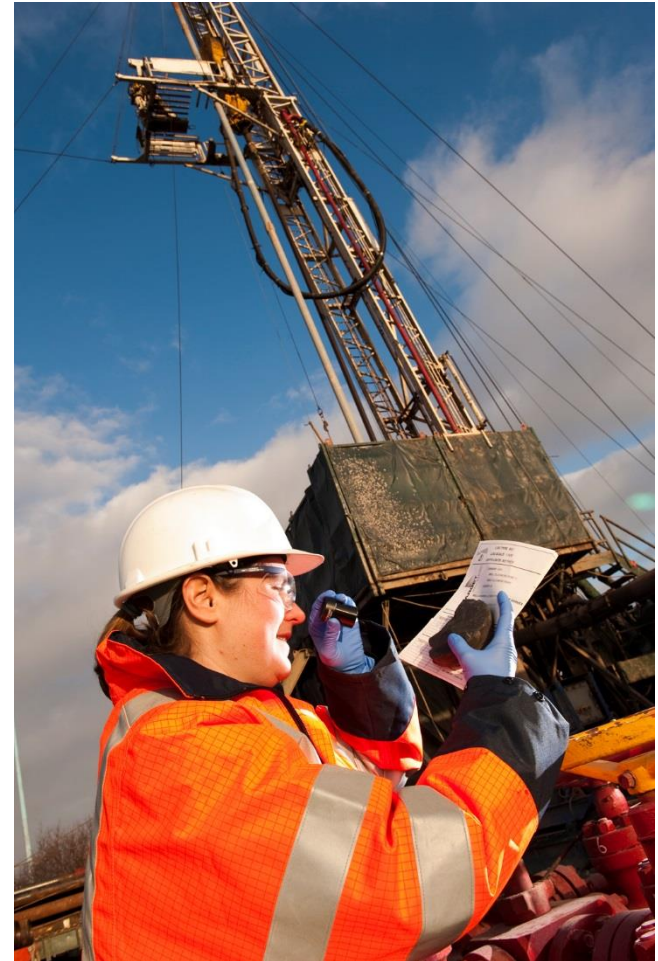
Operator/Site	Activity
Shale	
IGas – Springs Road, North Notts*	Drilling/exploration
IGas – Tinker Lane, North Notts*	Drilling/exploration
Cuadrilla – Preston New Road, Lancs	Drilling/Fracking
Third Energy – KM8, Yorks	Drilling/Fracking
INEOS – Bramblemoor Lane, Derbys	Planning/exploration
INEOS – Moor Lane, Rotherham	Planning/exploration

**Subject to discharge of planning conditions & site construction*



Summary

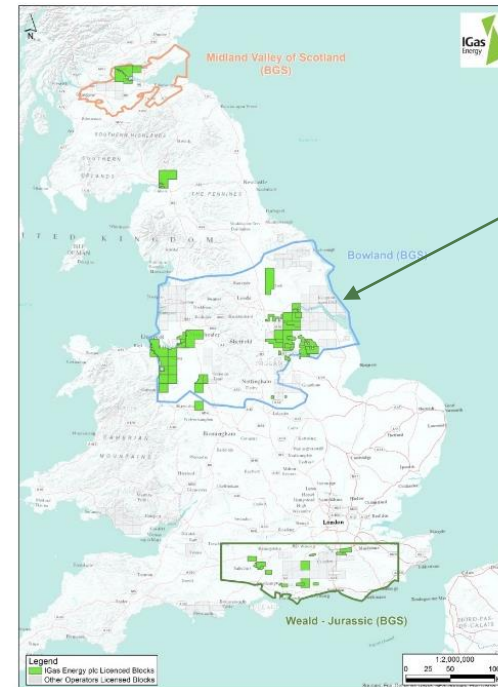
- Cashflow generative at current oil prices
 - Investment in conventional asset portfolio
 - Significant shale carried work programme with partners of up to £183m
- Production – expect to exit 2017 at c. 2,500 boepd
- Good progress on our East Midlands shale acreage
 - First of 3 wells to spud early 2018
- Planning application submitted for Pentre Chert testing at Ellesmere Port
- Securing new sites for shale appraisal
 - Planning applications to follow for appraisal drilling including flow testing in both the North West and East Midlands
- Momentum in UK onshore industry continues to increase
 - Weald Basin micrites/kimmeridge
 - Newsflow expected in the coming months that could significantly advance our understanding of UK shale



Appendix

The potential for UK Shale

- Shale Gas is a strategic asset that requires development to safeguard UK's energy security
 - UK uses 3 Tcf (0.5bn boe) p.a. providing approximately 1/3rd of UK's Energy needs
 - Gas is a key component of the UK's energy mix
 - 8 out of 10 UK homes use gas for heat
 - 61% use gas for cooking
 - c.50% electricity generation
 - An essential feedstock for the manufacturing sector
 - Declining North Sea - UK currently imports 50% of its gas
 - c. 19 Tcf of remaining reserves in North Sea
 - In 2030, OGA expects a gas import dependency of over 70%
 - New nuclear capacity slow to be built; coal fired power stations to be phased out by 2025
- Shale gas has the potential to reduce gas imports by 50%
- Shale gas is 50% cleaner than coal
- Majority of prospective acreage now under licence
- Following 'Brexit' importance of secure energy supply has increased significantly
- Industry momentum – Drilling activity and flow test data late 2017/early 2018



Exploration and appraisal to date supports estimates of total 'In Place Resources' in North West and Midlands region

Classification	Tcf
P90	822
P50	1,329
P10	2,281

Source: BGS