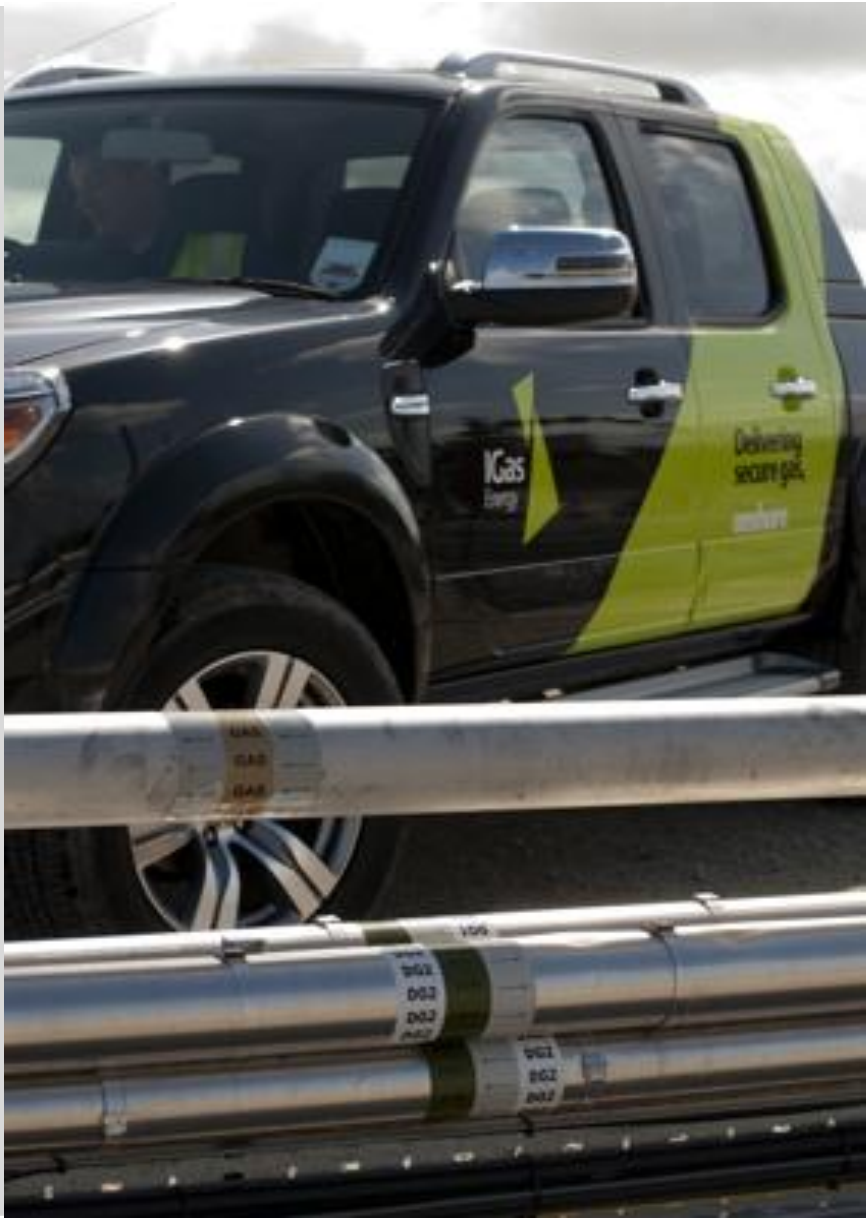
IGAS ENERGY PLC ("IGas")

November 2011

Onshore Energy: Delivering a Secure future



Agenda

- Overview and Acquisition Highlights
- Funding and NAV Analysis
- Star Energy
- IGas Operational Update
- Combined Group and Future Plans
- Conclusions

Overview and Acquisition Highlights

IGas Energy

Overview

Current IGas

UK North West focused unconventional gas play with significant contingent resources

IGas post completion

Leading UK O&G onshore business with:

- ✓ considerable scale
- ✓ balanced portfolio of booked reserves and material resources
- ✓ significant cash flows
- ✓ experienced execution team

Delivering discovered hydrocarbons in UK

Acquisition Highlights

- **Considerable scale in UK Onshore**
  - An opportunity to leverage experience of delivering hydrocarbons in the UK
  - Predominantly 100% owned and operated assets
  - Footprint in the prolific East Midlands and Weald Basins
  - Logistics synergies with the IGas assets in the North of England

- **Balanced portfolio of producing and development assets**
  - Potential for significant upside to the existing oil production
  - Combined business presents opportunities of growing production profile
  - Considerable fiscal synergies

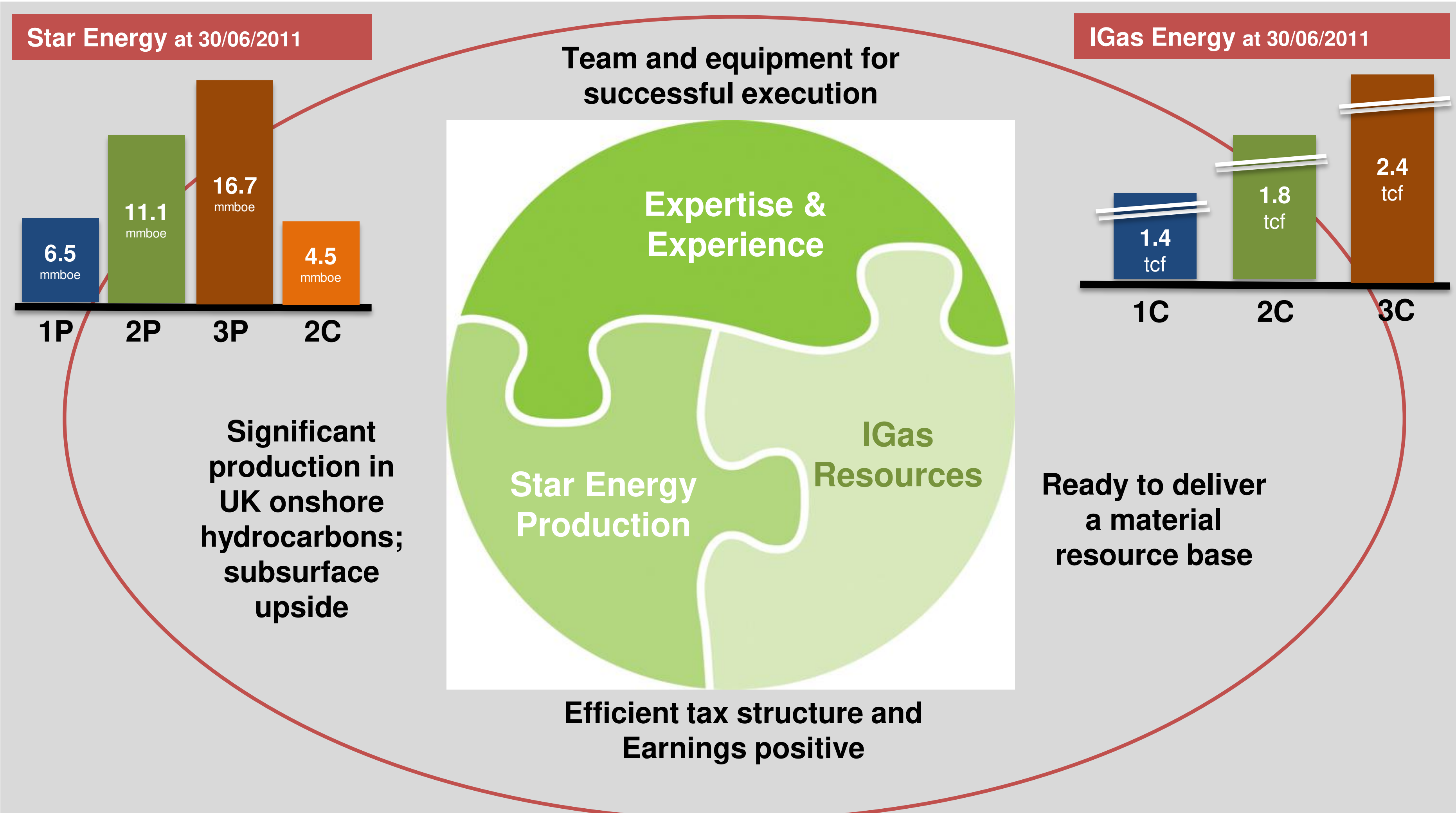
Acquisition Highlights (cont'd)

- **Experienced operational team**
  - 143 personnel experienced in both oil and gas production and development
  - Technical team with a proven track record
  - Highly experienced site operators

- **Operational assets to deliver**
  - Own well services division including: 2 work over rigs, 4 hot water flush rigs, 1 hot oil flush rig, and in addition 8 road tanker tractor units
  - Significant oil storage and bunkering including 2 rail heads

- **Gas sales agreement signed with Petronas**
  - IGas will provide Petronas with its first 150 Bcf of gas at market derived rates
  - Gives IGas the certainty of guaranteed off-take from an international petroleum company

Considerable Scale in Onshore UK



Source: Senergy Competent Persons Report

Funding and NAV Analysis

Funding

- **Consideration of £91m (£110m less cash at completion less taxes[1]) funded by new debt facilities of £85m and cash of £6m[2]**

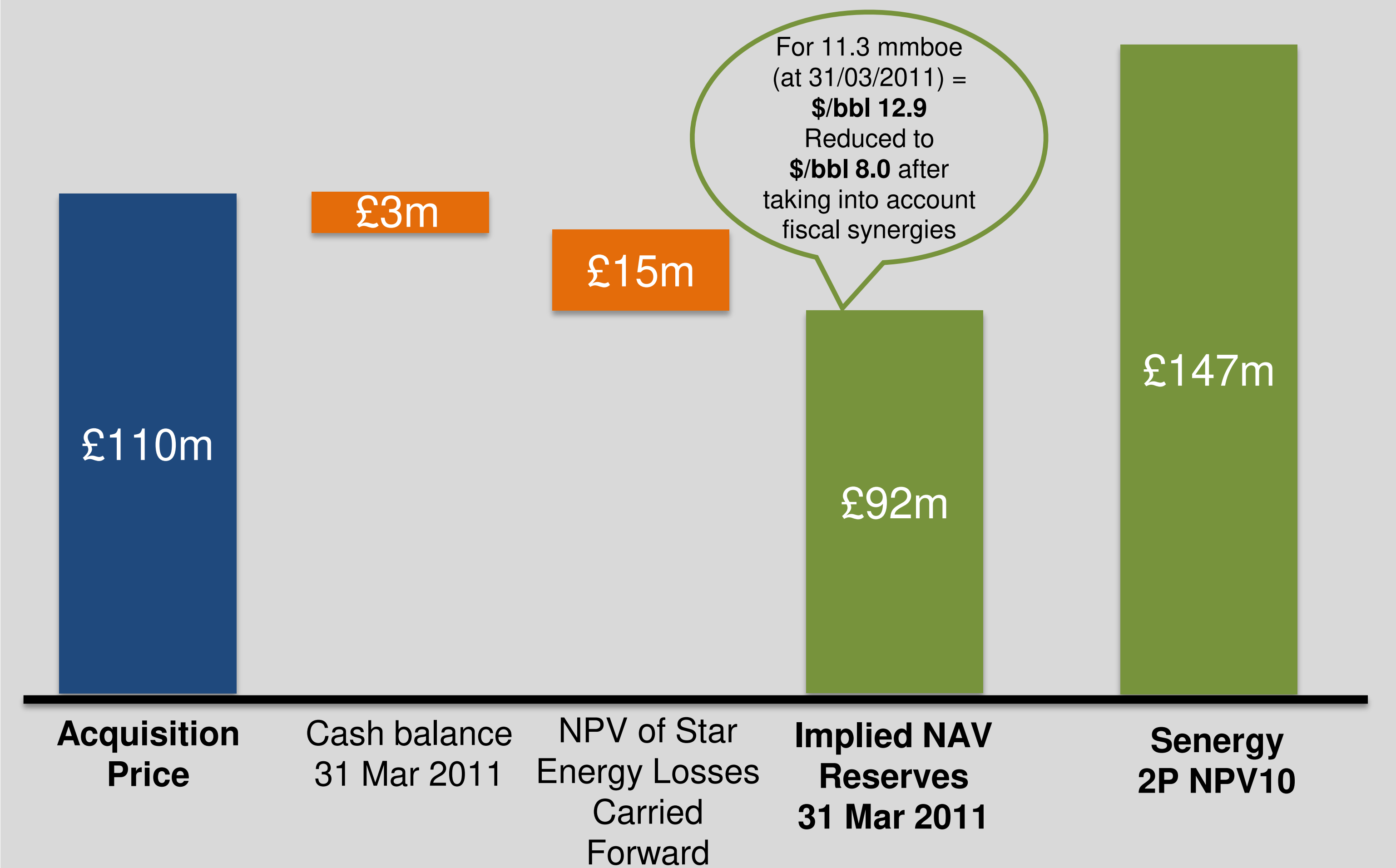
- **Debt facilities:**
  - **$90m** 5 year Senior Secured Term Loan at 5.5% over LIBOR
  - **$45m** 5 year Debt Facility at 12% over LIBOR repayable monthly from 2014
  - **$15m** 5 year Uncommitted Working Capital Facility
- **Hedging**
  - c.75% of Senergy 2P oil production profile pre-sold at $/bbl 93.4 (net) for 2.5 mmbbl over 6 years (55% hedged in sterling)

- **At closing, IGas will issue warrants to Macquarie for c.11.5% of the diluted share capital at 55.80p (equating to a 20% premium to the 20day average price prior to suspension)**

Note: (1) Tax to be paid in January and April 2012 of £5.7m in relation to profits generated prior to completion (2) IGas Energy cash as at 31 October 2011 £22.5m

NAV Analysis

Net Asset Value as at effective date



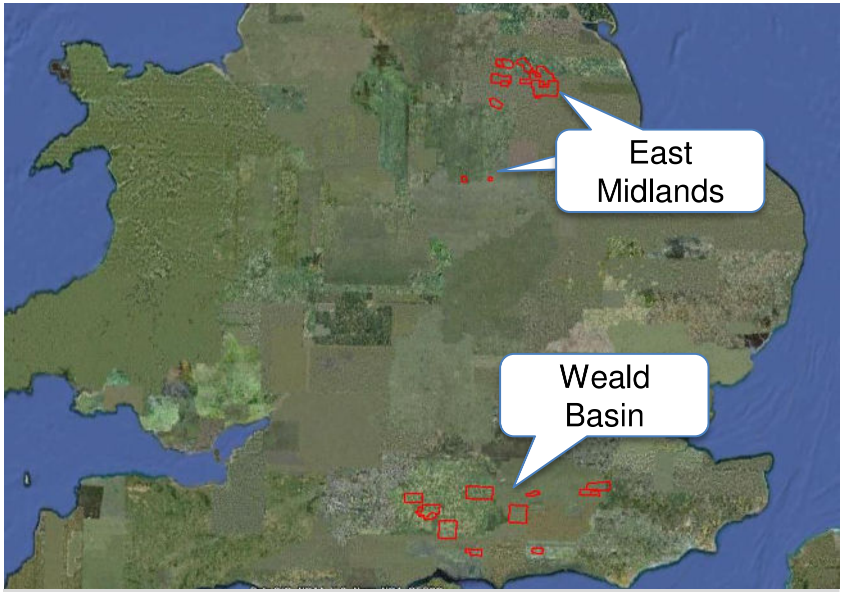
Note: £/$ of 1.58 has been assumed. The £147m Senergy 2P NPV10 is the aggregate of Senergy 2P valuation of the Star assets (£127m) and additional income to IGas which will be generated under the services agreement with Petronas in relation to petroleum and water handling of Humbly Grove and Herriard and operational services to be provided to the Star Gas Storage business (£20m)

Star Energy Asset Overview

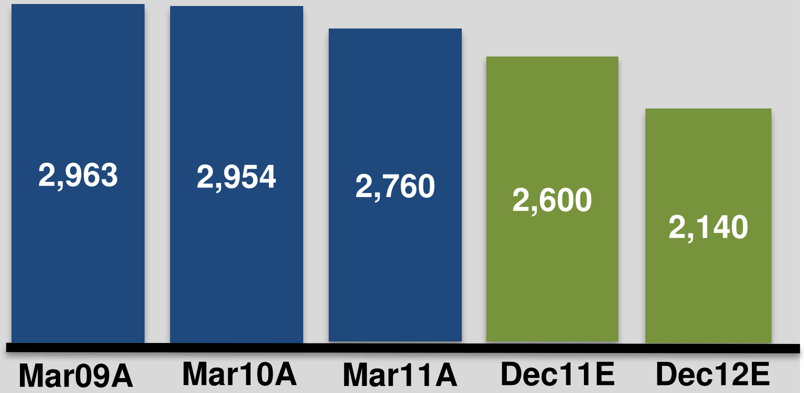
IGas Energy

Star Energy Asset Base

- 25 onshore oil and gas fields in the East Midlands and the Weald Basin
- 105 sites with inventory of 247 wells, 85 of which are currently producing
- 2011 Production, Reserves & Resources
  - **c. 2,800 boe/d** oil & gas production (some gas used for electricity generation)
  - **11.1 mmboe** 2P reserves (based on Senergy CPR)
    - Oil: **9.6 mmboe**
    - Gas: **8.7 bcf**
  - **4.5 mmboe** 2C resources
- Material freehold land positioned in valuable locations
- 3 main collection / treatment centres
- Production delivered to off-takers by road trucks and rail
- c. 5 MW of potential electricity generation



- **Oil production profile (bbl/d) and Senergy estimated forecast (YTD average: 2,640 bbl/d)**



Note: Senergy estimated forecasts based on Production Decline Curve Analysis

Star Energy 3 year summary

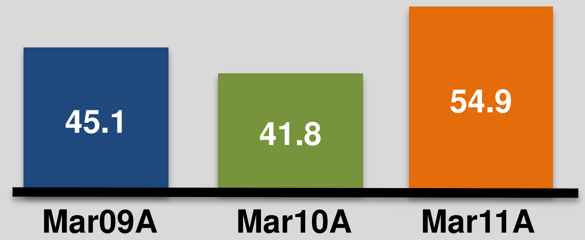
Historical Unaudited Combined Income Statement

For the years ended 31 March	2009 £'000	2010 £'000	2011 £'000
Revenue	47,075	43,510	53,285
***Cost of Sales*:**			
Depletion, depreciation and amortisation	(5,366)	(6,229)	(6,229)
Other costs of sales	(45,255)	(17,248)	(17,859)
Total cost of sales	*(50,621)*	*(23,842)*	*(24,088)*
Gross profit	**(3,546)**	**19,668**	**29,197**
Administration expenses	(6,688)	(7,167)	(4,898)
Impairment of unsuccessful exploration and evaluation assets	(19,114)	2,755	(3,209)
Other income	1,007	934	356
Profit on sale of fixed assets	(10)	101	2
Operating profit	(28,351)	16,291	21,448
Finance income	313	2,815	3,925
Finance costs	(26,881)	(2,730)	(2,827)
Share of net gain / (loss) in associate	207	415	-
Profit before taxation	**(54,712)**	**16,791**	**22,547**
Income tax expense	8,523	(12,895)	(15,642)
Retained profit for the financial year	**(46,189)**	**3,896**	**6,905**

Note: (1) Excluding costs in relation to reorganisation and hedging
Source: extracted from admission document and based on notes set out therein.
See http://www.igasplc.com/

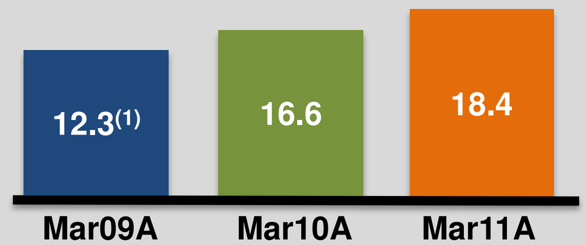
Key metrics (£ / bbl)

Revenues / bbl

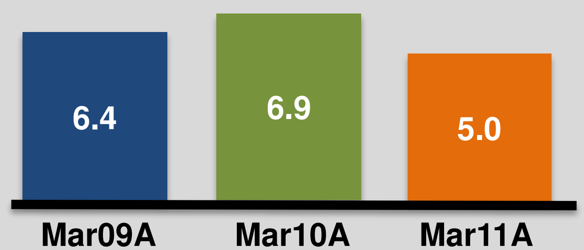


Average Discount to Brent: c. 2%

Opex / bbl



SG&A / bbl



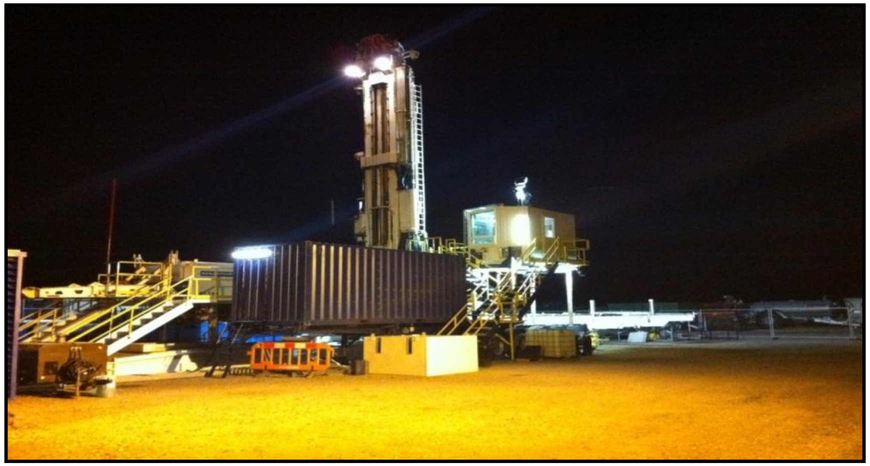
Operational Update

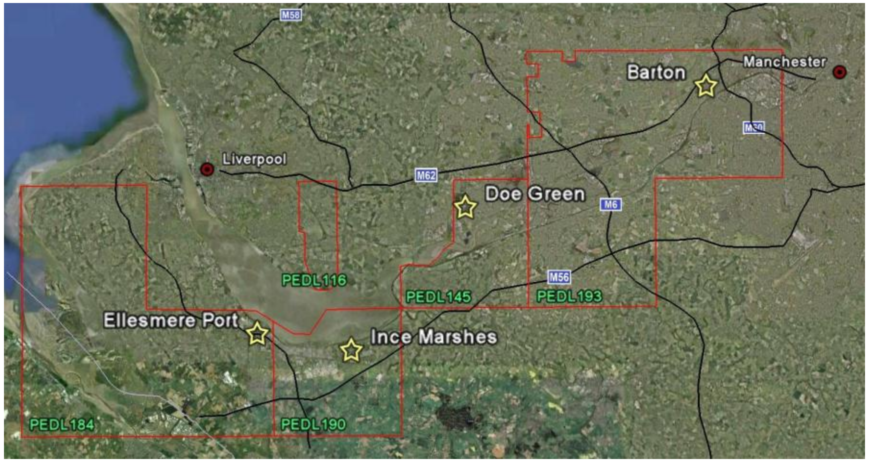
IGas Energy

On-going Drilling Programme Update

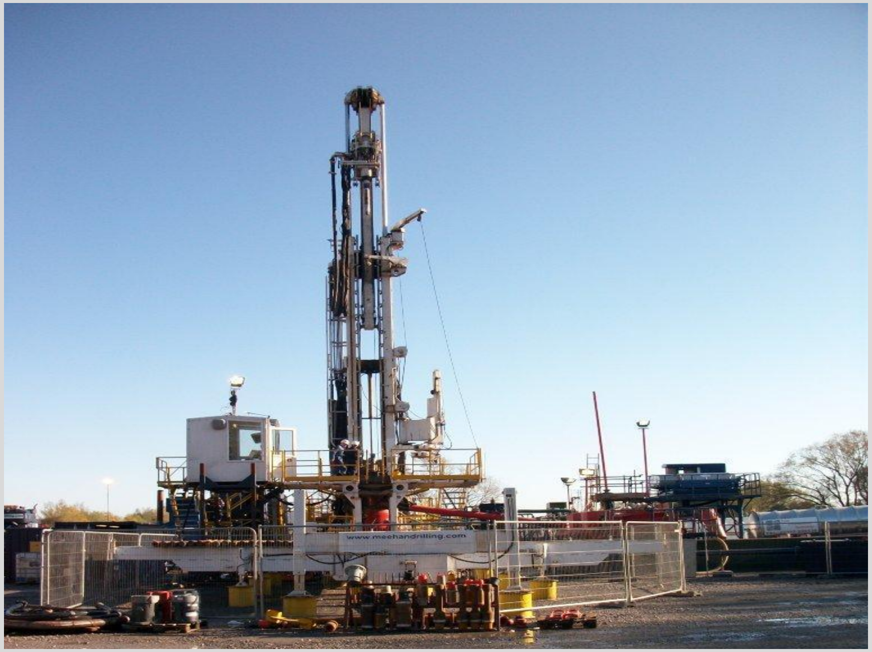
- IGas has made significant progress

Drill 4-6 wells by Q2 2012	3 wells completed or underway ○ DG-3 drilled 1500’ of coal ○ DG-4 spudded 10 October 2011 ○ Ince Marshes spudded 4 November 2011
Operational at 5 sites by Q2 2012	4 sites ○ DG-3; DG-4 (DG export facility upgraded) ○ Ince Marshes ○ Ellesmere Port site construction completed ○ Barton (now Irlam) site construction underway
Work programme fulfils all 13th round obligations	Following drilling at Irlam and Ellesmere Port 13th round obligations satisfied





Ince Marshes & Ellesmere Port



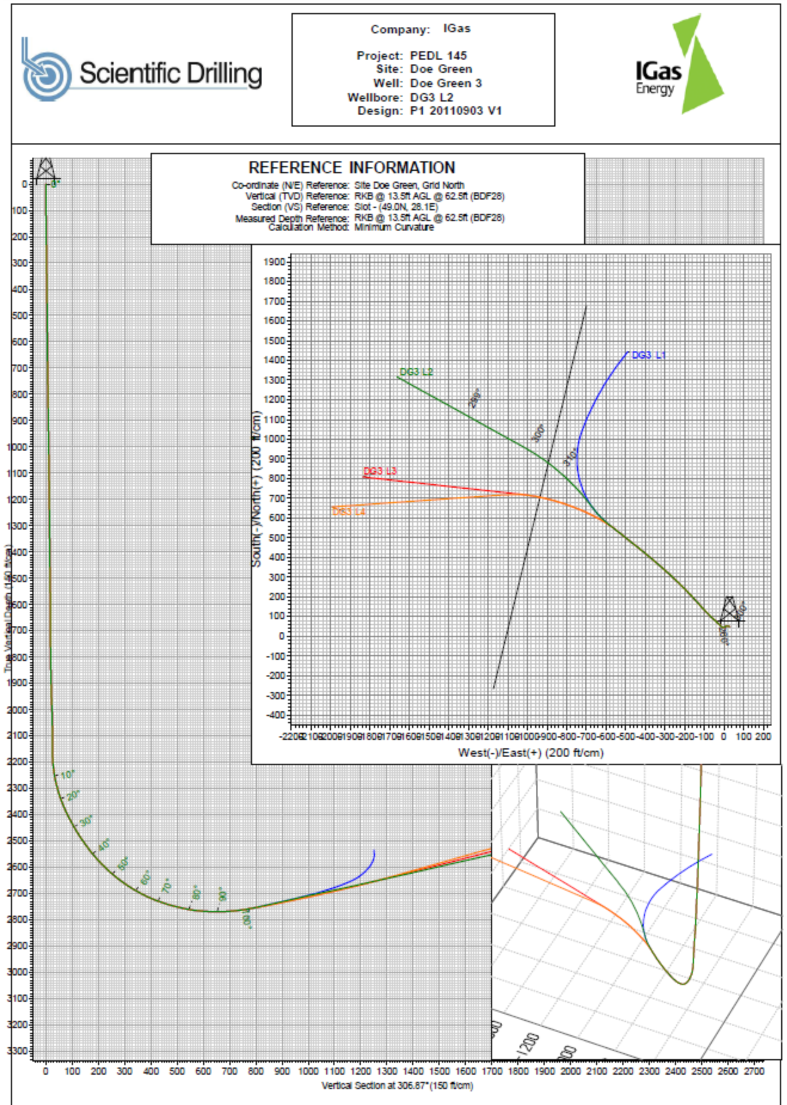
Ince Marshes

- Spudded on 4 November 2011
- Drilling with Meehan Schramm R1-TXD rig
- To be logged and cored
- Fulfills license obligation
- To be suspended as a potential producer

Ellesmere Port

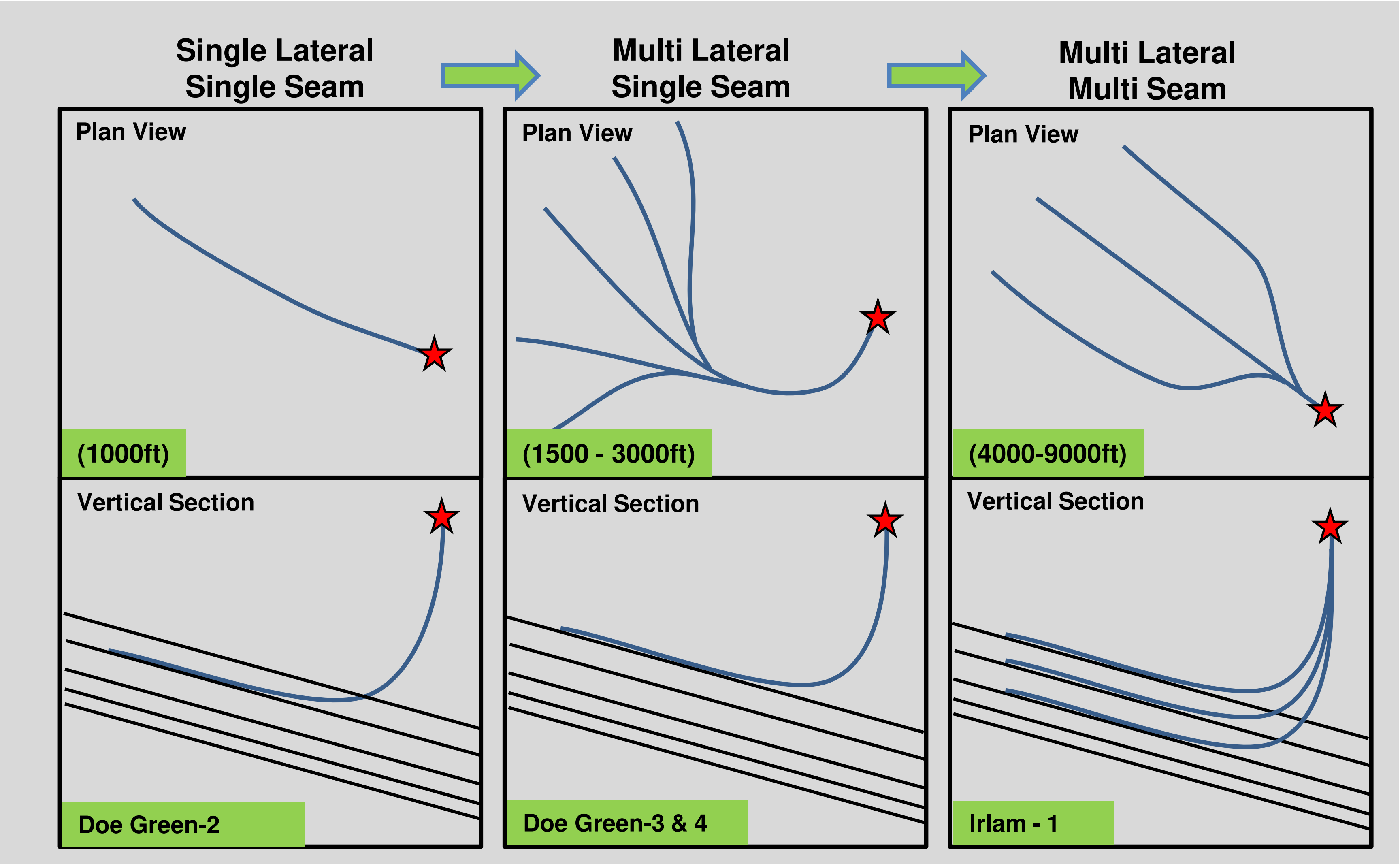
- Site construction finished
- Pre-drill approvals in place
- Drilling programme prepared
- Await results of Ince Marshes before commencing drilling operations

Doe Green – Operations

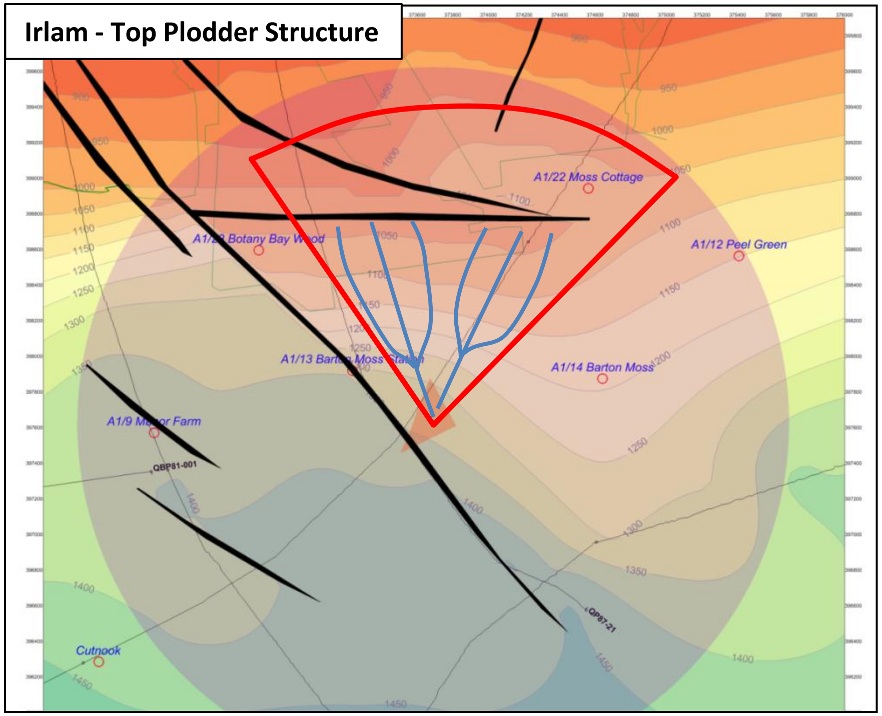


- ❑ **Drilled DG-3 multilaterals in London Delph seam (1500ft of lateral)**
- ❑ **Drilling DG-4 multilaterals in Plodder seam (target 3000ft)**
- ❑ **Upgrade of Doe Green facilities in progress**
  - **Generator**
  - **Pumping equipment**

Well Design Development

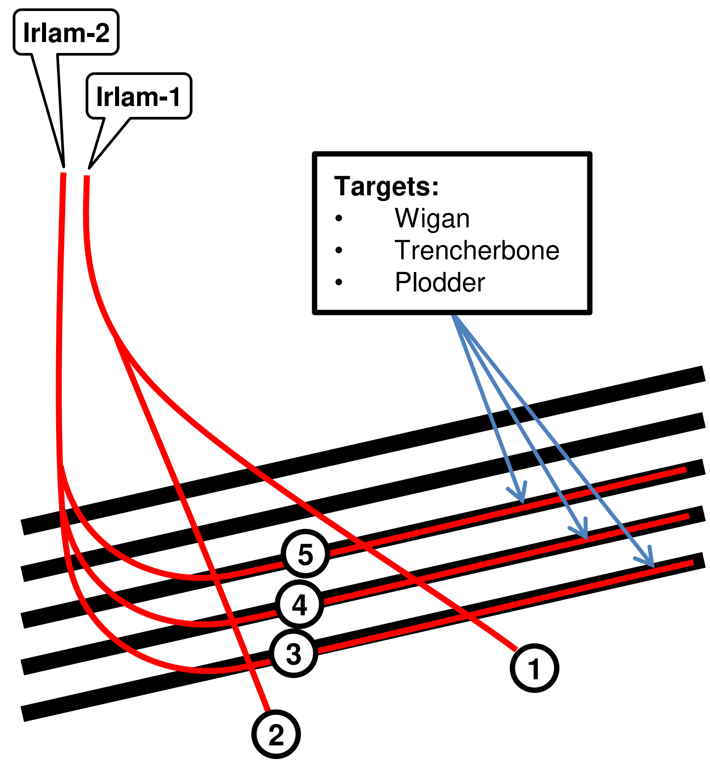


Irlam – Continued Technical Advancement



Pre spud activity/post DG-3 & DG-4 flow performance

- ❑ **Completion design update**
- ❑ **Engineering design optimisation**
- ❑ **Risk mitigation review**



Combined Group and Future Plans

IGas Energy

Superior Execution Team to Deliver the Assets' Potential

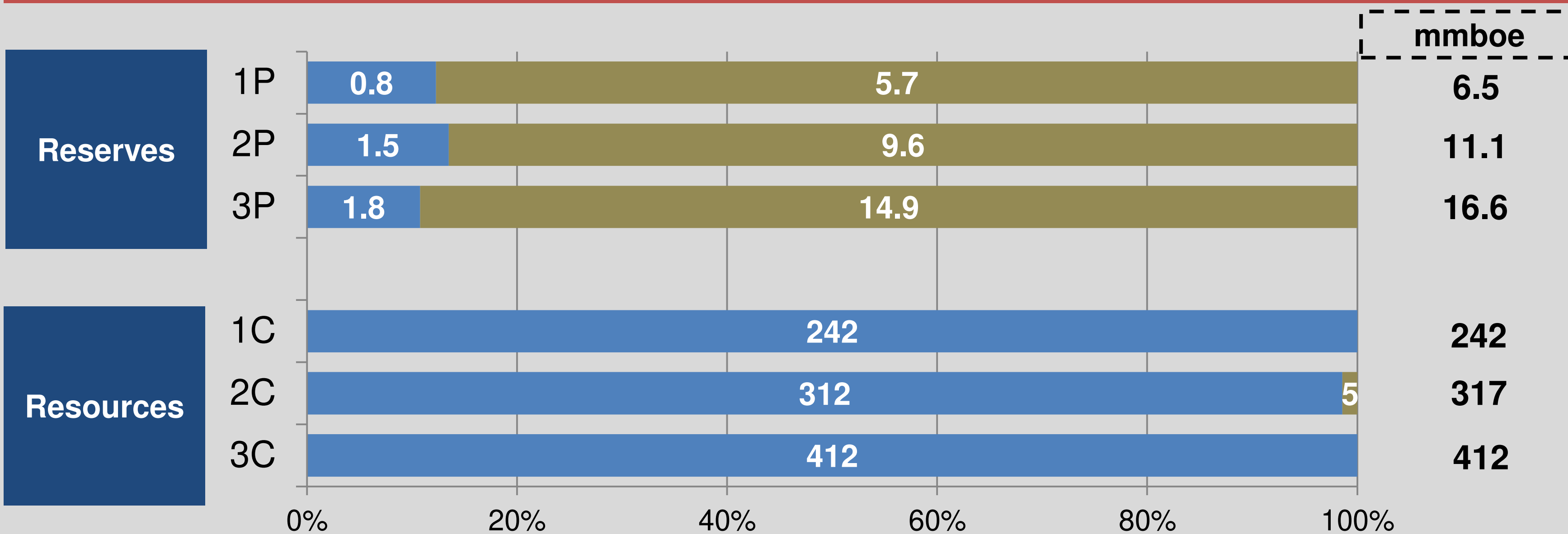
- 158 staff based in London (34), Alton (9), Welton (55), Stockbridge (7), Gainsborough (28), Humbly Grove (25)
- Senior technical team with a proven track record of delivering resources
- Highly experienced site operators with transferrable skills
- Own well services division including: 2 work over rigs, 4 hot water flush rigs, 1 hot oil flush rig, and in addition 8 road tanker tractor units
- Combination of own resource and outsourced contractors moving forward
  - Part ownership of drilling contractor - 33% interest in Larchford Limited (c. £0.9m Book Value)
  - c.50% of Meehan rig JV

Meehan Drilling Schramm TXD Rig

Drillmaster Rig – Larchford Ltd

Combined Group Reserves and Resources

Reserves and resources (mmboe)



Source: Senergy 2011

GIIP (mmboe)

	CBM	Shale	Conventional	mmboe
Low	889	15	N / A	904
Medium	1,570	196	N / A	1,767
High	3,356	800	N / A	4,156

Source: Equipoise 2010

Future Plans

- **The agreements with Macquarie allow for funding of capex on both the IGas and Star portfolios under the terms of the $15m working capital facility**

- **Combined optimised work programme is being developed based on the following:**
  - Learnings from DG-3 & DG-4
  - Synergies with Star in execution and tax
  - Capex opportunities identified in Star

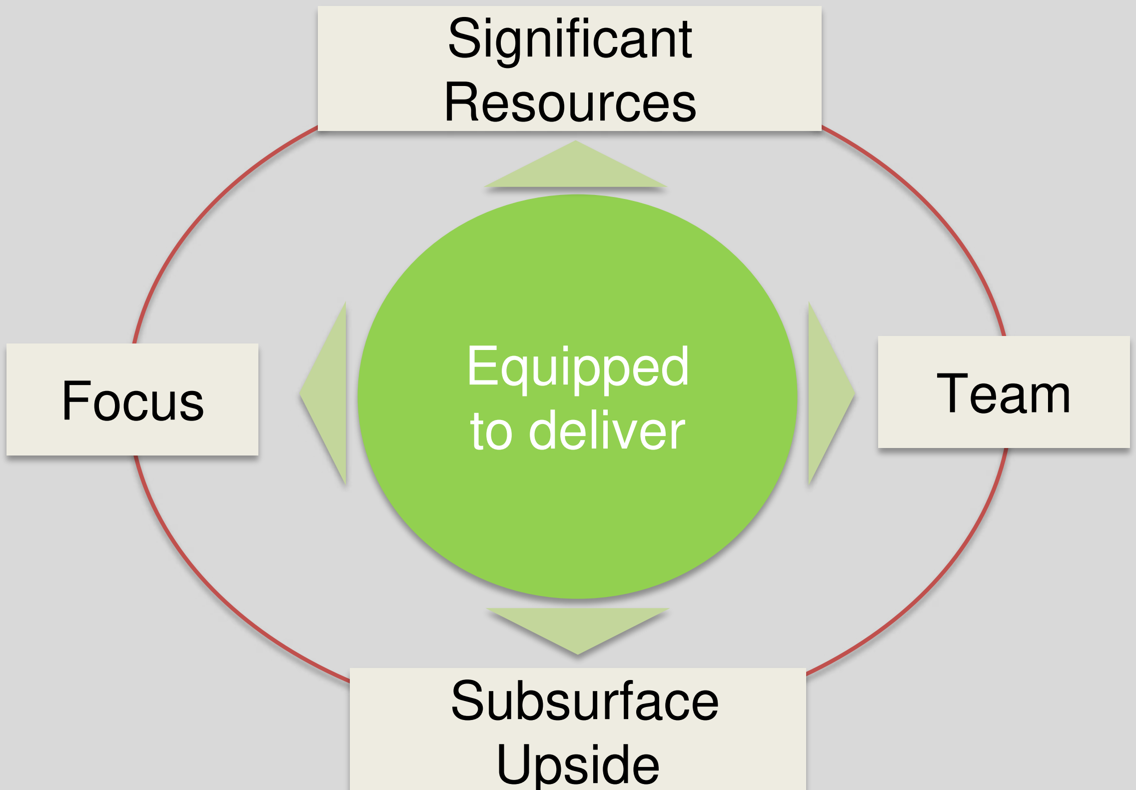
- **General meeting on 9th December**

- **Transaction expected to close before 16th December**

Conclusions

Conclusions & Questions

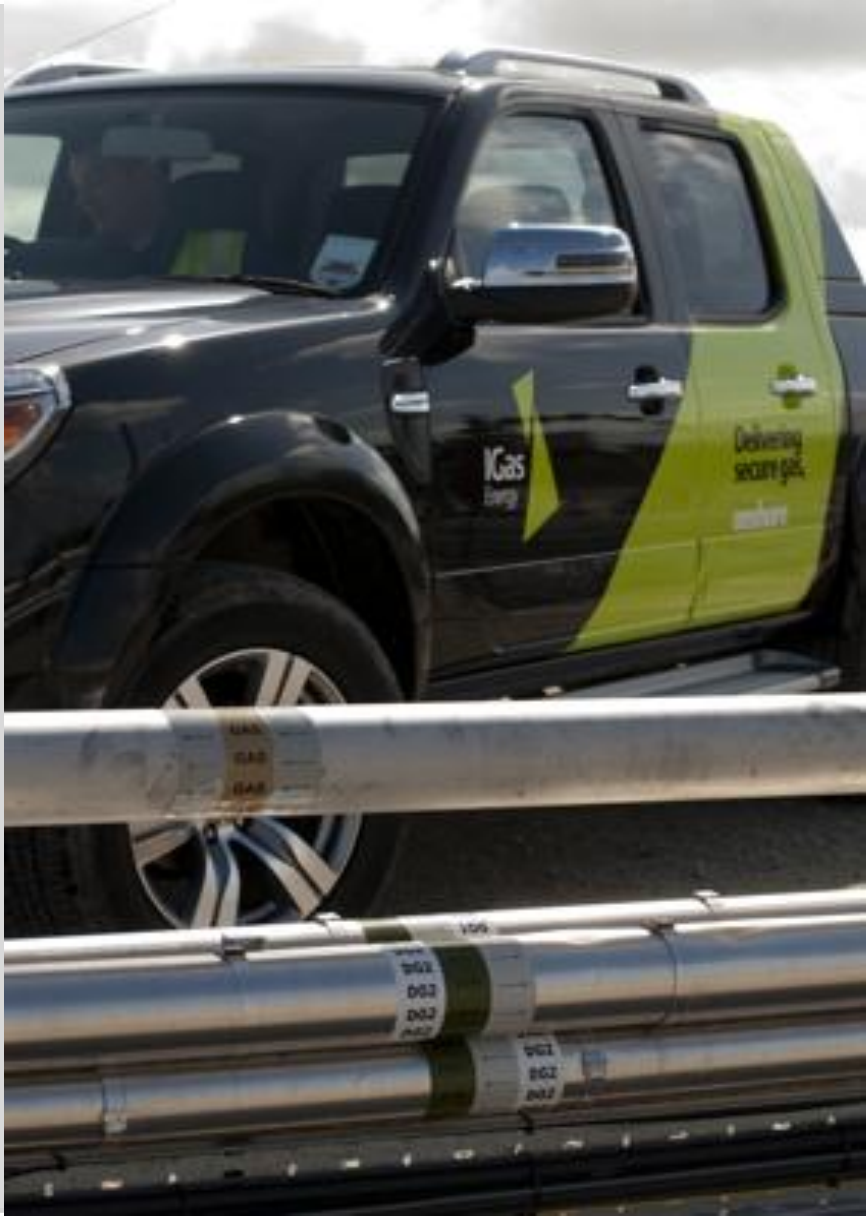
Substantial position in UK discovered hydrocarbons



IGas Energy:

Delivering a secure future

Appendices



Oil Assets – North (East Midlands)

Net Proven oil reserves (mbbls) as at 30/06/11	Net Proven and probable oil reserves (mbbls) as at 30/06/11	Average production (bbl/d)
3,811	6,529	1,381

- **Welton Area North of Lincoln**
  - Producing since 1981
  - Currently producing about 950 bbl/d
  - There has been over 60 wells drilled on the structure to date
  - Welton gathering and processing facility (6,000 bopd handling capacity)

- **Gainsborough & Beckingham Field North of Lincoln**
  - Producing since 1959
  - Currently producing about 550 bbl/d
  - 65 wells drilled on the structure

- **Further 8 fields in Nottinghamshire, Lincolnshire and Leicestershire handled through Gainsborough**
  - 45 wells drilled

- **In the Gainsborough Area, production fluids are treated at the Gainsborough 5 processing hub**

- **Production currently sold under contract to Conoco and transferred to their Immingham Refinery by road tanker**

Welton Field

Welton Gathering Centre

Oil Assets – South (Weald Basin)

- 7 oilfields which are dispersed through Surrey, Hampshire and Sussex

Net Proven oil reserves (mbbls) as at 30/06/11	Net Proven and probable oil reserves (mbbls) as at 30/06/11	Average production (bbl/d)
1,869	3,100	1,025

- **Weald Basin is currently producing about 1,025 bbl/d**
  - 57 wells with proven remaining oil reserves of 1,869 mbbls as at 30 June 2011
- **Oil from Goodworth, Stockbridge and Avington is transferred from site storage tanks to the BP Terminal at Hamble by road tanker**
- **Oil from all other fields is exported to the Holybourne Oil Terminal by road tanker**
- **Production is currently sold under contract to BP and ESSO**
- **Owns and operates the Holybourne Oil Terminal for onward rail transport to the ESSO Fawley Refinery**
- **Purchase and transfer oil from the Providence Singleton field**

Storrington Field

Holybourne – Storage tanks and export rail siding

Gas Assets – East Midland and South

Net Proven gas reserves (bscf) as at 30/06/11	Net Proven and probable gas reserves (bscf) as at 30/06/11	Average production (mcf/d)
4.9	8.7	2,420

- **Gas producing Fields**
  - Gainsborough/Beckingham in East Midlands
  - Albury in the Weald Basin
  - Proven gas reserves of 4.9 bcf as at 30 June 2011
  - Currently producing about 2,420 mcf/d (417 boe/d)

- **Generation through Associated Gas**
  - Used for electricity production for own purposes with excess sold to grid
    - Welton — 1MW (fully utilised for internal consumption)
    - Gainsborough — 4 x 1MW (2 - 3 MW export to the grid)

Gainsborough

Oil Assets – East Midlands

Licence	Field	Interest %	Net Proven oil reserves (mbbls) as at 30/06/11	Net Proven and probable oil reserves (mbbls) as at 30/06/11	Average production (bbl/d)	License Expiry
ML006	Bothamsall	100.0%	146	307	38	Mar 2015
PEDL006	Cold Hanworth	100.0%	33	226	93	Apr 2027
ML004-3	Corringham	100.0%	129	302	58	Mar 2015
PL179	East Glentworth	100.0%	25	83	30	Nov 2026
ML003	Egmanton	100.0%	2	2	2	Dec 2033
ML004-1/2	Gainsborough / Beckingham	100.0%	308	738	179	Mar 2015
ML004-3	Glentworth	100.0%	293	592	112	Mar 2015
PL220-1	Long Clawson	100.0%	254	395	99	Aug 2016
PL179-2	Nettleham	100.0%	2	3	5	Nov 2026
PL220-2	Rempstone	100.0%	6	26	13	Aug 2016
PL179-2	Scampton South	100.0%	14	51	15	Nov 2026
PL179-2	Scampton North	100.0%	240	422	117	Nov 2026
PL179-2	Stainton	100.0%	9	54	14	Nov 2026
ML007	South Leverton	100.0%	11	44	7	Mar 2015
PL179-2	Welton	100.0%	2,339	3,284	601	Nov 2026
	Total		**3,811**	**6,529**	**1,381**	

Oil Assets – Weald Basin

Licence	Field	Interest %	Net Proven oil reserves (mbbls) as at 30/06/11	Net Proven and probable oil reserves (mbbls) as at 30/06/11	Average production (bbl/d)	License Expiry
PEDL070	Avington	50.0%	13	19	43	Sep 2031
ML 018 ML 021	Bletchingley	100.0%	129	582	189	Jan 2017
PED021	Goodworth	100.0%	80	111	24	Apr 2027
PL211	Horndean	89.1%	397	586	156	Apr 2016
PL182	Palmers Wood	100.0%	24	43	43	Nov 2014
PL233 PL249 DL002	Stockbridge	100.0%	1,206	1,732	529	Dec 2019
PL205	Storrington	100.0%	20	27	41	Feb 2016
	Total		**1,869**	**3,100**	**1,025**	

Gas Assets (as at 30/06/11)

Licence	Field	Interest %	1P Gas reserves (bscf)	2P Gas reserves (bscf)	Average production (mcf/d)	License Expiry
ML004-1/2	Gainsborough / Beckingham	100.0%	4.2	6.5	2,100	Mar 2015
DL004	Albury	100.0%	0.7	2.2	320	Nov 2013
	Total		**4.9**	**8.7**	**2,420**	

Licence	Field	Interest %	1C Gas resources (bscf)	2C Gas resources (bscf)	License Expiry
PEDL 40-1	Swallowcroft	100.0%	115	212	2029
PEDL 56-1	Swallowcroft	100.0%			2029
PEDL 78-1	Greater Swallowcroft	100.0%	38	88	2029
PEDL 78-2	Greater Swallowcroft	100.0%			2011
PEDL 145	Four Oaks	100.0%	59	127	2029
PEDL 115-1	Greater Swallowcroft	100.0%	72	166	2013
PEDL 115-2	Greater Swallowcroft	100.0%	15	30	2013
PEDL 116	Foxhill	100.0%	16	28	2013
PEDL 184	North Dee	100.0%	117	222	2014
PEDL 190	North Dee	100.0%	52	91	2014
PEDL 193	Greater Parkside	100.0%	129	300	2014
PEDL 107	Point of Ayr	100.0%	48	91	2013
110/19	Point of Ayr	100.0%			2012
110/18	Point of Ayr	100.0%	126	228	2012
110/23	Point of Ayr	100.0%			2012
Stochastic Aggregate			**1,400**	**1,811**	

Management Team

- **Francis Gugen**, Non-Executive Chairman
  - Chairman of Petroleum GeoServices A.S.A
  - Former chair CH4, VC assisted North Sea gas producer which exited to Venture Production for €224 million
  - Non-exec chair Chrysaor, North Sea exploration and production company, and CEOC; Non-exec director SBM Offshore
  - Former CEO of Amerada Hess Europe
- **Andrew Austin**, Chief Executive Officer
  - Responsible for business development and day-to-day operations
  - Executive Director since 2004
  - Former VC and Energy banker (Nomura/Citigroup/Creditanstalt)
  - 6 yrs of clean tech experience as advisor and interim management
- **Stephen Bowler**, Chief Financial Officer
  - Joined November 2011
  - Previously, Hoare Govett for 12 years focussing on E&P
  - Joined Hoare Govett from Touche Ross (Deloitte)
  - Chartered Accountant
- **John Blaymires,** Chief Operating Officer
  - Formerly, Director Technology Development for Hess Corporation (Houston)
  - Previously, Technical Director in the West Africa and SE Asia business groups
  - Focused primarily on Field development activities (subsurface, drilling and operations)
  - Joined Hess from Shell International, extensive North Sea experience UK & Denmark
  - PhD and BSc in Mining Engineering from Leeds University

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