



*Results Presentation &
Shale Update*


June 2012





Results Highlights





**We are now the largest
operator of oil and gas fields
onshore in Britain**

Since last year IGas Energy has moved from being a non-operated partner in the appraisal of unconventional prospects, to operating and controlling material production and resources across Britain

Strategic Results

- ❑ Acquisition of Nexen Exploration UK Ltd and Star Energy Group Limited leading to majority owned and operated asset base
- ❑ Since the acquisition of Star Energy^{**}:
 - 2P reserves upgraded by ca. 1 million boe
 - 2P NPV₁₀ materially increased to £173MM
- ❑ Secured both equity and debt (£105.2m) to fund acquisitions and provide working capital
- ❑ Secured staff, equipment and fiscal synergies needed to pursue growing resource base
- ❑ Process commenced to identify suitable farm-in partner for IGas Energy's shale assets; Greenhill, the investment bank, mandated as its advisor

^{**} Since acquisition of Star Energy Group Limited; with revision in reserves being due to an updated Competent Persons Report, with IGas now having access to all fields and data.



Operational Results

- ❑ Safety
 - One year with no LTI (lost time incidents)
 - RoSPA Gold Medal award
 - Attained ISO 9001 and ISO 14001 certification
- ❑ Drilled 3 wells (DG-3, DG-4, Ince Marshes-1)
- ❑ Significant shale resource potential identified
- ❑ CBM delivery appraisal on-going
- ❑ Production at year end of 2,700boepd
- ❑ 'Chase the barrels' initiative launched
- ❑ Integration of Nexen Exploration UK Ltd and Star Energy Group Ltd acquisitions



Financial Results

- Revenue - £22.1m (2010 - £0.7m)
- Gross profit - £10.1m (2010 - £0.1m)
- Underlying operating profit² - £5.3m (2010 – loss £1.7m)
- Pro forma revenue for 12 months to 31 March 2012 - £69.0m (2010 - £0.7m)
- Cash at 31 March 2012 - £7.9m (31 December 2010 - £12.1m)
- Borrowings less cash³ at 31 March 2012 - £74.2m (31 December 2010 – cash £12.1m)
- Debt of £7.6m will have been repaid in the period from drawdown to 30 June 2012 with an anticipated further debt principal repayment of £12.0m by 31 March 2013, a deleveraging of nearly 25%

Footnotes:

1 Accounts are for the fifteen month period from 1 January 2011 to 31 March 2012, due to change in accounting year end. The comparators are for the year ended 31 December 2010

2 Underlying operating profit excludes the loss on oil swap contracts of £18.5m and acquisition costs of £3.1m

3 Borrowings excludes capitalised transaction costs of £7.6m





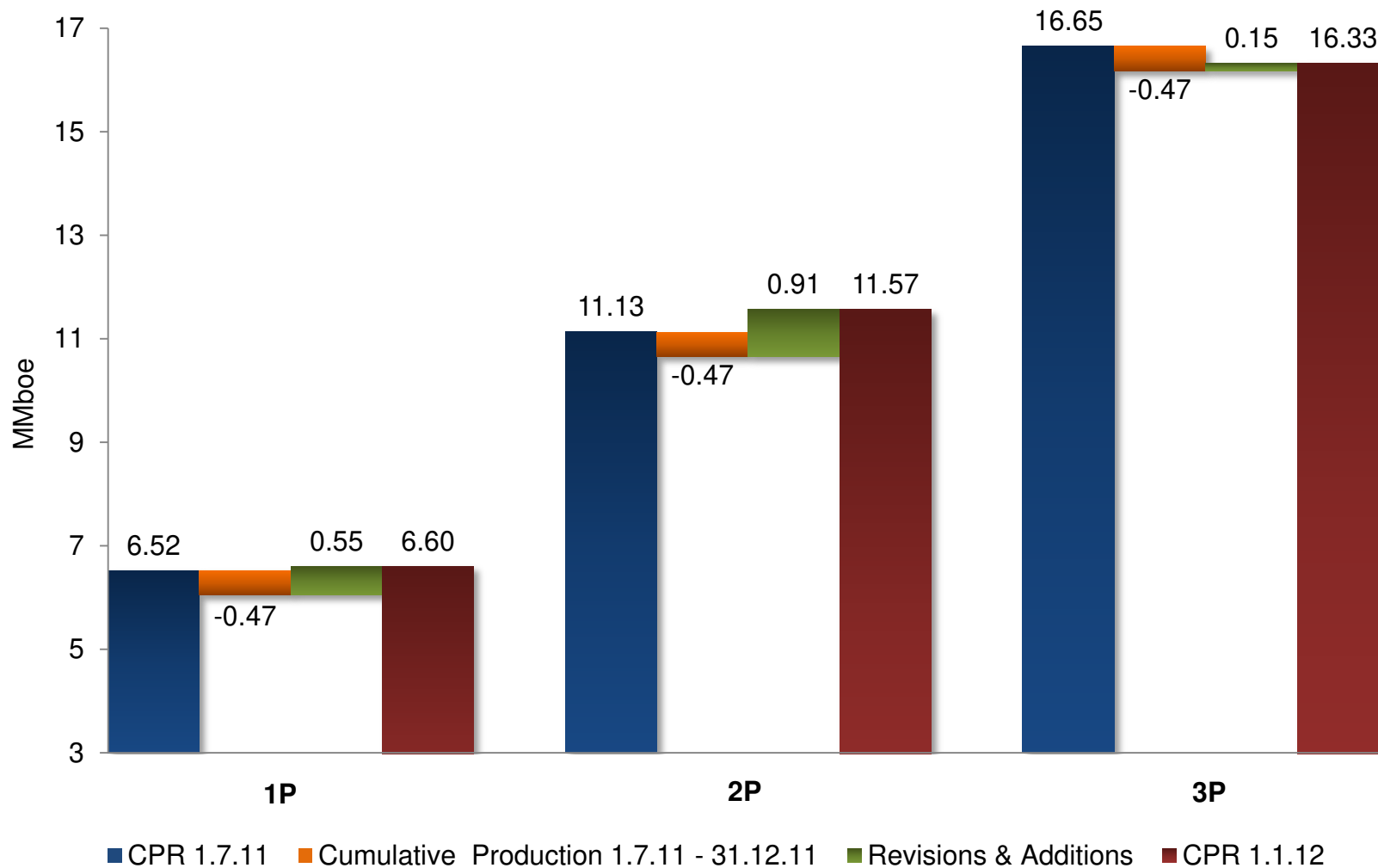
Reserves Update

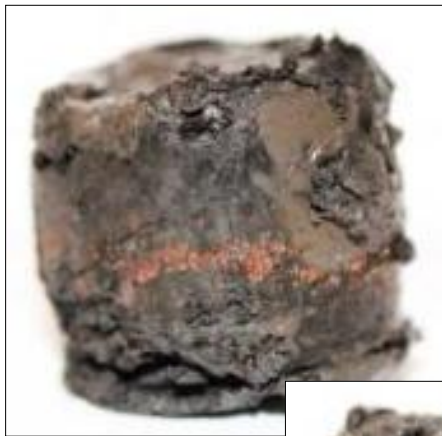
Senergy CPR Results



		1P	2P	3P
CPR 1.7.11	(MMboe)	6.52	11.13	16.65
Cumulative Production 1.7.11 - 31.12.11	(MMboe)	-0.47	-0.47	-0.47
Revisions & Additions	(MMboe)	0.55	0.91	0.15
CPR 1.1.12	(MMboe)	6.6	11.57	16.33
Reserves Replacement Ratio		1.17	1.94	0.32

Senergy CPR Results





4742.0ft



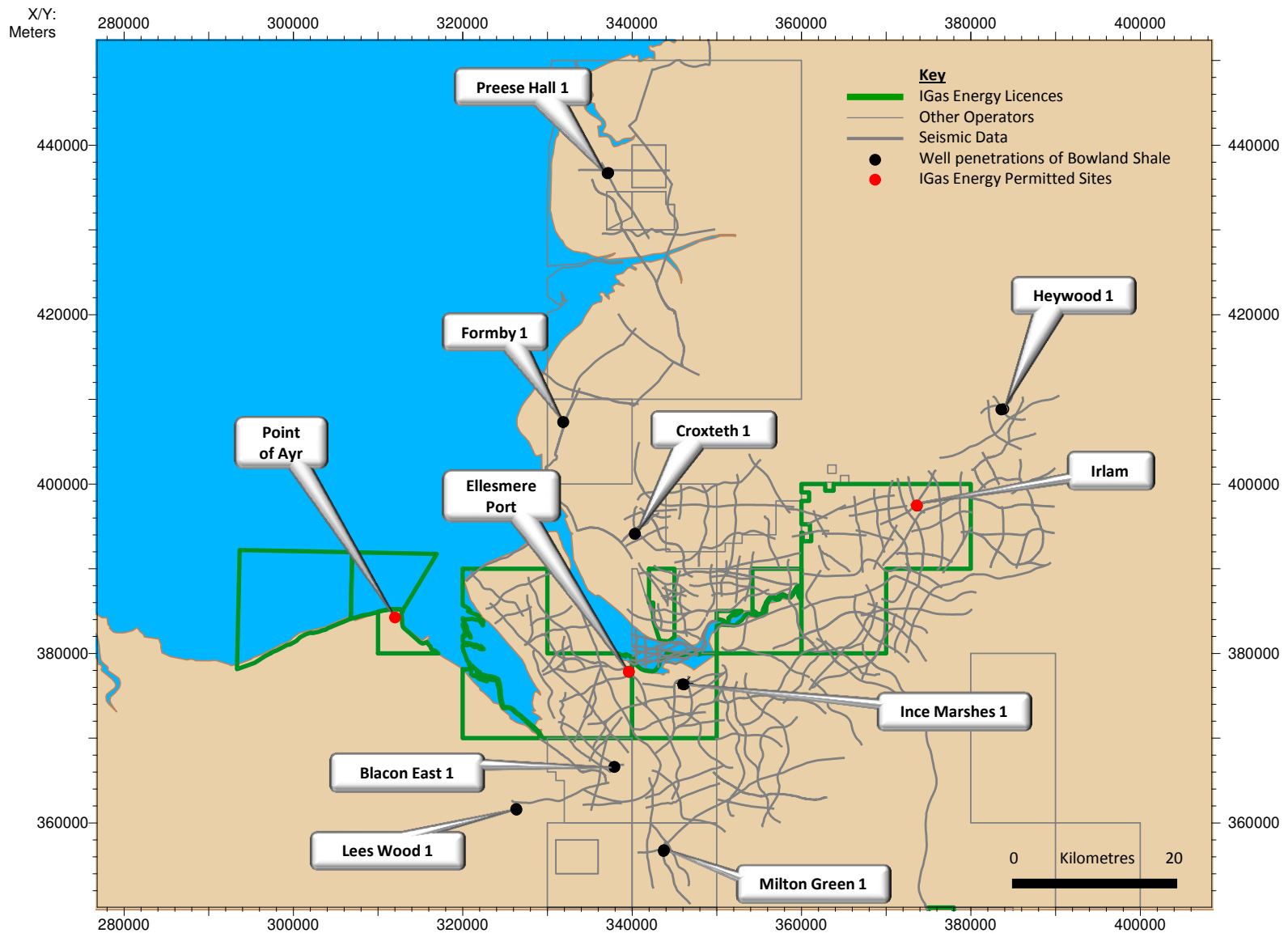
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Shale Update

Core samples from Ince Marshes - 1



Map of Study Area



Regional Cross-section- Preese Hall-1 to Knutsford-1

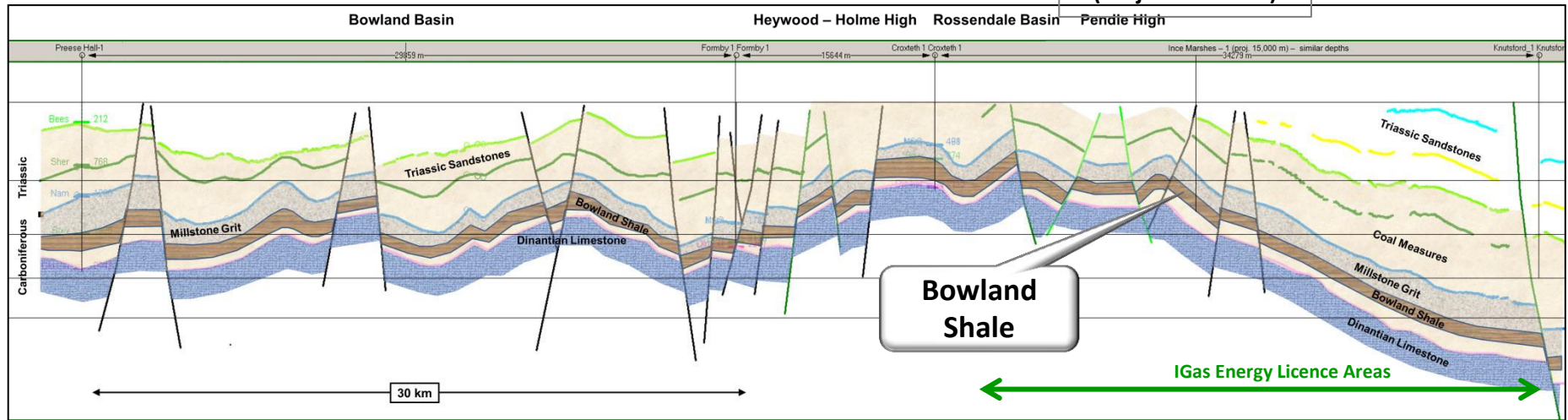
Preese Hall 1 (Cuadrilla)

Formby 1

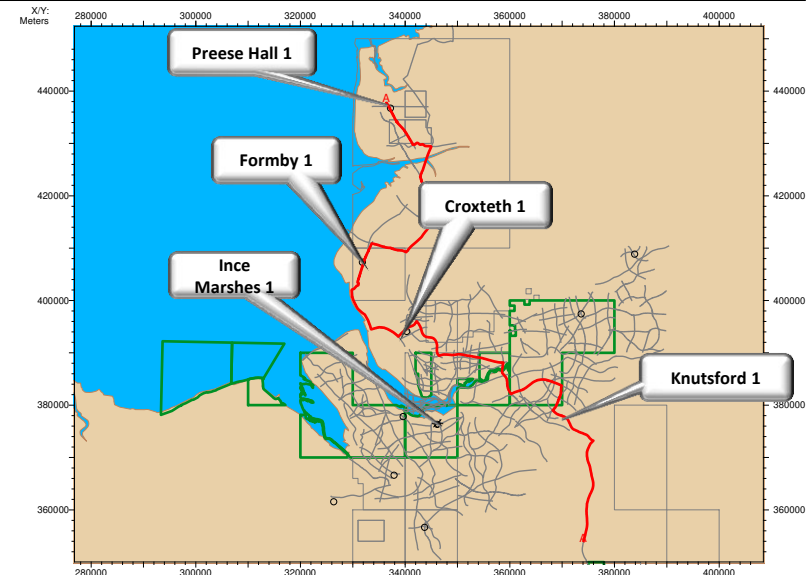
Croxteth 1

Ince Marshes 1
(Projected 15 Km)

Knutsford 1

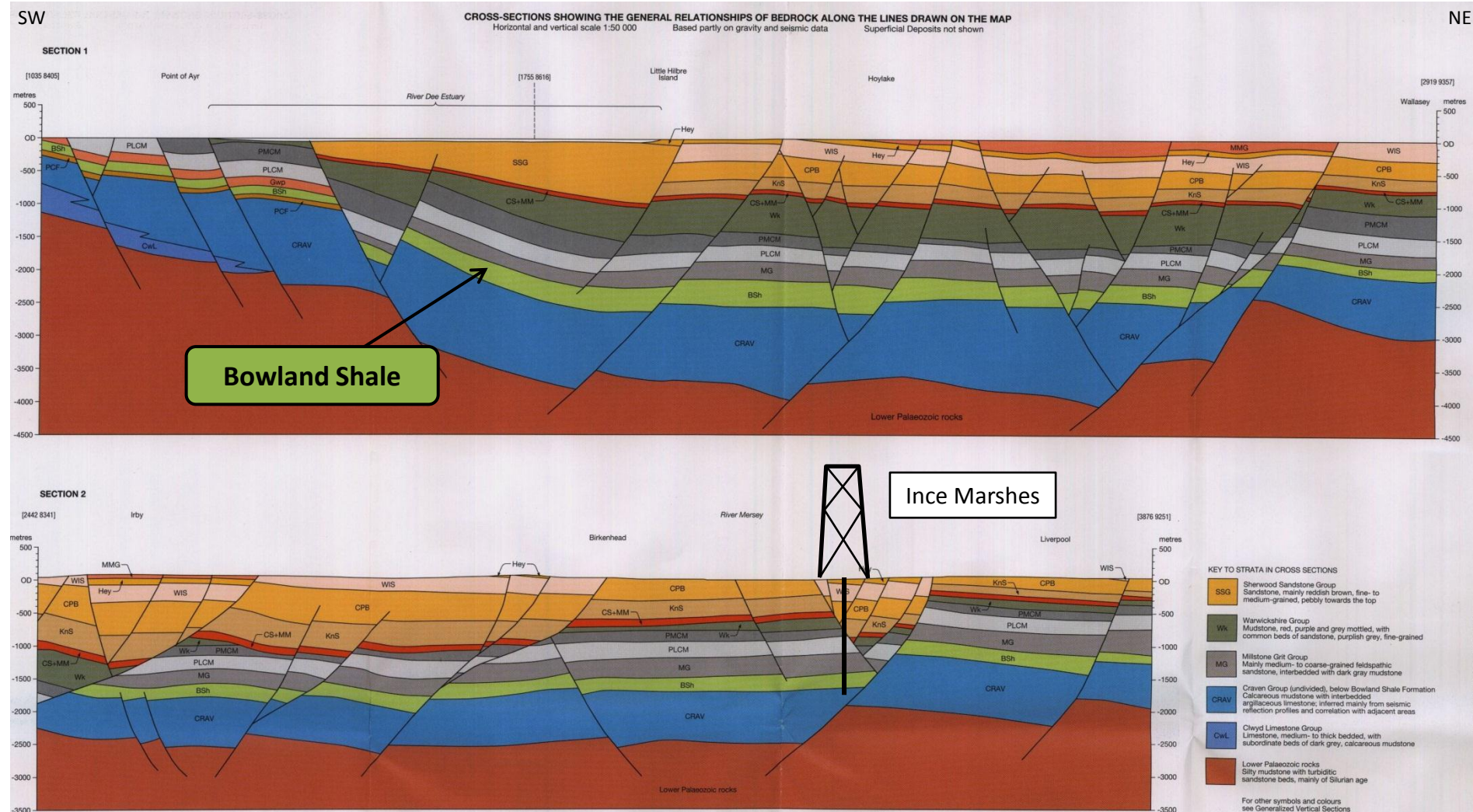


- A comprehensive set of well and seismic data has been compiled
- A regional geophysical study has been undertaken to analyse and interpret the potential distribution of the Bowland Shale Formation
- Results shows the Bowland Shale Formation is present within IGas Energy's licences
- Regional comparisons with Preese Hall 1 (Cuadrilla) can be seen from a geological cross section

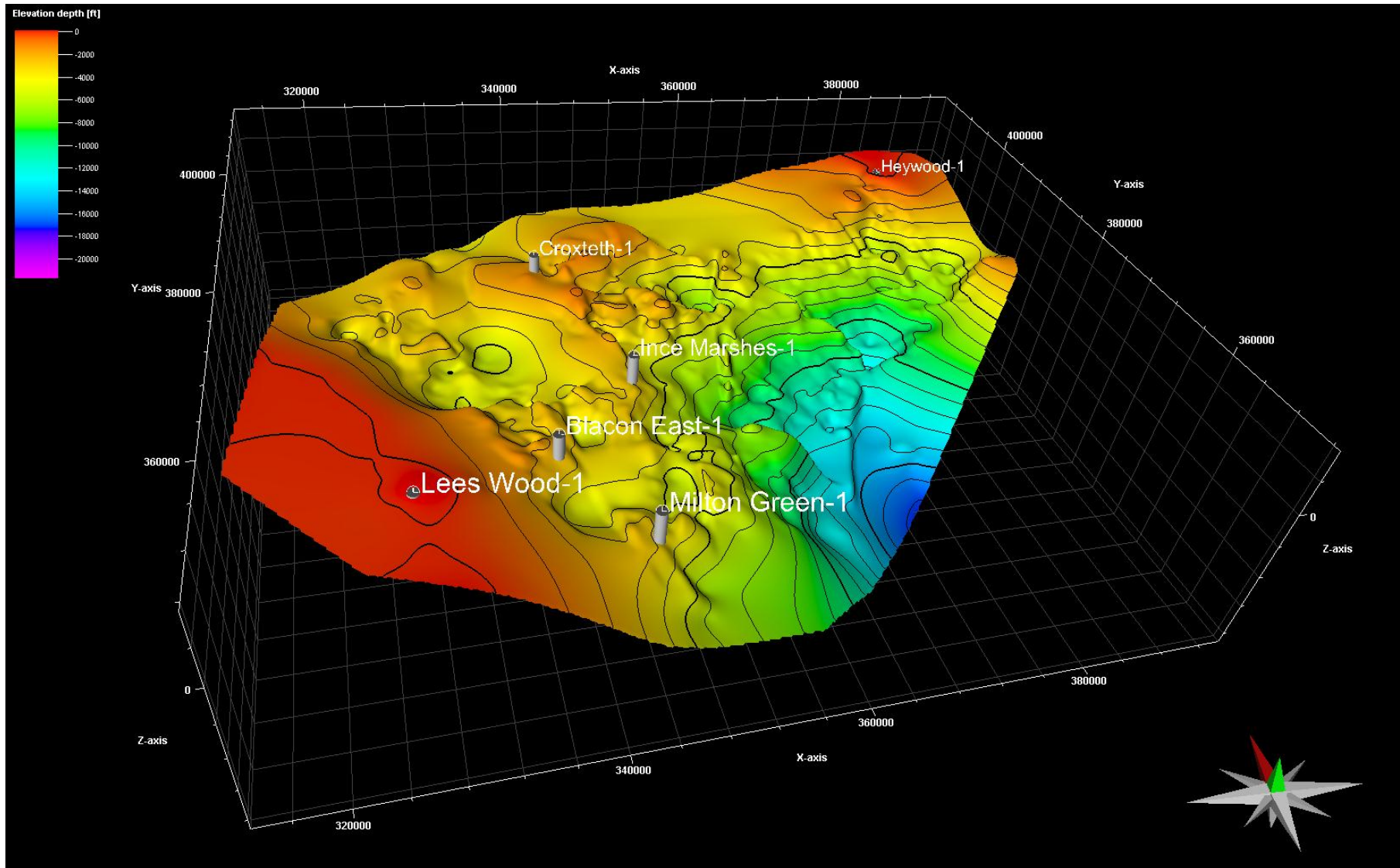


Regional Cross-section: Liverpool area

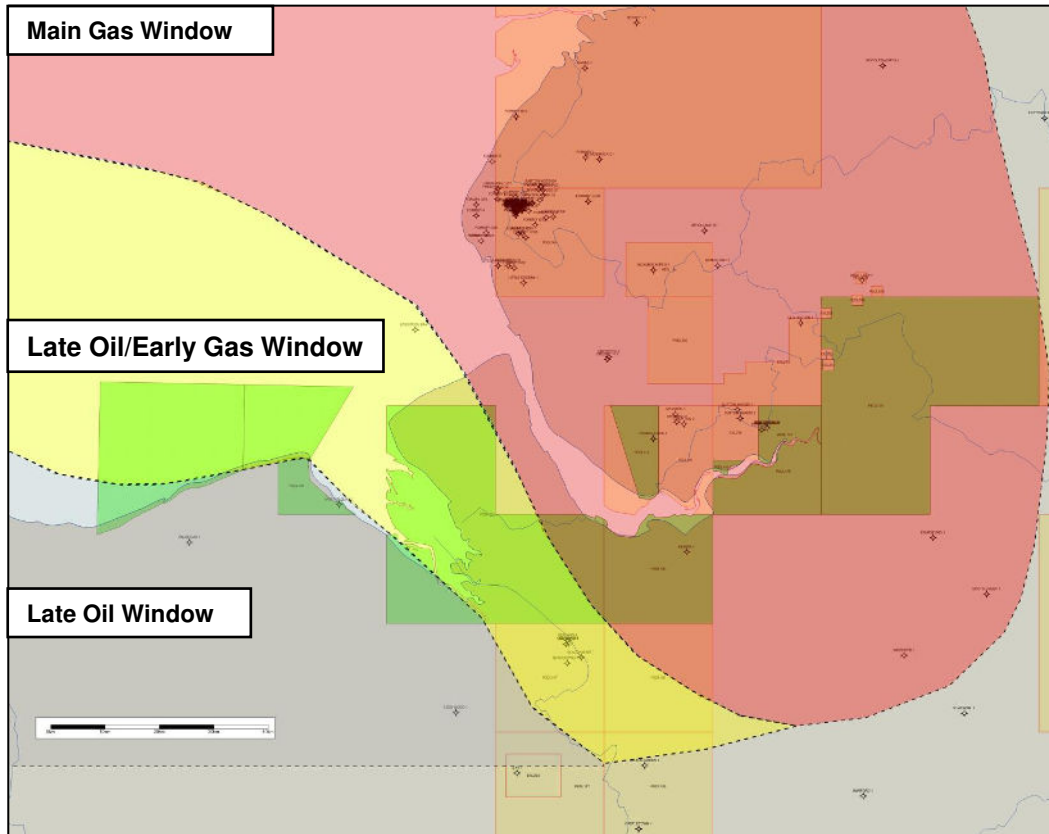
Regional cross-sections from Point of Ayr to Wallasey (section 1) and Irby to Liverpool (section 2).



3D View of Namurian Depth Structure vers01

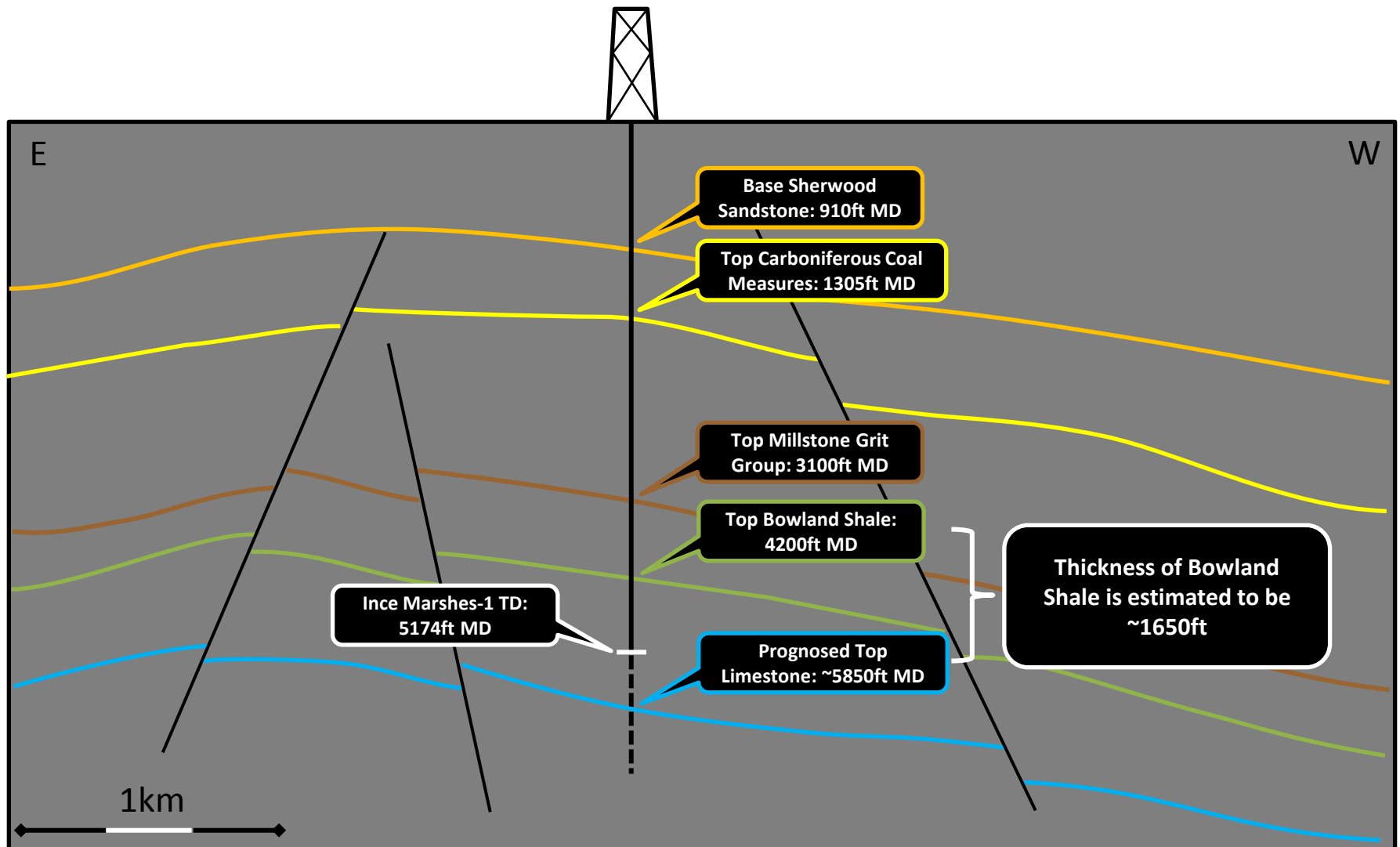


Basin Maturity

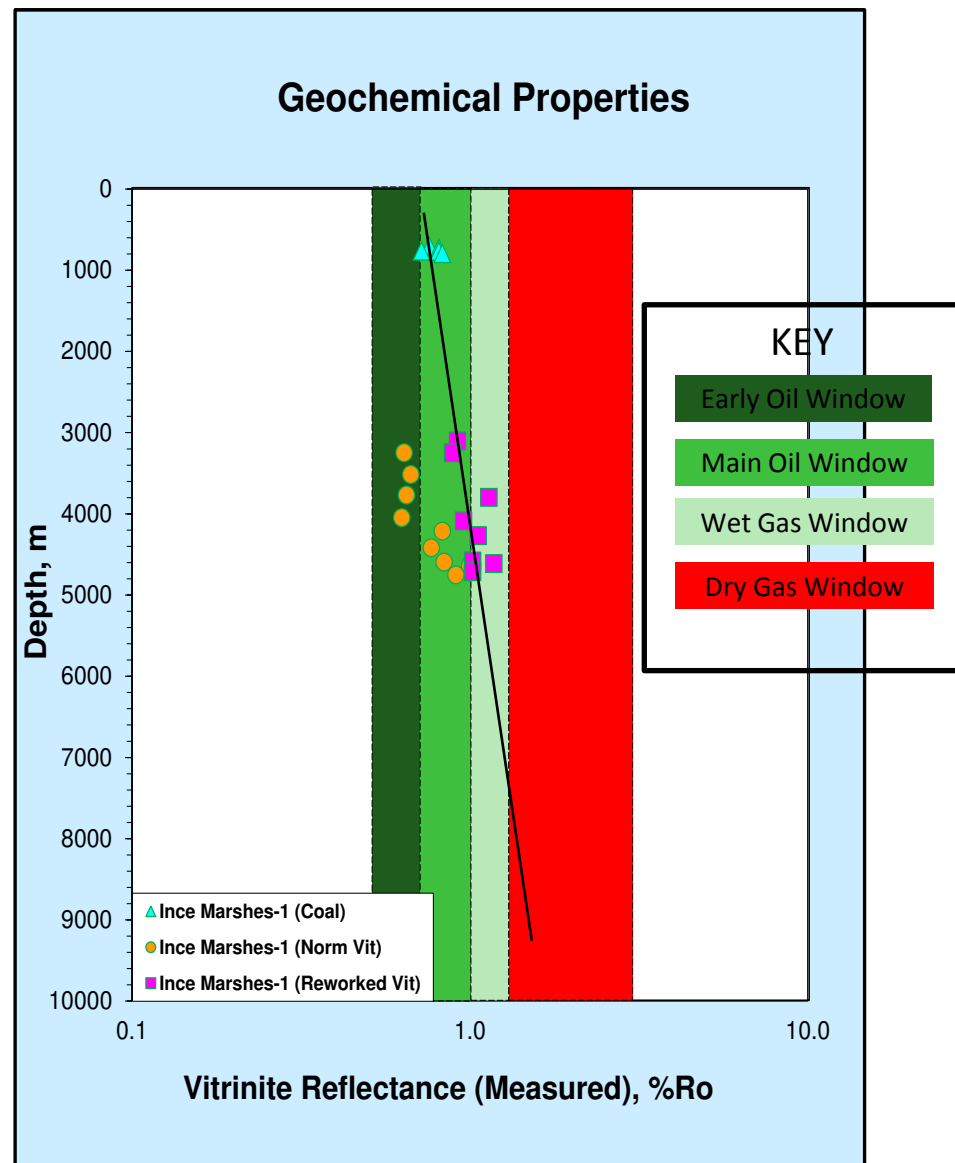
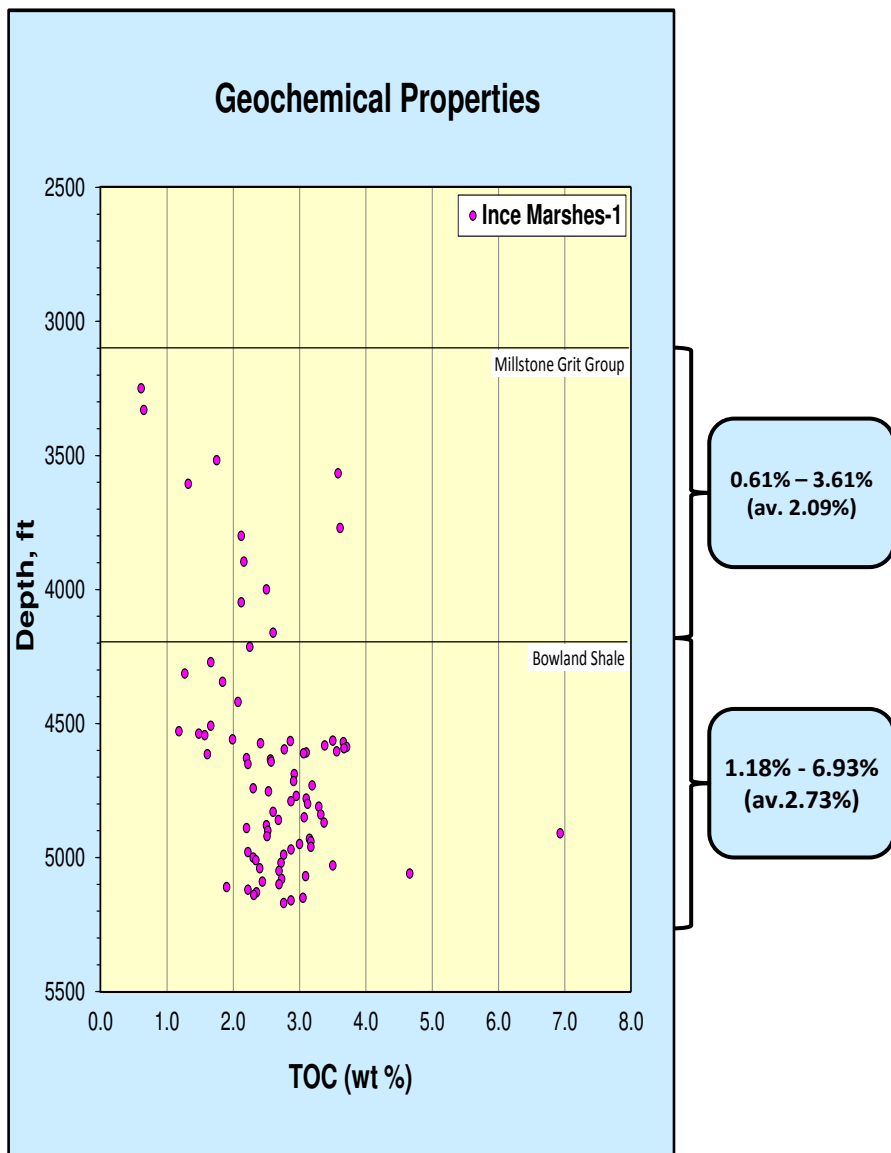


System	Sub System	Series	STAGES	CRAVEN BASIN & LAN CASHIRE		AGE Ma
UPPER CARBONIFEROUS	SILESIAN	WESTPHALIAN	STEPHANIAN	C B A	GROUP FORMATION	300
			WESTPHALIAN D	WARWICK-SHIRE	HALESOWEN ETRURIA	311
			WESTPHALIAN C	PENNINE COAL MEASURES	UCM	
			WESTPHALIAN B		MCM	
			WESTPHALIAN A		LCM	
		NAMURIAN	C	MILLSTONE GRIT	ROSSENDALE	315
			B		MARSDEN	
			A		HEBDEN	
			YEADONIAN	MSTN GRIT	SAMPLESBURY	326
			MARSDENIAN		SILSDEN	
			KINDERCOUTIAN		PENDLETON	
			ALPORTIAN		HOLLYWELL/ BOWLAND SHALE	
LOWER CARBONIFEROUS	DINANTIAN	VISEAN	CHOKIERIAN	CRAVEN	PENDLETON	335
			ARNSBERGIAN		HOLLYWELL/ BOWLAND SHALE	
			PENDLEIAN		PENDLETON	
			BRIGANTIAN		PENDLETON	
			ASBIAN		PENDLETON	
		TOURNAISIAN	HOLKERIAN	BOWLAND HIGH	PENDLETON	350
			ARUNDIAN		PENDLETON	
			CHADIAN		PENDLETON	
		TOURNAISIAN	COURCEYAN	BOWLAND HIGH	CLITHEROE LIMESTONE	360
					CHATBURN LIMESTONE	

Ince Marshes-1 Subsurface Schematic



Ince Marshes-1 Geochemical Properties





Appendices

Profit and Loss

- ❑ Incorporates Star Energy Group Limited for 3.5 months since completion of the acquisition
- ❑ Realised price per barrel:
 - ❑ Pre-hedge US\$117.0
 - ❑ Post-hedge US\$103.2
- ❑ Opex / boe £19.90 (incl. transport costs £3.30/boe and cost of provision of well services division £2.64/b)
- ❑ Opex / boe £20.00 for the 12 month period to 31 March 2012

£M			15 months to 31 March 2012	Year to 31 December 2010
Revenue	Own oil sales	20.1		-
	Third party oil sales	2.0		-
			22.1	0.7
D, D&A			(3.2)	-
Other cost of sales	Own oil sales	(7.0)		
	Third party oil sales	(1.8)		
			(8.8)	(0.6)
Gross profit			10.1	0.1
Total cost of sales				
Administrative costs			(5.0)	(1.8)
Other income			0.2	0.0
Underlying operating profit			5.3	(1.7)
Costs relating to the acquisition of Star Energy Group Ltd			(3.0)	-
Loss on oil price swaps			(18.5)	-
Operating loss			(16.2)	(1.7)
Net finance (costs)/(income)			(1.7)	0.2
Loss on ordinary activities before tax			(17.9)	(1.5)
Income tax credit			5.8	-
Loss after tax			(12.1)	(1.5)
Basic and diluted (loss) per share (pence/share)			(8.14p)	(1.69p)
Adjusted diluted earnings per share (pence/share)			5.40p	-

Underlying operating profit

- ❑ £18.5m charge in relation to the loss on oil price swap contracts - mark to market cost - £16.1m is non-cash
- ❑ Acquisitions costs of £3.1m (2010:£nil) related to the acquisitions of Star Energy
- ❑ As at 31 March 2012:
 - ❑ 2.28 million barrels hedged to 31 December 2017 - average price of US\$93.4/barrel (55% GBP)
 - ❑ 0.53m barrels are hedged in the year to 31 March 2013.

£M	15 months to 31 March 2012	Year to 31 December 2010
Revenue	22.1	0.7
Cost of sales	(8.8)	(0.6)
Gross profit	10.1	0.1
Admin costs	(5.0)	(1.8)
Other income	0.2	0.0
	5.3	(1.7)

Cash Flow

- ❑ £20.6m - equity gross proceeds raised on 9 March 2011.
- ❑ £81.5m – drawdown (net) under new debt facilities with Macquarie Bank to fund the acquisition of Star Energy in December 2011.
- ❑ £7.6m - Debt repaid in the period from drawdown to 30 June 2012
- ❑ £12.0m - anticipated further debt principal repayment by 31 March 2013
- ❑ Deleveraging of nearly 25% by 31 March 2013
- ❑ £12.5m - drilling costs for its three well programme during the period; Ince Marshes-1, Doe Green-3 and Doe Green-4

£m	15 months to 31 March 2012	Year to 31 December 2010
Net cash used in operating activities	(2.6)	(1.8)
Investing activities		
Acquisition of exploration and evaluation assets	(17.9)	(3.6)
Acquisition of property, plant and equipment	(0.7)	(0.2)
Acquisition of Star Energy Group Ltd	(79.6)	0.0
Interest received	0.3	0.2
Net cash used in investing activities	(97.8)	0.0
Financing activities		
Cash proceeds from issue of Ordinary Share Capital	19.9	0.0
Capital contribution	0.0	-
Interest paid	(2.1)	0.0
Cash proceeds from loans and borrowings	84.6	-
Loan issue costs	(3.1)	-
Repayment of loans and borrowings	(3.1)	-
Repayment of finance lease/hire purchase agreement	(0.0)	-
Net cash from financing activities	96.2	0.0
Net (decrease) in cash and cash equivalents in the period/year	(4.3)	(5.4)
Net foreign exchange difference	0.1	0.0
Cash and cash equivalents at the beginning of the period/year	12.1	17.5
Cash and cash equivalents at the end of the period/year	7.9	12.1

Balance Sheet

- ❑ Borrowings less cash as at 31 March 2012 - £74.2m, net of £7.6m transaction costs
- ❑ Deleveraging of c.25% by 31 March 2013
- ❑ Deferred tax asset of £18.0m has been recognised at 31 March 2012 for tax losses within the Group:
 - ❑ £31.6m of corporation tax losses
 - ❑ £29.0m of supplementary charge losses carried forward

£m

Non-current assets

Intangible exploration and evaluation assets
Property, plant and equipment
Goodwill

Current assets

Inventories
Trade and other receivables
Cash and cash equivalents

Current liabilities

Trade and other payables
Current tax liabilities
Finance lease liability
Borrowings
Other liabilities
Derivative financial instruments

Non-current liabilities

Borrowings
Derivative financial instruments
Deferred tax liabilities
Provisions

Net assets

31 March 2012 31 December 2010

	31 March 2012	31 December 2010
Non-current assets		
Intangible exploration and evaluation assets	57.2	4.6
Property, plant and equipment	106.2	0.2
Goodwill	15.6	-
	179.1	4.8
Current assets		
Inventories	0.7	-
Trade and other receivables	12.1	0.6
Cash and cash equivalents	7.9	12.1
	20.7	12.7
Current liabilities		
Trade and other payables	(10.5)	(0.8)
Current tax liabilities	(3.6)	-
Finance lease liability	(0.1)	-
Borrowings	(16.5)	-
Other liabilities	(2.8)	-
Derivative financial instruments	(8.7)	-
	(42.1)	(0.8)
Non-current liabilities		
Borrowings	(58.5)	-
Derivative financial instruments	(8.0)	-
Deferred tax liabilities	(23.2)	-
Provisions	(13.1)	-
	(102.8)	-
Net assets	55.0	16.7