

**THIS DOCUMENT AND, IF APPROPRIATE, THE APPLICATION FORM ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or as to the action you should take, you should immediately consult 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 should immediately contact your stockbroker, bank or other agent through whom the sale or transfer was. This document 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.**

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## IGAS ENERGY PLC



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

### Notice of General Meeting

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Capitalised terms used in this document shall, unless otherwise stated or defined, take their meaning from the Definitions section set out on pages 6 to 12 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.

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.**

## **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

### Directors

Francis Gugen (*Non-executive Chairman*)  
Stephen Bowler (*Chief Executive Officer*)  
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*)

all of:

7 Down Street  
London  
W1J 7AJ

### Company Secretary

Cooley Services Limited  
Dashwood  
69 Old Broad Street  
London  
EC2M 1QS

### Nominated Adviser and Joint Broker

Investec Bank plc  
2 Gresham Street  
London  
EC2V 7QP

### Joint Broker

Canaccord Genuity Limited  
88 Wood Street  
London  
EC2V 7QR

### Solicitors to the Company

Cooley (UK) LLP  
69 Old Broad Street  
London  
EC2M 1QS

### Solicitors to the Nominated Adviser and Joint Brokers

Ashurst LLP  
Broadwalk House  
5 Appold Street  
London  
EC2A 2HA

### Registrars

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ

### Receiving Agent

Computershare Investor Services PLC  
Corporate Actions Projects  
Bristol, BS99 6AH

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2017

Posting of this document (including the Notice of General Meeting), and Proxy Forms	17 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

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 [•] of this document for the purposes of that part only:

<b>2006 Act</b>	the Companies Act 2006 (as amended)
<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>Amended Secured Bond Agreement</b>	the Secured Bond Agreement as amended by the Secured Bond Amendment and Restatement Agreement
<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>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>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>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 4 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 48 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
<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>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>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 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>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>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.**

**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.**

**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,

**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; and

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 8.00 a.m. 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.

A large proportion of the Company's Shareholders (approximately 85 per cent by number) are resident in Australia. Due to the legal restrictions on foreign companies making offers of securities in Australia the Company cannot make the Open Offer to all Australian Shareholders (other than Exempt Australian Shareholders) without either:

- (a) having to comply with the disclosure requirements under the Corporations Act; or
- (b) obtaining relief from ASIC to allow the Company to make the Open Offer to all Australian Shareholders (without having to comply with the disclosure requirements of the Corporations Act).

The costs and timing delays to comply with the disclosure requirements of the Corporations Act would be very onerous on the Company and would not be commensurate with the benefits of such an approach. ASIC has historically not granted ASIC Relief to any companies whose shares are traded on AIM.

Under the Corporations Act, the Company is able to make the Open Offer to those Australian Shareholders who qualify as Exempt Australian Shareholders. The Exempt Australian Shareholders are able to participate in the Open Offer on the same terms as applicable to UK Shareholders. Exempt Australian Shareholders who participate in the Open Offer can pay the Issue Price in Australian dollars. Further details are set out below. Further details of the criteria for status as an Exempt Australian Shareholder and the action that you should take as an Exempt Australian Shareholder are set out in section 6, below.

## **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-installed 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 amendments 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 the 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 not 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 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, *inter alia*, 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 Bondholder.

### ***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 & 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**

1. Movement to 28 February 2017: Includes \$0.7m of Operating cash outflows and the issue of 0.5m SIP shares to employees.
2. 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.

3. 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.
4. Cancellation: Company held secured bonds of \$10.2m and unsecured bonds of \$2.6m are cancelled.
5. Debt for equity conversion
  - (a) 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).
  - (b) Unsecured \$27.4 million of unsecured debt is converted to equity at 62.5% face value.
6. 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.
7. 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:

Zennor 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;

M12 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 New 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, their 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, 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.

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.

## 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.**

## 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 II.

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.

**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 – Australian Shareholders

Under Australian law, an entity which is listed on an "approved foreign market" such as the Official List of the London Stock Exchange can extend an entitlement offer by the entity to its Australian shareholders without having to comply with the disclosure requirements under the Corporations Act. AIM, while wholly owned and operated by the London Stock Exchange, is not an approved foreign market under Australian law.

A large proportion of the Company's Shareholders are resident in Australia. Due to the legal restrictions on foreign companies making offers of securities in Australia the Company cannot make the Open Offer to all Australian Shareholders (other than Exempt Australian Shareholders) without either:

having to comply with the disclosure requirements under the Corporations Act; or

obtaining relief from ASIC to allow the Company to make the Open Offer to all Australian Shareholders (without having to comply with the disclosure requirements of the Corporations Act).

The costs and timing delays to comply with the disclosure requirements of the Corporations Act would be very onerous on the Company and would not be commensurate with the benefits of such an approach. In addition, the Company applied to the ASIC for the ASIC Relief which would have allowed the Company to make the Open Offer to all Australian Shareholders without having to comply with the disclosure requirements of the Corporations Act. ASIC has not granted the Company the ASIC Relief.

Without the ASIC Relief, under the Corporations Act, the Company is only able to make the Open Offer to those Australian Shareholders who are Exempt Australian Shareholders. The Exempt Australian Shareholders are able to participate in the Open Offer which will be on the same terms as applicable to Shareholders resident in the UK.

Exempt Australian Shareholders are those Australian Shareholders who satisfy the following relevant provisions of Section 708 of the Corporations Act:

***Section 708(8) – Sophisticated investors***

The Open Offer does not require disclosure to investors if:

- (a) it appears from a certificate given by a qualified accountant no more than 6 months before the Open Offer is made that the Exempt Australian Shareholder:
  - (i) has net assets of at least AUD\$2.5 million; or
  - (ii) has gross income for each of the last 2 financial years of at least \$250,000; or
- (b) the Open Offer is made to a company or trust controlled by a person who meets the requirements for (a)(i) or (ii) above.

***Section 708(11) – Professional investors***

An offer of securities does not need disclosure to investors if it is made to:

- (a) a financial services licensee;
- (b) a body regulated by the Australian Prudential Regulation Authority, other than a trustee of any of the following (within the meaning of the Superannuation Industry (Supervision) Act 1993):
  - (i) a superannuation fund;
  - (ii) an approved deposit fund;
  - (iii) a pooled superannuation trust;
  - (iv) a public sector superannuation scheme;
- (c) a body registered under the Financial Corporations Act 1974 ;
- (d) the trustee of:
  - (i) a superannuation fund; or
  - (ii) an approved deposit fund; or
  - (iii) a pooled superannuation trust; or
  - (iv) a public sector superannuation scheme,

within the meaning of the Superannuation Industry (Supervision) Act 1993 and the fund, trust or scheme has net assets of at least \$10 million;

- (e) a listed entity, or a related body corporate of a listed entity;
- (f) an exempt public authority;
- (g) a body corporate, or an unincorporated body, that:
  - (i) carries on a business of investment in financial products, interests in land or other investments; and
  - (ii) for those purposes, invests funds received (directly or indirectly) following an offer or invitation to the public, within the meaning of section 82 of the Corporations Act, the terms of which provided for the funds subscribed to be invested for those purposes;
- (h) a foreign entity that, if established or incorporated in Australia, would be covered by one of the preceding paragraphs; or
- (i) a person who has or controls gross assets of at least \$10 million (including any assets held by an associate or under a trust that the person manages).

***Section 708(12) – Offer of securities to people associated with the Company***

**11.** Furthermore an offer of securities in the Company does not need disclosure to investors if it is made to:

- (a) a senior manager of the Company or their spouse, parent, child, brother or sister; or
- (b) A body corporate controlled by a person referred to in paragraph (a) above.

**Australian Shareholders who wish to participate in the Open Offer should ensure that they are Exempt Australian Shareholders by seeking financial or legal advice if they require any assistance.**

**To obtain a copy of the relevant Open Offer documents and an application form please email [AUexemption@computershare.co.uk](mailto:AUexemption@computershare.co.uk). and confirm your status as an Exempt Australian Shareholder.**

**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 placees 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 8.00 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.

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

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

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Directors, whose names are set out on page 16 of this document, accept responsibility for the information contained in this document with the exception of any information relating to Kerogen Group. 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



*Subsidiaries held by Company:*

*Subsidiaries held through subsidiaries:*

Dart Energy (ST) Pte Limited  
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 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>Emoluments</i>	<i>Annual Compensation Taxable</i>		
	<i>£000</i>	<i>Benefits</i>	<i>Pensions</i>	<i>Total</i>
<i>Non-executive Directors</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>Annual Compensation Taxable</i>					<i>Total</i> £000
	<i>Salary</i> £000	<i>Bonus</i> £000	<i>Pension</i> £000	<i>Benefits</i> £000	<i>Pensions</i> £000	
<i>Executive Directors</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	880	–	97	–	20	997

## 7. *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.

### 7.1 *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 8.00 a.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.

### **7.2 *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	31,268,631
Robert McTighe	11,361,111
Stephen Bowler	1,000,000
Julian Tedder	2,222,222
John Blaymires*	666,666
John Bryant	1,111,111

\* 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 8.00 a.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.

### **7.3 *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 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.
- (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 8.00a.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.

#### 7.4 *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.

## **8. 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.

## **9. General**

- 9.1 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.
- 9.2 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.
- 9.3 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).
- 9.4 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.

## **10. Availability of documents**

- 10.1 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.
- 10.2 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 III**  
**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.





