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To the bondholders in:

ISIN NO001067379.1 - 10% IGas Energy Plc Senior Secured Callable Bond Issue 2013/2018

ISIN NO001069805.3 - 10% IGas Energy Plc Senior Unsecured Callable Open Bond Issue 2013/2018

Oslo, 12 October 2016

## SUMMONS TO BONDHOLDERS' MEETINGS – REQUEST FOR WAIVER AND STANDSTILL

### 1 INTRODUCTION

Nordic Trustee ASA (previously Norsk Tilfittsmann ASA) (the "**Bond Trustee**") acts as trustee for the bondholders (together the "**Bondholders**") in the above mentioned bond issues (the "**Bonds**" or the "**Bond Issues**"), a senior secured bond issue of USD 165,000,000 (the "**Secured Bonds**") and a senior unsecured bond issue of USD 30,000,000 (the "**Unsecured Bonds**") issued by IGas Energy Plc (the "**Issuer**").

Capitalized terms used herein shall have the meaning assigned to them in the bond agreement for the Secured Bonds dated 21 March 2013 (as amended and restated by an amendment and restatement agreement dated 24 September 2015, the "**Secured Bond Agreement**") and/or the bond agreement for the Unsecured Bonds dated 10 December 2013 (as amended and restated by an amendment and restatement agreement dated 24 September 2015, the "**Unsecured Bond Agreement**" and together with the Secured Bond Agreement, the "**Bond Agreements**"), unless otherwise stated herein.

*The information in this summons regarding the Issuer, the market conditions and the described transactions is provided by the Issuer and the Bond Trustee expressly disclaims all liability whatsoever related to such information.*

Bondholders are encouraged to read this summons letter in its entirety.

### 2 CURRENT TRADING AND MARKET UPDATE

The Issuer, one of the leading producers of hydrocarbons onshore Britain, continues to identify projects to enhance production and utilise its stranded gas with four planning applications approved in the first half year of 2016. Progress continues against the Issuer's five year shale development plan with two applications in the final phases of determination in the East Midlands and following the final 3D seismic interpretation and assessment, identifying drilling locations in the North West. The Issuer operates one of

the largest net acreage positions in the UK, with a total gross carried shale work programme of c. USD 230 million as at 30 June 2016.

As announced by the Issuer in connection with the publication of its Interim Accounts on 30 September 2016, production remains stable across its assets. It was impacted in the first half year by certain key wells requiring maintenance and these wells have now been brought back online. Although production levels are currently back at c.2,600 boepd, given the lower production in the first half of 2016 the Group has revised its anticipated range for the year to 31 December 2016 to 2,400 – 2,600 boepd.

DeGolyer & MacNaughton ("D&M"), the leading international reserves and resources auditors, has completed an independent evaluation of the Group's conventional and shale interests as at 31 July 2016. Their estimates have indicated 1P and 2P conventional reserves of 8.3 MMboe and 13.3 MMboe, respectively, with conventional 1P and 2P NPV10 estimates of c.US\$200 million and c.US\$280 million based on production forecasts, capex, opex and price assumptions<sup>1</sup>. In addition, D&M has estimated that the Group has 2.5 trillion cubic feet (ca. 440 MMboe)<sup>2</sup> of net risked shale gas resources after taking into account an estimated geological chance of success.

As the Issuer has previously reported, while it has and is pursuing discussions with a number of strategic investors and evaluating options for cash and earnings accretive transactions, including farm-outs and other asset portfolio management opportunities to improve its cash position and de-leverage its balance sheet, there was a risk of potential non-compliance with certain of its financial covenants in the second half of 2016. The Issuer's current forecasts project non-compliance with its daily Liquidity covenant in the week commencing 24 October 2016. Notwithstanding this projected covenant breach, the Issuer continues to hold significant cash resources to meet its ordinary course financing and trading obligations for a sustained period of time.

In order to allow the Issuer a stable platform and necessary time to assess and explore options with Bondholders in connection with its financing arrangements and capital structure, the Issuer is seeking the Bondholders' consent for a temporary waiver of the Liquidity covenant and certain other provisions of the Bond Agreements as described herein.

As previously reported, in view of the Group's forecast daily liquidity covenant position, the Group may seek to undertake to either sell some of its assets, potentially including a sale of bonds held by the Group or a pre-paid swap of its oil production from 2017, to generate further cash to allow it to maintain sufficient liquidity in advance of the forecasted breach.

The board of directors of the Issuer believes that reaching a consensual solution would be in the interests of all stakeholders of the Group, in particular because the Group has a number of valuable rights and interests, including the benefit of substantial carry agreements in respect of future development costs on a number of its licences, which may be adversely affected and lead to a significant loss in value in the event a consensual solution could not be reached.

The Issuer has entered into proactive dialogue with certain key Bondholders in connection with the Issuer's current position and future options. All Bondholders are invited to contact KPMG LLP

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<sup>1</sup> based on forward oil curve of 2017 \$57.3/bbl; 2018 \$63.6/bbl; 2019 \$70.2/bbl; 2020 \$77.0/bbl; 2021 \$80.7/bbl

<sup>2</sup> assumes 5.8Mscf/boe

("KPMG") or ABG Sundal Collier ASA ("ABG") as advisers to the Issuer to engage in these discussions. Contact details are provided below.

For further information about the Issuer and its current trading and financial position, please refer to its Interim Accounts for the first half year of 2016 published on 30 September 2016.

### 3 PROPOSAL

The Issuer has requested the Bond Trustee convene a Bondholders' Meeting for each of the Bond Issues in order to consider and if thought fit, approve the below proposed waivers, amendments, instructions and authorisations in respect of each of the Bond Issues (together, the "**Proposal**");

- (a) For the period to but excluding the Expiry Date (as defined below), the Bondholders' Meeting authorises and instructs the Bond Trustee to waive any actual Event of Default occurring before the Expiry Date that results from any or a combination of the following (each a "**Specified Default**");
- (i) the failure by the Issuer to comply with the Liquidity covenant set out in clause 14.4.1(a) of the Secured Bond Agreement and clause 13.4.1(a) of the Unsecured Bond Agreement;
  - (ii) the Issuer's discussions with Bondholders or any other of its creditors with regard to its financial position, insofar as such discussions constitute the occurrence of any of the events set out in clause 16.1.5(a) of the Secured Bond Agreement and clause 15.1.5(a) of the Unsecured Bond Agreement;
  - (iii) the occurrence of any of the events set out in clause 16.1.3 (*Cross-default*) of the Secured Bond Agreement in relation to Financial Indebtedness arising under the Unsecured Bond Agreement and the Unsecured Bonds or set out in clause 15.1.3 (*Cross-default*) of the Unsecured Bond Agreement in relation to Financial Indebtedness arising under the Secured Bond Agreement and/or the Secured Bonds, provided that any default arising under clause 16.1.3 (*Cross-default*) of the Secured Bond Agreement from the acceleration of the Unsecured Bonds pursuant to clause 15.2, clause 15.3 and/or clause 15.4 of the Unsecured Bond Agreement and/or any default arising under clause 15.1.3 (*Cross-default*) of the Unsecured Bond Agreement from the acceleration of the Secured Bonds pursuant to clause 16.2, clause 16.3 and/or clause 16.4 of the Secured Bond Agreement is not waived; and
  - (iv) the occurrence of any event or circumstance described in clause 16.1.9 (*Material Adverse Change*) of the Secured Bond Agreement and clause 15.1.9 (*Material Adverse Change*) of the Unsecured Bond Agreement as a result of an event that has been waived under (i), (ii) and/or (iii) above,

provided that, notwithstanding the approval of such waiver, should a Specified Default occur prior to the Expiry Date any grace period (or equivalent) relating to that Specified Default under either of the Bond Agreements shall commence and continue to run as if the waiver had not been approved.

- (b) The Bondholders' Meeting authorises and instructs the Bond Trustee, in the period prior to the Expiry Date, not to declare any of the Bonds in default and due for immediate payment, or take any measure to recover amounts due under the Bonds, or otherwise take any action to accelerate the Bonds or enforce payment of any amounts due thereunder or any Bond Security securing the Secured Bonds, as a result of or in connection with a Specified Default.
- (c) Until the Expiry Date, the required time period within which a notice of a Bondholders' Meeting shall be dispatched pursuant to clause 17.2.4 of the Secured Bond Agreement and clause 16.2.4 of the Unsecured Bond Agreement shall be amended such that in each case it is shortened from no later than ten (10) Business Days prior to the date of the Bondholders' Meeting to no later than five (5) Business Days prior to the date of the Bondholders' Meeting.
- (d) Each of the Bond Agreements will be amended to include provisions to allow matters which may be resolved in a Bondholders' Meeting to be resolved by way of a written resolution procedure substantially in the form attached as Schedule 1.

#### 4 ISSUER UNDERTAKINGS

- (a) The Issuer will use all commercially reasonable endeavours to:
  - i. develop as soon as reasonably practicable the terms of a proposal which (if approved and implemented), would result in a sustainable capital structure for the Group (the "**Capital Structure Proposal**"); and
  - ii. on or before 30 November 2016, present to its key stakeholders (including the Bondholders) the terms of the Capital Structure Proposal.
- (b) In consideration of the approval by the Bondholders of the Proposal (as defined in paragraph 3 above) or the Simple Majority Proposal (as defined below in paragraph 8) as the case may be, until the Expiry Date, unless the Bond Trustee, acting on the instructions of Bondholders representing either (i) at least 2/3 of Voting Bonds represented at a Bondholders' Meeting of each Bond Issue at which a quorum of at least 1/2 of the Voting Bonds in such Bond Issue must be represented or (ii) at least 2/3 of Voting Bonds of each Bond Issue in writing, has otherwise consented in writing:
  - (i) the Issuer shall not, and shall procure that no Group Company shall:
    - a. acquire any Bonds or sell or otherwise dispose of any Issuer's Bonds or any interest in them;
    - b. amend or terminate any existing Hedging Agreements or enter into any other hedging arrangements (including any pre-paid swap of its oil production) with a view to generating cash proceeds, provided that any amendments to, entry into, or termination of, Hedging Agreements or other hedging arrangements for the purposes of meeting its hedging requirements in compliance with Clause 14.5.7 (*Hedging*) of the Secured Bond Agreement shall be permitted; and

- c. enter into, terminate or amend any material contract, material transaction or material disposal, unless it:
  - (I) would not have a material detrimental effect on the business, assets, operations or financial condition of the Group as a whole; or
  - (II) is in the ordinary course of business of the Group as a whole.
- (ii) the Issuer shall, within a reasonable time, provide the Bond Trustee with such information about the Issuer's business, assets and financial condition, and the status and progress of the Capital Structure Proposal, as the Bond Trustee may reasonably request,
 

(together, the "**Issuer Undertakings**"), provided that paragraphs 4(b)(i) a. and 4(b)(i)b. shall only apply if the Proposal is approved in respect of both of the Bond Issues.
- (c) The Issuer shall, without being requested to do so, promptly inform the Bond Trustee in writing of any breach of any Issuer Undertaking.

## 5 EXPIRY DATE

For the purposes of this summons, "**Expiry Date**" means the earliest to occur of:

- (a) Friday, 30 December 2016;
- (b) the date on which the Bond Trustee declares the Secured Bonds to be in default and due for immediate payment pursuant to clause 16.2, clause 16.3 and/or clause 16.4 of the Secured Bond Agreement;
- (c) the date on which the Bond Trustee declares the Unsecured Bonds to be in default and due for immediate payment pursuant to clause 15.2, clause 15.3 and/or clause 15.4 of the Unsecured Bond Agreement;
- (d) the date on which any event or circumstance under clause 16.1.5 (*Insolvency*), clause 16.1.6 (*Insolvency proceedings and dissolution*) and/or clause 16.1.7 (*Creditors' process*) of the Secured Bond Agreement (other than a Specified Default) (a "**Secured Insolvency Event**") occurs;
- (e) the date on which any event or circumstance under clause 15.1.5 (*Insolvency*), clause 15.1.6 (*Insolvency proceedings and dissolution*) and/or clause 15.1.7 (*Creditors' process*) of the Unsecured Bond Agreement (other than a Specified Default) (an "**Unsecured Insolvency Event**") occurs;
- (f) the date on which the Bond Trustee notifies the Issuer in writing confirming that an Event of Default (other than a Specified Default, a Secured Insolvency Event and/or an Unsecured Insolvency Event) has occurred and is continuing and Bondholders representing either (i) at

least a simple majority of Voting Bonds represented at a Bondholder's Meeting of either Bond Issue or (ii) at least a simple majority of all Voting Bonds in either Bond Issue in writing, have authorised the Bond Trustee to give such notice; and

- (g) the date on which the Issuer notifies the Bond Trustee in writing (or the Bond Trustee otherwise becomes aware) of a breach by the Issuer of any Issuer Undertaking has occurred and is continuing and Bondholders representing either (i) at least a simple majority of Voting Bonds represented at a Bondholder's Meeting of either Bond Issue or (ii) at least a simple majority of all Voting Bonds in either Bond Issue in writing, have authorised the Bond Trustee to give such notice.

## **6 FURTHER INFORMATION**

Bondholders may contact the Issuer as follows for further information:

Julian Tedder  
Chief Financial Officer  
IGas Energy Plc  
7 Down Street  
London W1J 7AJ  
Email: [julian.tedder@igasplc.com](mailto:julian.tedder@igasplc.com)  
Telephone: +44 20 7993 9899

The Issuer has engaged KPMG as its financial adviser in connection with its financing arrangements and capital structure, including the Proposal. Accordingly, Bondholders are invited to contact KPMG for further information:

Melanie Richards  
+44 (0) 20 7694 6482  
[melanie.richards@kpmg.co.uk](mailto:melanie.richards@kpmg.co.uk)

Tim Nicholson  
+44 (0) 20 7311 4899  
[tim.nicholson@kpmg.co.uk](mailto:tim.nicholson@kpmg.co.uk)

Bondholders may also contact ABG for further information:

Harald Erichsen  
ABG Sundal Collier ASA  
Munkedamsveien 45 E  
P.O. Box 1444 Vika  
NO-0115 Oslo  
Norway  
+47 22 01 60 00

Each of KPMG and ABG acts solely for the Issuer and no-one else in connection herewith. No due diligence investigations have been carried out by KPMG or ABG with respect to the Issuer, and each of KPMG and ABG expressly disclaims any and all liability whatsoever in connection with the Proposal (including but not limited to the information contained herein).

For further questions to the Bond Trustee, please contact

Lars Erik Lærum  
Nordic Trustee ASA  
Email: [laerum@nordictrustee.com](mailto:laerum@nordictrustee.com)

Telephone: +47 22 87 94 06

## 7 THE BOND TRUSTEE'S DISCLAIMER / NON-RELIANCE

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. Nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate whether the Proposal is acceptable and vote accordingly.

## 8 SUMMONS FOR BONDHOLDERS' MEETING

Bondholders are hereby summoned to a Bondholders' Meeting:

**Time:** 26 October 2016 at 12:00 Oslo time

**Place:** The premises of Nordic Trustee ASA

Haakon VII's gate 1 – 6th floor, Oslo, Norway

There will be separate voting procedures for each Bond Issue.

Agenda:

1. Approval of the summons
2. Approval of the agenda
3. Election of two people to co-sign the minutes together with the chairman
4. Request for adoption of the Proposal

It is proposed that the Bondholders' Meeting under agenda item 4 resolves the following (the "**Resolution**"):

*The Bondholders' Meeting approves the Proposal as set out in section 3 of the summons for this Bondholders' Meeting.*

The Bond Trustee is hereby authorised:

- (i) to do all things and take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the Proposal and/or the Issuer Undertakings, including, without limitation, negotiating and approving the final terms of, and entering into, any and all documentation and agreements deemed necessary or desirable by the Bond Trustee; and
- (ii) at its discretion, to consent to amendments to the terms and conditions of the Proposal and/or the Issuer Undertakings on behalf of the Bondholders where such amendments (A) are of minor or technical nature; (B) are otherwise consistent with the Proposal and/or the Issuer Undertakings and are required in order to implement the Proposal and/or the Issuer Undertakings; or (C) would not materially and adversely affect the position of the Bondholders.

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To approve the Resolution in either Bond Issue, Bondholders representing at least 2/3 of the Voting Bonds in such Bond Issue represented in person or by proxy at the Bondholders' Meeting must vote in favour of the Resolution. If such majority is not obtained but Bondholders representing a simple majority of the Voting Bonds in either of the Bond Issues represented in person or by proxy at the Bondholders' Meeting have voted in favour of the Resolution, section 3(b) of this summons (for this purpose, the **"Simple Majority Proposal"**) will, until the Expiry Date, be deemed to have been approved on the terms and subject to the conditions set out herein, without any further vote, meeting, approval, notice or consent being required. For the avoidance of doubt, if a Simple Majority Proposal has been approved, the authorisation of the Bond Trustee in the Resolution shall only apply insofar as it authorises the Bond Trustee to act in relation to the Simple Majority Proposal and the Issuer Undertakings.

In order to form a quorum under either Bond Issue, at least 1/2 of the Voting Bonds in such Bond Issues must be represented at the Bondholders' Meeting.

The amendments to the Bond Agreements for either Bond Issue pursuant to the Proposal shall take effect immediately upon approval by the Bondholders' Meeting under such Bond Issue.

Other than the amendments and waivers necessary to reflect the Proposal, the terms and conditions of each of the Bond Agreements will remain unchanged and continue to apply in their existing form.

Please find attached hereto a Bondholder's Form from the Securities Depository (VPS), which indicates your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. If the Bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm: (i) the owner of the Bonds; (ii) the aggregate nominal amount of the Bonds; and (iii) the account number in VPS on which the Bonds are registered.

The individual Bondholder may authorise the Bond Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising the Bond Trustee to vote, must then be returned to the Bond Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to the Bond Trustee, to notify the Bond Trustee by telephone or by e-mail (mail@nordictrustee.no) within 16:00 hours (4 pm) (Oslo time) the Business Day before the Bondholders' Meeting takes place.

Yours Sincerely,

Nordic Trustee ASA

  
Lars Erik Lærum

Enclosed:

Schedule 1: Procedure for Written Resolution

Bondholder's Form

**Schedule 1**  
**Procedure for Written Resolutions**

- (i) The following definition of “Written Resolution” shall be added as a new definition in Clause 1.1 (*Definitions*) of each of the Bond Agreements:

“**Written Resolution**” means the written or electronic procedure for decision making among Bondholders in accordance with Clause [16/17].5 (*Written Resolutions*).”

- (ii) The following shall be inserted as a new Clause 17.5 (*Written Resolutions*) in the Secured Bond Agreement and as a new Clause 16.5 (*Written Resolutions*) of the Unsecured Bond Agreement:

“[16/17].5 *Written Resolutions*

[16/17].5.1. Subject to the provisions in this Bond Agreement, anything which may be resolved by the Bondholders in a Bondholders’ Meeting pursuant to Clause [16/17].1 (*Authority of the Bondholders’ Meeting*) may also be resolved by way of a Written Resolution. A Written Resolution passed with the relevant majority is as valid as if it has been passed by the Bondholders in a Bondholders’ Meeting, and any reference in any Finance Document to a Bondholders’ Meeting shall be constructed accordingly.

[16/17].5.2 The person requesting a Bondholders’ Meeting may instead request that the relevant matters are to be resolved by Written Resolution only, unless the Bond Trustee decides otherwise.

[16/17].5.3 The summons for the Written Resolution shall be sent to the Bondholders through the Securities Depository and published at the Bond Trustee’s web site, or other relevant electronic platform or via press release.

[16/17].5.4 The provisions set out in Clause [16/17].1 (*Authority of the Bondholders’ Meeting*), [16/17].2 (*Procedure for arranging a Bondholder’s Meeting*), Clause [16/17].3 (*Voting Rules*) and Clause [16/17].4 (*Repeated Bondholders’ Meeting*) shall apply mutatis mutandis to a Written Resolution, except that:

- (a) the provisions set out in paragraphs [15/16].8, [15/16].10, [15/16].11; or
- (b) provisions which are otherwise in conflict with the requirements of this Clause [16/17].5 (*Written Resolution*),

shall not apply to a Written Procedure.

[16/17].5.5 The summons for a Written Resolution shall include:

- (a) instructions as to how to vote to each separate item in the summons (including instructions as to how voting can be done electronically if relevant); and
- (b) the time limit within which the Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority (the “**Voting Period**”), such Voting Period to be at least five (5) Business Days but not more than 15 Business Days from the date of the summons, provided however that the Voting Period for a Written Resolution summoned pursuant to Clause [16/17].4 (*Repeated Bondholders’ Meeting*) shall be at least five (5) Business Days but not more than 15 Business Days from the date of the Summons.

- [16/17].5.6 Only Bondholders holding Voting Bonds registered with the Securities Depository on the relevant record date, or the beneficial owner thereof having presented relevant evidence to the Bond Trustee, will be counted in the Written Resolution.
- [16/17].5.7 A Written Resolution is passed when the requisite majority set out in Clause [16/17].3.4 or Clause [16/17].3.5 (*Resolution passed at Bondholders' Meeting*) has been achieved, based on the total number of Voting Bonds, even if the Voting Period has not yet expired. A Written Resolution may also be passed if the sufficient number of negative votes are received prior to the expiry of the Voting Period.
- [16/17].5.8 The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being achieved.
- [16/17].5.9 If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the close of business on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in Clause [16/17].3 (*Resolutions passed at Bondholders' Meeting*)."