

# IGas Energy Plc

Recommended  
Acquisition of  
Dart Energy Limited



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# Executive Summary

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- ▼ Acquisition of Dart Energy Limited (“Dart”) will create a market leading onshore UK oil and gas company with over 1 million net acres including all major UK shale basins
- ▼ A work programme of over US\$80m for a total of 15 licenses funded by GDF and Total
- ▼ IGas Energy plc (“IGas”) is a proven operator in the UK onshore sector with a track record of drilling wells safely and on budget, placing the enlarged group in a strong position in relation to future licencing rounds
- ▼ A combined entity that would possess a multi-function team of over 200 staff including subsurface, drilling, facilities, commercial and legal experts ideally positioned to lead the UK shale gas industry
- ▼ Combination of cash balances of both companies, as well as the underlying core cash flows and unused debt capacity of IGas, creating an even stronger enlarged group
- ▼ A combined company with increased scale, market capitalisation and trading liquidity

# Terms of the acquisition

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- ✔ Acquisition via Australian Scheme of Arrangement on a share exchange basis
- ✔ Offer values Dart at A\$211.5million (£117.1 million\*)
- ✔ Dart shareholders will receive 0.08117 IGas shares per Dart share. Dart shareholders will hold c.30.5% of enlarged group
- ✔ Dart Board unanimously recommends Dart shareholders vote in favour of the acquisition
- ✔ Significant shareholders of Dart (30.5% of voting rights) have indicated support
- ✔ Significant shareholders of IGas (45.3% of voting rights) have indicated support
- ✔ Acquisition due to be completed during September 2014

\*based on the A\$:£ exchange rate and closing share price of IGas on 8 May 2014

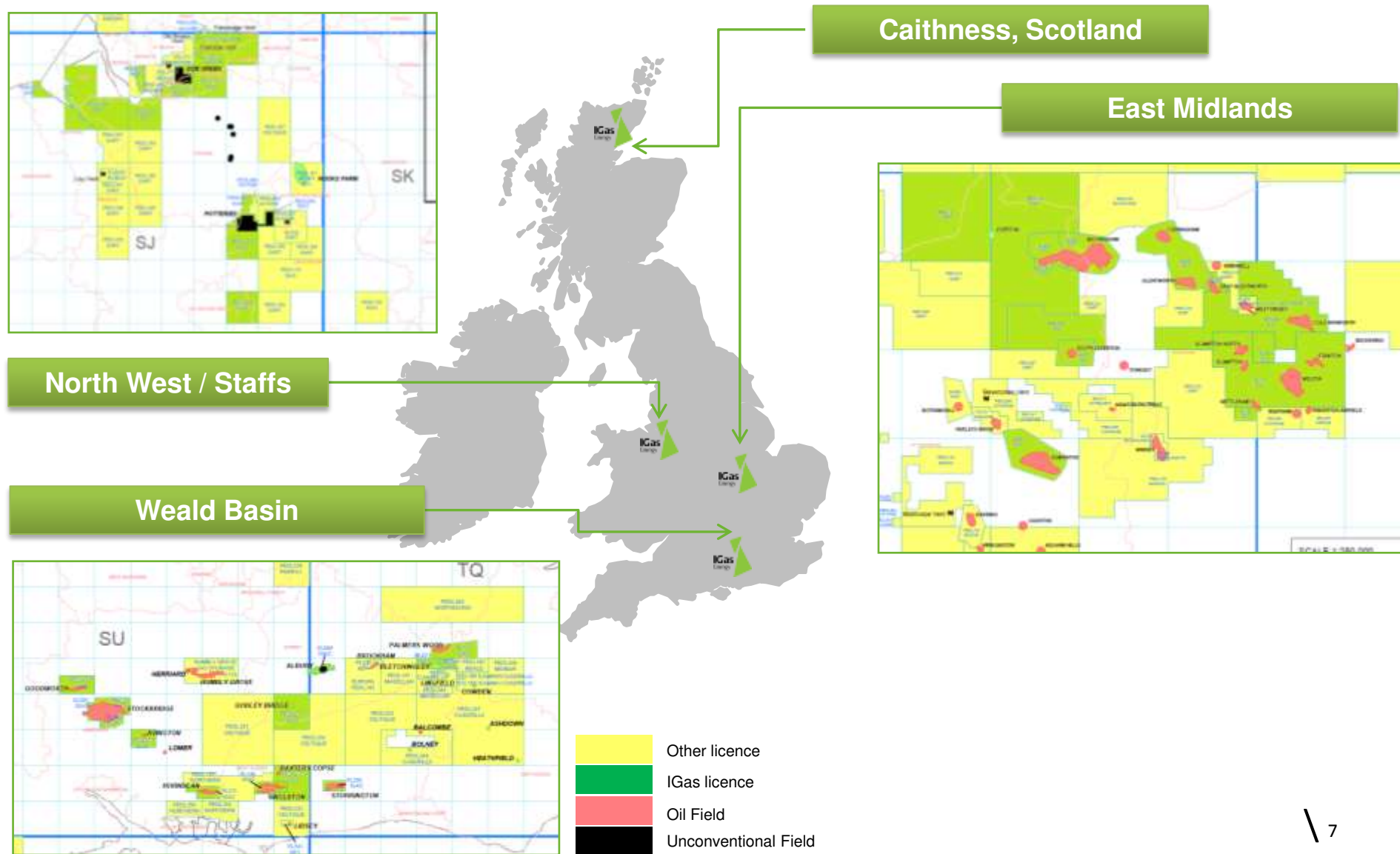
# About IGas

- ▼ Leading AIM quoted UK onshore hydrocarbon producer and operator
  - 30 fields with 117 producing wells
  - Production of c.3,000 boepd, 2P + 2C of over 20.0\* mmboe
  - IGas acreage (pre-acquisition): Gross: 564 k.acre / net: 489 k.acre
  - Gross Funded Acreage (k.acres): 60 (following farm-out agreement with Total E&P UK in January 2014)
- ▼ Further potential from conventional assets
  - Chase the Barrels initiative
  - A number of incremental projects identified through recent initiatives – tested field potential > 3,500 boepd
- ▼ Significant position in unconventional assets
  - Shale Gas Initially In-Place (GIIP) estimates in North West acreage of up to ca. 170 tcf
- ▼ Significant low risk cash flow
  - Production of circa 3,000 boepd, over 90% oil
  - Majority of fields 100% owned and operated
  - Delivered directly to refineries in the UK by rail or tanker
- ▼ Social licence to operate
  - A long history of working in collaboration with communities
- ▼ Experienced senior management and operations team

\* Includes 2C reserves in Baxters Copse  
Excludes Caithness



# IGas existing operations



# Dart – at a glance

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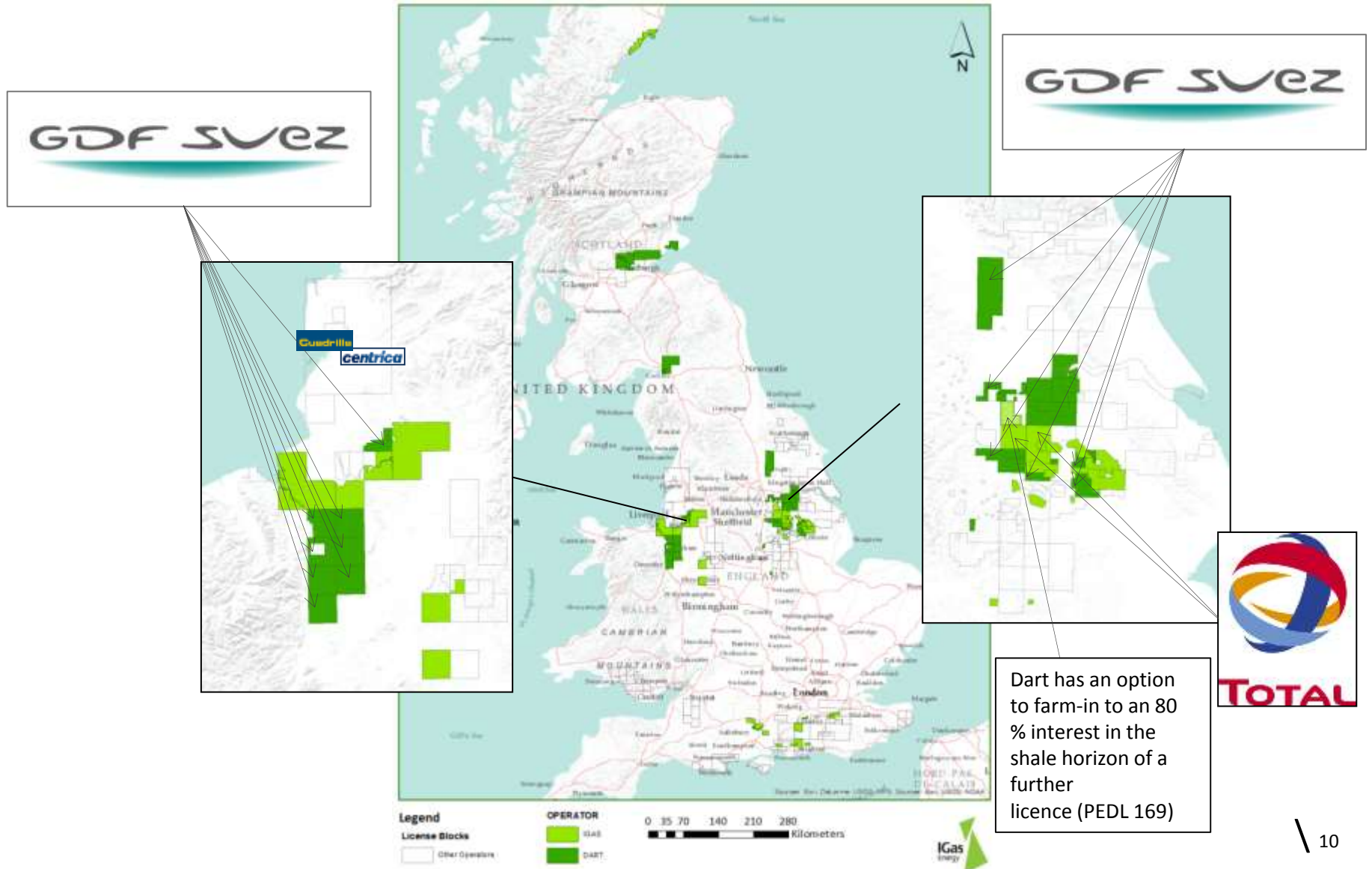
- ▼ ASX listed; was due to list on AIM on 12 May 2014 (listing will be cancelled when the Scheme becomes effective)
- ▼ Dart acreage pre-acquisition
  - Gross: 742 k.acres / net: 609 k.acres
  - Gross Funded Acreage 395 k.acres across 15 licences
- ▼ Position in UK unconventional assets
  - Shale gas potential of up to 110 Tcf in the Bowland Basin in England (all net to Dart Energy, as independently assessed by NSAI)
- ▼ Dart has a farm-out agreement with GDF SUEZ E&P relating to thirteen of its U.K. licences
- ▼ As of December 2013, Dart has a team of 22 staff in the UK
- ▼ Dart's non-core assets in countries including Australia, Belgium, Germany, India, Indonesia, Singapore



# Dart UK Licence Areas



# Combined UK License Position



# Combined acreage and TCF

## Acreage (K.acres)

	East Midlands	South/Weald Basin	NW	Scotland	TOTAL
Gross Dart*	313	0	177	252	<b>742</b>
Gross IGas	141	128	252	43	<b>564</b>
Gross Total	<b>454</b>	<b>128</b>	<b>429</b>	<b>295</b>	<b>1306</b>
Net Dart*	224	0	133	252	<b>609</b>
Net IGas	90	105	252	43	<b>489</b>
Net Total	<b>314</b>	<b>105</b>	<b>385</b>	<b>295</b>	<b>1099</b>

## Shale OGIP (TCF)

	East Midlands	South/Weald Basin	NW	Scotland	TOTAL
Gross Dart	47	0	31	8	<b>86</b>
Gross IGas	0	0	102	0	<b>102</b>
Gross Total	<b>47</b>	<b>0</b>	<b>133</b>	<b>8</b>	<b>188</b>
Net Dart	25	0	23	4	<b>52</b>
Net IGas	0	0	102	0	<b>102</b>
Net Total	<b>25</b>	<b>0</b>	<b>125</b>	<b>4</b>	<b>154</b>

## Halo acreage

	Area (k.acres)	Licences
IGas	223	7
Dart*	25	1
<b>Total</b>	<b>247</b>	<b>8</b>

# Transaction Summary

- ▼ IGas' offer values the total share capital of Dart at approximately A\$211.5 million on a fully diluted basis (equivalent to £117.1 million\*)
  - Equivalent to a price per Dart share of A\$0.1898
- ▼ Dart shareholders will receive 0.08117 IGas shares for each Dart share (the **“Consideration Shares”**)
  - Enlarged group will be approximately 30.5% owned by the current Dart shareholders
- ▼ The equivalent offer price of A\$0.1898 per Dart share represents:
  - 40.6% premium over closing price of Dart shares on 8 May 2014 of A\$0.135;
  - 62.85% premium over the average closing price of Dart shares over the month to 8 May 2014 of A\$0.117; and
  - 59.8% premium over the average closing price of Dart shares over the three months to 8 May 2014 of A\$0.119
- ▼ IGas will apply for the Consideration Shares to be admitted to trading on AIM on completion of the acquisition

\*based on the A\$:£ exchange rate and closing share price of IGas on 8 May 2014

# Acquisition Structure & timetable

- ▼ The Acquisition will be effected by means of an Australian scheme of arrangement (the “Scheme”)
- ▼ The general effect of the Scheme will be that all existing Dart shares will be transferred to IGas, and, in exchange, each existing Dart shareholder will receive 0.08117 IGas shares for each Dart share held
- ▼ IGas and Dart have entered into a scheme implementation agreement providing for certain key provisions in respect of the Scheme, including termination rights, conditions precedent, break fees, warranties, and exclusivity

KEY MILESTONE	TARGET DATE
First Court hearing to convene Scheme Meeting	Mid July 2014
Scheme Booklet despatched to Dart Shareholders	Late July 2014
Scheme Meeting for Dart Shareholders to vote on the Scheme	Late August 2014
Second Court Hearing to approve Scheme	Late August 2014
IGas General Meeting	Late August 2014
Scheme Implementation Date	September 2014

# Summary

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- ✔ Acquisition via Australian Scheme of Arrangement on a share exchange basis
- ✔ Offer values Dart at A\$211.5million (£117.1 million\*)
- ✔ Dart shareholders will hold c30.5% of enlarged group
- ✔ Acquisition will create a market leading onshore UK oil and gas company with over 1 million net acres including major UK shale basins
- ✔ Work programme over 15 licences funded by Total and GDF
- ✔ A combined entity with a team of over 200 staff including subsurface, drilling, facilities, commercial and legal experts ideally positioned to lead the UK shale gas industry
- ✔ A combined company with increased scale, market capitalisation and trading liquidity
- ✔ Scheme implementation date: September 2014

\*based on the A\$:£ exchange rate and closing share price of IGas on 8 May 2014



# Appendix

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# Dart Energy Ltd

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## **ASSETS**

### **UK Shale / CBM**

- ✔ 24 licences (plus 1 licence under option)
- ✔ 13 farmed-out to GDF – Dart 75% and operator
- ✔ 2 farmed-out to Total – Dart 17.5%

### **Scotland CBM**

- ✔ 4 licences – 100% held
- ✔ PEDL 133 subject to planning appeal – “development ready”
- ✔ Undrawn debt facility

### **Other**

- ✔ Australia – 7 licences, “care and maintenance”
- ✔ Indonesia – 4 licences, seeking farm-out partner / exits
- ✔ Ongoing rationalisation / exit for others

# Dart Energy Ltd

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## **FORWARD PROGRAM**

- ▼ Active UK program in 2014-2016, largely funded by farm-outs
- ▼ GDF – 10 CBM wells; 3-4 shale wells / Total – 2 shale wells
- ▼ Minimal activity rest of portfolio; seeking further farm-outs / exits
- ▼ \$1m per month overhead; continuing to reduce

## **CASH POSITION**

- ▼ As at 31 March 2014, Dart had a net cash position (including A\$4.4 million currently utilised as bank guarantees), of A\$34.2 million
- ▼ Dart is currently debt free

## Non-core assets

- ▼ A sizeable exploration portfolio in locations with the right dynamics for unconventional gas
- ▼ Minimal commitments; low-cost to maintain over next 12 months
- ▼ Provides future optionality by taking a prioritised, focused approach to international portfolio
- ▼ Non-core assets = potential incremental cash



### Indonesia

- South Sumatra play: 2 PSCs, 1,291km<sup>2</sup>
- 50% of Muralim PSC; 45% Tanjung Enim PSC; operator of both
- Focus on establishing commerciality – commitment drilling and secure off-take
- Seeking farm-in partner

### Non-core interests

- 4 licences in continental Europe
- 2 licences in East Kalimantan Indonesia
- 1 licence in India
- Non-strategic licences in UK and Australia
- Seek exits, sales or farm-outs
- Cash or optionality with no capital outlay
- 1 licence (in part) in UK – sold for \$0.7 million
- 1 licence sold in Australia – up to \$0.5 million

### Australia

- 8 licences in NSW; total c. 27,000km<sup>2</sup>
- “Care and maintenance” – preserve licences pending regulatory clarity and certainty