

IGas Energy plc

Preliminary results for
the nine months to
31 December 2015



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IGas Overview

- ✓ IGas is one of Britain's leading onshore oil and gas exploration and production businesses
- ✓ Production footprint in the East Midlands, Weald Basin (in southern England) and the northern coastal area of the Inner Moray Firth in Scotland – 30 conventional fields and over 100 producing sites
- ✓ 2P reserves replacement of over 150% based on production of 0.71 mmboe in the period: 2P net reserves as at 31 December 2015 were 13.33 mmboe*
- ✓ Extensive acreage in the highly prospective shale basins of the North West and East Midlands (including the Bowland Shale) and Weald Basin
- ✓ IGas estimates Shale Gas Initially In Place ("GIIP") of 80 Tcf (most likely case)*
- ✓ Combined carried gross work programme of approximately US\$255m from our farm-in partners – Total E&P UK Limited, ENGIE E&P UK Limited and INEOS as at 31 December 2015



Continued Need for Gas

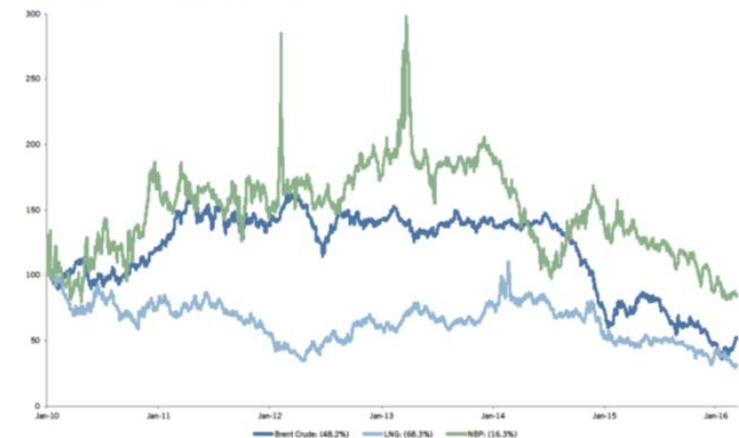
- Currently gas heats over 80% of UK homes and over a third of our electricity is generated by gas
- UK already relies on gas for 1/3 of its energy
- Gas is a key manufacturing feedstock
- Gas is crucial to a more sustainable economy - UK Energy policy announced and COP 21
- Delays to Hinkley Point; closure of further coal fired power station:
 - Fiddlers Ferry and Rugeley, a loss of over 7GW of coal capacity from the grid, equivalent to around 15% of average winter UK electricity demand
- Institute of Directors: imported gas estimated at 75% by 2030
- National Grid believes that British shale gas could meet more than 40% of UK gas use

Live Power for National Grid- 15/3/2016 @ 15:6:49



source: BM Reports (adjusted to include small wind farms)

Oil & Gas Price Comparison – 2010 to Current



Source: Bloomberg as of 1/2016, released to IIG. Brent Crude - Source: 1st Brent Crude Future, LNG - Source: 1st LNG Future, HSPA - UK HSPA Forward Day Index

Production Update

- ✓ Average net production of 2,570 boepd (12 months ended 31 March 2015: 2,737)
- ✓ Production for 2016 expected to be between 2,500 - 2,700 boepd (net)
- ✓ 2P reserves replacement of over 150%
 - ✓ Based on production of 0.71mmboe in the period
 - ✓ Due to reduced operating expenses, better than anticipated field performance and the various MER initiatives

IGas Net Reserves (mmboe)*

	1P	2P
As at 31 March 2015	6.29	12.63
As at 31 Dec 2015	8.31	13.33



Production Initiatives

- ✔ Two pilot water injection schemes implemented
- ✔ Significant progress in artificial lift optimisation
 - ✔ Heavily influenced by installation of Rod pump off controllers
- ✔ Number of studies on major fields in portfolio
 - ✔ Including updated FDP at Stockbridge
- ✔ Stockbridge 3 sidetrack programme complete
 - ✔ Current production 100 boepd
 - ✔ Longer production period required to ascertain stable rate
- ✔ Progressing gas monetisation projects
 - ✔ Albury, Bletchingley & Lybster
- ✔ Developing and trialling technologies/applications for shale gas development
 - ✔ Water treatment plant at Welton
 - ✔ Field automation initiative



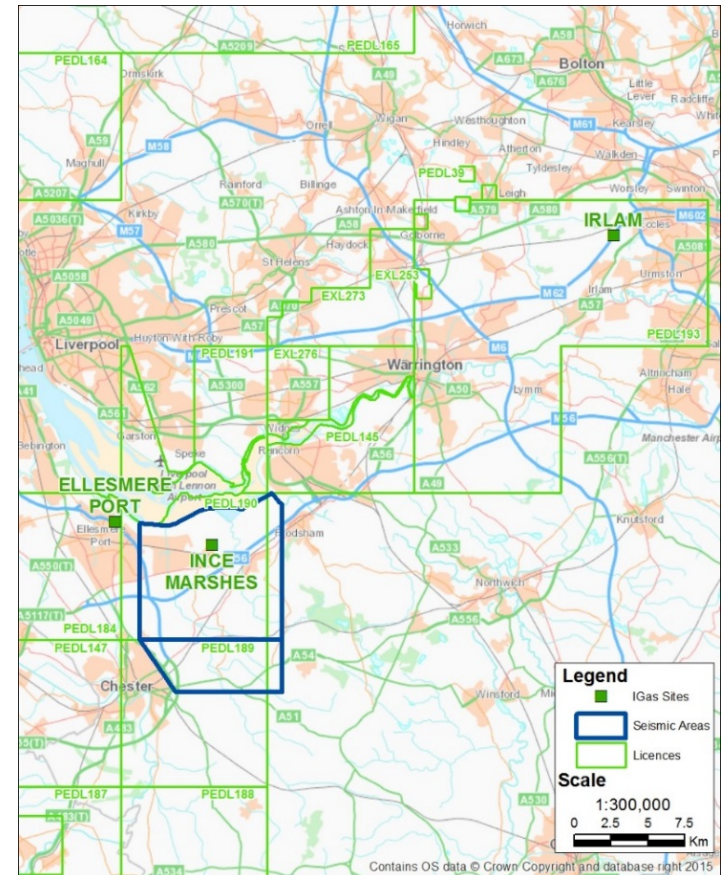
Delivering on Five Year Development Plan

North West Licence Blocks

- ✓ Completion of acquisition of 110km² 3D seismic in North West in November:
 - ✓ Delivered on time and on budget
 - ✓ Processing and interpretation due to complete Q3 2016

Next steps

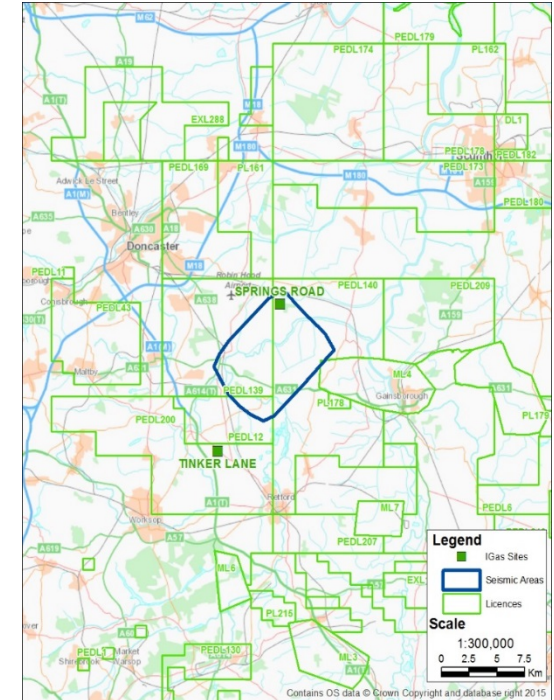
- ✓ Identify sites and submit applications for hydraulically fractured wells



Delivering on Five Year Development Plan

East Midlands/Yorkshire Licence Blocks

- ✓ Planning application for Springs Road (PEDL 140) in North Notts validated 30 October 2015
 - ✓ Groundwater monitoring application approved Jan 2016
 - ✓ Boreholes drilled and installed Feb 2016
 - ✓ Following consultation responses council has requested further information
 - ✓ Determination expected Q3 2016, subject to further requests for information
- ✓ Pre-application scoping request for Tinker Lane (PEDL 200) submitted in October 2015
 - ✓ Planning application being prepared for submission Q2 2016



Next steps

- ✓ Upon receipt of planning consent – discharge conditions, construct the site and commence drilling within c. 6 months



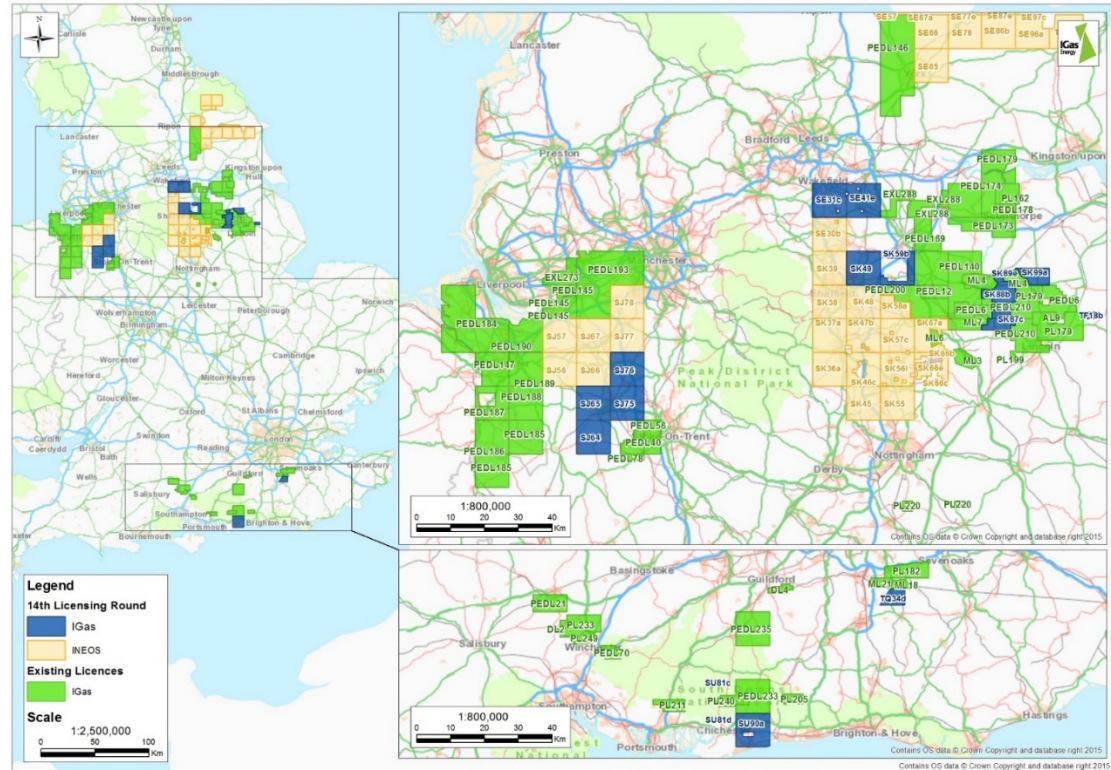
14th Onshore Licensing Round Offers

IGas Awards

- IGas offered a total of 17 blocks in 14th Licensing Round
- Award expected April 2016
- Majority of blocks with key partners including Total & ENGIE E&P
- Increases IGas acreage by 25%, gross c.270k acres, net 163k acres
- Minimum committed spend £3m net in first two years

Industry work commitments

- ▼ Shale
 - ▼ 33 firm wells including 14 horizontal wells with fracs
 - ▼ 35 drill or drop wells
- ▼ Conventional
 - ▼ 3 firm wells and 16 drill or drop wells



Financial Highlights

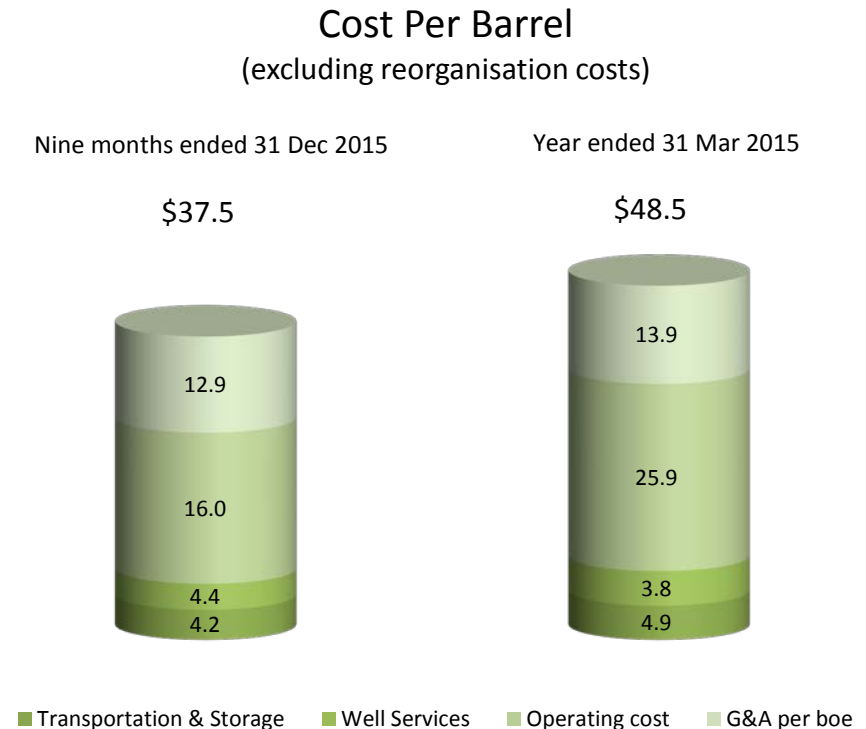
	Nine months to 31 December 2015 £m	12 months to 31 March 2015 £m
Revenues	25.1	58.2
Adjusted EBITDA ¹	18.3	21.6
Exploration and evaluation assets written off (net of tax)	(10.0)	(6.4)
Impairment of P,P&E assets and goodwill (net of tax)	(48.1)	(1.6)
(Loss)/profit after tax	(44.8)	5.2
Net cash from operating activities	1.0	26.5
Net debt	73.3	86.4
Cash and cash equivalents	28.6	19.0
Net assets	98.8	146.6

Note 1: Adjusted EBITDA relates to earnings before gains/(losses) on oil price derivatives, net finance costs, tax, depletion, depreciation and amortisation, impairments, acquisition costs, restructuring costs and share based payment charges

- ▼ Revenues impacted by oil price decline in period
- ▼ EBITDA impacted by other income (£5.0m), rates rebate (£2.5m) and INEOS farm-out gain (£4.0m)
- ▼ Impairment charges of £48.1m (net of tax) (12 months ended 31 March 2015: £1.6m): comprising producing assets (£8.9m net of tax) and goodwill (£39.2m net of tax)
- ▼ Balance sheet strengthened by INEOS farm-out - £30m cash proceeds May 2015

Costs per barrel

- ✓ Average realised price for the nine months per barrel post hedge was \$58.9 (12 months ended 31 March 2015: \$94.0)
- ✓ Net back per boe (on an Income Statement basis) was \$21.4 (£14.0), (12 months ended 31 March 2015: \$45.5 (£28.0))
- ✓ Net cash generated by operating activities in the nine months amounted to £1.0m (12 months ended 31 March 2015: cash generated £26.5m)
- ✓ Operating costs reduced following cost reduction exercise to \$24.6/boe (12 months ended 31 March 2015 \$34.6/boe); include one-off £2.5m (\$5.5/boe) rates rebate; we continue to actively manage costs
- ✓ Ring fenced corporation tax losses as at 31 December 2015 amounted to c. £187m



Financial summary

- ▼ Actions taken for lower oil price environment
 - ▼ Cost reduction programme completed; rates rebate £2.5m
 - ▼ Bond terms renegotiated in 2015
 - ▼ Hedging – 390,000 barrels hedged in 2016 at c. \$62/bbl
- ▼ Portfolio management
 - ▼ INEOS farm-out completed in May 2015 - £30m cash received in May 2015
 - ▼ \$255 million gross carried work programme (Total, INEOS & ENGIE E&P)
 - ▼ Disposal of non-core assets almost complete
- ▼ Financial flexibility
 - ▼ Cash at 31 December 2015 of £28.6m
 - ▼ Bonds held on balance sheet as at 31 December 2015 \$22.2m
- ▼ Financing
 - ▼ Mitigating actions being pursued in current low oil price environment
 - ▼ Further cost reductions
 - ▼ Bond buy backs at below par
 - ▼ Asset portfolio management
 - ▼ May require relaxation/amendment to covenants prior to April 2017
 - ▼ Supportive bondholders and positive ongoing dialogue

Summary and Outlook

- ✔ Focus on balance sheet strength and preserving cash
- ✔ Maintain and increase production from existing sites albeit at capital expenditure levels that reflect current environment
- ✔ Continue to deliver against 5 year development plan
 - ✔ 110km² of 3D seismic acquired in the North West processing and interpretation Q3
 - ✔ Applications to hydraulically fracture to follow
 - ✔ Springs Road application determination due Q3
 - ✔ Tinker Lane application due for submission Q2
- ✔ Round 14 Licences are expected to be issued by the OGA in April 2016
 - ✔ Increases IGas acreage by more than 25% to over 1m acres (gross)

