IGas Energy

Full Year Results
31 December 2019

Disclaimer

This presentation and its enclosures and appendices (the "presentation") have been prepared by IGas Energy plc (the "Company") exclusively for information purposes. This presentation has not been reviewed or registered with any public authority. This presentation is confidential and may not be reproduced, further distributed to any other person or published, in whole or in part, for any purpose. By viewing this presentation, you agree to be bound by the foregoing restrictions and the other terms of this disclaimer.

The distribution of this presentation and the offering, subscription, purchase or sale of securities issued by the Company in certain jurisdictions is restricted by law. Persons into whose possession this presentation may come are required by the Company to inform themselves about and to comply with all applicable laws and regulations in force in any jurisdiction in or from which it invests or receives or possesses this presentation and must obtain any consent, approval or permission required under the laws and regulations in force in such jurisdiction, and the Company shall not have any responsibility or liability for these obligations.

This presentation does not constitute an offer to sell or a solicitation of an offer to buy any securities.

The contents of this presentation are not to be construed as legal, business, investment or tax advice. Each recipient should consult with its own legal, business, investment and tax adviser as to legal, business, investment and tax advice. In making an investment decision, investors must rely on their own examination of the Company and the terms of any investment in the Company, including the merits and risks involved. Although reasonable care has been taken to ensure that the facts stated in this presentation are accurate and that the opinions expressed are fair and reasonable, the contents of this presentation have not been verified by the Company or any other person. Accordingly, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information and opinions contained in this presentation, and no reliance should be placed on such information or opinions.

Further, the information in this presentation is not complete and may be changed. Neither the Company nor any of its respective directors, officers or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of such information or opinions or otherwise arising in connection with this presentation.

There may have been changes in matters which affect the Company subsequent to the date of this presentation. Neither the issue nor delivery of this presentation shall under any circumstance create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that the affairs of the Company have not since changed, and the Company does not intend, and does not assume any obligation, to update or correct any information included in this presentation.

All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance of achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Various factors exist that could cause the Company's actual results, performance or achievements to differ materially from those in the forward-looking statements. These forward-looking statements speak only as of the date of this presentation. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The Company makes no representation or warranty as to the accuracy of any forward-looking statements.

Any investment in the Company involves risk, and several factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in this presentation, including, among others, risks or uncertainties associated with the Company's business, segments, development, growth management, financing, market acceptance and relations with customers, and, more generally, general economic and business conditions, changes in domestic and foreign laws and regulations, taxes, changes in competition and pricing environments, fluctuations in currency exchange rates and interest rates and other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document. The Company does not intend, and does not assume any obligation, to update or correct the information included in this presentation.

Highlights

Solid Production generating good operating cash flow in 2019

Refinanced : $40 million Reserve Base Loan in November 2019

Significant reserves replacement ~277% D&M CPR 31 Dec 2019

Unprecedented current market conditions – energy prices and pandemic

Limited capex in 2020 - business continuity plan in place

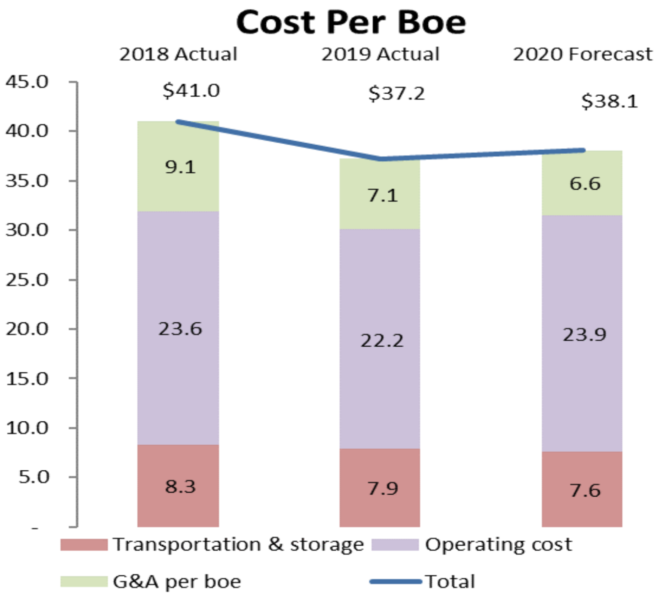
Financial Highlights

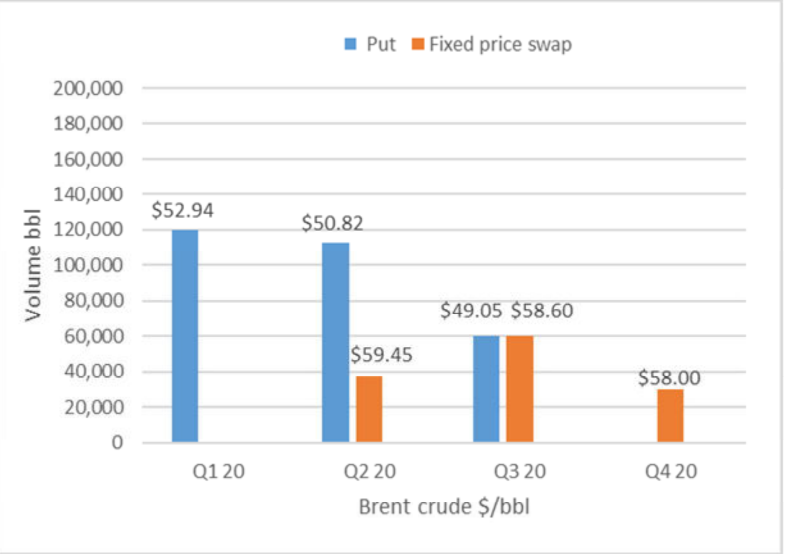
	Year to 31 December 2019 £m	Year to 31 December 2018 £m
Revenues	**40.9**	42.9
Adjusted EBITDA	**13.8**	10.8
Underlying profit	**4.6**	4.0
Loss after tax	**(49.8)**	(21.4)
Operating cash flow before working capital movements	**14.3**	11.6
Net debt	**6.2**	6.4
Cash and cash equivalents	**8.2**	15.1

- **Revenues** – impacted by lower oil prices and a 3% decrease in oil sales volumes partially offset by stronger dollar v sterling and increased gas sales from Albury
- **Adjusted EBITDA** – increase mainly related to lower hedging loss (+£4.6m) and lower G&A (+£1m) partially offset by lower revenue (-£2m)
- **Loss after tax -** exploration costs written off of £53.9 million (2018: £29.1 million) relates to our shale assets in the North West as we plan to focus on our core area of the Gainsborough Trough in the short to medium term
- **Operating cashflow before WC** - increase primarily due to lower hedge payments, a decrease in admin expenses partially offset by lower revenues
- **Net Debt and cash** – Net drawdown on RBL of £14.7m, repaid £21.4m of secured bonds, no minimum cash balance requirement. Lower interest rate c.4.75% vs. 8% with tenure out to 2024

Key statistics

- Realised price post hedge of $60.1 bbl (2018: $57.4 bbl)
    - Hedging cash outflow of £1.0m in 2019 due to premiums on options placed (2018: £5.5m cash outflow due to rising commodity prices)
    - Improved hedging position in 2020 - 420,000 barrels hedged using a combination of puts (292,500 bls at average $51.4/bbl) and fixed price swaps (127,500 at average $58.7/bbl)
    - Operating costs of $30.1/boe (2018: $31.9/boe) based on underlying operating costs (excludes IFRS 16 lease adjustments). Reduction due to lower absolute costs and higher volumes
- G&A of £4.5m (2017: £5.5m)
    - Reduced staff and consultant costs
- Tax credit of £9.3m (2018: £3.7m credit)
    - Deferred tax credits relate to the recognition of future available ring fence tax losses
    - Ring fence tax losses of £240m as at 31.12.19
- Gross carry at 31 December 2018 of $214 million (£161 million (2018: $220 million (£170 million))
    - £6.0 million drawn down in 2019 principally in relation to Springs Road
- Net debt at 31 December 2019 was £6.2m (2018: £6.4m)





Balance Sheet and Outlook

New Debt Facility

- IGas signed a $40 million secured Reserved Base Lending Facility (RBL) with BMO Capital Markets in October 2019
- The RBL has a five-year term maturing in September 2024, an interest rate of LIBOR plus 4.0% (currently c.4.75%), net/debt: EBITDA covenant of 3.5 times and subject to a six monthly redetermination commencing May 2020
- In November 2019 the Group repaid all outstanding secured bonds at par value ($21.4 million)
- The Group has no other debt

Outlook

- Material uncertainty of the potential impact of Covid-19 on the Group's operational activities, the future of oil prices and the outcome of the May 2020 redetermination of the RBL
- Current forecast show compliance with RBL covenants until end 2021 in both scenarios:
    - Base case (2020 Q2-Q4 $32/bbl; 2021 $45/bbl and exchange rate $1.20:£1); and
    - Downside case (2020 Q2 $20/bbl; Q3 $25/bbl; Q4 $30/bbl; 2021 H1 $43/bbl, H2 $45/bbl; 10% reduction in production and $1.25:£1)
- We have reduced capex in 2020 to key capital projects only and restricted opex and G&A costs to only essential expenditure

Summary – Reserves Reconciliation

Net Oil and Gas Reserves & Resources as at 31st Dec 2019 (MMBOE)			
	1P	2P	2C
Reserves as at 31st Dec 2018	9.78	14.56	19.20
Production during the period	(0.84)	(0.84)	-
Additions & Revisions during the period	1.61	2.33	0.31
Total change during the period	0.77	1.49	0.31
Reserves as at 31st Dec 2019	10.55	16.05	19.51

Highlights:
- 2P Reserves Replacement ~ 277% (1P ~193%)
- 2P RLI ~19 (1P ~13)
- ~ 80% of the reserves are developed and currently on production

The reserves replacements are largely due to:

- Stable production with minimal declines e.g. Welton, Singleton etc
- Successful implementation of waterflood projects e.g. Welton, Beckingham etc

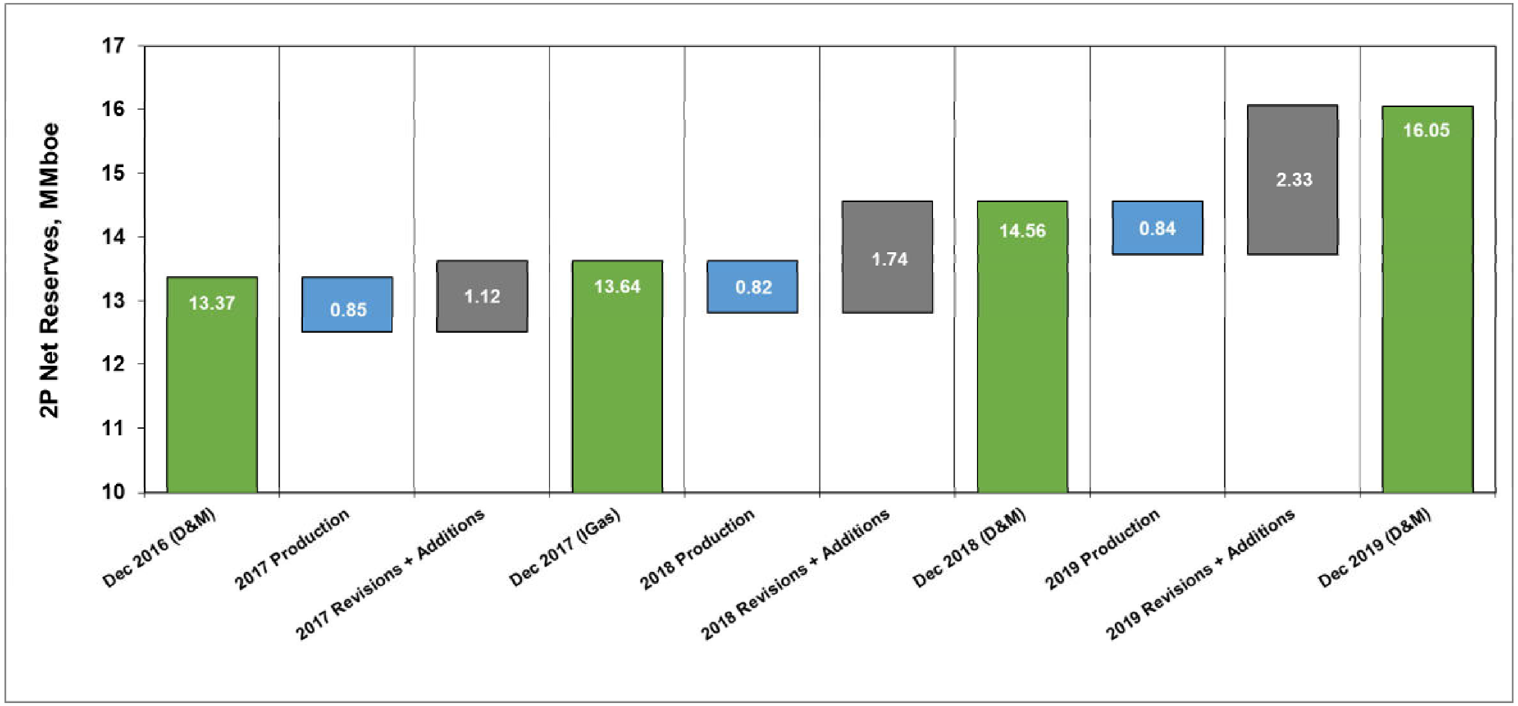
Note: In accordance with Petroleum Resources Management System (PRMS) approved in March 2007 and revised in June 2018 by the SPE, WPC, AAPG, SPEE, SEG, SPWLA and EAGE

Track record of significant Reserves Replacement

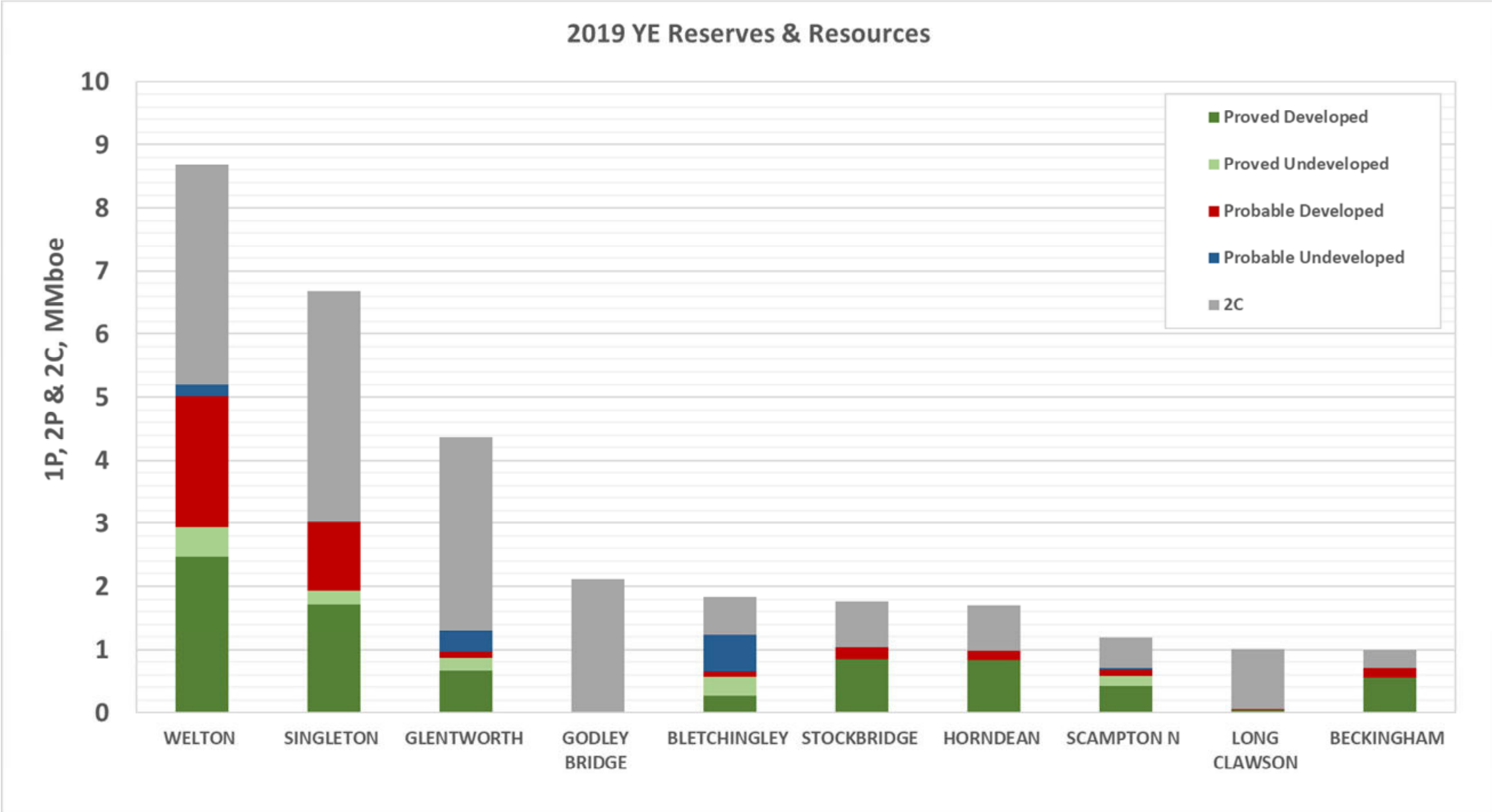
HISTORICAL 2P RESERVES (2016-2019)

Highlights:

- Proven track record of significant reserves replacement (3 year average >200%):
  - 5-year development plan requires c. £12 million to convert 2.45 MMboe 2P undeveloped reserves to developed
  - Continuous production optimisation efforts to reduce decline, maintaining base production
  - Excellent delivery of cost and operational efficiencies with consistent performance from key fields



Reserves Growth Potential - Core Assets



Opportunities identified	*10*	*3*	*3*	*1*	*3*	*0*	*0*	*2*	*0*	*0*

- There is still significant recoverable oil and gas in these mature fields which can be realized through additional technical work and investment e.g. implementing waterflood, drilling sidetrack wells, performing some well workovers etc.

Welton Waterflood Expansion - WC01i

Project Background

Converting WC01 to a Tupton/Deep Hard Rock water injection well

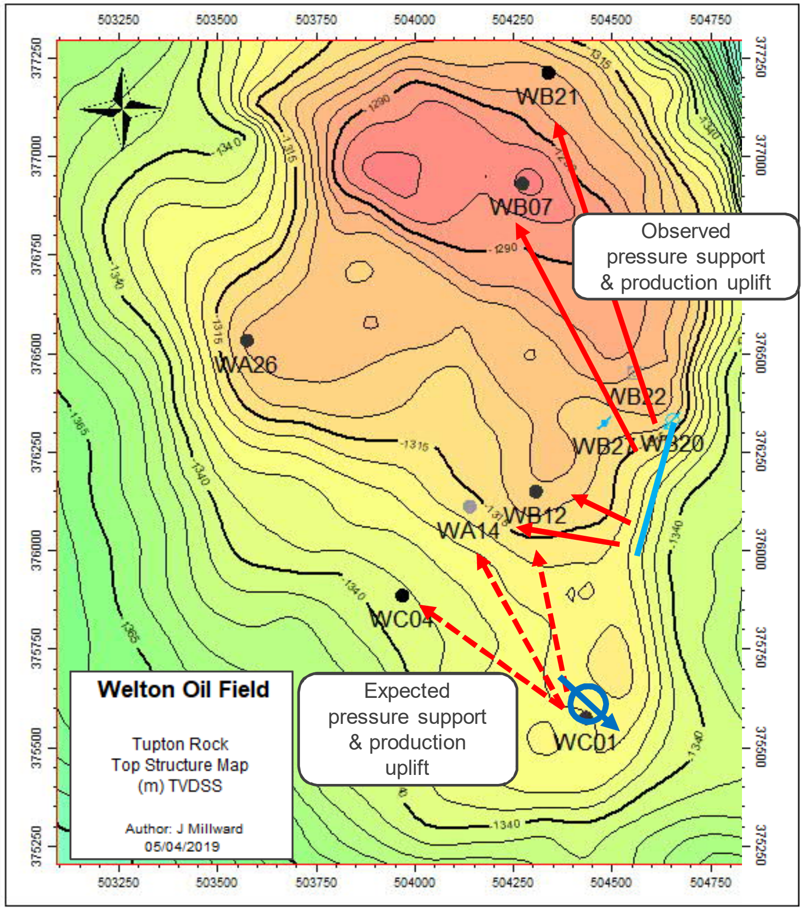
Benefits:

- Enhanced reservoir sweep/recovery
- Encouraging oil sweep north towards production wells
- Good reservoir quality over Tupton/ Deep Hard Rock formations
- Low conversion costs
- Production uplift expected to be recovered from WA14 & WB12
- Commissioning Summer 2020 with initial production uplift expected in Q4 and P50 peak production of c.100 bbls/d
- Additional benefit of reducing field OPEX through reduced cost of water handling/disposal (not included in economics)

Welton Waterflood Expansion – WC01i	Low	Mid	High
Estimated Total CAPEX, £k	777	777	777
Incremental OPEX, £/bbl	7.5	7.5	7.5
Incremental Resources, Mbbl	**476**	**660**	**906**
CAPEX/Resources, £/bbl	1.64	1.19	0.86
IRR, %	113%	145%	196%
BTax NPV10, £m	**5.4**	**7.4**	**9.7**
Break-Even Time, years	1.9	1.7	1.6
Project EMV, £m		**5.0**	

Economics determined using flat \$55/bbl forecast, EMV based on Project P_g 70%

Tupton



Reservoir	STOIIP	NFA		WC01i	
		EUR	RF	EUR	RF
Tupton / DHR	16.7	3.1	19%	3.77	23%

Scampton North Waterflood

Project Background

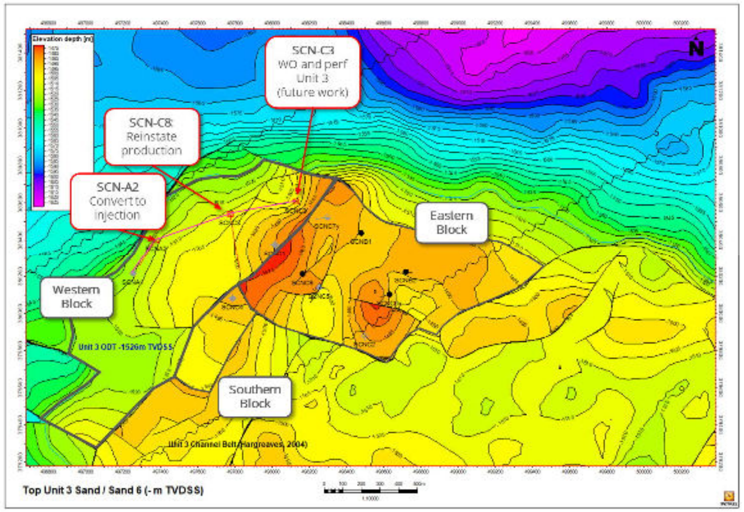
Converting the SCN-A2 well to a Basal succession water injector:

Benefits:

- Enhanced reservoir sweep and EUR
- Encouraging oil sweep in the western portion of the field towards production wells
- Low conversion/implementation cost
- Majority of the production uplift expected in SCN-C8 production well
- Commissioning Summer 2020 which is expected to double the field production to over 200 bbls/d
- Additionally benefit from reduced water disposal costs and utalisation of associated gas for site power and process heat (currently flared)

Scampton North Waterflood	Low	Mid	High
Estimated Total CAPEX, £m	2.1	2.1	2.1
Incremental OPEX, £/bbl	5	5	5
Incremental Resources, Mbbl	**160**	**180**	**224**
CAPEX/Resources, £/bbl	13.0	11.5	9.3
IRR, %	35%	41%	54%
BTax NPV10, £m	**2.0**	**2.5**	**3.5**
Break-Even Time, years	3.7	3.25	2.8
Project EMV, £m		2.4	

Economics determined using flat \$55/bbl forecast, EMV based on Project P_g 95%



Shale Development

Springs Road Result and Current Position

SR-01 exploration well

- Deep (3,500m), basin centred well
- Faster than expected drilling, 20% below budget
- Recovered c. 150m of core for analysis
- Level of protest low and observational throughout (0-5 per day)
- Regional spend of c. £10 million
- Community Liaison Group has been in operation since 2014 and wants to work together to bring the commercial benefits to the local area
- Local MP drop in session attended by 120 people, not one raised Springs Rd or shale gas exploration as a concern

Government imposed “effective moratorium” November 2019

- Continue to work with our partners and the relevant regulators – science led research
- Acknowledged that each site and basin can have substantially different geology

CCC Net Zero Report published May 2019 recognises significant role of natural gas to meet 2050 target

- Gas consumption in 2050 will be 600 TWh against an estimate for UK production of only 85 TWh.
- Without onshore gas and oil there will be a considerable import dependency (as high as 86%) even under net zero conditions
- The Committee also recommended not to further offshore our emissions by relying on imported fuels.

ESG

Sustainable and Responsible Business

- **Our approach to sustainability aligns with a number of the United Nation's Sustainable Development Goals**
- **Committed to supporting UK Government's target of reducing greenhouse gas emissions to net zero by 2050**
- **ISO 14001 and 9001 accredited: Environmental Management System and Quality Management System**

Environmental stewardship

- Careful site selection screens out protected areas
- Environmental Impact Assessments
- Baseline monitoring before during and after operations – soil, air and water

Social licence to operate

- Local engagement with all stakeholders: Community Liaison Groups, newsletters, public consultation
- IGas Community Fund launched in 2008 c. £1 million distributed to communities local to our operations

HSE

- Continuous monitoring (Oshens/ External HSE audits)
- IGas has now attained the RoSPA President's (13 consecutive Golds) Award, for health and safety performance

Governance

- In 2018 the Board resolved to adopt the Quoted Companies Alliance Corporate Governance Code, 2018. Key policies in place: Bribery and Anti-corruption; Equality & Diversity

Energy Diversification

Responding to a changing environment

Energy is in a period of enormous change

- Decarbonisation with net zero by 2050 as a legally binding target
- Renewable energy costs falling dramatically
- Energy mix moves away from a centralized system to a flexible (and intermittent) distributed system

IGas has a 40 year history of developing and operating assets onshore in the UK

- Deep understanding and experience of planning and permitting and sensitive development
- Over 100 brownfield sites across the country
    - High grading for potential opportunities for electricity generation and storage and biomethane production as energy prices improve

Summary and Outlook

- Current material uncertainty – Capex cut to weather oil price disruption and costs remain under review
- High degree of control of assets – operator of all production licences and in majority of cases 100% owner
- Strong improvement in reserves with 1P reserves life index of over 10 years; incremental projects still underway given attractive NPVs even at low oil prices
- UK shale - continue to work with regulators on a science-led solution for seismicity
- Committed to sustainability and assessing existing sites for Energy diversification
  - Seeking to maximise returns from existing sites as energy prices improve