

# IGas Energy plc

Interim Results  
for the six months  
ended 30 June 2018



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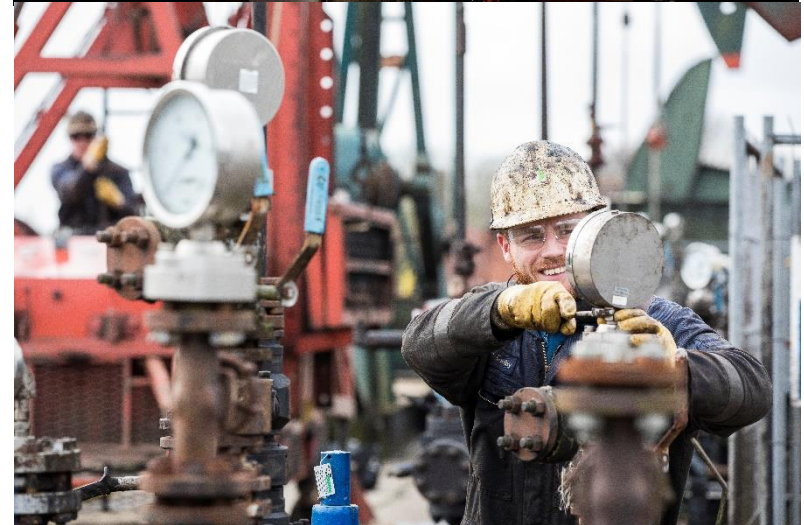
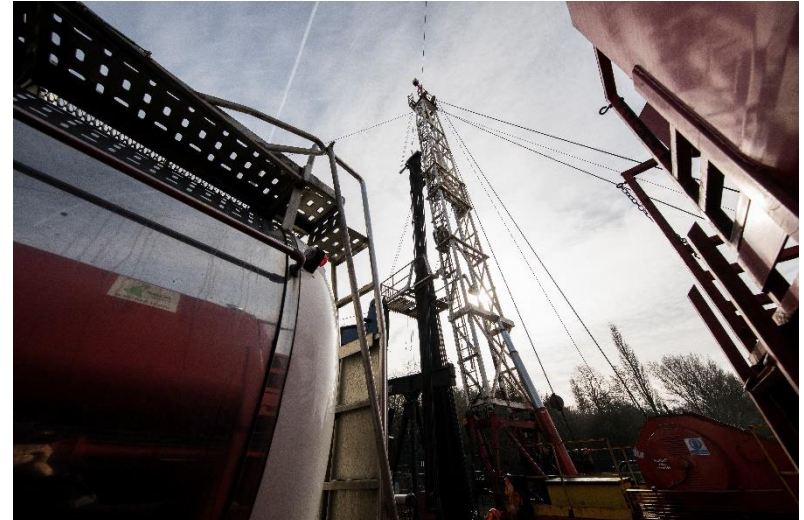
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## Overview and highlights

- Production
  - Broadly in line with budget
    - FY 2,200 - 2,300 boepd impacted by Stockbridge results
    - Cost base – opex of \$31.3/boe, FY forecast unchanged at \$32.5/boe
  - Cash generative nature of assets continues to improve
  - Continue to identify new opportunities
- Development projects
  - Tinker Lane, anticipated spud date Q4 2018 – on track
  - Ellesmere Port appeal - process underway
- Industry progress
  - Cuadrilla to commence fracking in the next few weeks
  - INEOS win two appeals
  - Govt support – Written Ministerial Statement and planning consultations





**Financial Review**  
**Julian Tedder - CFO**



## Financial Highlights

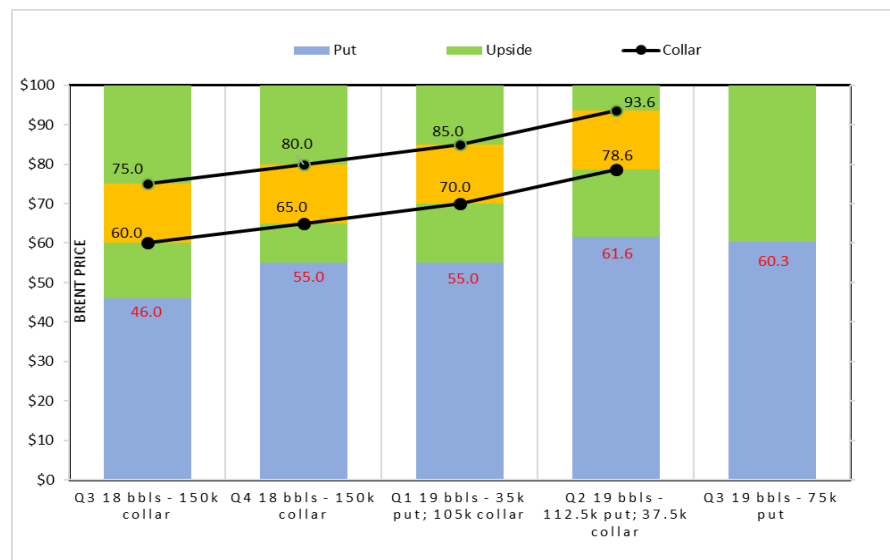
	Six months to 30 June 2018 £m	Six months to 30 June 2017 £m
Revenues	21.1	16.8
Adjusted EBITDA	6.0	2.5
(Loss)/Profit after tax	(1.2)	8.0
Net cash from operating activities	6.0	0.4
Net debt	7.4	7.2
Cash and cash equivalents	14.5	16.3

- **Revenues** – 25% increase in revenues due to higher pre hedge realised oil price (H1 2018 \$68.3/bbl vs H1 2017 \$46.8/bbl) offset by impact of strengthening in sterling and marginally lower production
- **Adjusted EBITDA** – increase in post hedge realised oil price (H1 2018 \$57.7/bbl vs H1 2017 \$46.8/bbl) and reduction in G&A costs (H1 2018 £2.8m vs H1 2017 £3.9m) with operating costs stable between periods
- **Profit after tax** – reduction principally due to tax credit in 2017 (H1 2018 £0.3m charge v H1 2017 £8.8m credit) on recognising of a deferred tax asset on recoverable ring fence tax losses
- **Net cash from operating activities** – improved cash generation principally due to increased commodity prices; H1 2018 includes £3.0m cash outflow in relation to hedging

## Key statistics

- Realised price post hedge of \$57.7 bbl (H1 2017: \$46.8 bbl)
  - Hedging losses of £3.5m in H1 2018 (H1 2017: £1.0m profit) due to rising commodity prices
  - Improved hedging position in 2019 using a mixture of puts and zero cost collars
- Operating costs of \$31.3/boe (H1 2017: \$28.5/boe)
  - Increase due to strengthening sterling in H1 2018; underlying costs in line between periods
- G&A of £2.8m (H1 2017: £3.9m)
  - Continue to focus on reducing corporate costs
- Tax charge of £0.3m (H1 2017: £8.8m credit)
  - Recognition of deferred tax asset in H1 2017 due to revised estimate of future profits which can be offset against ring fence tax losses
- Net debt at 30 June 2018 was £7.4m (2017: £6.2m)

### Cost Per Barrel

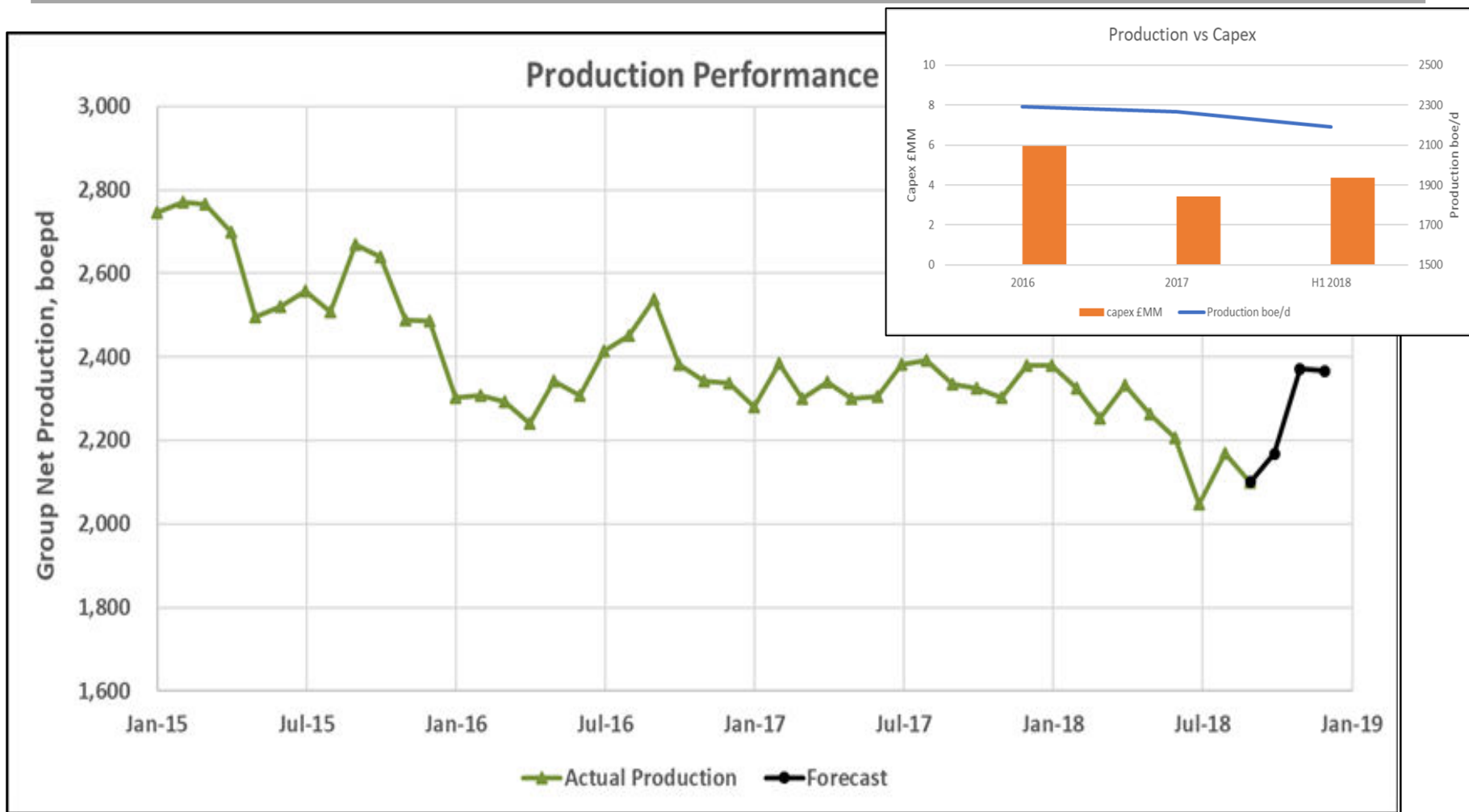


# Operational Review

## John Blaymires - COO



# Group Net Production 2015 - 2018



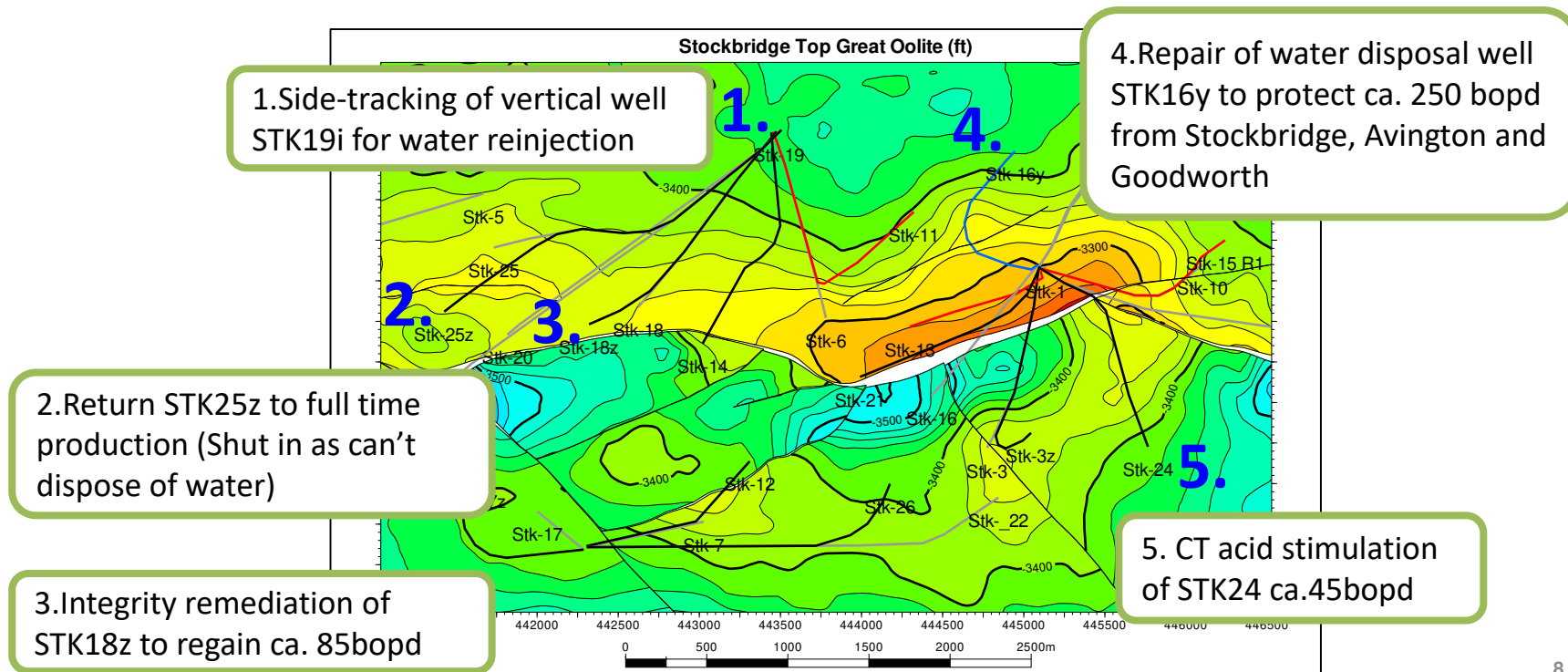
- Production maintained at c. 2,300 – 2,400 boepd from 2016 - 2018
- Annual average Capex c. £4.5m



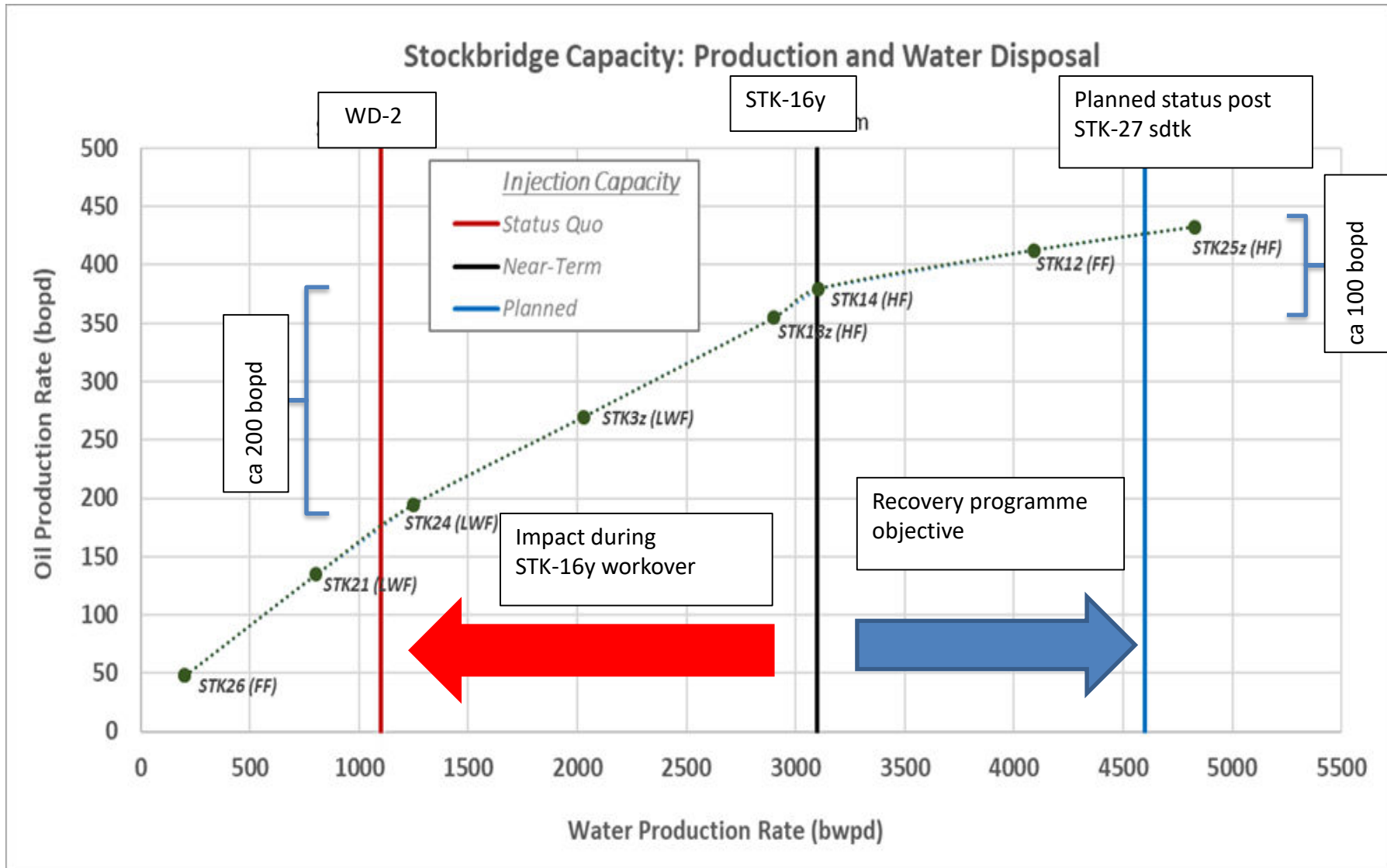
# Stockbridge Production Recovery

## Operational Summary:

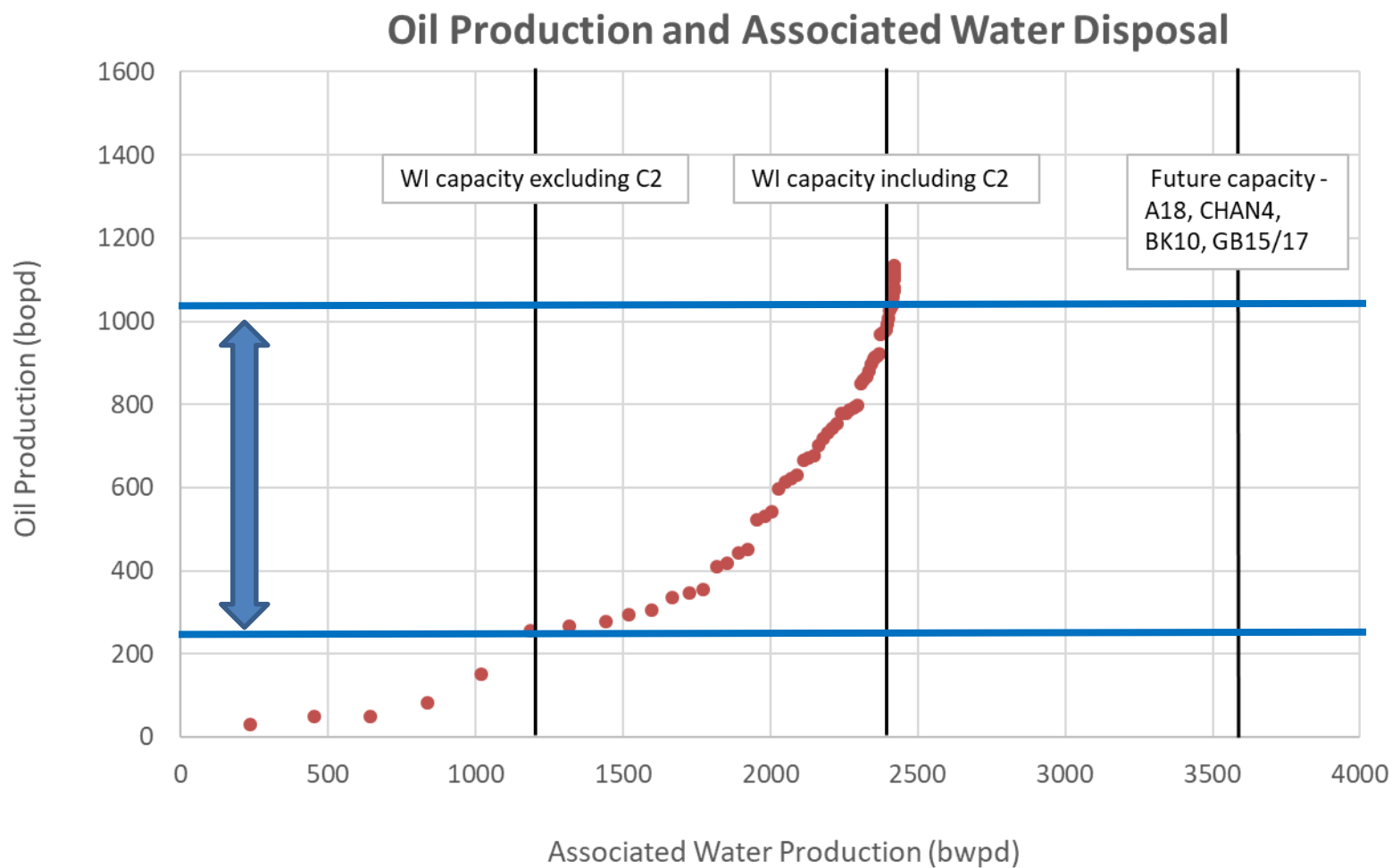
- Programme executed in accordance with the plan & schedule
- Cost overruns ca £0.2M (Act = £2.0M vs Budget £1.8M) - well related
- Production impact : STK-24 Act = 45 vs Budget 20bopd, STK-18z remediated (ca. 85bopd), STK-16y repaired – full injection resumed
- STK-19i successfully sidetracked to STK27, but well suspended due to reservoir pressure limiting injectivity
- Reviewing additional water disposal opportunities



# Stockbridge Production & Injection Capacities



# E Midlands Production & Injection Capacities



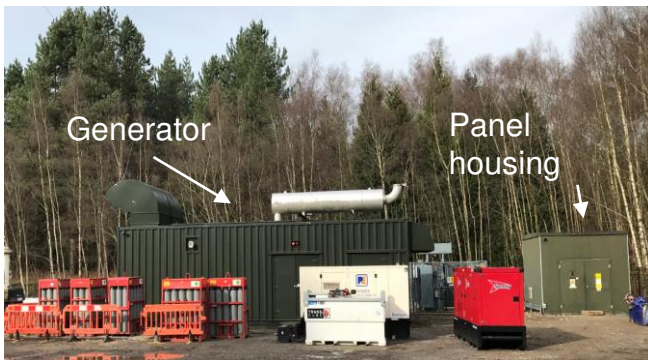
# Albury Gas-to-Grid Project

## Operational Summary

- Well work-over complete
- Gas to-Wire (GTW) online, electricity export into local network tested
- SGN pipeline installation completed and pressure tested
- Remainder of surface facility packages - delivery Sept/Oct 2018

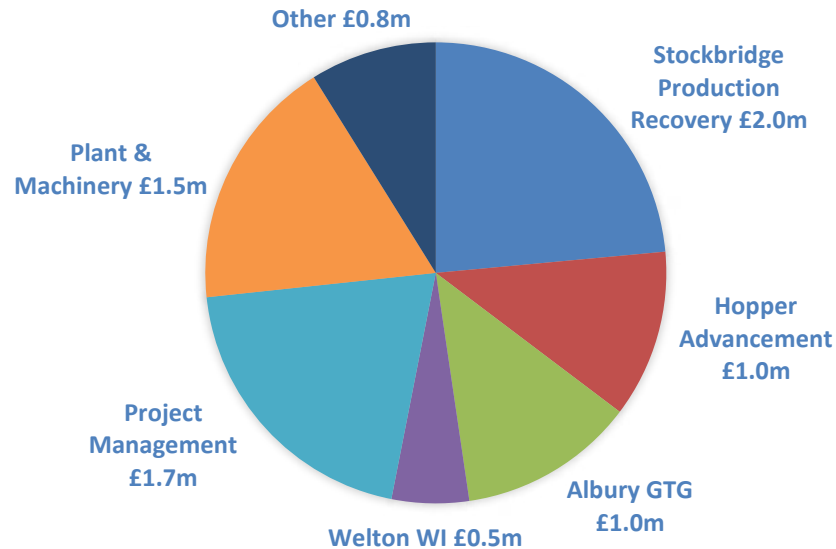
## Timing

- Commissioning and full production start-up late Q4, 2018
- Export rate – up to 170boepd, depending on gas demand



# FY2018 Conventional Capex

## FY2018 CONVENTIONAL CAPEX - £8.5M



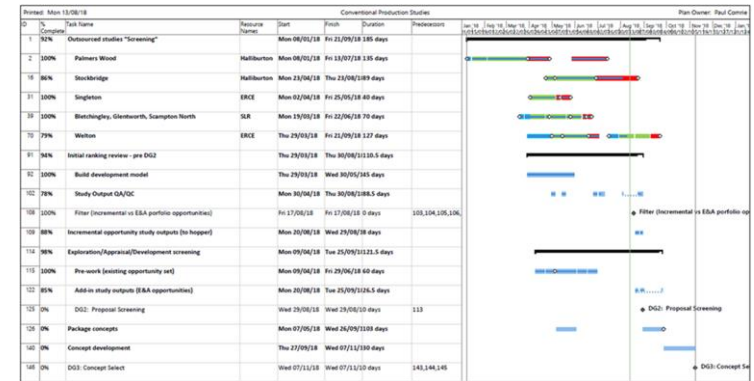
- **Stockbridge production recovery** – now completed. Issues with sidetrack of Stk19i – increase in cost of programme to £2.0m (from £1.8m)
- **Hopper advancement** – acceleration of 3<sup>rd</sup> party studies into 2018 preparing for execution in 2019 and beyond
- **Albury Gas to Grid (GTG)** – on track for 1<sup>st</sup> gas in Q4 18 – increased cost to £1.0m (from £0.7m) due to requirement for Water dew point equipment



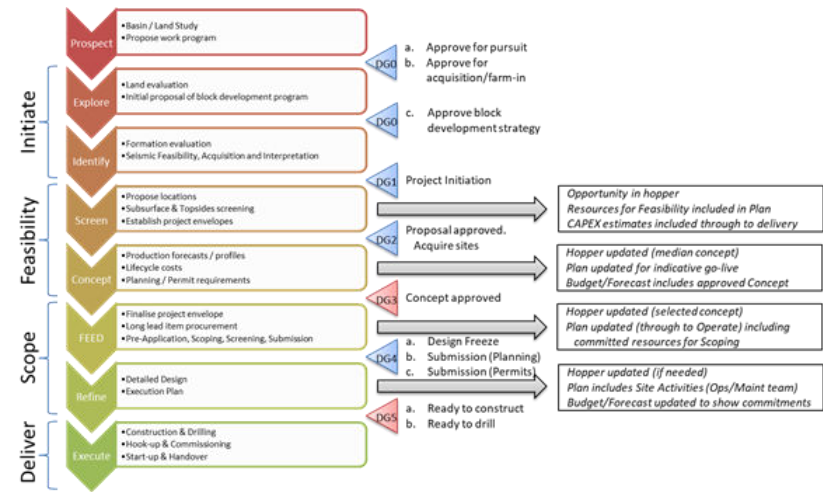
# Production Project Prioritisation – Mid Term Sustainability



Provisional project prioritisation – post study output



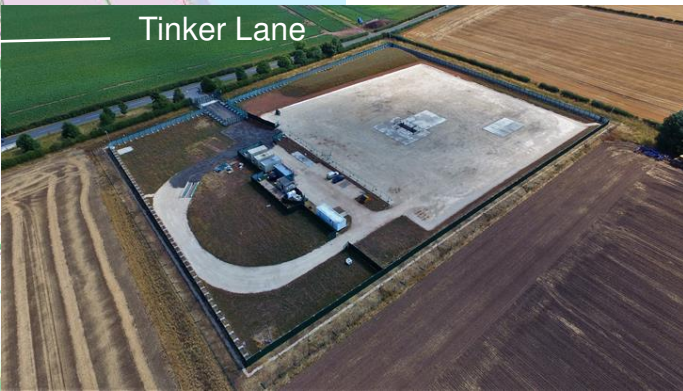
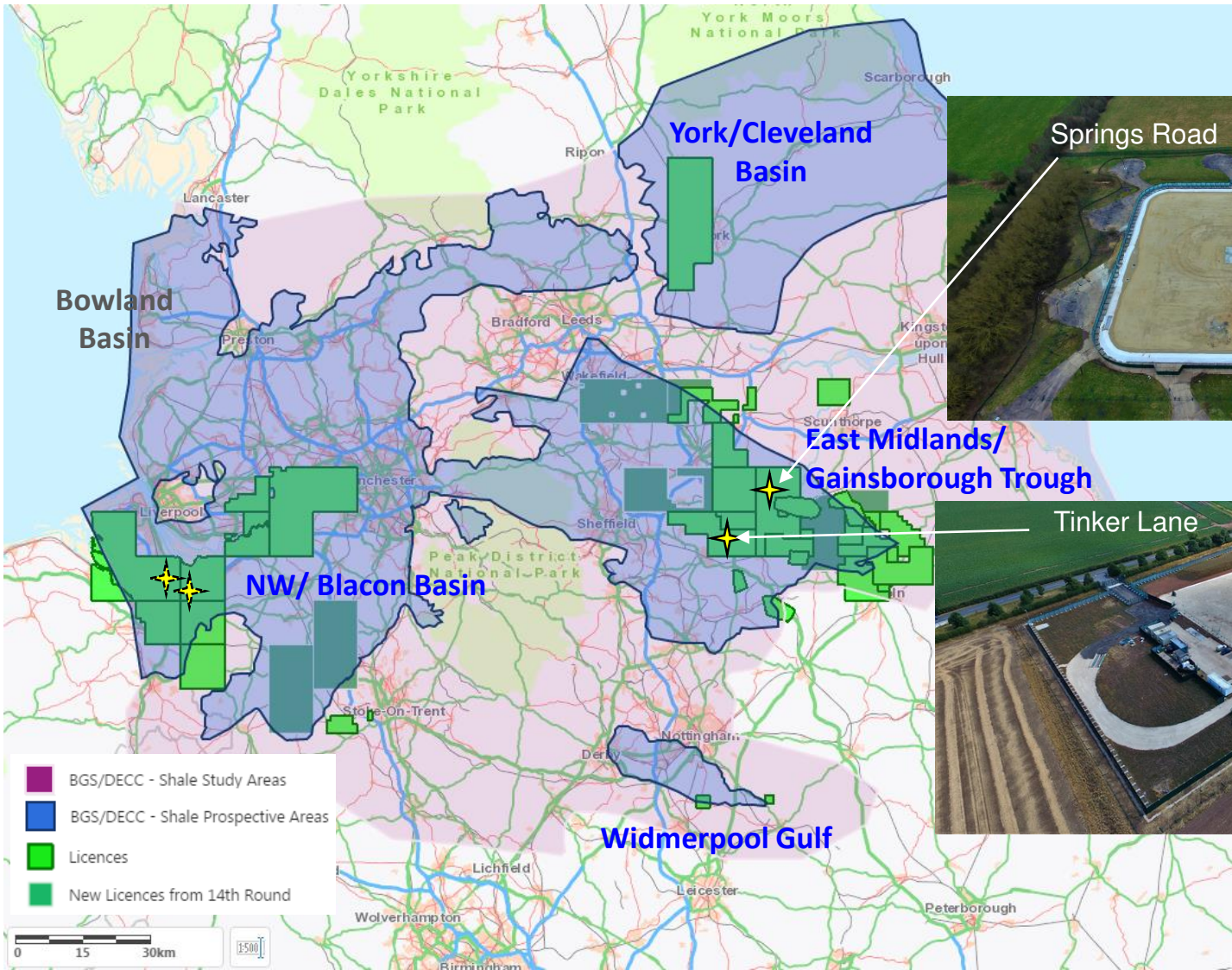
## 2018 Field Studies - completed



Capital project ranking process

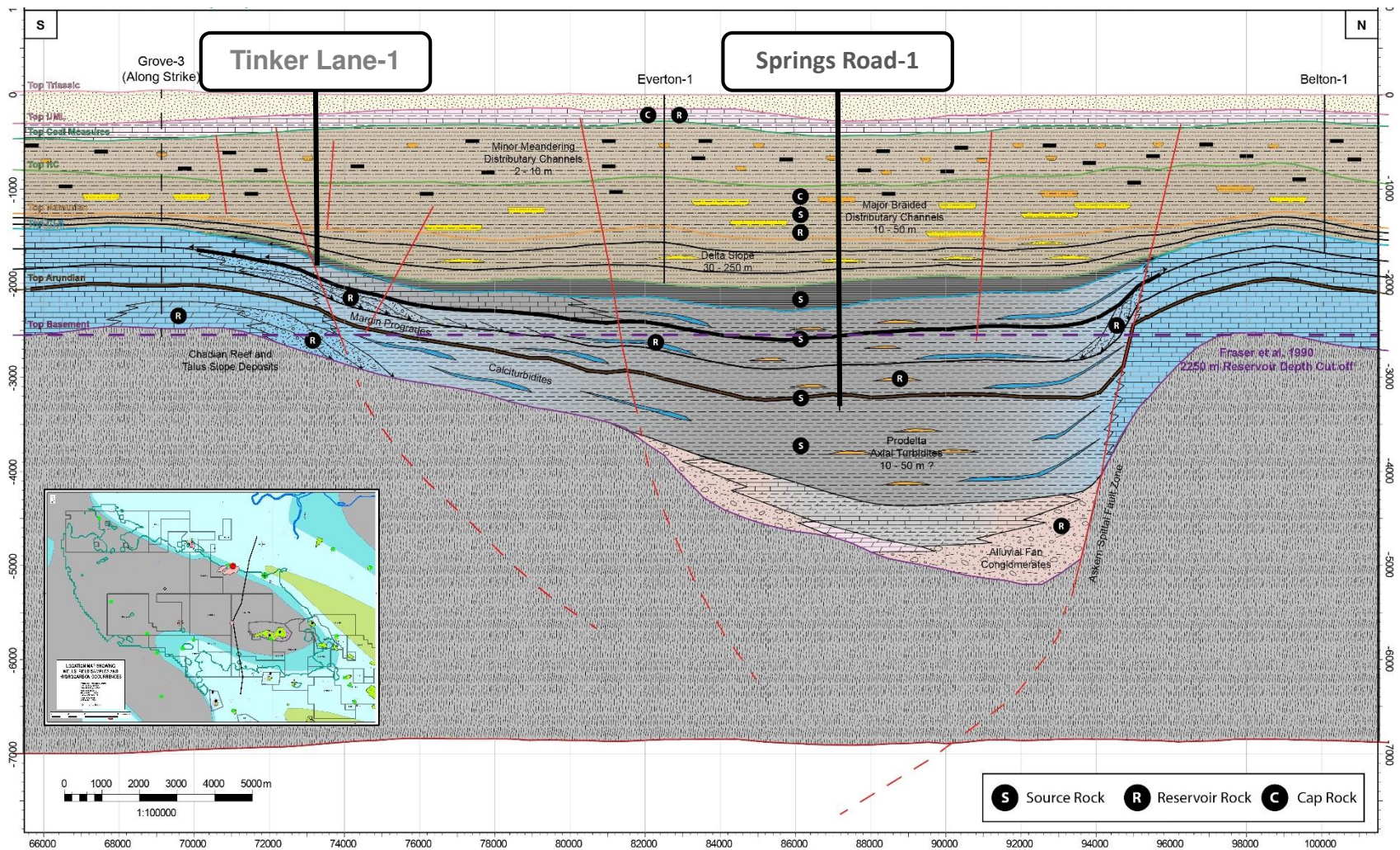


# Shale Activity





# Tinker Lane & Springs Rd Geological Setting



# Industry Activity & Outlook

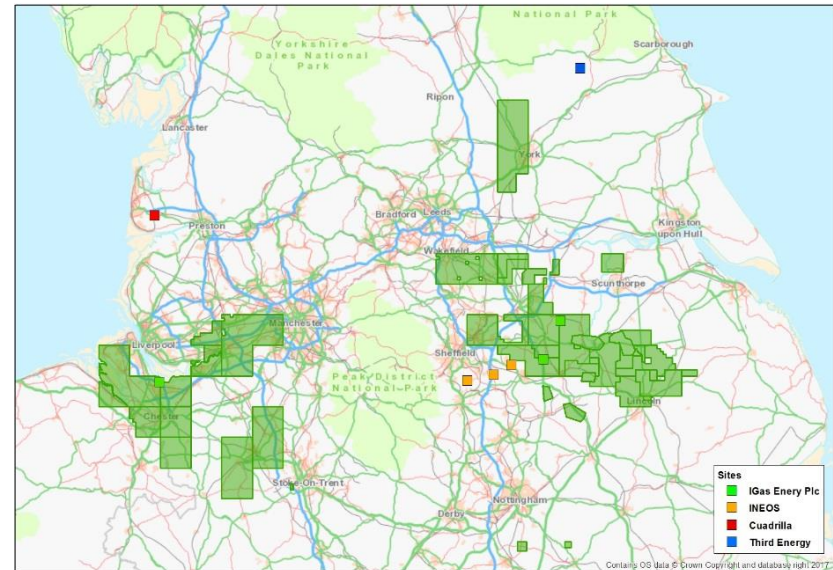
## Stephen Bowler - CEO



# UK Shale Activity

Industry wide collaboration across a number of technical and stakeholder areas

Operator/Site	Activity
IGas – Springs Road, North Notts	Drilling/exploration
IGas – Tinker Lane, North Notts	Drilling/exploration
Cuadrilla – Preston New Road, Lancs	Drilling/Fracking
INEOS – Bramley Moor Lane, Derbys	Planning granted following Appeal
INEOS – Harthill, Rotherham	Planning granted following Appeal
INEOS – Woodsetts, Rotherham	Planning refused – considering options
Third Energy – KM8, Yorks	Drilling/Fracking



Continued demand for gas

- Declining UKCS supply
- Closure of gas storage
- c.50% imported currently

Support from Central Govt

- Clean Growth strategy re-affirmed importance of gas
- Written Ministerial Statement – May 2018
- DCLG consultations launched



# Outlook

- Focus on cash generative production
- High value opportunities to be progressed
- Shale appraisal drilling programme commences Q4
- Moving forward with Ellesmere appeal
- Cuadrilla hydraulically fracturing the UK's first horizontal shale well in the next few weeks

