

IGas Energy plc

Interim results for the
six months to
30 June 2016



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Key highlights

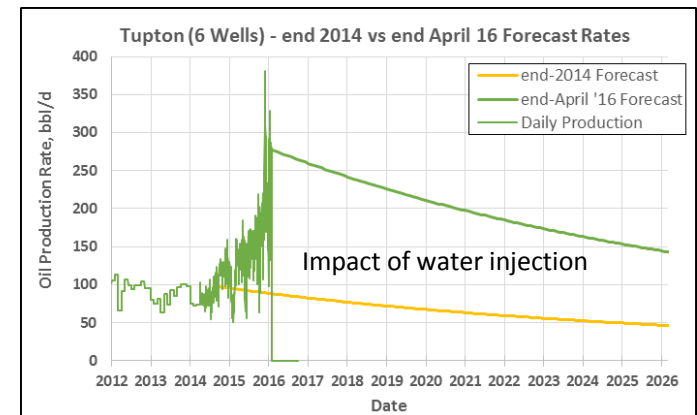
- ▼ D&M CPR and Unconventional Prospective Resources
 - ▼ 1P and 2P reserves upgrades
 - ▼ 2P NPV10 estimate is US\$287m* (1P NPV10 US\$206m*)
 - ▼ 2P + 2C > 35mmboe
 - ▼ Shale gas recoverable resource (net) of 2.5 TCF (c.440mmboe)
- ▼ Production
 - ▼ Stable; currently c. 2,600 boepd
 - ▼ Operating costs down to c.US\$27.5/boe
- ▼ Delivering against 5 year shale plan
 - ▼ Positive planning officer recommendation received for Springs Road; planning committee meeting 5th October
 - ▼ Tinker Lane planning application progressing
 - ▼ Seismic in North West confirms shale potential
 - ▼ 14th Round licences granted
- ▼ Balance sheet developments
 - ▼ Engaging with bondholders including new holder
 - ▼ Consensual deal in the best interest of all stakeholders due to potential significant loss of value
 - ▼ Short term covenant challenges
 - ▼ Significant cash and owned bonds



* D&M reports will be published on the IGas website in due course NPVs based on 2017 forward Brent oil curve - 57.3; 2018-63.6; 2019-70.2; 2020-77.0; 2021-80.7

Production Update

- ✓ Average net production of 2,299 boepd (H1 2015: 2,540); current production c.2,600 boepd
- ✓ Production for 2016 now expected to be between 2,400 - 2,600 boepd (net)
- ✓ Significant potential to both replace the underlying decline and grow our production
 - ✓ Water injection – further projects identified
 - ✓ Gas monetisation – 3 planning permissions granted
 - ✓ Oil behind pipe
 - ✓ Infill drilling – planning permission granted at Singleton for 2 new wells
- ✓ Finalisation of export routes and FID would move c.1 mmbœ from 2C to 2P reserves



D&M CPR: Summary of Reserves and Resources

IGas Group Net Oil and Gas Reserves and Resources as at 30th Jun 2016 (MMBOE)

	1P	2P	2C ¹
Net Reserves and Resources as at 31 st Dec 2015	8.31	13.33	12.67
Production	(0.42)	(0.42)	-
Additions	-	-	8.29
Technical Revisions	1.49	0.86	1.00
Total change during the period	1.07	0.44	9.29
Net Reserves and Resources as at 30th Jun 2016¹	9.38	13.77	21.96

Note that totals may not add up correctly due to rounding.

1. D&M estimates as at 30th June 2016
2. 2C additions includes the 14th round conventional fields (Lingfield, Beckering and Hemswell) and new development opportunities in some existing fields e.g. waterflood potentials (Welton, Long Clawson etc.), infill drilling / sidetracks (Scampton North, Horndean etc)

Note: These estimates were prepared in accordance with the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers.

NPV10, Reserves Replacement & R:P

Pre-Tax NPV10, (\$MM)		
As at:	1P	2P
30 th Jun 2016**	206	287

R:P	2015	2016
1P	8.6	10.4
2P	13.8	15.2

Reserves Replacement, (%)		
As at:	1P	2P
31 st Dec 2015*	291	156
30 th Jun 2016**	354	205

* Excluding the gas conventional reserves

** D&M report for reserves as at 30 June 2016

- ▼ The reserves replacements are largely due to:
 - ▼ Some fields performing better than expected with minimal production declines on some fields (Singleton)
 - ▼ Operating cost reductions across most of the fields
 - ▼ Successful implementation of workovers and pilots

D&M : Shale Prospective Resources*

Recent Changes

- ✔ Addition of 6 new shale licences in the 14th Round
- ✔ Relinquishment of 8 low volume shale licences
- ✔ North West 3D seismic interpretation

D&M Approach

- ✔ Review IGas modelling work
- ✔ Reinterpret petrophysics for key wells
- ✔ Perform probabilistic modelling
- ✔ Provide licence by licence volumes
- ✔ Include condensate assessment
- ✔ Using extensive US & global experience

Acreage - K.acres ¹	Gross	Net
Base (post farm-in) ²	973	686
2016 Relinquishment	-199	-174
14 th Rd Addition	257	115
Current	1,031	627

1. IGas sourced data
2. Includes full rights under the INEOS farm-in agreement

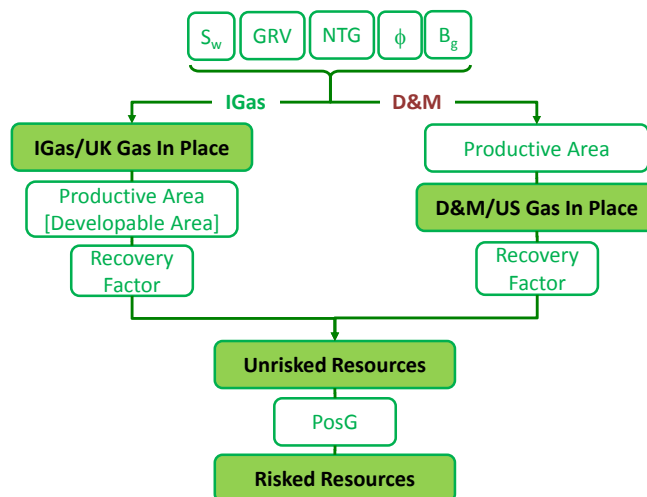
* D&M Unconventional Prospective Resource Report

D&M Shale Prospective Resources Summary

D&M Volumes Shale Gas	Gross	Net	Units
Gas In Place	221	102 ³	Tcf
Unrisked prospective resources ¹	17-23-32	8-11-15	Tcf
Risked prospective resources (mean) ²	5.4	2.5	Tcf
Oil Equivalent*	937	438	MMboe

1. Adjusted for productive area and recovery factor
2. Adjusted for geological risking
3. Deterministic based upon BGS methodology

• Note – Assumed 5.8 Mscf/boe



Shale exploration and appraisal - update

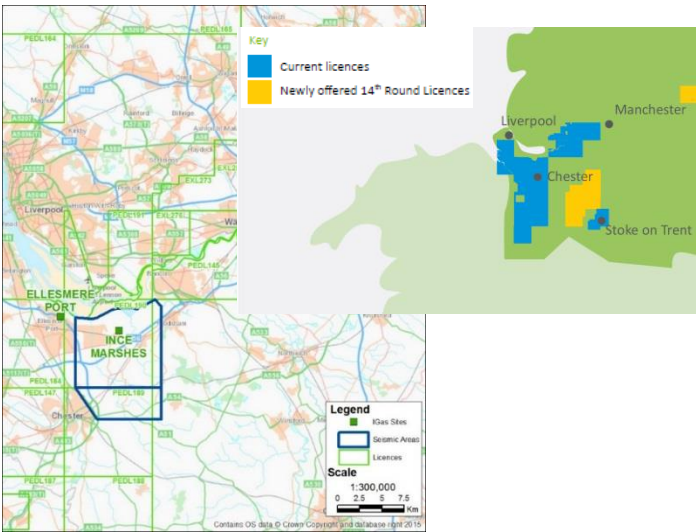
North West

- Processing and interpretation of seismic complete – confirms shale potential
- Data being used to identify sites and then submit applications for hydraulically fractured wells
- Optimising development schemes based on multi-pad drilling

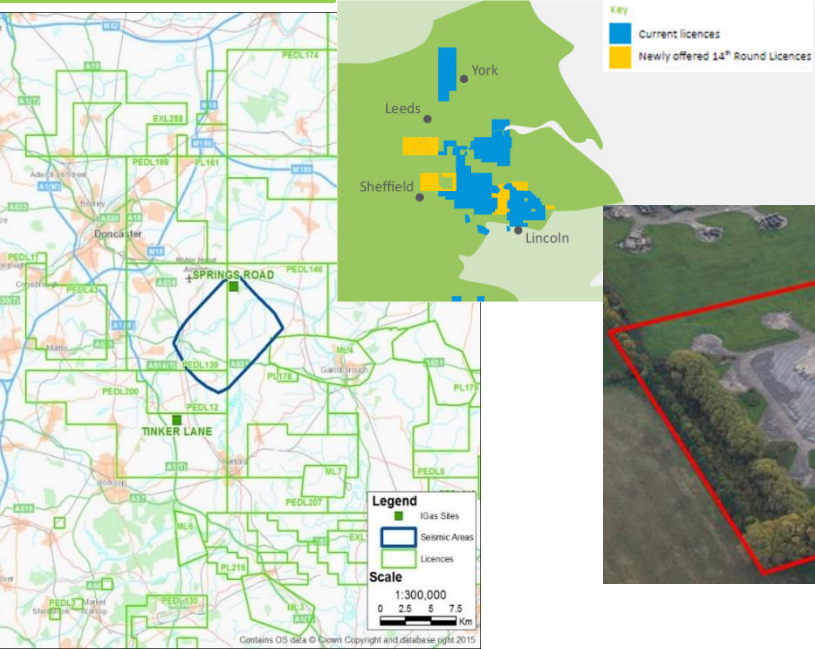
East Midlands/Yorkshire

- Determination for Springs Road, North Nottinghamshire on 5th October
 - Planning officer recommends approval
- Planning committee meeting date awaited for Tinker Lane, North Notts
- Further shale appraisal applications to follow

North West



East Midlands



Financial Highlights

	Six months ended 30 June 2016 £m	6 months ended 30 Sep 2015 £m
Revenues	12.1	17.6
Adjusted EBITDA ¹	5.1	7.4
Loss after tax	(25.2)	(19.3)
Net cash from/(used in) operating activities	9.1	(0.1)
Net debt	83.5	64.0
Cash and cash equivalents	27.1	34.5

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 (1H16 \$54.5/bbl; 1H15 \$60.9/bbl); and reduction in production (1H16 2,299 boep/d; 1H15 2,540 boep/d)
- ✔ No one-off items in 1H16 EBITDA (1H15: Gain of disposal £4.0m)
- ✔ No impairment charges in the period (1H15: £19.5m net of tax)
- ✔ Loss after tax impacted by exchange loss of £7.8m on bonds due to weakening of sterling in the period

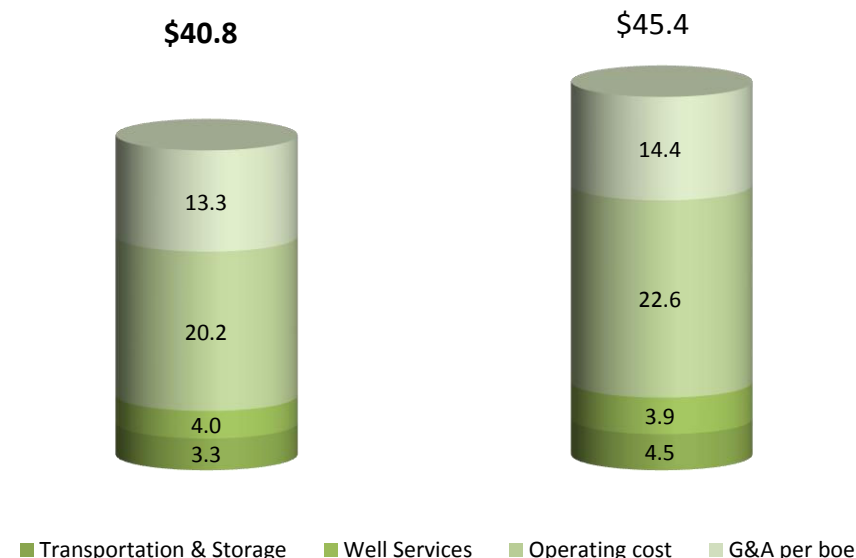
Costs per barrel

- ✓ Average realised price for the six months per barrel post hedge was \$54.5 (six months ended 30 Sep 2015: \$60.9)
- ✓ Net back per boe was \$13.7 (£9.6), (6 months ended 30 Sep 2015: \$15.5 (£10.1))
- ✓ Net cash generated by operating activities in the nine months amounted to £9.1m (6 months ended 30 Sep 2015: cash used £0.1m)
- ✓ Operating costs reduced following cost reduction exercise to \$27.5/boe (6 months ended 30 Sep 2015 \$31.0/boe); impacted by reduction in production
- ✓ Ring fenced corporation tax losses as at 31 December 2016 expected to be c.£190m
- ✓ 585,000 barrels hedged to the end of 3Q 2017 at an average floor price of c. \$44/bbl

Cost Per Barrel

Six months ended 30 June 2016

Six months ended 30 Sep 2015



Capital Structure

- ✓ Current group forecasts project non-compliance with the daily liquidity covenant in second half of October 2016; leverage covenants at 2016 year end
- ✓ Engaged in active discussions with a number of key bondholders, including the largest secured bondholder
- ✓ Bondholders have indicated they wish to seek a consensual deal
- ✓ Consensual deal in the best interest of all stakeholders due to potential significant loss of value
- ✓ Pursuing options (e.g. sale of assets, including own bonds); may seek temporary waiver
- ✓ Continue to hold significant cash (\$27.6m at 27 Sep 2016); cash generative pre financing costs

Bond covenants

- ✓ 4 financial covenants
 - ✓ Net debt/EBITDA < 3.5 times
 - ✓ Interest cover > 2.0 times
 - ✓ Debt to Asset ratio < 0.6 times
 - ✓ Liquidity > \$15m + DSRA \$10.9m
- ✓ Other covenants include hedging/capex

Bond cost

- ✓ Interest 10%
 - ✓ Secured paid March and September
 - ✓ Unsecured paid June and December
- ✓ Amortisation 5% pa
 - ✓ Secured paid March and September

Capital Structure

\$Million	At 30 Jun 2016 ¹	Movement	At 27 Sep 2016
Cash	36.2	(8.6) ²	27.6
Bonds (net)	(148.5)	3.5	(145.0)
Net Debt	(112.3)	(5.1)	(117.4)

Notes

¹ Exchange rate £1:\$1.34

² Includes net bond interest and amortisation payment in Sep 2016 of \$9.6m; operating cashflow \$1.0m

Summary and Outlook

- ✔ Significant value and potential in assets identified by World's leading reservoir engineer D&M
 - ✔ Conventional: $2P + 2C > 35\text{mmboe}$
 - ✔ Shale gas: Recoverable prospective resource (net) of 2.5 Tcf (c.440mmboe)
- ✔ Production stable and operating costs reduced
- ✔ 14th Round licences add acreage and potential with low immediate capital commitments
 - ✔ IGas acreage increased by more than 25% to over 1m acres (gross), 627K acres (net)
- ✔ Combined carried work programme of approximately US\$230 million from our partners
- ✔ Balance sheet developments
 - ✔ Engaged with bondholders and other strategic investors to right size balance sheet for current oil price environment
 - ✔ Cash balances of US\$27.6m as at 27 September 2016 with owned bonds of US\$21.1m
- ✔ Key newsflow in Q4 2016
 - ✔ Springs Road planning committee 5 October 2016
 - ✔ SoS Communities decision on Cuadrilla appeals due by 6 October 2016
 - ✔ Updates as appropriate on capital structure discussions

