

# IGas Energy Plc

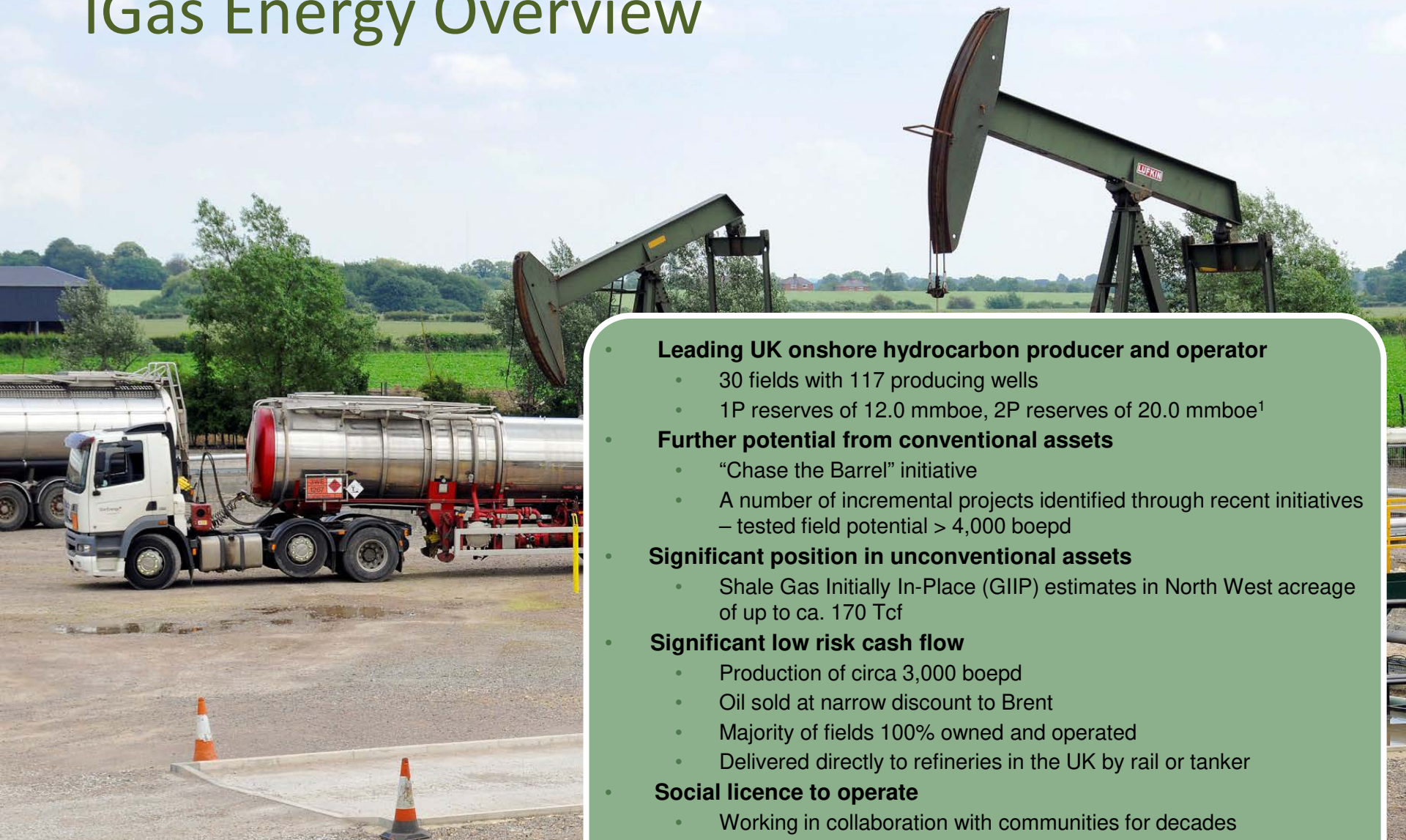


**IGas**  
Energy

*Unlocking Britain's Energy Potential*  
*July 2013*



# IGas Energy Overview

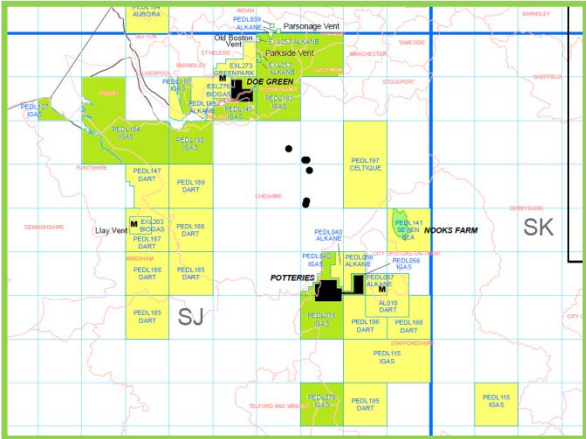


- **Leading UK onshore hydrocarbon producer and operator**
  - 30 fields with 117 producing wells
  - 1P reserves of 12.0 mmboe, 2P reserves of 20.0 mmboe<sup>1</sup>
- **Further potential from conventional assets**
  - “Chase the Barrel” initiative
  - A number of incremental projects identified through recent initiatives – tested field potential > 4,000 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
  - Oil sold at narrow discount to Brent
  - Majority of fields 100% owned and operated
  - Delivered directly to refineries in the UK by rail or tanker
- **Social licence to operate**
  - Working in collaboration with communities for decades
- **Experienced senior management and operations team**

(1) As at 30 June 2012, and includes 2P reserves from Baxter's Copse

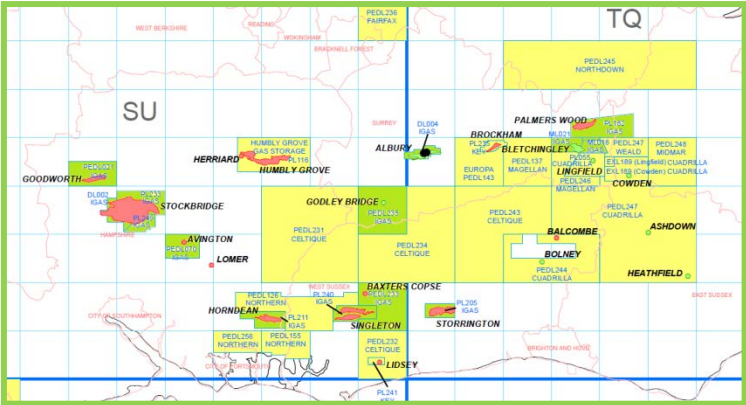


# Where we operate

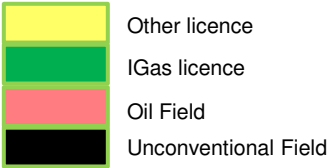
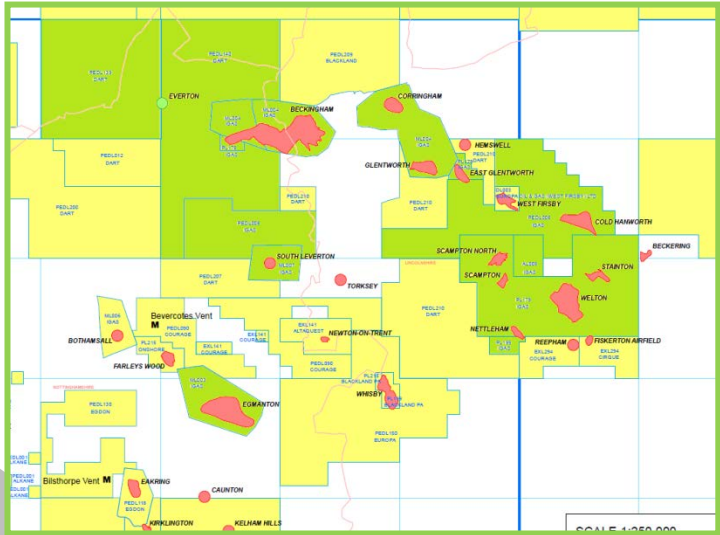


North West / Staffs

Weald Basin



East Midlands





# Operational Highlights

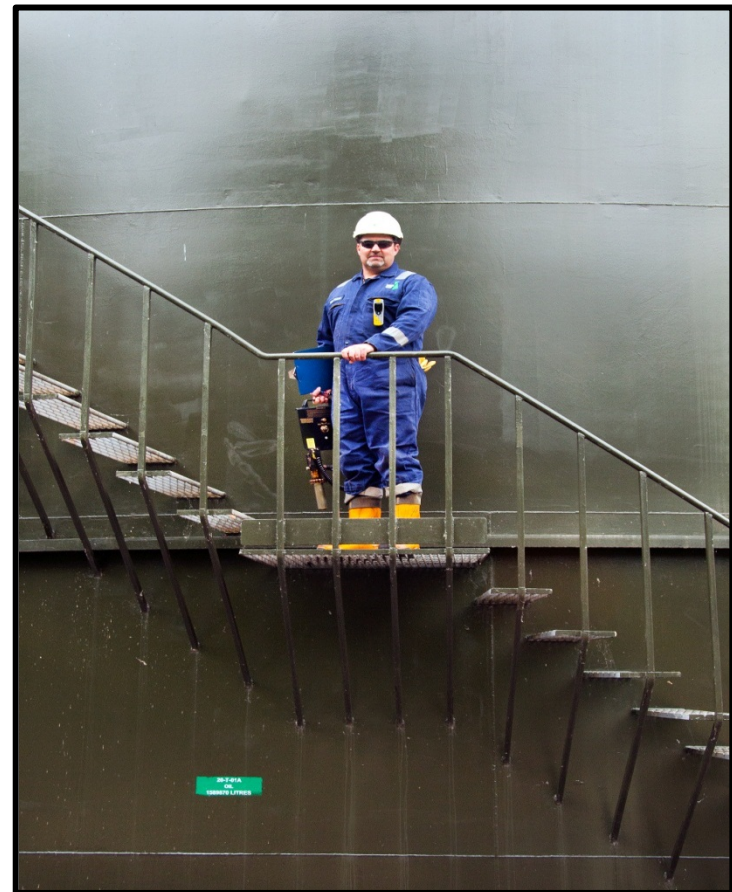
- Acquisition of P.R. Singleton from Providence Resources for US\$66m
- Progress on “Chase the Barrels” initiative
- Proven reserves growth of 30% from 6.1 to 7.9 MMboe over the period 1 Jan 2012 to 30 June 2012 (excluding PR Singleton)<sup>1</sup>
- Gas Initially In-Place “GIIP” for NW shale acreage up to 170 Tcf
- Drilling programme to commence in Q4 2013 to refine estimates
- Government initiatives to support development of shale gas

<sup>1</sup> Adjusted for production (production in the 6 month period to 30/06/2012 of 0.46MMstb)



# Financial Highlights<sup>1</sup>

- Revenue of £68.3m<sup>1</sup> (2012: £22.1m)
- Total Production 901,540boe (2012: ca. 280,000boe)
- EBITDA<sup>2</sup> of £31.9m (2012: £13.0m)
- Underlying operating profit<sup>3</sup> of £22.1m (2012: £5.4m)
- Net cash from operating activities £28.9m (2012: used in operating activity £2.6m)
- Net debt<sup>4</sup> of £77.4m (2012: £67.1m)
- Refinancing of Macquarie debt through \$165m 5yr bond issue
- Successful placing of £23.1m gross in January



## Notes

1: On 28 February 2013, the Company completed the acquisition of PR Singleton from Providence Resources plc and therefore the 2013 results reflect one month's contribution from PR Singleton. The figures for 2012 reflect the 15 month period to 31 March 2012. The Star Energy acquisition completed on 14 December 2011 and therefore the March 2012 results reflect only 3.5 months of results from Star Energy

2: EBITDA relates to earnings before net finance costs, tax, depletion, depreciation and amortisation

3: Underlying operating profit excludes the profits/(losses) on oil price swaps, acquisition costs and impairment of exploration and evaluation assets

4: Net debt is borrowings less cash and restricted cash

# Profit and loss account

- Average realised price per barrel pre-hedge was £69.4 (US\$109.6) (2012: £73.4 (US\$117.0)) with narrow discounts to Brent continuing to be achieved
- Group production in the year was 901,540 boe, representing an average of 2,470boepd
- Operating costs per barrel of oil equivalent (“boe”) were £21.6 (2012: £19.9), excluding third party costs
- Net finance costs amount to £27.9m (2012: £1.7m) Net finance costs excluding ‘one-off’ costs<sup>2</sup> amounted to £12.9m (2012: £2.7m)

	Year ended 31 March 2013	15 Months ended 31 March 2012
	£000	£000
Revenue	68,304	22,120
<b>Cost of sales:</b>		
Depletion, depreciation and amortisation	(9,975)	(3,203)
Other costs of sales	(28,067)	(8,838)
<b>Total cost of sales</b>	<b>(38,042)</b>	<b>(12,041)</b>
<b>Gross profit</b>	<b>30,262</b>	<b>10,079</b>
Administrative costs	(8,351)	(4,956)
Costs relating to acquisitions	(59)	(2,986)
Impairment of exploration and evaluation assets	(1,093)	(42)
Other income	225	235
Profit/(loss) on oil price swaps	938	(18,512)
<b>Operating profit/(loss)</b>	<b>21,922</b>	<b>(16,182)</b>
Finance income	447	2,374
Finance costs	(28,368)	(4,089)
Net finance costs	(27,921)	(1,715)
<b>Loss on ordinary activities before tax</b>	<b>(5,999)</b>	<b>(17,897)</b>
Income tax (charge)/credit	(12,356)	5,773
<b>Loss from continuing operations attributable to equity shareholders of the Group</b>	<b>(18,355)</b>	<b>(12,124)</b>

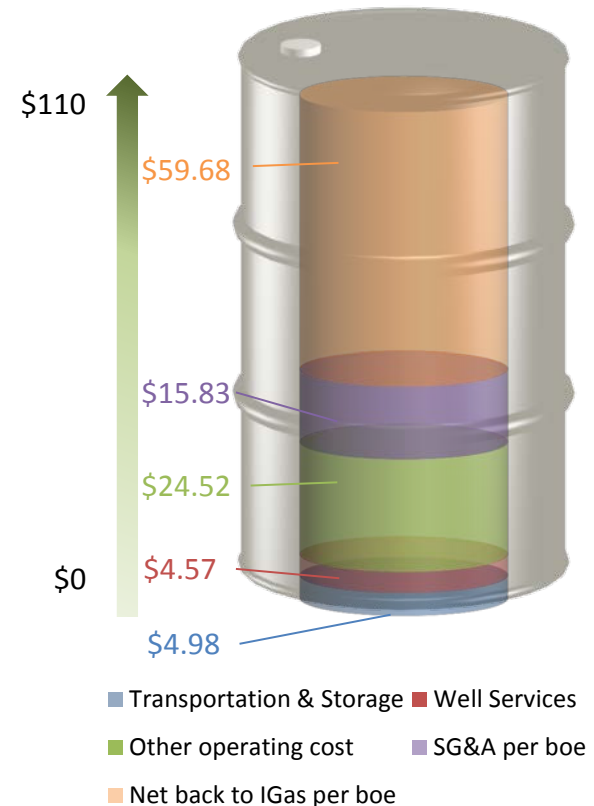
## Note 1

1: On 28 February 2013, the Company completed the acquisition of PR Singleton from Providence Resources P.L.C and therefore the 2013 results reflect one month's contribution from PR Singleton. The figures for 2012 reflect the 15 month period to 31 March 2012. The Star Energy acquisition completed on 14 December 2011 and therefore the March 2012 results reflect only 3.5 months of results from Star Energy

2: Net finance costs before one-off costs excludes loss on interest rate swaps, loss/(gain) on warrants, finance charges on early settlement fees and write off of unamortised Macquarie loan cost

# Net back / barrel

- Net back to IGas having taken into account operating costs and S,G&A averaged US\$59.68 /bbl in the year to 31 March 2012 (6 months to 30 Sept 2012 US\$66.39)
- Includes only one month's contribution from Singleton (following completion of the acquisition)
- Cash generated from operating activities in the period amounted to £28.9m (2012: cash used £2.6m)
- Corporation tax losses as at 31 March 2013 £49m and supplementary charge losses of £25m carried forward



# Pro forma balance sheet (Note 28-Subsequent events)

- The timing of the Completion of the Refinancing, being completed post year-end, resulted in significant temporary effects on the balance sheet as at 31 March which unwound in April 2013 following completion of the bond.
- On 10 April 2013:
  - The Bond monies were released from escrow
  - The outstanding loan balance with Macquarie was repaid in full as well as all outstanding oil and interest rate swap hedges with Macquarie were cancelled at a cost of £10.7m (US\$16.2m)
- IGas has entered into new hedging arrangements by acquiring puts for c.450,000 barrels at US\$90.0/barrel and c.450,000 barrels at £58.8/barrel over the period to 31 March 2014
- The balance sheet adjustments have the effect of reducing the current assets by £96.6m and the current liabilities by £102.0m, a net current asset impact of £5.4m

## Pro forma Consolidated Balance Sheet

As at 31 March 2013

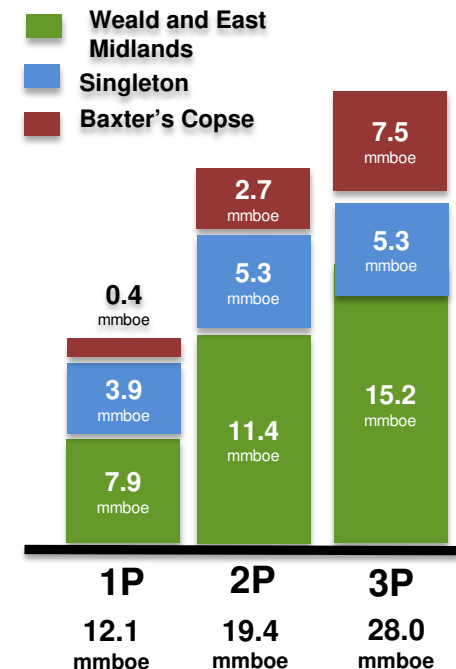
	Notes	Audited 31 March 2013 £000	Adjustments <sup>A</sup> £000	Adjustments <sup>B</sup> £000	Pro forma 31 March 2013 £000
<b>Non-current assets</b>		231,385	-	-	231,385
<b>Current assets</b>					
Other current assets	1	9,625	-	-	9,625
Cash and cash equivalents		9,831	-	6,240	16,071
Other financial assets – restricted cash		102,865	5,795	(108,660)	-
<b>Current assets</b>		122,321	5,795	(102,420)	25,696
<b>Current liabilities</b>					
Other current liabilities	2	(25,270)	(145)	2,709	(22,706)
Borrowings - Macquarie		(89,710)	-	89,710	-
Borrowings - Bond		(5,466)	(290)	-	(5,756)
Derivative financial instruments		(10,001)	-	10,001	-
		(130,447)	(435)	102,420	(28,462)
<b>Net current liabilities</b>		(8,126)	5,360	-	(2,766)
<b>Total assets less current liabilities</b>		223,259	5,360	-	228,619
<b>Non-current liabilities</b>					
Borrowings - Bond		(94,942)	(5,360)	-	(100,302)
Other non-current liabilities	3	(69,199)	-	-	(69,199)
		(164,141)	(5,360)	-	(169,501)
<b>Net assets</b>		59,118	-	-	59,118



# Conventional Development

- Acquisition of Singleton results in material increase in reserves and production
- Proven reserves growth of 30% from 6.1 to 7.9 Mmboe over the period 1 Jan 2012 to 30 June 2012 (excluding PR Singleton)<sup>1</sup>
- “Chase the barrels” initiative
  - Workover/remediation
  - Potential ca. 400 bopd

<sup>1</sup> Adjusted for production (production in the 6 month period to 30/06/2012 of 0.46MMstb)

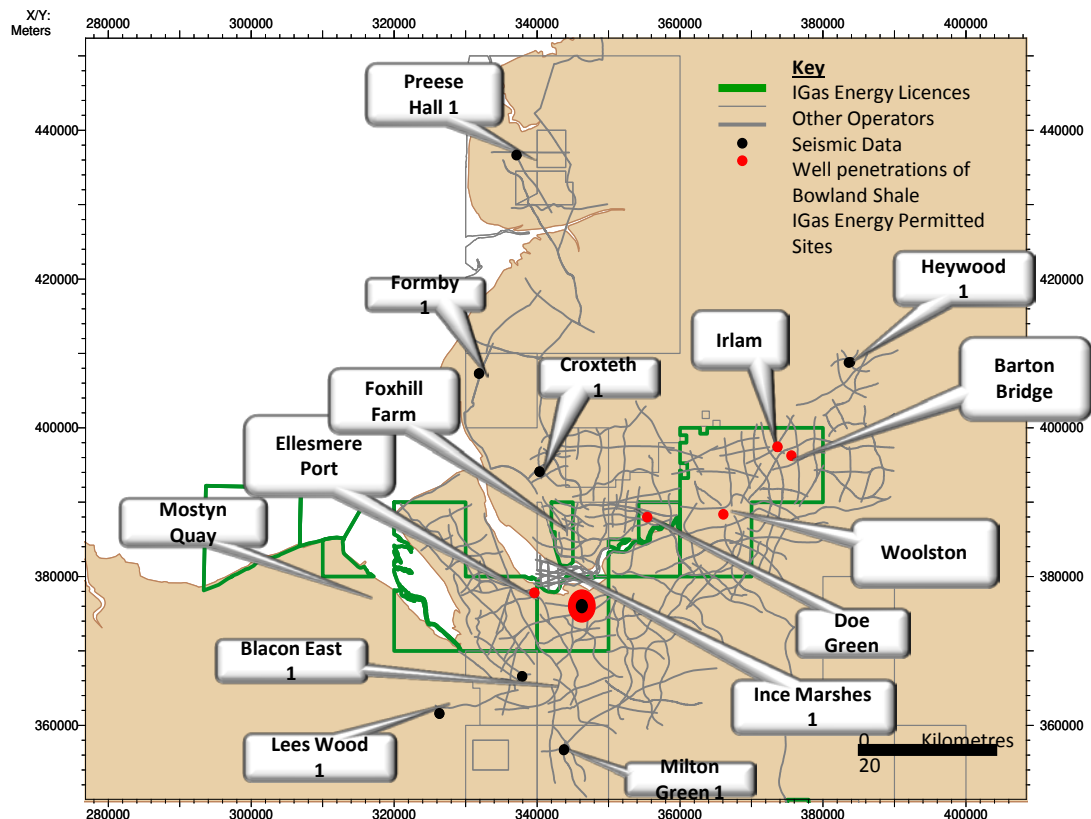


IGas Existing Source: Senergy Competent Persons Report (as of 30/06/12)  
 Singleton Source: NSAI Competent Persons Report (as of 30/06/2012)  
 Baxter's Copse Source: RPS Competent Persons Report (as of 01/07/2009) (Not commissioned by IGas)

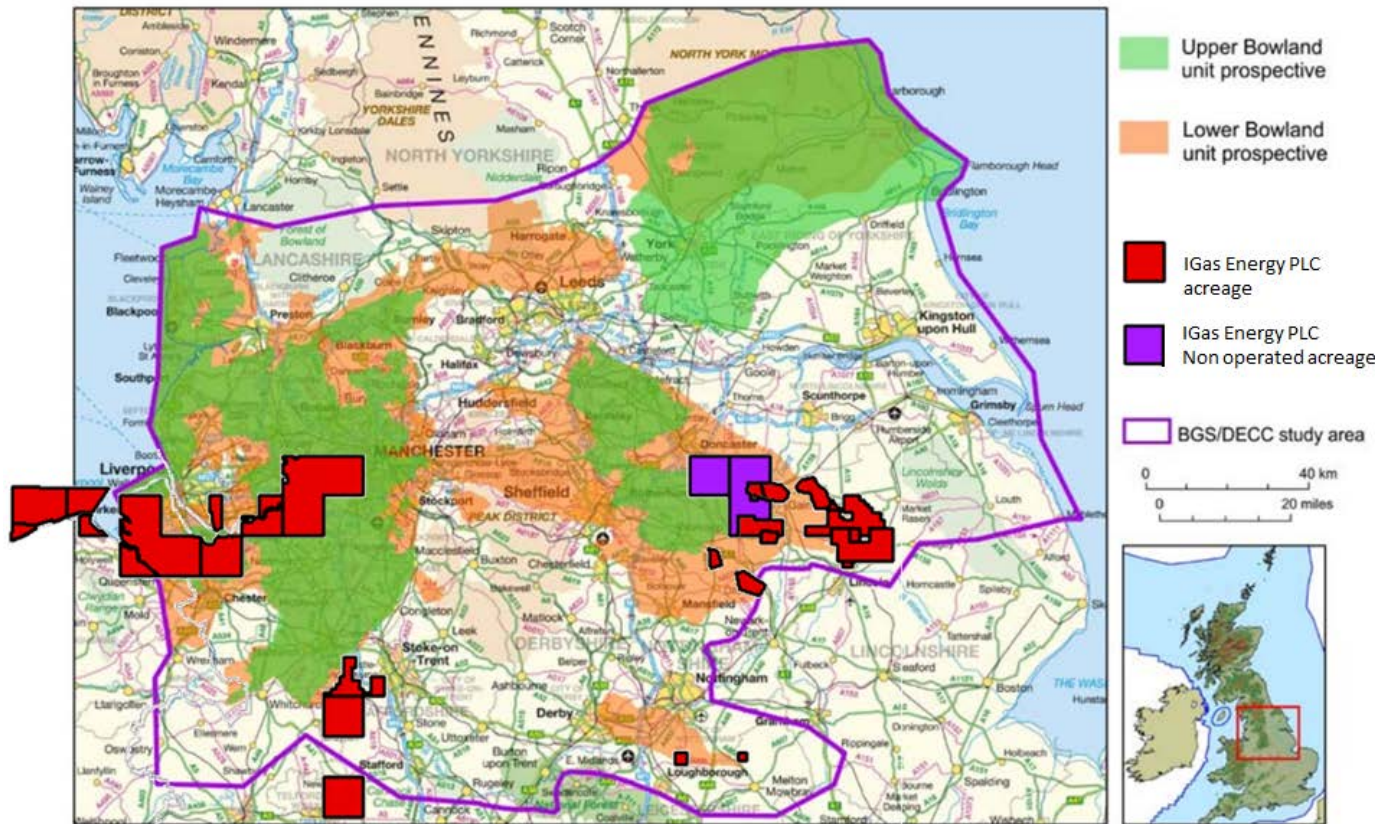
# Unconventional Gas Appraisal

- Extensive evaluation programme conducted post Ince Marshes-1 well results
- Gas Initially In-Place (GIIP) volumes of the North West licences estimated
- Plan to spud two exploration wells in the North West commencing Q4 2013 (subject to results)
- Identified prospective shale horizons across all of our licence areas in both the East Midlands and the Weald Basin

Low	Most Likely	High
15 Tcf	102Tcf	172 Tcf



# British Geological Survey



- BGS announced estimates of shale gas-in-place across the North of England

P90	P50	P10
822Tcf	1,329Tcf	2,281Tcf



**British  
Geological Survey**

NATURAL ENVIRONMENT RESEARCH COUNCIL



# Government and Industry

- Establishment of the government's new Office of Unconventional Gas and Oil (OUGO)
- Department of Energy & Climate Change (DECC) lifted the restrictions on hydraulic fracturing in December 2012
- IoD issues 'Getting Shale Gas Working' report
- UKOOG Community Engagement Charter signed
- Recent government package:
  - community incentives
  - guidelines on permitting and planning
  - launched consultation on tax incentives
- Centrica farms into Cuadrilla acreage for £100m in cash and future commitments for 25% interest



# IGas in the Community

- Safely explored, developed and produced at our sites for over forty years
- Community Liaison Groups
  - Before and during planning
  - Throughout development
- Signed up to UKOOG Charter
- Independently managed Community Fund
  - Committed to distributing several hundred thousand pounds annually
  - Projects include nature reserves, playgrounds and emergency equipment for rural communities



**IGAS ENERGY**  
*Community Fund*

# Building on our Strengths

## History



## Land



## Community

IGAS ENERGY  
*Community Fund*



- Financial platform in place to invest in the conventional oil reserves and continue the evaluation of the unconventional shale gas potential
- Substantial position in British discovered hydrocarbons with identified upside
- Step change in the political backdrop and geological understanding of shale gas in Britain
- Potentially significant and transformational underlying shale gas opportunity
- Drilling in Q4 2013 will help to refine estimates and advance understanding
- Experience and expertise to unlock the potential of Britain's untapped natural resources and help to secure Britain's energy future