



*April 2012*

***Onshore Energy:  
Delivering a Secure future***



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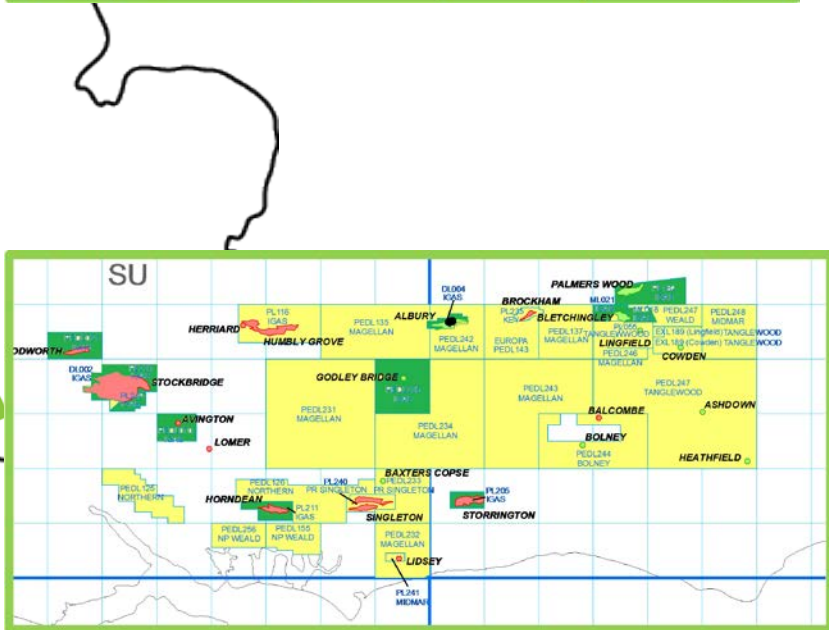
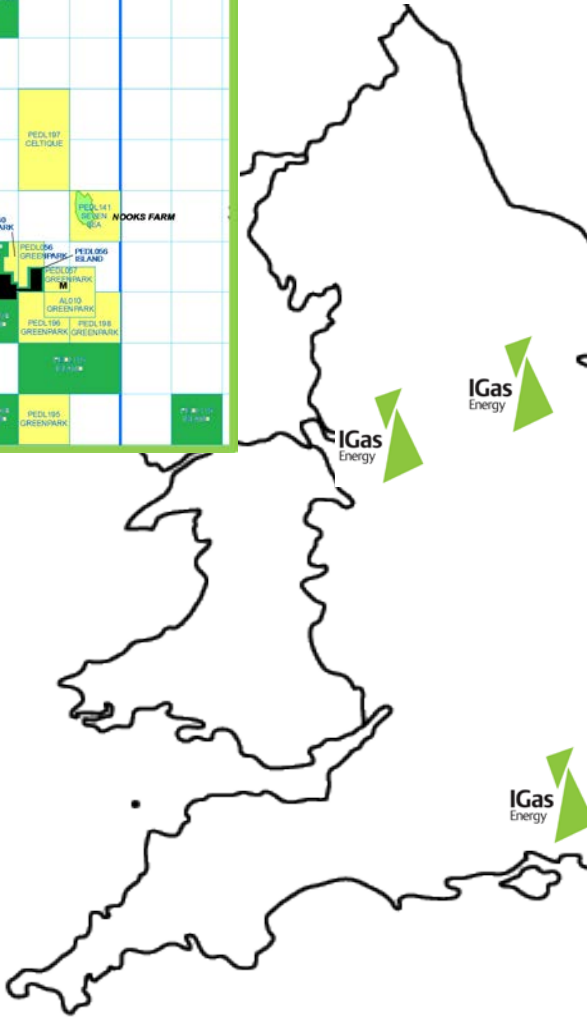
# Company Overview

IGas Energy is an upstream oil and gas company focused on delivering hydrocarbons in the UK. We have:

- Unconventional Resource
  - Coal Bed Methane (CBM) – Early Production
  - Shale Gas – Significant resource encountered
- Conventional Reserves
  - Current production
  - Incremental opportunity
- Highly experienced operating capability
  - Strong team of over 140 employees and operational assets to deliver

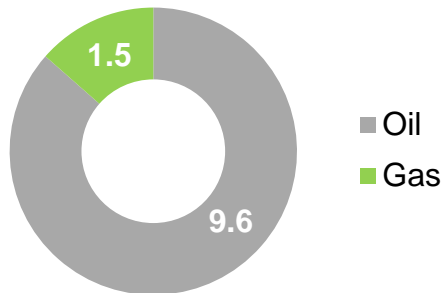




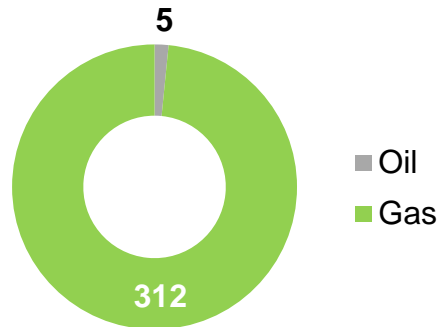


# Company Overview: Resource and Reserves

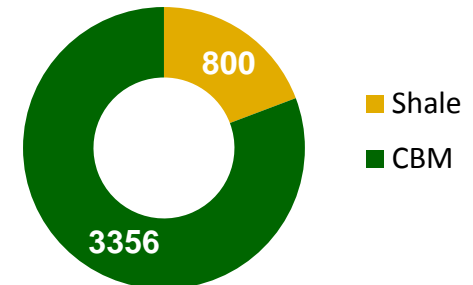
**Reserves\* (mmboe)**



**Resources\*\* (mmboe)**



**Total Gas in Place\*\*\* (mmboe)**



\*Based on 2P definition of the Society of Petroleum Engineers – Source: Senenergy CPR dated Nov 2011

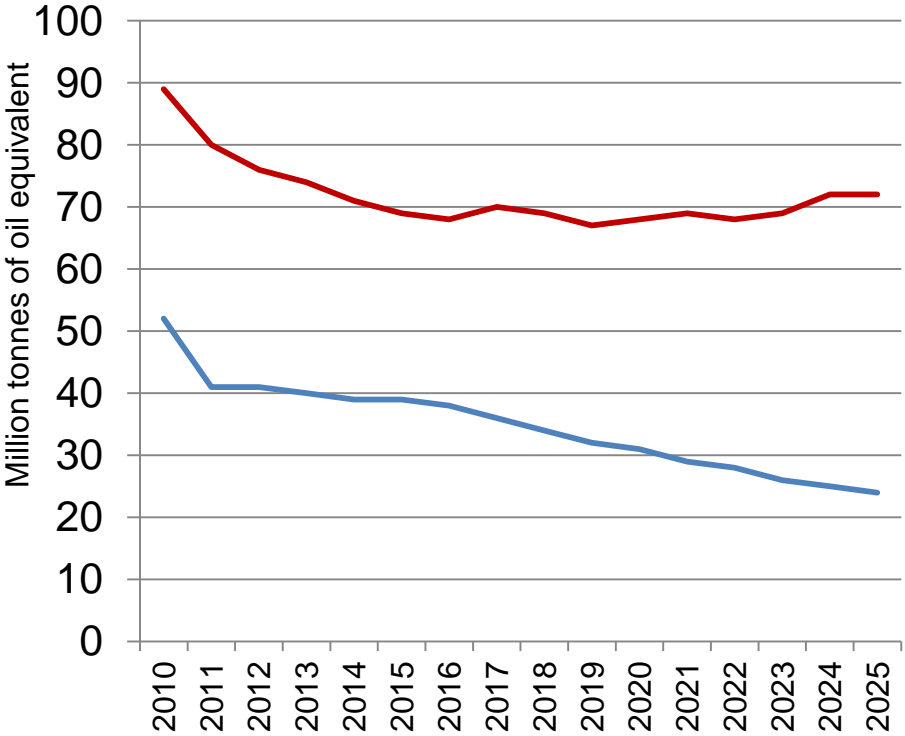
\*\* Based on 2C definition of the Society of Petroleum Engineers – Source: Senenergy CPR dated Nov 2011

\*\*\* Based on high estimate – Source: Equipoise 2010

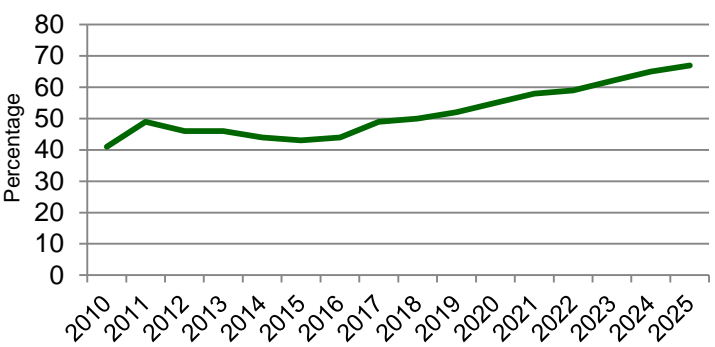
- Current production from the conventional assets is c. 2,700 barrels of oil equivalent per day
- Our “Chasing the Barrel” initiative includes a review of the existing conventional assets to ensure we are maximising our production and reserves
- We are appraising the CBM and shale reservoirs to further assess and evaluate resource and in place volumes
- In due course we will be conducting additional unconventional appraisals and STOIP reviews to assess in place resource
- Recent results of Ince Marshes-1 well support potential to at least double the independent pre-drill estimates of Shale GIIP from c.800mmboe to c.1,600mmboe from IGas acreage in the North West of England

# Market Background: UK Energy

UK Net Gas Production & Demand



UK Gas Import Dependency\* %



— Production  
— Demand

\*Import dependency is the implied difference between UK production and demand

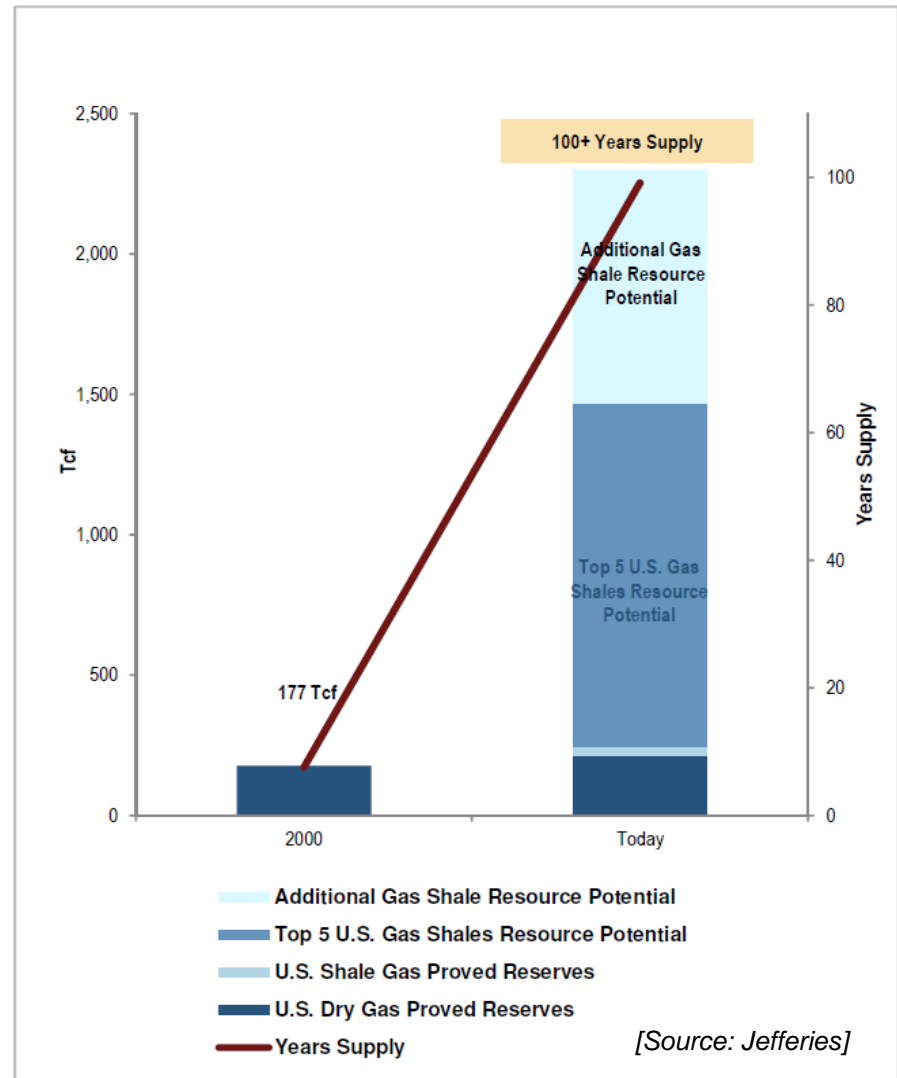
[Source for both graphs: DECC Statistics October 2011]

# Market Background: Unconventional gas changing the landscape

Unconventional gas has completely changed the landscape in global gas.

The effect of shale gas on US industry and energy pricing has been dramatic.

Coal Bed Methane (or Coal Seam Gas as it is known locally) has had a very significant affect in Australia with it now considered a major source of exported LNG to the Asia Pacific region.



# Unconventional Resource: Coal Bed Methane

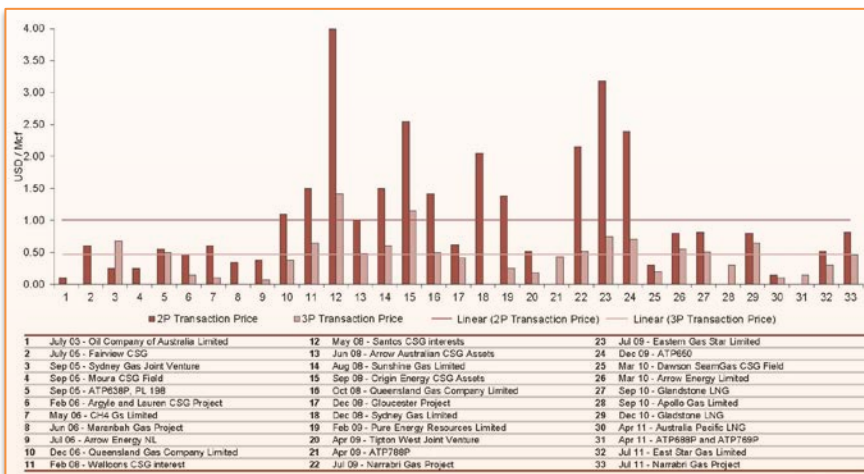
## Our assets...

Coal Bed Methane is a naturally occurring source of gas trapped in unworked coal seams. It has now formed a material part of both the US and Australian Energy mix.

Our CBM resource has enough gas to potentially supply 15% of the UK's homes with electricity for 15 years.

	Low 1C	Mid 2C	High 3C
Gas initially in place (GIIP)	5,155Bcf	9,102Bcf	19,462Bcf
Resources	1,400Bcf	1,811Bcf	2,389Bcf
Implicit Recovery factor	27%	19.9%	12.3%

[Source: Senenergy November 2011]



## Market backdrop...

The theoretical CBM resource in the UK is 104 trillion cubic feet according to the Department of Energy and Climate Change.

In Australia, a developed CBM market, production increased from 18 billion cubic feet in 2003 to 133Bcf in 2008 according to the Australian Government.

The chart shows the transaction values for CBM assets in Australia according to CBM Asia.



# Unconventional Resource: Coal Bed Methane

## Our assets are well defined...

- Drilled 11 wells
- Access to 320 boreholes
- More than 1000km<sup>2</sup> 2D seismic
- Total net acreage of 1,556km<sup>2</sup>

## ...and are producing gas...

- DG2 Z :
  - more than 2 years production history
  - Stabilised rate between 40 – 60,000 scf/day per 1,000ft of lateral
- Wells DG-3 and DG-4 were drilled to demonstrate the repeatability of the results. These are currently dewatering and have produced early gas. Currently awaiting stabilised rates.

## ...with a sales contract in place

- Gas sales agreement in place for 150bcf to Petronas



## Putting it into context...

Dart Energy, an Australian listed company, has estimated (CBM) 2P reserves of 43 BCF in Scotland (PEDL 133)

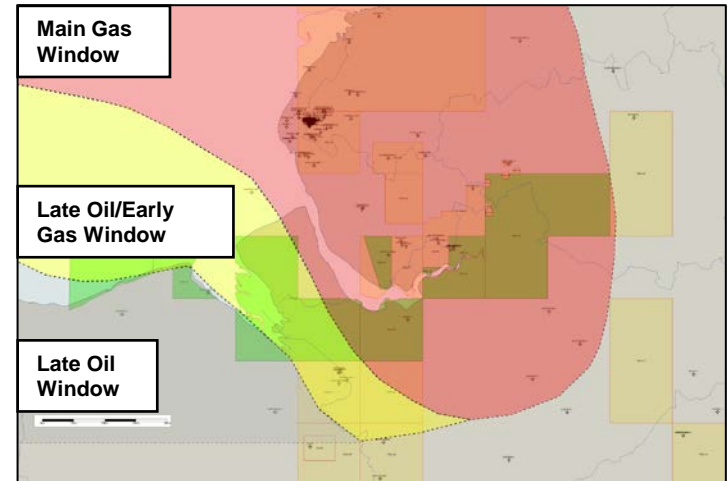
These are the first CBM reserves to be booked in the UK. These reserves assume a stabilised rate of circa 30,000 scf/day per 1,000ft of lateral (assuming 15 year life)

*[Source: Netherland Sewell & Associates, Dart Energy ASX announcement]*

# Unconventional Resource: Shale

## Our assets...

- Bowland shale in North West of England
- Logged and cored by IGas at Ince Marshes
- Potential for more than 9.2Tcf in place
- Total net acres of 384,249
- Located close to significant industrial users



## Market backdrop...

Potentially recoverable Shale resource in the UK is 5.4Tcf of gas *[Source: DECC]*

In the US, where commercial production has been demonstrated in a number of basins, transactions in 2010/11 valued Shale acreage on average at US\$7,468/acre *[Source: Company research : based on average price; non weighted; deals >US\$50m]*

# Unconventional Resource: Shale

Core samples from Ince Marshes - 1

## A significant opportunity...

- Well drilled at Ince Marshes encountered potentially highly prospective shale resource
- TOC (total organic carbon) measured at between 1.6% and 3.7% (average 2.81%)
- Results benchmark well with other successful shale regions
- We are launching a process to engage a farm-in partner following several industry approaches



4742.0ft



4629.0ft

## Market backdrop...

Poland has an estimated 12.5Tcf – 27.6Tcf of recoverable gas [Source: Petroleum Economist 2012]

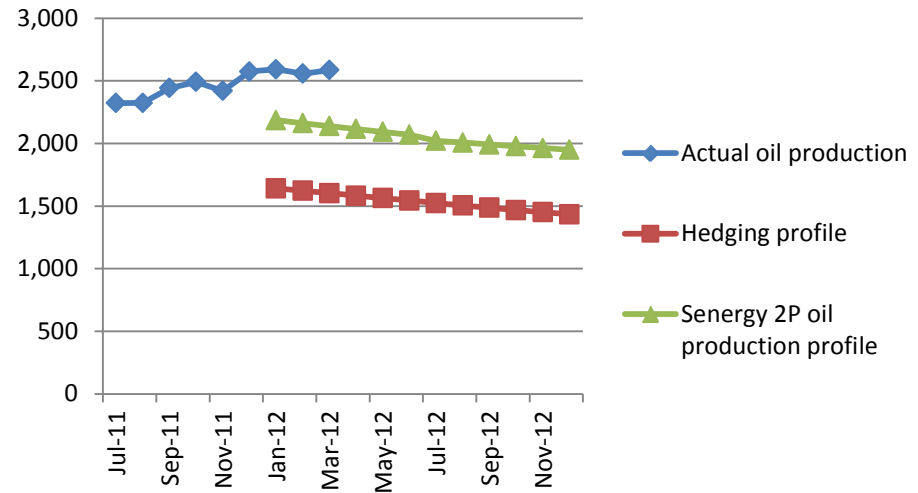
3Legs Resources initial flow rate in Poland of 60 to 90mscfd of natural gas declining, after five days of testing, to approximately 18mscfd [Source: 3 Legs Resources]

In the UK, a well approximately 60km to the north of Ince Marshes has been tested and flowed at 400 – 500 mscfd from a fracked vertical section [Source: AJ Lucas ASX announcement]

# Conventional Production

## Oil Production

- Current production c.2,700 barrels of oil equivalent per day (c.2,600 oil: c.100 gas)
- c.1500bopd of 2012 production hedged at \$93.4 barrel
- Realised oil price of 2% discount to Brent on unhedged production



## Putting it into context...

UK onshore and offshore acquisition multiples since 2007 have valued 2P reserves at an average of US \$25/boe (for non-Petroleum Revenue Tax paying fields)

*[Source: Company analysis; average prices; non-weighted]*

# Conventional Production

## “Chase the barrels” initiative

- Well stock: 110 producing wells from total of 211
- These assets are being reviewed for potential prospectivity and incremental production
- We have now flow tested the well at Albury to confirm gas quality and this well produced at a rate of up to 1.5 MMscf/day (260 boe/d). Subject to planning, we expect this field to be on-stream in 2013
- We are planning another production test in the summer on a separate prospect to help quantify the potential for another new gas development in the Weald Basin.



## Putting it into context...

Reserves at Providence's Singleton field acquired from Star Energy in 2008 have risen from 2.2MMboe to 7.7MMboe [Source: Providence]



# Export & Infrastructure



- Oil exported by road and rail
- Multiple refinery customers
- Carry out transportation on behalf of many other UK producers
- Gas exported by wire and direct to local customers
- Gas can be injected into local gas grid which is present or close to most locations

**Owning the infrastructure brings added security and stability to our operations**

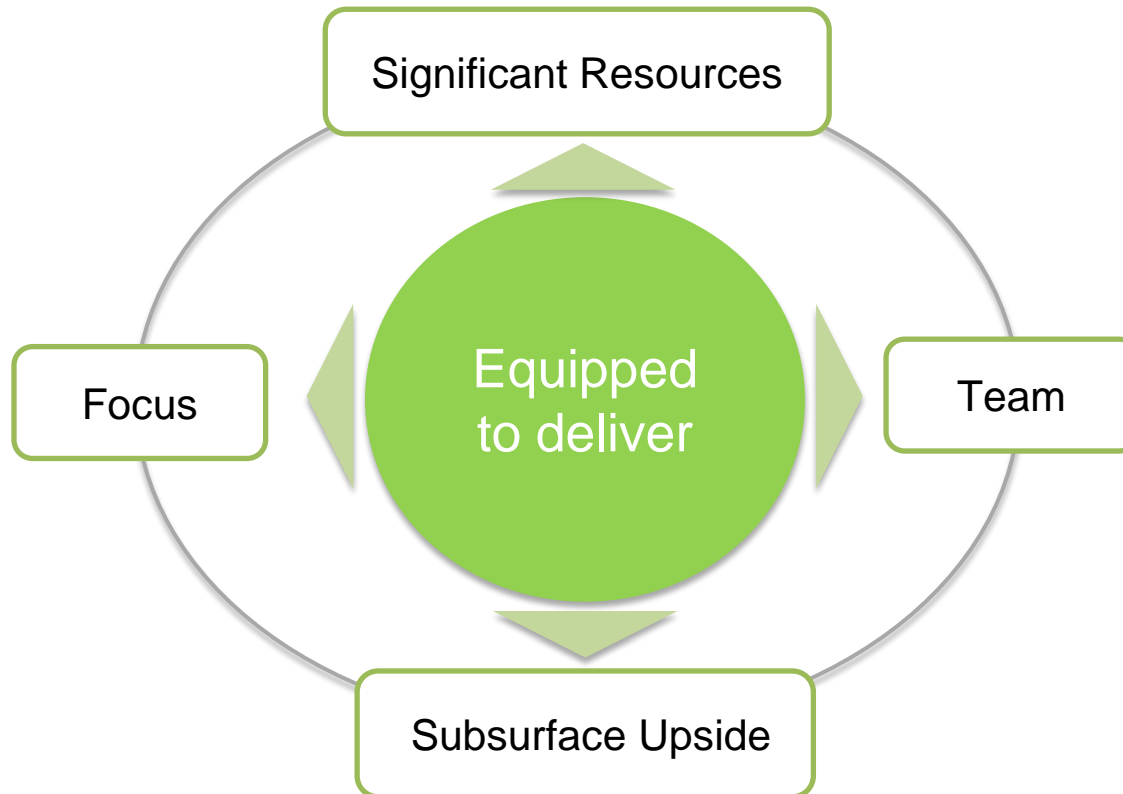
# Fiscal Environment and Financing

- UK supplementary charge regime on producing assets
- Unconventional fields and additional new discoveries expected to benefit from small fields allowance
- Expenditure on assets shelters tax liability
- Up to US\$150m of debt facilities with MacQuarie:
  - US\$135m 5 year facilities committed and drawn
  - US\$15m uncommitted working capital facility



# Summary

## Substantial position in UK discovered hydrocarbons

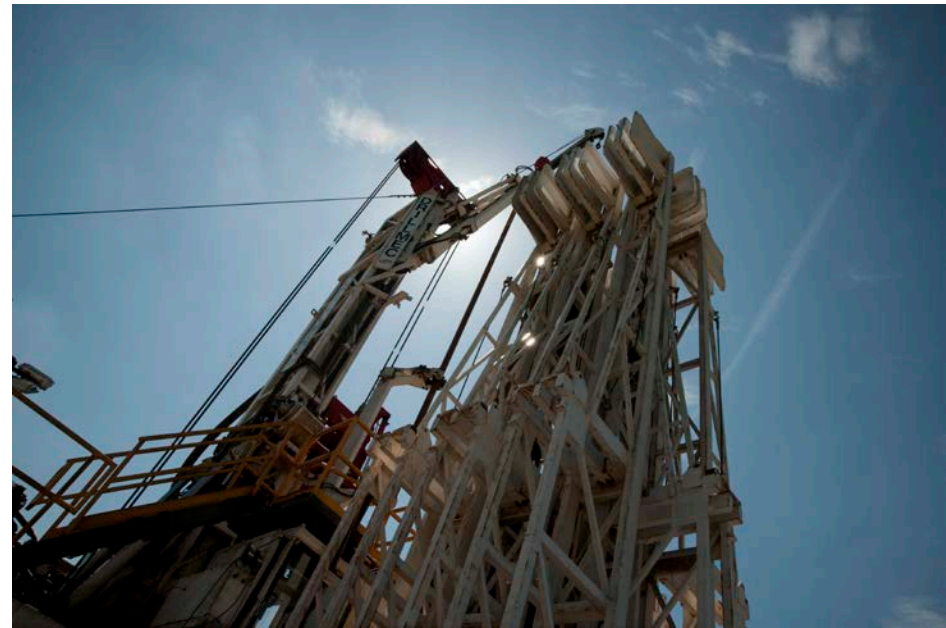


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**Delivering a secure future**

# Appendices

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- Experienced Management Team
- Oil & Gas Assets
- Accreditations
- Disclaimer



# Experienced Management Team



■ **Francis Gugen, Non-Executive Chairman**

- Chairman of Petroleum GeoServices A.S.A
- Former chair CH4, VC assisted North Sea gas producer which exited to Venture Production for €224 million
- Non-exec chair Chrysaor, North Sea exploration and production company, and CEOC; Non-exec director SBM Offshore
- Former CEO of Amerada Hess Europe



■ **Andrew Austin, Chief Executive Officer**

- Responsible for business development and day-to-day operations
- Executive Director since 2004
- Former VC and Energy banker (Nomura/Citigroup/Creditanstalt)
- 6 yrs of clean tech experience as advisor and interim management



■ **Stephen Bowler, Chief Financial Officer**

- Joined November 2011
- Previously, Hoare Govett for 12 years focussing on E&P
- Joined Hoare Govett from Touche Ross (Deloitte)
- Chartered Accountant



■ **John Blaymires, Chief Operating Officer**

- Formerly, Director Technology Development for Hess Corporation (Houston)
- Previously, Technical Director in the West Africa and SE Asia business groups
- Focused primarily on Field development activities (subsurface, drilling and operations)
- Joined Hess from Shell International, extensive North Sea experience UK & Denmark
- PhD and BSc in Mining Engineering from Leeds University



# Oil Assets: North (East Midlands)

- **Welton Area North of Lincoln**
  - Producing since 1981
  - There have been over 60 wells drilled on the structure to date
  - Welton gathering and processing facility (6,000 bopd handling capacity)
- **Gainsborough & Beckingham Field North of Lincoln**
  - Producing since 1959
  - 65 wells drilled on the structure
- **Further eight fields in Nottinghamshire, Lincolnshire and Leicestershire handled through Gainsborough**
  - 45 wells drilled
- **In the Gainsborough Area, production fluids are treated at the Gainsborough 5 processing hub**
- **Production currently sold under contract to Conoco and transferred to their Immingham Refinery by road tanker**

Net Proven oil reserves (mbbls) as at 30/06/11	Net Proven and probable oil reserves (mbbls) as at 30/06/11
3,811	6,529

*[Source: Senergy November 2011]*



*Welton Field*



*Welton Gathering Centre*

# Oil Assets: South (Weald Basin)



*Storrington Field*



*Holybourne – Storage tanks and export rail siding*

- 7 oilfields which are dispersed through Surrey, Hampshire and Sussex
- 57 wells with proven remaining oil reserves of 1,869 mbbbls as at 30 June 2011
- Oil from all fields is exported to the Holybourne Oil Terminal by road tanker
- Production is currently sold under contract to Conocco and ESSO
- Own and operate the Holybourne Oil Terminal for onward rail transport to the ESSO Fawley Refinery
  - Purchase and transfer oil from the Providence Singleton field

Net Proven oil reserves (mbbls) as at 30/06/11	Net Proven and probable oil reserves (mbbls) as at 30/06/11
1,869	3,100

[Source: Senergy November 2011]

# Gas Assets

## ■ Gas producing Fields

- Gainsborough/Beckingham in East Midlands
- Proven gas reserves of 4.9 bcf as at 30 June 2011

## ■ Generation through Associated Gas

- Used for electricity production for own purposes with excess sold to grid

Welton	1MW (fully utilised for internal consumption)
Gainsborough	4 x 1MW (2 - 3 MW export to the grid)



*Gainsborough*

Net Proven gas reserves (bscf) as at 30/06/11	Net Proven and probable gas reserves (bscf) as at 30/06/11
4.9	8.7

[Source: Senergy November 2011]

# Oil Assets – East Midlands

Licence	Field	Interest %	Net Proven oil reserves (mbbls) as at 30/06/11	Net Proven and probable oil reserves (mbbls) as at 30/06/11	Average production (bbl/d)	License Expiry
ML006	Bothamsall	100.0%	146	307	38	Mar 2015
PEDL006	Cold Hanworth	100.0%	33	226	93	Apr 2027
ML004-3	Corringham	100.0%	129	302	58	Mar 2015
PL179	East Glentworth	100.0%	25	83	30	Nov 2026
ML003	Egmanton	100.0%	2	2	2	Dec 2033
ML004-1/2	Gainsborough / Beckingham	100.0%	308	738	179	Mar 2015
ML004-3	Glentworth	100.0%	293	592	112	Mar 2015
PL220-1	Long Clawson	100.0%	254	395	99	Aug 2016
PL179-2	Nettleham	100.0%	2	3	5	Nov 2026
PL220-2	Rempstone	100.0%	6	26	13	Aug 2016
PL179-2	Scampton South	100.0%	14	51	15	Nov 2026
PL179-2	Scampton North	100.0%	240	422	117	Nov 2026
PL179-2	Stainton	100.0%	9	54	14	Nov 2026
ML007	South Leverton	100.0%	11	44	7	Mar 2015
PL179-2	Welton	100.0%	2,339	3,284	601	Nov 2026
	<b>Total</b>		<b>3,811</b>	<b>6,529</b>	<b>1,381</b>	

[Source: Senergy November 2011]

# Oil Assets – Weald Basin

Licence	Field	Interest %	Net Proven oil reserves (mbbls) as at 30/06/11	Net Proven and probable oil reserves (mbbls) as at 30/06/11	Average production (bbl/d)	License Expiry
PEDL070	Avington	50.0%	13	19	43	Sep 2031
ML 018 ML 021	Bletchingley	100.0%	129	582	189	Jan 2017
PED021	Goodworth	100.0%	80	111	24	Apr 2027
PL211	Horndean	89.1%	397	586	156	Apr 2016
PL182	Palmers Wood	100.0%	24	43	43	Nov 2014
PL233 PL249 DL002	Stockbridge	100.0%	1,206	1,732	529	Dec 2019
PL205	Storrington	100.0%	20	27	41	Feb 2016
	<b>Total</b>		<b>1,869</b>	<b>3,100</b>	<b>1,025</b>	

[Source: Senergy November 2011]



# Gas Assets (as at 30/06/11)

Licence	Field	Interest %	1P Gas reserves (bscf)	2P Gas reserves (bscf)	Average production (mcf/d)	License Expiry
ML004-1/2	Gainsborough / Beckingham	100.0%	4.2	6.5	2,100	Mar 2015
DL004	Albury	100.0%	0.7	2.2	320	Nov 2013
	<b>Total</b>		<b>4.9</b>	<b>8.7</b>	<b>2,420</b>	

Licence	Field	Interest %	1C Gas resources (bscf)	2C Gas resources (bscf)	License Expiry
PEDL 40-1	Swallowcroft	100.0%	115	212	2029
PEDL 56-1	Swallowcroft	100.0%			2029
PEDL 78-1	Greater Swallowcroft	100.0%	38	88	2029
PEDL 78-2	Greater Swallowcroft	100.0%			2011
PEDL 145	Four Oaks	100.0%	59	127	2029
PEDL 115-1	Greater Swallowcroft	100.0%	72	166	2013
PEDL 115-2	Greater Swallowcroft	100.0%	15	30	2013
PEDL 116	Foxhill	100.0%	16	28	2013
PEDL 184	North Dee	100.0%	117	222	2014
PEDL 190	North Dee	100.0%	52	91	2014
PEDL 193	Greater Parkside	100.0%	129	300	2014
PEDL 107	Point of Ayr	100.0%	48	91	2013
110/19	Point of Ayr	100.0%			2012
110/18	Point of Ayr	100.0%	126	228	2012
110/23	Point of Ayr	100.0%			2012
<b>Stochastic Aggregate</b>			<b>1,400</b>	<b>1,811</b>	

[Source: Senenergy November 2011]

# Accreditations



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