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17 March 2017

**IGas Energy plc (AIM: IGAS)
("IGas" or the "Company")**

**Final terms of a proposed capital restructuring of the Company and Trading Update
Placing closed**

Further to the announcement made earlier this morning the Company is pleased to confirm that the Placing has closed. Accordingly this announcement repeats earlier content and shareholders should note that, save for the update as to the placing having formally closed at the level previously announced, it is merely a matter of record.

IGas, a leading UK onshore oil and gas explorer and producer, today announces the final terms of a proposed capital restructuring that the Company believes would result in a new capital structure which will be sustainable in the current oil price environment such that the Company is well positioned to capitalise on value accretive opportunities alongside its US\$230 million carried work programme.

Key highlights:

- *a proposed new equity fundraise to raise approximately US\$55 million (equivalent to approximately £45.23m) from (a) a subscription by a new investor, Kerogen; (b) a placing of shares with institutional investors; (c) a subscription by certain of the Directors, certain of their spouses and certain third parties;*
- *a subscription by existing shareholders under an open offer for up to €5 million;*
- *a debt for equity swap in respect of all the unsecured bonds (through a bondholder vote); and a debt for equity swap in respect of some of the secured bonds (through a voluntary equity exchange and/or bondholder vote); the secured bonds will convert to equity at 100% of par value and the unsecured bonds will convert to equity at 62.5% of par value;*
- *the Company has received signed undertakings to vote and written indications of support in favour of the Bondholder Approved Transactions from approximately 75% of the Secured Bondholders and approximately 61% of the Unsecured Bondholders;*
- *the Company's overall net debt reduced from US\$122 million at 31 December 2016 (equivalent to £100m) to not more than US\$10 million (equivalent to c.£8m) by the (i) cancellation of all of the unsecured bonds (through a bondholder vote), (ii) a cancellation of up to US\$60m (equivalent to c.£49 m) of secured bonds in consideration for the issue of new shares (through a voluntary equity exchange and/or bondholder vote); and (iii) a cancellation of part of the secured bonds following a re-purchase in consideration for cash payments (through a voluntary cash offer and/or a bondholder vote);*
- *a renegotiated set of terms and conditions and covenants for the secured bonds remaining after the debt for equity swap and cash repurchase, which, in the opinion of the board of directors, would give the Company capacity to operate on a sustainable basis and advance the business with lower levels of financial constraint; and*
- *the new ordinary shares will be issued to new and existing investors at the issue price of 4.5p.*

Full details of the proposals (together the "Restructuring") will be contained in a Circular to Shareholders and a Bond Summons to Bondholders, to be published later today.

Commenting, Chief Executive Officer, Stephen Bowler said:

"We are pleased to announce the final terms of a restructuring package which, together with our new strategic investor, Kerogen, and the support of bondholders and shareholders would result in a strong balance sheet that, in this oil price environment, would enable us to focus on delivering the significant potential of our production and development assets.

We are delighted with the support that we have received from bondholders and from new investors coming in on the Placing and we are also pleased to provide an opportunity for our existing shareholders to participate at the same price, via the Open Offer.”

A copy of the Circular, the Bond Summons and Buy Back Offers Letter will be available later today on the Company's website at <http://www.igasplc.com/investors/publications-and-reports>

The Bond Summons and Buy Back Offers Letter will be published at Newsweb and available later at www.stamdata.com

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Background

The Company issued \$165,000,000 of Secured Bonds in March 2013 and \$30,000,000 of Unsecured Bonds in December 2013 when the price of oil was c.US\$110/bbl. Over the course of the last two years, the Company has been de-leveraging its balance sheet through a combination of farm outs and Bond buy backs as well as through the amortisation of the Secured Bonds. As at 28 February 2017, net debt was c.\$120 million, comprising net Bonds outstanding of c.\$151 million and cash of c.\$30 million. Despite the oil price improving considerably from lows in the first quarter of 2016 and the de-leveraging of the Company's balance sheet, the Board considers that significant corrections to the Company's capital structure remain necessary to achieve a capital structure that is sustainable in the current oil price environment, as well as enabling the Company to capitalise on value accretive opportunities.

As has also been previously announced, the Company's current forecasts project non-compliance with its leverage covenants as at 31 December 2016, when its financial statements are delivered. If the Fundraising and Bondholder Transactions are approved, the forecast leverage covenant breaches would be irrevocably remedied or waived in full by the Secured Bondholders.

The principal purposes of the Fundraising and the Bondholder Transactions are to (i) remedy the Company's forecast breach of its daily liquidity covenants in late March 2017 when the next amortisation and interest payment is due in respect of the Secured Bonds; (ii) avoid the forecast leverage covenant breach; and (iii) significantly de-leverage the Company by significantly reducing the net debt of the Company. This will remove the risk of security enforcement by Secured Bondholders and instead provide a stable platform by extending the maturity of the Secured Bonds.

The Board is of the opinion that, if the Fundraising and the Bondholder Approved Transactions are not approved, there would be no alternative options for the Company to refinance and/or restructure the Bonds prior to the event of default occurring as a result of the breach of the liquidity covenant on or before 5 April 2017. Such an event of default cannot be remedied or waived without the consent of the requisite majority of the Bondholders.

The Company has explored alternative restructuring options and has not been able to obtain alternative funding from other sources. Therefore, if the Fundraising and the Bondholder Approved Transactions are not approved and the Restructuring does not take place, any alternative restructuring solution (assuming no enforcement action is taken by the Bondholders prior to such restructuring) would likely result in no or little residual value for the Shareholders.

In structuring the Fundraising and the Bondholder Transactions, the Company has carefully considered the interests of all of its stakeholders, in light of their relative priorities in the capital structure.

General Meeting

The Directors do not currently have sufficient authority to allot all of the Fundraising Shares required to effect the Fundraising. Accordingly, the Board is seeking the approval of Shareholders to allot the Fundraising Shares at the General Meeting. The authorities granted to the Directors to allot shares of the Company at the Annual General Meeting held on 25 May 2016 will be revoked pursuant to the Resolutions.

A notice convening the General Meeting, which is to be held at the offices of Cooley (UK) LLP, Dashwood, 69 Old Broad Street, London EC2M 1QS at 10.00 a.m. on 3 April 2017, will be sent out in a circular to be despatched shortly. At the General Meeting, the following Resolutions will be proposed:

- Resolution 1 is an ordinary resolution to subdivide each of the 303,305,534 Existing Ordinary Shares into one New Ordinary Share and one Deferred Share;
- Resolution 2, which is conditional on the passing of Resolution 3, is an ordinary resolution to authorise the Directors to allot relevant securities up to an aggregate nominal amount of £3,600, being equal to 3,600,000,000 New Ordinary Shares (i.e. the maximum number of New Ordinary Shares required to be issued pursuant to the Fundraising); and
- Resolution 3, which is conditional on the passing of Resolution 2, is a special resolution to authorise the Directors to issue and allot equity securities up to an aggregate nominal value of £3,600, being equal to 3,600,000,000 New Ordinary Shares, pursuant to the Fundraising on a non-pre-emptive basis.

The authorities to be granted pursuant to each of the Resolutions will expire on the date falling six months from the date of the passing of those Resolutions (unless renewed varied or revoked by the Company before or on that

date) and will also revoke the Directors' authority to allot relevant securities granted at the Company's annual general meeting held on 25 May 2016.

The Company has received irrevocable undertakings from the Directors to vote in favour of the Resolutions in respect of their respective entire holdings of Existing Ordinary Shares representing, in aggregate, approximately 9.23 per cent. of the Existing Ordinary Shares.

Kerogen Shares

Shareholders should also note that, following completion of the Fundraising and Bondholder Transactions, the Kerogen Investor will control approximately 28 per cent. of the voting rights of the Company and that this will increase the percentage of the Ordinary Shares that are not in public hands (as defined in the AIM Rules). This may in turn have the effect of reducing the liquidity of trading in the Ordinary Shares on AIM. Kerogen Investor's stake in the voting rights of the Company will also mean that Kerogen Investor will be able, if it so wishes, to exert significant influence over resolutions proposed at future general meetings of the Company. Although the Board does not believe that it is the current intention of Kerogen Investor to seek a resolution at a general meeting of the Company to de-list the Ordinary Shares from AIM, Kerogen Investor could, if it so wishes in the future, call a general meeting and seek to pass a special resolution to de-list the Company. Kerogen Investor and the Company have also entered into a relationship agreement (described further in paragraph 6, below) which contains provisions designed to regulate the relationship between the Company and Kerogen Investor.

Kerogen Investor has agreed to invest \$35m to subscribe for New Ordinary Shares issued by the Company at the Issue Price, or as described in the paragraph below, resulting in an equity interest of approximately 28% in the enlarged share capital immediately following Admission, on the terms set out in this document and conditional on, *inter alia*, the approval and implementation of the Fundraising and the Bondholder Transactions (as applicable).

To the extent that immediately following Admission, were the Kerogen Shares to represent less than 28% of the Ordinary Shares in the Company, the Kerogen Investor may subscribe for additional New Ordinary Shares at nominal value (i.e. at a price of 0.0001p each) to ensure that Kerogen Investor holds approximately 28% of the Ordinary Shares of the Company.

Current Trading and Prospects

Despite the challenging environment with prolonged oil price volatility and post-Brexit currency swings, the Board has continued to progress the business while significantly reducing its operational costs and strengthening its balance sheet, as exemplified by the conclusion of the farm-out arrangement with INEOS Upstream Limited ("INEOS") in May 2015.

The Board believes that there is significant potential to both replace the underlying decline and grow the Group's production in the longer term, with a number of incremental opportunities identified and five planning consents for future conventional projects secured, including projects to monetise the Group's stranded gas assets.

Production for the 2016 was c.2,355 boepd against guidance of c.2,400-2,600 boepd and was impacted by two key factors. Firstly, the Group reduced its capital expenditure budget in order to preserve cash and focus on projects that maximised economic benefits thereby delaying some planned production. In addition, the Group had unplanned downtime as a number of wells were worked over during the summer.

Revenue for the year was £30.5 million reflecting the continuing low oil price environment, partially offset by the strength of the US dollar. The price of Brent crude reached a low of \$27/bbl in January 2016 and a high of \$55/bbl in December 2016, with an average price of \$44/bbl during the year. The Group's average realised price for oil sales was \$44.5/bbl pre-hedge and \$58.4/bbl post-hedge. Revenue in sterling terms was supported by the decline in the GBP/USD exchange rate from £1:\$1.50 at the beginning of the year to £1:\$1.23 in December 2016, following the result of the EU referendum.

The Group continued to focus on improving efficiencies and reducing costs across the business with 2016 operating costs per boe of £21.1/boe (\$28.8/boe), with the impact of lower production on fixed costs partially offsetting overall savings. The Group deferred a number of discretionary capital projects and focused on initiatives to sustain production and boost recovery through technical work programmes and the application of technology.

DeGolyer & MacNaughton ("D&M"), the leading international reserves and resources auditors, completed an independent evaluation of the Group's conventional and shale interests as of 31 July 2016. D&M's estimates state an increase in proven and probable reserves to 13.7 MMboe and for the first time have included an estimate of

shale gas risked prospective resources of 2.5Tcf which in oil equivalent terms is c.440mboe. The estimate takes into account a recovery factor, adjustments for productive areas and geological risk but even heavily risked this is still a significant number for the Group and to give context, it is a figure equivalent to almost the entire UK gas consumption for a year.

The Group operates one of the largest net acreage positions in the UK, with a total gross carried shale work programme as at 31 December 2016 of \$230 million and continues to move its shale development plan forward. In November 2016, following a recommendation from the Planning Officer, Nottinghamshire County Council's Planning and Licensing Committee granted planning consent, subject to an agreement being reached with Nottinghamshire County Council pursuant to section 106 of the Town and Country Planning Act 1990 (as amended), for the application to develop a hydrocarbon wellsite and drill up to two exploratory wells in Misson Springs, North Nottinghamshire. We await determination on a further site in North Nottinghamshire to drill a single exploration well at a planning committee meeting to be held on 21 March 2017.

Following the final interpretation and assessment of the seismic data from the North West survey, which helps identify the shale potential within the survey area, the data is being utilised to propose drilling locations and will allow us to firm up a future development programme.

The Group was formally awarded 17 blocks, across nine PEDLs, in the UK's 14th Onshore Oil and Gas Licensing round. The blocks, across three key basins, represent a total gross area of c.257,000 acres; the Group's net interest is c.115,000 acres. As part of its ongoing asset portfolio management, the Group has also relinquished a number of licences in order to focus on core, high potential areas with its partners. IGas now has an area of over 1 million acres (gross) (c.0.63 million acres net) under licence.

Soon after taking office, the new Prime Minister lent her support to recognising the increasing importance that energy and infrastructure will play following the referendum. Home grown energy is critical in this and UK shale will be an important constituent in our energy mix and has the potential to create a significant supply chain and create and protect thousands of jobs in the UK.

The UK onshore industry has made good progress during 2016 with a number of operators in addition to the Group being granted planning permission to further shale appraisal.

In May 2016, Third Energy was granted permission for flow tests at its existing KM8 well in Ryedale, Yorkshire. The decision was challenged in court later in the year, but successfully upheld.

In October 2016, the long awaited decision by the Secretary of State for Communities and Local Government was made in favour of Cuadrilla's Preston New Road site. Initial work has now started at the site and we look forward to seeing the results in due course. INEOS has also announced the first of several screening applications which will provide further forward momentum for the UK shale industry.

As announced on 1 March 2017, the Company continues to hold significant cash resources of US\$31.8 million as at 28 February 2017, and had a total gross carried shale work programme of c.US\$230 million as at 31 December 2016.

The Group forecasts net production for 2017 to be c.2,500 boepd. The Group has entered into put/call options to manage its commodity price risk with outstanding contracts for 600,000 bbls in 2017, representing c.65% of budgeted production, with downside protection of c.\$43/bbl.

Operating costs for 2017 are forecast at £18.5 million resulting in an estimated US\$ operating cost of \$25/boe based on a \$1.25/£ USD:GBP exchange rate. The 2017 capital expenditure budget includes c.£40 million of carried expenditure to progress our shale programme with a net cost to the Group of £1 million. We plan to spend £4.2 million on our conventional assets during 2017, primarily to improve efficiency and sustain production levels.

Details of the Bondholder Transactions

The Restructuring proposed by the Company includes the following transactions in respect of the Bonds, all of which are inter-conditional with the Fundraising (such that none of the below transactions occur unless all of the below are implemented (except that paragraph (b) and (d) may not be required depending on the level of tenders made in paragraphs (a) and (c) below) and the Fundraising Shares are issued and Admission occurs). Together the transactions set out at paragraphs (a) to (i) are the "**Bondholder Transactions**".

The Restructuring is conditional upon, *inter alia*, the general meeting of shareholders of the Company having approved the shareholder resolutions required in respect of the Restructuring, the Secured Bondholder Approved Transactions being approved by the Secured Bondholders, the Unsecured Bondholder Approved Transactions being approved by the Unsecured Bondholders (as described below), the Fundraising Shares being issued and Admission occurring. If these conditions are satisfied, the Bondholder Transactions shall take place in the order set out below on the Completion Date (subject to the waivers being made on the terms set out below).

Waivers

The waivers set out in (f) and (h) below, if approved by both the requisite majority of Secured Bondholders and Unsecured Bondholders, shall take effect (on the terms set out in the Bondholder Summons which shall prevail for the purposes of the waivers) on 3 April 2017, provided that the waivers shall expire (and the Bondholders' rights shall be re-instated in full) if the general meeting of shareholders of the Company has voted not to approve the shareholder resolutions required in respect of the Fundraising or if the Restructuring has not completed on or before the Longstop Date.

Secured Bonds

In order for the Restructuring to be implemented, the requisite majority of Secured Bondholders (as further described below) shall be required to approve the transactions set out at (b), (d), (e), and (f) (the "**Secured Bondholder Approved Transactions**") and individual Secured Bondholders may, at their discretion, take part in the transactions set out at (a) and (c) below.

a) **Voluntary Equity Exchange**: the Company shall accept voluntary offers made by Secured Bondholders to sell part or all of their Secured Bonds to the Company and cancel them on the terms below (the "**Offered Bonds**"):

- (i) at a fixed all-in price of 100% of face value for every US\$1 of face value of the Secured Bonds based on the Exchange Rate, with no additional consideration being paid in respect of accrued interest relating to the period from and including 22 March 2017;
- (ii) in consideration for the issue by the Company of New Ordinary Shares at the Issue Price, for up to US\$60 million of face value of the Secured Bonds (the "**Maximum Equity Conversion Amount**");
- (iii) only valid offers for the exchange of sufficient Offered Bonds to ensure that the aggregate value of the New Ordinary Shares to be allotted and issued to the relevant Offering Secured Bondholders (as defined below) at the Issue Price will be equal to or greater than US\$110,000 (calculated to be in excess of €100,000 on the basis of an agreed exchange rate of 1 EUR:1.0613 USD) (the "**Minimum Tendering Amount**") shall be accepted by the Company;
- (iv) to the extent that the aggregate face value of all the Offered Bonds of any or all of the Secured Bondholders (the "**Offering Secured Bondholders**") is equal to or below US\$50 million less an amount equal to 50% of the proceeds of the Placing and Ancillary Subscription (the "**Secured Bond Conversion Minimum**"), the Company shall accept such offers in full (on the terms described above);
- (v) to the extent that the aggregate face value of all the Offered Bonds of any or all of the Offering Secured Bondholders exceeds the Secured Bond Conversion Minimum, the Company shall not be obliged to but may elect, in its absolute discretion, to accept, in part or in full, such offers (on the terms described above) up to the Maximum Equity Conversion Amount. If the Company accepts such offers in part, it will first accept Offered Bonds with a face value equal to the Minimum Tendering Amount from each Offering Secured Bondholder, and thereafter it shall accept Offered Bonds on a pro rata basis from each Offering Secured Bondholder, in the proportion borne by the balance of its Offered Bonds to the balance of the aggregate Offered Bonds of all Offering Secured Bondholders (in each case after deduction of the Minimum Tendering Amount). Notwithstanding the above, in the highly unlikely event that the Maximum Equity Conversion Amount is not sufficient to accept Offered Bonds with a face value equal to the Minimum Tendering Amount from all Offering Secured Bondholders, the Company will select those Offering Secured Bondholders from whom it will accept Offered Bonds with a face value equal to the Minimum Tendering Amount by drawing lots and only those selected by drawing lots and who have tendered the Minimum Tendering Amount shall be selected; and

- (vi) all Secured Bonds purchased by the Company in this Voluntary Equity Exchange shall be released and cancelled in full (the “**Cancelled Offered Bonds**”).

b) **Conditional Secured Debt for Equity Swap:** if the aggregate face value of the Cancelled Offered Bonds is less than the Secured Bond Conversion Minimum, the Company shall:

- (i) purchase and cancel in full Secured Bonds with a total aggregate face value (and waive all interest accrued thereon relating to the period from and including 22 March 2017 on such Secured Bonds) in an amount equal to the shortfall, being the difference between the face value of the Cancelled Offered Bonds and the Secured Bond Conversion Minimum,
- (ii) in respect of the shortfall in (i) above, purchase and cancel in full such Secured Bonds in consideration for the issue by the Company of New Ordinary Shares at the Issue Price to the Secured Bondholders at a fixed all-in price of 100% of face value for every US\$1 of face value of Secured Bonds purchased and cancelled, based on the Exchange Rate, on a pro rata basis and in respect of each such Secured Bondholder (excluding the Company as Secured Bondholder), in the proportion borne by its Secured Bonds (excluding the Cancelled Offered Bonds and the Company Bonds) to all Secured Bonds (excluding the Cancelled Offered Bonds and the Company Bonds). There shall be no Minimum Tendering Amount in respect of the Conditional Secured Debt for Equity Swap.

c) **Voluntary Cash Offers:** the Company shall accept voluntary offers made by Secured Bondholders to sell part or all of their Secured Bonds to the Company and cancel them on the terms below (the “**Cash Offered Bonds**”):

- (i) at a fixed all-in price of 100% of face value for every US\$1 of face value of the Secured Bonds, with no additional consideration being paid in respect of accrued interest relating to the period from and including 22 March 2017 on such Secured Bonds;
- (ii) in consideration for cash;
- (iii) to the extent that the aggregate face value of all the Cash Offered Bonds offered for purchase and cancellation by any or all of the Secured Bondholders (the “**Cash Offering Secured Bondholders**”) is equal to or below the Secured Bond Cash Cancellation Minimum the Company shall accept the Cash Offered Bonds in full (on the terms described above);
- (iv) to the extent that the aggregate face value of the Cash Offered Bonds offered for sale by any or all of the Cash Offering Secured Bondholders exceeds the Secured Bond Cash Cancellation Minimum, and would, if accepted, not require more than the Excess Cash Amount (as defined below) to be paid to such Offering Secured Bondholders, the Company shall accept the Cash Offered Bonds in excess of the Secured Bond Cash Cancellation Minimum in full (on the terms described above);
- (v) to the extent that the aggregate face value of the Cash Offered Bonds exceeds the Secured Bond Cash Cancellation Minimum and would, if accepted, require more than the Excess Cash Amount to be paid to such Cash Offering Secured Bondholders, the Company shall not be obliged to but may elect, in its absolute discretion, to accept, in full or in part, such offers in excess of the Excess Cash Amount on the terms described above. To the extent that the Company accepts any offers in part, it shall do so on a pro rata basis, in respect of each Cash Offering Secured Bondholder, in the proportion borne by its Cash Offered Bonds to the aggregate of all Cash Offered Bonds and accepted; and
- (vi) all Secured Bonds purchased by the Company shall be released and cancelled in full (the “**Cash Cancelled Offered Bonds**”).

For the purposes of the Voluntary Cash Offer described above, the **Secured Bond Cash Cancellation Minimum** shall mean:

(A) US\$30 million (face value); or

(B) if the amount of the Secured Bonds tendered and accepted through the Voluntary Equity Exchange exceeds the Secured Bond Conversion Minimum, US\$30 million less 50% of such excess.

Excess Cash Amount means the total net proceeds of the Placing and the Ancillary Subscription.

d) **Conditional Cash Cancellation:** if the aggregate face value of the Cash Cancelled Offered Bonds is less than the Secured Bond Cash Cancellation Minimum, the Company shall:

- (i) purchase and cancel in full an amount of Secured Bonds (and waive all accrued interest thereon relating to the period from and including 22 March 2017) with a total aggregate face value equal to the shortfall, being the difference between the face value of the Cash Cancelled Offered Bonds and the Secured Bond Cash Cancellation Minimum,
- (ii) in respect of the shortfall in (i) above, purchase and cancel in full such Secured Bonds in consideration for the payment (in cash) by the Company to the Secured Bondholders at a fixed all-in price of 100% of par value of the Secured Bonds purchased and cancelled, on a pro rata basis, in respect of each such Secured Bondholder (excluding the Company as Secured Bondholder), and in the proportion borne by its Secured Bonds (excluding the Cancelled Offered Bonds and the Cash Cancelled Offered Bonds) to all Secured Bonds (excluding the Cancelled Offered Bonds and Cash Cancelled Offered Bonds and the Company Bonds).

e) **Amendments to the terms of the remaining Secured Bonds:** a resolution of at least 66 $\frac{2}{3}$ % of the Voting Bonds of the Secured Bonds (represented at the Bondholder Meeting) shall authorise the Bond Trustee to amend the balance of the Secured Bonds remaining following the transactions listed above and a summary of the amendments are set out below (together, the “**Bond Agreement Amendments**”) (all terms below shall have the meaning given to them in the Amended Secured Bond Agreement):

- Term extended to 30 June 2021;
- Interest 8% p.a. (effective from and including 22 March 2017) payable each 6 months on 22 September and 22 March each year;
- Amortisation year 1: 2.5% (outstanding principal amount at the Completion Date following cancellation of the Company Bonds) payable on 22 September 2017 and 22 March 2018;
- Amortisation year 2 onwards: 5% (outstanding principal amount at the Completion Date following cancellation of the Company Bonds) payable each 6 months on 22 September and 22 March each year;
- Repayment in full at maturity: outstanding balance repayable at maturity;
- Amortisation suspended if Brent Crude oil price is less than US\$50 per barrel (calculated by reference to the average Brent Crude price in 6 months period to the interest payment date immediately preceding the amortisation payment date);
- Liquidity: maintains Liquidity of US\$7.5 million;
- Leverage Ratio: maintains a Leverage Ratio of not more than 3.5;
- No other financial covenants;
- Debt service retention account removed and amounts released to Company;
- No minimum investment requirement in hydrocarbon assets, mandatory redemption offer in respect of capital expenditure removed;
- More flexibility on disposal of business, mandatory offer in respect of disposal proceeds to be set at a threshold of US\$20 million with 50% of net proceeds in excess of this to be offered to the remaining Secured Bondholders for redemption at par;
- More flexibility in respect of the negative pledge;
- Amendments to hedging requirements;
- Amendments to change of control put option to allow the Kerogen Investor (and associates) to hold more than 30% of the Ordinary Shares/voting rights in the Company but no more than 35%; and

- All prepayment premia to be removed. Prepaid amounts to be applied in order of maturity.

f) **Waivers:** the Secured Bondholders shall agree to the waivers on the terms set out in the Bondholder Summons (including waivers in respect of any interest accrued under the Secured Bonds from and including 22 March 2017 to the Completion Date and of certain defaults occurring under the Secured Bond Agreement on or before the Completion Date).

Interest on Secured Bonds

The accrued interest and amortisation payment due on 22 March 2017 in respect of the Secured Bonds shall be paid in cash in full (at 100% of nominal value) by the Company on its due date.

Unsecured Bonds

In order for the Restructuring to be implemented, the requisite majority of the Unsecured Bondholders (as further described below) shall be required to approve the transactions set out at (g) and (h) (the “**Unsecured Bondholder Approved Transactions**”).

g) **Unsecured Debt for Equity Swap:** the Company shall:

- (i) purchase and cancel in full all of the Unsecured Bonds in consideration for the issue by the Company of New Ordinary Shares at the Issue Price to the Unsecured Bondholders at a fixed price of 60% of face value for every US\$1 of face value of Unsecured Bonds (excluding the Company Bonds) cancelled, based on the Exchange Rate;
- (ii) waive any accrued and unpaid interest on the Unsecured Bonds to the Completion Date in consideration for the issue by the Company of New Ordinary Shares at the Issue Price to the Unsecured Bondholders which correspond to a value equivalent to 2.5% of the face value of the Unsecured Bonds (excluding the Company Bonds), based on the Exchange Rate,

on a pro rata basis, in respect of each Unsecured Bondholder (excluding the Company as an Unsecured Bondholder), in the proportion borne by its Unsecured Bonds (excluding the Company Bonds) to the aggregate of all Unsecured Bonds (excluding the Company Bonds).

h) **Waivers:** the Unsecured Bondholders shall agree to the waivers on the terms set out in the Bondholder Summons (including waivers in respect of any interest accrued but unpaid to the Completion Date and of certain defaults occurring under the Unsecured Bond Agreement on or before the Completion Date).

Cancellation of Company held Bonds for no consideration

i) The Secured Bonds and Unsecured Bonds held by the Company (the “**Company Bonds**”) shall be cancelled in full for nil consideration and excluded from all of the Bondholder Transactions.

Settlement of the Voluntary Cash Offer and Conditional Cash Cancellation

Save as set out in the Voluntary Cash Offer, the Company may elect, at its discretion, to fund the Voluntary Cash Offer and/or the Conditional Cash Cancellation from the proceeds of the Kerogen Subscription, the Ancillary Subscription, the Placing, the Open Offer and/or cash in the business.

Equity Ownership Limit

To the extent that any Bondholder would receive more than 24.9% of the Enlarged Share Capital, the Company will only issue New Ordinary Shares to such Bondholder to the extent that it would not result in such Bondholder holding in excess of 24.9% of the Enlarged Share Capital. Such Bondholder(s) will be entitled to nominate other entities to receive the excess New Ordinary Shares that could not be allocated to them as a consequence of the restriction set out above.

Board position

The Company has agreed that the largest holder by face value of the Secured Bonds, Trans European Oil & Gas Luxco II S.a.r.l. (“**TEOG**”) shall have the right, conditional upon Admission, to appoint one director to the Board for

so long as TEOG and/or any entity or entities controlled directly or indirectly by TEOG's parent or Kohlberg Kravis Roberts, in aggregate, hold 10 per cent. or more of the Enlarged Share Capital. The exercise of the right to appoint any person as a director is subject to the Company's nominated adviser being in a position to confirm, having undertaken its customary due diligence in respect of the proposed director, that such person is suitable to be a director of a UK public company.

Approvals required for the Bondholder Approved Transactions

The Fundraising is, *inter alia*, conditional on the requisite majority of Secured Bondholders at a bondholder's meeting consenting to the Secured Bondholder Approved Transactions and the requisite majority of Unsecured Bondholders at a bondholder's meeting consenting to the Unsecured Bondholder Approved Transactions, for which separate votes will be held pursuant to the terms of the Bondholder Summons.

To approve the Bondholder Approved Transactions, Bondholders representing at least 66 $\frac{2}{3}$ % of the Secured Bonds (excluding the Company Bonds) represented at the Bondholder Meeting and 66 $\frac{2}{3}$ % of the Unsecured Bonds (excluding the Company Bonds) represented at the Bondholder Meeting must vote in favour of the Bondholder Resolutions set out in the Bondholder Summons. In order to be quorate, at least 50% of the Secured Bondholders and Unsecured Bondholders must vote in person or by proxy at the Bondholder Meeting.

The Fundraising is conditional upon and the Bondholder Transactions (as applicable) will only become effective if the Secured Bondholders consent to the Secured Bondholder Approved Transactions and the Unsecured Bondholders consent to the Unsecured Bondholder Approved Transactions and are conditional, *inter alia*, upon the completion of the Fundraising and Admission.

Completion Date

Assuming that the Bondholder Approved Transactions are duly approved by the requisite majority of Bondholders and subject to, *inter alia*, the completion of the Fundraising and Admission, the Bondholder Transactions (as applicable) will be formally implemented on the Completion Date in the order described above.

Debt structure of the Company upon completion of the Restructuring

Completion of the proposed Fundraising and Bondholder Transactions (as applicable) would, if they are implemented in full, result in a reduction of net debt from c.US\$120 million to not more than US\$10 million following Admission.

Details of the Kerogen Subscription

Information about Kerogen

Kerogen Capital is an independent private equity fund manager established in 2007 specialising in the international oil and gas sector. It provides expansion and development capital to established junior oil and gas companies and has a strategy of partnering with management teams which have a competitive advantage in a particular area of technical expertise.

Kerogen Capital manages approximately US\$1.9 billion of capital commitments across three funds and their related parallel and co-investment funds. Kerogen Capital's investors comprise a range of blue-chip institutions including endowment funds, foundations, pension plans, funds of funds, international corporations and family offices.

The team at Kerogen Capital comprises highly experienced investment professionals as well as in-house technical and operations expertise in the oil and gas industry. Together with its Executive Board, Kerogen Capital seeks to support and assist its portfolio companies in delivering the full potential of their assets.

Kerogen Subscription Agreement

The Kerogen Subscription Agreement contains certain warranties given by the Company in favour of Kerogen Investor in relation to, *inter alia*, the accuracy of the information in this announcement and other matters relating to the Group and its business and certain customary warranties given by Kerogen Investor in favour of the Company.

Kerogen Relationship Agreement

Kerogen Investor and the Company have also entered into a relationship agreement (the "**Relationship Agreement**"). The Relationship Agreement is conditional on Admission taking place no later than 8.00 a.m. on 4 April 2017 (or such later date as the parties may agree, being not later than 28 April 2017) and will remain in force,

for so long as the Ordinary Shares are admitted to trading on AIM and Kerogen Group holds 10 per cent. or more of the voting rights of the Ordinary Shares in issue from time to time.

The Relationship Agreement provides that:

- (a) For so long as the Kerogen Investor and its associates (the “**Kerogen Group**”) hold 10 per cent or more of the voting rights of the Ordinary Shares in issue from time to time, the Kerogen Investor undertakes (i) not to take any action so as to prevent the Group from carrying on its business independently of the Kerogen Group; (ii) to conduct all transactions with members of the Group on an arm's length basis and normal commercial terms; (iii) not to take any action to prevent the Company from complying with its legal and regulatory obligations; and (iv) not to take any action to prevent the business and affairs of the Company from being conducted in accordance with its articles of association;
- (b) for so long as the Kerogen Group holds 20 per cent or more of the voting rights of the Ordinary Shares in issue from time to time, Kerogen Investor has the right to nominate two Directors to the Board (each a “**Nominated Director**”). The appointment of any Nominated Director shall be subject to the prior consultation with the Company’s nominated adviser, to enable the Nominated Advisor to conduct reasonable due diligence on the proposed Nominated Director;
- (c) in the event that the percentage holding of the Kerogen Group drops to below 20 per cent but stays above 10 per cent, Kerogen Investor will retain the right to appoint at least one Nominated Director; and
- (d) Kerogen Investor also has the right to nominate a Nominated Director to each of the existing Committees of the Board;
- (e) the Company will also establish a technical and operating committee (the “**TechCom**”) whose purpose will be to review and consider technical and operational matters, together with other risk issues, before they are presented to the Board of Directors. Technical and operating matters shall include (without limitation):
 - (i) Review of any new projects or acreage;
 - (ii) Review of any key operating activities including G&G programmes, drilling and testing activities, field development plans, etc; and
 - (iii) Review of operational and financial performance (such as KPIs, HSE metrics, operating and other costs, and performance against budgets); and
- (f) for so long as the Kerogen Group owns more than 10% of the ordinary share capital of IGas, Kerogen Investor shall be permitted to nominate 2 representatives to the TechCom.

As explained above, the final percentage of New Ordinary Shares that will be held by Kerogen Investor on Admission cannot be ascertained at the date of this announcement as the numbers of New Ordinary Shares to be issued pursuant to the Ancillary Subscription, Placing, Open Offer and the Bond Equity Exchange will not be known until those offer processes are completed.

Details of the Ancillary Subscription

Certain Directors, certain of their spouses and certain third parties have entered into subscription letters with the Company to subscribe for a total of 22,319,232 New Ordinary Shares at the Issue Price.

The Directors listed in the table below have conditionally agreed to subscribe for a total of £914,366 in the Ancillary Subscription, representing 20,319,232 New Ordinary Shares, in the amounts set out next to their names. The Directors have irrevocably agreed to not to take up their Open Offer Entitlements.

Cuth McDowell has not subscribed under the Ancillary Subscription for New Ordinary Shares but instead has undertaken to tender US\$240,000 of Secured Bonds in the Voluntary Equity Exchange and accordingly expects to acquire up to 4,383,441 New Ordinary Shares in connection with the proposed Bondholder Transactions.

The Ancillary Subscription is conditional upon, *inter alia*, the Bondholder Resolutions being passed (and the Bondholder Transactions (as applicable) becoming effective), the passing of the Resolutions at the General

Meeting and the Kerogen Subscription Agreement and the Placing and Open Offer Agreement each becoming unconditional in all respects.

The Ancillary Subscription Shares will, upon issue, rank *pari passu* with the other Fundraising Shares and all of the New Ordinary Shares in issue.

	<i>As at the date of this announcement</i>	<i>Immediately following Admission*</i>		
	<i>No. of Existing Ordinary Shares</i>	<i>% of Existing Ordinary Shares</i>	<i>No. of Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
F Gugen	27,615,764	9.13	31,268,331	1.32
S Bowler	116,490	0.04	1,116,490	0.05
J Blaymires**	66,573	0.02	733,239	0.03
J Tedder	146,206	0.05	2,368,428	0.10
J Bryant	59,045	0.02	1,725,711	0.07
C McDowell R	–	–	4,383,441	0.18
McTighe	–	–	11,111,111	0.47

* Assuming that the Open Offer is fully subscribed and the maximum number of New Ordinary Shares are issued under the Bond Equity Exchange, the Directors do not participate in the Open Offer, certain Directors participate in the Ancillary Subscription and no options or warrants are exercised prior to Admission

** of which 333,333 New Ordinary Shares have been subscribed for by, and will be held by, his wife, Melanie Blaymires

Details of the Placing

The Joint Brokers are conditionally placing New Ordinary Shares at the Issue Price with institutional and other investors to raise approximately US\$20m (when aggregated with the Ancillary Subscription).

The Issue Price of 4.5 pence represents a discount of approximately 11.5 per cent. to the middle market closing price of the Company's Existing Ordinary Shares on 16 March 2017 (being the latest practicable date before publication of this announcement) which was 5.08 pence.

The Placing is conditional upon, *inter alia*, the Bondholder Resolutions being passed (and the Bondholder Transactions (as applicable) becoming effective), the passing of all Resolutions at the General Meeting and the Kerogen Subscription Agreement, the Ancillary Subscription and the Placing and Open Offer becoming unconditional in all respects.

The Placing Shares will, upon issue, rank *pari passu* with the other Fundraising Shares and the other New Ordinary Shares.

The Placing and Open Offer Agreement contains customary warranties given by the Company in favour of the Joint Brokers in relation to, *inter alia*, the accuracy of the information in this announcement and matters relating to the Group and its business. In addition, the Company has agreed to indemnify the Joint Brokers in relation to certain liabilities which the Joint Brokers may incur in respect of the Fundraising.

The Joint Brokers have the right to terminate the Placing and Open Offer Agreement in certain circumstances prior to Admission, in particular, in the event of breach of any of the warranties or a material adverse change.

The Placing and Open Offer Agreement also provides for the Company to pay all costs, charges and expenses of, or incidental to, the Fundraising and Admission including all legal and other professional fees and expenses.

The Placing has now closed.

The full terms and conditions of the Placing are set out in the Appendix to this announcement.

Principal terms of the Open Offer

Subject to the fulfilment of the conditions set out below, Qualifying Shareholders are being given the opportunity to subscribe for the Open Offer Shares at a price of 4.5 pence per Open Offer Share, pro rata to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

3 Open Offer Shares for every 10 Existing Ordinary Shares

Open Offer Entitlements will be rounded down to the nearest whole number of Open Offer Shares.

If the participants in the Ancillary Subscription have agreed not to take up their entitlements (if any) in the Open Offer to maximise the number of Open Offer Shares available for subscription by the remaining Qualifying Shareholders.

Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlements in full, to apply for Excess Shares through the Excess Application Facility. The Open Offer Shares will be allotted and issued conditional upon, *inter alia*, the Bondholder Transactions, the Kerogen Subscription Agreement, the Ancillary Subscription Letters and the Placing and Open Offer Agreement having become unconditional in all respects and not having been terminated in accordance with their respective terms. The Open Offer is not underwritten. Accordingly, if the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies received by the Registrars will be returned to the applicants (at the applicants' sole risk), without payment of interest, as soon as practicable following the lapse of the Open Offer.

Full details of the Open Offer and the terms and conditions on which it is being made, including the procedure and payment, will be set out in a circular to Shareholders to be despatched shortly.

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of approximately £4.095 million (being less than €5 million) for the Company.

Excess Application Facility

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares. The amount of Excess Shares is uncapped so that Qualifying Shareholders may apply for as many Excess Shares as they wish to take up, in the event that total applicants exceed the maximum number of New Ordinary Shares available in the Open Offer, on a scaling back and allocation at the Director's absolute discretion will be applied.

Conditions and other information relating to the Fundraising

The Fundraising is conditional, *inter alia*, upon:

- a) the passing of all of the Resolutions at the General Meeting;
- b) the passing of the Bondholder Resolutions;
- c) the Secured Bond Amendment and Restatement Agreement becoming unconditional in all respects (save for the condition relating to Admission);
- d) the Kerogen Subscription Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms;
- e) the Ancillary Subscription Letters becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with their terms;
- f) the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms; and
- g) Admission becoming effective by no later than 8.00 a.m. on 4 April 2017, or such later date as may be agreed between the Company and each of the other parties to both the Subscription Agreement and the Placing and Open Offer Agreement, being not later than 8.00a.m. on 28 April 2017.

Accordingly, if any such conditions are not satisfied, or, if applicable, waived (save that (a), (b) and (g) above cannot be waived), no part of the Fundraising or Bondholder Transactions will proceed. If the Open Offer does not proceed,

any applications made by Qualifying Shareholders will be rejected and application monies will be returned without payment of interest as soon as practicable.

The Fundraising will result in the issue of, in total, up to 2,708,403,235 New Ordinary Shares assuming full take up under the Open Offer and assuming the maximum number of New Ordinary Shares are issued pursuant to the Bond Equity Exchange. The Fundraising Shares, will be issued credited as fully paid, and will rank *pari passu* in all respects with the New Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the Fundraising Shares. No temporary documents of title will be issued.

Following the issue of the Fundraising Shares pursuant to the Fundraising (and assuming that the Open Offer is taken up in full and assuming the maximum number of New Ordinary Shares are issued pursuant to Bond Equity Exchange), Qualifying Shareholders who take up their full Open Offer Entitlements (excluding, for the avoidance of doubt, any Open Offer Shares acquired through the Excess Application Facility) in respect of the Open Offer will undergo a dilution of up to 87 per cent. to their interests in the Company due to the issue of the Fundraising Shares. Qualifying Shareholders who do not take up any of their Open Offer Entitlements in respect of the Open Offer will experience a more substantial dilution to their interests in the Company because of the Fundraising.

Use of proceeds

The Kerogen Subscription, the Ancillary Subscription, the Placing and Open Offer will strengthen the Company's balance sheet, enabling the restructuring of its bonds to take place and thereby providing financial flexibility and right sizing its capital structure for the current oil price environment.

The use of proceeds from the Kerogen Subscription, the Ancillary Subscription, the Placing and the Open Offer is not restricted and the Company may use such proceeds at its own discretion, save that some or all of such proceeds and/or forecast cashflows from the Company's asset base, will be used to give effect to the Bondholder Transactions (in particular the Voluntary Cash Offer and the Conditional Cash Cancellation).

Thereafter, the remaining proceeds of the Fundraising and cashflow shall be used to fund expenditure to develop and extract further value from the Group's conventional hydrocarbon assets and progress its unconventional hydrocarbon assets. The Company has identified a number of opportunities to increase production across its existing conventional portfolio including investment in oil behind pipe, gas monetisation and water flood opportunities with the potential to increase production by c.320 boepd (net of decline) by the end of 2018.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2017

Record Date and time for entitlements under the Open Offer	6.00 p.m. on 15 March
Posting of the circular (including the Notice of General Meeting), Application Form and Proxy Forms	17 March
Existing Ordinary Shares marked 'ex' by the London Stock Exchange	8.00 a.m. on 20 March
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	20 March
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST	4.30 p.m. on 27 March
Latest time for depositing Open Offer Entitlements and Excess Open Offer Entitlements into CREST	3.00 p.m. on 28 March
Latest time for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 29 March
Latest time for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 31 March
Latest time for receipt of proxy forms for use at the General Meeting	10.00 a.m. on 1 April
General Meeting	10.00 a.m. on 3 April
Announcement of results of General Meeting through RNS	3 April
Record date for the Subdivision	3 April
Bondholder Meeting	3 April
Announcement of results of Bondholder Meeting through RNS	3 April
Results of Open Offer announced through RNS	3 April
Admission and commencement of dealings in Open Offer Shares, Kerogen Shares, Placing Shares, Ancillary Subscription Shares and Bond Equity Exchange Shares	8.00 a.m. on 4 April
Open Offer Shares to be held in uncertificated form credited to CREST stock accounts	4 April
Despatch of definitive share certificates for Open Offer Shares to be held in certificated form	Within ten days of Admission

If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.

Certain of the events in the above timetable are conditional upon, amongst other things, the approval of the Resolutions to be proposed at the General Meeting.

All references are to London time unless stated otherwise.

Glossary

Euros or €	The lawful currency of the European Union
sterling, pounds sterling, £, pence or p	The lawful currency of the United Kingdom
Dollars, US dollars, \$, US\$ or cents	The lawful currency of the United States of America
2P	Best estimate of commercially recoverable reserves
boepd	Barrels of oil equivalent per day
Hydraulic Fracturing	Hydraulic Fracturing or 'fracking' as it has become known is the process by which gas or oil can be extracted from impermeable rock. For shale oil or gas, the rock is fractured by injecting water at high pressure, an established technique for conventional oil and gas, but used more intensively for shale. Small particles (usually sand) are pumped into the fractures to keep them open when the pressure is released, so gas can flow into the well. 98-99% of the mixture is water and sand. Small quantities of chemicals are normally added to improve efficiency, for example by reducing friction. Once the rock is fractured, some of the fluid returns to the surface, where it is sealed in containers before treatment. The gas or oil can then flow through the well to surface operations which separate and process the gas or oil.
MMboe	Millions of barrels of oil equivalent

APPENDIX

TERMS AND CONDITIONS

IMPORTANT INFORMATION FOR PLACEES ONLY REGARDING THE PLACING

Details of the Placing

The Joint Brokers have entered into an agreement with IGas under which, subject to the conditions set out in that agreement, the Joint Brokers have agreed, as agents for and on behalf of the Company, to use reasonable endeavours to procure subscribers for the Placing Shares at a price of 4.5p per Placing Share.

Each of the Joint Brokers is acting severally and not jointly and severally as agent of IGas in the Placing.

Each Placee's allocation of Placing Shares will be agreed between the relevant Joint Broker and each Placee orally as agent of IGas, and such oral agreement will be confirmed shortly thereafter by the relevant Joint Brokers to Placees. The oral commitment provided by Placees will constitute an irrevocable legally binding contract by that Placee in favour of the relevant Joint Broker and IGas to subscribe for the number of Placing Shares allocated to it at the Issue Price on the terms and conditions set out in this Appendix and in accordance with IGas' memorandum and articles of association.

Each Placee will, pursuant to its oral commitment, have a separate irrevocable and binding obligation owed to the relevant Joint Broker as agent of IGas to pay the relevant Joint Broker (or as it may direct) in cleared funds, an amount equal to the product of the Issue Price and the number of Placing Shares, such Placee has agreed to subscribe and IGas has agreed to allot and issue to that Placee. Settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "**Registration and Settlement**".

All obligations under the Placing will be subject to fulfilment of the conditions referred to below under "**Conditions of the Placing**" and to the Placing not being terminated on the basis referred to below under "**Termination of the Placing**". By agreeing to become a Placee, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.

To the fullest extent permissible by law, none of the Joint Brokers nor any of their respective affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, none of the Joint Brokers nor any of their respective affiliates shall have any liability (including to the fullest extent permissible by law, any fiduciary duties) in respect of the Placing.

No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

The Placing Shares will, when issued, be credited as fully paid and will rank pari passu in all respects with the Ordinary Shares including the right to receive all dividends and other distributions declared in respect of such Ordinary Shares after the date of issue of the Placing Shares.

As part of the Placing, IGas has agreed that it will not issue or sell any Ordinary Shares for a period of 180 days after Admission, without the prior consent of the Joint Brokers, such consent not to be unreasonably withheld or delayed. This agreement does not however prevent IGas from granting or satisfying exercises of options granted pursuant to existing employee share schemes of IGas or in accordance with compensation arrangements for non-executive directors pursuant to normal practice.

Application will be made to the London Stock Exchange for admission of the Placing Shares to trading on AIM. It is expected that Admission of the Placing Shares will become effective following the General Meeting on or around 3 April 2017 and that dealings in the Placing Shares will commence at that time.

Conditions of the Placing

The obligations of the Joint Brokers under the Placing and Open Offer Agreement are conditional on, amongst other things:

- (a) the passing of the Resolutions by the requisite majority without material amendment at the General Meeting (or at any adjournment thereof);
- (b) the passing of the Bondholder Resolutions by the requisite majorities without material amendment at the Bondholder Meetings (or any adjournment thereof) and the amendments to the Bonds becoming effective through the execution of the Bond Agreements by the parties thereto, and the Bond Agreements becoming unconditional in all respects (save for Admission);
- (c) the Kerogen Subscription Agreement having become unconditional in all respects (save for Admission), not having been terminated in accordance with its terms, and the Company's Solicitors holding the subscription monies payable thereunder in escrow subject to Admission);
- (d) each of the Ancillary Subscription Letters having become unconditional in all respects (save for Admission), not having been terminated in accordance with its terms and the Company's Solicitors holding the subscription monies payable thereunder in escrow, subject to Admission);
- (e) none of the representations and warranties contained in the Placing and Open Offer Agreement not being, or ceasing to be, true and accurate or being or becoming misleading on the date of the Placing and Open Offer Agreement or at any time down to and including Admission (by reference to the facts and circumstances then existing);
- (f) IGas complying with its obligations under the Placing and Open Offer Agreement to the extent the same fall to be performed or satisfied prior to Admission;
- (g) Admission taking place by 8.00 a.m. (London time) on 4 April 2017 (or such later time or date as IGas and the Joint Brokers may agree being not later than 28 April 2017); and
- (h) in the good faith opinion of any of the Joint Brokers, there not having been any material adverse change (whether or not foreseeable) in, or any development likely to involve a prospective material adverse change in the condition (financial, operational, legal or otherwise), or the assets, earnings, business affairs, general affairs, trading position or business prospects of IGas and its subsidiaries taken as a whole, whether or not arising in the ordinary course of business since the date of the Placing and Open Offer Agreement.

If any of the conditions contained in the Placing and Open Offer Agreement are not fulfilled or waived by the Joint Brokers in accordance with the terms and conditions of the Placing and Open Offer Agreement, by the respective time or date where specified (or such later time and/or date as IGas and the Joint Brokers may agree, being not later than 8.00 a.m. on 28 April 2017), the Placing will not proceed and the Placee's rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

The Joint Brokers may, in accordance with the terms of the Placing and Open Offer Agreement at their discretion and upon such terms as they think fit, where permitted waive compliance by IGas with the whole or any part of any of IGas' obligations in relation to the conditions in the Placing and Open Offer Agreement save that, inter alia, the condition in the Placing and Open Offer Agreement relating to Admission taking place may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this announcement.

None of the Joint Brokers, IGas or any other person shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and / or the date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally, and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Joint Brokers.

Termination of the Placing and Open Offer Agreement

The Joint Brokers are entitled, in accordance with the terms of the Placing and Open Offer Agreement at any time before Admission, to terminate the Placing and Open Offer Agreement by giving notice to IGas if, amongst other things:

- (a) the Company fails to comply with any of its obligations under the Placing and Open Offer Agreement; or
- (b) it shall come to the notice of any of the Joint Brokers that any statement contained in this announcement, or any other document or announcement issued or published by or on behalf of IGas in connection with the Fundraising (together the "Placing Documents"), is or has become untrue, incorrect or misleading, or any matter has arisen, which would, if the Placing were made at that time, constitute a material omission from the Placing Documents, or any of them, in each case in a manner which, in the good faith opinion of any of the Joint Brokers, is material in the context of the Placing or other part of the Fundraising; or
- (c) in the good faith opinion of any of the Joint Brokers, there has been a material adverse change in, or any development reasonably likely to involve a prospective material adverse change in the condition (financial, operational, legal or otherwise), or the assets, earnings, business affairs, general affairs, trading position or business prospects of IGas and its subsidiaries, whether or not arising in the ordinary course of business since the date of the Placing and Open Offer Agreement; or
- (d) there has occurred (i) any material adverse change in the financial markets in the United States, the United Kingdom, or in any member or associate member of the European Union or in the international financial markets, (ii) any outbreak or escalation of hostilities or other calamity or crisis, (iii) any change or development involving a prospective change in national or international political, financial or economic conditions, or currency exchange rates or controls, or (iv) trading in Existing Ordinary Shares on AIM is cancelled, suspended or limited or (v) there are actual or prospective changes or developments in the United Kingdom affecting the Placing Shares or (vi) there are certain other disruptions, limitations or suspensions in respect of the operations of certain stock exchanges or (vii) a banking moratorium is declared by certain authorities, in each case the effect of which is such as to make it, in the good faith judgment of any of the Joint Brokers, impracticable or inadvisable to market any of the Fundraising Shares or which may prejudice the success of the Placing or other part of the Fundraising or dealings in the Ordinary Shares following Admission.

Upon such termination, the parties to the Placing and Open Offer Agreement shall be released and discharged (except for any liability arising before or in relation to such termination) from their respective obligations under or pursuant to the Placing and Open Offer Agreement subject to certain exceptions.

By participating in the Placing, Placees agree that the exercise by any of the Joint Brokers of any right of termination or other discretion under the Placing and Open Offer Agreement shall be within the absolute discretion of such Joint Broker and that such Joint Broker need not make any reference to Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise or failure so to exercise.

No prospectus

No offering document, prospectus or admission document has been or will be submitted to be approved by the FCA or submitted to the London Stock Exchange in relation to the Placing and Placees' commitments will be made solely on the basis of the information contained in this announcement (including this Appendix), released by IGas today, and subject to the further terms set forth in the contract note to be provided to individual prospective Placees.

Each Placee, by accepting a participation in the Placing, agrees that the content of this announcement (including this Appendix) is exclusively the responsibility of IGas and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of IGas or the Joint Brokers or any other person and none of the Joint Brokers or IGas nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of IGas in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Registration and settlement

Settlement of transactions in the Placing Shares following Admission of the Placing Shares will take place within the system administered by Euroclear UK & Ireland Limited ("CREST"), subject to certain exceptions. IGas reserves the right to require settlement for and delivery of the Placing Shares (or a portion thereof) to Placees in certificated form if, in the Joint Brokers' opinion, delivery or settlement is not possible or practicable within the CREST system or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Each Placee will, following its oral commitment in respect of its allocation of Placing Shares be sent a confirmation setting out the number of Placing Shares that it has agreed to subscribe at the Issue Price and detailing the settlement instructions.

Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions that it has in place with the relevant Joint Broker.

IGas will deliver the Placing Shares to a CREST account operated by the relevant Joint Broker as agent for IGas and the relevant Joint Broker will enter its delivery (DEL) instruction into the CREST system. The input to CREST by a Placee of a matching or acceptance instruction will then allow delivery of the relevant Placing Shares to that Placee against payment.

It is expected that settlement will take place on 4 April 2017, which is the day following the General Meeting, on a delivery versus payment basis. If there is a change following the date hereof to the expected settlement date the Joint Brokers will inform Placees, provided that the settlement date shall not be extended beyond 28 April 2017.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by the Joint Brokers.

Each Placee is deemed to agree that, if it does not comply with these obligations, the relevant Joint Broker may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Joint Brokers account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

Representations and warranties

By participating in the Placing each Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with each of the Joint Brokers (in its capacity as placing agent of the Company, in each case as a fundamental term of their agreement to acquire Placing Shares), the following:

1. that it has read and understood this announcement, including the Appendix, in its entirety;
2. that (i) no offering document, listing particulars, prospectus or admission document has been or will be prepared in connection with the Placing and (ii) it has not received a prospectus, admission document or other offering document in connection with the Placing or the Placing Shares;
3. that the Existing Ordinary Shares in the capital of IGas are admitted to trading on AIM, and IGas is therefore required to publish certain business and financial information in accordance with the rules and practices of AIM (collectively, the "Exchange Information"), which includes a description of the nature of IGas' business and IGas' most recent balance sheet and profit and loss account and that it is able to obtain or access (i) such

Exchange Information and (ii) such information or comparable information concerning any other publicly traded company, in each case without undue difficulty;

4. that none of the Joint Brokers nor IGas nor any of their respective affiliates nor any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or IGas or any other person other than this announcement; nor has it requested any of the Joint Brokers, IGas, any of their respective affiliates or any person acting on behalf of any of them to provide it with any such information;
5. that the Placing Shares have not been and will not be registered under the securities legislation of the United States, Australia, Canada, South Africa or Japan and, subject to certain exceptions, may not be offered, sold, transferred, delivered or distributed, directly or indirectly, in or into those jurisdictions;
6. that (i) it is not within the United States; (ii) it is not within Australia, Canada, South Africa, Japan or any other jurisdiction in which it is unlawful to make or accept an offer to acquire the Placing Shares; (iii) it is not acquiring the Placing Shares for the account of any person who is located in the United States, unless the instruction to acquire was received from a person outside the United States and person giving such instruction has confirmed that it has the authority to give such instruction, and that either (a) it has investment discretion over such account or (b) it is an investment Joint Broker or investment company and, in the case of each of (a) and (b), that it is acquiring the Placing Shares in an "offshore transaction" (within the meaning of Regulation S under the Securities Act); and (iv) it is not acquiring the Placing Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Placing Shares into the United States or any other jurisdiction referred to in (ii) above;
7. that the content of this announcement is exclusively the responsibility of IGas and that neither of the Joint Brokers nor any person acting on their respective behalf has or shall have any liability for any information, representation or statement contained in this announcement or any information previously published by or on behalf of IGas and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this announcement or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to subscribe for the Placing Shares is contained in this announcement and any information previously published by IGas by notification to a Regulatory Information Service, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by any of the Joint Brokers or IGas and none of the Joint Brokers nor IGas will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of IGas in deciding to participate in the Placing;
8. that none of the Joint Brokers nor any person acting on their respective behalf nor any of their respective affiliates has or shall have any liability for any publicly available or filed information, or any representation relating to IGas, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
9. that neither it, nor the person specified by it for registration as a holder of Placing Shares is, or is acting as nominee or agent for, and that the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);
10. that it has complied with its obligations under the Criminal Justice Act 1993, section 118 of the Financial Services and Markets Act 2000 ("FSMA") and in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000, the Terrorism Act 2006, the Money Laundering Regulations 2007 (the "Regulations") and the Money Laundering Sourcebook of the FCA and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
11. that it is acting as principal only in respect of the Placing or, if it is acting for any other person (i) it is duly authorised to do so, and (ii) it is and will remain liable to IGas and/or

the Joint Brokers for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);

12. if a financial intermediary, as that term is used in Article 3(2) of EU Directive 2003/71/EC (the "Prospectus Directive") (including any relevant implementing measure in any member state), that the Placing Shares subscribed by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the European Economic Area other than to qualified investors, or in circumstances in which the prior consent of the Joint Brokers has been given to the proposed offer or resale;
13. that it has not offered or sold and, prior to the expiry of a period of six months from Admission, will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of FSMA;
14. that it has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission of the Placing Shares except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive (including any relevant implementing measure in any member state);
15. that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
16. that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
17. (A) that it is a person falling within Article 19(5) and / or Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or is a person to whom this announcement may otherwise be lawfully communicated; and

(B) that any offer of Placing Shares may only be directed at persons to the extent in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive and represents and agrees that it is such a qualified investor;
18. that it is entitled to purchase the Placing Shares under the laws of all relevant jurisdictions which apply to it, and that its subscription/purchase of the Placing Shares will be in compliance with applicable laws and regulations in the jurisdiction of its residence, the residence of the Company, or otherwise;
19. that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as the Joint Brokers may in their discretion determine and without liability to such Placee;
20. that neither of the Joint Brokers, nor any of their respective affiliates, nor any person acting on any of their behalf, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of any of the Joint Brokers and that none of the Joint Brokers have duties or responsibilities to it for providing the protections afforded to their clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing and Open Offer Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;

21. that the person whom it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be. Neither the Joint Brokers nor IGas will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify IGas and each of the Joint Brokers in respect of the same on the basis that the Placing Shares will be allotted to the CREST stock account of the relevant Joint Broker who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;
22. that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions and any non-contractual obligations arising out of or in connection with such agreements shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by IGas or the Joint Brokers in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
23. that IGas, the Joint Brokers and their respective affiliates will rely upon the truth and accuracy of the representations, warranties and acknowledgements set forth herein and which are irrevocable and it irrevocably authorises IGas and the Joint Brokers to produce this announcement, pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein;
24. that it will indemnify and hold IGas, all of the Joint Brokers and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing;
25. that it will acquire any Placing Shares subscribed by it for its account or for one or more accounts as to each of which it exercises sole investment discretion and it has full power to make the acknowledgements, representations and agreements herein on behalf of each such account;
26. that its commitment to subscribe for Placing Shares on the terms set out herein and in the contract note will continue notwithstanding any amendment that may in future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to IGas' conduct of the Placing. The foregoing representations, warranties and confirmations are given for the benefit of IGas as well as the Joint Brokers. The agreement to settle a Placee's subscription (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to the subscription by it and/or such person direct from IGas for the Placing Shares in question. Such agreement assumes, and is based on a warranty from each Placee, that neither it, nor the person specified by it for registration as holder, of Placing Shares is, or is acting as nominee or agent for, and that the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services). If there are any such arrangements, or the settlement relates to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax, and neither IGas nor the Joint Brokers shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify the Joint Brokers accordingly;
27. that no action has been or will be taken by any of IGas, the Joint Brokers or any person acting on behalf of IGas or the Joint Brokers that would, or is intended to, permit a public offer of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;

28. that in making any decision to subscribe for the Placing Shares, it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for or purchasing the Placing Shares. It further confirms that it is experienced in investing in securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain a complete loss in connection with the Placing. It further confirms that it relied on its own examination and due diligence of IGas and its associates taken as a whole, and the terms of the Placing, including the merits and risks involved;
29. that it has (a) made its own assessment and satisfied itself concerning legal, regulatory, tax, business and financial considerations in connection herewith to the extent it deems necessary; (b) had access to review publicly available information concerning the IGas group that it considers necessary or appropriate and sufficient in making an investment decision; (c) reviewed such information as it believes is necessary or appropriate in connection with its subscription or purchase of the Placing Shares; and (d) made its investment decision based upon its own judgement, due diligence and analysis and not upon any view expressed or information provided by or on behalf of the Joint Brokers;
30. that it may not rely on any investigation that any of the Joint Brokers or any person acting on its behalf may or may not have conducted with respect to IGas, its group, or the Placing and none of the Joint Brokers have made any representation to it, express or implied, with respect to the merits of the Placing, the subscription or purchase of the Placing Shares, or as to the condition, financial or otherwise, of IGas, its group, or as to any other matter relating thereto, and nothing herein shall be construed as a recommendation to it to purchase the Placing Shares. It acknowledges and agrees that no information has been prepared by any of the Joint Brokers or IGas for the purposes of this Placing;
31. accordingly it acknowledges and agrees that it will not hold the Joint Brokers, any of their respective associates or any person acting on any of their behalf responsible or liable for any misstatements in or omission from any publicly available information relating to IGas' group or information made available (whether in written or oral form) in presentations or as part of roadshow discussions with investors relating to IGas' group (the "Information") and that neither of the Joint Brokers nor any person acting on their respective behalf, makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such Information or accepts any responsibility for any of such Information;
32. irrevocably appoints any director or employee of the Joint Brokers as its agent for the purpose of executing and delivering to IGas and / or the registrar any documents on its behalf necessary to enable it to be registered as the holder of Ordinary Shares comprising its participation in the Placing or to complete the sale of such Ordinary Shares in the circumstances referred to in this announcement;
33. that, if it is a pension fund or investment company, its subscription for Placing Shares is in full compliance with all applicable laws and regulation; and
34. that in connection with the Placing, either of the Joint Brokers and any of their respective affiliates acting as an investor for its own account may take up Placing Shares in IGas and in that capacity may retain, purchase or sell for its own account such Placing Shares in IGas and any securities of IGas or related investments and may offer or sell such securities or other investments otherwise than in connection with the Placing. The Joint Brokers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

By participating in the Placing, each Placee (and any person acting on the Placee's behalf) subscribing for Placing Shares acknowledges that: (i) the Placing Shares are being offered and sold only pursuant to Regulation S under the Securities Act in a transaction not involving a public offering of securities in the United States and the Placing Shares have not been and will not be registered under the Securities Act; and (ii) the offer and sale of the Placing Shares to it has been made outside of the United States in an "offshore transaction" (as such term is defined in Regulation S under the Securities Act) and it is outside of the United States during any offer or sale of Placing Shares to it.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other

person on the subscription by them of any Placing Shares or the agreement by them to subscribe for any Placing Shares.

Each Placee and any person acting on behalf of each Placee acknowledges and agrees that the Joint Brokers or any of their respective affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

When a Placee or person acting on behalf of the Placee is dealing with either of the Joint Brokers, any money held in an account with the relevant Joint Broker on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FCA made under FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from the relevant Joint Broker's money in accordance with the client money rules and will be used by the relevant Joint Broker in the course of its own business; and the Placee will rank only as a general creditor of the relevant Joint Broker.

All times and dates in this announcement may be subject to amendment. The Joint Brokers shall notify the Placees and any person acting on behalf of the Placees of any changes.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

DEFINITIONS

In this announcement:

"2010 PD Amending Directive" means Directive 2010/73/EU;

"Admission" the admission of the Kerogen Shares, the Ancillary Subscription Shares, the Placing Shares, the Open Offer Shares (if any) and the Bond Equity Exchange Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies;

"AIM" means the AIM market operated by the London Stock Exchange;

"AIM Rules" means the rules published by the London Stock Exchange applicable to companies with a class of securities admitted to trading on AIM;

"Amended Secured Bond Agreement" means the secured Bond Agreement as amended by the secured bond amendment and restatement agreement;

"Ancillary Subscribers" means those investors including certain Directors who will subscribe directly with the Company for the Ancillary Subscription Shares at the Issue Price pursuant to the Ancillary Subscription;

"Ancillary Subscription" the subscription by certain directors of the Company, certain of their spouses and certain third parties for New Ordinary Shares outside of the Placing;

"Ancillary Subscription Letters" means the agreements by way of letter between the Company and the Ancillary Subscribers in relation to the Ancillary Subscription;

"Ancillary Subscription Shares" the New Ordinary Shares to be issued in connection with the Ancillary Subscription;

"Board" or "Directors" means the directors of the Company;

"Bond Agreement" the bond agreement for the Secured Bonds between the Company and the Bond Trustee as amended and restated by an amendment and restatement agreement dated 24 September 2015;

"Bond Equity Exchange" the Voluntary Equity Exchange, the Conditional Secured Debt for Equity Swap and the Unsecured Debt for Equity Swap (all as defined in the section entitled '*Details of the Bondholder Transactions*' in this announcement);

"Bonds" means the 10% IGas Energy plc Senior Secured Callable Bonds 2013/2018 ("Secured Bonds") and the IGas Energy plc Senior Unsecured Callable Bonds 2013/2018 ("Unsecured Bonds");

"Bondholders" means the holders of the Bonds;

"Bondholder Meetings" means the meetings of the Secured Bondholders and Unsecured Bondholders at which the Bondholder Resolutions will be proposed, details of which will be contained in the Bondholder Summons;

"Bondholder Resolutions" means the resolutions of the Secured Bondholders and Unsecured Bondholders to be set out in the Bondholder Summons;

"Bondholder Summons" the document dated on or around 17 March 2017 (to be posted on Stamdata), convening a meeting of the holders of the Bonds and seeking approvals from the Bondholders for the Bondholder Resolutions;

"Canaccord" means Canaccord Genuity Limited;

"CREST" means the relevant system, as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755) (in respect of which Euroclear UK & Ireland Limited is the operator);

"Deferred Shares" means the deferred shares in the Company of 9.999 pence each following the Subdivision;

"Existing Ordinary Shares" the 303,305,534 ordinary shares of 10 pence each in the capital of the Company in issue on the date of this announcement;

"FSMA" means the Financial Services and Markets Act 2000;

"FCA" means the Financial Conduct Authority;

"Fundraising" the Kerogen Subscription, the Ancillary Subscription, the Placing, the Open Offer and the Bond Equity Exchange, taken together;

"Fundraising Shares" together the New Ordinary Shares to be issued in connection with: (a) the Kerogen Subscription; (b) the Ancillary Subscription; (c) the Placing; (d) the Open Offer; and (e) the Bond Equity Exchange;

"Group" means the Company and its subsidiary undertakings from time to time and all of them and each of them as the context admits and "Group Company" means any one of them;

"General Meeting" means the Shareholder meeting of the Company at which *inter alia* the Resolutions will be proposed, notice of which will be set out in the Circular;

"IGas" or the "Company" means IGas Energy plc and/or its subsidiaries as appropriate;

"Investec" means Investec Bank plc;

"Issue Price" means 4.5 pence per New Ordinary Share (save for certain New Ordinary Shares which may be issued to Kerogen Investor at nominal value, as described in the Circular);

"Joint Brokers" means Investec and Canaccord, or either of them as the context shall require;

"Kerogen Capital" means Kerogen Capital II Limited, the manager of Kerogen Investor, and its associated companies which act as a manager of other funds;

"Kerogen Investor" means Unconventional Energy Limited;

"Kerogen Shares" means the New Ordinary Shares to be issued to the Kerogen Investor pursuant to the Kerogen Subscription subject to, *inter alia*, the Kerogen Subscription becoming unconditional in all respects and Admission of the Fundraising Shares;

"Kerogen Subscription" means the conditional subscription for New Ordinary Shares by Kerogen pursuant to the Kerogen Subscription Agreement;

"Kerogen Subscription Agreement" means the agreement dated 17 March 2017 between the Company and Kerogen Investor in relation to the Kerogen Subscription;

"London Stock Exchange" means London Stock Exchange plc;

"New Ordinary Shares" means the ordinary shares of 0.0001 pence each following the Subdivision;

"Open Offer" means the conditional offer made to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in the Shareholder Circular;

"Open Offer Shares" means up to 90,911,660 New Ordinary Shares being made available to Qualifying Shareholders pursuant to the Open Offer;

"Ordinary Shares" means ordinary shares in the capital of the Company from time to time;

"Placees" means persons by whom or on whose behalf a commitment to acquire Placing Shares has been given and "Placee" means any one of them;

"Placing" means the conditional placing of the Placing Shares by the Joint Brokers, on behalf of the Company to raise approximately \$20m (when aggregated with the Ancillary Subscription);

"Placing and Open Offer Agreement" means the placing and open offer agreement dated the date of this announcement among the Company and the Joint Brokers in respect of the Fundraising;

"Placing Shares" the New Ordinary Shares to be issued pursuant to the Placing which are being conditionally placed by the Joint Brokers subject to, inter alia, the Placing becoming unconditional in all respects and Admission of the Fundraising Shares;

"Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State;

"Qualifying Shareholders" means holders of Existing Ordinary Shares who are eligible to be offered Open Offer Shares under the Open Offer on the terms to be set out in the Circular;

"Regulatory Information Service" means any of the regulatory information services included within the list maintained on the London Stock Exchange's website;

"Resolutions" means the resolutions of the Company to be set out in the Circular to (i) sub-divide the Company's Existing Shares into New Ordinary Shares and Deferred Shares pursuant to the Subdivision; (ii) authorise the Directors generally to allot New Ordinary Shares; and (iii) to disapply pre-emption rights in relation to the issue of New Ordinary Shares;

"Securities Act" means the US Securities Act of 1933, as amended;

"Secured Bondholders" means holders of the Secured Bonds;

"Secured Bonds" means the senior secured callable bonds issued by the Company;

"Shareholders" means holders of Existing Shares or Ordinary Shares from time to time (as the context requires), and "Shareholder" means any one of them;

"Subdivision" means the proposed subdivision of the Company's Existing Ordinary Shares into New Ordinary Shares and Deferred Shares;

"United Kingdom" or "UK" means the United Kingdom of Great Britain and Northern Ireland;

"United States" or "US" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia; and

"Unsecured Bondholders" means holders of the Unsecured Bonds.

Important Notice

This Announcement and the information contained in it is restricted and is not for release, publication or distribution, directly or indirectly, in whole or in part, in, into or from the United States of America (including its territories and possessions, any state of the United States of America and the District of Columbia, collectively the "United States"), Australia, Canada, Japan or South Africa or any other jurisdiction in which the same would constitute a violation of the relevant laws or regulations of that jurisdiction (each a "Restricted Territory").

This Announcement is for information purposes only and does not constitute, or form part of, any offer or invitation to sell or issue, or the solicitation of an offer to buy, acquire or subscribe for, shares or any other securities of the Company (or any other entity) or the solicitation of any vote or approval in any Restricted Territory or in any other

jurisdiction in which the same would constitute a violation of the relevant laws or regulations of that jurisdiction or to any person to whom it is unlawful to make such offer, invitation or solicitation. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions. Subject to certain exemptions, the securities referred to herein may not be offered or sold in any Restricted Territory or for the account or benefit of any national resident or citizen of any Restricted Territory. The Company's shares and any other securities referred to in this Announcement have not been and will not be registered under the United States Securities Act of 1933, as amended ("Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold or transferred, directly or indirectly, in the United States absent registration under the Securities Act or an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or jurisdiction of the United States. Any offering of shares or any other securities of the Company to be made in the United States will be made only to a limited investors pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the Securities Act.

This Announcement has been issued by, and is the sole responsibility, of the Company. No representation or warranty express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by Investec Bank plc or Canaccord Genuity or by any of their respective affiliates or agents as to or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

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