

IGas Energy plc

Proposed Business of the Annual General Meeting 2015

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### Introduction

You will find set out at the end of this document the formal Notice of the Annual General Meeting of IGas Energy plc. This section provides some additional information on the Resolutions being proposed at the Annual General Meeting. The following definitions apply throughout this section of the document unless the context requires otherwise:

<b>“2006 Act”</b>	the Companies Act 2006
<b>“Accounts”</b>	the audited financial statements of the Company for the 12 month period ended 31 March 2015
<b>“Annual General Meeting”</b> or <b>“AGM”</b>	the annual general meeting of the Company convened for Wednesday 26 August 2015 pursuant to the Notice of Annual General Meeting which appears at the end of this document
<b>“Articles”</b>	the articles of association of the Company in force at the date of this document
<b>“Board”</b> or <b>“Directors”</b>	the board of directors of the Company
<b>“Company”</b>	IGas Energy plc
<b>“Form of Proxy”</b>	the form of proxy accompanying this document for use at the Annual General Meeting
<b>“Ordinary Shares”</b>	Ordinary Shares of 10p each in the capital of the Company
<b>“Resolutions”</b>	the resolutions set out in the Notice of Annual General Meeting which appears at the end of this document
<b>“Shareholders”</b>	holders of Ordinary Shares

## Proposed Business of the Annual General Meeting 2015

### Annual General Meeting

The Annual General Meeting of the Company will be held at the offices of Cooley (UK) LLP, 69 Old Broad Street, London EC2M 1QS at 10:30 a.m. on Wednesday 26 August 2015, at which the following Resolutions will be proposed:

1. to receive and adopt the Company's Annual Report and Accounts for the 12 month period ended 31 March 2015, and the Directors' Report and the Independent Auditors' Report on those accounts;
2. to receive and approve the Remuneration Report of the Directors for the 12 month period ended 31 March 2015 and the Independent Auditors' Report on the auditable part of the Remuneration Report;
3. to reappoint as a Director, Francis Gugen, who, in accordance with the Articles, is required to retire by rotation at the Annual General Meeting and, being eligible, offers himself for reappointment;
4. to reappoint as a Director, Cuth McDowell, who, in accordance with the Articles, is required to retire by rotation at the Annual General Meeting and, being eligible, offers himself for reappointment;
5. to reappoint Ernst & Young LLP as the auditors of the Company until the next annual general meeting of the Company;
6. to authorise the Directors to determine the level of the remuneration of the auditors;
7. to grant the Directors authority to allot shares in the capital of the Company in the amounts set out in the Notice of Annual General Meeting; and
8. conditional upon Resolution 7 being passed, to grant the Directors the power to disapply the statutory pre-emption rights for certain shares in the capital of the Company.

Resolutions 1, 2, 5 and 6 are self-explanatory. Information on the other Resolutions is provided below. Resolutions 1 to 7 are ordinary resolutions which require to be passed by the approval of a simple majority of Shareholders present and voting in person or by proxy or authorised representative. On a show of hands each Shareholder so present has one vote, but should a poll be demanded, each such Shareholder has one vote for each share held by him or her. Resolution 8 is a special resolution that requires to be passed with the approval of 75 per cent. of such Shareholders, determined in the same way as for the ordinary resolutions.

### Resolution 3 – reappointment of Francis Gugen as a Director

Mr Gugen is liable to retire by rotation at the Annual General Meeting under the Articles, and offers himself for reappointment. Having carefully considered his reappointment, the Nomination Committee considers that his performance remains effective, particularly having regard to his responsibilities as Non-Executive Chairman.

Mr Gugen has been a director of the Company since 27 December 2007. Mr Gugen is a founder of the Company and has 40 years of oil and gas industry experience. Between 1982 and 2000, Mr Gugen helped grow Amerada Hess in North West Europe, ultimately becoming regional CEO. Currently, as regards companies involved in conventional oil & gas, Mr Gugen is also Non-Executive Chairman of Petroleum Geophysical Services ASA and of Chrysaor Limited and a board member of SBM Offshore NV. Until 2006, Mr Gugen served as Non-Executive Chairman of the start-up North Sea gas fields and pipelines operator, CH4 Energy Limited, which was subsequently disposed of for €224m. Mr Gugen is also past industry Chairman of Pilot (the government's oil and gas task force), having helped develop its concept with the Treasury, past President of Oil & Gas UK, past Chairman of CRINE (a UKCS cost reduction initiative) and past Chairman of the CBI's Environmental Affairs Committee.

### Resolution 4 – reappointment of Cuth McDowell as a Director

Mr McDowell is liable to retire by rotation at the Annual General Meeting under the Articles, and offers himself for reappointment. Having carefully considered his reappointment, the Nomination Committee considers that his performance remains effective, particularly having regard to his responsibilities as a Non-Executive Director.

Mr McDowell joined the Company on 20 December 2012. Mr McDowell has 33 years of international experience in the oil and gas sector, having held a range of leadership positions in Exploration and Production. Mr McDowell began his career with BP, where he held various commercial and management roles over eight years. Mr McDowell then joined Clyde Petroleum plc, initially as Senior Economist, subsequently becoming Group Commercial Manager before Clyde was bought by Gulf Canada. In 1997, Mr McDowell joined Paladin Resources plc, where he served primarily as Finance Director. The company raised £120 million in four separate primary offerings before it was sold in 2006 to Talisman Energy Inc. for approximately £1.2 billion. Mr McDowell is currently chairman at Quotall Ltd., an unlisted software development company.

## Proposed Business of the Annual General Meeting 2015

### **Resolution 7 – authority to allot shares**

At the annual general meeting held on 1 September 2014, the Directors were authorised, in accordance with section 551 of the 2006 Act, to allot Ordinary Shares, grant rights to subscribe or to convert any security into Ordinary Shares up to an aggregate nominal amount of £9,922,085. This authority expires at the conclusion of this Annual General Meeting. It is therefore proposed to revoke the existing authority and replace it with a new authority, granted under section 551 of the 2006 Act, which will allow the Directors to allot Ordinary Shares and to grant rights to subscribe for or to convert any securities into Ordinary Shares up to an aggregate nominal amount of £9,924,571 representing approximately one third of the Company's share capital and a further aggregate nominal amount of £9,924,571 representing approximately a further third of the Company's share capital, which will be available only for rights issues and other pre-emptive issues of equity shares.

The proposal that the authority to allot Ordinary Shares shall extend to a further third of the issued share capital is in accordance with the guidelines issued by the Investment Association ("IMA" which merged with the Association of British Insurers investment affairs division) which confine the use of this amount to rights issues only. The Directors have no present intention of exercising this authority. However, if they do exercise the authority, the Directors intend to follow the emerging best practice as regards its use as recommended by the IMA and the National Association of Pension Funds.

Assuming the passing of this Resolution, the new authority will expire 15 months from the date of the passing of this Resolution or until the conclusion of the next annual general meeting, if earlier, and will revoke all previous authorities to the extent that they have not already been utilised apart from other specific authorities taken in respect of outstanding warrants and options which will continue unaffected. The Directors have no present intention of issuing any share capital of the Company, but the passing of this Resolution will enable the Directors to take advantage of any opportunities which may arise.

### **Resolution 8 – disapplication of pre-emption rights**

Section 561 of the 2006 Act contains pre-emption rights that require all equity shares which it is proposed to allot for cash to be offered to existing shareholders in proportion to existing shareholdings, unless a special resolution is passed to disapply such rights. Such rights do not apply to an issue otherwise than for cash, such as an issue in consideration of an acquisition. The Directors believe that these requirements are too restrictive and, it is proposed that, subject to the passing of Resolution 7, the Directors should be able to allot shares amounting to no more than an aggregate nominal amount of £2,977,371 representing approximately 10 per cent. of the Company's share capital.

In addition, it is customary to disapply the statutory pre-emption rights altogether, and substitute similar non-statutory provisions because, for technical reasons, the statutory rights are difficult to apply in certain circumstances. The proposed Resolution therefore provides that all allotments for cash in excess of the 10 per cent. limit, must be in the form of rights issues, open offers or other pre-emptive issues except for the one third of the existing issued share capital reserved only for rights issues in accordance with the previous Resolution, and free of the statutory constraints.

The broadening of the proposed Resolution to include pre-emptive issues other than rights issues is a departure from the strict wording of the IMA guidelines which is limited to rights issues, which the Directors regard as too restrictive, especially as AIM companies normally make open offers and not rights issues. The above departures in Resolutions 7 and 8 from the strict wording of the IMA guidelines should not be taken to indicate that they are being disregarded, but rather that the proposed Resolutions are designed to provide greater flexibility for the Directors to determine the form of any future pre-emptive issues in the light of market conditions and practice, at the time such an issue may be proposed. It should also be noted that this year the Directors are seeking an authority for offers for cash on an other than pre-emptive basis at a 10 per cent. level, consistent with the approved proposal at the annual general meeting of 2014.

### **Action to be Taken**

A Form of Proxy for use at the Annual General Meeting is enclosed. If you are a Shareholder you are advised to complete and return the form in accordance with the instructions printed on it so as to arrive at the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event no later than 10:30 a.m. on Monday 24 August 2015. Alternatively, you may cast your proxy online by following the instructions printed on the form; such electronic appointment must also be made no later than 10:30 a.m. on Monday 24 August 2015.

The return of a Form of Proxy or the electronic appointment of a proxy does not preclude you from attending and voting at the Annual General Meeting if you so wish.

### **Recommendation**

The Directors consider the Resolutions to be proposed at the Annual General Meeting to be in the best interests of the Company and its Shareholders. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of all the Resolutions, as they intend to do in respect of their own holdings (where they control the voting rights) comprising 27,955,238 Ordinary Shares, representing approximately 9.4 per cent. of the issued share capital of the Company.

## Proposed Business of the Annual General Meeting 2015

### Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of IGas Energy plc will be held at the offices of Cooley (UK) LLP, 69 Old Broad Street, London EC2M 1QS at 10:30 a.m. on Wednesday 26 August 2015 to consider, and if thought fit, pass the following Resolutions of which Resolutions 1 to 7 will be proposed as ordinary resolutions and Resolution 8 will be proposed as a special resolution.

### Ordinary Business

1. To receive and adopt the Company's Annual Report and Accounts for the 12 month period ended 31 March 2015 and the Directors' Report, and the Independent Auditors' Report on those accounts.
2. To receive and approve the Remuneration Report of the Directors for the 12 month period ended 31 March 2015 and the Independent Auditors' Report on the auditable part of the Remuneration Report.
3. To reappoint as a Director, Francis Gugen, who is retiring by rotation in accordance with Article 38 of the Company's Articles of Association and who being eligible is offering himself for reappointment.
4. To reappoint as a Director, Cuth McDowell, who is retiring by rotation in accordance with Article 38 of the Company's Articles of Association and who being eligible is offering himself for reappointment.
5. To reappoint Ernst & Young LLP as auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next annual general meeting of the Company at which accounts are laid.
6. To authorise the Directors to determine the remuneration of the auditors.
7. That in substitution for all authorities for the allotment of shares by the Directors granted prior to the date on which this Resolution 7 is passed which are hereby revoked, but without prejudice to any allotment, offer or agreement already made pursuant thereto, the Directors of the Company be and are hereby generally and unconditionally authorised, pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to:
  - (A) allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (all of which transactions are hereafter referred as an allotment of "relevant securities") up to an aggregate nominal amount of £9,924,571; and
  - (B) allot equity securities (within the meaning of section 560(1) of the 2006 Act) up to an aggregate nominal amount of £9,924,571 in connection with a rights issue or other pre-emptive offer which satisfies the conditions and may be subject to all or any of the exclusions specified in paragraph (B)(1) of the next following Resolution,

in each case for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) 15 months after the date of the passing of this Resolution or at the conclusion of the next annual general meeting of the Company following the passing of this Resolution, whichever occurs first, provided that the Company may before such expiry, variation or revocation make an offer or agreement which would or might require such relevant or equity securities to be allotted after such expiry, variation or revocation and the Directors may allot relevant or equity securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired or been varied or revoked.

## Proposed Business of the Annual General Meeting 2015

### Special Business

8. That, subject to and conditionally upon the passing of Resolution 7, the Directors are hereby empowered pursuant to section 570 of the 2006 Act to allot equity securities (as defined by section 560 of the 2006 Act) for cash pursuant to the authority conferred by Resolution 7 as if section 561 of the 2006 Act did not apply to any such allotment provided that such power:
- (A) shall, subject to the continuance of the authority conferred by Resolution 7, expire 15 months after the passing of this Resolution or at the conclusion of the next annual general meeting of the Company following the passing of this Resolution, whichever occurs first, but may be previously revoked or varied from time to time by special resolution but so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted after such expiry, revocation or variation and the Directors may allot equity securities in pursuance of such offer or agreement as if such power had not expired or been revoked or varied; and
  - (B) shall be limited to
    - (1) the allotment of equity securities of up to an aggregate nominal amount of £9,924,571 pursuant to a rights issue, open offer, scrip dividend scheme or other pre-emptive offer or scheme which is in each case in favour of holders of Ordinary Shares and any other persons who are entitled to participate in such issue, offer or scheme where the equity securities offered to each such holder and other person are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held or deemed to be held by them for the purposes of their inclusion in such issue, offer or scheme on the record date applicable thereto, but subject to such exclusions or other arrangements as the Directors may deem fit or expedient to deal with fractional entitlements, legal or practical problems under the laws of any overseas territory, the requirements of any regulatory body or stock exchange in any territory, shares being represented by depositary receipts, directions from any holders of shares or other persons to deal in some other manner with their respective entitlements or any other matter whatever which the Directors consider to require such exclusions or other arrangements with the ability for the Directors to allot equity securities and sell relevant shares not taken up to any person as they may think fit; and
    - (2) the allotment of equity securities for cash otherwise than pursuant to sub-paragraph (B)(1) up to an aggregate maximum nominal amount of £2,977,371.

20 July 2015

By Order of the Board

**Cooley Services Limited**

Company Secretary

Registered office:

7 Down Street

London

W1J 7AJ

## Proposed Business of the Annual General Meeting 2015

### Notes

- (1) A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not also be a member. A Form of Proxy is enclosed.
- (2) The Form of Proxy, if used, and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be lodged at Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or, (during normal business hours) by hand, to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 10:30 a.m. on 24 August 2015.
- (3) Completing and returning a Form of Proxy will not preclude a member from attending in person at the meeting and voting should he or she wish to do so.
- (4) The Form of the Proxy must be signed and dated by the shareholder or his/her attorney duly authorised in writing, if the shareholder is a company, it may execute under its common seal, by the signature of a director and its secretary or two directors or other authorised signatories in the name of the company or by the signature of a duly authorised officer or attorney. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or in proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members in respect to the joint holding. Names of all joint holders should be stated.
- (5) Members who hold Ordinary Shares in the Company in uncertificated form must have been entered on the Company's register of members by 6:00 p.m. on 24 August 2015 in order to be entitled to attend and vote at the meeting. Such members may only vote at the meeting in respect of Ordinary Shares in the Company held at the time, if the meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 48 hours before the date fixed for the adjourned meeting (excluding any part of the day that is not a working day). Changes to entries on the register of members after such times shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (6) In the absence of instructions, the person appointed proxy may vote or abstain from voting as he or she thinks fit on the Resolutions and, unless instructed otherwise, the person appointed proxy may also vote or abstain from voting as he or she thinks fit on any other business (including amendments to any Resolution) which may properly come before the meeting.
- (7) If you wish to appoint as your proxy someone other than the Chairman of the meeting, write the full name of your proxy in the space provided on the proxy form.
- (8) If two or more valid Forms of Proxy are delivered in respect of the same Ordinary Share, the one which was delivered last (regardless of its date or the date of its execution) will be valid, to the exclusion of any ones previously delivered.

