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Overview
- Founded 2001 with IPO in February 2017
- A top Appalachian gas producer; largest on AIM
- Mature, PDP w/ low declines of ~5% / year
- Focused on safety and environmental stewardship
- Adj. EBITDA (cash) margins ~55% - 60%
- Current dividend target of 40% of free cash flows

Strong Outlook
- Robust opportunities to acquire synergistic assets
- Organic platform of ~7.8 MM largely HBP acres
- Positioned to sustain growth via a strong balance sheet, low leverage, and ~$330MM of liquidity

Recent Highlights
- April exit net production > 90 MBoepd
- Acquired HG Energy unconventional assets (April)
- Credit facility borrowing base upsized to $950MM
- Midstream assets provide optionality; enhance margins
- Smarter Well Management continues to arrest declines
- Strong cash flow drives Net Debt/Adj EBITDA to ~1.8x

Key Metrics
- Net Daily Production > 90MBoepd
- 1P PDP Reserves 566 MMboe
- 1P PDP PV10 ~$2.1 Billion
- Net Debt / Adj EBITDA ~ 1.8x
- 1Q19 Annualised Divd/Shr ~14¢
- Market Capitalisation ~₤766 / ~$972 MM
- Enterprise Value ~₤1,255 / ~$1,592 MM

Footnotes:
(a) Represents April 2019 production, including HG Energy acquisition, as reported in DGO’s May 2019 Operations Update;
(b) Per Wright & Co independent reserve audit report evaluated at full NYMEX strip pricing as of 31 Apr 2019 plus management’s internal estimate of HG Energy reserves as of 1 Feb 2019 priced at NYMEX strip as of 22 Feb 2019; Presented net of ARO
(c) Represents Net Debt and Adjusted EBITDA for quarter ended 31 Mar 2019 as reported in May 2019 Operations Update;
(d) Annualised figure calculated from the 1Q19 dividend declaration of 3.42 cents per share, as published as reported in 13 June 2019 RNS;
(e) Market Capitalization based on 20 June 2019 close price of 112p at conversion rate GBP:USD of 1.269;
(f) Enterprise Value equal to the sum of market capitalisation presented above, and Net Debt of approximately $620 MM, as reported in May 2019 Operations Update
Floated on AIM in February, raising $50 MM – largest UK O&G IPO since April 2014

Acquired assets in Ohio and Pennsylvania

Acquired Titan assets; raised additional $35 MM through secondary offering on AIM

Acquired remaining Titan assets held within public partnership structures, incl. 29 Hz wells

Acquired NGO assets

Raised net equity proceeds of $180 MM to fully fund Alliance & CNX acquisitions

Acquired Alliance Petroleum and assets from CNX

Refinanced existing debt (reduced interest rate on borrowings by >50%, provided access to low-cost additional debt)

Increased borrowing base to $600 MM

Acquired EQT assets

Acquired Core Appalachia

Raised net equity proceeds of $225 MM to fund first pure non-conventional acquisition

Acquired HG Energy II assets

Increased borrowing base to $950 MM
Acquire and manage producing natural gas and oil properties to generate cash flows, providing stability and growth for our stakeholders.

**Target PDP Acquisitions**
- Target acquisitions at valuations that drive share-level accretion
- Pay nothing for undeveloped resource offers added upside
- Target predictable, low-decline production with long-life
- Focus on high quality assets with synergies to existing portfolio

**Maximise Production Safely & Efficiently Retire Wells**
- Deploy rigorous field management programmes
- Reduce unit operating costs and improve margins
- Optimise production and extend well life by managing compression; perform low-cost workovers
- Plug end of life, unproductive wells

**Execute Low Risk, Low Cost Drilling**
- Focus on conventional formations
- Strict control of drilling and completion costs
- Increased drilling in higher price environment
- Option to deploy capital to maximise returns, when drilling returns outstrip acquisitions

**Create Shareholder Value**
- Disciplined investment criteria
- Reduced unit operating costs
- Improving margins
- Strong free cash flow generation
- Progressive dividend target ~40% of free cash flow
# The Diversified Difference

DGO Stands Out Amongst Its Peers in the Industry

## Key Attributes

<table>
<thead>
<tr>
<th>Asset Character</th>
<th>DGO</th>
<th>US Unconventional E&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate decline rates</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Large inventory of undeveloped resources</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Capital intensity</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Harvest mature production efficiently</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Operating Efficiency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit operating costs</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>On mature, gas weighted production</td>
<td>Only during flush production</td>
</tr>
<tr>
<td>G&amp;A overhead costs</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Leverage technology and economies of scale</td>
<td>Shale development model requires more human capital</td>
</tr>
<tr>
<td>Barriers to entry driven by:</td>
<td>Scale</td>
<td>Complexity</td>
</tr>
<tr>
<td>Financial Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delevering</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Delevers naturally</td>
<td>Significant reinvestment required to offset high declines</td>
</tr>
<tr>
<td>Free cash flow positive</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Today</td>
<td>Mid- to long-term target</td>
</tr>
<tr>
<td>Dividend paying</td>
<td>Quarterly</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>At 40% of free cash flow</td>
<td>Primarily large integrateds</td>
</tr>
</tbody>
</table>
OLDER WELLS EXHIBIT LOWER DECLINES

DGO ACQUIRES WHEN AVG WELL AGE IS PAST STEEPEST PORTION OF DECLINE CURVE

Commentary

✓ The illustrated type curve presented on the right is representative of a horizontal type curve. Conventional wells perform the same during the exponential decline phase.

✓ Like all wells, the decline transitions from a steep hyperbolic decline to a shallow exponential decline.

✓ Given the illustrative well age of five years, this well is past the initial steep decline yet with significant well life remaining.

Illustrative Well Type Curve

• The Seller owns the steep, hyperbolic decline.
• DGO owns the shallow, exponential decline.

Footnotes: (a) Illustrative based on horizontal daily production normalised to common start date; (b) Time elapsed between company provided Aries database first production date and 13 Mar 2019.
THE DGO DIFFERENCE

DGO'S BASE DECLINE IS MATERIALLY LOWER THAN ALL ITS APPALACHIA PEERS

Illustrative Normalised Production

% of Base Year Production Remaining after 3 Years

DGO's blended base decline outperforms Appalachia peers

Footnotes: (a) Per Appalachian peer IR materials including CNX, AR and EQT; (b) For DGO, assumes 3% annual decline on conventional wells with Hz well annual declines adjusting as the wells continue to mature into their exponential declines.
TRANSFORMATIVE ACQUISITIONS SINCE IPO

6.8 MBoepd
35 MMboe
0.5 Million Acres

8.8 MBoepd
49 MMboe
1.5 Million Acres

9.0 MBoepd
69 MMboe
0.9 Million Acres

32.0 MBoepd
230 MMboe
2.5 Million Acres

11.2 MBoepd
100 MMboe
1.3 Million Acres

20.7 MBoepd
92 MMboe
Strategic surface rights

Current DGO Production = ~90 MBoepd

A Top Gas Producer in Appalachia
ACCRETIVE GROWTH PRODUCING SIGNIFICANT CASH

Production: 4Q Exit Rates (MBoepd)

PV10 PDP Reserves ($Bn)\(^{(a)}\)

Adj. EBITDA Margins

Dividends ($MM)\(^{(b),(c)}\)

Adj. EBITDA (Hedged, $MM)\(^{(b)}\)

Enterprise Value ($Bn)\(^{(d)}\)

Footnotes: All uses of shares outstanding exclude the impacts of share buyback activity initiated in 2Q19; (a) year-end 2018 as reported adjusted pro forma for HG Energy acquisition; per-share metrics assume year-end 2017, 2018 and 2018PF shares outstanding of 145.1 MM, 542.7 MM and 694.2 MM shares, respectively; (b) per-share metrics assume weighted-average diluted actual shares outstanding at year end 2017 and 2018, respectively; (c) 1Q19 dividend of $0.0342/share or $0.14 annualised; (d) 2018 pro forma assumes year-end 2018 adjusted to 28 May 2019 share price and USD:GBP exchange rate.
VALUE-FOCUSED MANAGEMENT OF FREE CASH FLOW

LOW CAPEX INTENSITY OF DGO'S LONG-LIFE, LOW-DECLINE ASSETS GENERATES SIGNIFICANT FREE CASH FLOW

Footnotes: (a) Cumulative dividends paid as of March 2019 and declared as of June 2019, as detailed herein; (b) representative of acquisition-related payments made on revolving credit facility as of May 2019
EXCEPTIONAL FREE CASH FLOW GENERATION

ADJUSTED EBITDA AND CAPITAL USES (a)

1Q19 ADJUSTED EBITDA-TO-CASH RECONCILIATION (a)

1Q19 ADJUSTED EBITDA-TO-CASH RECONCILIATION (a)

OPERATING CASH FLOW

FY18 ADJUSTED EBITDA-TO-CASH RECONCILIATION (a)

Footnotes: (a) Totals may be affected by rounding; (b) Debt principal payments is presented net of acquisition related expenditures. The 1Q19 debt related payments of $47 million reported in our trading update on 16 May 2019 reconciles as follows: $47 million minus $18 million 1Q19 dividend payments plus $6 million of acquisition related expenditures, equaling a total of $35 million; (c) 1Q19 Adj represents 1Q19 Cash Flow from Operations multiplied by 2x.
**COMMITTED TO SHAREHOLDER RETURNS**

**REGULAR AND INCREASING RETURNS TO SHAREHOLDERS**

**DIVIDENDS**

$237 MM
Since IPO; Distributed for the benefit of Shareholders

**DEBT PAYMENT**

Footnotes: (a) DGO transitioned from semi-annual to quarterly dividend payments; Semi-annual payments for 1H17 ($2.8 MM), 2H17 ($2.8 MM) and 2Q18 ($10.7 MM) have been spread evenly to represent the "quarterly" equivalent; share buybacks of ~$15.8 MM as of June 21, 2019, as announced via RNS publications; dividend declarations of $18.5 MM and $23.7 MM consistent with dividend announcements via RNS disclosure on 27 March 2019 and 13 June 2019, respectively; (b) cumulative debt amortization payments, excluding draws related to acquisition funding; (c) based on dividend declared of 3.42 cents per share to be paid 27 September 2019; refer to 13 June 2019 RNS; (d) as of 22 June 2019; (e) as of 31 May 2019
BUYBACK PROGRAMME
A DISCIPLINED APPROACH ENSURES RETURN ACCRETION FOR SHAREHOLDERS

Buyback programme announced in April 2019
- 12-month buyback programme announced 30 April 2019
- Total buyback quantum of $68.2 MM or 54.3 MM shares
- 11,374,628 shares repurchased through 21 June 2019 at an average price of 110p/share ($15.8 MM)

Strict parameters for buyback execution
- Targeted share repurchases within regulatory limits provide strict boundaries for buyback execution
- Market Abuse Regulation and shareholder approvals limit the buyback to:
  - Daily volume: 25% of the 20-day average daily trading volumes on AIM
  - Pricing: 105% of the 5-day average closing share prices, but never above the last independent trade price

Meaningful accretion for shareholders
- Buyback programme completed during periods of price weakness providing accretion for shareholders across key value metrics, including free cash flow and net asset value
SHARE PERFORMANCE REFLECTS MARKET PERCEPTION
SHARE PRICE PERFORMANCE REACTS TO THE DIVERSIFIED DIFFERENCE

Share Price Performance Since IPO

Footnotes: Source: Factset; (a) Historical share price data for the period February 2017 – June 2019; (b) International Peer Group includes: Tullow Oil plc, SOCO International plc, Seplat Petroleum AB, Lundin Petroleum AB, Aker BP ASA; (c) Appalachian Peers includes: Southwestern Energy Company, Range Resources Corporation, Montage Resources Corporation, Gulfport Energy Corporation, EQT Corporation, CNX Resources Corporation, Cabot Oil and Gas Corporation, Antero Resources Corporation
HEDGED TO PROTECT CASH FLOW, DIVIDENDS & DEBT SERVICE / PAYDOWN

OUTER-MONTH TARGET LEVELS ALLOW FOR MANAGING THROUGH ILLIQUID / INEFFICIENT MARKETS

Target Levels: 1 - 18
- Unhedged
- Discretionary Hedging 76-90%
- Firm Hedging 75%

Target Levels: 19 - 36
- Unhedged
- Discretionary Hedging 51-90%
- Firm Hedging 50%

Portfolio Duration
Opportunistically layer on hedges to achieve 12 rolling quarters of hedged production(a)

Preferred Structures
Only non-speculative and vanilla structures; costless collars; swaps; & puts

Fixed vs. Physical
Preference to have physical contracts but layer on financial contracts as physical market becomes illiquid

NYMEX + Basis
Primarily hedge at Henry Hub but use basis hedges when appropriate (Dom South, TCO & TETCO M2)

NATURAL GAS

<table>
<thead>
<tr>
<th>Period</th>
<th>Average Downside Protection(c)</th>
<th>Average Volume (MMBtu/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q19</td>
<td>$2.75</td>
<td>290,215</td>
</tr>
<tr>
<td>3Q19</td>
<td>$2.74</td>
<td>321,729</td>
</tr>
<tr>
<td>4Q19</td>
<td>$2.74</td>
<td>305,506</td>
</tr>
<tr>
<td>FY20</td>
<td>$2.67</td>
<td>217,450</td>
</tr>
<tr>
<td>FY21</td>
<td>$2.62</td>
<td>150,177</td>
</tr>
<tr>
<td>1Q22</td>
<td>$2.64</td>
<td>34,521</td>
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</table>

NGL

<table>
<thead>
<tr>
<th>Period</th>
<th>Average Downside Protection</th>
<th>Average Volume (Bbls/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q19</td>
<td>$36.38</td>
<td>5,565</td>
</tr>
<tr>
<td>3Q19</td>
<td>$36.25</td>
<td>5,438</td>
</tr>
<tr>
<td>4Q19</td>
<td>$36.76</td>
<td>5,374</td>
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<tr>
<td>FY20</td>
<td>$35.95</td>
<td>3,207</td>
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<tr>
<td>FY21</td>
<td>$33.98</td>
<td>113</td>
</tr>
<tr>
<td>1Q22</td>
<td>-</td>
<td>-</td>
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</table>

OIL

<table>
<thead>
<tr>
<th>Period</th>
<th>Average Downside Protection</th>
<th>Average Volume (Bbls/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q19</td>
<td>$51.30</td>
<td>762</td>
</tr>
<tr>
<td>3Q19</td>
<td>$50.89</td>
<td>705</td>
</tr>
<tr>
<td>4Q19</td>
<td>$50.61</td>
<td>693</td>
</tr>
<tr>
<td>FY20</td>
<td>$48.36</td>
<td>647</td>
</tr>
<tr>
<td>FY21</td>
<td>$52.73</td>
<td>519</td>
</tr>
<tr>
<td>1Q22</td>
<td>$55.61</td>
<td>99</td>
</tr>
</tbody>
</table>

Footnotes:
(a) Credit Facility agreement requires hedging of 75% of Oil, NG, NGL volumes through first 18 months; (b) Credit Facility requires at least 50% hedging on Oil & NG Hedges in months 19 – 36; (c) gas prices are for the NYMEX price only; exclude basis.
CONTINUED COMMITMENT TO OUR STRATEGY
A DISCIPLINED APPROACH TO CREATING LONG-TERM VALUE

- Grow the Organic Opportunity Set
- Relentlessly Focus on Margin Execution
- Optimise Long-life, Low-decline Assets
- Pay Dividends at 40% of Free Cash Flow
- Acquire Complementary Upstream and Midstream Assets
- Safeguard the Balance Sheet and Liquidity
- Grow Free Cash Flow Per Share

Shareholder Returns
Focused Execution
Disciplined Growth
THE DGO DIFFERENCE

‘Some companies are built to drill and some to operate. Diversified is built to operate very efficiently.’

- DGO Investor
OUR PEOPLE DRIVE RESULTS
UNMATCHED EXPERIENCE IN THE APPALACHIAN BASIN

ADDITIONS OF EXPERIENCED TEAMS IN THE LAST 18 MONTHS:

- 120 Employees
  DGO LEGACY
- +335 Employees
  NORTHERN OPERATIONS
- +495 Employees
  SOUTHERN OPERATIONS

... Opportunistically hiring exceptional talent to support growth

25+ YEARS

Average Appalachian O&G Experience for Operational Management, leading to

Innovation
Best Practice Sharing

SOUTHERN DIVISION LEADERSHIP TEAM

OPERATIONS FOCUS
Every Day | Every Employee | One DGO

SAFETY
No compromises

PRODUCTION
Every unit counts

EFFICIENCY
Every dollar counts

ENJOYMENT
Have fun
OUR APPROACH TO WELL OPERATIONS

VALUE CAPTURED: ACQUISITION & OPTIMIZATION TO ASSET RETIREMENT

Operating Initiatives

- Increase production, extend well-life & reactivate inactive wells
- Leverage expansive midstream assets to optimise end markets and realised prices
- Reduce operating costs to enhance economics

Planning Initiatives

- Proactively plan for asset retirement
- Continuously improve through knowledge sharing & building a larger body of work
- Leverage significant regional scale to achieve pricing power & cost efficiencies

OPTIMISING WELL LIFE
“SMARTER WELL MANAGEMENT” PROGRAMME
IMPROVING PRODUCTION TO GENERATE INCREMENTAL CASH FLOW

Simple Objectives
- Improve production on active wells
- Return inactive wells to production

1. Pumpjack Installation
   Minimise casing pressure to maximise oil production

2. Setup Optimisation
   Reconfigure wellhead setup to increase well up-time

3. Swabbing
   Remove fluids from producing zones

4. Plunger Lift Setup
   Decrease fluid load to allow increased flow of gas

5. Water/Chemical Treatments
   Casing & tubing treatments to increase gas flow

6. Wellhead Compression
   Manage pressure to increase flow rate

389 Wells Returned to Production YTD
SAFELY, SYSTEMATICALLY RETIRE WELLS
DGO’S ASSET RETIREMENT OBLIGATIONS SUMMARIZED

**PV10 TO UNDISCOUNTED COMPARISON ($MM)**

- Net Cash Flow (Field Level)
- Asset Retirement Obligation

<table>
<thead>
<tr>
<th>Undiscounted</th>
<th>PV-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6,200</td>
<td>$2,200</td>
</tr>
<tr>
<td>$1,300</td>
<td>$55</td>
</tr>
</tbody>
</table>

**FORECASTING WELL RETIREMENT PROGRAMME**

- **Cost**: Actual experience & market data
- **Timing**: Long-well lives & long-term agreements

**BRIDGING THE PV10 ARO TO THE BALANCE SHEET**

- **Considerations**:
  1. Timing of cash expenditures
  2. Amount of cash expenditures
  3. Interest rates applied

- **$MM**
  - Reserve Report PV10 $55
  - 2.2% Inflation $31
  - 8.0% Discount Rate $143
  - Balance Sheet Liability $57

- **Cumulative Well Count**
  - Cumulative PV10 of Liability
  - Cumulative Well Count
DGO’s Assets Support $3.5B of Cash Distributions over 75 Years

$6.2B of Field-Level Net Cash Flow is ~5x our $1.3B ARO

Major Assumptions:
- Full cash run-off, no further growth
- Greater of 40% of free cash flow or $43 MM per year in dividends
- Flat commodity prices (beyond 12-yr strip) and costs\(^{(a)}\)
- No further efficiencies in plugging costs
- ARO Cash Account earns just 3.0% interest annually
- No assumed tax benefits

Footnotes:
(a) Beyond 12-year strip, realised prices assume $3.49/mcf gas, $53.00/bbl oil, $26.50/bbl NGL, with no additional hedging beyond existing contracts; midstream revenue and expense decline at 1%/year after year 10; LOE assumes 60% variable/40% fixed, declining with production and well count, respectively; G&T declines at 1.5%/year after year 10; (b) Interest income earned on the “Pre-Fund ARO Cash Account” established (at DGO’s discretion; not required by the states in which the Company operates) as a sinking fund for future ARO
REVENUES

TRANSFORMATION OF THE ASSET BASE DRIVING REALISED PRICE IMPROVEMENTS

REVENUE GROWTH (a)

FOURTH QUARTER: DRIVING REALISED PRICING HIGHER (a)

Footnotes: (a) Amounts presented unhedged; (b) Includes other revenue
EXPENSES & MARGIN

LEVERAGING SCALE TO REDUCE UNIT COSTS AND ENHANCE CASH MARGINS

REDUCING EXPENSES

- YE 2017: Expenses $10.74
- YE 2018: Expenses $8.55

LOE Down ~30%

- YE 2017: $8.71
- YE 2018: $6.32

\[ >20\% \]

2018 Total Expenses

IMPROVING MARGINS

- Realised Price $17.14
- 4Q 2018: Total LOE $5.99
- 4Q 2018: Cash Costs $8.51

Cash Margin Per Boe

- 2x

Footnotes: (a) Owned midstream expenses; (b) third-party gathering and transportation expenses
CREDIT FACILITY HIGHLIGHTS
GENERATING SIGNIFICANT LIQUIDITY

Committed to maintaining low leverage
- Target 2x or less Net Debt / Adj. EBITDA
- Credit Facility provides cost effective means to fund acquisitions without additional equity dilution

Credit Facility enhances liquidity
- Facility upsized to $1.5 Billion upon year end 2018
- $950MM borrowing base, ~$330MM of Liquidity pro forma for HG Energy asset acquisition
- Improved pricing with 25bps reduction across pricing grid (LIBOR + 2.0-3.0%)
- Credit facility maturity in 2023

“Smarter Cash Management”
- Minimise cash on balance sheet by applying excess cash to the RBL to reduce interest expense

<table>
<thead>
<tr>
<th>Facility Size</th>
<th>$500MM</th>
<th>$1.0Bn</th>
<th>$1.5Bn</th>
<th>$1.5Bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000</td>
<td>$600</td>
<td>$217</td>
<td>$620</td>
<td>$950</td>
</tr>
</tbody>
</table>

~5x Increase

Borrowing Base ($MM)

Mar '18 | Jul '18 | Nov '18 | Apr '19
$200 | $110 | $90 | $600
$600 | $409 | $217 | $725
$191 | $508 | $330 | $620

Available

Drawn

Generating Significant Liquidity

<table>
<thead>
<tr>
<th># Banks in Syndicate</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
</tr>
<tr>
<td>11</td>
</tr>
<tr>
<td>12</td>
</tr>
<tr>
<td>14</td>
</tr>
</tbody>
</table>

Maintaining Low Leverage

4.0x
3.5x
3.0x
2.5x
2.0x
1.5x

Bank Covenant
Stated Limit
Preferred Limit

<table>
<thead>
<tr>
<th>12/31/17</th>
<th>6/30/18</th>
<th>12/31/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.99x</td>
<td>1.90x</td>
<td>1.80x</td>
</tr>
</tbody>
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SMARTER CASH MANAGEMENT AND LOWER PRICING GRID
REDUCES CASH INTEREST COSTS BY ~$1.5 MM PER YEAR

**Reduced LIBOR Spread**

<table>
<thead>
<tr>
<th>Monthly Revolver Balance (MM)</th>
<th>Interest Reduction % Per Year</th>
<th>Monthly Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>$600</td>
<td>0.25%</td>
<td>$125,000</td>
</tr>
</tbody>
</table>

- 2019 Estimated Interest Savings ~$1,000,000

**Smarter Cash Management**

<table>
<thead>
<tr>
<th>Month</th>
<th>Max Swing Line Utilization (MM)</th>
<th>Interest Rate Per Year</th>
<th>Assumed LIBOR Interest</th>
<th>Actual Swingline Interest</th>
<th>Interest Savings</th>
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</thead>
<tbody>
<tr>
<td>Month 1</td>
<td>$17.3</td>
<td>5.25%</td>
<td>$75,688</td>
<td>$38,696</td>
<td>$36,992</td>
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<td>Month 2</td>
<td>$11.7</td>
<td>5.25%</td>
<td>$59,500</td>
<td>$15,476</td>
<td>$44,024</td>
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<td>Month 3</td>
<td>$21.2</td>
<td>5.25%</td>
<td>$122,500</td>
<td>$58,710</td>
<td>$63,790</td>
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<td>Month 4</td>
<td>$21.1</td>
<td>5.00%</td>
<td>$91,250</td>
<td>$65,942</td>
<td>$25,308</td>
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</table>

2019 Estimated Interest Savings $500,000

**Illustrative One-Month Swingline vs. LIBOR Borrowing Interest Rate**

- Peak Cash Requirement $17.3 MM
- Avg O/S: $8.5 MM
- Lower Cash Interest by 50%
- Swingline Interest $38,696
- Pay down with Revenue #2
- Interest Savings $44,024
- Check Run #4

Footnote: (a) Beginning April 18, 2019 reflective of HG acquisition close
A Vast Opportunity set coupled with…

Organic Cash Flow Projects:
- DGO’s Smarter Well Management programme
- Workovers
- Reducing Line Loss
- Redirecting Pipeline Flows to raise realised prices
- Expanding 3rd Party Gathering
- Further Integrating Assets to Reduce Redundant Costs

Acquisitions in Market:
- Public E&P’s Seeking Drilling Capital
- PE-backed Operators Requiring an Exit
- Large Independents Retrenching to Core
- Midstream Providers Disposing of Low-Growth Systems

…our Shareholder-Centric corporate ethos…

Returns and cash flow generation are at the forefront of every decision

A Strong Balance Sheet is Integral to Protecting Cash Flows

Grow both Free Cash Flow and Reserve Value Per Share

...is driving our Capital Allocation framework

1st PAY DIVIDENDS
Payouts of ~40% of free cash flow

2nd REDUCE DEBT
Further retire debt and accumulate dry powder for the next transformative acquisition

3rd LOWER LEVERAGE
Less than ~2.0 to 2.5x

4th REINVEST FCF\(^{(a)}\)
... to enhance free cash flow per share

5th ACQUIRE WISELY
... to provide outsized shareholder returns

Footnotes: \(^{(a)}\) Free Cash Flow ("FCF")
2019 OUTLOOK
OTHER COMPANY PRIORITIES

- System Modernisation & Data Management
- Board Expansion / Composition
- Move to Main Market Evaluation
APPENDIX: HEDGING
### Hedge Portfolio Summary

#### Gas

- **Volumes**
  - Periods: 2Q 19, 3Q 19, 4Q 19, FY 20, FY 21, 1Q 22
  - Graphs showing volumes for each period, with different color bars representing various types of contracts.

- **Hedge Type**
  - Types: Swaps, Collars, Def Prem Puts, Physicals, Basis

- **Avg. Prices**
  - Periods: 2Q 19, 3Q 19, 4Q 19, FY 20, FY 21, 1Q 22
  - Prices for each period are shown in various charts.

#### Oil

- **Volumes**
  - Graphs showing volumes for each period, with different color bars representing various types of contracts.

- **Hedge Type**
  - Types: Swaps, Collars

- **Avg. Prices**
  - Periods: 2Q 19, 3Q 19, 4Q 19, FY 20, FY 21, 1Q 22
  - Prices for each period are shown in various charts.

#### NGL

- **Volumes**
  - Graphs showing volumes for each period, with different color bars representing various types of contracts.

- **Hedge Type**
  - Types: Swaps

- **Avg. Prices**
  - Periods: 2Q 19, 3Q 19, 4Q 19, FY 20, FY 21, 1Q 22
  - Prices for each period are shown in various charts.
# Hedge Detail: Natural Gas

## Financial Hedges – Natural Gas

<table>
<thead>
<tr>
<th>Natural Gas (MMBtu, $/MMBtu)</th>
<th>2Q19</th>
<th>3Q19</th>
<th>4Q19</th>
<th>1Q20</th>
<th>2Q20</th>
<th>3Q20</th>
<th>4Q20</th>
<th>1Q21</th>
<th>2Q21</th>
<th>3Q21</th>
<th>4Q21</th>
<th>1Q22</th>
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<td>NYMEX NG Swaps</td>
<td>15,179,600</td>
<td>17,639,049</td>
<td>16,146,581</td>
<td>15,559,644</td>
<td>8,982,891</td>
<td>6,086,872</td>
<td>6,257,326</td>
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<td>NYMEX NG Costless Collars</td>
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<td>11,960,000</td>
<td>10,920,000</td>
<td>11,530,000</td>
<td>11,040,000</td>
<td>9,210,000</td>
<td>6,440,000</td>
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<td>1,240,000</td>
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<td>1,240,000</td>
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<tr>
<td>Floor</td>
<td>$2.66</td>
<td>$2.66</td>
<td>$2.66</td>
<td>$2.56</td>
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<td>$2.54</td>
<td>$2.55</td>
<td>$2.55</td>
<td>$2.75</td>
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<td>13,600,000</td>
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<td>Dominion SP Basis</td>
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<td>4,774,000</td>
<td>4,774,000</td>
<td>4,277,000</td>
<td>1,092,000</td>
<td>1,104,000</td>
<td>909,000</td>
<td>1,770,000</td>
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<tr>
<td>Swap Price</td>
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<td>($0.48)</td>
<td>($0.48)</td>
<td>($0.47)</td>
<td>($0.59)</td>
<td>($0.59)</td>
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<td>($0.59)</td>
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<td></td>
<td>($0.48)</td>
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<tr>
<td>TETCO M2 Basis</td>
<td>4,270,000</td>
<td>6,440,000</td>
<td>6,440,000</td>
<td>7,280,000</td>
<td>3,010,000</td>
<td>920,000</td>
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<td>($0.48)</td>
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<td>($0.46)</td>
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<td>Columbia TCO Basis</td>
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<td>($0.40)</td>
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<td>($0.40)</td>
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<tr>
<td>Total NYMEX Hedge Volume</td>
<td>26,409,600</td>
<td>29,599,049</td>
<td>28,106,581</td>
<td>26,479,644</td>
<td>20,512,891</td>
<td>17,126,872</td>
<td>15,467,326</td>
<td>13,924,549</td>
<td>13,650,000</td>
<td>13,750,000</td>
<td>13,490,000</td>
<td>12,600,000</td>
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<tr>
<td>Weighted Average Floor Price</td>
<td>$2.75</td>
<td>$2.74</td>
<td>$2.74</td>
<td>$2.69</td>
<td>$2.65</td>
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<td>$2.80</td>
<td>$2.52</td>
<td>$2.56</td>
<td>$2.60</td>
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<td>$2.64</td>
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</table>

## Physical Hedges – Natural Gas

<table>
<thead>
<tr>
<th>Natural Gas (MMBtu, $/MMBtu)</th>
<th>2Q19</th>
<th>3Q19</th>
<th>4Q19</th>
<th>1Q20</th>
<th>2Q20</th>
<th>3Q20</th>
<th>4Q20</th>
<th>1Q21</th>
<th>2Q21</th>
<th>3Q21</th>
<th>4Q21</th>
<th>1Q22</th>
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<tbody>
<tr>
<td>Fixed Price Physical Sales</td>
<td>6,786,906</td>
<td>5,930,542</td>
<td>5,930,542</td>
<td>5,873,906</td>
<td>4,053,906</td>
<td>3,170,542</td>
<td>1,950,542</td>
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<td>All-In Price</td>
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<td>$2.69</td>
<td>$2.69</td>
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<td>$2.59</td>
<td>$2.46</td>
<td>$2.53</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Dominion SP Basis</td>
<td>80,800</td>
<td>89,600</td>
<td>89,600</td>
<td>80,800</td>
<td>80,800</td>
<td>89,600</td>
<td>32,800</td>
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<tr>
<td>Fixed Price</td>
<td>($0.58)</td>
<td>($0.58)</td>
<td>($0.63)</td>
<td>($0.66)</td>
<td>($0.66)</td>
<td>($0.66)</td>
<td>($0.66)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>TETCO M2 Basis</td>
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<td>1,001,861</td>
<td>1,001,861</td>
<td>990,972</td>
<td>990,972</td>
<td>1,001,861</td>
<td>1,001,861</td>
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<td>($0.57)</td>
<td>($0.57)</td>
<td>($0.57)</td>
<td>($0.57)</td>
<td>($0.57)</td>
<td>($0.57)</td>
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</table>

## Combined Hedging – Natural Gas

<table>
<thead>
<tr>
<th>Natural Gas (MMBtu, $/MMBtu)</th>
<th>2Q19</th>
<th>3Q19</th>
<th>4Q19</th>
<th>1Q20</th>
<th>2Q20</th>
<th>3Q20</th>
<th>4Q20</th>
<th>1Q21</th>
<th>2Q21</th>
<th>3Q21</th>
<th>4Q21</th>
<th>1Q22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hedges &amp; Physical Sales</td>
<td>33,196,506</td>
<td>35,529,591</td>
<td>34,037,123</td>
<td>32,353,550</td>
<td>24,566,797</td>
<td>20,297,414</td>
<td>17,417,868</td>
<td>13,924,549</td>
<td>13,650,000</td>
<td>13,750,000</td>
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<td>$2.80</td>
<td>$2.52</td>
<td>$2.56</td>
<td>$2.60</td>
<td>$2.64</td>
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## HEDGE DETAIL: NGL / OIL

### FINANCIAL HEDGES - NGLS

<table>
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<tr>
<th>NGL (bbl, $/bbl)</th>
<th>2Q19</th>
<th>3Q19</th>
<th>4Q19</th>
<th>1Q20</th>
<th>2Q20</th>
<th>3Q20</th>
<th>4Q20</th>
<th>1Q21</th>
<th>2Q21</th>
<th>3Q21</th>
<th>4Q21</th>
<th>1Q22</th>
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<tbody>
<tr>
<td>Propane Swaps</td>
<td>354,491</td>
<td>350,196</td>
<td>346,068</td>
<td>341,779</td>
<td>346,469</td>
<td>120,476</td>
<td>12,795</td>
<td>12,569</td>
<td>12,342</td>
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<td>Isobutane Swaps</td>
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<td>24,719</td>
<td>24,413</td>
<td>24,748</td>
<td>8,606</td>
<td>914</td>
<td>898</td>
<td>882</td>
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<td>Swap Price</td>
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<td>$36.25</td>
<td>$36.76</td>
<td>$37.17</td>
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<td>$33.98</td>
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<td>Butane Swaps</td>
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<td>80,045</td>
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<td>79,193</td>
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<td>2,873</td>
<td>2,821</td>
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<td>Swap Price</td>
<td>$36.38</td>
<td>$36.25</td>
<td>$36.76</td>
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<td>Natural Gasoline Swaps</td>
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<td>44,944</td>
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<td>1,645</td>
<td>1,616</td>
<td>1,587</td>
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<tr>
<td>Swap Price</td>
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<td>$36.25</td>
<td>$36.76</td>
<td>$37.17</td>
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<td>$33.98</td>
<td>$33.98</td>
<td>$33.98</td>
<td>$33.98</td>
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</table>

**Total NGL Hedge Volume**: 506,415

**Weighted Average Floor Price**: $36.38

### FINANCIAL HEDGES - OIL

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<th>Crude Oil (bbl, $/bbl)</th>
<th>2Q19</th>
<th>3Q19</th>
<th>4Q19</th>
<th>1Q20</th>
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<th>3Q20</th>
<th>4Q20</th>
<th>1Q21</th>
<th>2Q21</th>
<th>3Q21</th>
<th>4Q21</th>
<th>1Q22</th>
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<td>12,000</td>
<td>12,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33,000</td>
<td>13,800</td>
<td>4,600</td>
<td>12,000</td>
<td>36,000</td>
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<td>$58.55</td>
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<td>-</td>
<td>-</td>
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<td>$50.78</td>
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<td>52,897</td>
<td>51,722</td>
<td>62,583</td>
<td>60,490</td>
<td>57,433</td>
<td>56,343</td>
<td>22,314</td>
<td>40,519</td>
<td>38,290</td>
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<tr>
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<td>$66.94</td>
<td>$66.83</td>
<td>$66.76</td>
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<td>$58.00</td>
<td>$49.51</td>
<td>$45.00</td>
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</tr>
</tbody>
</table>

**Total NYMEX Hedge Volume**: 66,074

**Weighted Average Floor Price**: $51.30

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APPENDIX:
ASSET RETIREMENT OBLIGATION
PLANNING SAFE & EFFICIENT OPERATIONS
PROACTIVELY MANAGING WELLS AND PLANNING OUT ASSET RETIREMENT

DGO Asset Retirement Decision Tree

**STEP 1**
Does it present any threat to the environment?

- NO

**STEP 2**
Is the well economic or not?

- YES
  - Continue Producing
- NO

**STEP 3**
Will it be economic if prices moderately recover?

- YES
  - Temporarily Curtail Production
- NO
  - Plug

Plug
... And mitigate environmental concern
DGO’s Safe & Systematic Asset Retirement programme reflects DGO’s solid commitment to:

✓ A Healthy Environment

✓ The Community & its Citizens

✓ State Regulatory Authorities

DGO is committed to doing things the right way. Our Safe & Systematic Asset Retirement programme was created with strict regard to regulatory requirements and plugging agreements held within each state.

The DGO Way

- Conforming plans & materials to safely fit the scope of the job
- Siphon and dispose of material using in-house labor and removal services
- Carefully grade, seed, and work the plat to nature’s original contour using in-house specialists

The Wrong Way

- Accepting standardised plugging procedures regardless of depth & condition
- Juggle logistics & up-charged costs of using 3rd party contractors for removal & disposal
- Improperly cover & cultivate the area, leading to potential drainage issues for land owners
## CALCULATING THE ASSET RETIREMENT OBLIGATION “ARO”

<table>
<thead>
<tr>
<th>Input</th>
<th>Underlying Determinants</th>
<th>DGO Value</th>
</tr>
</thead>
</table>
| Timing of Cash Outlay     | - Well Life is a primary determinant  
- Smarter Well Management impactful to well life  
- Long-term agreements with states provides visibility                                                  | Range: 1-75 years          |
|                           |                                                                                                                                                    | Wtd Avg: 50 years             |
|                           | **II** Amount of Cash Outlay  
- Well Dynamics such as depth  
- Well Location – an underlying regulatory requirement  
- Historical experience and demonstrated costs  
- Market analyses, absent actual experience                                                            | Gross Cost: $20-30K         |
|                           |                                                                                                                                                    | Wtd Avg: $21K(a)             |
| Discount Rate Applied     | - For PV10, use the stated rate of 10%  
- For the Financial Statements, use the risk adjusted, unsecured borrowing rate                                                                      | PV10: 10%                   |
|                           |                                                                                                                                                    | Financial Stmt: 8%           |
| Inflation Rate Applied    | - PV10 – Not Applicable  
- Financial Statements – Must use a widely used, published index rate. DGO uses the Livingston Survey                                              | PV10: N/A                   |
|                           |                                                                                                                                                    | Financial Stmt: 2.2%         |

Footnotes: (a) Weighted average well cost calculated using state-level anticipated AFE (referenced herein) and state well count values (referenced herein)
APPALACHIAN BASIN HAS DEMONSTRATED LONG WELL LIFE

...WITH 160 YEARS OF PRODUCTION HISTORY

Indicative wells from the basin demonstrate productive lives ranging from 64 - 93 years with declines of ~3%

- **OH vertical well, Mahoning County**, 37 years of production to date, 3% decline
  - Total life ≈93 years
  - Exponential decline 15 years to date

- **PA vertical well, Allegheny County**, 28 years of production to date, 3% decline
  - Total life ≈64 years
  - Exponential decline 11 years to date

- **WV vertical well, Barbour County**, 30 years of production to date, 3% decline
  - Total life ≈79 years
  - Exponential decline 21 years to date

- **PA horizontal well, Fayette County**, First production 2012, not yet in terminal decline regime
  - Total life ≈86+ years
  - Exponential decline 3% 21 years to date

Footnotes: Source is a 3rd party, Wright & Company, independent reserve auditor study
APPALACHIAN BASIN WELLS HAVE DEMONSTRATED LOW DECLINES

The typical well has reached an exponential declination rate of < 6% per annum; Smarter Well Management programme focused on further reducing declines

~75% with Declines of <6% Annually

<table>
<thead>
<tr>
<th>Exponential Decline Group</th>
<th>% of Portfolio</th>
<th>Number of Wells</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;1%</td>
<td>~75%</td>
<td>2,972</td>
</tr>
<tr>
<td>2-2.99%</td>
<td>~25%</td>
<td>469</td>
</tr>
<tr>
<td>3-3.99%</td>
<td>~42%</td>
<td>7,472</td>
</tr>
<tr>
<td>4-4.99%</td>
<td>~10%</td>
<td>1,729</td>
</tr>
<tr>
<td>5-5.99%</td>
<td>~20%</td>
<td>3,509</td>
</tr>
<tr>
<td>6-6.99%</td>
<td>~17%</td>
<td>3,048</td>
</tr>
<tr>
<td>7-9.99%</td>
<td>~5%</td>
<td>880</td>
</tr>
<tr>
<td>10-25%</td>
<td>~3%</td>
<td>559</td>
</tr>
<tr>
<td>&gt;25%</td>
<td>~1%</td>
<td>116</td>
</tr>
</tbody>
</table>

Footnotes: Source is a 3rd party, Wright & Company, independent reserve auditor study
LONG-TERM AGREEMENTS WITH STATES PROVIDE VISIBILITY TO CASH SPEND

DGO proactively engaged key states and successfully negotiated long-term agreements with these states, covering >98% of portfolio.

### Well Agreement Detail

#### West Virginia
- 30 initial wells
- 50 wells per year
- 15 year agreement
- 20 min plug/year

#### Kentucky
- 25 initial wells
- 50 wells per year
- 5 year agreement
- 20 min plug/year

#### Ohio
- 14 initial wells
- 18 wells per year
- 5 year agreement
- 18 min plug/year

#### Pennsylvania
- 20 initial wells
- 50 wells per year
- 15 year agreement
- 20 min plug/year

### Minimum P&A Obligations by State

<table>
<thead>
<tr>
<th>Year</th>
<th>West Virginia</th>
<th>Kentucky</th>
<th>Ohio</th>
<th>Pennsylvania</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>14</td>
<td>25</td>
<td>14</td>
<td>30</td>
</tr>
<tr>
<td>2020</td>
<td>20</td>
<td>25</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>2021</td>
<td>20</td>
<td>18</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>2022</td>
<td>20</td>
<td>18</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>2023</td>
<td>20</td>
<td>18</td>
<td>20</td>
<td>50</td>
</tr>
</tbody>
</table>

DGO’s plugging programme assumes 106 wells per year; which is >35% higher than state requirements.
LONG WELL LIFE UNDERPINS EXTENDED PLUGGING PROGRAMME

Model assumes 75-year plugging programme horizon though engineering data shows >7,000 wells (~12%) continue to produce at that time.

**Agreements cover > 98% of DGO’s wells**

**DGO has negotiated firm multi-year plugging agreements with the states in which it operates.**

- Model assumes DGO plugs wells in excess of states’ requirements
  - Year 1 = 20% excess
  - Years 2-5 = 35% excess
- Years 6-15 assume 140 wells plugged per year
  - This level exceed current state requirements by ~80%

**Agreements eliminate variability and the risk of the liability being pulled forward**

- ~33% of DGO’s P&A PV10 capture in years 1 – 15

**For modeling purposes, DGO assumes a linear increase in wells plugged per year between years 15 – 30**

- Thereafter, the company anticipates plugging ~1,100/year

**Commentary**

**Cumulative PV10 Graph**

- **75-year Plugging Programme**

<table>
<thead>
<tr>
<th>Cumulative PV10% of P&amp;A Liability ($MM)</th>
<th>Cumulative Well Count (#)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>0</td>
</tr>
<tr>
<td>$10</td>
<td>10,000</td>
</tr>
<tr>
<td>$20</td>
<td>20,000</td>
</tr>
<tr>
<td>$30</td>
<td>30,000</td>
</tr>
<tr>
<td>$40</td>
<td>40,000</td>
</tr>
<tr>
<td>$50</td>
<td>50,000</td>
</tr>
<tr>
<td>$60</td>
<td>60,000</td>
</tr>
<tr>
<td>$70,000</td>
<td>70,000</td>
</tr>
</tbody>
</table>

- **Cumulative Well Count**

- **Cumulative PV10% of P&A Liability**

- **15 year plugging programme**

DGO negotiated long term, 15+ years plugging agreements with the states in which it operates >98% of its wells

- **50+ year weighted average well life**

- **100% of wells plugged**

- **$55MM PV10**
ARO COST ESTIMATES BASED ON DGO’S ACTUAL EXPERIENCE & MARKET DATA

DGO reviewed the plugging parameters relevant to each state and the nature of its wells to determine its estimated cost to plug each well; over 87% of DGO’s well portfolio will cost ≤ $25,000 to plug.

Commentary

- The horizontal wellbores (included in the “misc” wells below) with incrementally higher plugging costs are among the younger wells that DGO owns and thus will be plugged towards the end of its programme (beyond 75 years or 2090).

Operated Well Count and Estimated ARO Cost (c)

<table>
<thead>
<tr>
<th>Location</th>
<th>Operated Wells (c)</th>
<th>(~60,000 Gross Wells)(d)</th>
<th>Average Depth (ft)</th>
<th>Average Gross Cost ($k)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania Coal</td>
<td>17,618</td>
<td></td>
<td>3,621’</td>
<td>$25.0</td>
</tr>
<tr>
<td>West Virginia</td>
<td>15,885</td>
<td></td>
<td>4,284’</td>
<td>$22.5</td>
</tr>
<tr>
<td>Kentucky</td>
<td>7,680</td>
<td></td>
<td>4,173’</td>
<td>$30.0</td>
</tr>
<tr>
<td>Ohio</td>
<td>7,115</td>
<td></td>
<td>4,188’</td>
<td>$20.0</td>
</tr>
<tr>
<td>Pennsylvania Non-Coal</td>
<td>4,671</td>
<td></td>
<td>3,621’</td>
<td>$20.0</td>
</tr>
<tr>
<td>Misc. (a)</td>
<td>1,390</td>
<td></td>
<td>5,321’</td>
<td>$20.0 - $30.0, $60.0 (b)</td>
</tr>
</tbody>
</table>

Footnotes: (a) Includes deep vertical and horizontal wells; (b) Represents estimated P&A cost for ~600 deep vertical and horizontal wells; (c) Well counts exclude non-operated wells: 739 PA Coal, 1,575 WV, 1,131 KY, 912 OH,727 PA non-coal, 842 Misc.
DGO DETERMINED ITS PLUGGING COSTS AT THE WELL LEVEL

DGO’s plugging programme scale provides the opportunity to further reduce current costs, as vendors give lower pricing for blocks of work; experience over a growing body of work will likely lead to greater efficiency & lower costs.

Illustrative AFE(a) (Using 3rd Party Vendors)

(In USD)

<table>
<thead>
<tr>
<th>Cost Items (Gross)</th>
<th>West Virginia</th>
<th>Pennsylvania Coal</th>
<th>Pennsylvania Non-Coal</th>
<th>Ohio</th>
<th>Kentucky</th>
<th>Wtd. Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Rig Hours</td>
<td>$6,500</td>
<td>$10,000</td>
<td>$6,500</td>
<td>$7,500</td>
<td>$8,800</td>
<td>$8,107</td>
</tr>
<tr>
<td>Trucking Fees Hours</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
<td>3,000</td>
<td>4,000</td>
<td>$3,868</td>
</tr>
<tr>
<td>Cement Volume</td>
<td>3,500</td>
<td>3,500</td>
<td>3,500</td>
<td>3,900</td>
<td>4,000</td>
<td>$3,629</td>
</tr>
<tr>
<td>Dozer Hours</td>
<td>5,000</td>
<td>3,000</td>
<td>3,000</td>
<td>300</td>
<td>1,600</td>
<td>$3,038</td>
</tr>
<tr>
<td>Water Truck Hours</td>
<td>1,200</td>
<td>1,500</td>
<td>1,500</td>
<td>1,250</td>
<td>1,600</td>
<td>$1,391</td>
</tr>
<tr>
<td>5% Contingency Fixed %</td>
<td>1,055</td>
<td>1,185</td>
<td>988</td>
<td>1,025</td>
<td>1,400</td>
<td>$1,139</td>
</tr>
<tr>
<td>Tool Rental Days</td>
<td>300</td>
<td>600</td>
<td>300</td>
<td>200</td>
<td>5,000</td>
<td>$1,011</td>
</tr>
<tr>
<td>Water Disposal Bbls</td>
<td>200</td>
<td>600</td>
<td>600</td>
<td>4,000</td>
<td>3,000</td>
<td>$1,294</td>
</tr>
<tr>
<td>Supervisor Hours</td>
<td>400</td>
<td>500</td>
<td>350</td>
<td>350</td>
<td>-</td>
<td>$360</td>
</tr>
</tbody>
</table>

Plugging Cost (pre-salvage) $22,155 $24,885 $20,738 $21,525 $29,400 $23,928
(-) Estimated Salvage ($2,500) ($2,500) ($2,500) ($3,500) ($1,000) ($2,403)
Type Gross AFE, (less salvage) $19,655 $22,385 $18,238 $18,025 $28,400 $21,526

Proposed Gross AFE $22,500 $25,000 $20,000 $20,000 $30,000

Commentary

- Plugging and abandoning a well is the process of permanently closing and relinquishing an uneconomic or non-productive well by using cement to create plugs that prevent the migration of hydrocarbons inside (and up) the wellbore.
- State regulatory bodies typically establish requirements for how and when a well must be P&A’d.
- Complexity of the plugging job is ultimately the main driver of cost
  - Wells that are deeper and/or exhibit higher downhole pressure can take longer to plug, driving costs upward.
- DGO’s portfolio of primarily shallow, vertical wellbores, translates into materially lower plugging costs than its unconventional peers.
- DGO further reduces plugging costs by utilizing its internal P&A team and minimising the role of 3rd party vendors.

Comparative Actual Plugging Results

(In USD)

<table>
<thead>
<tr>
<th>Period</th>
<th>Wells Plugged</th>
<th>Avg Cost to Plug</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H18</td>
<td>8</td>
<td>$12,707</td>
</tr>
<tr>
<td>3Q18</td>
<td>23</td>
<td>$21,836</td>
</tr>
<tr>
<td>4Q18</td>
<td>4</td>
<td>$17,152</td>
</tr>
<tr>
<td>YTD2019</td>
<td>38</td>
<td>$21,263</td>
</tr>
</tbody>
</table>

Total 73 $20,281

Actual costs trending >5% below AFEs

Footnotes: (a) abbreviation for Authorisation for Expenditure; (b) excludes one deep formation well; (c) includes 12 wells partially invoiced plus estimated unbilled costs
SCALING AND EFFICIENCIES DRIVE DOWN PER-WELL COSTS

Actual Kentucky well plugging is illustrative of DGO’s success in reducing plugging costs by diligent job management.

Ex: Actual Kentucky P&A Cost Reduction

Since gaining operatorship of this asset in mid-July 2018, DGO has implemented several initiatives that already reduced P&A costs by ~$16,800 per well.

- Key areas of cost improvement include:
  
  ▪ **Utilising In-House Labor:** Transitioning trucking, dozer, and general labor work from contract to in-house personnel.
  
  ▪ **Tailoring Cement Plugs:** Tailoring cement usage to conform with local regulations rather than using one standardised design across all wells.
  
  ▪ **Right-sizing Location Containment:** Examining each well site and right-sizing its containment procedures to completely, yet efficiently dispose of wellsite waste.
  
  ▪ **Leverage Scale with Contractors:** Annual plugging programme provides consistent work for credible contractors.

Additionally, DGO continues to identify other areas to improve P&A costs across its entire portfolio, including:

- **In-House Service Rigs**
- **In-House Water Disposal Teams**
ARO liability must be risked and discounted using a credit-adjusted risk-free rate, as per ASC 410-20 / IAS 37

- Discount rate must reflect risks specific to the liability
- Discount rate is calculated using observable rates of interest of other similar liabilities
  - DGO utilised its risk-adjusted, unsecured cost of borrowing (i.e., unsecured borrowing cost on comparable long-term debt like High Yield)
  - DGO does not currently have credit agency rated debt
  - Audit procedures identified Bloomberg’s 15-year BB rated E&P bond as a substantiating measure
- Discount rate is necessary only for booking the ARO liability and offsetting asset; it does not change the required annual cash flow to plug
- Discount Rate assumption was subject to significant sensitivity testing and market analysis by DGO’s independent auditor

INTEREST RATE INPUTS

- Inflation rate must be taken from a published, recognised index
  - Multiple published indices can be utilised as a source, making this input unique between companies
  - DGO utilised the Livingston Survey as its source for inflation
- Unlike other P&A inputs, however, the inflation rate is the only input objectively verifiable
- Like the Discount Rate, the Interest Rate assumption was tested and audited as part of the annual financials statement audit process
ACCOUNTING FOR THE DECOMMISSIONING LIABILITY

THE RESULT OF ITEMS 1-4 DRIVES THE CALCULATION OF ARO

Commentary

- DGOs plugging programme used in the reserve report was adjusted for the balance sheet, as recommended in accounting guidance ASC 410-20 & IAS 37.
- ASC 410-20 / IAS 37 require the ARO liability to be risked and discounted using a credit-adjusted risk-free rate. The credit-adjusted risk-free rate is calculated using observable rates of interest of other liabilities. Furthermore, an inflation factor should be considered.

Financial Statement Presentation

- **Income Statement** reflects systematic accretion expense as DGO builds its liability over the 50 year weighted average life.
- **Cash expenditures** to plug wells are recorded as offsets to the liability on the **Balance Sheet**.

<table>
<thead>
<tr>
<th>Balance Sheet Entry Composition ($MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Report PV10</td>
</tr>
<tr>
<td>2.2% Inflation</td>
</tr>
<tr>
<td>8.0% Discount Rate</td>
</tr>
<tr>
<td>Balance Sheet Liability</td>
</tr>
<tr>
<td>$55</td>
</tr>
<tr>
<td>$31</td>
</tr>
<tr>
<td>$57</td>
</tr>
<tr>
<td>$143</td>
</tr>
<tr>
<td><strong>DIVERSIFIED</strong></td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td><strong>Corporate</strong></td>
</tr>
<tr>
<td>DIVERSIFIED GAS &amp; OIL PLC</td>
</tr>
<tr>
<td>PO Box 381087</td>
</tr>
<tr>
<td>BIRMINGHAM, ALABAMA</td>
</tr>
<tr>
<td>35238-1087 (USA)</td>
</tr>
<tr>
<td><a href="http://www.dgoc.com">www.dgoc.com</a></td>
</tr>
<tr>
<td>TERESA ODOM</td>
</tr>
<tr>
<td>VP INVESTOR RELATIONS</td>
</tr>
<tr>
<td><a href="mailto:IR@dgoc.com">IR@dgoc.com</a></td>
</tr>
<tr>
<td>+1-205-408-0909</td>
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