DIVERSIFIED GAS & OIL
PLC

SECURITISATION SUPPLEMENT

FEBRUARY 2020

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SECURITISATION OVERVIEW

Leverage Neutral

- ABS proceeds **reduce RBL utilisation** and related borrowings
- Provide **stability for** the **dividend**

Liquidity Enhancing

- **Creates ~$60MM**[a] of **additional liquidity** at closing via higher advance rate[b] of PV10 value
- Strengthens positioning for **growth**

Optimised Capital Structure

- **Complements** lending from commercial banks
- Provides **access to high-quality debt investors**
- Provides **path to** low-cost, **unsecured financing**

Footnotes: (a) Amounts presented do not include closing costs or ABS interest reserve held as restricted cash; (b) Advance rate defined as loan amount as a percent of PV10 reserve value.

ASSET BACKED SECURITISATION HIGHLIGHTS

ABS OFFERS DISTINCT ADVANTAGES OVER HIGH YIELD FINANCINGS OR RESERVE BASED LENDING

$200 million of asset backed securities (“ABS”) issued in DGO’s inaugural securitisation transaction

- Privately placed notes issued by Diversified ABS LLC, a wholly-owned and fully consolidated (i.e. ‘on balance sheet’ for accounting purposes) special purpose vehicle (“SPV”)
- Collateralised by ~21.6% of DGO’s PDP[a] assets (Upstream only; **Excludes** Midstream & recently acquired EdgeMarc assets)
- DGO will continue to operate the assets for itself, the SPV and other interest holders under its Joint Operating Agreements

	Key Attributes	Diversified ABS
Tailored	**Highly Suited for DGO’s** Long-Life, Low-Decline High-Quality Reserves	✓
100%	Retain **Full Ownership** of Assets	✓
100%	Retain **Full Operational** Control	✓
Scalable	Differentiated Access to a large, scalable **Pool of Investment Grade Capital**	✓
5%	**Cost Competitive with RBL**[b] and Superior to Unsecured Bonds	✓
~$60MM	**Increased Liquidity** through PV10 Advance-Rate uplift vs. RBL	✓
0%	**Zero** Redetermination Risk	✓
Upstream	**Excess cash flow** after debt service distributes **monthly to DGO**	✓
No Recourse	**Non-Recourse** to DGO; No Corporate Financial Covenants	✓
17 Years	**Long-Dated Maturity** Better Matches DGO’s Long-Dated Assets[c]	✓

Footnotes: (a) PDP defined as “proved developed producing”; (b) RBL defined as “revolving bank line”; (c) Monthly dividends from the SPV to DGO occur as long as the SPV remains in compliance with all covenants. Breaching a debt service coverage ratio and/or other threshold levels mentioned above does not lead to an Event of Default but mealy a temporary suspension of upstream cash flows until the structure is back in compliance.

ASSET BACKED SECURITISATION HIGHLIGHTS (CONT'D)

SECURITISATION OFFERS NUMEROUS BENEFITS - TODAY AND TOMORROW

Favourable Terms Driven By Investment Grade Rating

- BBB- investment grade rating by Fitch and Morningstar supports long-term, low cost debt
- Fixed-rate ABS financing (5%) competitive with variable rate RBL credit facility (currently ~4.7%)
- Increases liquidity with superior PV10 value advance rate vs typical RBL credit facility advance rate
  - Advance rate & loan amount determined at closing; not impacted by future commodity prices
    - No periodic "redetermination" that can require debt repayment as commodity prices decrease
    - Advance rate achieved on the securitisation is higher than that of the RBL credit facility
    - Protects liquidity during periods of lower commodity prices

Innovative Structure Benefits Both DGO and Equity Investors

- Comprehensive, long-term hedging programme at the SPV level provides cash flow stability for investors and DGO
- Flexible SPV covenants tied only to performance of securitised assets
- No corporate-level covenants and debt is fully non-recourse to DGO
- Wholly owned financing structure delivers ongoing free cash flow to DGO

Flexible Refinancing Terms

- Able to refinance at par after 5 years
  - 4 years prior to anticipated repayment date
  - 12 years prior to legal maturity
- At refinancing, DGO can re-lever existing assets + add new assets to upsize new issuance

Broadened Investor Base and Enhanced Capital Structure

- Significant investor interest provides DGO with new universe of buy-and-hold ABS investors
  - ABS market is well-grounded and robust, growing larger post financial-crisis with issuances of $283 billion[a] in 2018 and $262 billion[a] in 2019 YTD
    - Non-Traditional ABS market growing quickly, with ~17% CAGR from 2012 to 2018 and issuances of $28 billion 2019 YTD[a]
- ABS financing places no restrictions on future corporate debt issuances
- Reduces sole reliance on commercial banks for debt financing

Structure Can Be Tapped Quickly in Future Raises

- With initial securitisation platform established, DGO expects:
  - Shorter execution time for follow-on offerings
  - Simplified and expanded marketing to new investors who can review inaugural issuance performance

Footnotes: (a) Per Asset Backed Alert as of 25 October 2019.

PROGRESSING TOWARDS OPTIMAL CAPITAL STRUCTURE

TARGETING UNSECURED TERM DEBT

Management believes DGO’s size and financial profile **justify a ~BB/BB- rating** from the major rating agencies…

However, **first time term bond issuers** would expect the yield on **an inaugural bond issue** of **~2x the yield of this ABS** offering…

Consequently, **ABS diversifies** our **capital structure** and **fuels growth** with an eye towards **accessing the bond market** in a cost effective manner

Public Equity

EQUITY

- Most expensive form of capital
- Dilutive to current shareholders
- Cash flow impact resulting from associated dividends
- Strengthens balance sheet but negatively impacts returns and per share growth

Reserve-based Lending

RBL

- Borrowing base linked to the commodity outlook
- Biannual redetermination resulting in higher/lower availability
- Exposure to floating interest rate
- Good for short term capital needs but not for mid to long term capital needs

Secured Debt

ABS

- Advance rate & loan amount determined at closing; not impacted by future commodity prices
- Flexible refinancing terms
- Structure can be tapped quickly in future raises
- Access to previously untapped investors like pension funds, insurance companies, asset managers, etc

Unsecured Debt

BONDS

- For DGO, current cost will be high
- As production and cash flow continue to grow, we expect an improvement in our credit resulting in a lowering of our cost of capital
- Future, optionality to issue term debt to finance an acquisition in addition to refinancing our ABS

ABS ENHANCES DGO'S CAPITAL STRUCTURE

ABS PROCEEDS REDUCE RBL UTILISATION

Liquidity Analysis ($ Millions)

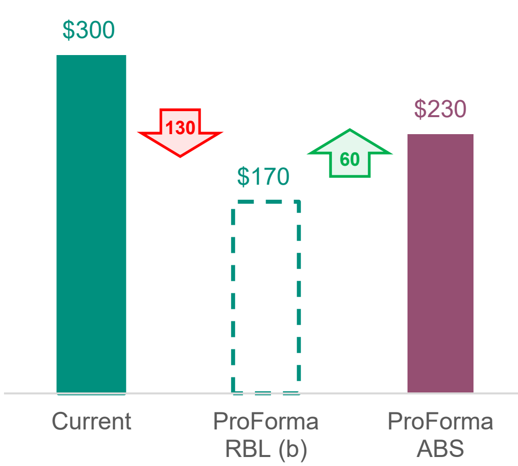
Scenarios	Upstream Work Int. Slice	Gross ABS Proceeds	Borrowing Base	Amount Drawn[a]	RBL Utilisation	Liquidity[b]	Liquidity Change
Current RBL	--	--	$950	$650	68%	$300	--
Pro Forma RBL [b]	--	--	~$820	$650	79%	$170	($130)
ABS	21.6%	$200	~$680 [d]	$450	66%	$230	$60

Appropriate Utilisation

Summary of Securitisation Terms

- **Borrowing Level[a]**: ~68% of asset PV10
- **Maturity**: 10-year amortising[c]; 17 years legal maturity
- **Cash Flows to RBL[a]**: ~$14MM+/year over amortisation period
- **Covenants**:
  - DSCR
  - LTV
  - Prod-based triggers
- **SPV Working Interest Slice[a]**: 21.6% of upstream assets only
- **Hedging**: 85% NYMEX prod. for 10 yrs; 85% basis prod. for 2 yrs
- **Amortising**: Principal payback matches nicely to cash flows
- **Covenant Non-Compliance**: Failure to pay interest; Results in suspension of equity CF to RBL

Liquidity Uplift



Footnotes: (a) Calculated as cash balance committed borrowing base available, extra liquidity available through organically generated free cash flow; (b) Amounts presented do not include closing costs or ABS interest reserve held as restricted cash; (c) Expected amortisation approximates 9 years with a portion of the monthly excess cash flows utilised to reduce principal outstanding; (d) Actual borrowing base affirmed on 23 January 2020 at $650MM, less than the $680MM reflected due to a decline in commodity prices between the securitisation announcement and borrowing base redetermination.

SUMMARY OF TERMS

Issuer:	Diversified ABS LLC, a wholly-owned subsidiary that fully consolidates for accounting purposes
Operator & Manager:	DGO
Collateral:	21.6% of DGO's working interests in its gas and oil portfolio (upstream only)
Excluded Assets:	Excludes all DGO midstream assets and its recently acquired EdgeMarc assets
Hedging Requirement:	NYMEX: 10 years for 85% of production Basis: 2 years on a monthly rolling basis for 85% of production

Capital Structure:

Class	Ratings (Fitch / Mstar)[a]	Balance ($MM)	Gross Adv. Rate (% of 17-year PV10) [b]	Gross Adv. Rate (% of Full Life PV10) [b]	WI% Contributed	Interest Rate	Indicative Wtd Avg Life	Expected Maturity Date[c]	Legal Final Maturity
A	BBB- (sf) / BBB-	$200	74%	68%	21.6%	5.00%	4.7 yrs	9.2 yrs	17.0 yrs

Amortisation:

10-Year Scheduled Repayment
- Additional cash flow sweeps subject to DSCR and other triggers (described below); will result in repayment <10 years
- If any principal remains outstanding after year 10 then 100% cash flow sweeps to principal until note is fully repaid

Excess Cash Sweep (During First 10 Years):

- **25%** cash sweep if DSCR ≥ 1.25x
- **50%** cash sweep if DSCR < 1.25x
- **100%** cash sweep if DSCR < 1.15x, Production Tracking Rate < 80%, or LTV (against Floor Value) > 85%
- Breaching DSCR and/or other threshold levels mentioned above does not lead to an Event of Default

DSCR: (Debt Service Coverage Ratio)

Based on the trailing 3 months:

$$\frac{\text{Securitised Net Cash Flow}}{\text{(ABS Interest + ABS Scheduled Principal)}}$$

Production Tracking Rate:

Based on the trailing 6 months:

$$\frac{\text{Aggregate production volume realised}}{\text{Aggregate production volume projected in the most recent reserve report}}$$

Interest Reserve:	7.5 months Class A Note Interest and senior transaction fees, funded at closing ($6.5 million)
Optional Prepayment:	T+50bps make-whole for first 5 years; callable at par thereafter (after change of control, T+100bps make-whole for first 5 years; callable at par thereafter)

Events of Default:

- Failure to pay timely interest on the Class A Notes
- Failure to repay Notes by Legal Final Maturity
- Other customary events similar to other securitisations including breach of reps and warrants, etc.

Footnotes: (a) as announced via RNS Disclosure on 14 November 2019. (b) Per Wright & Co independent reserve report as of 1 May 2019 and NYMEX strip pricing as of 13 November 2019; Assumes 13 November 2019 effective date. Based on 21.6% of DGO's assets. Assumes Henry Hub hedged for 10 years at $2.46/mcf and basis differentials hedged for 2 years at average price of $(0.43)/mcf for approximately 85% of projected production; (c) Scheduled maturity is 10 years; the illustrative expected maturity of 9.2 years assumes accelerated amortisation payments related to excess cash sweeps calculated using a price deck as of 13 November 2019.

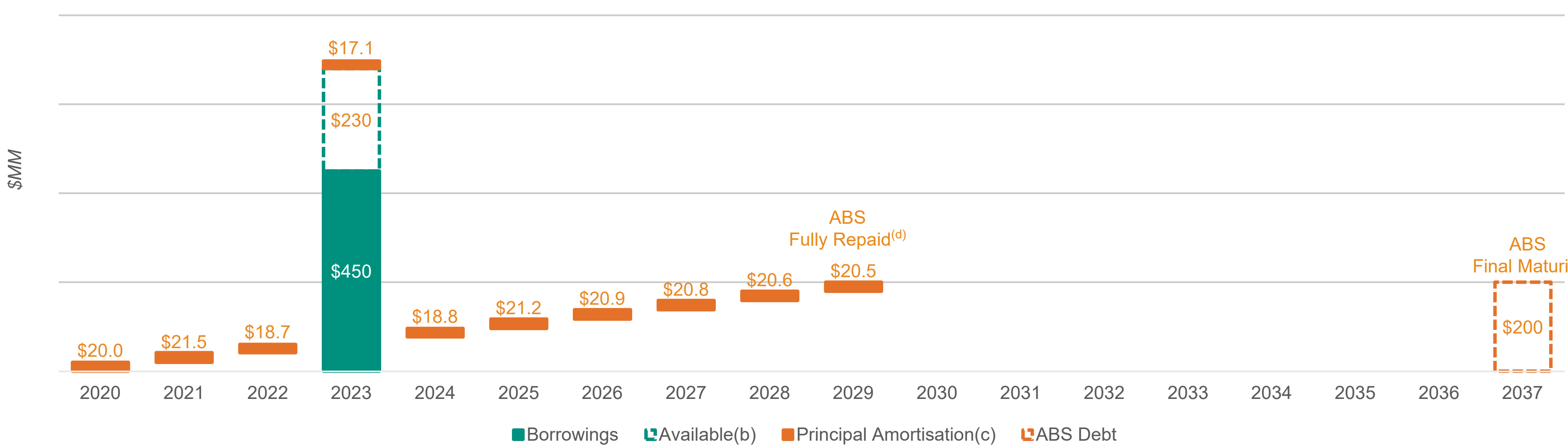
OPTIMISED CAPITAL STRUCTURE

… ORGANIC CASH GENERATION REDUCES LEVERAGE

Commentary

- **Expanding capital structure:**
  - Reduced reliance on commercial banks
  - Reduced utilisation of RBL enhances liquidity
  - Low-cost and scalable
- **Ongoing organic cash generation reduces debt**
  - History of making RBL principal payments[a]
  - ABS structure eliminates bullet-maturity payment with ~$20-25MM amortising annually
- **Demonstrated commitment to low leverage**
  - RBL limit of 3.5x
  - Stated commitment of ~2.5x
  - Current leverage of ~2.4x

Debt Maturity Summary



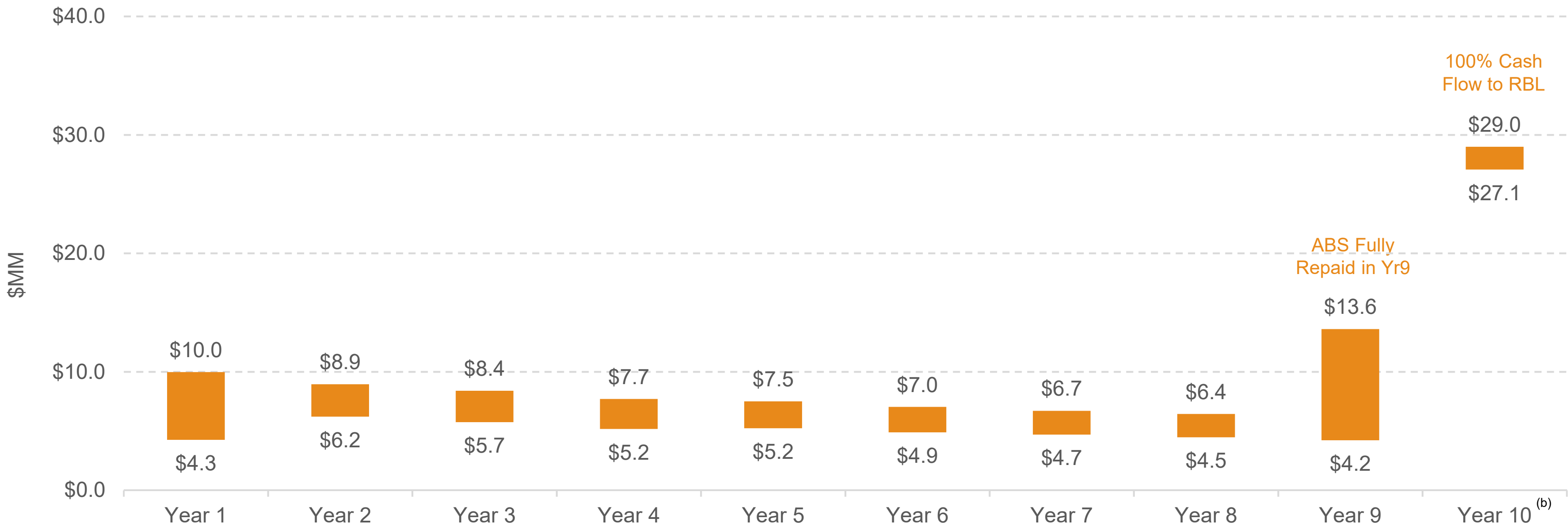
Source: FactSet as of 11/12/2019, Company Filings.

Footnotes: (a) Net of draws to fund additional acquisitions; (b) Actual borrowing base affirmed on 23 January 2020 at $650MM, less than the $680MM reflected due to a decline in commodity prices between the securitisation announcement and borrowing base redetermination; (c) Principal amortisation represents scheduled principal repayments only; (d) Anticipate excess cash sweeps lead to full repayment of $200MM ABS before 10-year scheduled maturity and well before final, legal maturity of the ABS in 2037.

ILLUSTRATIVE "EXCESS" CASH FLOW TO RBL

AS A RESULT OF LONG TERM HEDGING WITHIN THE SECURITISATION STRUCTURE, DGO CAN EXPECT TO RECEIVE STABLE CASH FLOWS EVEN IN A LOWER COMMODITY PRICE ENVIRONMENT

Illustrative Excess Cash Flow to RBL – Sensitivities to Gas Price Changes for Unhedged Volumes[a]



$2.00 Gas	$4.3	$6.2	$5.7	$5.2	$5.2	$4.9	$4.7	$4.5	$4.2	$27.8
$2.25 Gas	6.3	6.9	6.4	5.8	5.8	5.4	5.2	4.9	4.7	29.0
$2.50 Gas	7.3	7.6	7.1	6.4	6.4	6.0	5.7	5.4	9.7	27.1
$2.75 Gas	9.0	8.2	7.7	7.1	6.9	6.5	6.2	5.9	11.2	27.6
$3.00 Gas	10.0	8.9	8.4	7.7	7.5	7.0	6.7	6.4	13.6	28.2

Footnotes: (a) Per Wright & Co independent reserve report as of 1 May 2019; Assumes 13 November 2019 effective date. Based on 21.6% of DGO's assets. Assumes Henry Hub hedged for 10 years at $2.46/mcf and basis differentials hedged for 2 years at average price of $(0.43)/mcf for approximately 85% of projected production. (b) Based on modeled asset performance, the ABS is repaid in Year 9; in Year 10 100% of the cash flows are to DGO equity.

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