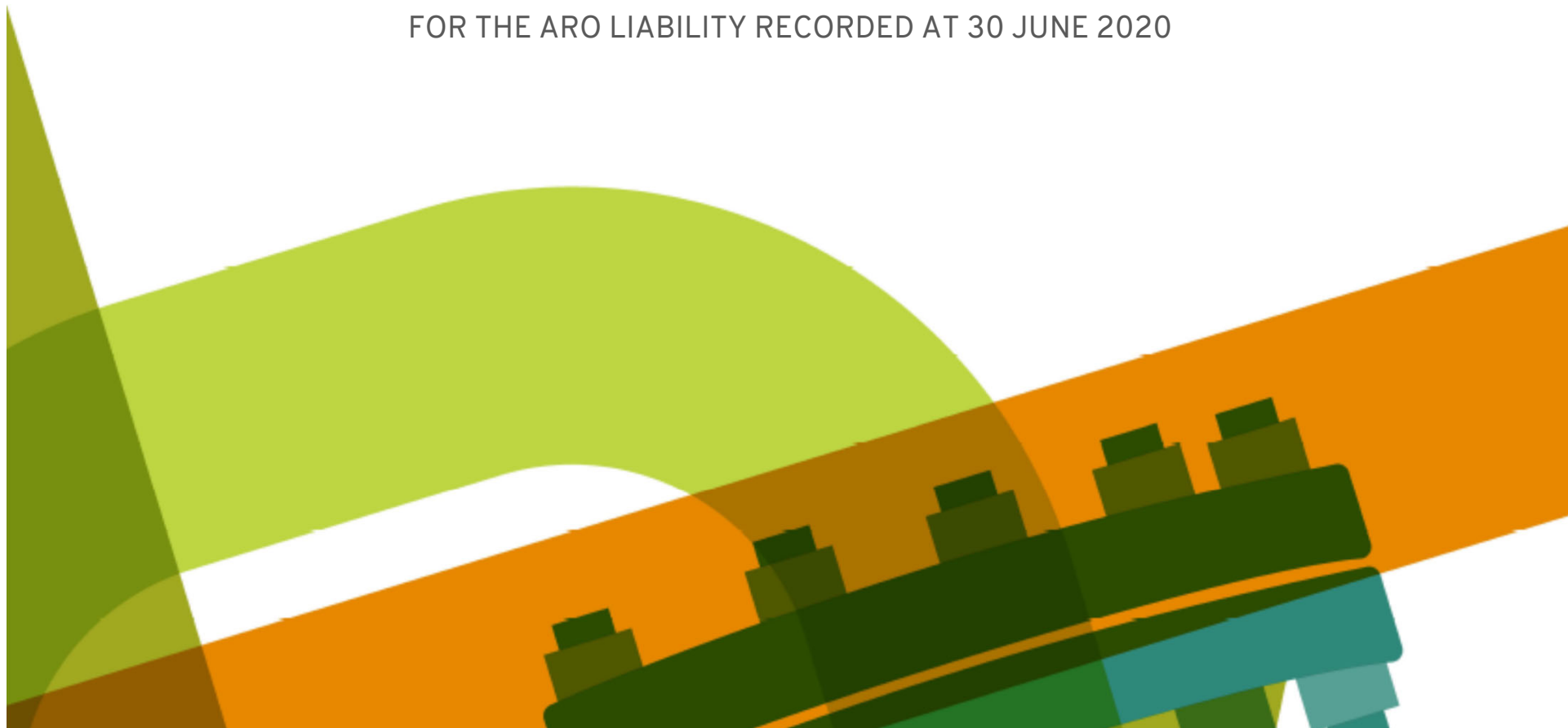




DIVERSIFIED GAS & OIL
P L C

ASSET RETIREMENT SUPPLEMENT

FOR THE ARO LIABILITY RECORDED AT 30 JUNE 2020



DISCLAIMER

The information contained in this document (the "Presentation") has been prepared by Diversified Gas & Oil PLC (the "Company"). This Presentation has not been approved by an authorised person in accordance with Section 21 of the Financial Services and Markets Act 2000 and therefore it is being delivered for information purposes only. This Presentation is not to be copied, published, reproduced, distributed or passed in whole or in part to any other person or used for any other purpose. This Presentation is for general information only and does not constitute an invitation or inducement to any person to engage in investment activity.

While the information contained herein has been prepared in good faith, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers give, have given or have authority to give, any representations or warranties (express or implied) as to, or in relation to, the accuracy, reliability or completeness of the information in this Presentation, or any revision thereof, or of any other written or oral information made or to be made available to any interested party or its advisers (all such information being referred to as "Information") and liability therefore is expressly disclaimed. Accordingly, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers take any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the Information or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this Presentation.

This Presentation may contain forward-looking statements that involve substantial risks and uncertainties, and actual results and developments may differ materially from those expressed or implied by these statements. These forward-looking statements are statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, prospects, growth, strategies and the industry in which the Company operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as of the date of this Presentation and the Company does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Presentation.

In furnishing this Presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies in, or omissions from, this Presentation which may become apparent.

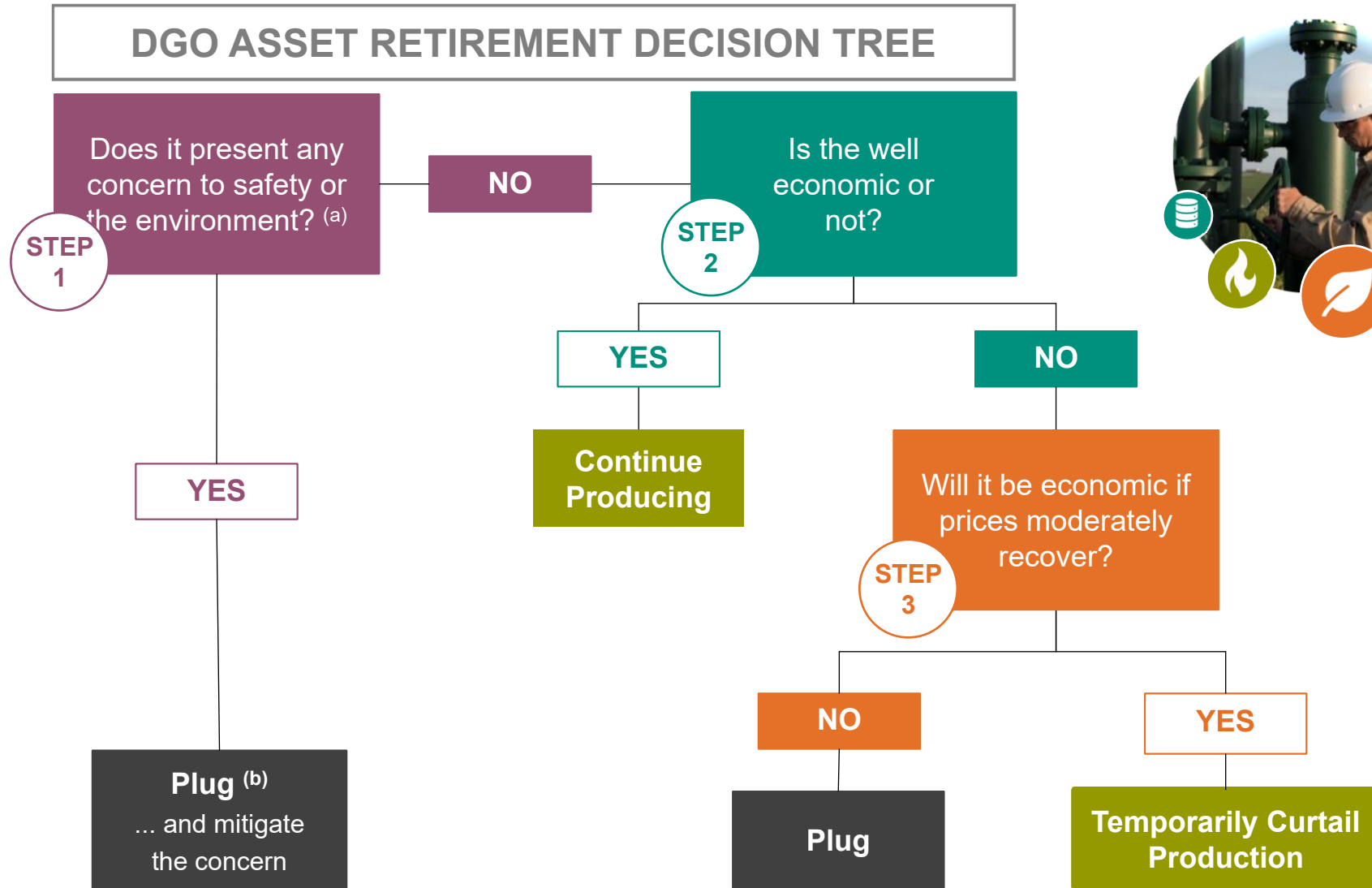
This Presentation should not be considered as the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. In particular, this Presentation does not constitute an offer or invitation to subscribe for or purchase any securities in any jurisdiction and neither this Presentation nor anything contained herein shall form the basis of any contract or commitment whatsoever.

The distribution of this document in or to persons subject to other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of the relevant jurisdiction.

By attending and otherwise accessing this Presentation, you warrant, represent, undertake and acknowledge that (i) you have read and agree to comply with the foregoing limitations and restrictions and (ii) you are able to receive this Presentation without contravention of any applicable legal or regulatory restrictions.

PLANNING SAFE & EFFICIENT OPERATIONS

PROACTIVELY MANAGING WELLS AND PLANNING OUT ASSET RETIREMENT



(a) State regulatory bodies typically establish requirements for how and when a well must be plugged and abandoned ("P&A")

(b) Plugging a well is the process of permanently closing ("abandoning") and relinquishing an uneconomic or non-productive well by using cement to prevent the migration of hydrocarbons inside (and up) the wellbore

DGO'S SAFE & SYSTEMATIC ASSET RETIREMENT

OUR PROACTIVE INITIATIVE FOR LONG-TERM ENVIRONMENTAL AND ECONOMIC SUSTAINABILITY

Highlights

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 – the DGO Way. Our Safe & Systematic Asset Retirement Programme was created with strict regard to regulatory requirements and plugging agreements held within each primary operating state.

The DGO Way

Conform plans & materials to safely fit the scope of the job



Cementing

Siphon and dispose of material using in-house labour and removal services



Waste Disposal

Carefully grade, seed, and work the plat to nature's original contour using in-house specialists



Reclamation

The Wrong Way

Accept 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 landowners

UNDERSTANDING THE RETIREMENT PROCESS

REPETITION DRIVES EFFICIENCY AND EXPECTED COST REDUCTIONS OVER TIME

Systematic Process is Low-Cost in Nature^(a)

Blending internal resources with 3rd Party expertise to optimise the process and cost

Internal Process

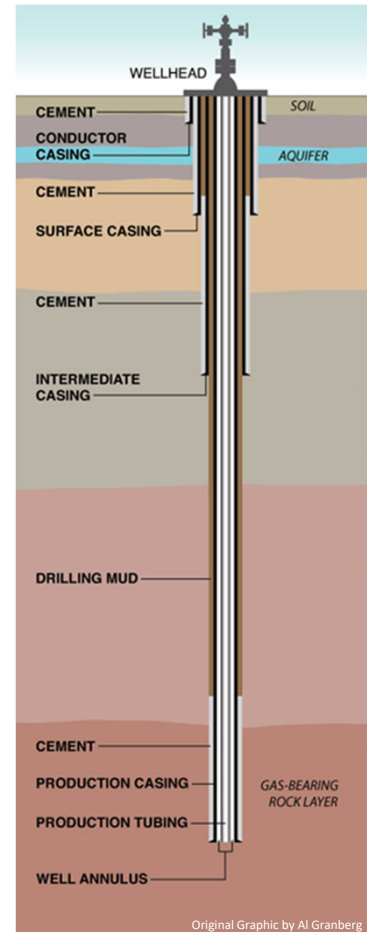
3rd Party Process

1. Plan plugging job specific to well depth, location and well type
2. Prepare the site and well for plugging
3. If applicable, remove the production tubing
4. Set bottom-hole plug to establish foundation for plugging job
5. Fill wellbore with cement to permanently seal
6. Remove equipment and restore natural surface

Cost Saving Factors

- **Competitive bidding** process ensures optimal and typically fixed pricing
- **Price concessions** are often provided by vendors for increased utilisation relating to job volume
- **Geographical proximity** of wells contributes to reduced 3rd party costs
- **Frequency of plugging** activity and partnering internal resources with 3rd party vendors drives efficiencies and lowers in-house costs

Typical Vertical Well



Well Comparisons

Typical DGO Gas Well...



Generally ~\$20K-30K to Retire^(b)

...while Offshore Platforms^(c)



Up to **Hundreds of Millions** to Retire^(d)

(a) Represents simplified model for typical shallow conventional well; Plugging process for each well in DGO's portfolio subject to vary based on vertical depth, horizontal length, location, terrain, etc.

(b) Refer to subsequent slides for calculation of DGO per-well cost estimate

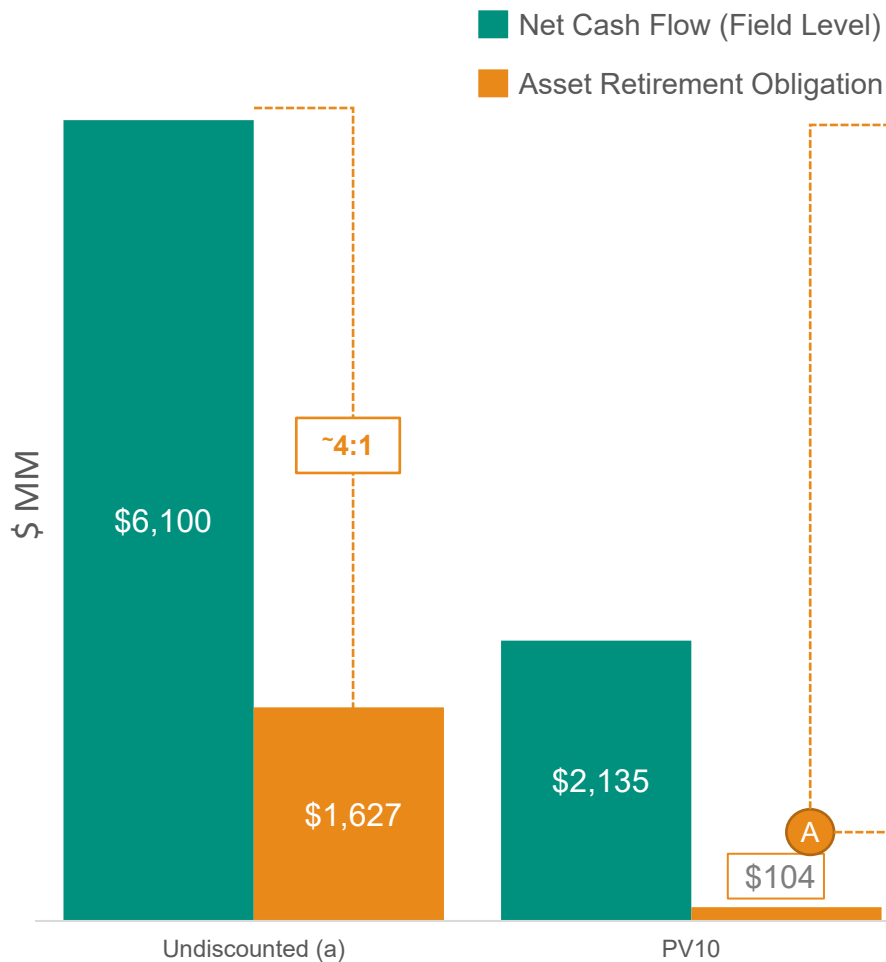
(c) Photo of BP's Clair Ridge Platform

(d) Refer to the average P50 value for North Sea assets as published in the UK Oil and Gas Authority's 2019 Cost Estimate Report, which may be found at <https://www.ogauthority.co.uk/decommissioning/cost-estimate/>

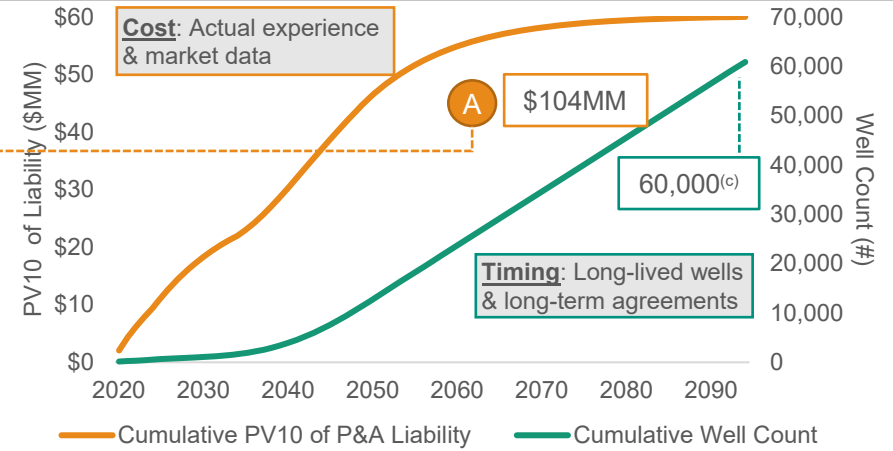
SAFELY, SYSTEMATICALLY RETIRE WELLS

OVERVIEW OF DGO'S ASSET RETIREMENT OBLIGATIONS ("ARO")

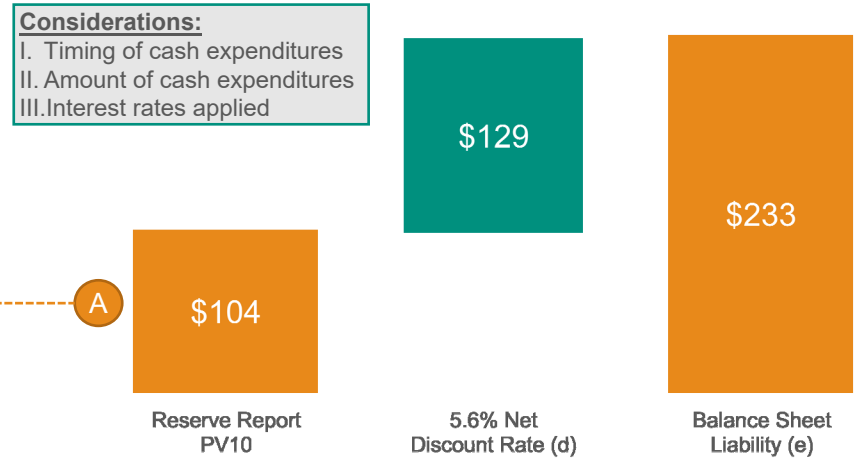
PV10 TO UNDISCOUNTED COMPARISON (\$MM)



FORECASTING 75 YR. RETIREMENT PROGRAMME^(b)



BRIDGING THE PV10 ARO TO THE BALANCE SHEET (\$MM)



Unless otherwise indicated, values reported are as of the Company's most recent full-year Report & Accounts and related Reserves data

(a) Represents the undiscounted gross value of field level cash flows from PDP assets and related retirement (plugging) obligation, respectively

(b) Calculation of annual plugging quantities based on management forecasts, as described on subsequent slide;

(c) Approximate total well count as of 31 December 2019

(d) Net Discount Rate of 5.6% is calculated as discount rate of 7.2% (discount rate for BB-rated US Energy bond) offset by a 1.6% risk adjustment factor (e.g. inflation)

(e) Represents 30 June 2020 balance sheet value

ACCOUNTING FOR ASSET RETIREMENT OBLIGATIONS

CALCULATING THE IMPACT OF THE KEY INPUTS TO THE ARO LIABILITY

Relevant Guidance




IAS 37 / ASC 410-20 requires 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

DGO's plugging programme used in the reserve report was adjusted for the balance sheet, as recommended in accounting guidance IAS 37 & ASC 410-20.

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

Input		Underlying Determinants	DGO Value	
	Timing of Cash Outlay	<ul style="list-style-type: none"> Well life is a primary determinant Smarter Well Management impactful to well life Long-term agreements with states provide visibility 	Range: Wtd Avg:	1-75 years 50 years
	Amount of Cash Outlay	<ul style="list-style-type: none"> Well dynamics such as depth Well location – an underlying regulatory requirement Historical experience and demonstrated costs Market analyses, absent actual experience 	Gross Cost: Wtd Avg:	\$20-30K \$22.5K^(a)
	Net Discount Rate Applied ^(b)	<ul style="list-style-type: none"> Reserve Valuation: Use the stated rate of 10% Financial Statements: IFRS requires the best estimate using a current market assessment of the time value of money and risks specific to the liability 	PV10: Financial Stmt:	10.0% 5.6%

(a) Represents the weighted average expected cost to plug based on internal estimates

(b) Net Discount Rate of 5.6% is calculated as discount rate of 7.2% (discount rate for BB-rated US Energy bond) offset by a 1.6% risk adjustment factor (e.g. inflation)



DIVERSIFIED GAS & OIL
P L C

APPENDIX

ASSET RETIREMENT SUPPLEMENT

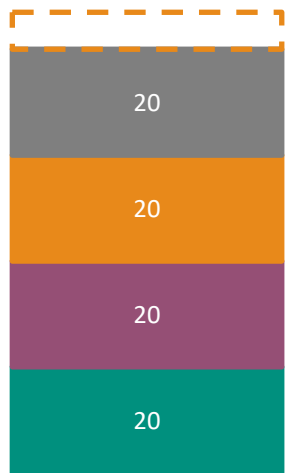


LONG-TERM AGREEMENTS WITH STATES

... PROVIDE VISIBILITY TO CASH SPEND, OUR COMMITMENT TO LOCAL COMMUNITIES, AND BUILDS TRUST WITH REGULATORS

DGO proactively engaged key states and successfully negotiated long-term agreements with these states, covering >97% of portfolio

Total Wells Plugged
~85-90



2020-2027
per Annum

Conservative budgeting provides for discretionary plugging amounts **in excess of state requirements**

Committed amounts per state agreements of **80 wells per year** provide the base program

Importance of Long-Term Agreements

- Provide a **framework for consistent forecasting** of plugging activity and related cash flows
- Demonstrate a **commitment to environmental stewardship** and proper treatment of assets during full life cycle
- Bolster **positive working relationships with states** of upstream operations

97%

Wells covered under firm plugging agreements

33%

P&A PV10 capture in years 1-15 of plugging programme

State Agreement Details

Pennsylvania

*15-year agreement^(a)
50 total wells per year^(b)
20 min wells plug/year*

Ohio

*10-year agreement^(c)
20 total wells per year^(b)
20 min wells plug/year*

Kentucky

*10-year agreement^(d)
50 total wells per year^(b)
20 min wells plug/year*

West Virginia

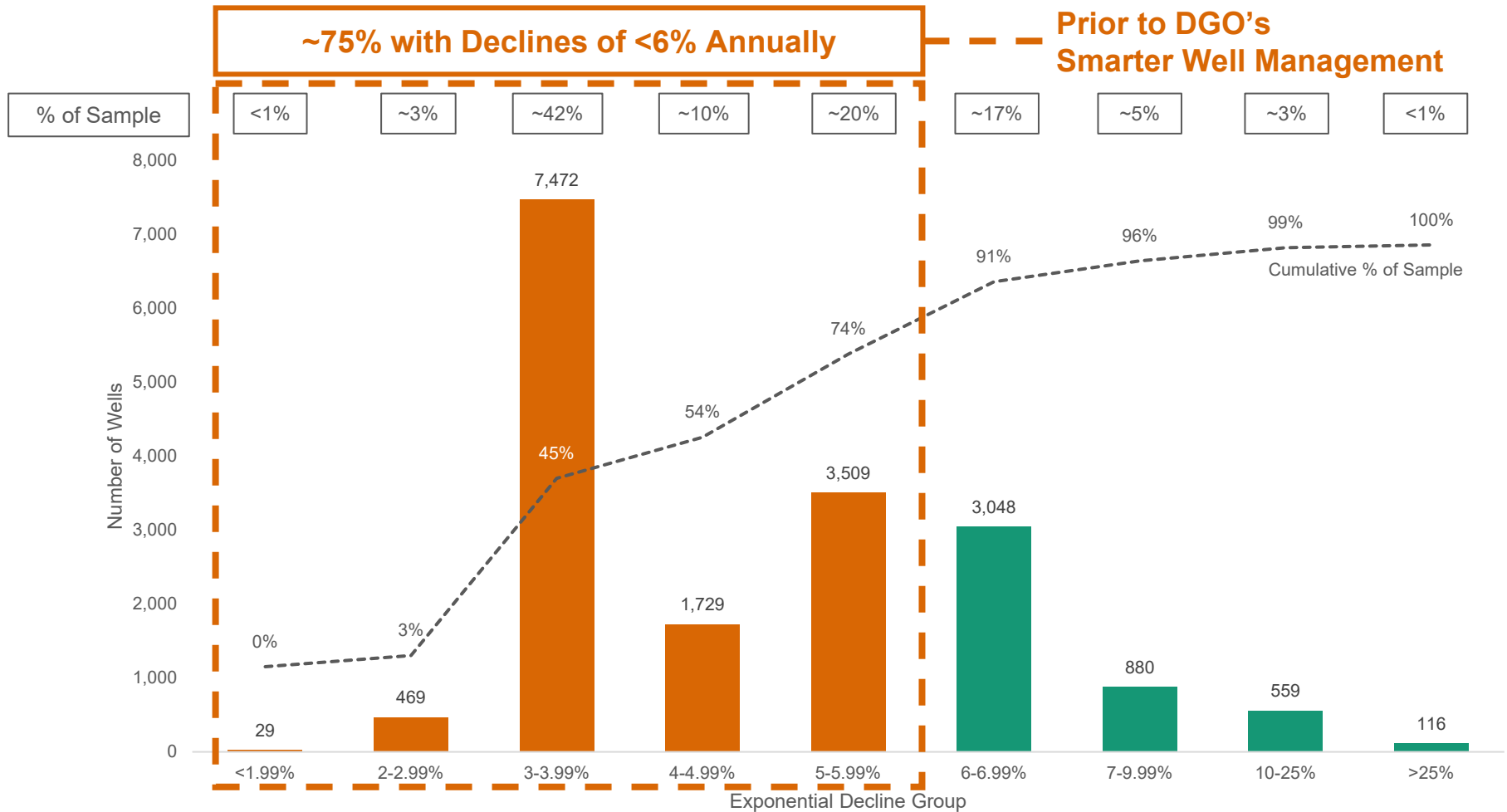
*15-year agreement^(e)
50 total wells per year^(b)
20 min wells plug/year*

(a) Agreement initiated in 1Q19; Initial year plugging requirement of 20 wells
 (b) Reflects the minimum number of wells to plug or return to production in annual periods subsequent to the initial contract year
 (c) Agreement initiated in 2Q18; Initial year plugging requirement of 14 wells; Agreement amended in 1Q20 to extend period of agreement from 5 to 10 years
 (d) Agreement initiated in 1Q19; Initial year plugging requirement of 25 wells; Agreement amended in 3Q19 to extend period of agreement from 5 to 10 years
 (e) Agreement initiated in 4Q18; Initial year plugging requirement of 30 wells

APPALACHIAN BASIN WELLS HAVE DEMONSTRATED LOW DECLINES

SAMPLE SIZE OF NEARLY 20,000 WELLS

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



Based on third-party study performed in 2018 by Wright & Company, independent reserve auditor

DGO DETERMINED PLUGGING COSTS AT THE WELL LEVEL

BASED ON DGO'S ACTUAL EXPERIENCE AND MARKET DATA



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)

(in USD)		West	Pennsylvania		Ohio	Kentucky	Wtd. Avg
Cost Items (Gross)	Cost Driver	Virginia	Coal	Non-Coal			
Service Rig	Hours	\$6,864	\$10,560	\$6,864	\$7,920	\$9,293	\$8,561
Trucking Fees	Hours	4,224	4,224	4,224	3,168	4,224	4,085
Cement	Volume	3,696	3,696	3,696	4,118	4,224	3,832
Dozer	Hours	5,280	3,168	3,168	317	1,690	3,208
Water Truck	Hours	1,267	1,584	1,584	1,320	1,690	1,469
5% Contingency	Fixed %	1,114	1,251	1,043	1,082	1,478	1,203
Tool Rental	Days	317	634	317	211	5,280	1,163
Water Disposal	Bbbs	211	634	634	4,224	3,168	1,366
Supervisor	Hours	422	528	370	370	0	380
Plugging Cost (pre-salvage)		23,395	26,278	21,899	22,730	31,046	25,266
(-) Estimated Salvage		(\$2,640)	(\$2,640)	(\$2,640)	(\$3,696)	(\$1,056)	(\$2,538)
Type Gross AFE, Net (less salvage):		\$20,755	\$23,638	\$19,259	\$19,034	\$29,990	\$22,729
Proposed Gross AFE		\$23,500	\$26,250	\$22,000	\$22,750	\$31,000	

Highlights and Key Assumptions

Portfolio of **primarily shallow, vertical wellbores** translates into costs that are materially lower than unconventional producers

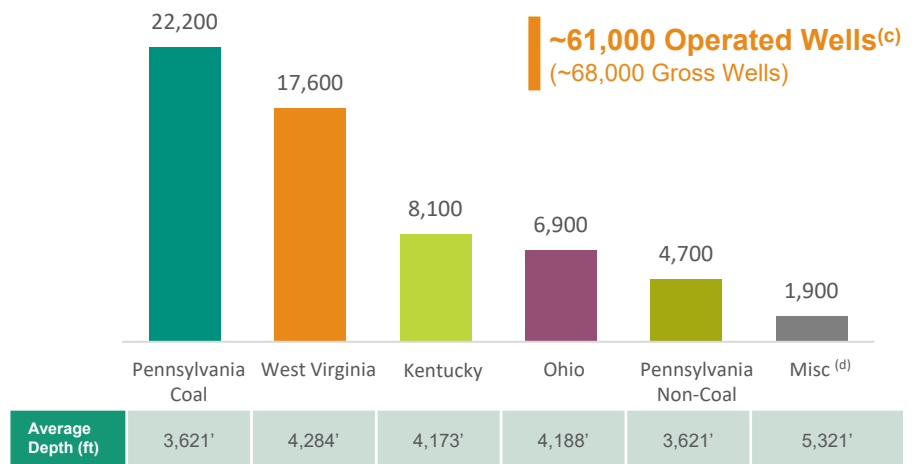
- Wells that are deeper and/or exhibit downhole pressure can take longer to plug and drive costs upward

Utilisation of **internal P&A team** and **minimising the role of 3rd party vendors** further reduces average cost per well

- Economies of scale** and **development of process expertise** will allow for additional efficiencies in future periods

Average well-cost **≤ \$25,000 to plug** across entire portfolio

Operated Well Count



Actual Plugging Costs

(in USD)	Wells Plugged	Wtd Avg AFE ^(b)	Wtd Avg Plug Cost	Favourable (Unfavourable)	
Period				\$	%
FY2018	35	\$21,499	\$19,214	\$2,285	11.9%
FY2019	105	\$24,825	\$24,228	\$596	2.5%
1H2020	52	\$25,054	\$24,779	\$275	1.1%
Total	192	\$24,280	\$23,463	\$817	3.4%

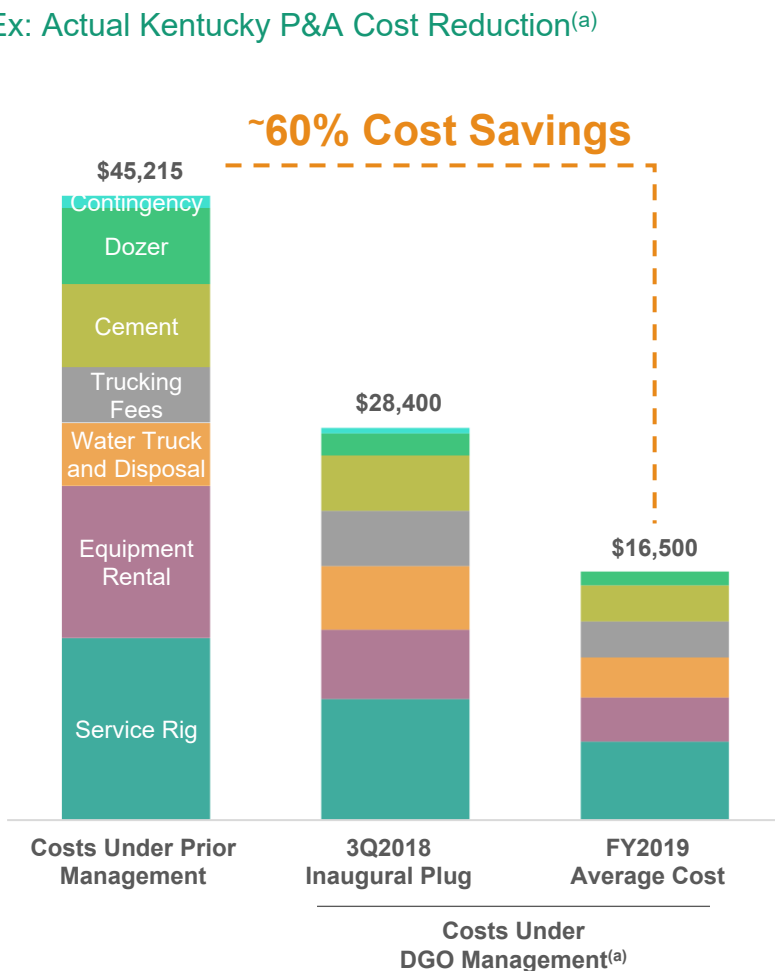
Stated values are as related to the calculation of the Asset Retirement Obligation and related accounts for the Balance Sheet dated 30 June 2020
 (a) Abbreviation for Authorisation for Expenditure presented values represent 2018 base year amounts, subject to inflation in subsequent annual periods
 (b) Type AFE adjusted semi-annually for cost inflation; Inflation factor obtained from The Livingston Survey
 (c) Well counts exclude non-operated wells: 2,100 WV, 900 PA Coal, 1,400 KY, 900 OH, 800 PA Non-Coal, 700 Misc.
 (d) Includes deep vertical and horizontal wells

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^(a)



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



In-House Service Rigs

In-House Water Disposal Teams

Since gaining operatorship of representative assets in mid-July 2018, DGO has implemented several initiatives that already reduced P&A costs by ~\$27,00 per well.

Key areas of cost improvement include:

- Utilising In-House Labour:** 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.

Values presented are illustrative of typical expected savings based on historical costs under DGO Management and Prior Management. Images may not be to scale. Amounts presented net of salvage.
 (a) 3Q2018 costs representative of DGO plugging costs within the same fiscal quarter as asset acquisition; FY2019 representative of average cost to plug based on well plugging activity for fiscal year 2019

NET DISCOUNT RATE

Apply the Discount Rate^(a)

Net discount rate determined for calculation of the ARO liability under IFRS

Net discount rate has no impact on cash flows associated with retiring wells

Rate selection was independently validated by both sensitivity test and market validation by DGO's financial auditor

Net Rate Applied

5.6%

Used to value ARO liability on the Balance Sheet

Applicable Guidance under IAS 37

- Amount should be the **best estimate** at the balance sheet date
- Measurement should be at **the discounted present value**
- Discount factor should reflect:
 - **Current market assessment** of the time value of money
 - **Risks specific to the liability**

Rate Analysis

- DGO's ARO liability:
 - **Unsecured** obligation
 - **>50 year** weighted average tenor, which is tied to well lives with many expected to produce for >75 years
 - **5.0%** risked discount rate
- Compare to and Validated by -----
- **Unsecured** E&P
 - **7-9 year** tenor
 - generally range **9-12%**
 - DGO **issued secured financing^(b)** in November 2019 / April 2020 with
 - Credit Ratings: **BBB- / BBB**
 - Amortising structure (term): **10yr / 8yr**
 - Interest Rate: **5.0% / 5.25%^(c)** interest rate

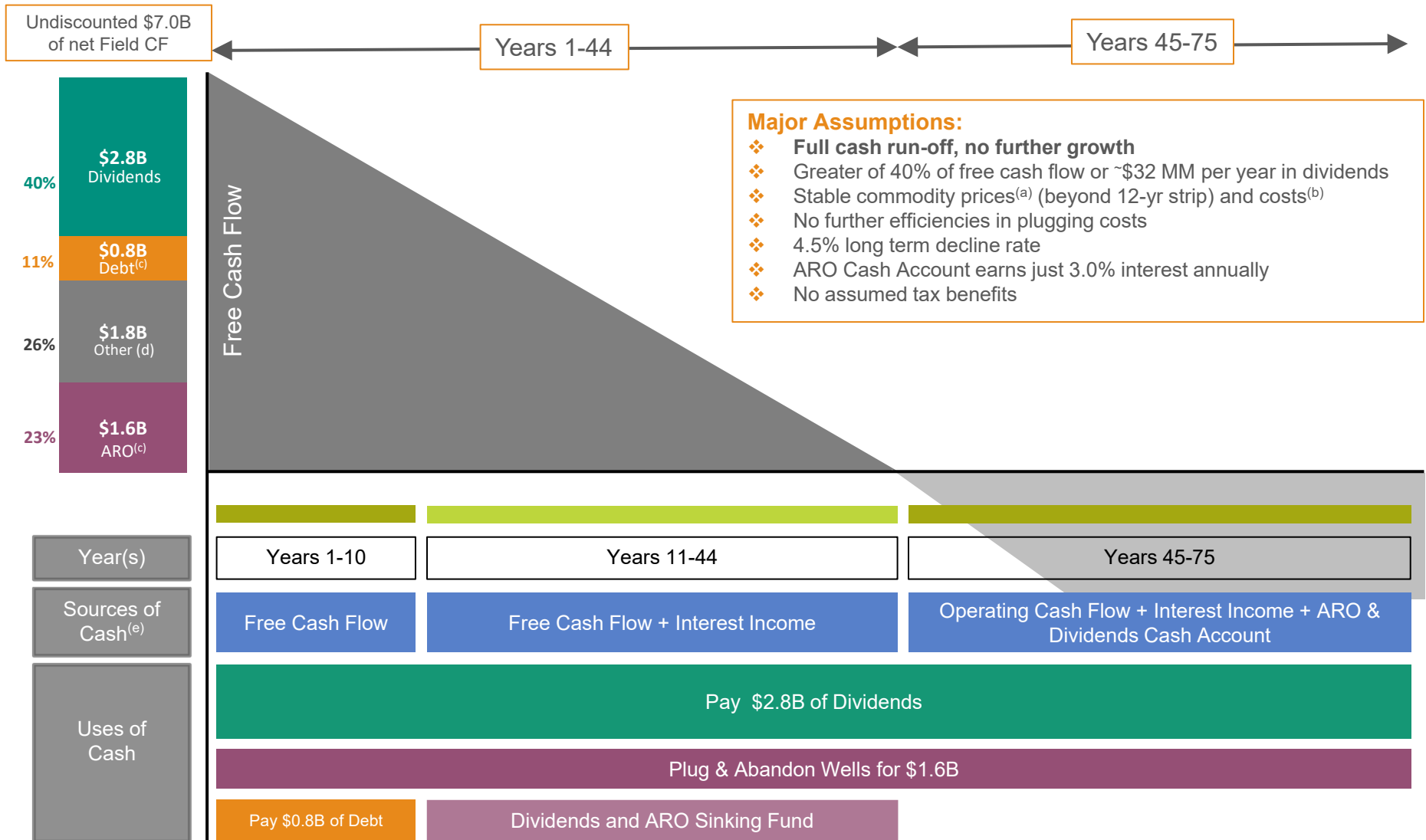
(a) Net Discount Rate of 5.6% is calculated as discount rate of 7.2% (discount rate for BB-rated US Energy bond) offset by a 1.6% risk adjustment factor (e.g. inflation)

(b) Information presented below as (November 2019) / (April 2020). For additional details on the financing transactions, please see details in respective RNS

(c) Issued with 5.25% coupon; priced with an original issue discount resulting in 6.00% yield

ILLUSTRATIVE WIND-DOWN MODEL

EXISTING ASSET PORTFOLIO SUPPORTS **\$3.6B OF CASH DISTRIBUTIONS OVER 75 YEARS**



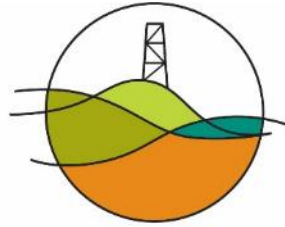
(a) Beyond 12-year strip, realised gas price assumes steady increases of ~\$0.12 every 5 years until maxing at \$3.15/mcf gas by year 34, \$53.39/bbl oil, \$10.68/bbl NGL, with no additional hedging beyond existing contracts; midstream revenue and expense decline at 2.5%/year after year 10;

(b) LOE assumes 60/40 cost structure (variable/fixed), declining with production and well count, respectively; G&T declines at 2.5%/year after year 10;

(c) Total Borrowings ("Debt") and Undiscounted ARO Liability (ARO) as of 30 June 2020.

(d) Other includes the net of interest income, G&A, taxes, capex, and interest expense.

(e) Interest income earned on the "Pre-Fund ARO & Dividends Cash Account" established (at DGO's discretion; not required by the states in which the Company operates) as a sinking fund for future ARO and Dividends ;



DIVERSIFIED GAS & OIL

P L C

DIVERSIFIED

Corporate

PO Box 381087
BIRMINGHAM, ALABAMA
35238-1087 (USA)

WWW.DGOC.COM

TERESA ODOM
VP INVESTOR RELATIONS
IR@DGOC.COM
+1-205-408-0909

BROKERS

Mirabaud

MIRABAUD SECURITIES LIMITED
10 BRESSENDEN PLACE
LONDON SW1E 5DH

PETER KRENS
PETER.KRENS@MIRABAUD.CO.UK
+44 (0)20 3167 7221

Stifel

STIFEL NICOLAUS EUROPE LTD
150 CHEAPSIDE
LONDON EC2V 6ET

ASHTON CLANFIELD
ASHTON.CLANFIELD@STIFEL.COM
+44 (0)20 7710 7459