DIVERSIFIED GAS & OIL

PLC

INVESTOR PRESENTATION

JULY 2019

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DIVERSIFIED GAS AND OIL

AIM: DGOC

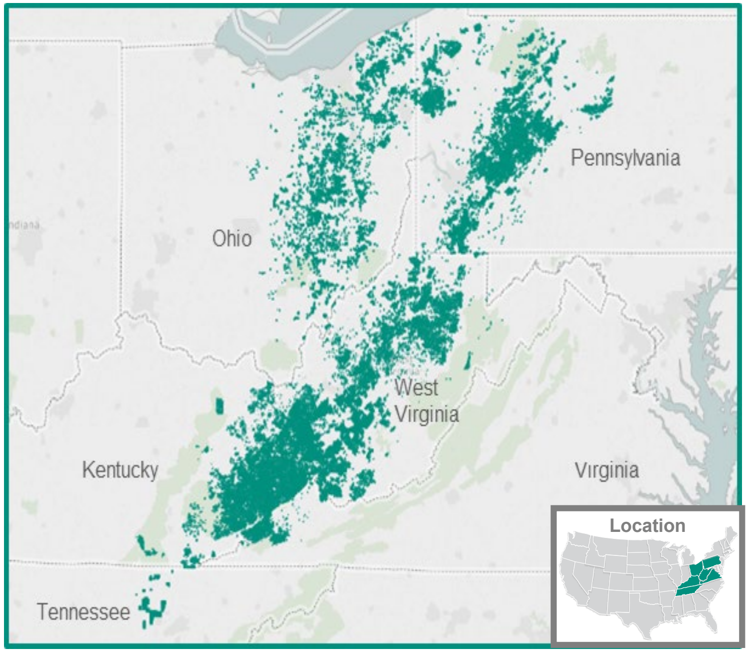
Company Profile

Overview

- Founded 2001 with IPO in February 2017
- A top Appalachian gas producer; largest on AIM
- Mature, PDP w/ low declines of ~5% per year
- Focused on safety and environmental stewardship
- Adj. EBITDA (cash) margins 50-60%
- Dividend target of 40% of free cash flows

Strong Outlook

- Positioned to sustain growth via a strong balance sheet, low leverage, and ~$335MM of liquidity
- Robust opportunities to acquire synergistic assets
- Midstream assets provide optionality; enhance margins
- Organic platform of ~7.8 MM largely HBP acres



Recent Highlights

- Smarter Well Management continues to offset natural declines
- June exit production > 90 Mboepd, net[(a)]
- Added HG Energy unconventional assets in late April
- Credit facility borrowing base upsized to $950MM
- Year-to-date dividends paid $36MM, shares repurchased $32MM and debt principal paid $52MM
- Strong cash flow maintain low Net Debt / Adj EBITDA of ~2.0x[(d)]

Key Metrics

Net Daily Production[(a)]	> 90 MBoepd
1P PDP Reserves [(b)]	566 MMboe
1P PDP PV10 [(b)]	~$2.1 Billion
Production Mix (Gas / NGL / Oil)[(c)]	89% / 10% / 1%
Net Debt / Adj EBITDA[(d)]	~2.0x
1Q19 Annualised Divd/Shr[(e)]	~14¢
Market Capitalisation[(f)]	~£788 / ~$987 MM
Enterprise Value[(g)]	~£1,277 / ~$1,601 MM

Footnotes: (a) represents June 2019 Production, as reported in DGO's July 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 production volume mix for 30 June 2019 YTD, as reported in DGO's July 2019 Operations Update; (d) represents Net Debt as of 30 June 2019 and June 2019 Adjusted EBITDA annualised and adjusted for price and volume seasonality; (e) annualised figure calculated from the 1Q19 dividend declaration of 3.42 cents per share, as published as reported in 13 June 2019 RNS; (f) market capitalisation based on 18 July 2019 close price of 113.5p at conversion rate GBP:USD of 1.253; (g) enterprise value equal to the sum of market capitalisation presented above, and Net Debt of approximately $613 MM, as reported in DGO's July 2019 Operations Update

1H19 AND RECENT HIGHLIGHTS

CONTINUED OPERATIONAL EXCELLENCE THROUGH COMMODITY VOLATILITY

OPERATING HIGHLIGHTS

- ✓ 1H19 net production averaged 76 Mboepd[(a)], up ~295% compared to 1H18 (19 MBoepd) and up ~22% compared to 2H18 (62 MBoepd)
- ✓ June exit rate net production exceeded 90.2 MBoepd including 69.7 net MBoepd from wells owned prior to those acquired in the HG transaction, consistent with 2018 year-end exit rate from the same wells
- ✓ Smarter Well Management continued to offset natural production declines with ~430 previously non-producing wells placed back into production since 1 January 2019
- ✓ The HG assets have been successfully integrated into the portfolio and are producing 20.5 MBoepd, in line with expectations
- ✓ All seller-financed compression projects associated with the HG acquisition are complete and online

FINANCIAL HIGHLIGHTS

- ✓ 1H19 adjusted EBITDA of $131 million[(a)(b)]
- ✓ June 2019 adjusted EBITDA of $24 million[(a)]
- ✓ Cash margins of 54% in 1H19 and June 2019 consistent with 1Q19 despite a period of lower natural gas and natural gas liquids prices
- ✓ Paid $52 million in debt principal payments since 1 January 19, with net debt of ~$613 million at 30 June 2019 and net debt-to-adjusted EBITDA[(a)] at 2.0x
- ✓ Distributed $68 million since 1 January 2019 including $36 million of dividends and $32 million of share repurchases
- ✓ Strong liquidity of ~$335 million[(c)]
- ✓ Recurring capex[(d)] of approximately $12 million
- ✓ Average 1H19 net realised price was $17.87 per BOE ($2.98 per Mcfe), including $0.54 per BOE ($0.09 per Mcfe) of net hedging gains
- ✓ Net hedge portfolio valued at $60.6 million ($47.1 million is current)[(e)]
- ✓ June 2019 Base LOE and Total LOE were ~14% and ~6% lower vs. 4Q18 ($3.42 per BOE and $5.39 per BOE, respectively)
- ✓ June 2019 G&A expense ($1.12 per BOE) was ~15% lower vs. 4Q18

Footnotes: (a) including ~2 months of production from the HG Energy II ("HG") assets, (b) Adjusted EBITDA, presented hedged and unaudited, represents earnings before interest, taxes, depletion, depreciation and amortization and adjustments for non-recurring items such as gain on the sale of assets, acquisition related expenses and integration costs, mark-to-market adjustments related to the Company's hedge portfolio, non-cash equity compensation charges and items of a similar nature, (c) Liquidity includes cash plus amounts available under the Company's revolving credit facility, (d) excludes one-time investments associated with the Company's data modernization project and asset integration, (e) As of 30 June 2019

DIVERSIFIED GAS & OIL

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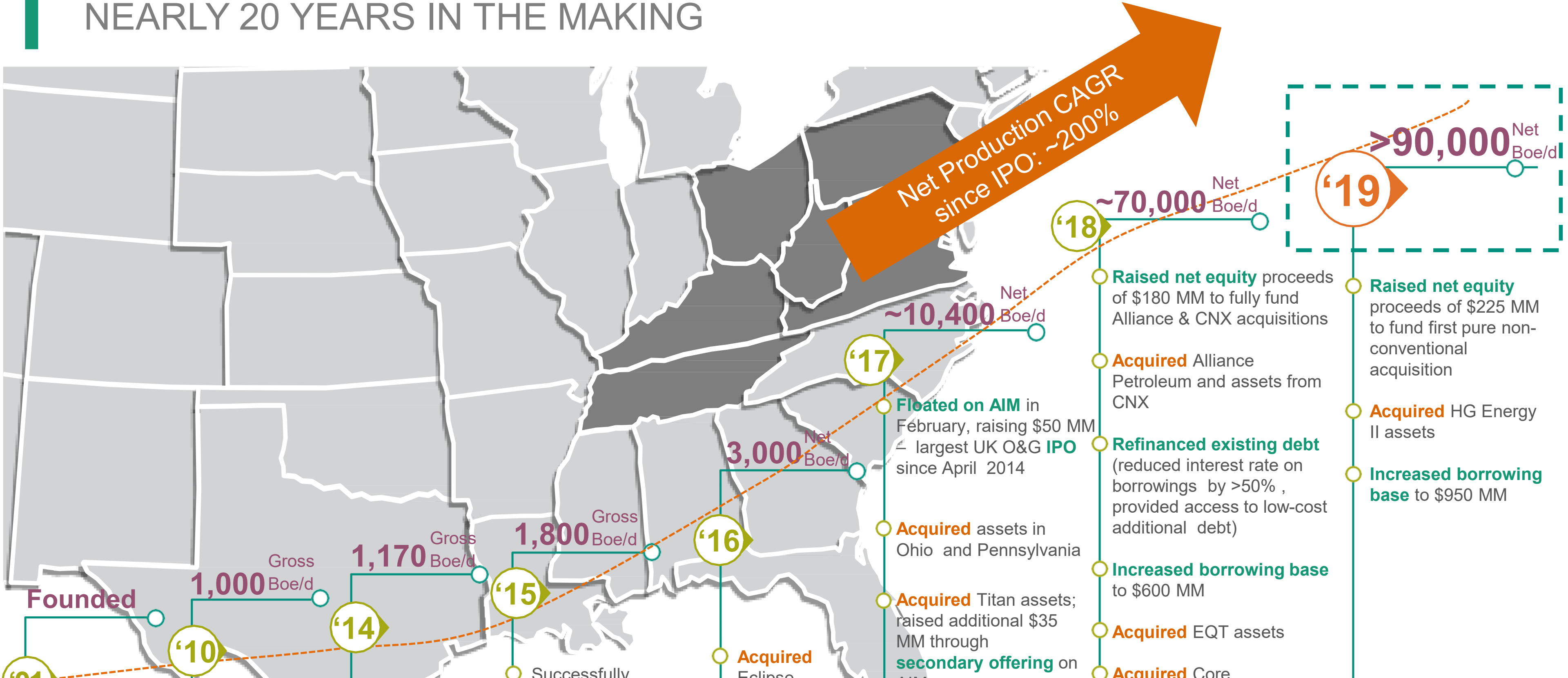
COMPANY OVERVIEW

BECOMING THE LARGEST PRODUCER ON AIM

NEARLY 20 YEARS IN THE MAKING



'01

- **Acquired** Diversified Resources Inc. assets

'10

- **Acquired** AB Resources assets
- **Acquired** Deep Resources assets

'14

- **Acquired** Operated Equity Investment Fund 1 assets

'15

- Successfully **listed bond on ISDX Growth Market**, raising £10.6 MM
- **Acquired** Broadstreet Energy assets
- **Acquired** Texas Keystone assets & equipment

'16

- **Acquired** Eclipse Resources assets
- **Acquired** Seneca Resources well & pipeline assets

'17

- **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

'18

- **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

'19

- **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

Footnote: 2019 production representative of 30 June 2019 exit production, as reported in the July Operations Update

BUSINESS MODEL

ACQUIRE, PRODUCE & PLUG, DRILL

Acquire and manage producing natural gas and oil properties to generate cash flows, providing stability and growth for our stakeholders

Initiate

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

Ongoing

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

Potential

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

Result

Create Shareholder **Value**

- Disciplined investment criteria
- Reduced unit operating costs
- Improving margins
- Strong free cash flow generation
- Dividend target ~40% of free cash flow

THE DIVERSIFIED DIFFERENCE

DGO STANDS OUT AMONGST ITS PEERS IN THE INDUSTRY

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

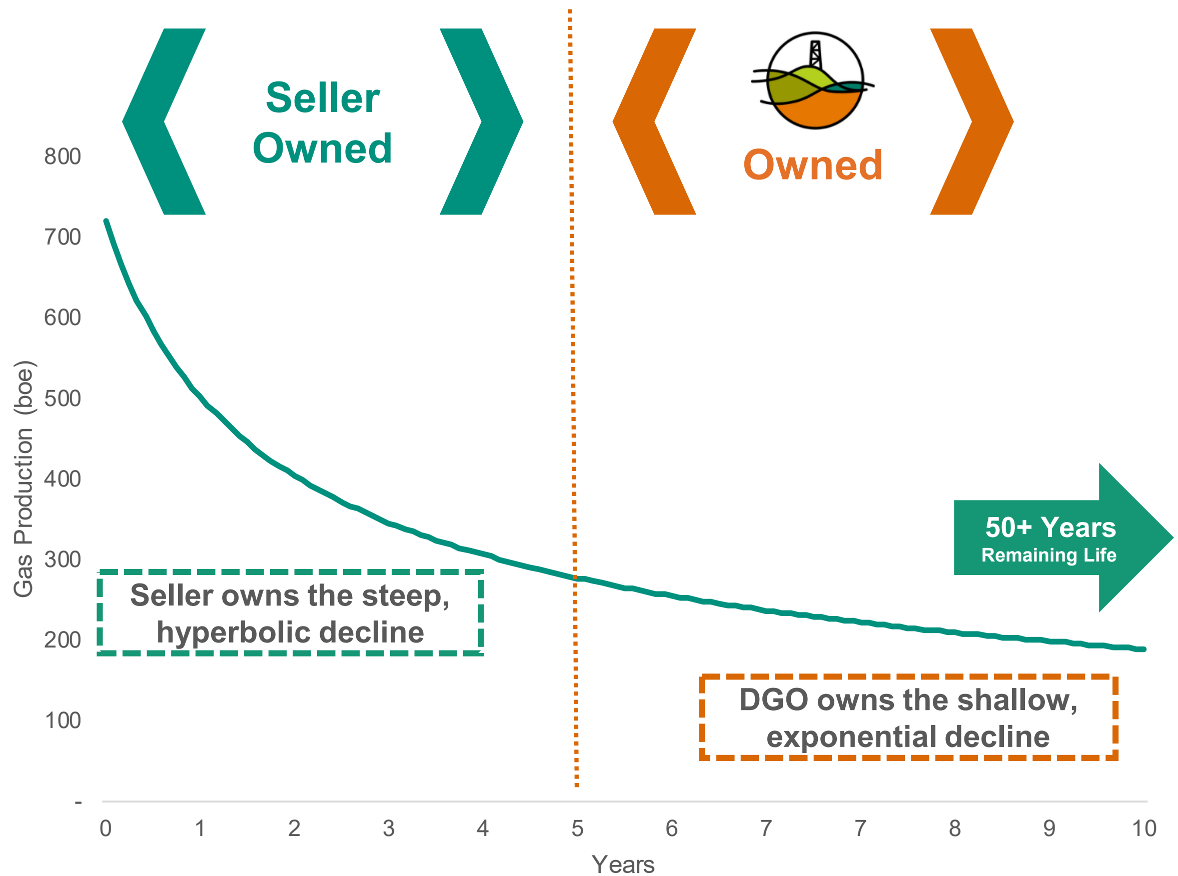
OLDER WELLS EXHIBIT LOWER DECLINES

DGO ACQUIRES WHEN AVERAGE 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 HORIZONTAL WELL TYPE CURVE

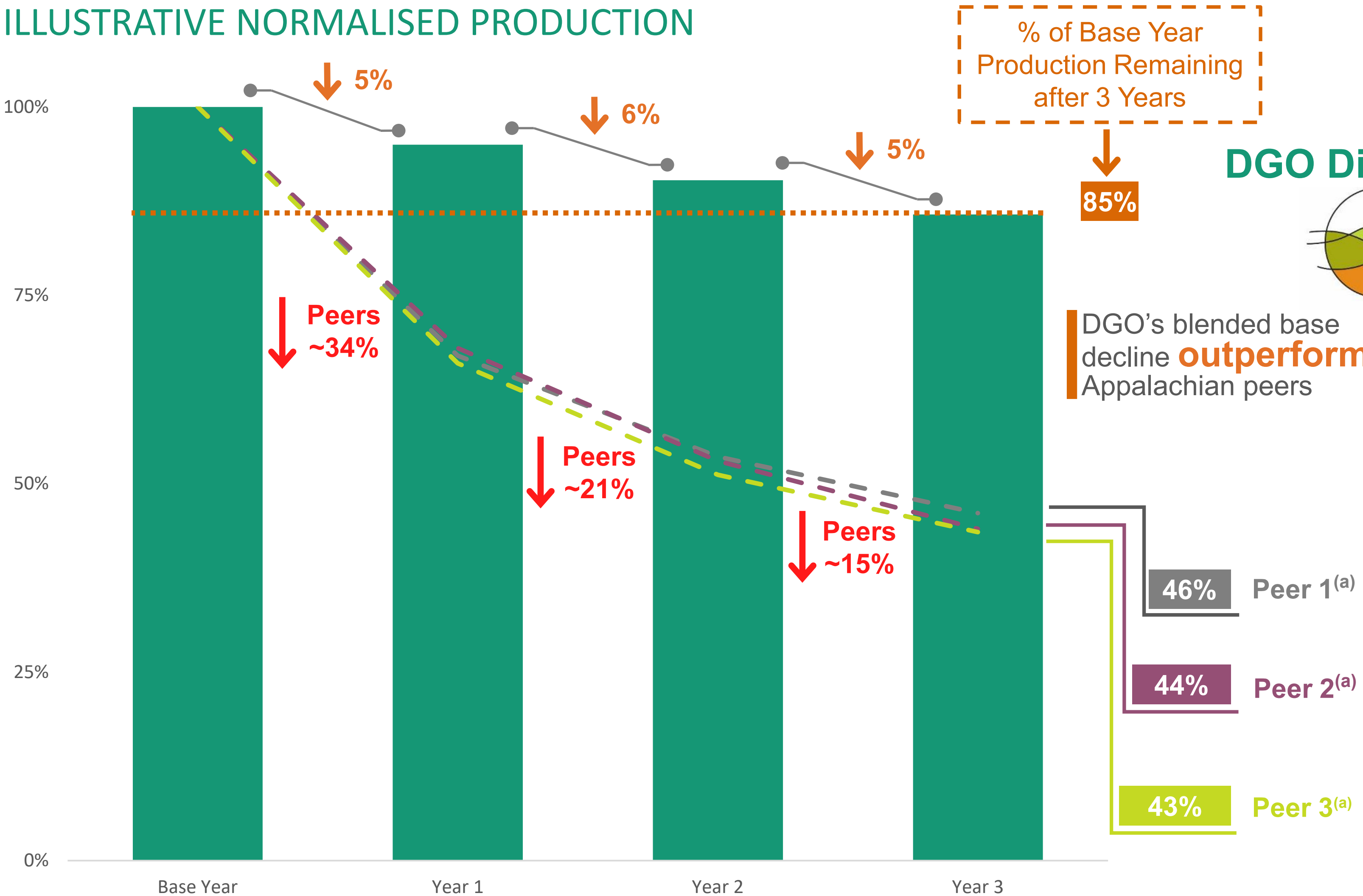


Footnotes: (a) illustrative based on horizontal daily production nomalised to common start date; (b)tTime elapsed between company provided Aries database first production date and 13 Mar 2019

THE DGO DIFFERENCE

DGO’S BASE DECLINE IS MATERIALLY LOWER THAN TARGETS ANNOUNCED BY APPALACHIAN PEERS

ILLUSTRATIVE NORMALISED PRODUCTION



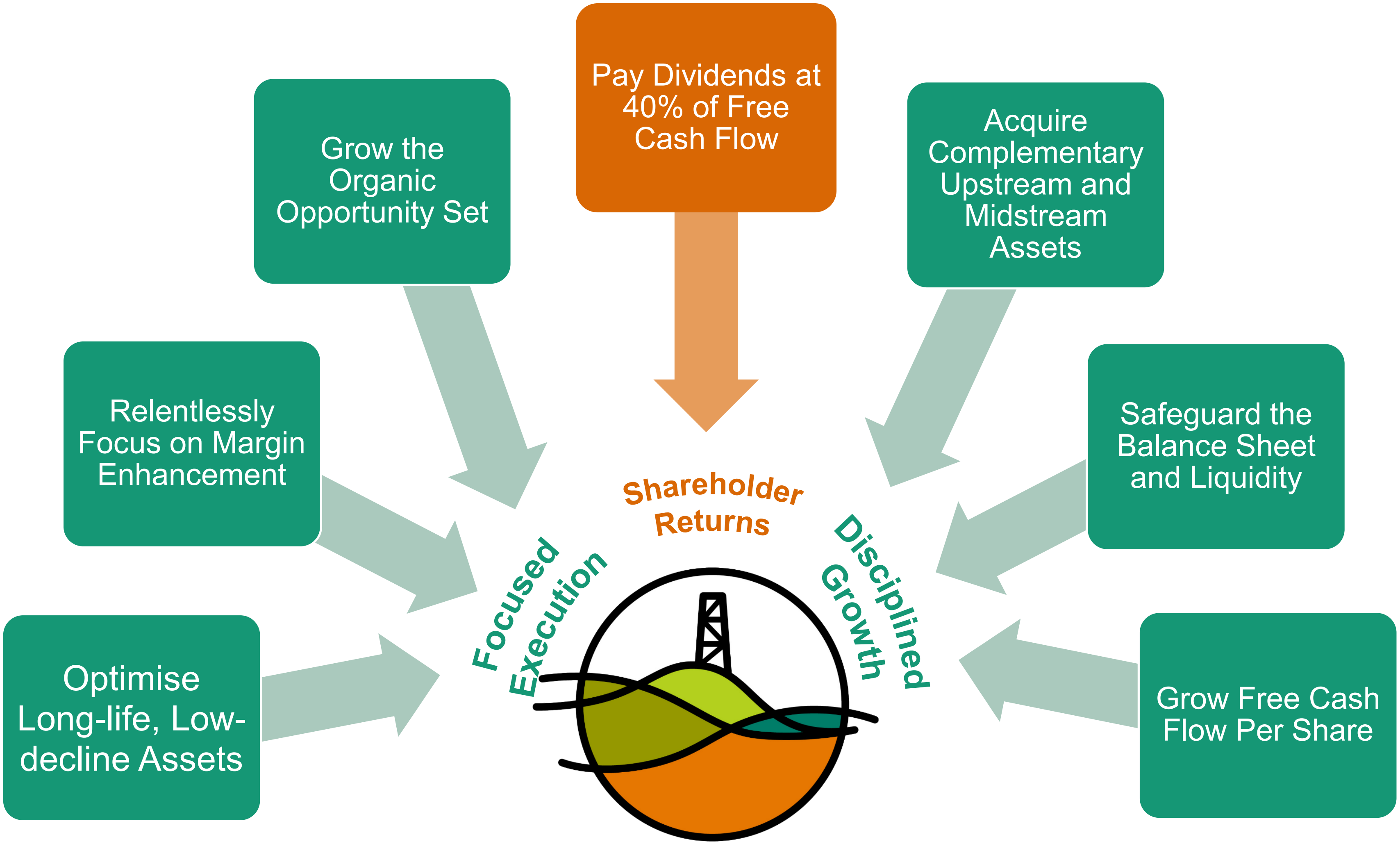
DGO Difference

DGO’s blended base decline **outperforms** Appalachian 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.

CONTINUED COMMITMENT TO OUR STRATEGY

A DISCIPLINED APPROACH TO CREATING LONG-TERM VALUE



ENHANCING THE FOUNDATION; EXPANDING TARGETS

External Initiatives

Basin Agnostic

Replicate DGO model across scalable, under appreciated assets marked by underinvestment

Consistent Asset Profile

Long-life, low-decline production profile at appropriate valuations

Complementary Midstream

Reduce costs, enhance flow control to expand margins, add 3rd party revenue

Internal Initiatives

Modernise Systems

Enhance data capture & analysis

Enhance Market Platform

Evaluating a move from AIM to the main London Stock Exchange

Strengthen Governance

Evaluating further Board expansion and diversity

OUTLOOK: 2019 & BEYOND

OUR DIFFERENTIATED BUSINESS MODEL DRIVES CASH FLOW GENERATION AND SHAREHOLDER RETURNS

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

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 (FCF) 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
... to enhance free cash flow per share

5th ACQUIRE WISELY
… to provide outsized shareholder returns

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

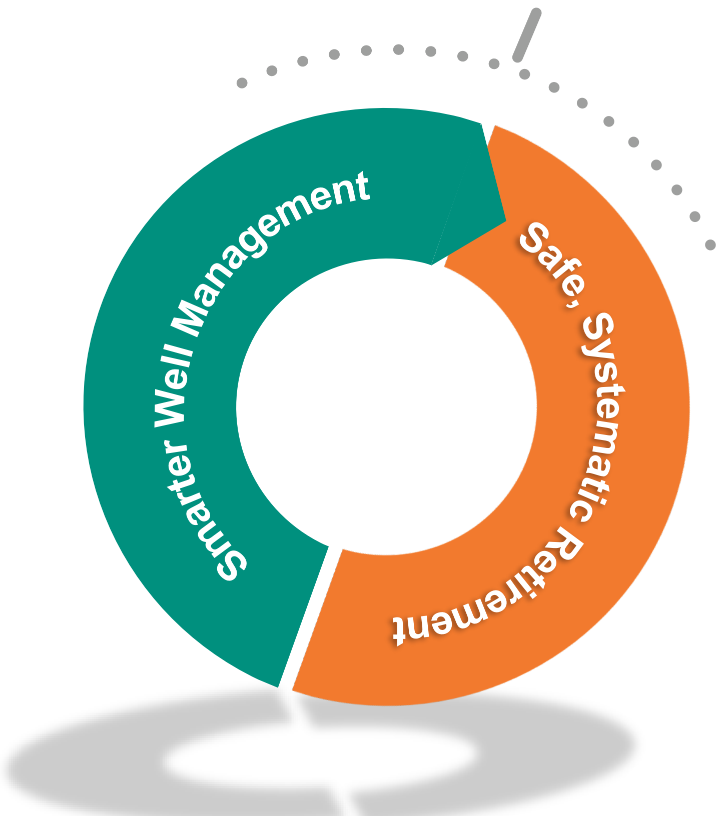
OUR APPROACH TO WELL OPERATIONS

VALUE CAPTURED: ACQUISITION & OPTIMISATION TO ASSET RETIREMENT

OPTIMISING WELL LIFE

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

"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

~430 Wells
Returned to Production YTD(a)

Footnote: (a) number of wells returned to production is cumulative acquisition to date as of 30 June 2019

DIVERSIFIED GAS & OIL

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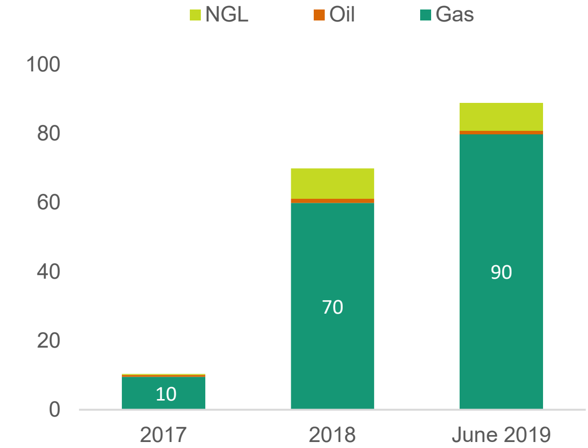
FINANCIAL OVERVIEW

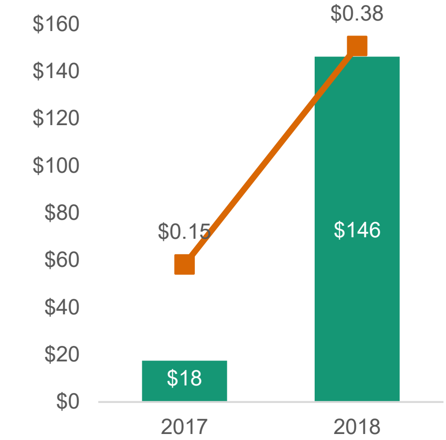
ACCRETIVE GROWTH PRODUCING SIGNIFICANT CASH

Per Share

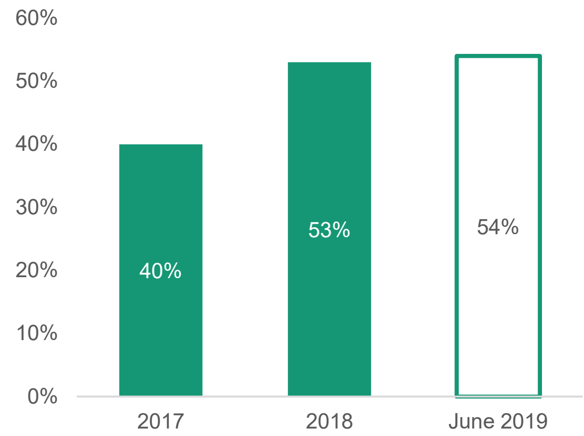
PRODUCTION: EXIT RATES (Mboepd)



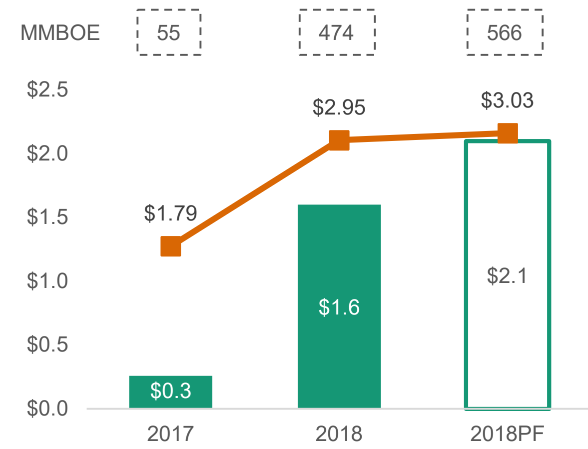
ADJ. EBITDA (HEDGED, $MM)[b]



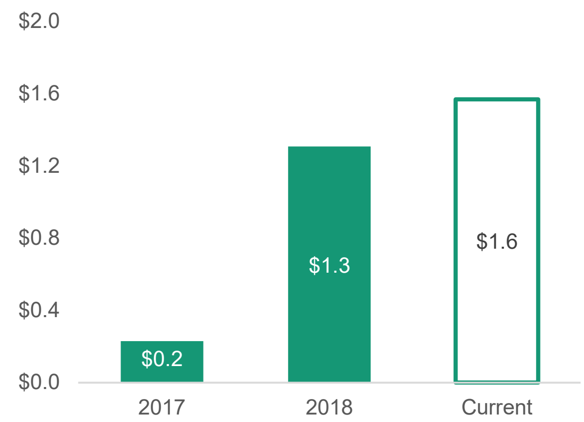
ADJ. EBITDA MARGINS (HEDGED)



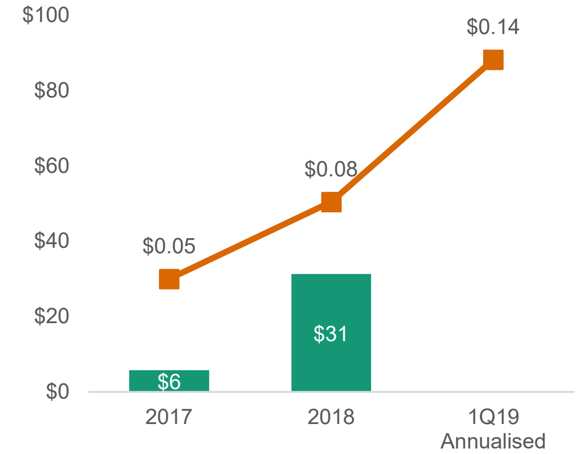
PV10 PDP RESERVES ($B)[a]



ENTERPRISE VALUE ($B)[d]



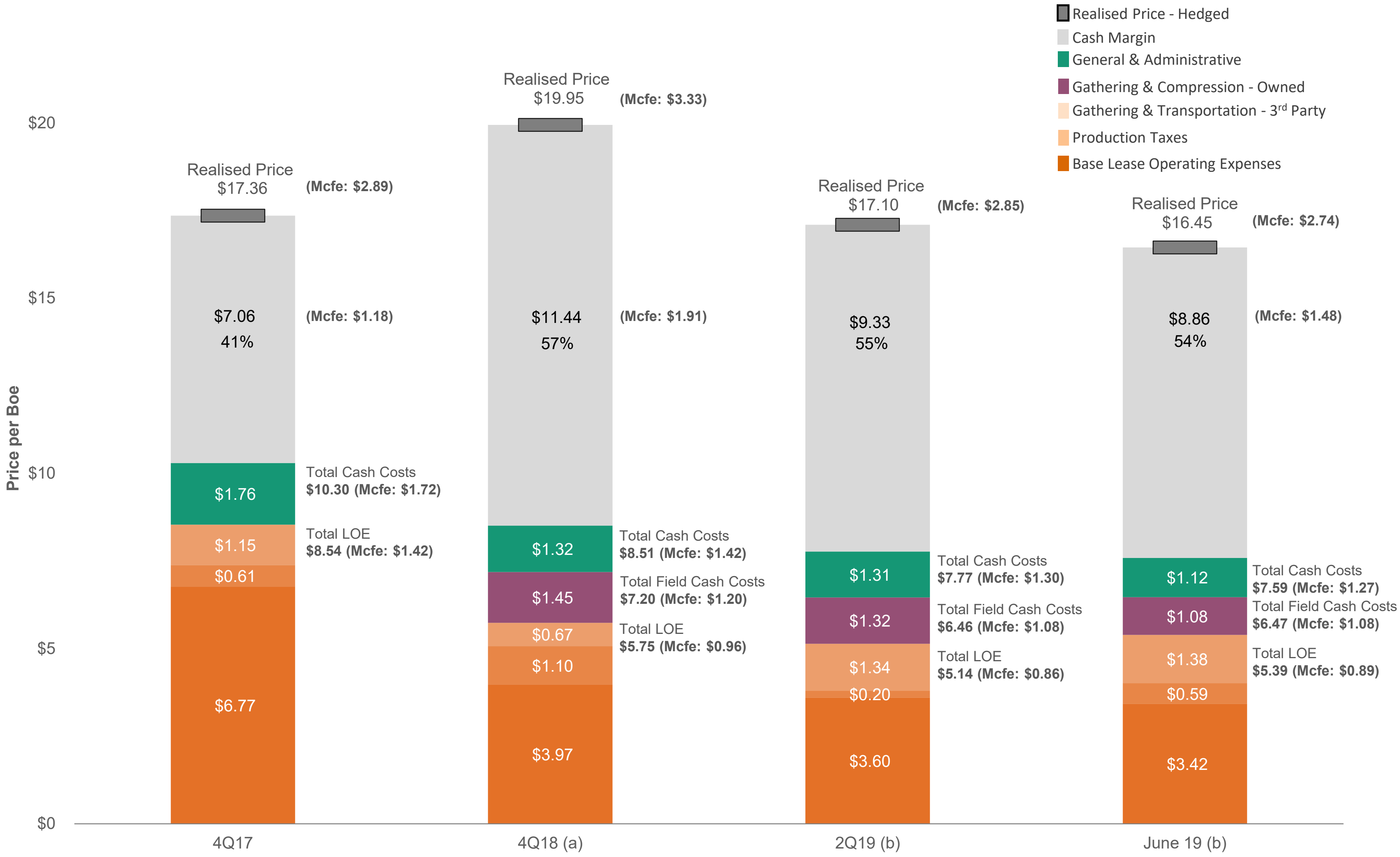
DIVIDENDS ($MM)[b][c]



Footnotes: all uses of shares outstanding exclude the impacts of share buyback activity initiated in 2Q19; (a) 2018PF represents 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) dividends presented on a cash basis; 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) enterprise value equal to the sum of market capitalisation and net debt presented herein,

HEDGED MARGIN & CASH EXPENSES

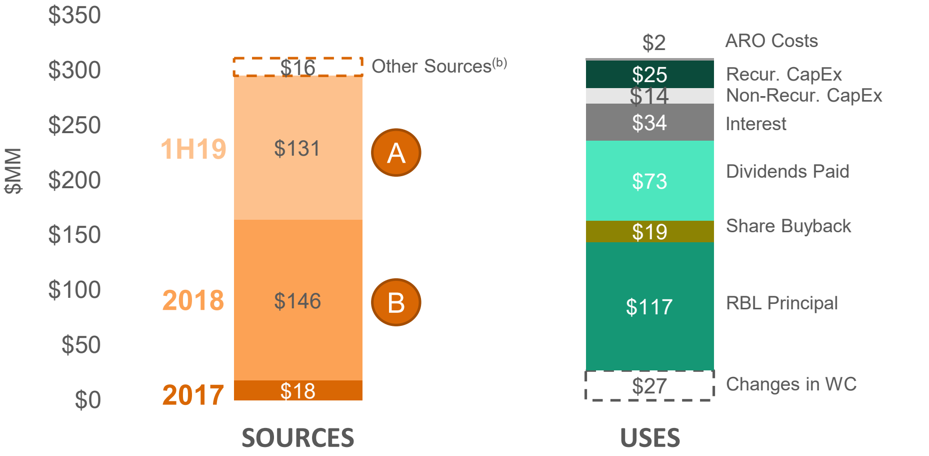
LEVERAGING SCALE TO REDUCE UNIT COSTS AND ENHANCE CASH MARGINS



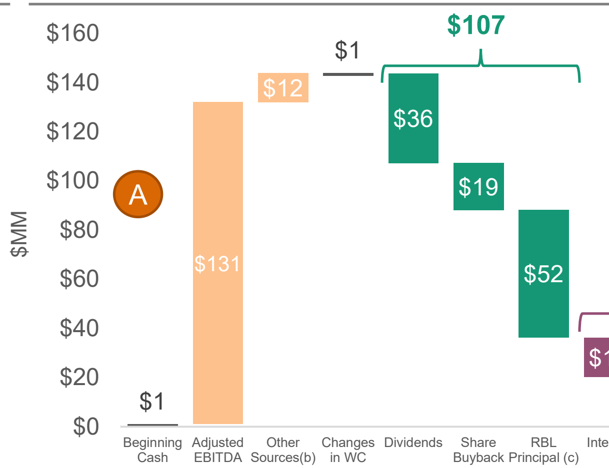
Footnotes: totals may not sum due to rounding; (a) 4Q18 includes $0.25 / Boe reclass from Base LOE to G&C (b) 2Q19 inclusive of one-time tax benefit adjustment; June 2019 (MTD) exclusive of a one-time tax benefit adjustment.

EXCEPTIONAL FREE CASH FLOW GENERATION

ADJUSTED EBITDA AND CAPITAL USES[a]

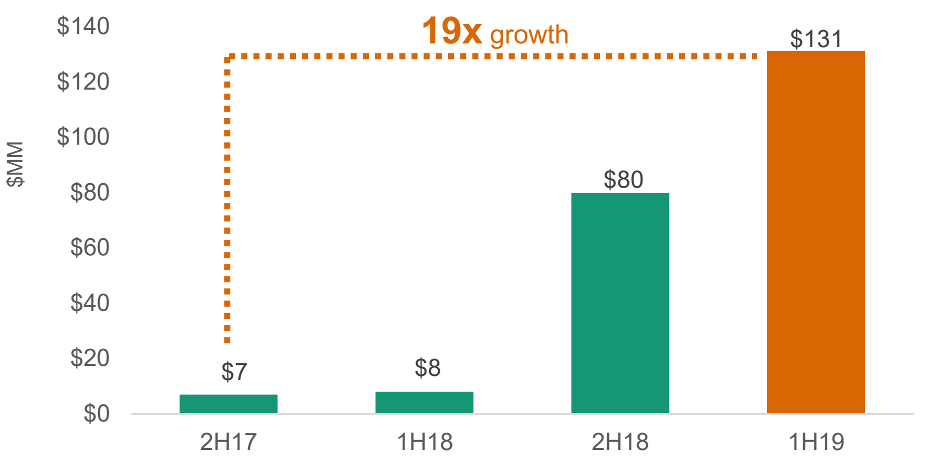


1H19 ADJ. EBITDA-TO-CASH RECONCILIATION[a]

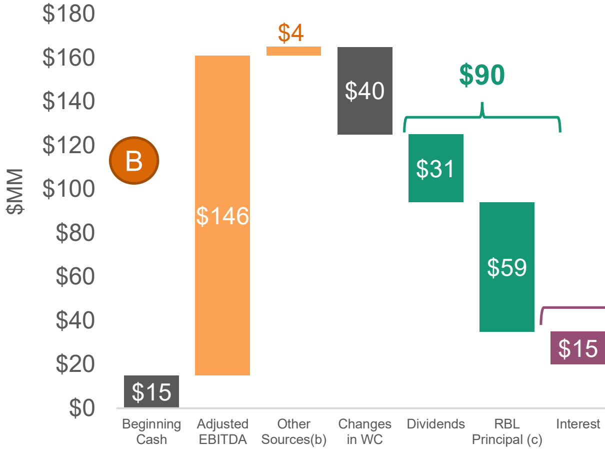


$ 107	Debt + Distributions
$ 7	Non-Recurring Items
$ 114	**87% Adj. EBITDA**

OPERATING CASH FLOW



FY18 ADJ. EBITDA-TO-CASH RECONCILIATION[a]



$ 90	Debt + Distributions
$ 7	Non-Recurring Items
$ 97	**66% Adj. EBITDA**

Footnotes: (a) totals may be affected by rounding (b) Other Sources includes monetisation of certain assets of $4MM (FY18), capital received in fleet financing transaction of $8MM (1H19) and gain on foreign exchange of $4MM (1H19); (c) Includes costs related to acquisitions and debt issuance

SMARTER CASH MANAGEMENT AND LOWER PRICING GRID

REDUCES CASH INTEREST COSTS BY ~$1.5 MM PER YEAR

REDUCED LIBOR SPREAD

Monthly Revolver Balance (MM)	Interest Reduction % Per Year	Monthly Savings
$600	0.25%	$125,000

2019 Estimated Interest Savings $1,000,000[a]

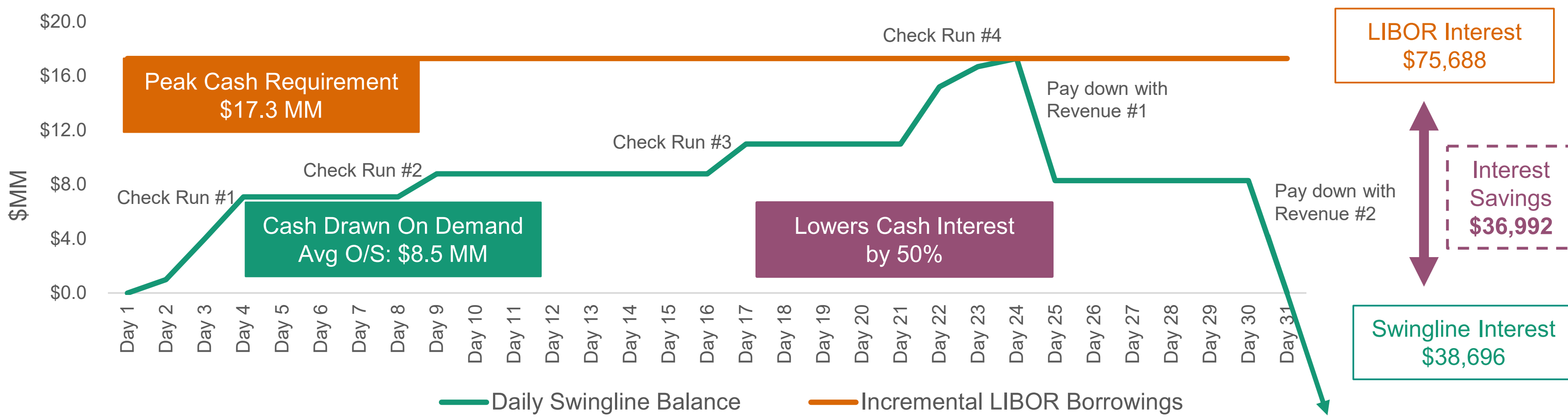
~$1.5 MM
Lower Cash Interest Annualised

SMARTER CASH MANAGEMENT

	Max Swing Line Utilization (MM)	Interest Rate Per Year	Assumed Libor Interest	Actual Swingline Interest	Interest Savings
Month 1	$17.3	5.25%	$75,688	$38,696	$36,992
Month 2	$11.7	5.25%	$59,500	$15,476	$44,024
Month 3	$21.2	5.25%	$122,500	$58,710	$63,790
Month 4	$21.1	5.00%	$91,250	$65,942	$25,308
				Interest Savings	$170,114

2019 Estimated Interest Savings $500,000

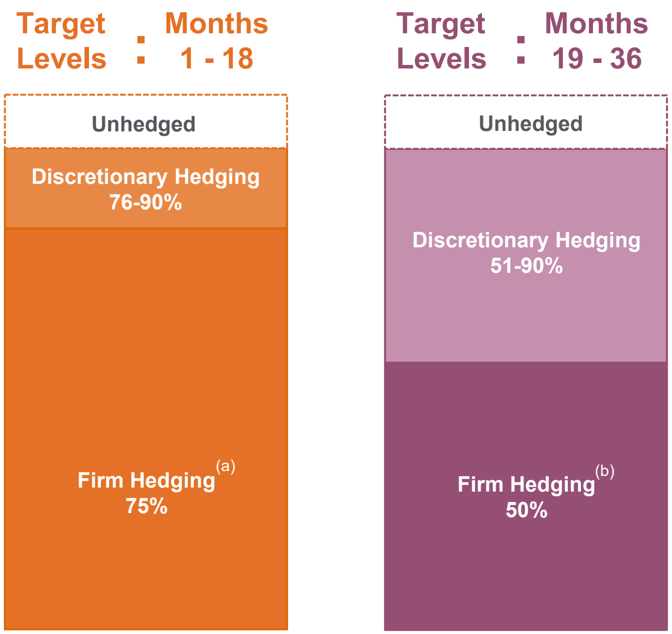
ILLUSTRATIVE ONE-MONTH SWINGLINE vs. LIBOR BORROWING INTEREST RATE



Footnote: (a) beginning April 18, 2019 reflective of HG acquisition close

HEDGED TO PROTECT CASH FLOW, DIVIDENDS & LEVERAGE

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



OPTIMAL PROTECTION

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

Period	Average Downside Protection[c]	Average Volume (MMBtu/day)
2Q19	$2.75	290,215
3Q19	$2.74	321,729
4Q19	$2.74	305,506
FY20	$2.67	217,450
FY21	$2.62	150,177
1Q22	$2.64	34,521

NGL

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

OIL

Period	Average Downside Protection	Average Volume (Bbls/day)
2Q19	$51.30	726
3Q19	$53.31	1,292
4Q19	$53.75	1,573
FY20	$52.64	1,437
FY21	$54.25	903
1Q22	$55.61	99

*all hedging values current as of 17 July 2019

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; excludes physical and basis hedges.

CREDIT FACILITY HIGHLIGHTS

GENERATING SIGNIFICANT LIQUIDITY

Committed to maintaining low leverage

- ✓ Target 2x or less Net Debt / Adj. EBITDA
- ✓ Provides cost effective means to fund acquisitions without additional equity dilution

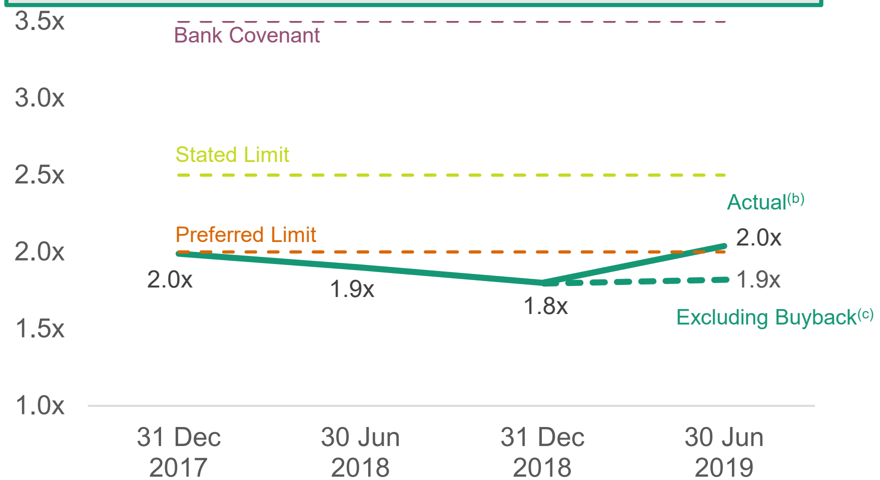
Credit Facility enhances liquidity; ~$335MM @ 30June2019

- ✓ April redetermination lowered pricing by 25bps reduction across pricing grid; Reduces cash interest by $1MM/yr based on current outstanding balance. (Current pricing is LIBOR + 2.0-3.0%)
- ✓ Credit facility maturity in 2023

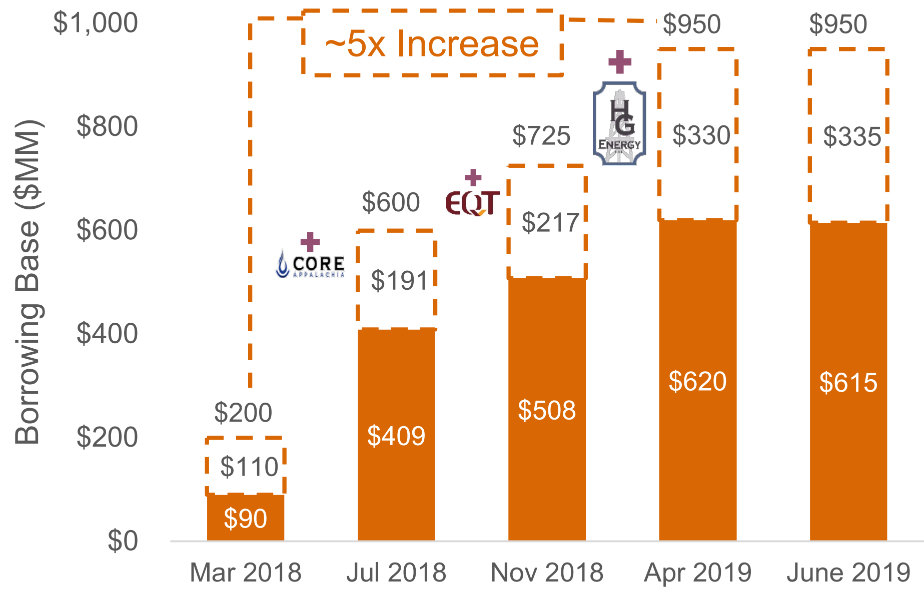
"Smarter Cash Management"

- ✓ Intentionally minimise cash on balance sheet by applying excess cash to the credit facility which reduced cash interest expense

Maintaining Low Leverage



Facility Size(a)	$500MM	$1.0B	$1.5B	



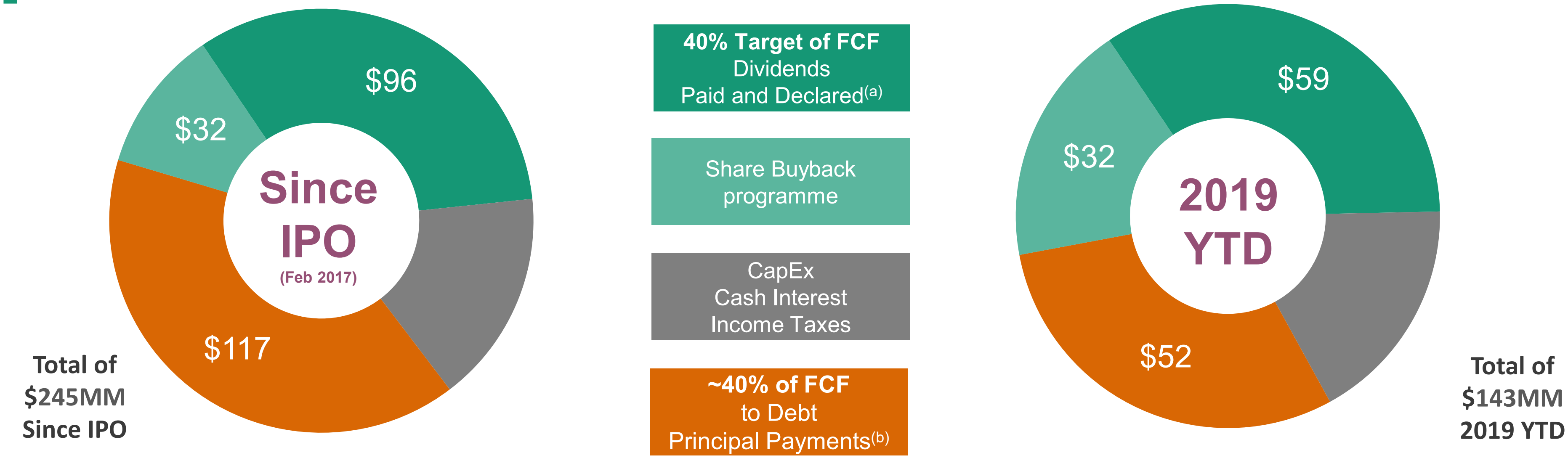
# Banks in Syndicate	7	11	12	14	14

KeyBank, BB&T, Citizens Bank, RBC, CIBC, DNB, Huntington, ING, usbank, Crédit Agricole (Toute une banque pour vous), BBVA, IBERIABANK, CIT, First Tennessee

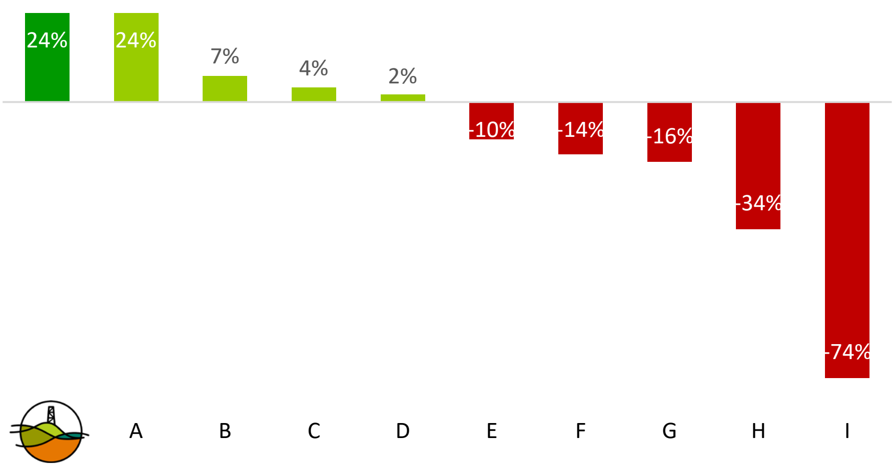
Footnotes: (a) Facility redetermination occurs bi-annually at 1 April and 1 October; (b) leverage ratio calculated as Net Debt / June Adj EBITDA annualized and adjusted for price and volume seasonality; (c) calculated as actual financial leverage, adjusted for amounts applied towards the Share Buyback Programme;

VALUE-FOCUSED MANAGEMENT OF FREE CASH FLOW SINCE IPO

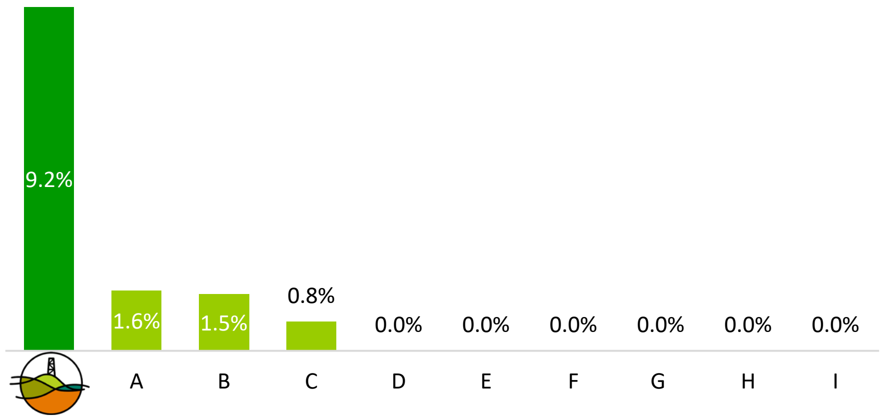
LOW CAPEX INTENSITY OF DGO'S LONG-LIFE, LOW-DECLINE ASSETS GENERATES SIGNIFICANT FREE CASH FLOW



Appalachian Producer 2019E Free Cash Flow Yields[c]



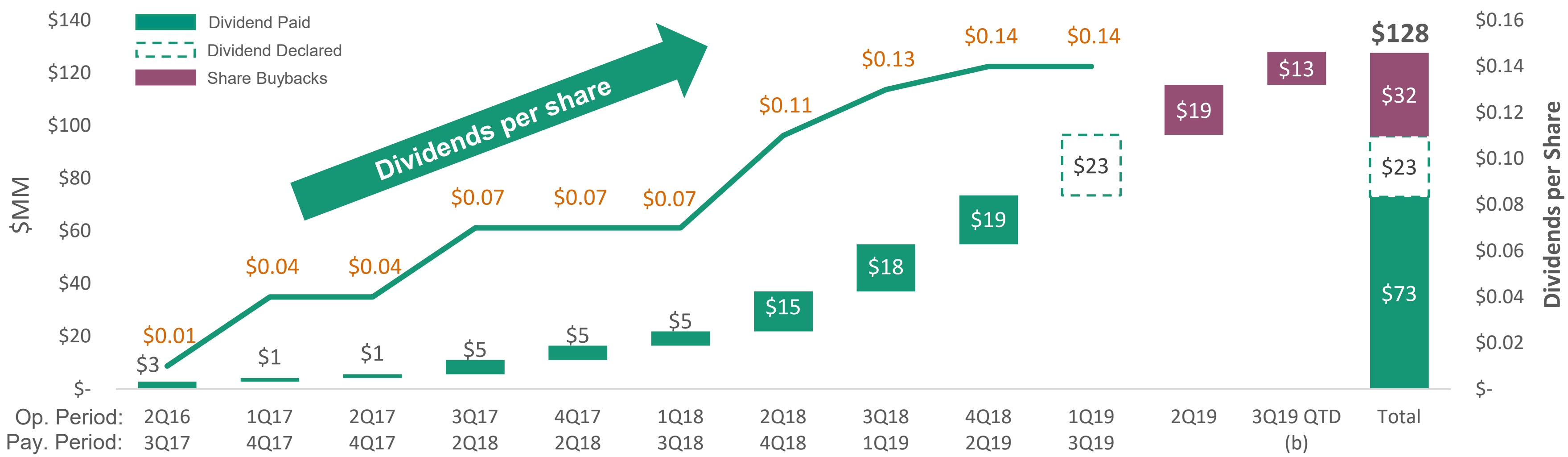
Appalachian Producer Dividend Yields[c]

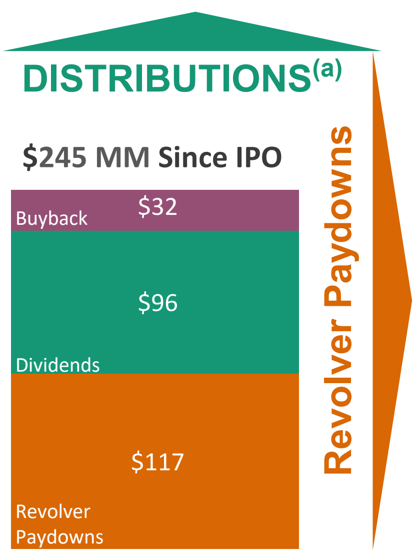


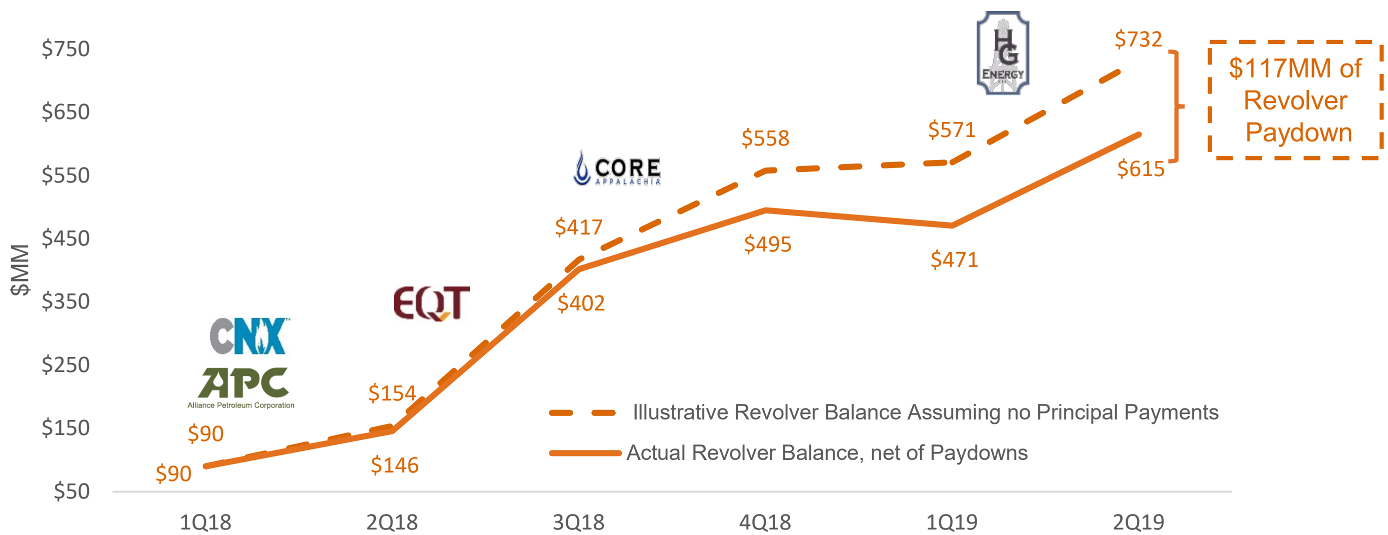
Footnotes: year to date figures as of 19 July 2019 (a) cumulative dividends paid as of March 2019 and declared as of June 2019, as detailed herein; (b) representative of acquisition-related payments made on revolving credit facility; IPO to date as of 30 June 2019; 2019 YTD as of 19 July 2019; (c) DGO represents June EBITDA annualised less 1H19 interest and capex, annualised accordingly and market capitalisation as of 19 July 2019; producer FCF and market capitalisation from FactSet as of 19 July 2019; producer companies include Antero (AR), Cabot (COG), Chesapeake (CHK), CNX (CNX), EQT (EQT), Gulfport (GPOR), Montage (MR), Range Resources (RRC) and Southwestern (SWN); Dividend Yields as of 19 July 2019.

COMMITTED TO SHAREHOLDER RETURNS

REGULAR AND INCREASING RETURNS TO SHAREHOLDERS



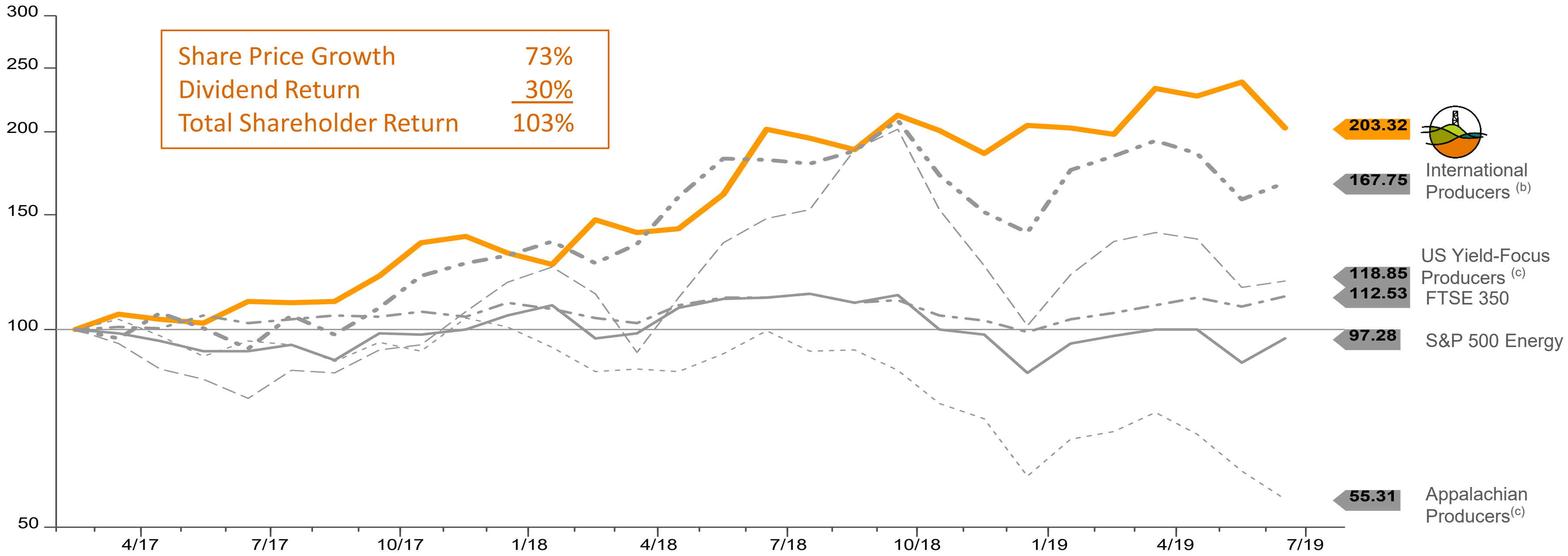




Footnotes: differences between individual values and cumulative amounts due to rounding (a) DGO transitioned from semi-annual to quarterly dividend payments; semi-annual payments for 1H17 ($2.8 MM), 2H17 ($2.8 MM) and 2Q18 ($10.7 MM) have been spread evenly to represent the "quarterly" equivalent; share buybacks of ~$32 MM as of 19 July 2019, as announced via RNS publications; dividend declaration consistent with dividend announcements via RNS disclosure 13 June 2019, adjusted for the impact of the Share Buyback Programme on total shares outstanding; (b) 3Q19 QTD as of 19 July 2019

TOTAL SHAREHOLDER RETURN SINCE IPO[(a)]

SHARE PRICE PERFORMANCE REACTS TO THE DIVERSIFIED DIFFERENCE



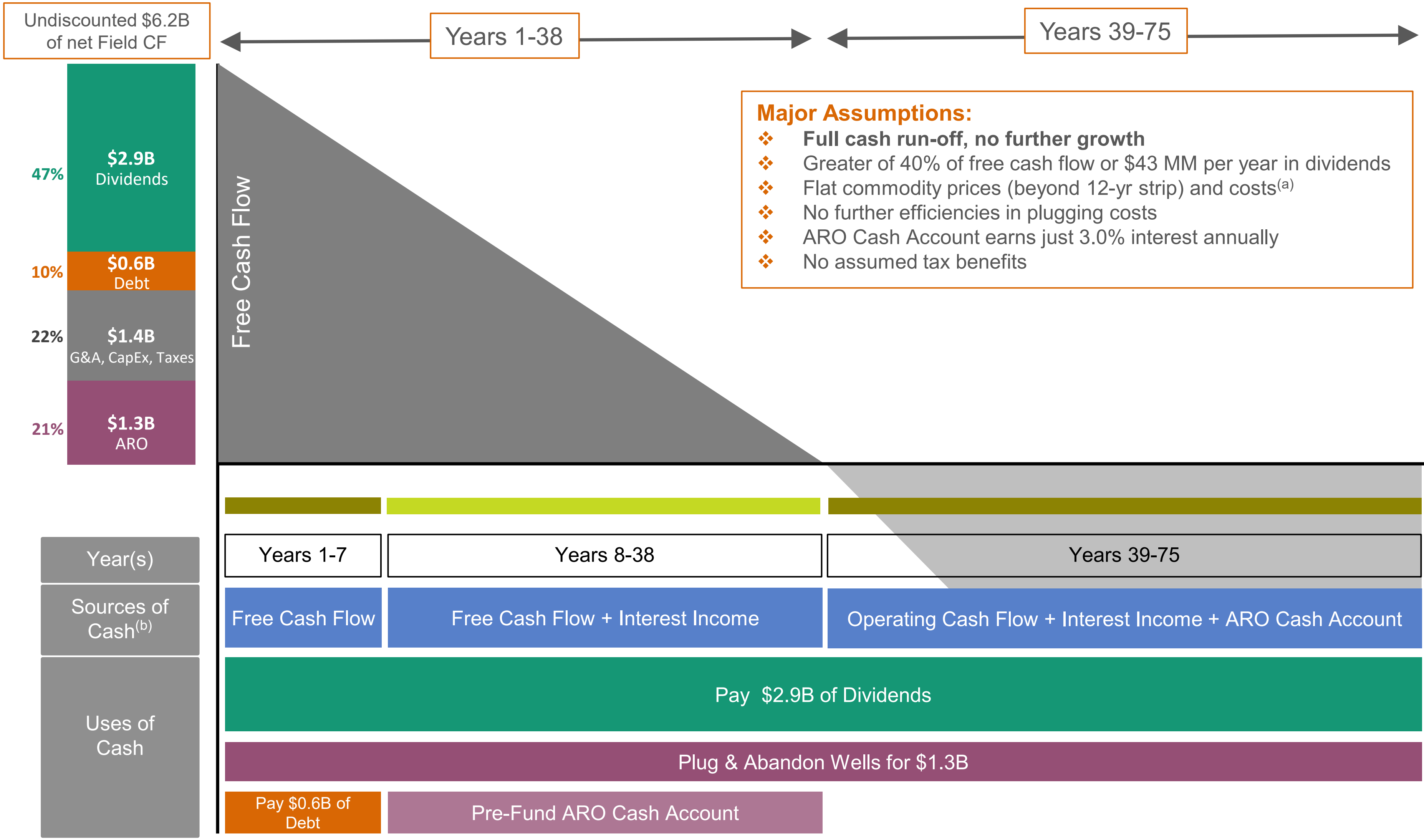
Appalachian Producers' Total Shareholder Return since DGO's IPO

Source: Factset;

Footnotes: (a) historical share price data for the period 03 February 2017 – 12 July 2019; (b) International Peer Group includes: Tullow Oil plc, SOCO International plc, Seplat Petroleum AB, Lundin Petroleum AB, Aker BP ASA; (c) US yield-focused producers include: Berry Petroleum (BRY), Blackstone Minerals (BSM), California Resources (CRC), Denbury Resources (DNR), Kimbell Royalty (KRP), Viper Energy (VNOM); (d) Appalachian producer companies include: Antero (AR), Cabot (COG), Chesapeake (CHK), CNX (CNX), EQT (EQT), Gulfport (GPOR), Montage (MR), Range Resources (RRC) and Southwestern (SWN).

ILLUSTRATIVE RUN-OFF MODEL OF DGO'S EXISTING ASSETS

DGO'S ASSET PORTFOLIO SUPPORTS $3.5B OF CASH DISTRIBUTIONS OVER 75 YEARS



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

DIVERSIFIED GAS & OIL

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APPENDIX

TRANSFORMATIVE ACQUISITIONS SINCE IPO

TITAN — $84 MM
6.8 MBoepd
35 MMboe PDP Reserves
0.5 Million Acres

\+

APC — $95 MM
8.8 MBoepd
49 MMboe PDP Reserves
1.5 Million Acres

CNX — $85 MM
9.0 MBoepd
69 MMboe PDP Reserves
0.9 Million Acres

\+

EQT — $575 MM
32.0 MBoepd
230 MMboe PDP Reserves
2.5 Million Acres

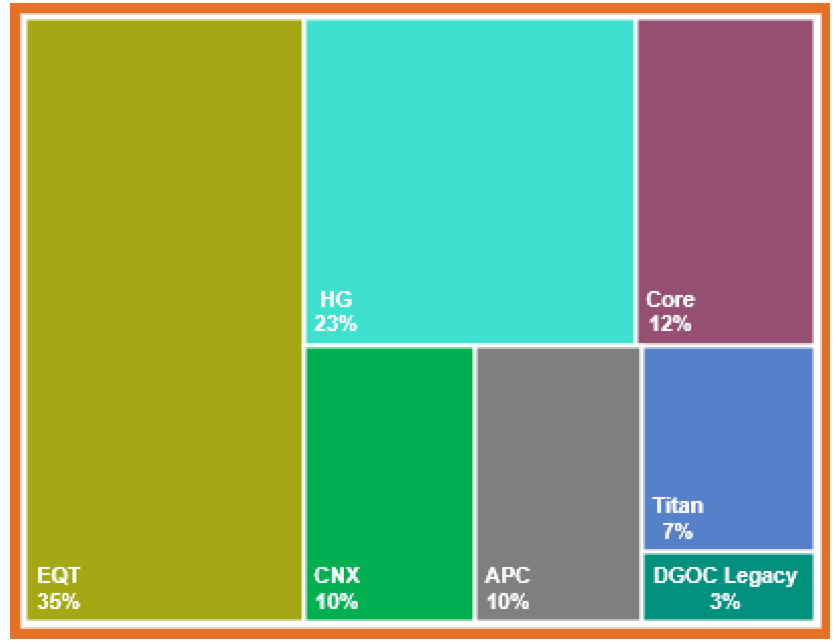
CORE — $183 MM
11.2 MBoepd
100 MMboe PDP Reserves
1.3 Million Acres

\+

HG — $400 MM
20.7 MBoepd
92 MMboe PDP Reserves
Strategic surface rights

=

Current DGO Production[a] > 90 MBoepd



A Top Gas Producer in Appalachia

Footnote: (a) represents June 2019 production, as reported in DGO's July 2019 Operations Update

SHARE BUYBACK PROGRAMME

THE BUYBACK PROGRAMME COMPLEMENTS DGO'S STATED DIVIDEND POLICY AS A MEANS TO RETURN VALUE TO SHAREHOLDERS, AND IS UTILISED WHEN PURCHASES ARE ACCRETIVE ACROSS KEY VALUE METRICS, INCLUDING FREE CASH FLOW AND NET ASSET VALUE

PROGRAMME STRUCTURE

- ✓ Regulatory limits provide strict boundaries for execution
- ✓ Market Abuse Regulation and shareholder approval limits buyback to:
  - **Daily Volume**: 25% of 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

PROGRAMME STATISTICS

Programme Inception	30 April 2019
Programme Duration	12 months
Buyback Quantum ($)	$68.2 MM
Buyback Quantum (shares)	54.3 MM
Purchased to Date[(a)]	~22.7 MM shares
Total Purchase Price[(a)]	~$32 MM / ~£25 MM
Average Price per Share[(b)]	~111p
Percent Completion	47%
Remaining Authorisation	~$36 MM

Footnotes: (a) quantity and total dollar value of shares as of 19 July 2019 (b) average price per share calculated as the weighted average price per share purchased as of 19 July 2019

DIVERSIFIED GAS & OIL

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APPENDIX: HEDGING

HEDGE PORTFOLIO SUMMARY

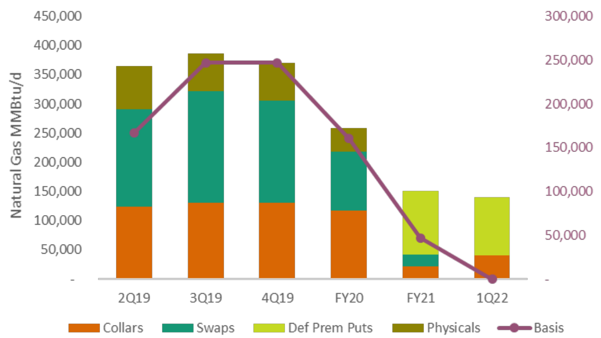
UPDATED AS OF 19 JULY 2019

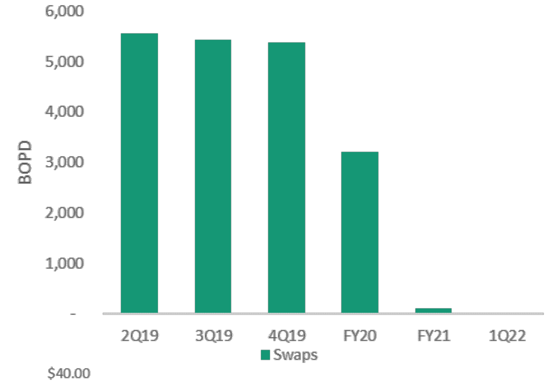
Gas

Oil

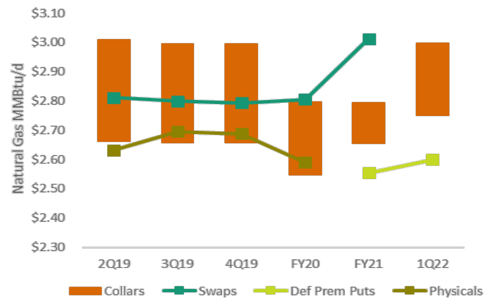
NGL

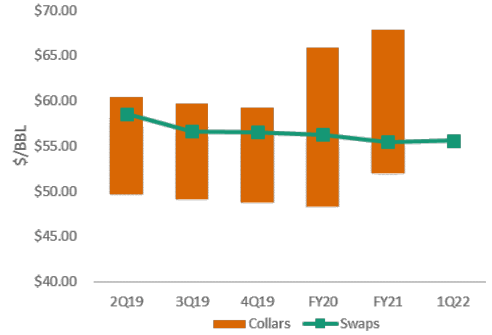
Volumes

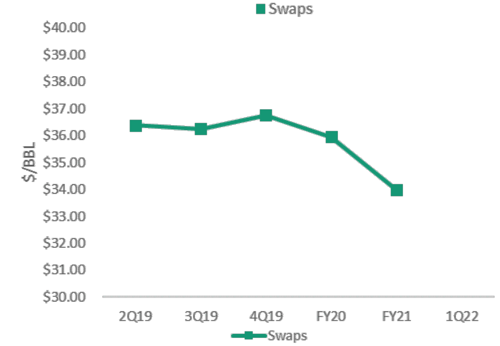




Hedge Type







Avg. Prices

Period	2Q 19	3Q 19	4Q 19	FY 20	FY 21	1Q 22
Swaps	$2.81	$2.80	$2.79	$2.80	$3.01	
Physicals	$2.63	$2.69	$2.69	$2.59		
Collar Ceiling (avg)	$3.01	$3.00	$3.00	$2.80	$2.79	$3.00
Collar Floor (avg)	$2.66	$2.66	$2.66	$2.55	$2.66	$2.75
Def Prem Put					$2.55	$2.60
Basis (avg)	($0.41)	($0.38)	($0.38)	($0.37)	($0.35)	

2Q 19	3Q 19	4Q 19	FY 20	FY 21	1Q 22
$58.55	$56.65	$56.52	$56.25	$55.47	$55.61
$60.37	$59.74	$59.29	$65.92	$67.88	
$49.69	$49.16	$48.77	$48.35	$52.02	

2Q 19	3Q 19	4Q 19	FY 20	FY 21	1Q 22
$36.38	$36.25	$36.76	$35.95	$33.98	

HEDGE DETAIL: NATURAL GAS

UPDATED AS OF 19 JULY 2019

FINANCIAL HEDGES

Natural Gas (MMBtu, $/MMBtu)		2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
NYMEX NG Swaps		15,179,600	17,639,049	16,146,581	15,559,644	8,982,891	6,086,872	6,257,326	7,484,549	50,000	-	-	-
	Swap Price	$2.81	$2.80	$2.79	$2.78	$2.79	$2.85	$2.84	$3.02	$2.48			
NYMEX NG Costless Collars		11,230,000	11,960,000	11,960,000	10,920,000	11,530,000	11,040,000	9,210,000	6,440,000	-	-	1,240,000	3,600,000
	Ceiling	$3.01	$3.00	$3.00	$2.83	$2.80	$2.79	$2.77	$2.76			$3.00	$3.00
	Floor	$2.66	$2.66	$2.66	$2.56	$2.55	$2.54	$2.55	$2.55			$2.75	$2.75
NYMEX NG Deferred Premium Puts		-	-	-	-	-	-	-	-	13,600,000	13,750,000	12,250,000	9,000,000
	Put Strike									$2.52	$2.56	$2.59	$2.60
Dominion SP Basis		4,727,000	5,694,000	5,694,000	5,187,000	2,002,000	1,104,000	909,000	1,770,000	-	-	-	-
	Swap Price	($0.48)	($0.46)	($0.46)	($0.46)	($0.50)	($0.59)	($0.59)	($0.48)				
TETCO M2 Basis		4,270,000	6,440,000	6,440,000	7,280,000	3,010,000	920,000	-	810,000	-	-	-	-
	Swap Price	($0.40)	($0.40)	($0.40)	($0.41)	($0.42)	($0.48)		($0.46)				
Columbia TCO Basis		5,077,598	9,476,000	9,476,000	9,373,000	9,373,000	7,636,000	7,567,000	7,200,000	7,280,000	-	-	-
	Swap Price	($0.36)	($0.32)	($0.32)	($0.32)	($0.32)	($0.33)	($0.32)	($0.32)	($0.32)			
Total NYMEX Hedge Volume		26,409,600	29,599,049	28,106,581	26,479,644	20,512,891	17,126,872	15,467,326	13,924,549	13,650,000	13,750,000	13,490,000	12,600,000
Weighted Average Floor Price		$2.75	$2.74	$2.74	$2.69	$2.65	$2.65	$2.67	$2.80	$2.52	$2.56	$2.60	$2.64

PHYSICAL HEDGES

Natural Gas (MMBtu, $/MMBtu)		2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Fixed Price Physical Sales		6,786,906	5,930,542	5,930,542	5,873,906	4,053,906	3,170,542	1,950,542	-	-	-	-	-
	All-In Price	$2.63	$2.69	$2.69	$2.68	$2.59	$2.46	$2.53					
Dominion SP Basis		80,800	89,600	89,600	80,800	80,800	89,600	32,800	-	-	-	-	-
	Fixed Price	($0.58)	($0.58)	($0.63)	($0.66)	($0.66)	($0.66)	($0.66)					
TETCO M2 Basis		990,972	1,001,861	1,001,861	990,972	990,972	1,001,861	1,001,861	-	-	-	-	-
	Fixed Price	($0.57)	($0.57)	($0.57)	($0.57)	($0.57)	($0.57)	($0.57)					

COMBINED HEDGING

Natural Gas (MMBtu, $/MMBtu)	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Hedges & Physical Sales	33,196,506	35,529,591	34,037,123	32,353,550	24,566,797	20,297,414	17,417,868	13,924,549	13,650,000	13,750,000	13,490,000	12,600,000
Weighted Average Floor Price	$2.72	$2.73	$2.73	$2.69	$2.64	$2.62	$2.65	$2.80	$2.52	$2.56	$2.60	$2.64

HEDGE DETAIL: NGL / OIL

UPDATED AS OF 19 JULY 2019

FINANCIAL HEDGES - NGLS

NGL (bbl, $/bbl)		2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Propane Swaps		354,491	350,196	346,068	341,779	346,469	120,478	12,795	12,569	12,342	4,064	-	-
	Swap Price	$36.38	$36.25	$36.76	$37.17	$34.98	$35.47	$33.98	$33.98	$33.98	$33.98		
Isobutane Swaps		25,321	25,014	24,719	24,413	24,748	8,606	914	898	882	290	-	-
	Swap Price	$36.38	$36.25	$36.76	$37.17	$34.98	$35.47	$33.98	$33.98	$33.98	$33.98		
Butane Swaps		81,026	80,045	79,101	78,121	79,193	27,538	2,925	2,873	2,821	929	-	-
	Swap Price	$36.38	$36.25	$36.76	$37.17	$34.98	$35.47	$33.98	$33.98	$33.98	$33.98		
Natural Gasoline Swaps		45,577	45,025	44,494	43,943	44,546	15,490	1,645	1,616	1,587	522	-	-
	Swap Price	$36.38	$36.25	$36.76	$37.17	$34.98	$35.47	$33.98	$33.98	$33.98	$33.98		
Total NGL Hedge Volume		506,415	500,280	494,383	488,255	494,956	172,112	18,279	17,955	17,631	5,805	-	-
Weighted Average Floor Price		$36.38	$36.25	$36.76	$37.17	$34.98	$35.47	$33.98	$33.98	$33.98	$33.98		

FINANCIAL HEDGES - OIL

Crude Oil (bbl, $/bbl)		2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
NYMEX WTI Swaps		12,000	66,000	93,000	81,000	81,000	67,000	60,000	93,000	73,800	24,600	12,000	36,000
	Swap Price	$58.55	$56.65	$56.52	$56.22	$56.22	$56.27	$56.30	$54.34	$56.52	$56.52	$55.61	$55.61
NYMEX WTI Costless Collars		54,074	52,897	51,722	62,583	60,490	57,433	56,343	22,314	40,519	38,290	25,000	-
	Ceiling	$60.37	$59.74	$59.29	$66.94	$66.83	$66.76	$62.93	$68.19	$71.40	$66.54	$63.95	
	Floor	$49.69	$49.16	$48.77	$48.73	$48.57	$48.46	$47.61	$54.77	$58.00	$49.51	$45.00	
Total NYMEX Hedge Volume		66,074	118,897	144,722	143,583	141,490	124,433	116,343	115,314	114,319	62,890	37,000	36,000
Weighted Average Floor Price		$51.30	$53.31	$53.75	$52.96	$52.95	$52.67	$52.09	$54.42	$57.04	$52.25	$48.44	$55.61

DIVERSIFIED GAS & OIL

PLC

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?

- **YES** → **Plug** ... and mitigate environmental concern
- **NO** → Step 2

STEP 2

Is the well economic or not?

- **YES** → **Continue Producing**
- **NO** → Step 3

STEP 3

Will it be economic if prices moderately recover?

- **NO** → **Plug**
- **YES** → **Temporarily Curtail Production**

DGO'S SAFE & SYSTEMATIC ASSET RETIREMENT

OUR PROACTIVE INITIATIVE FOR LONG-TERM ENVIRONMENTAL AND ECONOMIC SUSTAINABILITY

DGO's Safe & Systematic Asset Retirement Programme reflects DGO's solid commitment to:

- ✓ **A Healthy Environment**
- ✓ **The Community & its Citizens**
- ✓ **State Regulatory Authorities**

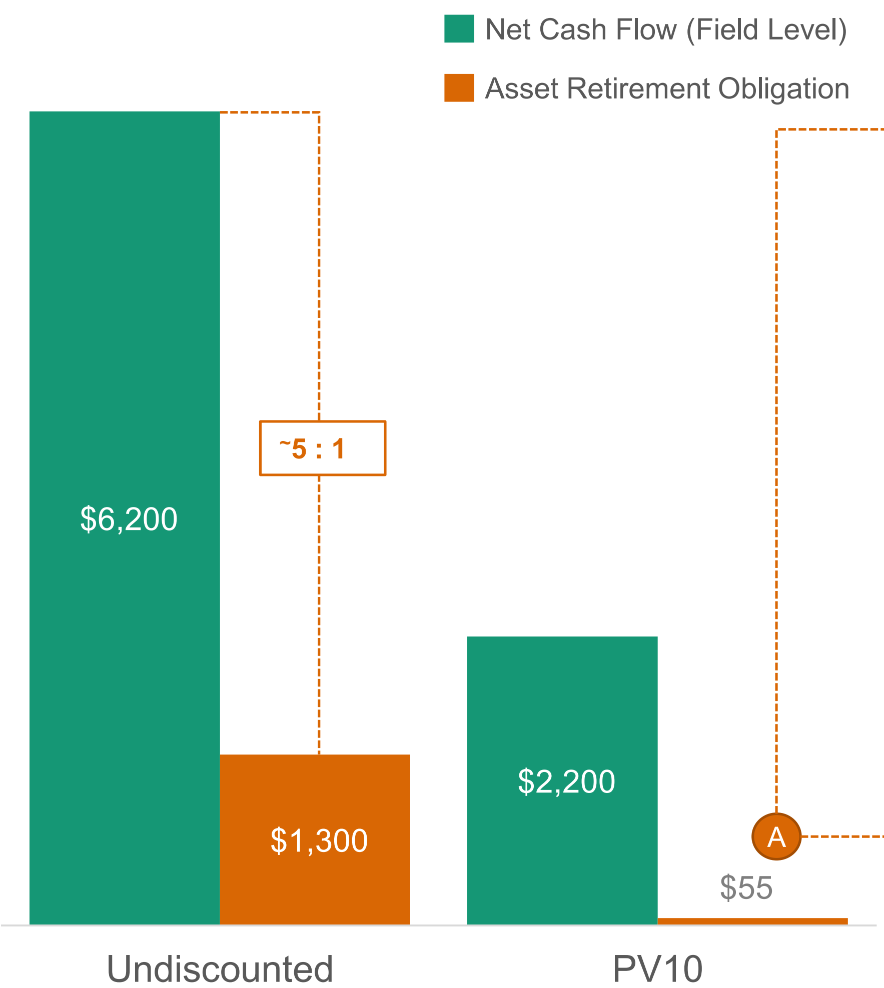
DGO is committed to doing things the right way. Our Safe & Systematic Asset Retirement Programme was created with strict regard to regulatory requirements and plugging agreements held within each primary operating state.

The DGO Way		The Wrong Way
Conform plans & materials to safely fit the scope of the job	Cementing	Accept standardised plugging procedures regardless of depth & condition
Siphon and dispose of material using in-house labour and removal services	Waste Disposal	Juggle logistics & up-charged costs of using 3rd party contractors for removal & disposal
Carefully grade, seed, and work the plat to nature's original contour using in-house specialists	Reclamation	Improperly cover & cultivate the area, leading to potential drainage issues for land owners

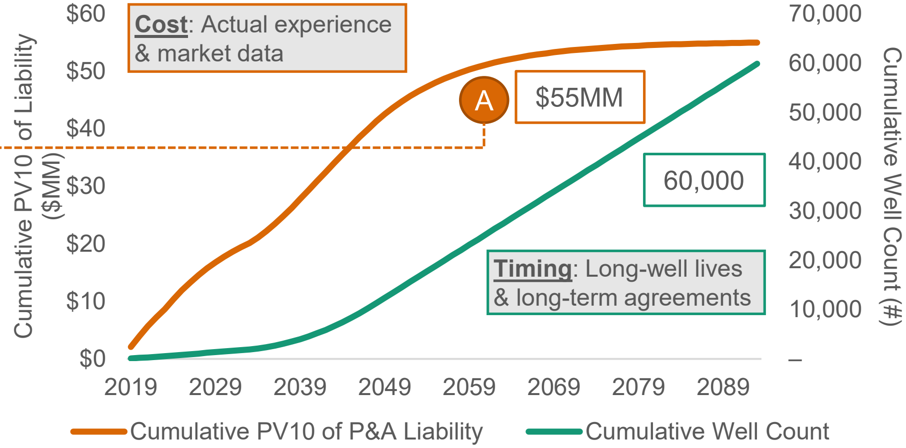
SAFELY, SYSTEMATICALLY RETIRE WELLS

OVERVIEW OF DGO'S ASSET RETIREMENT OBLIGATIONS

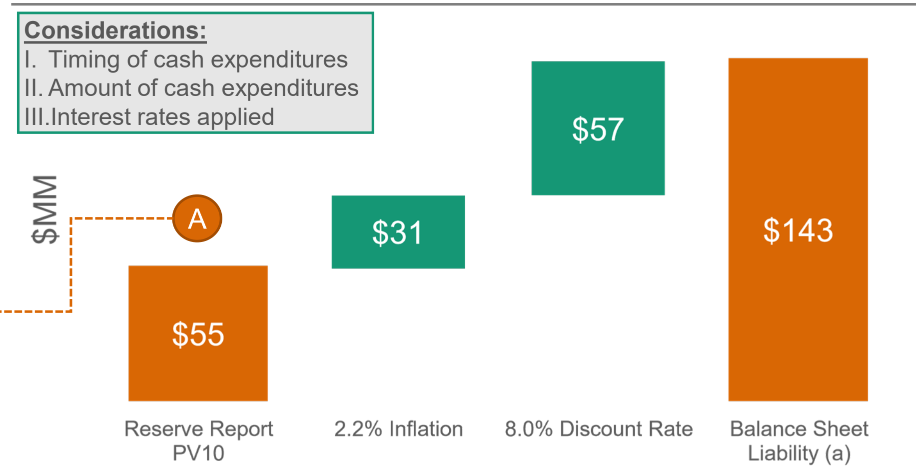
PV10 TO UNDISCOUNTED COMPARISON ($MM)



FORECASTING WELL RETIREMENT PROGRAMME



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



Footnotes: (a) represents 31 December 2018 balance sheet value

CALCULATING THE ASSET RETIREMENT OBLIGATION "ARO"

Input	Underlying Determinants	DGO Value
I Timing of Cash Outlay	▪ Well Life is a primary determinant ▪ Smarter Well Management impactful to well life ▪ Long-term agreements with states provide 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)]
III 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%
IV 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%

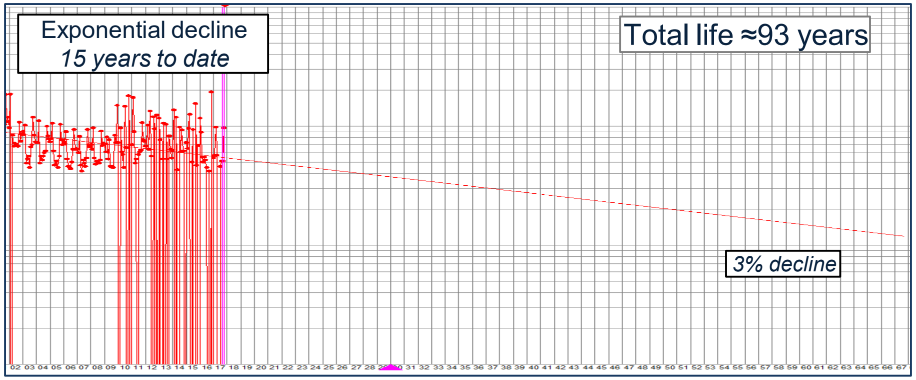
Footnotes: (a) weighted average well cost calculated using state-level anticipated AFE (referenced herein) and state well count values (referenced herein)

APPALACHIAN BASIN HAS DEOMNSTRATED LONG WELL LIFE

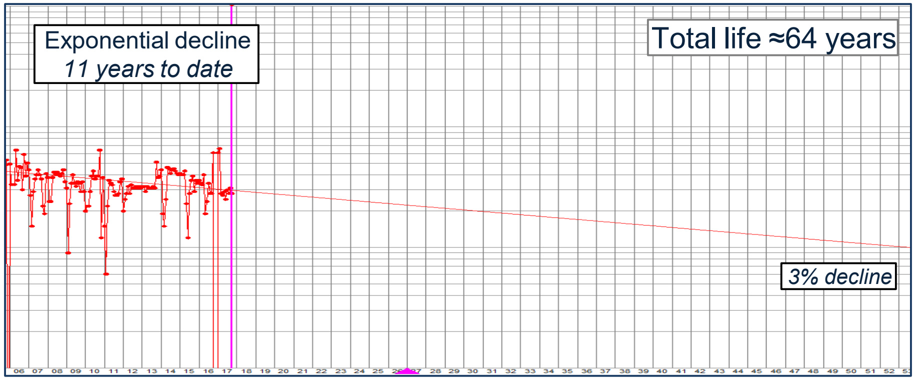
… WITH 160 YEARS OF PRODUCTION HISTORY

I

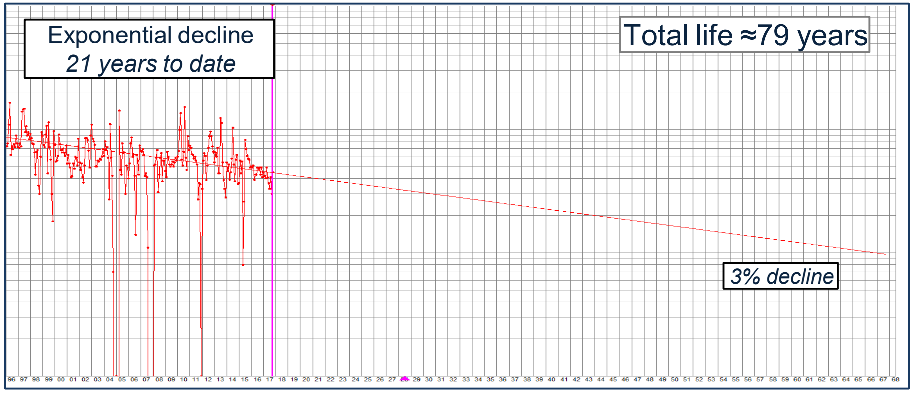
Indicative wells from the basin demonstrate productive lives ranging from 64 - 93 years with declines of ~3%



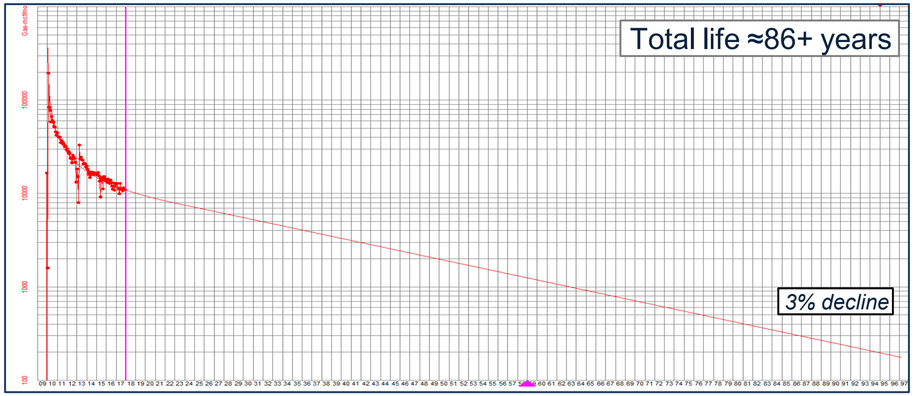
OH vertical well, Mahoning County,
37 years of production to date, 3% decline



PA vertical well, Allegheny County,
28 years of production to date, 3% decline



WV vertical well, Barbour County
30 years of production to date, 3% decline



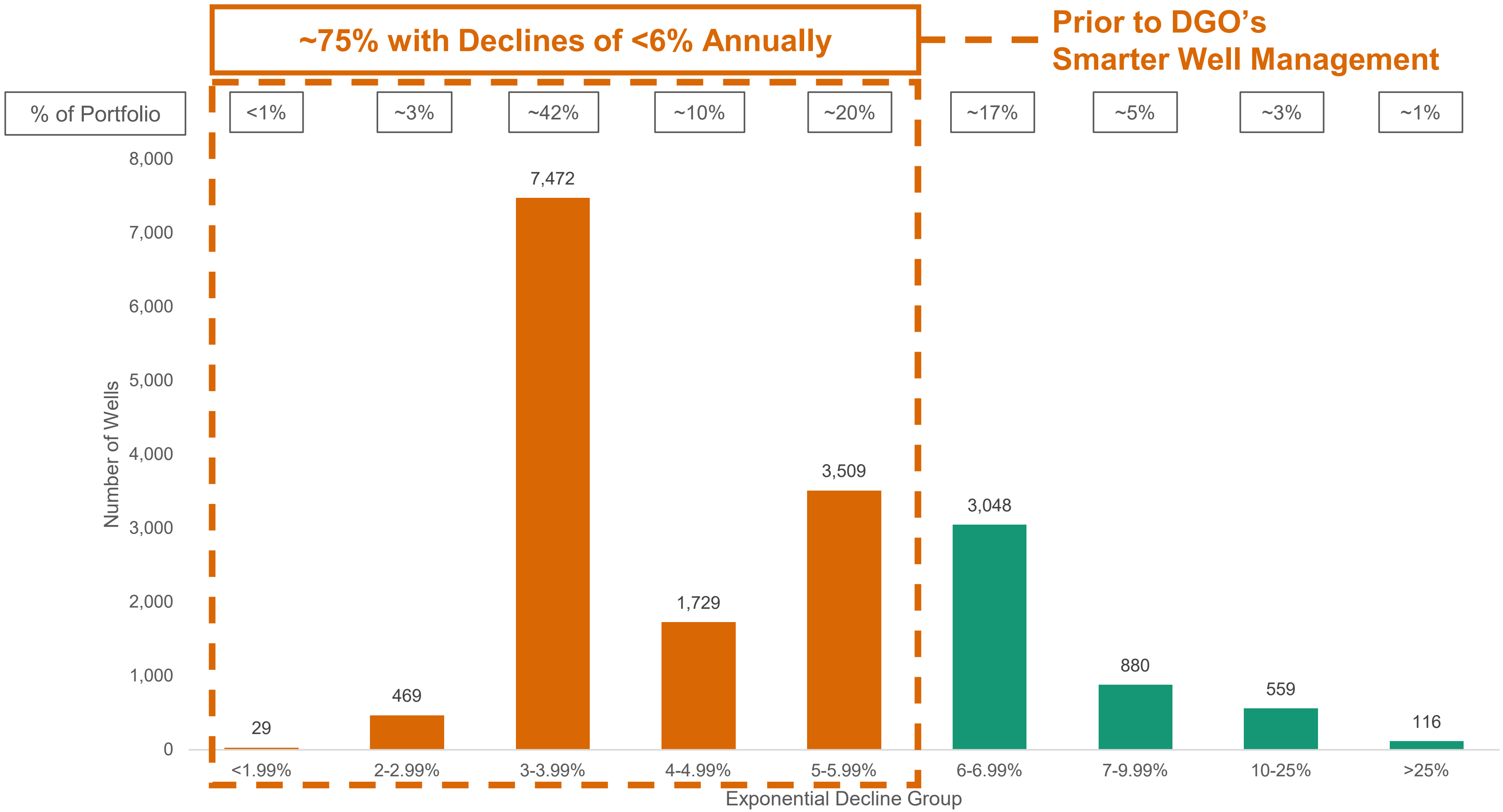
PA horizontal well, Fayette County,
First production 2012, not yet in terminal decline regime

Footnotes: source is a 3rd party, Wright & Company, independent reserve auditor study

APPALACHIAN BASIN WELLS HAVE DEMONSTRATED LOW DECLINES

SAMPLE SIZE OF NEARLY 20,000 WELLS

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



Footnotes: source is a 3rd party, Wright & Company, independent reserve auditor study

LONG-TERM AGREEMENTS WITH STATES

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

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

Well Agreement Detail

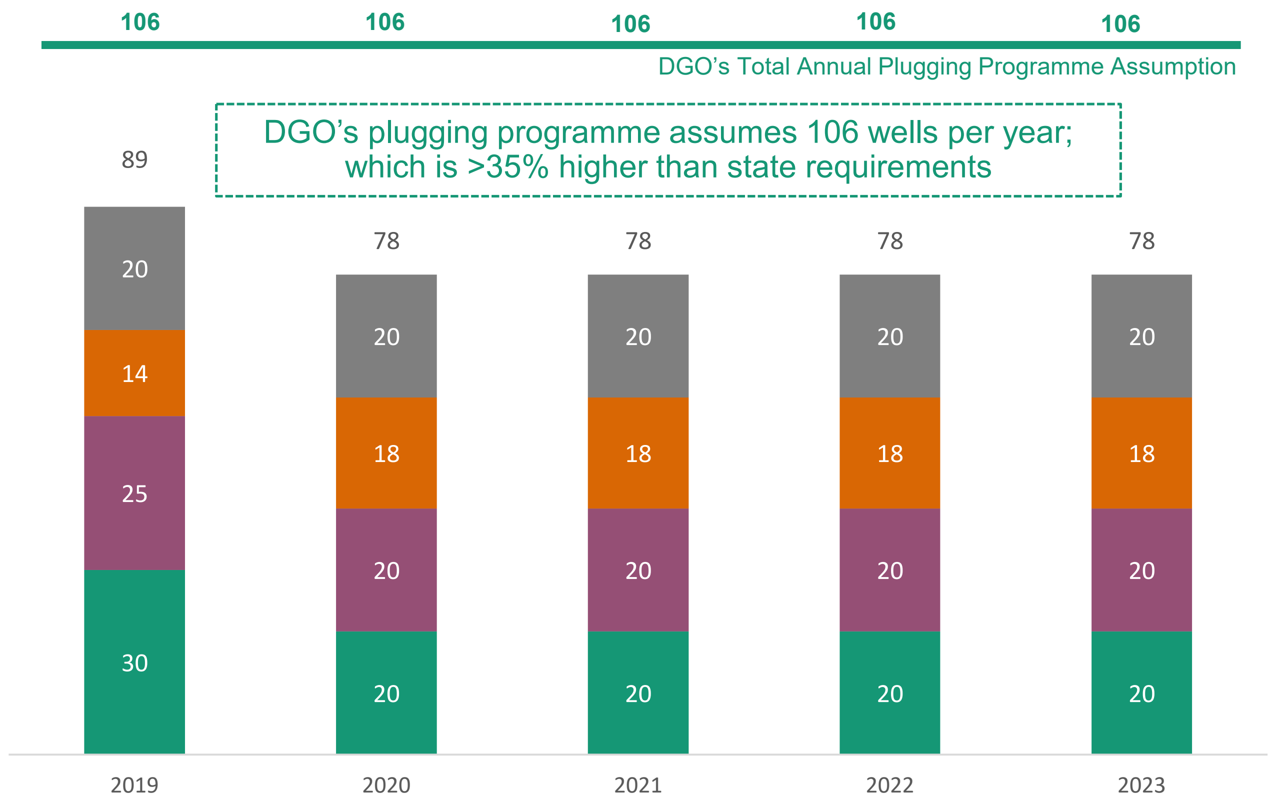
Pennsylvania
- *20 initial wells*
- *50 wells per year*
- *15 year agreement*
- *20 min plug/year*

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

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

West Virginia
- *30 initial wells*
- *50 wells per year*
- *15 year agreement* [a]
- *20 min plug/year*

Minimum P&A Obligations by State



Footnote: (a) extendable to 20 years

LONG WELL LIFE UNDERPINS EXTENDED PLUGGING PROGRAMME

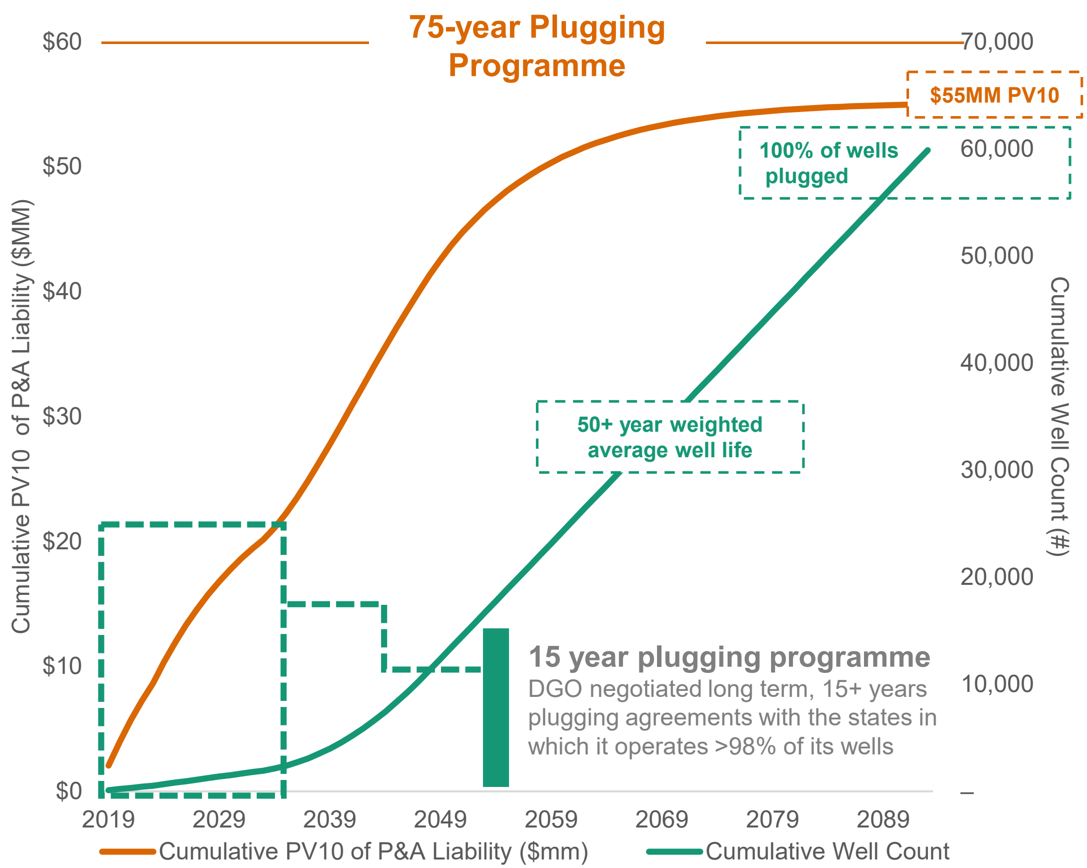
I

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

COMMENTARY

- ✓ Agreements cover > 98% of DGO's wells
- ✓ DGO has negotiated firm multi-year plugging agreements with the primary 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 modelling purposes, DGO assumes a linear increase in wells plugged per year between years 15 – 30
  - Thereafter, the company anticipates plugging ~1,100/year

CUMULATIVE PV10 GRAPH



ARO COST ESTIMATES

BASED ON DGO'S ACTUAL EXPERIENCE AND MARKET DATA

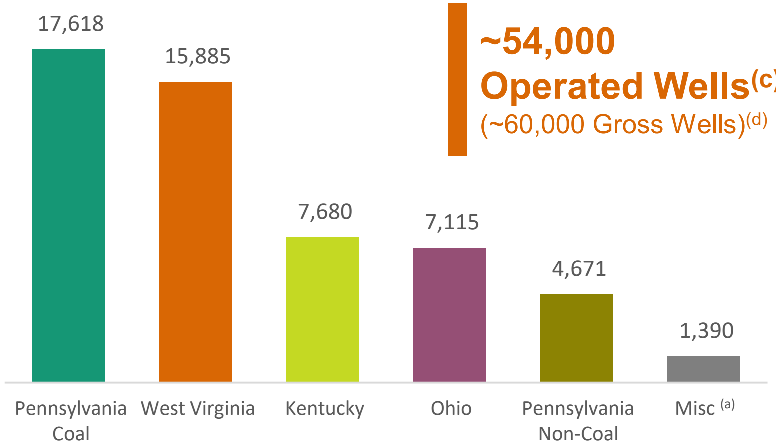
II

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 per well to plug

COMMENTARY

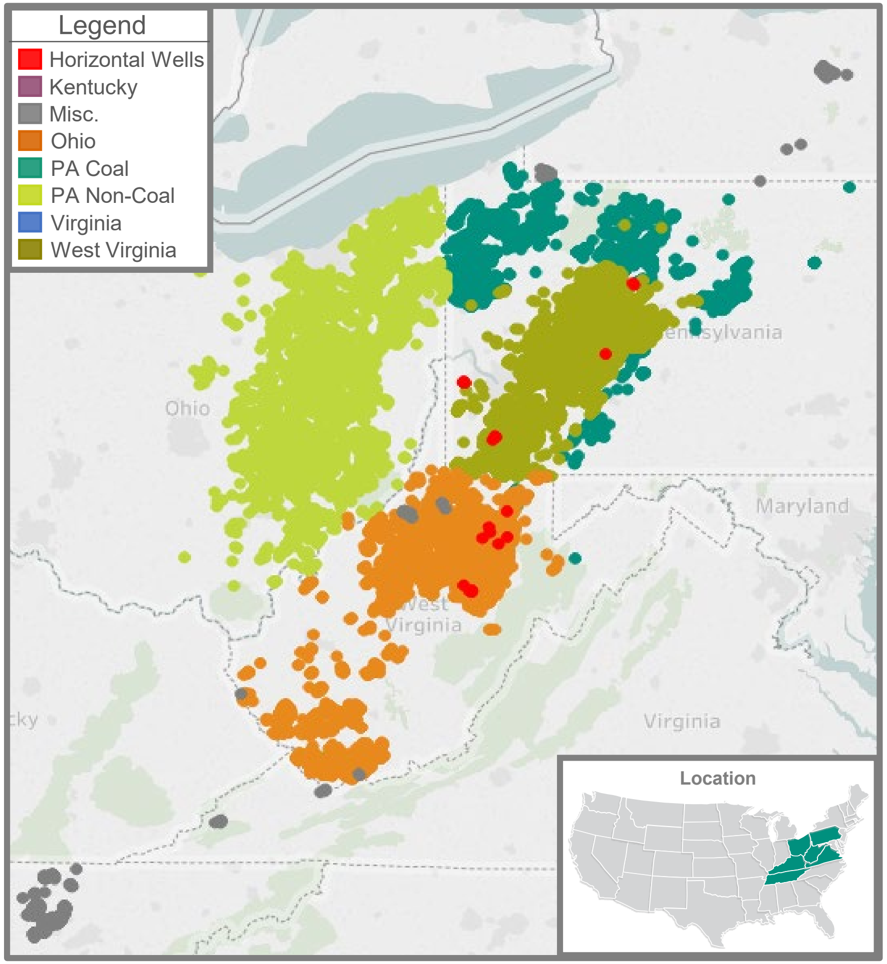
- The horizontal wellbores (included in the "Misc" wells below) with incrementally higher plugging costs are among the younger wells that DGO owns and thus will be plugged towards the end of its programme (beyond 75 years or 2090).

OPERATED WELL COUNT AND ESTIMATED ARO COST (C)



~54,000 Operated Wells(c)
(~60,000 Gross Wells)(d)

	Pennsylvania Coal	West Virginia	Kentucky	Ohio	Pennsylvania Non-Coal	Misc (a)
Average Depth (ft)	3,621'	4,284'	4,173'	4,188'	3,621'	5,321'
Average Gross Cost ($k)	$25.0	$22.5	$30.0	$20.0	$20.0	$20.0 -$30.0, $60.0 (b)



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 PLUGGING COSTS AT THE WELL LEVEL

II

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)

AFE Breakdown

(in USD) Cost Items (Gross)	Cost Driver	West Virginia	Pennsylvania Coal	Pennsylvania Non-Coal	Ohio	Kentucky	Wtd. Avg
Service Rig	Hours	$6,500	$10,000	$6,500	$7,500	$8,800	$8,107
Trucking Fees	Hours	4,000	4,000	4,000	3,000	4,000	$3,868
Cement	Volume	3,500	3,500	3,500	3,900	4,000	$3,629
Dozer	Hours	5,000	3,000	3,000	300	1,600	$3,038
Water Truck	Hours	1,200	1,500	1,500	1,250	1,600	$1,391
5% Contingency	Fixed %	1,055	1,185	988	1,025	1,400	$1,139
Tool Rental	Days	300	600	300	200	5,000	$1,101
Water Disposal	Bbls	200	600	600	4,000	3,000	$1,294
Supervisor	Hours	400	500	350	350	-	$360
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, Net (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**	

Actual Costs

(In USD) Period	Wells Plugged	Avg Cost to Plug	Wtd Avg AFE	Favourable (Unfavourable) $	Favourable (Unfavourable) %
1H18	8	$12,707	$21,328	$8,621	40.4%
2H2018[(b)]	27	$21,142	$21,315	$173	0.8%
1H2019[(c)]	55	$24,848	$25,151	$303	1.2%
Total	**90**	**$22,657**	**$23,660**	**$1,004**	**4.4%**

COMMENTARY

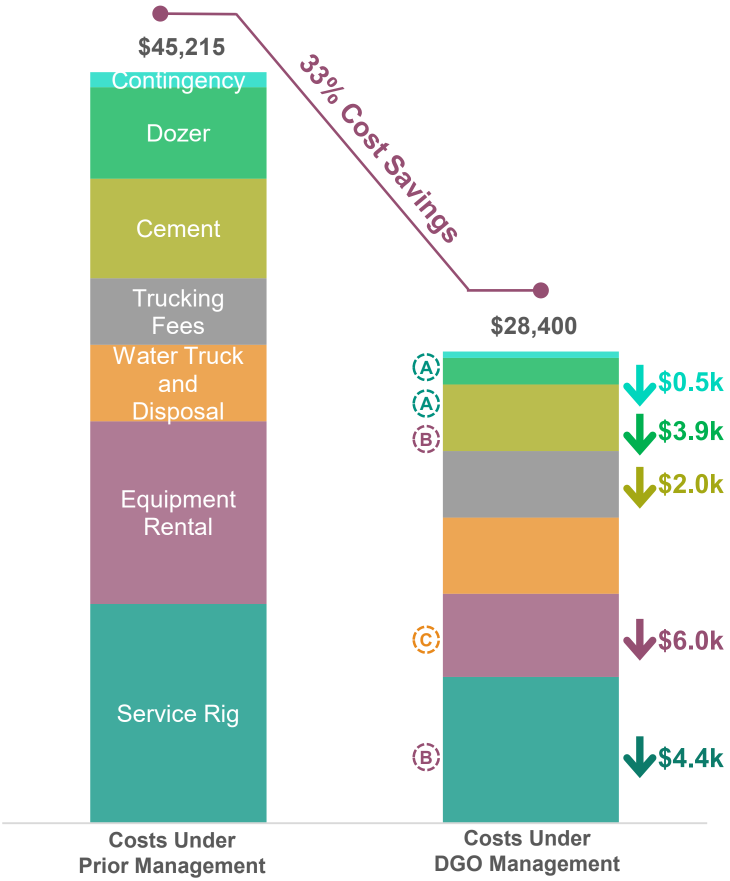
- ✓ Plugging and abandoning a well is the process of permanently closing and relinquishing an uneconomic or non-productive well by using cement to create plugs that prevent the migration of hydrocarbons inside (and up) the wellbore.
- ✓ State regulatory bodies typically establish requirements for how 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 utilising its internal P&A team and minimising the role of 3rd party vendors.

Footnotes: (a) abbreviation for Authorisation for Expenditure (b) excludes one deep formation well; (c) includes 5 wells partially invoiced plus estimated unbilled costs

SCALING AND EFFICIENCIES DRIVE DOWN PER-WELL COSTS

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

INTEREST RATE INPUTS

III ARO liability must be risked and discounted using a credit-adjusted risk-free rate, as per ASC 410-20 / IAS 37

Discount Rate
8.0%

- 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

IV ARO liability must include an inflation factor, as per ASC 410-20 / IAS 37

Inflation Rate
2.2%

- Inflation rate must be taken from a published, recognised index
  - DGO utilised *The Livingston Survey* as its source for inflation
- Multiple published indices can be utilised as a source, making this input unique between companies
- 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

CALCULATING THE IMPACT OF THE FOUR INPUTS TO 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**.

Balance Sheet Entry Composition ($MM)

Footnotes: (a) represents 31 December 2018 balance sheet value

DIVERSIFIED GAS & OIL

PLC

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