

25 June 2008

**Island Gas Resources plc (the "Company")**

**Placing by Brewin Dolphin Investment Banking of 3,222,460 New Ordinary Shares of 50p each at 65p per New Ordinary Share**

Island Gas Resources plc (AIM: IGAS), a leading developer of Coal Bed Methane in the UK and prospective producer of North Sea quality gas from virgin coal seams, announces that it is placing 3,222,460 new ordinary shares of 50 pence each in the Company (the "Placing Shares") with institutional investors at a price of 65 pence per share (the "Placing Price") to raise approximately £2.1 million (before expenses) (the "Placing").

The net proceeds of the Placing will be used primarily to fund the Company's working capital requirements and to enable the Company to secure drilling and exploration services required in developing the Company's existing and recently-awarded acreage. Based on the Company's current projections, the net proceeds of the placing will provide the Company with more than sufficient working capital for at least 12 months from commencement of dealings in the Placing Shares on AIM.

In connection with the Placing, Non-Executive Directors, Richard Armstrong and Peter Redmond have also agreed to subscribe for 38,460 and 30,770 Placing Shares respectively at the Placing Price. Following these purchases, Richard Armstrong has an interest in 58,460 ordinary shares (excluding warrants) in the Company, representing 0.09% of the enlarged issued share capital of the Company and Peter Redmond has an interest in 50,770 ordinary shares in the Company (excluding warrants), representing 0.08% of the enlarged issued share capital of the Company.

The Placing Shares, which represent approximately 5.17% of the enlarged issued share capital of the Company, will rank *pari passu* in all respects with the existing ordinary shares in the Company. Application has been made for the Placing Shares to be admitted to trading on AIM and it is expected that dealings will commence on 30 June 2008.

Commenting on the placing, Andrew Austin, Chief Executive of the Company, said:

"This is an exciting time for IGas. Following our recent success in the UK's 13<sup>th</sup> onshore oil and gas licensing round, IGas now has rights to 1,640 square kilometres of land. We have already drilled five wells, have planning in place for a further four, and are actively working to start marketing gas by the end of this year."

For further information please contact:

**Island Gas**

Andrew Austin, Chief Executive Officer    Tel:        +44 (0)20 7993 9901

**Brewin Dolphin Investment Banking**

Alan Stewart                                    Tel:        +44 (0)845 213 4213

**Libertas Capital**

Sandy Jamieson                                Tel:        +44 (0)20 7569 9650

**Gavin Anderson & Company**

Ken Cronin

Kate Hill

Tel:        +44 (0)20 7554 1400

Notes to editors

Island Gas Resources plc

Founded in 2003, the Company's subsidiary, Island Gas Limited, was set up to produce and market the methane gas which is found in seams of coal. The coal seam both generates and traps the gas, which can be extracted by drilling horizontally into the seam and collected for use as fuel. Coal Bed Methane (CBM) is exactly the same as other forms of natural gas, and is used to provide both industrial and domestic power and has the potential to be an important new source of energy for the UK. The CBM industry in the UK is in its infancy, but with the continuing decline in natural gas from the North Sea, it is likely to become an increasingly attractive alternative potential source of gas.

CBM has become a significant source of gas both in North America and Australia over a relatively short period of time during which both have seen an almost exponential growth in CBM production. The Company has ownership interests of between 20 and 50 per cent in eleven Petroleum and Exploration Development Licences in the UK, wholly owns two methane drainage licences and has a 50 per cent interest in three offshore blocks under one seaward petroleum production licence. These licences cover a gross area of approximately 1,640 sq km. Prior to the recent success in the 13<sup>th</sup> oil and gas licensing round, the Company's share of Gas Initially In Place is estimated to be in the order of 893 billion cubic feet (bcf) at a mid-case estimate, and could range between 395 bcf and 3,436 bcf.

For further information please visit [www.igas-plc.com](http://www.igas-plc.com)