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Island Gas Success in 13th Round applications

IGas, a leading developer of Coal Bed Methane (“CBM”) in the UK and prospective producer of North Sea quality gas from virgin coal seams, is delighted to announce that it has been highly successful in the 13th onshore oil and gas licensing round announced yesterday by the Secretary of State for Business, John Hutton.

IGas along with its partner Nexen Exploration UK have been offered seven blocks in three Petroleum Exploration and Development Licenses (PEDLs):

PEDL	Blocks
184	SJ27 SJ28 SJ37
190	SJ47
193	SJ68 SJ69 SJ79

These blocks are sited within IGas' principle target areas in the North West of England and are all within 15 kms of existing drilling operations.

IGas will have an ownership interest of 20 per cent in these new PEDLs which will cover a gross area of approximately 640 sq km adding to the 1000 sq km already in the portfolio.

Andrew Austin CEO of IGas said “Success in the 13th round was one of our stated objectives when we were admitted to AIM in December 2007 - we are delighted that once again we have been able to deliver on these objectives amid significant competition from major international companies. Given the current economic climate the inherent value of UK sourced fuel is becoming ever more apparent as is the contribution that coal bed methane can and will make. This award represents a 64% enlargement of our acreage and therefore increases significantly IGas’ potential own contribution to the security of energy supply in the UK”

On 7th November 2007, the Secretary of State invited applications for Licences in the 13th Landward Licensing Round. Offers will start to go out on 30 May. 97 Petroleum Exploration and Development Licenses (PEDLs) will be offered to 54 applicants.



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Notes to editors

Island Gas Resources plc

Founded in 2003, IGas' 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. Prior to this announcement, IGas had ownership interests of between 20 and 50 per cent in eight Petroleum and Exploration Development Licences (PEDLs) in the UK, wholly owns two methane drainage licences (MDLs) and has a 50 per cent interest in three offshore blocks under one seaward petroleum production licence (SPPL). These licences cover a gross area of approximately 1,000 sq km, now increased to 1,640 sq km. IGas' share of Gas Initially In Place (GIIP) 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.