

ISLAND GAS RESOURCES PLC
(‘IGas’ or ‘the Company’)

74% increase in Gas Initially In Place

IGas today is delighted to announce that an independent evaluation of its Gas Initially In Place (GIIP) resources has risen by 74 per cent since the Company’s admission to AIM in December 2007, from 893 billion cubic feet (bcf) to 1,554 bcf.

These numbers represent the risk* weighted net mid case estimate. The evaluation was undertaken by Equipoise Solutions Limited and follows the announcement on 29th May 2008 that IGas, along with its partner Nexen Exploration (“Nexen”), had been highly successful in the 13th onshore oil and gas licensing round with offers for seven blocks under three Petroleum Exploration and Development Licences (PEDLs). These new PEDLs have now been evaluated by Equipoise along with two previously un-evaluated areas leading to a significant increase in GIIP.

The full terms of the Equipoise report can be found on the Company’s website (www.igasplc.com), and are, in summary:

	December 2007 (bcf)	November 2008 (bcf)	Change (%)
Unrisked			
Net Low Case	465	844	82%
Net Mid Case	1,132	1,794	58%
Net High Case	4,274	5,814	36%
Risk Weighted*			
Net Mid Case	893	1,554	74%

*Takes account of risk factors related to the potential of coals being absent or falling outside the cut off ranges used for GIIP

Andrew Austin, IGas CEO said: “This is clearly excellent news and underlines the value of the extra assets we were able to win as part of the 13th round. The worldwide potential of coal bed methane (CBM), or coal seam gas as it is known in Australia, is vast and this is now being evidenced by an increasing interest in these assets around the world. It represents a source of relatively clean energy which is increasingly playing a role in supplementing gas from conventional resources. The scale of CBM as an asset class is reflected in the huge growth in M&A activity and values globally, particularly in Australia.

“We are continuing with our work in conjunction with reserves auditors DeGolyer and McNaughton to gather data and production experience to allow a proportion of GIIP to be classified as ‘recoverable resource’, and we expect to update the market in January 2009.”

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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. The Company's share of Gas Initially In Place is estimated to be in the order of 1,554 billion cubic feet (bcf) at a risk weighted mid-case estimate, and could range between 775 bcf and 4,974 bcf.

For further information please visit www.igasplc.com