



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

IGas receives approval to produce gas from Warrington site

IGas is delighted to announce the approval by the Secretary of State of Energy and Climate Change for its plans for the commercial production of coal bed methane (CBM) gas from its site at Doe Green, between Warrington and Widnes. In a first for the UK, the CBM gas produced will be used to generate electricity.

The approval of this field development programme marks a significant milestone for the company, which has estimated Gas Initially in Place in the UK of over 1.5 trillion cubic feet of the gas which is found in seams of coal. CBM is acknowledged to have the potential to make a significant contribution to the UK’s energy supply.

IGas, in conjunction with its partner Nexen, is currently drilling additional lateral legs at the Doe Green site, within PEDL 145. First gas is expected to be produced in the coming months, and will be used to produce electricity which will be sold locally. Generation equipment has already been installed at the site and is ready for commissioning.

IGas CEO Andrew Austin said:

“We are delighted to have received approval for our plans to deliver first gas from our site in Warrington. This demonstrates the commercial potential of IGas’ acreage and of the contribution CBM can make to our domestic energy security.”

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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 (Pedl) 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 1,656 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

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Where a Pedl holder wishes to produce gas, an application must be made to the Secretary of State for Energy and Climate Change seeking approval for a development and production programme detailing how the licence-holder proposes producing petroleum (in this case CBM gas). The process is initiated by the submission of a Field Development Programme, together with an Environmental Statement discussing the environmental impact of the proposed commercial development. In respect of Doe Green, PEDL 145, permission has been granted for the production of gas.