

15 June 2009

**ISLAND GAS RESOURCES PLC**  
(“IGas”, “the Company” or “the Group”)

**IGas starts first commercial sales**

IGas, a leading coal bed methane (CBM) developer in the UK, is delighted to announce the start of commercial sales of electricity generated from CBM gas into the national grid – a first in the UK.

Initial volumes of electricity generated from CBM gas at its Doe Green site in Cheshire, in conjunction with IGas’ joint venture partner Nexen, is being sold to a major European utility under a three-month fixed contract.

Gas produced from the site is expected to increase and over the coming months this pilot should become capable of being able to power approximately 1,200 homes.

Andrew Austin, IGas’ CEO said:

*“IGas has shown that coal bed methane is capable of being a commercial proposition in the UK. The contribution this home-grown resource can make to powering UK homes and businesses could be significant – this is only the first step for what we know will be a growth industry.”*

In a recent report from their Unconventional Gas Service, respected industry analysts Wood Mackenzie confirmed that the production of CBM gas in the UK was commercial at the current gas price as well as under anticipated long term future gas price assumptions. The report also estimated the resource potential available in the Cheshire Basin, which is located at the heart of the UK gas market, to be around 4 trillion cubic feet based on initial analysis.

Last month IGas announced that an independent evaluation of Gas Initially in Place (GIIP) undertaken by Equipose Solutions found that the Company’s resource base across the UK had increased by around 40 per cent since November 2008. The new, risk\* weighted, net mid-case estimate for GIIP is 2,169 billion cubic feet, up from 1,554 bcf in November 2008, itself an increase over the original 893 bcf in December 2007. The full Equipose Solutions report is available on the IGas website.

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

*Ends*

For further information please contact:

**Island Gas Resources**  
Andrew

Tel: +44 (0)20 7993 9901  
Austin

Chief Executive Officer

**Kreab Gavin Anderson**  
Anthony Hughes  
Kate Hill

Tel: +44 (0)20 7554 1400

**Cenkos Securities**  
Jon Fitzpatrick  
Ken Fleming

Tel: +44 (0)131 220 6939

**Notes to Editors:**

**Island Gas Resources plc (“IGAS.L”)**

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. 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 reserves from the North Sea, it is likely to become an increasingly attractive alternative potential source of energy.

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 Group has ownership interests of between 20 and 50 per cent in eleven PEDLs 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 1,656sq. km. In an independent evaluation of its net Contingent Recoverable Resources, DeGolyer and MacNaughton has concluded that IGas has a potentially recoverable resource of up to 733 bcf (3C), which is equivalent to 116 million barrels of oil; as derived from a statistical aggregation of contingent resource ranges calculated on an individual coal seam basis.

For further information please visit [www.igasplc.com](http://www.igasplc.com).

**Equipoise Solutions**

Equipoise is a privately owned independent consulting company established in 1998 with offices in South London. The company specialises in petroleum geology and geophysics. The work has been supervised by Dr Adam Law, Director of Equipoise, a post graduate in Geology and a Fellow of the Geological Society of London. He has 15 years experience in the evaluation of oil and gas fields and acreage. Mr Donald Alastair Scott has reviewed and approved these estimates. Mr Scott is a Director of Equipoise, and has over 40 years experience in the evaluation of oil and gas acreage.

For further information of Equipoise Solutions, please visit [www.equipoisesolutions.ltd.uk](http://www.equipoisesolutions.ltd.uk).

