

26 January 2010

IGas Energy plc
(‘IGas’ ‘the Company’ or ‘the Group’)

DeGolyer and MacNaughton confirm IGas’ net Contingent Recoverable Resources up over 40 per cent

The board of IGas, a domestic gas producer and the UK’s leading coal bed methane (CBM) developer, is delighted to confirm that IGas’ mid-case net Contingent Recoverable Resources have increased by 41% from 571Bcf to 807Bcf (2C). IGas’ high case gas in place is now in excess of 8.5Trillion cubic feet.

This follows the completion of a £13.75m placing and farm-up agreement with Nexen in December 2009. The 807Bcf, which equates to around 140 million barrels of oil, is derived from a statistical aggregation of Contingent Recoverable Resource ranges calculated on an individual coal seam basis.

The evaluation was carried out by the world-renowned international petroleum consulting firm DeGolyer and MacNaughton. These results reflect only the changes in equity that have taken place since the report was initially written assessing the contingent recoverable resources of the group as at 31st December 2008 (the Report). The results are summarised in billions of standard cubic feet, in the table below:

Contingent Recoverable Resources*	All numbers are IGas’ net equity share as at 10 December 2009		
	1C	2C	3C
Statistical Aggregate	554Bcf	807Bcf	1,176Bcf

*DeGolyer and MacNaughton have prepared the Contingent Recoverable Resource estimates in accordance with the Petroleum Resources Management System (PRMS), an industry recognised standard. Contingent Recoverable Resources are defined as discovered potentially recoverable quantities of hydrocarbons where there is no current certainty that it will be commercially viable to produce any portion of the contingent resources evaluated. Contingent Recoverable Resources are further divided into three status groups: marginal, sub-marginal, and undetermined. IGas’ Contingent Recoverable Resources all fall into the undetermined group. Undetermined is the status group where it is considered premature to clearly define the ultimate chance of commerciality

The estimates of net Contingent Recoverable Resources reflect the increases in equity in properties as of 11 December 2009, which are located in Lancashire, Cheshire, Yorkshire, Staffordshire and on and offshore North Wales. In estimating the revised IGas net Contingent Resources only changes to equity have been considered. No additional data beyond that utilized in the Report other than revised equity interests were incorporated in these estimates.

IGas continues to produce gas from its pilot production site at Doe Green in Warrington and to sell electricity through its on-site generation, a UK first from CBM. Initial production rates indicate that the Company should exceed its threshold for commerciality.

Andrew Austin, IGas CEO said:

“These findings confirm that IGas has enough capacity to supply electricity to around seven per cent of all UK households for 15 years. We are on track to start full-scale UK production next year. CBM and other unconventional gas provides a secure

home-grown resource which could make a significant contribution to UK gas consumption.”

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Notes to Editors:

IGas Energy plc ("IGas")

IGas was set up to produce and market domestically sourced gas, primarily from unconventional reservoirs, particularly CBM. IGas is now producing gas from its pilot production site at Doe Green in Warrington and selling electricity through its on-site generation, a UK first from CBM. Initial production rates indicate that the Company should exceed its threshold for commerciality.

First full site production is targeted for 2011 and the Company is targeting 20-50 sites for production between 2011 and 2014. Sites are planned to consist of 4-6 wells with 24,000-40,000 ft of lateral in each well. Each site is expected to produce between 7 and 20 Bcf over 15 years (gross). The production from each site is expected to peak at between 4 and 10 mmscfd (650-1,700 boepd) (gross). The Company is using production technology which is known and has been demonstrated to be effective in other countries. Planning has been obtained for 9 pilot/production sites to date from a variety of land owners and planning authorities.

IGas has ownership interests of between 20 and 100 per cent in eleven PEDLs in the UK, wholly owns two methane drainage licenses and has a 75 per cent interest in three offshore blocks under one Seaward Petroleum Production Licence. These licenses cover a gross area of approximately 1,756 km². The mid case GIIP is up 298 per cent. from 893Bcf at year end 2007 to 3,558 Bcf (source: Equipose Solutions Ltd).

Independent analysis by world leading reservoir engineers, DeGolyer and McNaughton, was carried out as of 31st December 2008. Following IGas' acquisition of an increased stake by 25% to 75% in Point of Ayr and increased stakes by 15% to 35% in Four Oaks, North Dees and Parkside licences. DeGolyer and McNaughton confirmed that these changes in equity increase the estimated net Contingent Recoverable Resource to 807Bcf of gas (2C), equivalent to around 135million barrels of oil. The Contingent Recoverable Resource is derived from a statistical aggregation of Contingent Recoverable Resource ranges calculated on an individual coal seam basis.

The coal seam both generates and traps the gas, which can be extracted by drilling 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 early stages, 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.

For further information on IGas please visit: <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 on Equipoise Solutions, please visit:
www.equipoisesolutions.ltd.uk

DeGolyer and MacNaughton

DeGolyer and MacNaughton performs a variety of services related to the upstream sector of the petroleum industry, including evaluation of the hydrocarbon potential of exploration areas, estimation and classification of reserves to be recovered from new discoveries, verification of hydrocarbon reserves, production forecasting, and appraisal of properties for prospective acquisition, divestiture, issuance of securities, or financing purposes. During seven decades, the firm has successfully performed studies on hundreds of thousands of petroleum properties in more than 100 countries and provides independent reserve auditing services to some of the world's largest oil & gas companies.

For further information on DeGolyer and MacNaughton please visit:
<http://www.demac.com/>

The Contingent Recoverable Resources estimates presented here have been prepared in accordance with the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers

The statistical aggregated net Contingent Recoverable Resource quantities are summarised below in terms of billions of standard cubic feet. These results reflect the changes in equity that have taken place since the report was initial written assessing the contingent recoverable resources of the group as at 31st December 2008.

Net Contingent			
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Recoverable Resources*	1C	2C	3C
Statistical Aggregate	554Bcf	807Bcf	1,176Bcf

In addition, DeGolyer and MacNaughton have arithmetically summed the total net Contingent Recoverable Resources. The arithmetically summed net Contingent Recoverable Resource quantities are summarised below in terms of billions of standard cubic feet.

Net Contingent Recoverable Resources*	1C	2C	3C
Arithmetically Summed	343Bcf	702Bcf	1,491Bcf

*A Contingent Recoverable Resource is defined as quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Further, there is, as of a given date, no certainty that it will be commercially viable to produce any portion of the Contingent Recoverable Resources evaluated. Contingent Recoverable Resources are further divided into three status groups: marginal, sub-marginal, and undetermined. IGas' Contingent Recoverable Resources all fall into the undetermined group. Undetermined is the status group where it is considered premature to clearly define the ultimate chance of commerciality.

Nexen Inc.

Nexen Inc. is an independent, Canadian-based global energy company, listed on the Toronto and New York stock exchanges under the symbol NXY. It is uniquely positioned for growth in the North Sea, Western Canada (including the Athabasca oil sands of Alberta and unconventional gas resource plays such as shale gas and coalbed methane), deep-water Gulf of Mexico, offshore West Africa and the Middle East.

For further information on Nexen please visit: www.nexeninc.com.

Qualified Person

Brent Cheshire, Executive Technical Director of IGas, and a qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies, March 2006, of the London Stock Exchange, has reviewed and approved the technical information contained in this announcement. Mr Cheshire has more than 30 years experience.

Glossary

The following definitions apply throughout this announcement, unless the context requires otherwise:

Bcf	billions of standard cubic feet of gas
boe	barrel of oil equivalent
CBM	coal bed methane
DECC	The Department for Energy and Climate Change
FDP	field development programme
GIIP	gas initially in place
PEDL	Petroleum Exploration and Development Licence

