

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

Shale Resources and updated GIIP at Point of Ayr

The board of IGas Energy, a domestic gas producer and a leading developer of unconventional gas resources in the UK, today announces that it has identified a significant shale resource within its acreage. In addition, IGas Energy today publishes a revised Competent Person Report (CPR) in which the overall Gas initially in place (GIIP) across its acreage increases in the mid case from 3,558 Bcf by 7.5% to 3,823 Bcf.

- **Shale:** Shales have been identified by IGas (using existing borehole logs in the locality) as potentially extending over 1,195km² (300,000 acres) of its acreage with an expected average thickness of 250m (825 feet). These shales are understood to be hydrocarbon bearing as they have been locally demonstrated to be the source rock for hydrocarbons in the Liverpool Bay area. Total Organic Content (TOC) has been measured to range from below 0.7% to over 5% with an average in the Holywell shales of around 2.1%. IGas Energy has now identified independent consultants to review the hydrocarbon potential of these shales and their potential to produce gas and will be reporting on the results once this work is complete.
- **CPR:** The reprocessing of seismic and other data by Equipoise Solutions Ltd related to the Acreage offshore at Point of Ayr has increased our confidence in the presence and nature of the Coal Bed Methane (CBM) resource in the area. This has led to a removing of the risk weighting previously applied to this area and a tightening of the range of low:mid:high case expectations of Gas Initially In Place. A revised CPR is now available at www.igasplc.com and the results are summarised in the table below.

(all amounts in Bcf)	Low Case	Mid Case	High Case
Previous Net GIIP	1,180	3,558	8,360
Updated Net GIIP	2,293	3,823	8,092

Andrew Austin, IGas Energy CEO said: *“This continuing work on understanding the full potential of our acreage to deliver gas once again gives us greater confidence in the resources we hold. The potential of delivering Shale gas is particularly exciting, as this sector has seen significant growth in North America and increased interest across continental Europe. The revised CPR also gives us greater confidence in the size of the resource and once again shows the value of the extensive data set we hold.”*

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Notes to Editors:

IGas Energy plc ("IGas")

IGas Energy was set up to produce and market domestic sourced gas, primarily from unconventional reservoirs, particularly coal bed methane. IGas Energy 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 8 pilot/production sites to date from a variety of land owners and planning authorities.

IGas Energy has ownership interests of between 20 and 100 per cent in eleven PEDLs in the UK, wholly owns two methane drainage licences 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 328 per cent. from 893 Bcf at year end 2007 to 3,823 Bcf (source: Equipoise Solutions Ltd).

Independent analysis by world leading reservoir engineers, DeGolyer and McNaughton, was carried out 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 licenses. DeGolyer and McNaughton confirmed net Contingent Recoverable Resource of up to 807 Bcf of gas (2C), equivalent to around 140million barrels of oil. The Contingent Recoverable Resource is derived from a statistical aggregation of contingent 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 Energy 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

Qualified Person

Brent Cheshire, Executive Technical Director of IGas Energy Plc, 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
CPR	Competent person report
DECC	The Department for Energy and Climate Change
FDP	field development programme
GIIP	gas initially in place
PEDL	Petroleum Exploration and Development Licence