IGAS ENERGY PLC

19 September 2011

IGAS ENERGY PLC

(“IGas Energy”, “the Company” or “the Group”)

RESULTS FOR THE SIX MONTHS ENDING 30 JUNE 2011

IGas Energy Plc (“IGas Energy”), a domestic gas operator and leading developer of unconventional gas resources in the UK, today announces its financial results for the six months ended 30 June 2011.

Highlights

- Secured 100% ownership of assets and operatorship through acquisition of Nexen Exploration UK Ltd
- Fundraising of £20.6 million gross
- Cash and cash equivalents of £28 million (30 June 2010: £16 million)
- Operating loss of £1.1million (30 June 2010: £0.5million)
- Operational update expected to be announced today

-Ends-

For further information please contact:

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IGAS ENERGY PLC

CEO'S STATEMENT

The acquisition of Nexen Exploration UK Limited transforms our business and with 100% ownership, considerable progress is being made towards delivering CBM production, building execution capability and thereby demonstrating commercial production from our CBM assets.

OSPAR accreditation

IGas Energy was awarded OSPAR accreditation (for environmental protection) in March, which represents a major step in the external acceptance of our management systems. The accreditation means that we have in place systems audited and acceptable to DECC and the HSE to now operate offshore the UK as well as onshore.

The Group is committed to Health, Safety, Environment, Social, Quality and Security performance. To this end, additionally, the Group is progressing towards both ISO14001 (environment) and ISO9001 (quality) certification.

Team

We have been expanding our team to ensure availability of the right skills and experience to deliver increased production and our headcount increased by an additional 8 employees in the half year.

Finances

The operating loss for the 6 months to 30 June 2011 was £1,141,000 compared to a loss of £547,000 in the corresponding period of 2010. The increased loss is a consequence of the costs associated with the expansion of the team.

Revenue for the 6 months to 30 June 2011 was £21,000, down from £252,000 in the corresponding period of last year. The acquisition of Nexen Exploration UK Limited effectively meant that the services provided for CBM activities that were previously charged to Nexen are now delivered in-house. Also, during the period revenues from electricity generation were lower due to the Doe Green pilot production being shut-in ahead of drilling activity.

As at 30 June we had cash of £28 million. These funds mean that we have the financial resources needed to deliver on our current drilling plans at Doe Green, Ince Marshes and Ellesmere Port.

ANDREW AUSTIN
CEO, IGAS ENERGY PLC

Notes to Editors:

IGas Energy plc

IGas Energy produces and markets domestically sourced energy, primarily from coal bed methane ("CBM"). It is currently focussed on delivering commercial CBM production through an accelerated development programme.

IGas Energy has licences to extract hydrocarbons across the north of Wales and the north of England, covering an area of 1,756km^2 (equivalent to approximately 432,000 acres). IGas Energy is the operator and sole owner of each of its licences.

IGas Energy's unique position offers more than 1.7 Trillion Cubic Feet (Tcf) of technically recoverable gas (equivalent to 290 million barrels of oil) with customers located conveniently close to its operations, which includes the national gas network. IGas Energy is therefore in a strong position to secure optimum gas prices from its production and to contribute to the UK's security of supply.

Further technical and quantitative information can be found on our website: www.igasplc.com

INDEPENDENT REVIEW REPORT TO IGAS ENERGY PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement and the related notes 1 to 10. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standards 34, “Interim Financial Reporting,” as adopted by the European Union.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34, “Interim Financial Reporting,” as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ernst & Young LLP
London
16 September 2011

Condensed Consolidated Income Statement

	Note	Unaudited six months to 30 June 2011 £000	Unaudited six months to 30 June 2010 £000	Audited year to 31 December 2010 £000
Revenue	4	21	252	656
Cost of sales		(21)	(247)	(589)
Gross profit		-	5	67
Administrative expenses		(1,141)	(552)	(1,780)
Operating loss		(1,141)	(547)	(1,713)
Finance Income		143	81	170
Finance Cost		(4)	-	-
Loss on ordinary activities before tax		(1,002)	(466)	(1,543)
Tax on loss on ordinary activities	5	-	-	-
Loss from continuing operations attributable to equity shareholders of the Group		(1,002)	(466)	(1,543)
Basic and diluted (loss) per share (£/share)	6	(0.0075)	(0.0051)	(0.0169)

Condensed Consolidated Statement of Comprehensive Income

	Unaudited six months to 30 June 2011 £000	Unaudited six months to 30 June 2010 £000	Audited year ended to 31 December 2009 £000
Loss for the period	(1,002)	(466)	(1,543)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	(1,002)	(466)	(1,543)

Condensed Consolidated Balance Sheet

	Note	Unaudited At 30 June 2011 £000	Unaudited At 30 June 2010 £000	Audited At 31 December 2010 £000
Non-current assets				
Intangible exploration and evaluation assets	7	37,651	2,901	4,644
Property, plant and equipment		214	34	205
		37,865	2,935	4,849
Current assets				
Trade and other receivables		457	658	589
Cash and cash equivalents		28,415	16,008	12,087
		28,872	16,666	12,676
Current liabilities				
Trade and other payables		(1,617)	(1,860)	(797)
Net current assets		27,255	14,806	11,879
Total Assets less current liabilities		65,120	17,741	16,728
Non-current liabilities				
Decommissioning provision		(219)	-	-
		(219)	-	-
Net assets		64,901	17,741	16,728
Capital and reserves				
Called up share capital	8	53,272	18,658	19,665
Share premium account		18,026	2,207	2,500
Share plan/warrant reserve		105	131	63
Treasury shares		(1,299)	-	(1,299)
Retained earnings/(accumulated deficit)		(5,203)	(3,255)	(4,201)
Shareholders' funds		64,901	17,741	16,728

IGAS ENERGY PLC

Condensed Consolidated Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Share plan/ warrant reserve £000	Treasury shares £000	Retained earnings / (accumulated deficit) £000	Total £000
Balance at 1 January 2010 (audited)	**18,617**	**2,203**	**131**	**-**	**(2,789)**	**18,162**
Change in equity for the six months to 30 June 2010						
Loss for the period	-	-	-	-	(466)	(466)
Issue of new shares during the period	41	4	-	-	-	45
Balance at 30 June 2010 (unaudited)	**18,658**	**2,207**	**131**	**-**	**(3,255)**	**17,741**
Change in equity for 2010						
Balance at 1 January 2010 (audited)	**18,617**	**2,203**	**131**	**-**	**(2,789)**	**18,162**
Loss for the period	-	-	-	-	(1,543)	(1,543)
Lapse of warrants	-		(131)	-	131	-
Employee share plans – cost under IFRS2	-		63	-	-	63
Issue of new shares during the year	1,048	297	-	(1,299)	-	46
Balance at 31 December 2010 (audited)	**19,665**	**2,500**	**63**	**(1,299)**	**(4,201)**	**16,728**
Change in equity for the six months to 30 June 2011						
Loss for the period	-	-	-	-	(1,002)	(1,002)
Employee share plans – cost under IFRS2	-	-	42	-	-	42
Issue of new shares during the period	33,607	16,208	-	-	-	49,815
Issue of new shares – issue costs	-	(682)	-	-	-	(682)
Balance at 30 June 2011 (unaudited)	**53,272**	**18,026**	**105**	**(1,299)**	**(5,203)**	**64,901**

Condensed Consolidated Cash Flow Statement

	Unaudited For the six months ended 30 June 2011 £000	Unaudited For the six months ended 30 June 2010 £000	Audited For the year ended 31 December 2010 £000
Operating activities			
Loss for the period	(1,002)	(466)	(1,543)
Depreciation, depletion and amortisation	17	-	9
Share based payment charge	17	-	37
Finance income	(143)	(81)	(170)
Finance cost	4	-	-
Decrease/(increase) in trade and other receivables	170	(400)	(331)
Increase/(decrease) in trade and other payables, net of accruals related to investing activities	618	(176)	196
Net cash used in operating activities	(319)	(1,123)	(1,802)
Investing activities			
Acquisition of exploration and evaluation assets*	(3,413)	(462)	(3,608)
Acquisition of property, plant and equipment	(26)	(34)	(220)
Interest received	143	81	170
Net cash used in investing activities	(3,296)	(415)	(3,658)
Financing activities			
Cash proceeds from issue of Ordinary Share Capital (note 8)	20,625	45	46
Share issue costs	(682)	-	-
Net cash from financing activities	19,943	45	46
Net increase/(decrease) in cash and cash equivalents in the period	16,328	(1,493)	(5,414)
Cash and cash equivalents at beginning of the period	12,087	17,501	17,501
Cash and cash equivalents at end of the period	28,415	16,008	12,087

*There was a significant non-cash transaction relating to the acquisition of Nexen Exploration UK Limited. Consideration consisted of 39,714,290 new ordinary shares of 50p, further details can be found in note 3.

1 Corporate information

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2011, which are unaudited, were authorised for issue in accordance with a resolution of the directors on 16 September 2011.

IGas Energy plc is a public limited company incorporated and domiciled in England whose shares are publicly traded.

The principal activity of the Company and its subsidiaries (the “Group”) is coal bed methane (“CBM”), intended to result in the production and marketing of methane gas for industrial and domestic use from virgin coal seams within its UK acreage. This requires acreage to be explored, appraised and developed and in connection with which the Group also provides technical and other related services.

2 Accounting policies

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ('IAS') 34 - Interim Financial Reporting as adopted by the European Union. Accordingly the interim financial statements do not include all of the information or disclosures required in the annual financial statements, and therefore should be read in conjunction with the consolidated financial statements and the notes thereto in the Group’s annual report and accounts for the year ended 31 December 2010.

The financial information has been prepared under the historical cost convention.

Going concern

After reviewing the Group’s budgets and cash flow projections to the end of 2012 and taking into consideration the acquisition of Nexen Exploration UK Ltd, the placing in March and the operating environment the Directors are satisfied that the Group has adequate resources to continue as a going concern.

The financial information contained in this document does not constitute statutory accounts as defined by Section 435 of the Companies Act 2006 (England & Wales). The financial information for the full year is based on the statutory accounts for the financial year ended 31 December 2010. A copy of the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union up to 31 December 2010, has been delivered to the Register of Companies and is available on the Company’s website at www.igasplc.com. The auditors’ report in accordance with Chapter 3 Part 16 of the Companies Act 2006 in relation to those accounts was unqualified and did not contain any matters on which the auditors are required report on exception in accordance with section 498 (2) and (3) of the Companies Act 2006.

Accounting policies

The accounting policies applied in the preparation of the financial information are consistent with those followed in the preparation of the Group’s financial statements for the year ended 31 December 2010, except for the adoption of new standards and interpretations as of 1 January 2011 which are detailed below.

The following standards, amendments and interpretations to published standards that are relevant to the Group are mandatory for the financial year beginning 1 January 2011:

Amendment to IAS 24 – Related Party Disclosures – This amendment clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. The Group has considered the effect of this interpretation and has concluded that there is no impact on the financial statements.

Improvements to IFRS

In May 2010 the IASB issued an omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in a change to accounting policies, but did not have any impact on the financial position or performance of the Group.

IFRS 3 – Business Combinations: The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

IFRS 7 – Financial Instruments – Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

IAS 1 – Presentation of Financial Statements: The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements.

IAS 34 – Interim Financial Statements: The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

The Group does not consider any other amendments to accounting standards to be relevant.

Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full. Where shares are issued to an Employee Benefit Trust, and the Company is the sponsoring entity it is treated as an extension of the entity.

3 Acquisition of Nexen Exploration UK Ltd

On 9 March 2011, the Company acquired the entire issued share capital of Nexen Exploration UK Limited (renamed IGas Exploration UK Limited) for consideration of £29.2 million (the "Acquisition"). 39,714,290 new ordinary shares of 50p were allotted to Nexen Petroleum U.K. Limited credited as fully paid in consideration for the Acquisition. The acquisition was made in pursuance of the Group's strategy to secure operatorship and 100% ownership of all its assets through the purchase of Nexen Exploration UK Limited.

The Group has reviewed the nature and substance of the transaction, and determined that the acquisition of Nexen Exploration UK Limited constituted an asset purchase, as the acquisition does not meet the definition of a business under IFRS 3. The transaction is therefore being accounted for as an acquisition of a collection of assets and liabilities under the standards governing each type of asset and liability. As such, because this is not an acquisition as defined in IFRS 3, no goodwill arises. The effect of the acquisition has had no effect on reported revenue.

The purchase consideration of £29.5 million (including expenses) has been allocated against the identifiable assets and liabilities on the basis of their final fair values at the date of purchase:

	Unaudited £'000
Assets	
Intangible exploration and evaluation assets	29,710
Trade and other receivables	38
Liabilities	
Trade and other payables	(127)
Decommissioning	(143)

The fair value of the trade and other receivables amounts to £38 thousand. The gross amount of trade and other receivables is £38 thousand. None of the trade and other receivables has been impaired and it is expected that the full contractual amount can be collected.

4 Revenue and segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information is available. In the case of the Group the CODM are the Chief Executive Officer and the Board of Directors and all information reported to the CODM is based on the consolidated results of the Group as a single operating segment as the Group's activities all relate to unconventional gas, including CBM in the UK. Therefore the Group has only one operating and reportable segment as reflected in the Group's consolidated financial statements.

All revenue which represents turnover arises within the United Kingdom and relates to external parties. The revenue for the six months to 30 June 2011 related to the sales of electricity associated with CBM production (which was interrupted part way through the period to enable further development activity at the site) and for the six months to 30 June 2010 related to the supply of CBM services and expertise under management service contracts, to the supply of electricity generation services and to sales of electricity associated with CBM production. All of the Group's revenue for the six months to 30 June 2011 was derived from a single customer.

All the Group's non-current assets are in the United Kingdom.

5 Tax on loss on ordinary activities

There was no Corporation tax payable by the Group to the six months ended 30 June 2011 (1H 2010: Nil).

The Group's tax losses are not considered to be sufficiently certain of utilisation to justify setting up deferred tax assets.

6 Earnings per share (EPS)

The calculation of the basic and diluted loss per share is based on the following data:

	Unaudited Six months to 30 June 2011	**Unaudited Six months to 30 June 2010**	**Audited Year ended to 31 December 2010**
Basic EPS - Ordinary Shares of 50p each (£)	**(0.0075)**	(0.0052)	(0.0169)
Diluted EPS - Ordinary Shares of 50p each (£)	**(0.0075)**	(0.0052)	(0.0169)
(Loss) for the period attributable to equity holders of the parent – £000	**(1,002)**	(466)	(1,543)
Weighted average number of Ordinary Shares in the period - basic EPS	**133,032,672**	91,044,425	91,070,160
Weighted average number of Ordinary Shares in the period - diluted EPS	**133,032,672**	91,044,425	91,070,160

There are 2,447,304 potentially dilutive warrants and options over the Ordinary Shares at 30 June 2011 (30 June 2010: 358,350), which are not included in the calculation of diluted earnings per share because they were anti-dilutive for the period as their conversion to Ordinary Shares would decrease the loss per share.

7 Intangible exploration and evaluation assets

	Exploration Total £000
Cost	
At 1 January 2011	4,644
Additions	3,297
Acquisitions (note 3)	29,710
Disposals	-
At 30 June 2011 (unaudited)	37,651
Amortisation	
At 1 January 2011	-
Charge for the period	-
Disposals	-
Net book value	

At 30 June 2011 (unaudited)	**37,651**
At 1 January 2011	4,644

8 Share capital

Share capital as at 30 June 2011 amounted to £53.3 million.

As detailed in note 3, on 9 March 2011, the Company issued 39,714,290 new ordinary shares of 50p for the Acquisition of Nexen Exploration UK Limited.

The Company raised gross proceeds of £20.625 million for 27,500,000 new ordinary 50p shares when the Acquisition became unconditional on 9 March 2011.

Following completion of the Placing and the Acquisition, the Company's current issued share capital is 160,323,721 ordinary shares.

9 Commitments

The Group's outstanding capital commitments comprised:

	Unaudited At 30 June 2011 £000	Unaudited At 30 June 2010 £000	Audited At 31 December 2010 £000
Capital Commitments:			
Obligation under 13th licensing round	**2,845**	1,000	1,000
Decommissioning, not accrued	**-**	26	26
Less: Amounts covered by Nexen Carry Agreements	**-**	(306)	(141)
	2,845	720	885
Obligation under the 11 December 2009 farm-up agreement with Nexen	**-**	3,672	2,036
Total capital commitments	**2,845**	4,392	2,931

10 Related party transactions

The information below sets out transactions and balances between the Group and related parties in the normal course of business for the six months ended 31 March 2011.

Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Nexen Petroleum UK Limited is related by virtue of having 24.77% share in the Group as a result of the acquisition of Nexen Exploration UK Limited. Pursuant to the terms of the Secondment Agreement dated 10 March 2011 entered into by the Company, Nexen Petroleum UK Limited provided various services in relation to the Group's operations. For the six months ended 30 June 2011, the services provided to the Group amounted to £147 thousand of which £21 thousand remained outstanding (1H 2010: there were no such related party trading transactions).

IGAS ENERGY PLC

DIRECTORS AND ADVISERS

Directors	F R Gugen – Chairman A P Austin – Chief Executive Officer J M Blaymires – Chief Operating Officer R J Armstrong – Non-Executive J Bryant – Non-Executive J Hamilton – Non-Executive
Company Secretary	MOFO Secretaries Limited Citypoint One Ropemaker Street London EC2Y 9AW
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