

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

Since the last update to the market IGas is pleased to be able to report further progress. In particular:

- additional lateral legs are currently being drilled at Doe Green within PEDL 145, between Warrington and Widnes;
- generation equipment has been installed and is now ready for commissioning at Doe Green; and
- the independent assessment of contingent resource commissioned by IGas from DeGolyer & MacNaughton in the Autumn will be published around the end of January.

Francis Gugen, IGas Chairman said:

“We are delighted to be able to report that we remain on track to deliver our stated objectives and to demonstrate the viability of producing onshore gas from coal bed methane in the UK. This is more important than ever given the current energy security crisis in the EU. The crisis has highlighted the need for a stable and local source of gas. Coal bed methane has the potential to make a significant contribution as has been proven to do so in the US and Australia.”

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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 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