

IGAS ENERGY PLC

19 August 2010

IGAS ENERGY PLC ("IGas", "the Company" or "the Group")

RESULTS FOR THE SIX MONTHS ENDING 30 JUNE 2010

IGas Energy Plc (IGas), a domestic gas producer and a leading developer of unconventional gas resources in the UK, today announces its financial results for the six months ended 30 June 2010.

Financial highlights as at 30 June 2010

- Revenue of £0.252 million (30 June 2009: £0.348 million)
- Cash and cash equivalents of £16 million (30 June 2009: £2.3 million)
- Operating loss of £0.547million (30 June 2009: £0.159million)

Operational highlights

- Completion of pilot production well at Keele University Science Park in Staffordshire and commenced de-watering of the well
- Four permissions for full scale production drill sites granted in the first half of 2010 which brings the total to seven
- Encouraging production profile at Doe Green and increased reliability of gas production
- Appointment of RBS Hoare Govett as the Company's Nominated Advisor and Broker
- IGas' current planned work programme is fully funded through 2011
- Appraisal underway of potentially significant shale gas resource
- Identified potential on-shore and offshore drill sites at Point of Ayr and working towards the permitting of a site
- Applied for planning permission for two more wells on Doe Green site

Francis Gugen, Chairman of IGas Energy said:

"I am happy to report that in the first half of 2010 we have continued to demonstrate considerable progress in developing our assets. We have been steadily producing gas for over a year at Doe Green and we remain on track to establish our first full UK gas production site in 2011. With increasing concern over Britain's looming energy gap, domestic unconventional gas resources will make up a material part of the UK's energy mix."

-Ends-

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IGAS ENERGY PLC

CHAIRMAN'S STATEMENT

Active progress is being made in delivering pilot production, extending the land bank of permitted full scale production sites and building the team. In addition we have been working with independent consultants on evaluating the scale of the shale resource within our acreage and also on plans for a first full scale production site due in 2011.

Pilot production.

At Doe Green, near Warrington in Cheshire our pilot plant continues to produce gas and generate electricity. Following a work-over in April, to repair leaking tubing in the water system, we have seen an increase in the reliability of production and continue to be encouraged by the production profile, which has shown no decline. We will potentially increase our operations in the area, to which end we are currently studying the results of the fracc carried out on DG-1 and have applied for planning permission for two more wells on the site.

Having now completed our pilot production well at Keele in Staffordshire we have now installed our testing equipment and commenced de-watering

At Point of Ayr we have identified a number of potential drill sites both on-shore and offshore and are working with local landowners and stakeholders towards the permitting of a site.

Land and planning

We have obtained four permissions for full scale production drill sites in the first half of this year and now have a total of seven. A number of these have been granted under delegated powers. We continue to work on a number of sites, both with Peel Group and with other landowners.

Team

With John Blaymires having joined IGas on 6 April as Chief Operating Officer we are now expanding our team to ensure we have the right skills and experience available to deliver full scale production. Another key addition to the team has been Dr Lloyd Boardman as Senior Geologist. Lloyd was formerly Head of Geology at British Coal.

Finances

The operating loss for the 6 months to 30 June 2010 was £547,000 compared to a loss of £159,000 in the corresponding period of 2009. The increased loss is a consequence of the budgeted costs of the larger team, needed to deliver full scale production.

Revenue for the 6 months to 30 June 2010 was £252,000, down from £348,000 in the corresponding period of last year as a result of the ending of the management services agreement with Nexen; which ran for four years from the carry agreements entered into in 2005. During the period in addition to gas/electricity sale revenues, we continued to provide services to Nexen. However these revenues are now modest and are being charged in connection with the farm-up arrangements entered into by the Group in 2009.

As at 30 June we have cash of £16 million. These funds mean that we have the financial resources needed to deliver on our plans; of pilots at Keele and Point of Ayr and our first full production site in 2011.

Nominated Advisor

We are pleased to announce the appointment of RBS Hoare Govett as the Company's Nominated Advisor and Broker with immediate effect. We would like to thank Cenkos for their support over the last couple of years.

FRANCIS GUGEN
CHAIRMAN, IGAS ENERGY PLC
18 August 2010

IGAS ENERGY PLC

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.

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).

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.

IGAS ENERGY PLC

Condensed Consolidated Income Statement

		Unaudited six months to 30 June 2010 £000	Unaudited six months to 30 June 2009 £000	Audited year ended to 31 December 2009 £000
	Note			
Revenue		252	348	828
Cost of sales		(247)	(307)	(671)
		<hr/>	<hr/>	<hr/>
Gross profit		5	41	157
Administrative expenses		(552)	(200)	(672)
		<hr/>	<hr/>	<hr/>
Operating loss		(547)	(159)	(515)
Finance Income		81	11	11
		<hr/>	<hr/>	<hr/>
Loss on ordinary activities before tax		(466)	(148)	(504)
Tax on loss on ordinary activities	4	-	-	-
		<hr/>	<hr/>	<hr/>
Loss from continuing operations attributable to equity shareholders of the Group		(466)	(148)	(504)
		<hr/>	<hr/>	<hr/>
Basic and diluted (loss) per share (£/share)	5	<u>(0.0050)</u>	<u>(0.0024)</u>	<u>(0.0076)</u>

IGAS ENERGY PLC

Condensed consolidated statement of comprehensive income

	Unaudited six months to 30 June 2010 £000	Unaudited six months to 30 June 2009 £000	Audited year ended to 31 December 2009 £000
Loss for the period	(466)	(148)	(504)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	(466)	(148)	(504)

IGAS ENERGY PLC

Condensed Consolidated Balance Sheet

	Unaudited At 30 June 2010 £000	Unaudited At 30 June 2009 £000	Audited At 31 December 2009 £000
Non-current assets			
Intangible exploration and evaluation assets	2,901	602	1,334
Property, plant and equipment	34	-	-
	<u>2,935</u>	<u>602</u>	<u>1,334</u>
Current assets			
Trade and other receivables	658	133	258
Cash and cash equivalents	16,008	2,336	17,501
	<u>16,666</u>	<u>2,469</u>	<u>17,759</u>
Current liabilities			
Trade and other payables	(1,860)	(642)	(931)
Net current assets	<u>14,806</u>	<u>1,827</u>	<u>16,828</u>
Total Assets less current liabilities	<u>17,741</u>	<u>2,429</u>	<u>18,162</u>
Net assets	<u>17,741</u>	<u>2,429</u>	<u>18,162</u>
Capital and reserves			
Called up Share capital	18,658	4,275	18,617
Share premium account	2,207	420	2,203
Share Warrant Reserve	131	167	131
Retained earnings/(accumulated deficit)	(3,255)	(2,433)	(2,789)
Shareholders' funds	<u>17,741</u>	<u>2,429</u>	<u>18,162</u>

IGAS ENERGY PLC

Condensed Consolidated Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Share warrant reserve £000	Retained earnings / (accumulated deficit) £000	Total £000
Balance at 1 January 2009 (audited)	4,275	420	167	(2,285)	2,577
Change in equity for the six months to 30 June 2009					
Loss for the period	-	-	-	(148)	(148)
Balance at 30 June 2009 (unaudited)	4,275	420	167	(2,433)	2,429
Change in equity for the six months to 31 December 2009					
Loss for the period	-	-	-	(356)	(356)
Transfer to share premium account	-	36	(36)	-	-
Issue of new shares during the period	14,342	2,868	-	-	17,210
Share issue costs	-	(1,121)	-	-	(1,121)
Balance at 31 December 2009 (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

IGAS ENERGY PLC

Condensed Consolidated Cash Flow Statement

	Unaudited At 30 June 2010 £000	Unaudited At 30 June 2009 £000	Audited At 31 December 2009 £000
Operating activities			
Loss for the period	(466)	(148)	(504)
Finance income	(81)	(11)	(11)
(Increase)/decrease in trade and other receivables	(400)	533	408
(Decrease) in trade and other payables, net of accruals related to investing activities	(176)	(201)	(338)
Net cash (used in)/from operating activities	<u>(1,123)</u>	<u>173</u>	<u>(445)</u>
Investing activities			
Acquisition of exploration and evaluation assets	(462)	(126)	(432)
Acquisition of property, plant and equipment	(34)	-	-
Interest received	81	11	11
Net cash used in investing activities	<u>(415)</u>	<u>(115)</u>	<u>(421)</u>
Financing activities			
Cash proceeds from issue of Ordinary Share Capital	45	-	17,210
Share issue costs	-	-	(1,121)
Net cash from financing activities	<u>45</u>	<u>-</u>	<u>16,089</u>
Net (decrease)/increase in cash and cash equivalents in the period	<u>(1,493)</u>	<u>58</u>	<u>15,223</u>
Cash and cash equivalents at beginning of the period	<u>17,501</u>	<u>2,278</u>	<u>2,278</u>
Cash and cash equivalents at end of the period	<u><u>16,008</u></u>	<u><u>2,336</u></u>	<u><u>17,501</u></u>

IGAS ENERGY PLC

NOTES TO THE INTERIM REPORT for the six months ended 30 June 2010

1 Corporate information

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2010, which are unaudited, were authorised for issue in accordance with a resolution of the directors on 18 August 2010.

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 Basis of preparation and 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 2009.

The financial information has been prepared under the historical cost convention. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason, they continue to adopt the going concern basis in preparing the financial statements.

The financial information for the period ended 30 June 2010 has not been reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory accounts for the period ended 31 December 2009.

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 2009. 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 2009, 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.

IGAS ENERGY PLC

NOTES TO THE INTERIM REPORT for the six months ended 30 June 2010

Changes in accounting policy

The following standards, amendments and interpretations to published standards that are relevant to the Group are mandatory for the financial year beginning 1 January 2010:

Amendment to IFRS 2 – Group Cash-settled Share-based Payment Transactions – This amendment clarifies that there shall now be included transactions where the transfer of cash or other assets is based on the price (or value) of the equity instruments of another group entity. The Group has considered the effect of this interpretation and has concluded that it is not expected to have any impact on the financial statements.

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.

3 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 month to 30 June 2010 and 30 June 2009 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. £245 thousand of the Group’s revenue for the six months to 30 June 2010 was derived from a single customer (2009: £348 thousand).

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

4 Taxation

There was no Corporation tax payable by the Group to the six months ended 30 June 2010 (2009: Nil).

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

IGAS ENERGY PLC

NOTES TO THE INTERIM REPORT for the six months ended 30 June 2010

5 Earnings per share

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

	Unaudited Six months to 30 June 2010	Unaudited Six months to 30 June 2009	Audited Year ended to 31 December 2009
Basic EPS - Ordinary Shares of 50p each (£)	(0.0052)	(0.0024)	(0.0076)
Diluted EPS - Ordinary Shares of 50p each (£)	(0.0052)	(0.0024)	(0.0076)
(Loss) for the period attributable to equity holders of the parent – £000	(466)	(148)	(504)
Weighted average number of Ordinary Shares in the period - basic EPS	91,044,425	62,329,642	66,412,564
Weighted average number of Ordinary Shares in the period - diluted EPS	91,044,425	62,329,642	66,412,564

There are 358,350 potentially dilutive warrants and options over the Ordinary Shares at 30 June 2010 (2009: 525,280), 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.

6 Intangible exploration and evaluation assets

	Exploration Total £000
Cost	
At 1 January 2010	1,334
Additions	1,567
Disposals	-
	<hr/>
At 30 June 2010 (unaudited)	2,901
	<hr/> <hr/>
Amortisation	
At 1 January 2010	-
Additions	-
Disposals	-
	<hr/>
Net book value	
At 30 June 2010 (unaudited)	2,901
	<hr/> <hr/>
At 1 January 2010	<hr/> <hr/> 1,334

IGAS ENERGY PLC

NOTES TO THE INTERIM REPORT for the six months ended 30 June 2010

Under certain agreements which the Group has in place with Nexen (the “Nexen Carry Agreements”), Nexen will provide 100% of the funding required for work programmes up to a gross spend of £26.5 million. The repayment to Nexen of any amounts carried under these arrangements is dependent, on a licence by licence basis, on successful operations yielding sufficient production to support repayment in accordance with terms of the Nexen Carry Agreements.

At 30 June 2010 £5.4 million had been carried (2009: £3.9 million), which has not been recorded as either non-current assets or liabilities, since repayment is currently sufficiently uncertain.

On 5 August 2009 and 11 December 2009 the Group entered into farm-up agreements with Nexen (the “Farm-up Agreements”), under which the Group has agreed to meet 100% of certain costs incurred in relation to certain licences, thereby discharging what, but for these agreements, would have been Nexen’s share of such licence costs. The Group’s commitment is for up to £2 million of gross costs in the case of the agreement of 5 August 2009 and for £5 million of gross costs in the case of the agreement of 11 December 2009. In return the Group’s interest in the Swallowcroft licences in Staffordshire (excluding Pedl 78-2) rose from 20% to 35%, in the Point of Ayr licences from 50% to 75% and in Northwest licences from 20% to 35%..

At 30 June 2010 the amounts carried by the Group in respect of the farm-ups were as follows:

Farm-up dated 5 August 2009; £0.5 million (2009: Nil)
Farm-up dated 11 December 2009; £1.3 million (2209: Nil)

7 Cash and cash equivalents

	Unaudited Six months to 30 June 2010 £000	Unaudited Six months to 30 June 2009 £000	Audited Year ended to 31 December 2009 £000
Cash at bank and in hand	378	2,336	17,501
Short-term deposits	15,630	-	-
Total	16,008	2,336	17,501

8 Called up share capital

Share capital as at 30 June 2010 amounted to £45.5 million.

On 23 April 2010, 82,500 share warrants were exercised at an average price of 55p per share, leading to an increase in the total number of shares in issue to 91,095,475.

IGAS ENERGY PLC

NOTES TO THE INTERIM REPORT for the six months ended 30 June 2010

9 Commitments

The Group's outstanding capital commitments comprised:

	Unaudited Six months to 30 June 2010 £000	Unaudited Six months to 30 June 2009 £000	Audited Year ended to 31 December 2009 £000
Capital Commitments:			
Obligation under 13th licensing round	1,000	1,000	1,000
Decommissioning	26	-	26
Less: Amounts covered by Nexen Carry Agreements	(306)	(819)	(637)
	<hr/> 720	<hr/> 181	<hr/> 389
Obligation under the second farm-up agreement with Nexen	5,000	-	5,000
Less: Amounts incurred as at 30 June 2010	(1,328)	-	-
	<hr/> 3,672	<hr/> -	<hr/> 5,000
Total capital commitments	<hr/> 4,392	<hr/> 181	<hr/> 5,389

The Nexen Carry Agreements and the farm-up agreements are as further described in note 6, including the up to £2 million provided for by the first farm-up agreement, which is not a firm binding commitment.

10 Related party transactions

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

The Group has no related party trading transactions with third parties.

IGAS ENERGY PLC

DIRECTORS AND ADVISERS

Directors	F R Gugen – Chairman A P Austin – Chief Executive Officer B Cheshire– Technical Director 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
Nominated Adviser and Broker	RBS Hoare Govett Ltd 250 Bishopsgate London EC2M 4AA
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Public Relations	Kreab & Gavin Anderson and Company Scandinavian House 2 – 6 Cannon Street London EC3M 6XJ
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