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IGAS ENERGY PLC (“IGas”)

Presentation to Proactive Investors

February 2010



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IGas Energy: a leading player in unconventional gas in UK

•Coal Bed methane

- Resource appraised
- Pilot Production underway

•Shale Gas

- Resource identified
- Data gathering ongoing
- Updating the market shortly

•Conventional Gas

- Leads identified
- Well testing program being developed

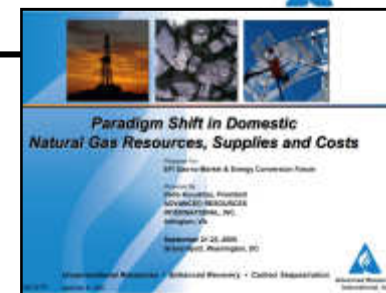
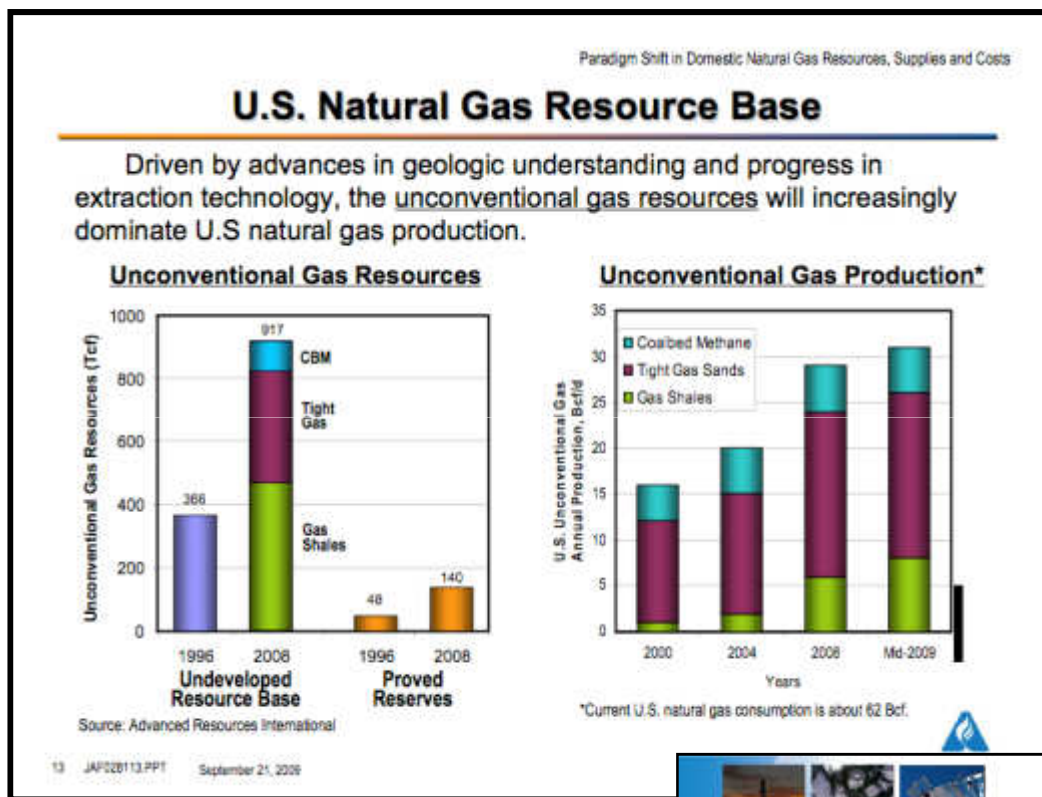


IGas Energy's acreage is the lowest capex/mcfe unconventional gas in Europe*

*source:broker reports

Unconventional Gas changing the landscape.....

- 50% of US consumption now sourced from unconventional gas
- Australian CBM now material part of global LNG supply
- Majors chasing resources in Europe and US



What is Coal Bed Methane?

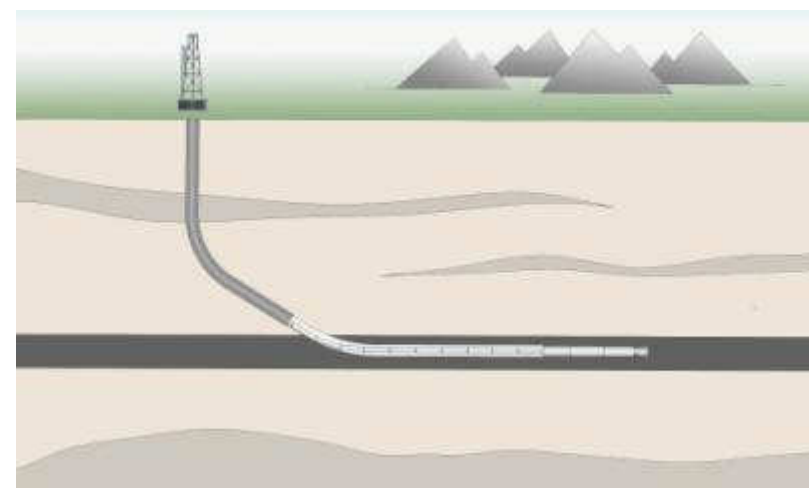
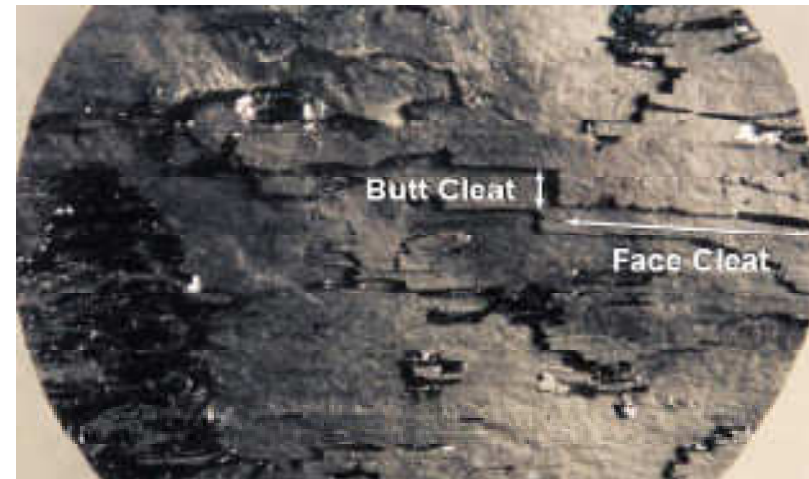
CBM is the natural gas found in many coal deposits

It is used as a fuel in exactly the same way as conventional gas

Coal seams can hold large quantities of gas (six to seven times more than the equivalent volume of rock in a conventional gas reservoir)

Gas is stored within the molecular structure of the coal, on the surface and in natural fractures (cleats). Typically water pressure keeps the gas trapped

When the water pressure is released, the gas flows through the fractures into a well bore where it can be collected





Summary - 5 requirements of a CBM Project

Coal

World class coal with high number of samples giving confidence in stratigraphy. 320 perforations delivered to D&M

Gas in Coal

Range of 200-400scf/tonne and saturated put it at top of range globally

Demonstrated flow

Production tests and extensive modeling demonstrate that the coal will give up its gas economically

Access at Surface

Clear regulatory environment and fiscal regime in UK plus land access deal with Peel

Access to Market

Proximity to local customers, LDZ and infrastructure could not be closer!

Experienced management team



■ **Francis Gugen, Executive Chairman**

- Chairman of Petroleum GeoServices A.S.A,
- Former chair CH4, VC assisted North Sea gas producer which exited to Venture Petroleum for €224 million.
- Non-exec chair Chrysaor, North Sea exploration and production company
- Former CEO of Amerada Hess Europe



■ **Andrew Austin, Chief Executive Officer**

- Responsible for business development and day-to-day operations
- Executive Director since 2004
- Former VC and Energy banker (Nomura/Citigroup/Creditanstalt).
- 6 yrs of clean tech experience as advisor and interim management.



■ **Brent Cheshire, Technical Director**

- 13 years with Amerada Hess Corp, latterly as Senior Vice President of E+P Worldwide running all technical and drilling operations.
- Currently also Managing Director of DONG E+P (UK) Ltd and member of DONG E+P Executive Committee.

Dr. Lloyd Boardman, Chief Geologist

- Former National Coal Board Chief Geologist
- Previously advisor to Evergreen Resources on CBM and tight gas sands

Roger Smith, Land and Planning

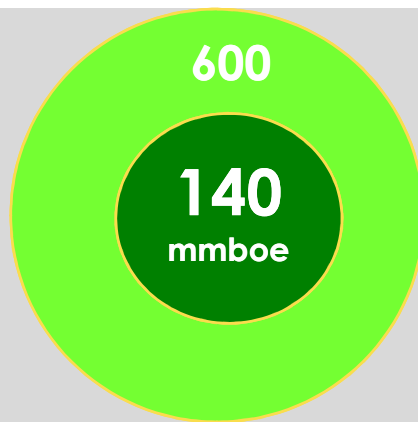
- 40 years coal experience and Statutory surveyor of mines
- Previously land and planning manager for Evergreen Resources

Being recruited: COO and FD

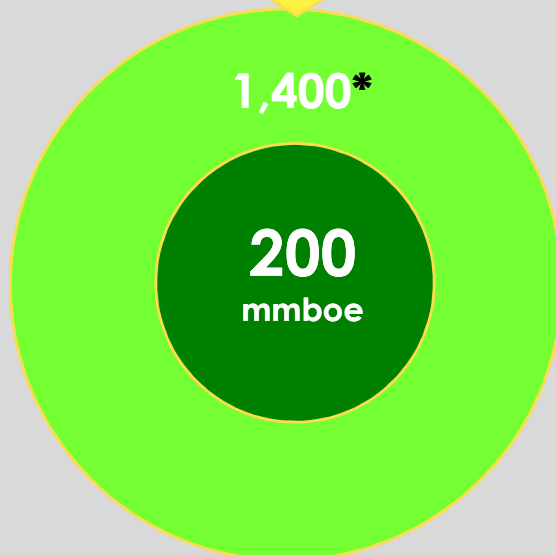
IGas

Gas converted to oil mmboe

Mid case (2C)



High case (3C)



*Equivalent to over 8Tcf

In Place, per CPR Source Equipoise Solutions Ltd
Contingent Recoverable Resource, Directors' estimate, based on D&M audit of numbers before recent increase in equity interests

• Targets:

- 50 mmscfd net production by end 2014; 6,000 boepd
- £100 million income p.a.
- £60 million EBIT p.a.

- All assets in UK
- All assets close to customers
- Producing today

Delivering Secure Gas, Onshore

IGas Plc – Positioned for growth

- Largest E&P company dedicated to UK onshore gas production, currently selling gas*
- Mid case sufficient to supply electricity to over 7% of all UK households for 15 years
- Pilot production ongoing with full scale commercial production and positive EBITDA targeted to start next year; breakeven price 20p/therm (< half today's price)
- Leading developer of unconventional gas in the UK
- More than 1.15 TCF of gas (200 million Boe)**
- Onshore asset base contributes to UK energy security
- Access to land, routes to market and customers proven
- Opportunities for both organic growth and growth through acquisition
- No Bank Debt and £17.6 million of cash for production expansion



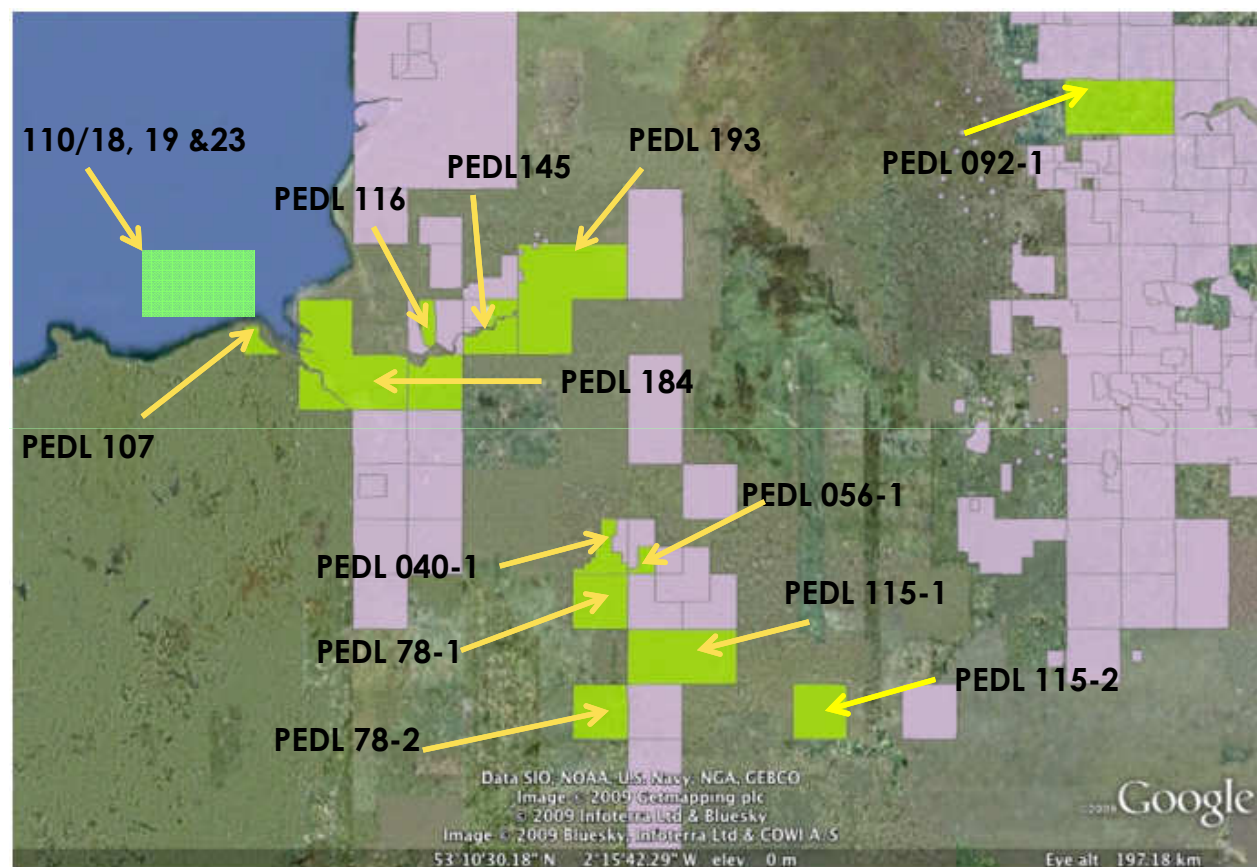
**Delivering Secure Gas,
Onshore**

*By resource

**3C contingent resource as estimated by Directors, based on D&M audit of numbers before recent increase in equity interests

E&P delivery - Acreage

- ✓ Acreage
- Exploration
- Appraisal
- Production
- Pilot
- Pilot
- Full roll out
- Surface access
- Market

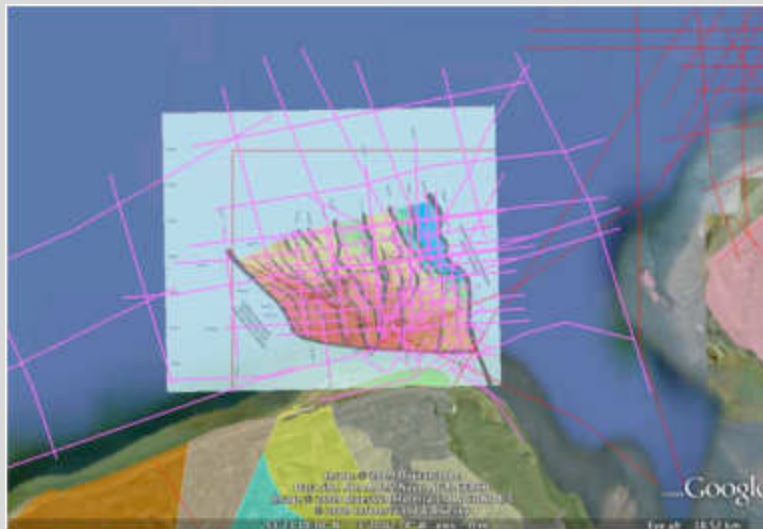


Interests in licences range from 100% to 20%
 Partner Nexen Inc.
 Licences give rights to all hydrocarbons

E&P delivery - Exploration – Building on success

- ✓ Acreage
- ✓ Exploration
- Appraisal
- Production
- Pilot
- Pilot
- Full roll out
- Surface access
- Market

- Extensive pre-existing data set of boreholes and seismic
- Data set corroborated by drilling of 7 wells covering all licence areas
- 320 boreholes used to substantiate resource calculations
- 890km of pre-existing 2d Seismic being re-interpreted at Point of Ayr
- Evaluating shale and conventional potential in all areas



△ Pre-existing seismic coverage at Point of Ayr

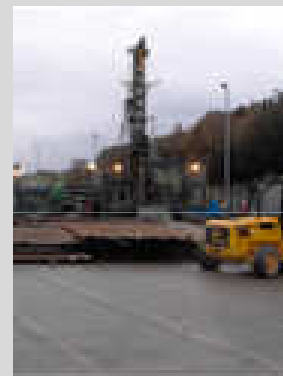
E&P delivery - Appraisal

- ✓ Acreage
- ✓ Exploration
- ✓ Appraisal
- Production
- Pilot
- Pilot
- Full roll out
- Surface access
- Market

- Seven wells successfully drilled at six sites to appraise resource
- Extensive coring and logging program completed
- All wells were drilled by Nexen



Δ Willoughbridge



Δ Mostyn Quay



Δ Fox Hill Farm

∇ Doe Green

∇ Mill Farm

∇ Fradley



E&P delivery - Production pilot

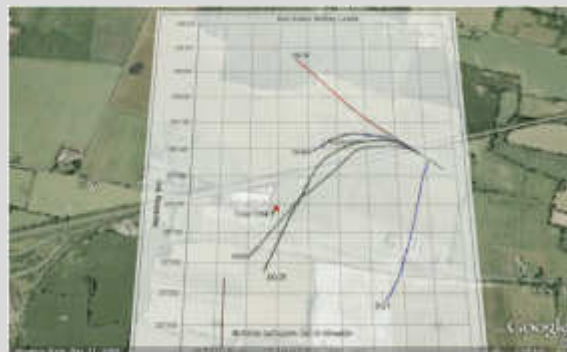
- ✓ Acreage
- ✓ Exploration
- ✓ Appraisal
- ✓ Production
- ✓ Pilot
- ◆ Pilot
- Full roll out
- Surface access
- Market

Doe Green: **Producing today**

- Wells: Three laterals / one vertical drilled
- Producing: One lateral for more than one year
- Dewatering: Other laterals and vertical
- Sales: Gas used to generate electricity being sold via Grid

This year:

- Two more Pilot production sites on stream:
- Keele - Site construction commenced before year end 2009
- Point of Ayr - Site selection to be based on current G&G work



Well paths at Doe Green

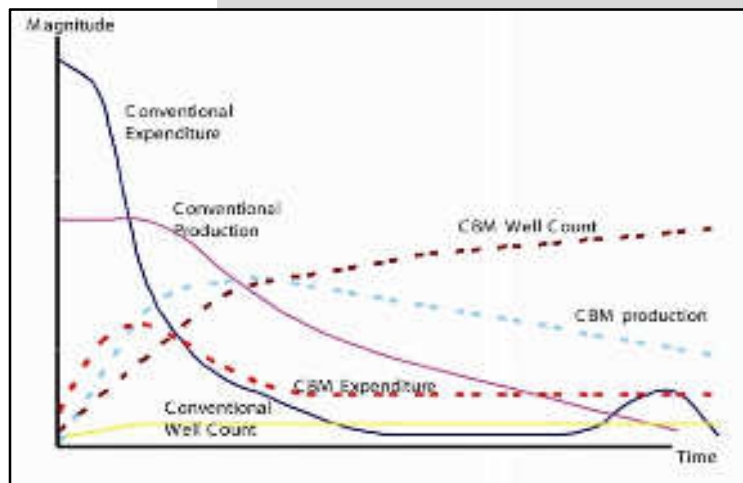


Operations at Doe Green

E&P delivery - Full production

- ✓ Acreage
- ✓ Exploration
- ✓ Appraisal
- ✓ Production
- ✓ Pilot
- ◆ Pilot
- ◆ Full roll out
- Surface access
- Market

- Production start – Targeted for next year, from first full site
- Between 2011-2014 targeting 20-50 sites
- Each site planned to consist of 4-6 wells with 24,000 to 40,000 feet of lateral in each well
- Each site is expected to produce between 7 and 20 Bcf over 15 years (gross)
- Production from each site is expected to be peak at between 4 and 10 mmscfd (gross) (650 - 1,500 Boepd per site)
- Stable production curve (much flatter and longer than conventional)
- Production technology – known and demonstrated in other markets



Well sites - Well drainage areas

nexen

Well site plan

Each well is assumed to drain an area of 1.5 sq km
Therefore: - 4 well site: 6 sq km access, 6 well site: 9 sq km access



Base Case

- Single well with 4-6 motherbore wells
- Each motherbore with 6-12 laterals, each into a principle seam
- Local water disposal carried out at each site
- Gas export via low pressure line
- 6-8 well sites connected to a compressor station prior to NTS connection

Development	Area (sq km)	\$ Cost (US\$ million)	CO ₂ e (MMT/year)	CO ₂ e (MMT/year)
North development	11.76	4.9	0.815	9.965
South development	30.07	8.3	1.762	11.640
South-Western	18.83	4.5	0.794	4.550
South-East	22.44	7.4	0.951	12.283
East-Western	30.11	4.90	2.251	2.077

E&P delivery - Surface access

- ✓ Acreage
- ✓ Exploration
- ✓ Appraisal
- ✓ Production
- ✓ Pilot
- ◆ Pilot
- ◆ Full roll out
- ✓ Surface access
- Market

Planning has been obtained for 9 sites to date from variety of land owners and planning authorities

Land access:

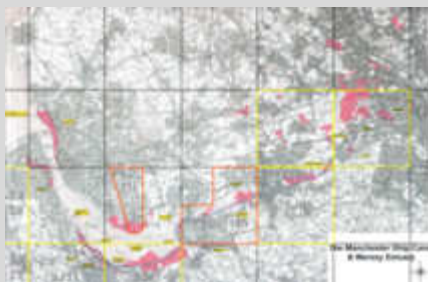
- Peel Environmental agreement gives access to multiple sites in core licences. In 2009 5 full site applications made; first production site on Peel land now granted at Ellesmere Port
- More than 40 drilling locations identified
- Point of Ayr offshore

Planning:

- King Sturge retained to take multiple drill sites to planning

Water disposal:

- No issues to date because of quality and quantity
- Even local sewer disposal can be possible



Red areas show Peel land holding across north west

E&P delivery - Market

- ✓ Acreage
- ✓ Exploration
- ✓ Appraisal
- ✓ Production
- ✓ Pilot
- ◆ Pilot
- ◆ Full roll out
- ✓ Surface access
- ✓ Market

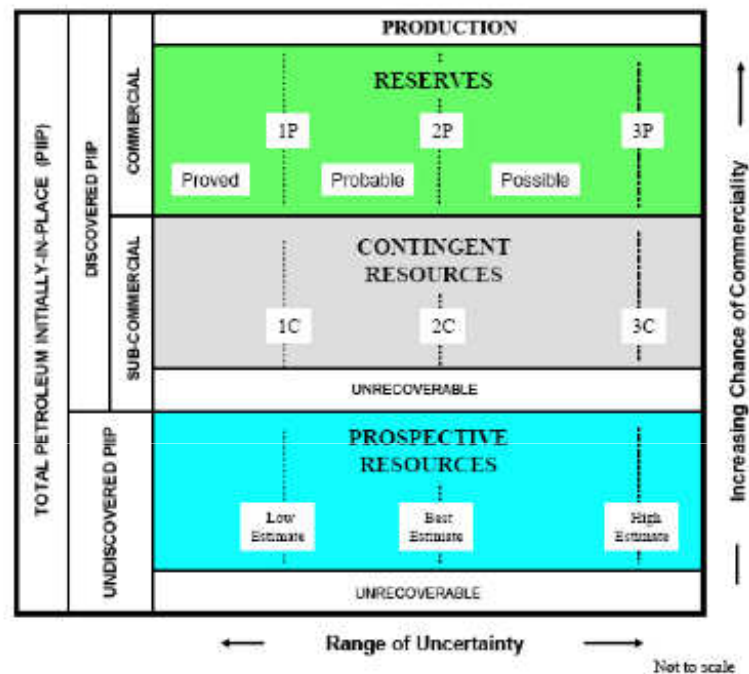
- IGas operates in a high realisable gas price environment
- Direct access to many large customers
- No material pipeline infrastructure required, legal right to access both low and high pressure gas networks
- 2011-2012 forward gas prices are ~\$7.50mcf (~50p/therm)
- Pricing at National Balancing Point by discounting transportation achievable
- Sales therefore can be direct or through Grid



Large industrial consumer
in area

E&P delivery - Auditing

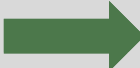
- GIIP Competent persons report – Equipoise Solutions
- Contingent Recoverable Resource report - DeGolyer and MacNaughton
- IGas has now updated both reports for recent acquisitions: Pedl 78-2 and the recent Nexen farm-up.
- IGas will also further update reports to include conventional and shale resources



Equipoise	Low	Mid	High
Previous CBM GIIP	1,273Bcf	2,508Bcf	5,777Bcf
New GIIP (IGas estimate)	1,810Bcf	3,558cf	8,360Bcf
DeGolyer and MacNaughton	1C	2C	3C
Previous Contingent Resource	398Bcf	571Bcf	821Bcf
New Contingent Resource	554Bcf	807 Bcf	1176Bcf

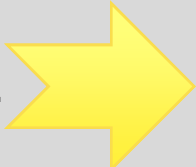
Financials - Positioned for growth

- Long term EBIT Margin >60%, EDITDA margin >90%
- Production per site of 4-10mmscf/day gives gross revenue of £7-18 million per annum
- Cost of recovery circa £1.2 million/Bcf (c.\$2.00/mcf)
- IGas are looking to establishing 20-50 sites in the period 2011-14
- Small fields allowance reduces marginal tax rate to a more favourable 30% in early years

 Given a blended working interest > 45% :

- IGas have a net production target of 50 mmscfd by end 2014
- This leads to a net revenue target of £100 million per annum
- These assumptions lead to an EBIT target of £60 Million dependent on rate of execution and reservoir performance

4 to 10mmscfd x 20-50 sites x 45% W.I.

- 
- >50mmscfd Production
 - £100 million Revenue
 - £60 million EBIT



Key Financials

	2008 (audited)	1H2009(unaudited)
	£'000	£'000
Revenue	992	348
Cost of Sales	(826)	(307)
Gross Profit	166	41
Administrative expenses	(624)	(200)
Finance Income	72	11
Tax	-	-
Retained loss for period	(386)	(148)
Non Current Assets	476	602
Current Assets	2,944	2,469
Current Liabilities	(843)	(642)
Net Assets	2,577	2,429
Shareholders Funds	2,577	2,429

- Cash at Bank (31/12/09) ~£17.6 million
- Cash available on Nexen Carry £³/₄ million
- No Bank Debt

Security of Supply

Labour looks to its new generation in the hope of avoiding a looming power cut

Andrew Gimson
Comments Watch

A Milliband in the twilight of power grows on Prime Minister struggling to reverse his political energy

THE announcement of Gordon Brown's return to Downing Street is a step closer towards the realisation of Labour's new energy policy. The announcement was made by Ed Milliband, one of the new generation of politicians with which Labour is hoping to replace Mr Brown, but it is clear that they can persuade their leader that he has become obsolete. Mr Brown is said by his supporters to be struggling to be perceived as ideologically as well as to have shown an almost total lack of innovative energy and to be presiding over a process of atmospheric climate change which will lead to hundreds of thousands of deaths in the next few years.

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BusinessWeek

Russia-Ukraine Gas Conflict Takes Bizarre Turn

Ten to follow: UK's nuclear future is mapped out as race to tackle climate change heats up

Two new sites among the next generation of plants
Radioactive waste carries 'deadly legacy', say critics

David Toth

The government has announced its plans for the next generation of nuclear power plants, including two new sites, as part of its plan to combat climate change.

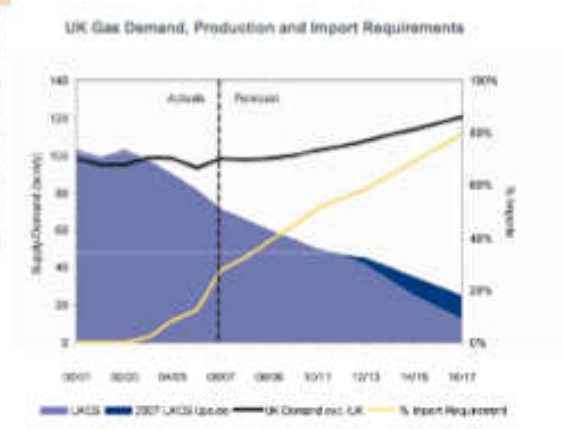


Burning ambition

Energy in Czech and of companies with other major energy deals. The race to power in the north of the UK is heating up. The race to power in the north of the UK is heating up.

guardian.co.uk

Row over Russian gas chokes supply to rest of Europe



TIME

Why Europe Can't Abandon Russian Gas

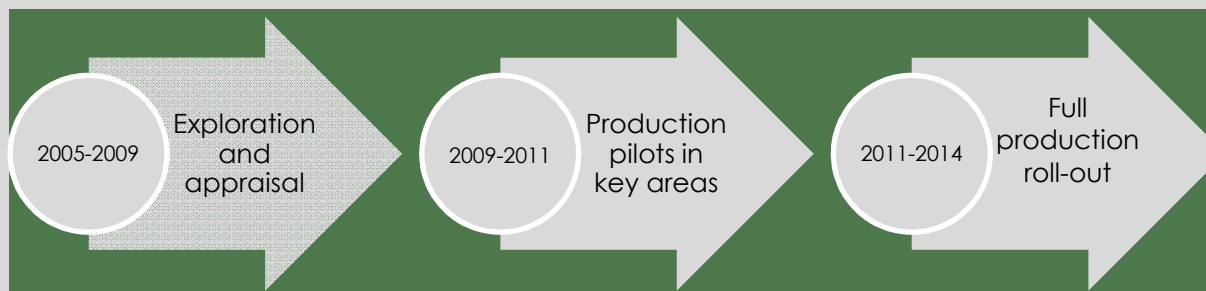
THE TIMES

Fears grow that Russia will turn off gas supply through Ukraine 'at any time'

Source: National Grid Transco

Summary

- Mid case sufficient to supply electricity to over 7% of all UK households for 15 years
- Pilot production ongoing with full scale commercial production targeted to start next year
- Positive EBITDA targeted for next year
- Opportunities for both organic growth and growth through acquisition
- IGas is now positioned for full scale commercial production and for growth



**Delivering Secure Gas,
Onshore**

Glossary

BCF	Billion Cubic Feet
B.E	Beneficial interest
BOE	Barrels of Oil Equivalent
BOEPD	Barrels of Oil Equivalent per day
CBM	Coal Bed Methane
CPR	Competent persons report
CSG	Coal Seam Gas (CBM)
D&M	DeGolyer and MacNaughton
DECC	Department of Energy and Climate Change
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
GIIP	Gas initially in place
MMSCFD	thousand standard cubic feet per day (measure of production)
PEDL	Petroleum exploration and development licence
Scf/tonne	Standard cubic feet per tonne
TCF	Trillion Cubic Feet
WI Basis	Working interest basis

UK's first production facility

