

**Indus Gas Limited  
("Indus" or "the Company")**

**Completion of SGL Gas Field Production Facility**

Indus Gas Limited (AIM:INDI.L), an oil & gas exploration and development company with assets in India, is pleased to announce the completion of the production facilities for the 1<sup>st</sup> Phase of contracted supplies of 7 MMscfd gas from its SGL Gas Field to GAIL India Ltd. ('GAIL'). The Company has also received a production mining lease for 176sq km area of the SGL Gas field from the Indian Government.

The SGL Field is located within Block RJ-ON/6 in Rajasthan. Indus holds a 63% interest in the SGL Field, with ONGC holding 30% and Focus Energy Limited 7%. Indus has a 90% interest in the remainder of Block RJ-ON/6.

As previously announced, the Company is contracted with GAIL to initially supply 7 MMscfd of gas (1<sup>st</sup> Phase), on or around Q2 2010. The quantity supplied is contracted to increase to around 33.5 MMscfd (2<sup>nd</sup> Phase) from Q2 2011.

For the 1<sup>st</sup> Phase supplies, the Company was required to install and commission certain production facilities, consisting of full Gas Gathering Station (GGS) including a gas dehydration plant, condensate removal and storage facilities, flow lines and various other associated facilities, while GAIL was to install and commission a 90 km gas pipeline between SGL Gas Field and the downstream consumer - a 110 MW power plant owned by Rajasthan State Government at Ramgarh (RRUVNL). The gas in the 1<sup>st</sup> Phase is contracted to be supplied without removing CO<sub>2</sub>.

The Company has now notified GAIL as to its readiness to supply gas following installation, commissioning and testing of the 1<sup>st</sup> Phase production facilities with an installed capacity of up to 15 MMscfd. GAIL has also confirmed completion of the 90 km pipeline and its readiness to take gas. In turn, RRUVNL (the downstream customer of GAIL) has indicated that it will be ready to receive the gas by 5 July 2010.

For the 2<sup>nd</sup> Phase supplies, the Company is required to install a Carbon Dioxide removal plant to remove around 18 per cent of CO<sub>2</sub> from the gas, along with the additional production facilities and production wells so as to enhance the gas production capacities to meet contractual requirements of 2<sup>nd</sup> phase. RRUVNL is installing a new power plant of 160 MW capacity for the same. The Company has largely completed the tendering process for the 2<sup>nd</sup> Phase production facilities and will commence the ordering process in the third quarter of 2010. RRUVNL has already started construction of the new 160 MW power plant. As previously announced, the Company has completed financial closure in form of a \$110 million term loan facility to finance the 2<sup>nd</sup> Phase construction.

In another important milestone, the Company has received the Petroleum Mining Lease for a period of 20 years w.e.f. 23 June 2010 from the Rajasthan State Government after the approval from Central Government Ministry of Petroleum and Natural Gas. This mining lease covers an area of 176sq km of the SGL Gas Field in block RJ-ON/6.

**Commenting, Marc Holtzman, Chairman of Indus, said:**

"The completion of production facilities by the Company and pipeline by GAIL are major steps forward for Indus, together with the development and supply of power in the state of Rajasthan. I wish to thank all the personnel at the field who have achieved this significant milestone despite extremely high temperature prevailing during large part of construction."

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