

# Regulatory Story

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Indus Gas Limited

14 January 2014

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14 January 2014

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

## **Notification by the Indian Government on gas pricing**

In July last year, the Indian Cabinet Committee of Economic Affairs (CCEA) approved a new reference pricing formula for Indian domestic gas. Indus is encouraged by the recent confirmation by the Indian Government of the pricing formula guidelines as previously reported. The guidelines will apply to all domestically produced gas in India and will apply from 1st April 2014. This notification and approval by the full Government of India authority is another significant example of the country's progressive energy policy.

The pricing formula, which will be revised every quarter starting from April 2014, will be valid for the next five years and is based on Indian LNG import pricing and the weighted average of the US Henry Hub, UK National Balancing Point and Japanese netback pricing at the source of supply.

The price is expected rise to about \$8.4 per mmbtu in 2014, \$10 per

mmbtu in 2015 and potentially higher in the following years under the new formula. It may be noted that the current spot Indian imported LNG pricing is over \$14 per mmbtu. The price rise will be applicable for new gas supply contracts. In respect of the existing gas sale contract Indus has for 33.5 mmcf/d, the new pricing is expected to be applicable from October 2015, when the price revision is due.

With impressive progress made by Indus in recent years, the Company believes this represents another significant milestone in the evolution of India's natural gas market and demonstrates the increasingly supportive political environment for domestic energy producers. It is also a clear demonstration of the opportunities available to Indus in increasing its revenues and helping to realise value in its gas reserve/resources base.

Mr Peter Cockburn, Chairman of the Company commented:

"This notification from the Government of India provides a robust and transparent pricing framework for the country's natural gas market. We anticipate that this will encourage additional exploration and development activity and be a major positive contributor to India's long term energy policy. The strategy at Indus continues to focus on building shareholder value through further exploration of the block and the commercialisation of the company's very strong reserve position."

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