



12 November 2009

Modern Water plc
("Modern Water" or "the Company")

OMAN DESALINATION PLANT OPERATIONAL

- **Fresh water production achieved demonstrating the effectiveness of the technology in a technically challenging environment and within the core Middle East market**
- **Oman plant to generate Modern Water's first revenue from desalination**
- **Gibraltar proving plant shows enhanced efficiency levels**

Modern Water plc (LSE: MWG), the owner of leading water technologies, is delighted to announce that its desalination plant in Oman has been successfully commissioned and fresh water production has commenced.

Start-up is a significant milestone for Modern Water, with the project acting as a showcase for the Company's technology in the huge Middle East market, where annual expenditure on water and wastewater technology is expected to rise to \$52.3 billion by 2016. The plant will also earn Modern Water its first revenue from desalination.

The Al-Khaluf plant, located approximately 450 kilometres from the capital Muscat, is the second to use Modern Water's Manipulated Osmosis Desalination (MOD) technology, which substantially reduces operating costs, and provides a more environmentally friendly alternative to traditional desalination by significantly reducing energy and chemical consumption. There are also a range of additional benefits including lower levels of boron without further treatment.

The plant also demonstrates the successful application of Modern Water's technology in a technically challenging environment. Modern Water's first MOD plant, in Gibraltar, has been producing water since September 2008.

Commenting on the plant, Modern Water Executive Chairman Neil McDougall said:

“The start-up of the Al-Khaluf plant is a major breakthrough for Modern Water. Spending on desalination and other water-related technologies in the Middle East continues to increase and so we are delighted to have a commercial plant operating in the region that can also act as a showcase for potential clients.

“What’s more, through completing a successful commissioning process in Oman, we have demonstrated that our MOD technology can operate effectively in technically challenging surroundings with high levels of salinity.

“I’d like to thank all of our team in Oman and the UK for working hard to reach this milestone. Together we look forward to driving the Modern Water business onward and to delivering value for our shareholders.”

Modern Water also announces that its proving plant in Gibraltar continues to operate successfully. Further improvements have been made to the Gibraltar plant, resulting in the plant achieving at least a 30% increase in productivity to the Forward Osmosis (FO) part of the process. Further analysis is being undertaken to assess the effect on the efficiency levels over the whole process. An ongoing research and development programme is in place to further improve efficiency of the plant.

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