



23 June 2010

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

**Extension agreed with PAEW for supply of water from
Al Khaluf desalination plant**

Modern Water plc (LSE: MWG), the owner of leading water technologies focused on addressing the scarcity of fresh water and the treatment of waste water, today announced that it has agreed an extension to the trial of its desalination plant with the Omani Public Authority for Electricity and Water (PAEW). Modern Water has agreed a tariff to continue to provide water to the local community for a further six-month term, to ensure consistent provision of fresh water to the Al Khaluf area.

The desalination plant in Al Khaluf is the first and only in the Middle East to use Manipulated Osmosis ("MO"), an innovative process developed by Modern Water. The technology provides high quality drinking water in an area where the seawater provides a difficult challenge for the more traditional reverse osmosis process. The technology reduces operating costs and provides a more environmentally friendly alternative to traditional desalination by significantly reducing energy and chemical consumption.

Commenting on the announcement, Executive Chairman of Modern Water, Mr. Neil McDougall said: "We are delighted that the PAEW has chosen to use Modern Water for the supply of high quality drinking water in the Al Khaluf area. PAEW's continued endorsement of the water and the systems used to produce it is testament to the superiority of our groundbreaking MO technology."

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Notes to editors

Modern Water plc is an advanced water technology company, headquartered in the UK and listed on the AIM market of the London Stock Exchange. Modern Water owns and is developing a portfolio of water technologies that help to address the global problems of fresh water availability and the treatment and disposal of wastewater.

One of Modern Water's core assets is a desalination technology that uses a patented Manipulated Osmosis (MO) process to achieve significant reductions in cost, energy use and chemical consumption, compared with traditional methods. Modern Water is targeting water-stressed regions such as the Middle East, Australasia, the Mediterranean and the Caribbean. Two plants showcasing Modern Water's MO desalination technology are already in production, the first in Gibraltar and the second at Al Khaluf in Oman.

Other initiatives include sales of an online water toxicity monitor, the Cymtox CTM™ in China, and a majority stake in AguaCure which is trialling proprietary chemical free electro coagulation technology to remove contaminants in water.

In 2009, Modern Water won the AIM Award for Sustainability.