Press Release 29 May 2008

Indus Gas Limited

("Indus" or "the Company")

Admission to Trading on AIM

Raising £25m through a Placing of Ordinary Shares at 164p

Indus Gas Limited (AIM: INDI.L), an oil & gas exploration and development company based in India, today announces it's admission to AIM following the successful placing of 15,243,922 ordinary shares at 164p by Arden Partners plc raising £25m. The notional market capitalisation of the Company on admission will be £300m

Background

The Company owns, through its wholly owned subsidiaries, a 90 per cent. participating interest in a petroleum concession located in a 4,026 km^2 on-shore area in mid Indus Basin, Rajasthan, India, known as Block RJ-ON/6 ("the Block"). Two gas discoveries have so far been made at the Block.

Commenting, Marc Holtzman, Non-Executive Chairman, said:

"The successful admission of Indus to the AIM market represents a significant step forward for the Company. Indus has already made significant progress with one commercial gas discovery and a second discovery that will be tested later this year. First gas production is expected next year and a term sheet for sale of upto 33 million cubic feet of gas is already in place. The placing was extremely well supported by UK institutions and we are pleased to be able to welcome a range of new and well regarded shareholders."

History

A production sharing contract for the Block was entered into on 30 June 1998 between the Government of India, Focus and ONGC. Focus is the Operator of the Block and holds a 10 per cent. participating interest, with the remaining participating interests being held by iServices (65 per cent.) and Newbury (25 per cent.). iServices and Newbury are wholly owned subsidiaries of Indus and received an assignment of their respective interests from Focus on 13 January 2006.

As is normal for arrangements of this type in India, the Government of India ("GOI") has contractual back-in rights under which the Indian state oil company, Oil and Natural Gas Corporation ("ONGC"), is entitled to acquire a 30 per cent. participating interest in each discovered field in the Block. If this option were exercised by the GOI in respect of all discovered fields, the Group's ultimate participating interest in the Block would be reduced to 63 per cent.

The Block

The on-shore Block RJ-ON/6 is located in Rajasthan state in western India and currently covers an area of approximately 4,026 km^2. The Block is part of the Indus Basin, which straddles eastern Pakistan and western India.

Gas discoveries have been made in the Block at wells SGL1, SGL2 and SSF2. The first SGL discovery was made in May 2006, followed by the SSF discovery in February 2008. The SGL discoveries have been tested and was declared as "commercial" on 22 January 2008. Whilst SGL has been tested and assigned 2P reserves of 192 bscf, SSF is yet to be tested and has been assigned contingent resources of 369 bscf.

Several other oil and gas discoveries have been made in the surrounding blocks and extensive exploration has been further committed in this area.

The Business

The following work programme has been completed in respect of the Block:

- acquisition/processing and interpretation of 623 LKM of 2D Seismic & 290 km2 of 3D Seismic;
- the acquisition of additional 46 km2 of 3D Seismic as of May 2008;
- reprocessing of 4,700 LKM of existing 2D Seismic;
- drilling 9 exploratory wells with a total aggregate depth of 26,105 m. A tenth exploratory well drilling is in progress.

During April 2008 to March 2009, it is intended to consider undertaking the following work programme:

- commencement of development of SGL field;
- testing and commencement of appraisal of SSF discovery;
- drilling of exploratory wells in the prospects identified in the CPR;
- acquisition of an additional 400 km2 of 3D seismic data in the Block; and
- processing and interpretation of acquired 3D seismic data.

In addition to the exploration and development in the Block, the Group intends to evaluate other opportunities in India and elsewhere in the oil and gas sector. These include investments in midstream and downstream opportunities in India and potentially farming in other oil and gas blocks. As per the Competent Person's Report, the total NPV10 value attributed to the Group's presently held 90 per cent. Interest in the Block (which is subject to a potential 30 per cent. back in by GOI) is estimated to be US$266 million, US$ 660 million and US$ 185 million respectively for 2P reserves, 2C contingent resources and best estimates of risked prospective resources.

The Market and the Industry

India's population is over 1.1 billion. It has an energy deficit and has to import a large quantity of oil and LNG to meet the shortfall. Natural Gas is available in a very small part of India with all gas either being consumed locally or distributed through limited pipeline networks. Those areas not served by natural gas, including parts of the highly populated north Indian states, have little option but to use more expensive fuels such as furnace oil and naphtha. Gas supplies are controlled by the GOI and prioritised for certain specified sectors, which includes power generation and fertiliser production. Accordingly, the current limited alternative supplies from private companies leaves a large consumer base both on and off the pipeline grid vulnerable to significant supply disruptions and market forces and leave no option for large number of consumers except to rely on expensive oil based fuels. The Directors believe that the location of the Block is strategic as the gas produced from the Block can fulfil a large shortfall in the demand and supplies in north western India.

iServices and Newbury have signed a term sheet with the Gas Authority of India Limited (GAIL) for the supply of gas. Subject to certain conditions precedent being fulfilled, supply is likely to commence in mid-2009. GAIL in turn will supply gas to an existing local power plant through a new pipeline to be laid by GAIL pursuant to the term sheet, subject to necessary approvals being granted. The Directors understand that this new supply will bridge the gas supply shortfall of approximately 7 MMscf/d and enable the power plant to run at its rated capacity. From mid-2010, the gas supplies may be increased to 33 MMscf/d, of which approximately 26 MMscf/d will be utilised for generating additional power through a proposed 160 MW capacity expansion of the existing power plant. The Group has received expressions of keen interest from other companies to set up gas-based green field industrial plants near the gas discoveries in the Block.

Management

The Board and senior management have extensive experience in the oil and gas industry both in India and internationally. The Board includes two executive directors. Mr. Ajay Kalsi is the Chief Executive Officer and Mr. John Scott is the Chief Financial Officer of the Company. Both of the executive Directors have relevant oil and gas industry experience.

The Board is supported by an advisory team consisting of Paul Fink a senior technical adviser to Focus and a consultant to Indus on matters of exploration and Vikas Agarwal, a senior employee of Focus responsible for mergers and acquisition.

Mr Ajay Kalsi, founder and CEO (aged 47)

Mr. Kalsi is a successful businessman from India who has established and built a portfolio of companies in a range of business sectors including oil and gas, footwear premium brands (Barker & Barker Black), commodity trading, real estate and business process outsourcing. He has international business experience and over seven years of oil and gas industry experience with various oil and gas assets in India (both onshore and offshore), including acting as the operator on these blocks. He holds a M. Phil in

Economics from Cambridge University and a BSc (Economics) from the London School of Economics.

Mr John Scott, CFO (aged 49)

Mr Scott entered the oil industry in 1980 with the British National Oil Corporation and worked in a variety of technical and commercial roles. Following an MBA at London Business School, he joined the energy group of Citibank and subsequently gained corporate finance experience at ABN Amro and Standard Bank. Mr Scott returned to the industry with Halliburton in a senior financial role and has been finance director of the Toronto Stock Venture Exchange listed Exile Resources Inc.

Mr Marc Holtzman, independent non-executive chairman (aged 48)

Mr. Holtzman has recently been appointed as Managing Director and Vice Chairman of Barclays Capital in London. He has over two decades of International business, financial, political and public service experience across America, Russia and Eastern Europe, in various capacities, including being co-founder of MeesPierson EurAmerica (later acquired by ABN Amro) and Vice-Chairman of ABN Amro in London, senior adviser to Salomon Brothers, several partnerships in Kazakhastan financial sectors, president of the University of Denver, Secretary of Technology of Colorado State and senior positions in various committees and non-profit organizations. He holds a BA in economics from Lehigh University.

Mr John Behar, independent non executive director (aged 38)

Mr. Behar has over 14 years' financial services and investment banking experience, most recently involved in listings on the Luxembourg Stock Exchange for Indian mid-market companies, as well as private equity transactions across a range of countries and deal sizes. He is the founder and MD of Prospect Capital, a London based corporate finance advisory firm and is the Chief Executive of PL Capital, an international investment banking joint venture with Prabhudas Lilladher, one of India's oldest institutional brokerages and has also acted as a consultant to ICICI Bank UK, part of the major Indian banking and private equity group. Mr. Behar holds a finance MBA from Cass Business School.

Reasons for Admission and the Placing

The Directors are seeking admission to AIM in order to raise funds to part finance the exploration, appraisal and development of its hydrocarbon assets, including appraising and developing the SGL and SSF discoveries, installing gas processing facilities, acquiring additional 3D seismic and drilling of additional exploratory wells to the extent permitted under the PSC and available funds. The placing proceeds will further provide the Group with additional working capital to execute its business strategy. It is anticipated that admission will raise the Company's profile, give it access to capital markets and help diversify its shareholder base.

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