27th September 2016

Indus Gas Limited
('Indus' or 'the Company')

Preliminary Financial Results

Indus Gas Limited (AIM:INDI.L), an oil and gas exploration and development company with assets in India, is pleased to report its full year results for the 12 months to 31 March 2016.

Highlights

Operations:

- Completed another full year of production at enhanced capacity of 42 MMscf/d (33.5 MMscf/d net of CO_2) from SGL Field. Initial Field Development Plan for the non SGL area of 2,000 sq. kms. submitted in February, 2016. The company was allowed to drill additional appraisal wells, test and acquire additional 3D seismic up until the submission of the Field Development Plan. The company has prepared a Geological Model in respect of SGL Field.The Geological Model has identified potential reservoir sands in SGL Field.
- Successfully drilled development and appraisal wells with encouraging gas shows.
- The new gas sand reservoir (called P9) was successfully exploited for production.
- Price negotiations are continuing with GAIL/Rajasthan RajyaVidyutUtpadan Nigam for supplying additional gas to 160 MW Ramgarh Stage-IV Power Plant. The gas turbine has already been purchased by State Power Plant.

Financial:

- Invoiced revenues increased 10.2% to US$ 45.60m
- Reported operating profit up 10.4% to US$ 33.15m
- Concluded full draw down on US$ 180m facility.
- Concluded draw of first tranche of SGD 100m under new Medium Term Note (MTN) programme of US$ 300m

Mr Peter Cockburn, Chairman of the Company commented:

"Thisfinancial period saw a continuation of theextremely challenging conditions across the global oil and gas sector. Whilst the Indus Gas share price has not escaped the industry wide malaise,the Company's activities continue to pick up pace.Thesubmission of the Field Development Plan for the non SGL area was a major milestone achieved in the period.

The Company's operational and financial performance has been strong with another year of consistent revenues and profits generated. The Company has also successfully secured additional balance sheet capacity, on very attractive terms, from which to fund future production growth and infrastructure investment.

The Field Development Plan for the non SGL area has been submitted."

In accordance with AIM rules, Paul Fink, Technical Consultant, a Geophysicist who holds an engineering degree from the Mining University of Leoben, Austria and has 25 years of industry experience is the qualified personthat has reviewed the technical information contained in this release.

-ENDS-

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Introduction

Since flotation in June 2008 the Company has executed a clear and consistent strategy with the central objective being to maximise long term shareholder value creation from ourlicence block. This strategy has delivered prolific exploration success as evidenced by the rapid growth in our underlying reserves base and the successful execution of the first production phase.

Exploration and appraisal activity has continued at a rapid pace in the last twelve months. This drilling and appraisal programme has delivered both a series of material new gas discoveries and provided further valuable insight into the gas structures present in the western half of our block.

Domestic energy security remains one of the key challenges facing the government. India continues to be a major net importer of energy. This energy deficit can only be addressed through major investment programmes in long term infrastructure build and incentivising domestic energy companies to increase exploration and production.

Activity

Indus is pleased to announce another year of good gas sales based on gas production capacity of 42 MMscfd (33.5 MMscfd net of CO_2) achieving consolidated reported revenues of US$ 45.60 million. We have continued to build scale in our production profile and our stated long term business plan remains on track. An integrated Field Development Plan for the non SGL area of the Block, for future enhancement of revenues, has been submitted to the Managing Committee after carrying out additional appraisal activities in the block. Tie ups for evacuation and sale of the additional gas are in progress.

A summary of activities since April 2015 is provided below:

SGL Field Development

During the year, a total quantity of 15,097 MMscf of gas (2014-15: 12,902 MMscf) was produced from the field out of which 10,768.75 MMscf (net of CO2) was supplied to GAIL, in the previous year 9,781 MMscfwas supplied. The operations at Rajasthan RajyaVidyutUtpadan Nigam Limited (RRVUNL), the State Electricity Company in Rajasthan, have improved during the year resulting in increased gas off take throughout the year. The operations have now largely stabilized and GAIL expects to reach the gas offtake target as per signed GSPA on a long term basis, without needing to make "Take or Pay" payments. Invoiced revenues increased by 10% from the previous year as the power plant progressed towards normalized operations. The contribution under the "ToP" obligation was NIL, reflecting full installed sales capacity of 33.5 MMscf/d being available for the financial year.

Drilling, Seismic, Completion Operations

Operational activities over the last year have largely followed the Group's various objectives:

a) appraisal drilling to support the Integrated field development plan;
b) drilling and completion of production wells for the SGL Field Development continued as planned to meet contracted and planned gas sale requirements;
c) testing various wells previously drilled, where gas shows were encountered to enable the Group to increase its reserve base; and
d) testing the B&B gas recovery potential in addition to gas discovered in the Pariwar formation.

During the year, Indus has been acquiring, in phases, new seismic data giving more clarity on the Block potential and providing additional drilling prospects. The current drilling programme is progressing on schedule and producing positive results. We continue to test concepts and obtain log and core data for analysis outside the SGL area. In the SGL area work continues to expand the knowledge of the producing intervals. Additional testing is part of a programme to enhance production and maximize recovery of gas through good asset management. Activities such as this will increase as we obtain and act on new data and production history. An important development in respect of SGL Field was discovery of a new sand system called P9 or lower P10 sands, located just below the existing producing upper P10 sands in Pariwar formation. This new sand system was successfully exploited for production and going forward will add to the reserves and production from existing as well as new wells.

Financials

During the financial year, the Company supplied 10,768.75 MMscf of gas and invoiced revenues of US$ 45.60 million (2014-15 US$ 41.39 million), resulting in reported operating profit of US$ 33.15 million (2014-15 US$ 30.02 million). The reported profit after tax was US$ 15.71 million (2014-15 US$ 16.24 million) after a foreign exchange loss of US$ 0.37 million (2014-15 US$ 0.02 million)

While the Company is not expected to pay any significant taxes on its income for many years in view of the 100% deduction allowed on the capital expenses in the Block, the Company has accrued a non-cash deferred tax liability of US$ 14.00 million as per IFRS requirements.

Post this deferred tax liability provision, the net profit for the year was US$ 15.71 million.

The expenditure on purchase of property, plant & equipment was US$ 89.50 million. The property plant and equipment including development assets and production assets increased to US$ 562.44 million.

The current assets (excluding cash) as of 31 March 2016 stood at US$ 7.62 million, which includes US$ 4.11 million of inventories and US$ 3.27 million of trade receivables. The trade receivables are mainly on account of fortnightly receivables from GAIL billed on the last day of the year. The current liabilities of the Company, excluding the related party liability of US$ 7.18 million and current portion of long term debt of US$ 37.56 million, stood at US$ 5.25 million. This comprised mainly of deferred revenue of US$ 5.08 million (GAIL Take or Pay Payment) and other liabilities of US$ 0.17 million.

As of 31 March 2016, the outstanding debt of the Company was US$ 321.34 million, out of which US$ 37.56 million was categorised as repayable within a year and the remaining US$ 283.78 million has been categorised as a long term liability. During the year, the Company has received proceeds of US$ 116.34 million from incremental term loan facility and unsecured Bond facility net of expenses and repaid an amount of US$ 17.32 million of the outstanding term loan facilities, as per the scheduled repayment plan.

Outlook

During the next twelve months, we expect a further step change in the growth of the Company. Following FDP approval we shall look to develop the significant potential of the Block beyond our existing SGL Development Area. Revised Field Development Plan will be submitted for SGL area to increase the production from SGL area. We look forward to continued drilling success in both Pariwar and B&B. Negotiations on the new gas sales contract with GAIL for offtake by the power plant are ongoing. The company is also discussing connection arrangements for the non SGL gas to the Pipeline which will provide connectivity to the national gas grid supplying customers in Gujarat, Rajasthan and Punjab.