



MODERNWATER

29 June 2009

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

GIBRALTAR PROVING PLANT EXCEEDING EXPECTATIONS

Modern Water plc (LSE: MWG), the owner of leading water technologies, is pleased to announce that its proving plant in Gibraltar, the first of its kind in the world to use the Company's Manipulated Osmosis Desalination technology, is performing ahead of expectations.

The Modern Water plant began supplying water directly into Gibraltar's potable water distribution system in early May. The water being produced has been thoroughly quality tested by the client and verified by a third party expert for approval to supply the public.

The Gibraltar proving plant allows Modern Water to showcase for the first time the benefits of its Manipulated Osmosis Desalination technology in a commercial environment. The technology reduces the energy consumption involved in desalination, and the costs associated with the process. It provides a more environmentally friendly alternative to traditional desalination methods by significantly reducing energy, chemical consumption and salt brine discharge. There are also a range of additional benefits including significantly lower levels of boron.

Last year, Modern Water agreed to locate a second proving plant for the technology in Oman in the Company's key Middle East market.

Neil McDougall, Executive Chairman of Modern Water plc, said:

"The operational success of the Gibraltar plant is a key milestone for Modern Water in demonstrating the effectiveness of our technology in a commercial environment. It also provides a solid platform for our Manipulated Osmosis technology to be applied in other areas. We are delighted with the progress we have made to date, and we continue to maintain an ongoing programme of improvements on the plant which we anticipate will deliver further successes. I look forward to reporting back on the progress of our second proving plant in Oman soon."

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For further information:

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About Modern Water

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 high cost and energy savings compared with existing plants. This, and other portfolio products, are being progressed towards full commercialisation, and Modern Water's experienced management team is focused on bringing these leading edge technologies to the market.

Modern Water is targeting water-stressed regions such as the Middle East, Australasia, the Mediterranean and the Caribbean. A proving plant for Modern Water's MO desalination technology is already producing water in Gibraltar, and a second plant is to be installed in Oman in 2009.