



MODERNWATER

20th June 2011

Modern Water plc

("Modern Water" or "the Group")

**MODERN WATER AWARDED WORLD'S FIRST COMMERCIAL
FORWARD OSMOSIS DESALINATION PLANT**

Modern Water plc (AIM:MWG), the owner of leading water technologies for the production of fresh water and monitoring of water quality, announces today that it has been awarded a contract to build and operate a desalination plant by Oman's Public Authority for Electricity and Water ("PAEW").

The contract provides for Modern Water to build a desalination plant at Al Naghdah in the Al Wusta region of Oman capable of producing 200m³ of fresh water per day. The contract, which was won in a competitive process, is worth £500,000 to the Group. The high quality fresh water produced by the plant will be supplied to the local community.

The plant will be the world's first fully commercial application of forward osmosis. The particular technology to be used has already been successfully trialled by Modern Water at plants in Gibraltar and Oman. It lies at the heart of the Group's patented Manipulated Osmosis process, which an independent report recently placed at the top of new technologies for desalination. It has been shown to achieve significant cost savings, use less energy and to be more reliable than conventional methods, particularly when operating in challenging conditions.

Neil McDougall, Executive Chairman of Modern Water, said: "Winning this tender marks a key milestone for Modern Water and we would like to extend our appreciation to the Chairman and staff of the PAEW for supporting our technology. Forward osmosis has emerged as a hugely important technological step-change within the desalination industry, and Modern Water has shown how advanced the company is in this critical area."

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For further information:

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Notes to Editors

1 Modern Water plc is a leading water technology company, headquartered in the UK. Its shares trade on the Alternative Investment Market of the London Stock Exchange. Modern Water owns and develops world class technologies for the production of fresh water, the treatment of wastewater and monitoring water quality.

2 Modern Water's patented manipulated osmosis technology uses forward osmosis to significantly reduce costs, lower energy consumption and lessen environmental impact in a variety of industries, particularly desalination and evaporative cooling. Trial desalination plants in Oman received major industry recognition in 2010 when the leading journal, Water Desalination Report (WDR), concluded that the technology delivers significant savings under extremely challenging conditions. WDR awarded it a 'co-efficient of desalination reality' (CDR) score of 8.9 (out of a maximum of 10), the journal's highest score.

3 The Group's MW Monitoring Division is focused on the instrumentation and monitoring industry. It brings together Cymtox, a fast growing water toxicity monitoring business, and Cogent Environmental, a global provider of environmental and process monitoring products and services.

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