

Press Release

Further key step towards appraisal and development of major gas storage project

11 September 2006: Independent Resources plc (IRG), the AIM-quoted natural gas storage and exploration company, has taken another significant step towards the planned development of a strategic underground gas storage project at Rivara near Bologna in northern Italy.

The company has submitted the results of a nine-month Environmental Impact Study for approval by the Italian Environment Ministry. It is seeking clearance to begin a €200 million appraisal and development programme, ready for Rivara to come on stream in 2010.

The Rivara gas storage reservoir is a fractured limestone formation that offers the opportunity to inject and withdraw natural gas rapidly to match seasonal demand patterns and take advantage of the associated trading opportunities.

It lies alongside Italy's balancing point on the gas "motorway" that transports Europe's long-term gas supplies from North Africa, and could play a key role in mitigating the effects of future gas shortages like the crisis which hit Italy last winter. At full capacity of 3.2 billion cubic metres, it would represent over 20% of Italy's current total gas storage and larger than any current gas storage site in the UK.

IRG Chairman Grayson Nash said: "In completing this study, we have worked closely with the regional and central authorities and stakeholders in order to minimise administrative delays. The Italian authorities have been very focused on fast-tracking vital energy infrastructural projects, in light of the worsening gas crisis facing the country. We believe Rivara will prove crucial in helping to secure and balance gas supplies both in Italy and more widely throughout Europe."

The Environmental Impact Study submitted by IRG identifies a wide range of direct and indirect effects that the project would have on the local environment – including its social impact.

Its submission for approval follows IRG's 2004 success in winning a concession to develop and operate facilities at Rivara over a period of up to 40 years, and is necessary to win re-confirmation of the concession.

For further information contact:

Stephen Staley, Managing Director, Independent Resources plc:

01332 865 253
07771 838 753

Allan Piper, First City Financial Public Relations:

020 7436 7486
07736 064 982

Background details follow:

The Environmental Impact Study submitted by IRG identifies, describes, and assesses the various direct and indirect effects of a project and its alternatives - including not developing the project - on man, the fauna, the flora, the soil, water above and below ground, the air, the climate, and the landscape, as well as the interactions between and amongst the various effects. These also include material, cultural, social, and environmental assets and the various conditions to develop the project. The approach is based on preventive action, in which the best policy is to minimize from the beginning any pollution and adverse effects instead of combating them after the fact.

Italy's Comitato Tecnico Idrocarburi e Geotermica (CTIG), representing the country's decision-makers from government, academia, and regulatory bodies for subsurface hydrocarbon activity, recommended the award of the Rivara concession to Independent Gas Management srl, now a wholly-owned subsidiary of IRG in July 2004, subject to approval of the environmental impact assessment now submitted. Last year, it extended the concession life to the maximum currently allowable by law (20 years plus two 10-year renewal periods).

Italy's existing gas storage capacity is located within depleted gas fields that are intrinsically limited in terms of performance. They are filled and depleted at more or less constant rates just once through the seasonal cycle. They have good deliverability at the beginning of the winter season, but as they are depleted, they become increasingly unable to sustain high flow rates.

In comparison, storing gas in a deep, naturally-fractured carbonate reservoir like Rivara that is hosted in a huge saline aquifer has a number of significant performance advantages.

First, from a financial standpoint, the need for so-called "cushion-gas" - gas whose sole purpose is to provide pressure support for the reservoir - is minimised, saving heavy capital investment.

Cushion gas can account for up to 60 per cent of the total storage volume in a typical sandstone reservoir. However, Rivara would require a much smaller volume - approximately 14 per cent of its total capacity - because it relies instead on the constant hydrostatic pressure of the aquifer below.

Second, the constant pressure within the Rivara UGS would enable it to deliver gas quickly at high rates of withdrawal in response to demand fluctuations, and to do so throughout the winter - something no other storage facility in Italy is able to do.

Third, because flow-rates can be reversed quickly, additional gas volumes could be injected into the Rivara UGS at any time in its cycle, providing valuable commercial opportunities to take advantage of short-term as well as seasonal fluctuations in the gas price.