

PRESS RELEASE, 22nd September 2008



CAYTHORPE GAS STORAGE PROJECT

DISPOSAL OF PROJECT

Warwick Energy Limited today announced that Caythorpe Gas Storage Limited (CGSL), a subsidiary of Warwick Energy Limited, has been sold to Centrica plc. CGSL owns all the rights to the gas storage project planned at the Caythorpe gas field location near Bridlington in East Yorkshire.

Warwick Energy has owned the Caythorpe project and has successfully operated the Caythorpe gas field and associated power station since 2001. Warwick has spent over four years carrying out engineering and environmental studies in support of its plan to redevelop the field for use as a gas store and intended to develop and operate the gas storage scheme.

Following the receipt of planning approval for the gas storage project earlier in 2008 Warwick was approached by a number of companies wishing to increase their involvement in the gas storage market in the UK. Following a strategic review of its business operations Warwick decided to conduct a formal tender, supported by Merrill Lynch, and subsequently concluded that the offer from Centrica to purchase the scheme outright provided the best outcome for the company and for the project.

Centrica is an experienced operator in this sector of the energy market and owns the Rough gas storage project, offshore from Easington, East Yorkshire. Warwick Energy has agreed to provide some advisory support to Centrica for a period to ensure continuity on the project. The gas storage scheme is currently expected to be operational by the winter of 2011/12.

Contacts: Rob Jones Director, Warwick Energy 01789 471091

Warwick Energy Limited, Wellesbourne House, Wellesbourne, Warwick, CV35 9JB

NOTES TO EDITORS:

1. In January 2005, Warwick Energy announced plans to redevelop the gas field at Caythorpe as a gas storage facility. The request sought planning permission to build and to operate the facility for a 25 year period.
2. The operation of the gas field over the last two decades proved that the two producing gas layers are ideal candidates for use as a gas storage facility. The reservoirs have a proven ability to store gas, are structurally sound, and have excellent productive characteristics. Very few reservoirs in the UK offer this combination of factors as well as being located close to the grid network. The proposed working volume of the storage facility is expected to be 7.5 billion standard cubic feet with peak rates for withdrawal and injection of 300 million standard cubic feet per day.
3. The planning application for the conversion of the Caythorpe facilities was initially rejected by East Riding of Yorkshire Council in June 2006 despite the positive recommendation from its officials. Warwick Energy appealed this decision and a planning inquiry was held in April 2007. The inquiry found in favour of Warwick Energy and this recommendation was accepted in February 2008.
4. The lack of gas storage capacity in the UK has become a 'hot topic' recently as the tightness of the supply/demand gas balance has become apparent, now that the UK has become a net importer of gas, and this has added to gas price volatility. Import dependency is expected to rise to around 50% by 2010. The Government has issued a 'Statement of Need' in the House of Commons drawing attention to the national need to increase gas storage capabilities.