

EOL/SEC/7378

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Mumbai – 400051 (Stock code – ESSAROIL)

Sir/s,

Sub.: Press Release on receipt of Phase III environmental clearance for CBM Raniganj gas field

Enclosed please find a press release being made to the media informing about receipt of Phase III environmental clearance for its Coal Bed Methane (CBM) gas field at Raniganj, West Bengal.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,
For ESSAR OIL LIMITED



SHEIKH S SHAFFI
COMPANY SECRETARY

Encl.: as above

- cc: 1) National Securities Depository Ltd.
2) Central Depository Services (India) Ltd.
3) IDBI Trusteeship Services Ltd., Debenture Trustee
4) Overseas Depository to GDS, The Bank of New York Mellon
5) Datamatics Financial Services Ltd., Transfer Agent.

Essar Oil receives phase III environmental clearance for Raniganj gas field

- **Essar Oil receives clearance to fully develop Raniganj coal bed methane block**
- **Drilling programme to be accelerated up to 650 wells from 135 currently**
- **Essar Oil to raise gas production to 3mln standard cubic metres per day (SCMD) from 60,000 SCMD currently**
- **Essar Oil holds the largest coal bed methane exploration acreage in India**

Mumbai, 4 March, 2013: Essar Oil Ltd, amongst leaders in Indian non-conventional energy sector and a subsidiary of Essar Energy plc, today announced that it has been granted phase III environmental clearance for its coal bed methane (CBM) gas field at Raniganj, West Bengal, allowing it to increase drilling to 650 wells.

This environmental clearance allows the full field development of the Raniganj block, excluding forest area, and will enable Essar Oil to increase production to the targeted level of around 3 million standard cubic metres of gas per day (scmd), up from around 60,000 scmd currently.

So far, 135 wells have been drilled at Raniganj, of which 57 are in production. The drilling programme will now be accelerated.

The phase III approval was granted by the Government of India's Ministry of Environment and Forests.

Raniganj, in which Essar Oil has a 100 per cent interest, is a 500km² block with total proven and probable reserves (2P), independently evaluated by consultants Netherland, Sewell and Associates Inc, of 113 billion cubic feet (bcf) gross (3.2 billion cubic metres), or 18.8 million barrels of oil equivalent. There are also best estimate contingent resources (2C) of 445bcf gross, or 74.1 mmboe and 297 bcf gross, or 49mmboe, of current best estimate prospective resources.

Naresh Nayyar, Essar Energy, Chief Executive, said: "The final phase III environmental approval for Raniganj is an exciting milestone and is the key to us reaching peak production. We expect to grow the coal bed methane business significantly in the coming years as we utilise the learnings from Raniganj to develop our other four blocks."

The company is awaiting a government decision on an appropriate commercial sales price for Raniganj, but in the meantime will continue to sell gas from the block at the approved test sales price.

Essar has already contracted gas sales from Raniganj to local industrial customers. The majority of the gas sold from the project is being sold to a new fertiliser plant being built approximately 30km from the Raniganj field.

Of Essar's 8 oil and gas blocks, five are CBM blocks, with more than 10 trillion cubic feet (tcf) of reserves and resources. This includes the large Rajmahal gas field in Jharkhand province, which has around 4.7tcf of best estimate prospective resources, located 150km from Raniganj. Overall, these assets make Essar the leading CBM player in India.

About Essar Oil

Essar Oil is a fully integrated oil & gas company of international scale with strong presence across the hydrocarbon value chain from exploration & production to refining and oil retail. It has a global portfolio of onshore and offshore oil & gas blocks, with about 2.1 billion barrels of oil equivalent in reserves & resources. Essar Oil now has 405,000 bpsd (barrels per stream-day) of crude refining capacity. There are more than 1,600 Essar-branded oil retail outlets in various parts of India.

About Essar Group

The Essar Group is a multinational conglomerate and a leading player in the sectors of Steel, Energy, Infrastructure and Services. With operations in more than 25 countries across five continents, the Group employs 75,000 people, with revenues of over US\$ 27 billion.

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