



Essar Energy completes acquisition of Stanlow oil refinery

August 1 2011: Essar Energy plc [LSE:ESSR] today announced that it has completed the \$350 million acquisition of the oil refinery and other associated assets at Stanlow, near Ellesmere Port, Cheshire, from Shell UK Limited.

The Stanlow refinery, near to Ellesmere Port in the north west of England, is the second largest refinery in the UK with a nameplate capacity of 296,000 barrels of oil a day. It supplies approximately one sixth of the UK's petrol, as well as being a key manufacturer of diesel and aircraft fuel.

Naresh Nayar, Essar Energy's chief executive, said: "We are very pleased to have completed the acquisition of Stanlow, which is a high quality refinery and is an excellent fit with our refining strategy. It takes us substantially closer to our objective of a global refining capacity of one million barrels daily. We look forward to making some operational improvements which will optimise production at Stanlow."

The acquisition of the Stanlow refinery gives Essar Energy direct access to the UK market. It is also aligned with Essar Energy's strategy to provide options for the export of high value fuel products from its refinery at Vadinar, in Gujarat state, India. Vadinar currently has a capacity of 300,000 barrels a day and this will be increased to 375,000bpd under a phase I expansion plan, due to be completed by the end of this year, and to 405,000bpd by September 2012 under a further optimisation project.

Essar Energy also owns a 50% stake in the Kenya Petroleum Refineries Ltd refinery in Mombasa, Kenya, which has a nameplate capacity of 80,000 barrels per day.

The consideration for the acquisition of Stanlow is payable to Shell in two instalments. The first, which was paid on completion, was for \$175 million less an adjustment to reflect certain costs associated with the transferring of the Stanlow refinery to Essar Energy's subsidiary, Essar Oil UK Limited.

The second instalment, of \$175 million plus interest at the rate of LIBOR plus 4%, is payable on the date of the first anniversary of completion.

A separate payment of \$916 million has been made to Shell for the stock of crude oil, refined products and certain other inventory items on the Stanlow refinery site. This was determined by the market prices of these items on completion of the acquisition and was at cost. The payment for this stock is being primarily funded from a working capital facility consisting of a three year secured revolving credit facility for US\$1.5 billion.

For further information on Essar Energy, please visit www.essarenergy.com

For further information on the Essar Group, please visit www.essar.com

Alternatively, please contact:

Essar Energy

UK:

Mark Lidiard, Director of Investor Relations & Communications +44 20 7408 8714 or +44 7554 440421

Andrew Turpin, Head of Media Relations +44 20 7408 8702 or +44 7827 283659

India:

Manish Kedia +91 981 973 0092

Swastayan Roy +91 981 973 1561

About Essar Energy

Essar Energy (LSE:ESSR) is a world class, low-cost, integrated energy company with an established track record.

Essar Energy, through its subsidiaries, owns one of India's largest private power producers with 1,600MW of installed capacity and projects under planning and construction to expand its capacity to 11,470 MW by the end of 2014.

Essar Energy, through its subsidiaries, owns one of India's fastest growing private sector oil and gas companies with a diverse portfolio of exploration and production assets. The Vadinar refinery, located in Gujarat, is India's second largest private sector oil refinery with throughput capacity of 14.7mmtpa and plans to expand to 20mmtpa by September 2012.

About Essar Group

The Essar Group (the "Group") is a multinational conglomerate and a leading player in the sectors of Steel, Oil & Gas, Power, BPO & Telecom Services, Shipping, Ports & Projects. With operations in more than 25 countries across five continents, the Group employs over 75,000 people, with revenues of US\$17 billion.

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This announcement contains certain forward-looking statements, including statements regarding Group's plans, objectives and performance. Such statements relate to events and depend on circumstances that may occur in the future and are subject to risks, uncertainties and assumptions. Although the Group believes that the expectations reflected in such forward looking statements are reasonable, there are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements, including, without limitation, the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the Oil and Gas, Power and Energy

industries; fluctuations in exchange controls; changes in government policy and taxations; industrial disputes; war and terrorism. Further information on the significant risks and uncertainties associated with the Group's business is set out in the Prospectus published on 4 May 2010. These forward-looking statements speak only as at the date of this document. The Group undertakes no obligation to update any forward looking statements whether as a result of new information, future events or otherwise, except to the extent legally required.

These statements (and all other forward-looking statements contained in this document) are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Group's control, are difficult to predict and could cause actual results to differ materially from those expressed or implied or forecast in the forward-looking statements.

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