

4th December, 2012

WRG's DESALINATION SYSTEM POWERED BY RENEWABLE ENERGY FOR SAUDI ARABIA

WRG's Advanced Seawater Reverse Osmosis Desalination System (ASWRO) Selected for its Superior Performance

- A world first renewable energy powered ASWRO desalination system expected to generate strong market interest
- Customer funded ASWRO pilot operation expected to yield sales for 20 - 40,000 cubic metres/day ASWRO systems during 2nd half 2013
- Supply agreement will enable equipment sales and operating revenues from water supply without further investment by WRG

Water Resources Group Ltd (ASX: WRG: US: OTC-WTRSY) is pleased to announce that its 100% owned operating subsidiary, Water Resources International (WRI) has signed an MOU with Knowledge Industry Company (KIC) of Saudi Arabia for the supply of ASWRO desalination systems to be powered by hybrid wind and solar energy systems. To kick-start the agreement, WRI will supply and operate an ASWRO pilot plant for a major client in Saudi Arabia.

KIC is developing community scale desalinated water supply projects utilizing power from renewable energy sources. To penetrate the local market, KIC is funding the installation and commissioning of the first ASWRO plant in order to secure exclusive commercial supply rights from WRI. The commercial scale pilot plant which is expected to be operating in Q3-2013, would demonstrate the economics of the efficient combination of WRG's chemical free, low cost modular system powered by a hybrid wind/solar energy.

Within a Participation and Supply Agreement due to be finalized by year end, WRI will manufacture and supply commercial scale ASWRO systems to KIC with production capacities ranging from 20,000 - 40,000 cubic metres per day. These systems are capable of servicing the needs of towns, industries and regional property developments.

In addition to generating revenue from equipment sales, WRI will operate and maintain each ASWRO system for the first three years in exchange for revenue generated from produced water sales. WRI will also provide technical and maintenance oversight for a further seven years using its

proprietary SCADA system (Supervisory Control and Data Acquisition) via a secure satellite communication link.

Mr Brian Harcourt said “This is a very exciting development for us in the world’s largest market for desalination, and it will showcase and launch our combined systems to potentially lucrative markets within the region.”

Dr Khaled AlBulaihed, CEO of KIC said; “Due to diversified regions, Saudi Arabia has an urgent need for community based desalination powered by renewable energy. The ASWRO system’s low energy requirements, faster manufacturing and installation time were key factors in our decision. Most importantly, we are very pleased to introduce to Saudi Arabia the first breed of chemical free desalination systems.”

KIC is a company specializing in technology development in Saudi Arabia and has substantial investor backing to support the launch of water desalination systems powered by renewable energy. Saudi Arabia is making a concerted effort to build desalination systems that are not powered from conventional sources such as diesel and KIC is well placed to take advantage of this opportunity.

Brian L Harcourt - CEO

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About Water Resources Group:

- Water Resources Group (WRG) is an Australian listed company uniquely positioned to capture high value equipment sales and long term water supply revenues.
- It markets environmentally sustainable water treatment systems on an industrial - municipal scale to global customers.
- It’s technical and manufacturing operations are at the forefront of the water treatment industry and are based in El Dorado Hills, California, USA.
- For more information on the Company’s systems or locations and view the latest video footage of our demonstration plant in El Dorado Hills, CA, please visit www.WaterResourcesGroup.com