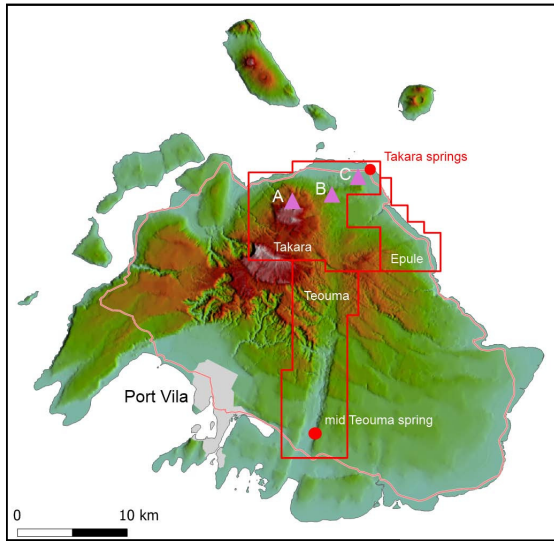


**ASX RELEASE**

**5 October 2010**

**VANUATU INFERRED GEOTHERMAL RESOURCE  
CONFIDENCE FOR PLANNED POWER GENERATION PROJECT**

KUTh Energy Ltd (ASX: KEN) (KUTh) is pleased to announce the results of an independent assessment of the northern part of the company’s geothermal tenements on the island of Efate, Republic of Vanuatu.



A separate ASX release containing a summary of the resource estimate in accordance with the Australian Geothermal Reporting Code (Code) has been made earlier today. A full report was prepared by Sinclair Knight Merz Limited (SKM) of Auckland, New Zealand and estimates a mean Inferred Geothermal Resource of 100,000 megawatt years of thermal energy ( $MW_{th}$ -years) or 3290 petajoules ( $PJ_{th}$ ) relative to an assumed 80°C brine reinjection temperature.

This is the first Inferred Geothermal Resource identified for Vanuatu and is an important step for KUTh in pioneering its strategy of replacing high cost diesel power generation with indigenous geothermal resources in the Pacific region.

on Efate island,

Three geothermal target zones have been individually assessed, in accordance with the criteria of the Code and Modifying Factors. These are presented as follows:

Target Zone	Inferred Geothermal Resource at Confidence Level						Estimated Power Plant Capacity ( $Mw_e$ )		
	$PJ_{th}$			$MW_{th}$ -years			P10	P50	P90
	P10	P50	P90	P10	P50	P90			
A Mt Fatmalapa	2,900	1,700	720	91,000	54,000	23,000	75	43	15
B Central	1,300	860	350	43,000	27,000	11,000	37	22	7.4
C Takara	1,000	730	430	32,000	23,000	14,000	28	18	9.6
<b>Total Mean Values</b>	3290 $PJ_{th}$			104000 $MW_{th}$ -years			83 $MW_e$		

Note that the ‘Estimated Power Plant Capacity’ is for information only, it does not constitute part of the Inferred Resource Estimate under the Code (1<sup>st</sup> Edition)



A value of probability P10, P50 or P90 indicates that there is a 10%, 50% or 90% probability that the resource contains that amount of heat. **Based on a P50 scenario the report concluded that the three targets combined have sufficient energy that if recovered and converted may be sufficient to generate 83 net Megawatts of electrical energy (MW<sub>e</sub>) for at least 30 years, assuming a median recovery factor of 20% and a temperature-dependent conversion efficiency typical of commercially available binary plant, averaging about 11%.** KUTH draws comfort in the fact that even using a P90 value the project conservatively will deliver the power needed for start-up and leaves potential upside for future development.

Commenting on the SKM report, KUTH Managing Director David McDonald said:

*"This is a very positive result which suggests there is enough energy at Takara for development of an initial 4 MW net power plant to supply the initial base-load of Port Vila, Vanuatu's capital city. We now enter the exciting phase of project implementation and we have laid many of the building blocks for this to be accelerated. We are well advanced in the identification of a drilling rig to implement the next stage and our early engagement with the local community, Government, the Energy Regulator, funders and the Vanuatu electricity utility will hold us in good stead as we now move this project forward. We have an opportunity to create a platform in Vanuatu to capture future energy growth. We believe exponential growth will come from pent-up demand suppressed by current high cost and unstable diesel pricing and from the new development that will take place along the recently upgraded coastal road that circles the island".*

*The information in this Statement that relates to Geothermal Resources has been compiled by Mr James Vincent Lawless, an employee of Sinclair Knight Merz Ltd. Mr Lawless has over 20 years experience in the determination of geothermal resource capacities relevant to the type of geothermal play under consideration, is a member of the Australian Institute of Mining and Metallurgy and abides by the Code of Ethics for that organization.*

*Mr Lawless is a Competent Person as defined by the Australian Code for Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2008 Edition). Mr Lawless has consented in writing to the public release of this Statement in the form and context in which it appears.*

**ENDS**

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