



ASX RELEASE
24 September 2012

Saipan Government Cancels Geothermal Gradient Well Project

The company has received written notice from the Commonwealth Utilities Corporation (CUC) in Saipan that the Geothermal Gradient Well project which KUTh successfully bid for has been cancelled. The reason given being *"specifications which have been revised"*. It has also come to our attention that cancellation notices have been issued to other renewable energy projects that have passed through the request for proposal stage.

As stated in our ASX release dated 29 August 2012 there is considerable uncertainty in Saipan surrounding recent procurement arrangements and processes for a *"25-year sole source power purchase agreement with a private company to construct additional diesel generation in Saipan. The effect of the diesel agreement will likely be to limit the governments' ability to contract with renewable energy producers as promised."* The latest cancellation notices confirm our concerns that renewable energy tenders with "Intent to Award Contract" notices issued by the CUC have been affected by recent events.

Despite multiple efforts by the company over the last three months to seek clarification from the CUC and the Government of Saipan, we have received no responses to our enquiries until the receipt of the cancellation notice dated 21 September 2012, which in itself contained very little information.

The company is currently being advised on its rights in this matter.

End

For more information contact:

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