

Fall River Resources to Participate in 30MW Geothermal Development Project

13-5-2010

The Board of Fall River Resources Limited (“Fall River” or “the Company”, **ASX : FRV**), is pleased to announce that it has signed a Heads of Agreement (“the Agreement”) to farm in to the Copahue Geothermal Development Project (“Copahue” or “the Project”), located in Argentina.

HIGHLIGHTS

- Copahue comprises an identified initial 30 MW geothermal development with possibilities for significant expansion
- Four geothermal wells drilled to a maximum depth of 1400 metres have previously demonstrated individual well capacity can exceed 7 MW pa
- Hot, dry vapour (steam) reservoirs – with temperatures of 235°C at 600m, associated with the Copahue volcanic complex provide the geothermal heat source
- Development anticipated to provide first power production and revenue within 4 years
- Veracity of project previously demonstrated via historical drilling and small pilot plant
- Offtake sales price for electricity supported by Argentinean Government stimulus package (up to 120 USD MWh)
- Fall River to have the right to earn up to 87.5% of the Project by funding various stages of development

Fall River Resources Ltd.

Registered Offices

Australia: Level 7, Ferrari House, 28-30 Grenfell Street, Adelaide SA 5000

P. +61 8 8212 0579 F. +61 8 8212 2230

ABN 86 115 984

Canada: 711-675 West Hastings Street, Vancouver, BC, Canada, V6B 1N2

P. +1 604 685 2222 F. +1 604 685 3764

www.fallriverresources.com

DETAILS**The Project**

The Copahue Project is located within a large caldera in the Neuquen Province of Argentina, approximately 300 km from the provincial capital and a few kilometres from the Chilean border. The geothermal resource on which the Project is based occurs on the northeast flank of the Copahue volcano.

Geothermal exploration and development activities have been undertaken at Copahue since the 1970's, including a number of superficial and shallow exploratory surveys (geology, geochemistry, geophysics and temperature gradient drilling). Four deep wells, reaching depths of approximately 1414m, drilled in the area demonstrated the presence of an exploitable hot dry vapour (steam) dominated geothermal reservoir. One of the wells, COP-1, was used to supply a pilot power plant, with a capacity of slightly less than 1MW for several years. The most recent well, COP-4, was drilled to supply a district heating system at Termas de Copahue where a pipeline was constructed from the well field (see Figure).

A full feasibility study completed by the Japanese International Cooperation Agency in 1992 indicated that an area covering approximately 4 km² around the pilot power plant had the potential to support an initial 30 MW power station, with individual wells capable of producing more than 7 MW pa. Numerous shallow gradient holes and subsequent studies indicated the geothermal potential might support over 100 MW of power generation on the basis that these reservoirs extend over an area of 30km² or more.

Fall River Resources Ltd.

Registered Offices

Australia: Level 7, Ferrari House, 28-30 Grenfell Street, Adelaide SA 5000

P. +61 8 8212 0579 F. +61 8 8212 2230

ABN 86 115 984

Canada: 711-675 West Hastings Street, Vancouver, BC, Canada, V6B 1N2

P. +1 604 685 2222 F. +1 604 685 3764

www.fallriverresources.com

Government Stimulus

As part of a renewable energy policy, the Copahue Project was offered for tender by the Neuquen Provincial and Argentinean government authorities. The Argentinean Government has also agreed to guarantee the purchase price of any electricity generated by geothermal technology at a rate of between US\$100 - US\$120 per MWh. For comparison, the equivalent average price in Australia is US\$70-85 MWh. Utilising a basic business model, gross revenues in excess of US\$33 million p.a. may be generated for the initial 30MW base case, whilst over a 30 year project life internal rates of return in excess of 25% may be generated.

Existing power lines running adjacent to the pilot plant also provides potential to supply electricity to end users, including mine operators, at premiums over and above the rates guaranteed by the Argentinean Government.

Agreement Details

Fall River's farmin is subject to the successful award of the Project, which is expected within the next 6 weeks. Geothermal One Inc ("GO"), a private Canadian Company, applied for the Project and Fall River has signed a Heads of Agreement with GO which contemplates that Fall River will enter into a Farmin and Joint Venture Agreement within 60 days of the award of the Project to GO.

Under the terms of the Agreement, Fall River can earn various interests by funding phases of the Copahue development in three tranches:

- 1) Earn a 50% interest by meeting the expenditure requirements to complete Bid Stages 1 -2 which include geophysical, geological and engineering studies leading to a scoping study, at a cost estimate of US\$18m.

Fall River Resources Ltd.

Registered Offices

Australia: Level 7, Ferrari House, 28-30 Grenfell Street, Adelaide SA 5000

P. +61 8 8212 0579 F. +61 8 8212 2230

ABN 86 115 984

Canada: 711-675 West Hastings Street, Vancouver, BC, Canada, V6B 1N2

P. +1 604 685 2222 F. +1 604 685 3764

www.fallriverresources.com

- 2) Earn a further 25% interest by meeting the expenditure requirements to complete Stages 3 - 4 which include site works and preparation for full feasibility study at a cost estimate of US\$35m.
- 3) Upon completion of Stage 4, GO has the option to:
 - a. Sell the Project to Fall River in its entirety
 - b. Participate in the JV by meeting its pro-rata proportion of ongoing JV expenditure
 - c. Advise Fall River that it can earn an additional 12.5% interest by meeting all of the Joint Venture Expenditure in the Third Earn In Period

The Agreement contemplates that notwithstanding the above estimated expenditures, Fall River will be required to undertake a minimum expenditure during the first 2 years of at least US\$15 million.

IMPACT

Since January 2010 Fall River has pursued corporate objectives of becoming a “new energy company” following the acquisition of Earth Heat Australia Pty Ltd. Having now acquired a strategic position involving geothermal exploration licences in South Australia, this Agreement is seen to be the next natural step in the Company’s resolve to become Australia’s first commercially producing geothermal company.

Commenting on the agreement, Managing Director Torey Marshal said, “To gain access to a development project involving a conventional volcanically associated hot, dry vapour reservoir like this is extremely rare on a world-wide basis - there is no equivalent in Australia.

“The skills and experience which we will gain from participation in the Copahue Project will put Fall River at the forefront of geothermal experience in Australia and provide us with sustainable revenue within a few short years . In the Australian context, this really is an unparalleled opportunity.”

President and CEO of GO, Rob Furse said, “We have great faith in the management of Fall River Resources. We are looking forward to being a part of the growth of the Company over the short & long term. By bringing the two companies together in this JV, we collectively gain maximum leverage to be able to properly develop a project like Copahue in the shortest possible timeframe. We believe that the combined management and staff have the ability to bring this project into production”.

*** Ends***

For further information please contact:

Torey Marshall, Managing Director +618 8212 0579

Victoria Thomas, Six Degrees Investor Communication +614 31 151 676



Fall River Resources Ltd.

Registered Offices

Australia: Level 7, Ferrari House, 28-30 Grenfell Street, Adelaide SA 5000

P. +61 8 8212 0579 F. +61 8 8212 2230

ABN 86 115 984

Canada: 711-675 West Hastings Street, Vancouver, BC, Canada, V6B 1N2

P. +1 604 685 2222 F. +1 604 685 3764

www.fallriverresources.com