



Summary

Mighty River Power has today released an update of its key development projects, both domestic and international. Securing economically attractive development options and developing these when appropriate continues to be the key focus of our business development strategy.

Geothermal represents 0.3% of generation globally but is growing strongly as many companies look to expand their domestic electricity generation from renewable sources. Through its investment in GGE the Company has built a platform for international geothermal growth, which leverages its experience and rare competencies in this global niche.

Mighty River Power continues to progress domestic options to ensure we are well-placed to take them forward when market conditions support the investment case.

Domestic developments

Ngatamariki

The Ngatamariki Geothermal Power Station is a \$466 million, 82MW development. The project received resource consent in May 2010 and construction commenced in July 2011. Two injection wells and two production wells have been completed, along with civil and earthworks for the power station. A third injection well is underway. Drilling of the second deep injection well brought some challenges for the project team, but these challenges remain within project contingency.

The total project cost of \$466 million includes:

- pre-construction costs (exploration drilling, consenting and reservoir modelling) of \$65 million;
- costs incurred since the start of construction of \$164 million;
- capitalised interest of \$56 million; and
- a contingency estimate as appropriate for greenfield developments.

The Ngatamariki project presents an attractive business case with a real long run marginal cost that is less than market estimates of \$80 - \$85/MWh. The planned infrastructure also allows for a low marginal cost expansion in the future.

The next significant milestone for Ngatamariki is the completion of planned injection capacity. The project remains within budget and on track for commissioning in mid-2013.

Puketoi Wind Farm

In August 2011 Mighty River Power lodged resource consent applications for a 53-turbine 326MW wind farm in the Puketoi Ranges, south of Dannevirke. This project has progressed through a public hearing and a decision on the awarding of consents is now imminent.

Te ia a Tutea

Mighty River Power has signed a joint-development agreement with Okere Incorporation and Ruahine & Kuharua Incorporation for the investigation and development of a geothermal power station on the Taheke field, northeast of Rotorua. The agreement enables initial exploration of the resource and, subject to consenting arrangements, exploration drilling is expected to start on the field within the next 12 months.

International developments

Hudson Ranch, California, United States

The 49.9MW John L Featherstone plant (previously known as Hudson Ranch I) on the Salton Sea reservoir in California was formally opened in May 2012 and is the first of Mighty River Power's international geothermal developments to move into commercial operation.

Through the GeoGlobal Partners I Fund (GGE Fund) Mighty River Power has invested US\$92 million for a majority share in the US\$400 million project, which is owned by EnergySource. Post-construction project refinancing is underway.

GGE's investment not only provided equity to develop the power station, but also secured a 20% shareholding in EnergySource, which will allow Mighty River Power, through GGE, to participate in other nearby developments.

EnergySource has recently announced a second 49.9MW development – named Hudson Ranch II – on an adjacent site. A power purchase arrangement has been signed with Salt River Project in respect of this future development. Salt River Project – an AA1/AA (Moody/S&P) rated Arizona utility with 900,000 customers in the region – is the purchaser of output from the John L Featherstone plant. Drilling on Hudson Ranch II is planned to start in July this year, and construction in late 2013.

Tolhuaca, Chile

Positive progress has been made on the Tolhuaca geothermal project in southern Chile, with drilling on two production-scale wells now completed. The second well was completed on schedule and under budget, following delays in drilling the first well in

winter 2011. The next step in the project is to test wells for temperature and flow, which we expect to be completed before summer.

Weilheim, Germany

Surface testing on the Weilheim prospect is largely complete, and we are now awaiting permits to enable drilling. Surface testing and planning are also underway on four concessions acquired in 2011.

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