# ASX RELEASE
# 9th November 2009

## Naturally Fractured Hot Rock – a unique Tasmanian geothermal play

KUTh Energy Limited (ASX: KEN) is pleased to announce the return of new data from its recently completed magnetotelluric (MT) and airborne magnetic surveys. Details of these survey results have been released today in accordance with our compliance with the Geothermal Reporting Code (2008).

The company is now able to confirm that an extension of the Tamar Conductivity Zone, a feature interpreted to be the geophysical signature of fluids along permeable fracture zones, has been observed beneath the Charlton-Lemont Inferred Geothermal Resource area.

The existence of a potentially fluid-bearing, permeable fracture zone in our high heat flow area offers a unique geothermal play in Tasmania - a target with the key characteristics of heat and fracture permeability and which hosts potential for the high fluid flow rates necessary to drive efficient energy production.

**What does this mean?**

KUTh's geothermal target in the Midlands area of Charlton-Lemont (the location of our Inferred Geothermal Resource – see ASX release dated 14 July 2009) was initially scoped as a Hot Dry Rock target with known granites at depth (Figure 1a). The presence of potentially fluid-bearing fracture zones in this area, as indicated by the new MT and aeromagnetic data, now implies that the company may be able to develop a geothermal project based on a naturally fractured reservoir that will not rely upon the costly process of reservoir stimulation (Figure 1b).

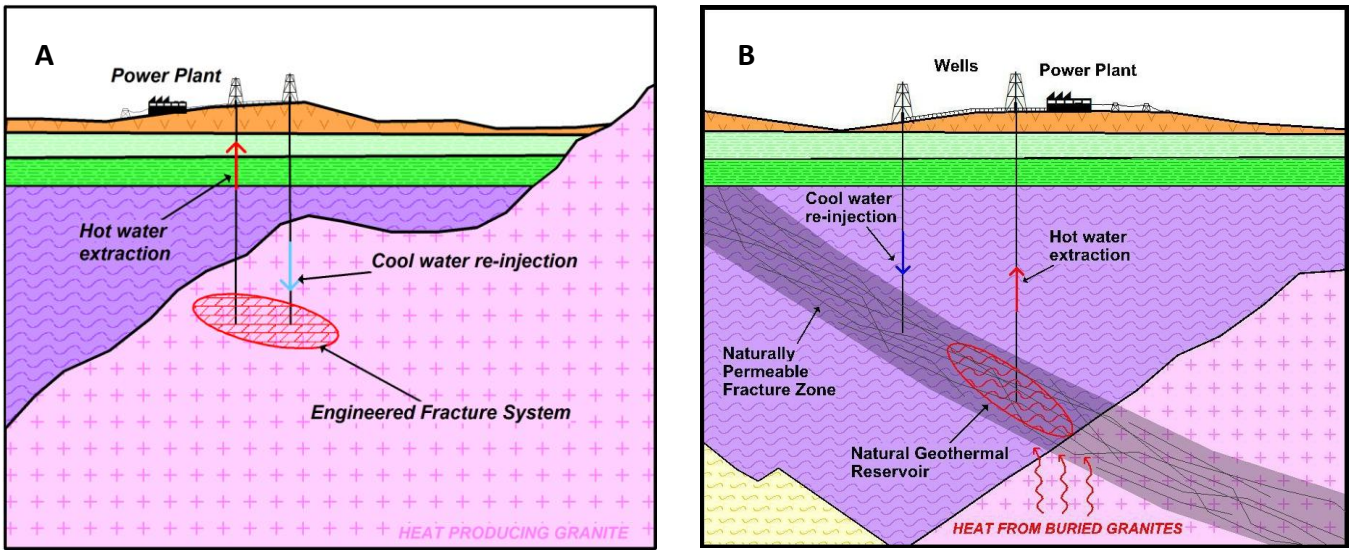


Figure 1: *Comparison of Geothermal development concepts (a) Hot Dry Rock where wells are drilled into granite and a reservoir is created by artificial fracture stimulation and (b) KUTh's Naturally Fractured Hot Rock where an existing permeable fracture zone is host to fluids heated by nearby hot rocks forming a natural geothermal reservoir.*

**Where to from here?**

The Charlton-Lemont Inferred Resource has now become a clear priority for KUTh and next-stage deep drilling will target the areas where we anticipate we can intersect fracture zones at a depth that will provide sufficient heat for power production. The next step, which will involve Proof of Concept (for which KUTh has lodged an application with the Geothermal Drilling Program for a $7.0m grant) will require the drilling of two deep wells and circulation of fluids between those wells. The Company will seek to identify other strategic partners to scale up and add value to the business opportunity offered by this exciting exploration find.

KUTh has also identified a number of other target areas within its tenement boundaries that it will continue to explore.

Whilst we recognise that we have a lot more work to do, we are encouraged by the potential availability of a fluid-filled permeable fracture system in our target drilling location. This discovery could offer the potential for high temperature and high flow rates – both of which are major drivers to power generation and efficiency.

**ENDS**
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