

ASX CODE

PEA

ISSUED CAPITAL

Ordinary Shares

350.4M

Options

16.2M

KPS
CONTRACTED
CAPACITY

150+ MW

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PACIFICENERGY

ASX ANNOUNCEMENT

1 July 2011

PACIFIC ENERGY TO ROLL OUT INNOVATIVE FUEL SAVING SOLUTION

Highlights

- Pacific Energy strikes new fuel efficiency technology contract with gold miner, Regis Resources
- Pacific Energy power stations supplying Regis to be retro-fitted with Australian-first fuel efficiency technology
- Fuel consumption and carbon emissions to reduce by 6-7%
- Pacific Energy's EBITDA to increase by \$1.5M during the 12-months post retrofit completion.
- Regis and Pacific Energy to share fuel cost reduction benefits
- Contract term of approximately 5 years

Power generation company, Pacific Energy Limited (Pacific Energy), today announced the signing of a landmark agreement with Regis Resources Limited (Regis) to retrofit power stations that supply electricity to the Regis gold processing operations with an Australian-first fuel saving solution.

Pacific Energy business, Kalgoorlie Power Systems (KPS), will shortly commence installation of its exclusive KPS Waste Heat Recovery fuel saving system to the KPS power stations that supply electricity to Regis' Moolart Well and Garden Well gold mines.

The operating Moolart Well power station will have the retrofit completed on or around February 2012 and the recently awarded Garden Well power station will be construction completed (inclusive of retrofit) in May 2012.

This exclusive KPS technology has consistently achieved a reduction in fuel consumption and related carbon emissions of between six and seven per cent.

Pacific Energy is currently negotiating with its existing mining clients to retrofit the KPS fuel saving solution to other power stations in the KPS power station fleet.

More.

Managing Director comment

Pacific Energy's Managing Director Mr Adam Boyd said:

"The agreement with Regis to install our new fuel efficiency technology on the KPS power stations at the Moolart Well and Garden Well gold mines represents a beach head achievement for Pacific Energy.

"Following a three-year development phase with our technology partner, the commercialisation of this fuel saving solution will materially reduce fuel consumption, energy costs and carbon emissions at Regis' operations and improve the profitability of both Pacific Energy and Regis.

"At current diesel fuel prices, this deal with Regis stands to increase Pacific Energy's EBITDA by approximately \$1.5M during the first 12-months after the retrofit is complete.

"If the fuel saving solution is successfully implemented across the entire existing 150MW+ KPS fleet, the potential EBITDA increase at current fuel prices would be between \$7M and \$10M per annum.

"The ongoing roll out of this important fuel saving solution will enhance KPS' competitive advantage. The Board of Pacific Energy is particularly pleased that the KPS continuous improvement philosophy has delivered another innovation to assist our client base achieve lower costs and improved earnings.

"We plan to roll out this fuel saving solution across the KPS fleet over the coming two to three years and work with potential new clients to demonstrate the energy cost saving advantages of a KPS mine site electricity supply solution.", he said.

End.

About Pacific Energy

Pacific Energy is an ASX listed (ASX: PEA) power generation project developer and owner.

Headquartered in Perth, Western Australia, Pacific Energy is focused on the development, ownership and maintenance of mine site and renewable energy power stations.

Kalgoorlie Power Systems, a wholly owned business of Pacific Energy Limited, is a leading provider of power generation infrastructure to the mining and resources sector in Australia. The business operates a build, own, maintain execution model with in excess of 150MW of contracted capacity at 15 mine sites across Australia.

Pacific Energy Hydro, a wholly owned business of Pacific Energy Limited, owns and operates 6MW of hydro power generation capacity in Victoria.