



**FOR IMMEDIATE RELEASE**

**DENHAM CAPITAL INVESTS AN ADDITIONAL \$108 MILLION IN GEOTHERMAL DEVELOPER VULCAN POWER COMPANY**

**BEND, Ore. and BOSTON – February 2, 2010** – Vulcan Power Company (“Vulcan”), a developer of geothermal energy projects, and Denham Capital, an energy- and commodities-focused private investment firm, announced today that an affiliate of Denham Capital has invested \$108 million in preferred and common stock of Vulcan. This is the second equity investment in Vulcan by such Denham Capital affiliate and brings its total investment in Vulcan to \$166 million. Other shareholders include a principal investing division of Bank of America Merrill Lynch.

Vulcan’s extensive geothermal property portfolio consists of approximately 170,000 acres of prime geothermal properties in Nevada, California, Oregon and Arizona. The new investment will allow Vulcan to continue its ongoing development of properties representing more than 300 megawatts (MW) of estimated geothermal resources from just half of the company’s total acreage. This capacity, once operational, will provide baseload renewable energy for up to 300,000 households. The company has long-term power sales contracts with major California and Nevada utilities and transmission access to northern and southern California already completed or underway. The permitting process for two of its project sites is also well underway.

Robert Warburton, acting CEO of Vulcan, commented on the financing: “Geothermal development requires greater capital investment upfront compared to other renewable power projects, but once built, geothermal has significantly lower all-in costs making it very competitive with traditional, non-renewable generation sources. Denham understands both the below ground and above ground dynamics of geothermal development, making them a great resource to Vulcan. This investment ensures Vulcan has the capital to continue the execution of its development program.”

According to the Geothermal Energy Association, electricity generation capacity from geothermal energy in the United States is expected to triple within five years, supported by a federal government stimulus allocation of \$400 million. In coming years installed capacity is expected to be nearly 10 gigawatts, enough to supply 10 million homes.

Scott Mackin, Partner at Denham Capital, said, “Since the initial investment in 2008, Vulcan has progressed its plans to become a premier geothermal power producer which will provide low cost, baseload renewable energy. Vulcan continues to distinguish itself through its large portfolio of attractive properties, its dedicated employees and geological and drilling management. With this new investment, Vulcan is well positioned to continue its progress by complementing its management team with extensive, senior renewable generation experience, fully proving up its steam resources, and commencing construction of its first project. The company also intends to enter into more power purchase and transmission arrangements, and firmly establish itself as a major US-focused, pure play geothermal independent power producer.”

Geothermal energy is a renewable power source by which naturally occurring hot water reservoirs are drilled, producing geothermal fluids that can be used as a clean alternative to fossil fuels burned to generate electricity. Geothermal reservoirs are replenished by injecting condensed water back into the reservoir, establishing a long-term renewable energy resource without any emissions of greenhouse gases.

**About Vulcan Power:**

Vulcan Power Company is a privately-held geothermal developer founded in 1991 that accumulated significant land leases during an industry downturn. The company holds an extensive property portfolio of geothermal leases and applications covering more than 170,000 acres in Nevada, California, Oregon, and Arizona. Vulcan has signed 20-year term Power Purchase Agreements (“PPAs”) with Nevada Power Company and Southern California Edison Company, and is currently negotiating additional PPAs with other utilities. Vulcan is a vertically integrated company and wholly owns the subsidiary companies that provide its drilling related services. Investors include an affiliate of Denham Capital and a principal investing division of Bank of America Merrill Lynch. For additional information on Vulcan and geothermal power, go to [www.vulcanpower.com](http://www.vulcanpower.com).

**About Denham Capital:**

Denham Capital is a leading global energy-focused private equity firm, with offices in Boston, Houston, Short Hills, New Jersey, London and São Paulo. With approximately US\$4.3 billion of invested and committed capital, Denham advised funds make investments in all segments of the energy and commodities value chain, including oil and gas, mining, timber, power, carbon assets and energy-related infrastructure and services. The firm invests globally, with investments currently in the USA, Canada, South America, Europe, Russia/CIS, Africa, Asia and Australia, and across all parts of the capital structure and all stages of the corporate and asset lifecycle, from development projects to mature, operating businesses. Denham typically targets investments in the US\$50 million to US\$250 million range. For more information about Denham Capital, visit [www.denhamcapital.com](http://www.denhamcapital.com). Denham Capital does not provide investment advisory services to the public.

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