



GREYMOUTH PETROLEUM

Greymouth Petroleum wins Chilean petroleum bidding round

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New Zealand owned and operated Greymouth Petroleum confirmed today that it has been awarded rights to explore, exploit and produce petroleum in four permits covering an area of 9,000 sq km in, and adjacent to, the Straits of Magellan in Chile. Winning bidders were announced by the Minister of Mining, the Hon. Karen Ponichik, at a ceremony in Punta Arenas, Chile on 15 November, 2007. Amongst other successful bidders announced were Total S.A. of France, Apache of the US, and Pan American Energy (an operating unit of BP).

In one permit concession area. Greymouth will operate an oil and gas investment programme for, and in joint venture with, the Chilean Government owned oil and gas company, ENAP (Empresa Nacional del Petroleo). Through the award of these permit areas, Greymouth has established a core petroleum acreage position in the heart of the Magallanes Basin, where there have been a number of earlier oil and gas discoveries. Greymouth now holds a very significant petroleum acreage position in Chile, alongside ENAP (see attached map) and is moving to establish a Chilean operating company to be based in Punta Arenas.

Greymouth COO John Sturgess said "Greymouth has identified gas and oil potential in the Straits of Magellan equivalent to the Turangi-Pohokura gas-condensate area in New Zealand". Chile's Magallanes Basin has similarities with New Zealand's Taranaki Basin. The Magallanes Basin is the home of all of Chile's oil and gas production, it houses a methanol manufacturing facility owned by Methanex, and it is an area where gas is in extremely short supply. The Magallanes Basin, which is part of the same geological formation as Argentina's Austral Basin, has produced over 500 million barrels of oil and more than 10 Trillion Cubic Feet of natural gas. In June, 2007 the Chilean Government invited bids for 10 permit areas in the Magallanes Basin covering an area of 32,000 sq km.

Chile imports approximately three quarters of its energy consumption (in 2005, 98% of crude oil, 96% of coal and 75% of natural gas). The Chilean Government has determined that the development of domestic sources of hydrocarbon supply is a strategic priority. The Chilean Government is devoting efforts to the promotion of investment through the energy supply chain, including hydrocarbon exploration and production and in electricity generation.

Greymouth has been encouraged to invest in Chile by the New Zealand Government policy Statement of 30 August, 2007 promoting the merits of, and a New Zealand Government focus on assisting, outwards foreign investment by New Zealand based and New Zealand owned firms in markets including Chile and China. Greymouth is pleased to play its part in assisting the Labour led Government's strategy in this regard.

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