

For personal use only

30 June, 2009

Media Release

FOR IMMEDIATE RELEASE



Drilling starts on major “hot rock” project in South Australia

Petratherm is on track to deliver Australia’s first commercial geothermal energy supply following the commencement of major drilling at its flagship Paralana site in SA’s Far North today.

The historic milestone moves the Adelaide-based developer and its joint venture partners Beach Petroleum and TRUenergy Geothermal closer to their aim of producing emissions-free geothermal energy for commercial consumption by early 2011.

Petratherm Managing Director Terry Kallis said the start of major drilling at Paralana is an exciting step forward for the geothermal energy industry.

“This is a watershed day for Petratherm and our joint venture partners Beach Petroleum and TRUenergy Geothermal,” said Mr Kallis.

“It is a tremendous thrill to get to this point of the project, particularly in light of our exploratory drilling results which indicate that Paralana has the highest recorded heat flow of all geothermal projects on mainland Australia.

“We’ve always maintained that our Paralana JV project has the potential to be the best commercial geothermal energy project in the country and we’re now on our way to proving it.”

In collaboration with its JV partners, Petratherm today spudded its Paralana 2 deep well using a \$40 million custom-made contract drilling rig which arrived on-site last month after being commissioned from Weatherford International in Dubai.

The Paralana JV plans to use the rig to drill 4km below the earth’s surface creating a deep injection well that, in tandem with a second drilled well, will establish an underground “heat exchanger” capable of circulating super-heated water exceeding temperatures of 200°C.

Beach Petroleum and TRUenergy Geothermal will contribute \$10 million and \$6 million (plus their equity share of project costs) respectively towards drilling and stimulating the first and second deep wells and the water circulation between the two wells.

“By 2011 we expect to be supplying geothermal energy on a commercial basis, and by 2013 anticipate powering homes and businesses on a much larger scale,” said Mr Kallis.

The Paralana JV project covers over 500sqkm of known “hot rock” granite resources adjacent to the Mt Painter region in South Australia’s northern Flinders Ranges about 40km east of Arkaroola.

A specially trained team of workers and a 40-bed camp are now on-site as major drilling gets underway.

“Geothermal energy is an untapped resource which has the potential to be a significant contributor to the energy needs of Australia,” said Mr Kallis.

“We are confident that geothermal energy from Paralana will provide large-scale, base-load power to the national electricity market and help reduce this country’s reliance on fossil fuels.”

Last month, the Paralana JV project was formally backed by the Federal Government with a \$7 million grant received through the Geothermal Drilling Program. The Paralana JV has also applied for funding via the Government’s \$435 million Renewable Energy Demonstration Program to help finance a 30MW commercial demonstration project.

For more information visit www.petratherm.com.au

ABOUT THE JOINT VENTURE PARTNERS:

Beach Petroleum (ASX: BPT) is an oil and gas company headquartered in Adelaide that farmed-in to the Paralana project in January 2007. Beach can earn up to 36% of the project for \$30 million plus its equity share of project costs (www.beachpetroleum.com.au).

TRUenergy Geothermal is a wholly owned subsidiary of the CLP group, one of the largest publicly-listed power businesses in Asia Pacific (www.truenergy.com.au and www.clpgroup.com). TRUenergy Geothermal farmed-in to the Paralana project in August 2008. TRUenergy Geothermal can earn up to 30% of the project for \$57 million.

MEDIA CONTACT:

Terry Kallis
Kieran Hall

Petratherm Limited
Hughes Public Relations

08 8274 5000
08 8412 4100

For personal use only