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Media Release

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Rig arrival signals start of drilling for key geothermal energy project

Geothermal energy developer Petratherm is on track to commence drilling at its flagship Paralana Joint Venture project in South Australia's Far North next month following the arrival of a state-of-the-art drilling rig from Dubai today.

The Paralana JV comprises Petratherm, Beach Petroleum and TRUenergy Geothermal.

The custom-made 2000hp Weatherford "Lightning" Rig arrived at Port Pirie late yesterday and will be transported to site this week where it will be used by Petratherm to spud its Paralana 2 deep well in mid-June.

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 soon-to-be-drilled second well, will establish an underground "heat exchanger" capable of circulating super-heated water by early 2010.

Petratherm Managing Director Terry Kallis said the arrival of the cutting-edge drilling rig is a major milestone for the company and the wider geothermal energy sector.

"We believe our Paralana JV project is the best commercial geothermal energy project in Australia," said Mr Kallis.

"The arrival of the rig is not only great news for Petratherm, but also for other geothermal energy developers across Australia who will subsequently have access to it after we've completed our initial drilling."

Mr Kallis said he was excited about the commencement of major drilling next month following exploratory drilling results indicating that Paralana has the highest recorded heat flow of all geothermal projects on mainland Australia.

"Our target is still to deliver Australia's first commercial geothermal energy supply by early 2011," he said.

"We then anticipate supplying South Australian homes and businesses on a much larger scale by 2013."

The groundbreaking Paralana JV project has already received significant Federal Government support, including a \$7 million grant last month through the Government's \$50 million 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 at Paralana.

Mr Kallis paid tribute to Petratherm's Paralana JV partners Beach Petroleum and TRUenergy Geothermal for their ongoing support of the project.

"The joint venture combination of TRUenergy Geothermal, Beach Petroleum and Petratherm creates a formidable collaboration which will ensure the long-term success of the Paralana geothermal energy project," he said.

The Paralana JV project covers over 500sqkm of known "hot rock" granite resources adjacent to the Mount Painter region of South Australia's northern Flinders Ranges.

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.

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