

ASX Release

1 June 2009

ASX Code: PTR

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Giant rig under construction for major SA drilling operation

One of the largest drilling operations in the country will soon begin at Petratherm's flagship geothermal project site at Paralana, north of the Flinders Ranges.

A specially trained team of workers and a 40-bed drilling camp are now on site as the giant Weatherford International owned 2000HP Le Tourneau "Lightning Rig" #828, that arrived in Port Pirie from Dubai on May 10, is assembled.

It took 75 trucks to transport the rig to the project site and the construction of the 54m high structure is now well underway. (video footage is available on the Petratherm website)

The rig will be used to drill the Paralana 2 deep injection well, a key milestone in the construction of Australia's first large scale, base load, zero emission commercial enhanced geothermal power plant.

Drilling of the Paralana 2 deep injection well is on schedule to begin in mid June and it will take about two months to reach the target hot rocks located about four kilometres below the earth's surface.

The deep injection well, in tandem with a soon-to-be-drilled second well, is expected to establish an underground "heat exchanger" capable of circulating super-heated water during 2010.

Petratherm, and the Paralana project's joint venture partners Beach Petroleum and TRUenergy Geothermal, can report that an additional water well has been drilled and there are plans to begin expanding the already established passive seismic array. The array will be used to measure micro-seismic events during fracture stimulation that is planned to follow after the completion of the Paralana 2 deep well.

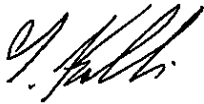
"We are entering a most exciting stage of the Company's development. Importantly, we have also significantly strengthened our financial position with the recent awarding of \$7 million grant, \$1.5 million from options exercised and \$7.3 million raised through a SPP offer and placement," Petratherm Managing Director Terry Kallis said.

"This, together with our three-way JV deal, has placed the Company in an excellent financial position."

“The substantial drilling experience of our JV partner Beach Petroleum, who will manage the drilling operations on behalf of the JV, and Weatherford International, give us confidence in successfully completing the well on time and to budget.”

“Rig #828 is being assembled and we looking forward to the well “spud in” in the next few weeks.”

Yours faithfully



Terry Kallis
Managing Director



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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