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Media Release

FOR IMMEDIATE RELEASE



Drilling on track at SA “hot rocks” project

Drilling of the first deep well at the Paralana geothermal project site in South Australia is expected to be completed in the next four to five weeks.

Petratherm, with its joint venture partners Beach Petroleum and TRUenergy, is using Weatherford International’s 2000HP Le Tourneau rig to drill the Paralana 2 well approximately 4km below the earth’s surface.

Drilling has now reached 2777 metres with the rate of drilling increasing as work continues in the bottom section of the well hole.

Petratherm Managing Director Terry Kallis said monitoring logs showed the well was on track to achieve its expected temperature.

“This well, in tandem with a second well to be drilled next year, will be part of an underground heat exchanger capable of circulating heated water at temperatures of approximately 200°C,” Mr Kallis said.

“Our drilling program puts us on track to be supplying emission-free geothermal energy on a commercial basis within two years with the aim of powering businesses on a much larger scale by 2015.”

The Paralana joint venture is one of Australia’s most advanced geothermal energy projects. The project site covers more than 500sqkm of “hot rock” energy potential adjacent to the Mt Painter region in South Australia’s northern Flinders Ranges, about 40km east of Arkaroola.

Beach Petroleum and TRUenergy 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.

Mr Kallis said a program to use water under pressure to fracture the underground rock and create an underground heat exchange reservoir between the two wells would be developed once drilling ended.

Petratherm will use its unique Heat Exchanger Within Insulator (HEWI) model for the project – where the heat exchanger is made in the insulating layer above the hot granite.

Mr Kallis said an application on behalf of the joint venture for \$62.8 million toward funding a 30MW commercial demonstration project at Paralana is in the final stages of assessment by the Commonwealth Government.

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 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 farmed-in to the Paralana project in August 2008. TRUenergy can earn up to 30% of the project for \$57 million.

IMAGES AVAILABLE:

High resolution images of the Paralana drill site are available to media on request. Please email your request to kieran@hughespr.com.au

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