

ASX Release

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PETRATHERM LIMITED
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Paralana Joint Venture Project Update

Petratherm and its joint venture partners Beach Energy and TRUenergy Geothermal advise that:

- Logging using both wireline and logging while drilling (LWD) tools was undertaken last week. Wireline logging was run to a depth of 2,960 metres and LWD was run from 2,250 metres to 3,740 metres.
- The LWD tools could not continue to target depth of 4,012 metres probably due to the presence of cuttings in the hole.
- The evaluation of drilling data and wireline and LWD logs has confirmed that:
 - there are strong indications of the presence of natural fractures below 3,400 metres;
 - brine fluids that have been recovered to the surface from zone(s) within the borehole are overpressured in the subsurface (i.e. at a higher pressure than hydrostatic);
 - there are indications of borehole break-out in the upper section of the well below the 2,250 metres casing point, that are expected to require cementing and re-drilling prior to casing.
- Temperature readings taken at 2,970 metres, together with an understanding of the geological formation below, have reconfirmed expectations that our target temperature will be achieved.
- Operations at the Paralana site have been delayed due to heavy rains resulting in road closures over the past five days stopping access to the site by the required cement trucks.

- The forward program to finish the well after road closures are lifted (expected by the end of the week) has been determined by the joint venture as follows:
 - run cement plugs as required;
 - drill out plugs, circulate and condition hole;
 - attempt completion of the LWD logging program to total depth; and
 - run 7” casing and cement in place.
- Based on the above forward program, well completion and rig release is expected to occur in late December 2009.
- Under the original budget for the Paralana 2 well, Petratherm’s expected cash contribution was approximately \$6.6 million. Petratherm’s share of government grants (REDI \$1.5 million and GDP \$2.9 million) has contributed \$4.4 million towards that original cash contribution, resulting in an expected net cash contribution of \$2.2 million. The cost overruns, that are 69% to Petratherm, are expected to increase Petratherm’s net cash contribution from \$2.2 million to \$6.7 million.

Yours faithfully



Terry Kallis
Managing Director

ABOUT THE JOINT VENTURE PARTNERS:

Beach Energy (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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