

ASX Release

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PETRATHERM LIMITED
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\$57 million TRUenergy 'Farm-In' for up to 30% of Paralana Geothermal Energy JV Project

The Board of Petratherm is delighted to announce that it has concluded an Agreement with TRUenergy to Farm-In to the Paralana Geothermal Energy Project being developed by Petratherm and its other joint venture partner, Beach Petroleum.

TRUenergy's decision to farm-in is an endorsement of the quality of the Project and reaffirms the Petratherm Board's view that the Paralana Project is Australia's most commercially attractive geothermal energy project.

The Farm-In enables TRUenergy to earn up to 30% of the Paralana Project for an investment of \$57 million (plus their equity share of project costs) over time, in line with the achievement of specific project milestones.

The terms of the TRUenergy Farm-In are;

- **Proof of HEWI Concept Stage** - TRUenergy may earn a 10% equity interest by contributing \$6 million as follows:
 - \$3 million for drilling and stimulating the first well, and;
 - \$3 million for drilling and stimulating the second well and circulation tests between the wells.
- TRUenergy may withdraw without earning equity after the completion of the first well.
- **7.5 MW Pilot Plant Stage** – TRUenergy has an option to earn a further 5% equity by contributing \$7 million towards the development of the pilot plant stage that will be capable of providing power to the Beverley Uranium Mine – just 11 kms. away.
- **30 MW Demonstration Plant Stage** – TRUenergy has an option to earn a further 15% equity by contributing \$44 million towards the development of the 30 MW demonstration plant stage capable of meeting the growing needs of Heathgate Resources' Beverley mine and their proposed mine development at the nearby Four Mile deposit.


The Agreement between TRUenergy and Petratherm contains conditions subsequent (including Foreign Investment Review Board approval, modifications to existing JV documents and securing a drilling rig) that need to be satisfied over next three months. On the matter of securing the drilling rig, Petratherm is pleased to advise that Beach Petroleum and Petratherm are in the advanced stages of negotiation of a suitable drilling contract. Petratherm is confident that all conditions will be satisfactorily met within the three month period.

TRUenergy brings a wealth of experience in energy industry capabilities, in particular developing and operating generation, and marketing of power to business and residential customers in the National Electricity Market. These capabilities complement the specialist subsurface expertise of Beach Petroleum and the geological expertise of Petratherm. This combination of capabilities considerably enhances the commercialization prospects of the Paralana Geothermal Energy JV Project in both the short and long terms.

TRUenergy is a wholly owned subsidiary of the Hong Kong based CLP group, one of the largest, publicly listed power businesses in the Asia Pacific Region (www.truenergy.com.au and www.clpgroup.com)

The Company believes the JV combination of TRUenergy , Beach Petroleum and Petratherm Limited will be a formidable collaboration that is designed to ensure the long term success of the Paralana Geothermal Energy JV Project.

Yours faithfully



Terry Kallis
Managing Director

Beach Petroleum Farm-In (January 2007)

Beach Petroleum (ASX: BPT) is a top four oil & 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 their equity share of project costs. (www.beachpetroleum.com.au).

The terms of the Beach Petroleum Farm-In are:

- Beach may earn a 21% equity for a contribution of \$10 million by
 - contributing the initial \$5 million in drilling and stimulating the first well, and;
 - contributing the initial \$5 million in drilling and stimulating the second well and circulation tests between the wells;
- Beach may withdraw without equity after the completion of the first well;
- Beach may earn an additional 15% equity by contributing a further \$20 million following completion of drilling and stimulation of the second well and circulation tests between the wells.

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