
NEWS

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U.S. ENERGY EXPERT JOINS AUSTRALIAN DRIVE

TO DEVELOP PARALANA HOT ROCK POWER

One of the foremost experts in the United States on geothermal energy has joined an Australian company's development program to have the country's first commercial supplies of hot rock power delivered from the end of 2009.

ASX-listed Petratherm Limited (PTR) announced today that it had appointed Californian-based Global Power Solutions to advise on its flagship Paralana Project in the northern Flinders Ranges of South Australia as well as Petratherm's other projects in Australia and Spain.

Global Power Solutions is a world-leading geothermal energy consultancy experienced in more than half of the world's installed geothermal plants (over 5000 MW) of which the majority are in the US.

It will be responsible for providing technical oversight to the Paralana well design and drilling process, together with planning and engineering design work for the requisite power generation plant and the integration of the above and below ground works.

The involvement of the key US advisor coincides with Petratherm's announcement also today that the Paralana Energy Joint Venture, consisting of Petratherm and Beach Petroleum, had approved the commencement of deep well design and the rig selection process.

Due for completion by the end of July, this process will set the parameters for the drilling from early next year of two deep production wells to establish and prove up the heat exchanger process. This allows water to be injected down well, circulated through hot granite strata and returned to surface superheated to create steam to drive power generation turbines.

"Today's announcements are significant milestones for the Paralana Energy JV," Petratherm's Managing Director, Mr Terry Kallis, said.

“Based on our assessment of current specialist rig availability and project lead times, Paralana remains on track for Australia’s first commercial geothermal electricity production – an initial electricity output of 7.5MW - to the Beverley uranium mine,” Mr Kallis said.

“Today’s announcements also come at a time of significantly elevated public and political recognition of geothermal’s emergence as a genuine and viable base load electricity supply,” he said.

“In just a short space of time this year, the genuine potential for hot rock energy has won additional commitment at Federal Government, Federal political and Federal departmental levels.

“This impetus brings added credibility, and a sense of urgency, to the exploration, development and commercial aspirations of an expanding number of hot rock companies carving out this new energy opportunity in Australia.

“Critically, the industry has responded by establishing a development framework for geothermal energy which will set the sector’s goals, technology and project development timelines and the strategies to achieve them.”

Two well objectives

On the planned next stage drill program at Paralana, Mr Kallis said sufficiently high temperature trend gradients warranting the deeper drilling had been established by Petratherm in earlier drilling at Paralana over the past year.

“We now need to confirm the absolute temperature at depths of 3.5 to 4.0 kilometres to trigger full scale development and this is a key objective of the first of the two new wells,” Mr Kallis said.

“This well will be completed as a large diameter producing well, to be followed by an injection well with specific location and configuration dependent on the geological data obtained in the first well.”

Paralana is located just 11 kilometres from the Beverley uranium mine and 130 kilometres east of Leigh Creek.

Petratherm has appointed Melbourne-based Australian Drilling Associates Pty Ltd (ADA) to the well design task.

ADA is an Australian oil and gas project manager with experience in deep well design and drilling and has achieved major reductions in time, cost and risk with its projects in the Bass Strait

The ADA work is planned to be completed by late July and will be followed by the acquisition of long lead time items for the historic two well program and the completion of a definitive project works timetable.

Petratherm well capitalised

Mr Kallis said that in line with its Paralana development path, Petratherm remained fully capitalised for its project commitments.

The Company has more than \$8 million in cash, the additional backing of a \$5 million 2007 REDI grant from the Federal Government and up to \$10 million initially from the Beach Petroleum joint venture for the next stage of work.

“Accordingly, Petratherm is now in a position to commit to drilling the two Paralana heat exchanger deep wells and to continue to fund our expanding Spanish project portfolio,” Mr Kallis said.

The scheduled development path for Paralana provides for commercial viability at all stages - including small scale (7.5MW local market up to 30MW) and into Australia’s National Electricity Market (between 260MW and 520MW).

In Spain, the advanced Madrid project already has three wells drilled to depths of 3.1 to 3.5 kilometres – providing critical temperature, hot water flow rates and geological data.

This provides the opportunity for significant and low cost project advancement over 2007.

BACKGROUND - Paralana Energy Joint Venture

The Paralana Energy Joint Venture consists of Petratherm and Beach Petroleum. Under the farm-in agreement announced on 30 January 2007, Beach will earn an interest of 21% in the initial stage through the expenditure of \$10 million, with an option to earn an additional 15% through the expenditure of a further \$20 million.

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