

ASX Release

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PETRATHERM LIMITED
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\$62.8 million grant awarded to Paralana Geothermal Energy Project

Petratherm and its joint venture partners Beach Petroleum and TRUenergy Geothermal are delighted to advise that the Paralana Geothermal Energy Project has been awarded a \$62.762 million (exclusive of GST) Renewable Energy Demonstration Program (REDP) grant.

Earlier this morning the Federal Minister for Resources, Energy & Tourism, the Hon Martin Ferguson AM, MP, announced that MNGI Pty Ltd's (a wholly owned subsidiary of Petratherm that owns the licences that cover the Paralana project) application for a grant under REDP was approved.

The grant is conditional on the successful negotiation of a Funding Deed with the Department of Resources, Energy & Tourism within 30 days of receipt of the offer.

The \$62.762 million grant monies are to be applied to the development of a 30 MW geothermal demonstration project post the proof of concept stage currently underway at the Paralana project.

Petratherm's Paralana project's longer-term aim is to develop Australia's first large-scale (260+ MW) base load geothermal power station to deliver zero emission electricity to the National Electricity Market.

The Funding Deed will include a project milestone schedule against which grant monies will be drawn down as milestones are achieved. The milestone schedule and project budget submitted in the successful application are consistent with the milestones outlined in the joint venture agreement between Petratherm (MNGI), Beach Petroleum and TRUenergy Geothermal.

The funding provided under REDP is on a 2:1 basis, where the joint venture will invest \$2 for \$1 provided under the government grant. The REDP funding is in addition to the recent \$7 million Geothermal Drilling Program grant funding awarded to the project earlier this year.

Under the Paralana joint venture (refer summary overleaf), the JV partners can increase their equity stake in the project following the achievement of milestones. Should those options be fully exercised, Petratherm would retain a 34% share of an operating 30 MW geothermal power project and 34% of the Paralana geothermal resource. Under the JV arrangements, with a \$200 million investment for the demonstration project, this would result in minimal investment from Petratherm.

The joint venture partners are confident that the REDP Funding Deed will be successfully negotiated and executed within the 30 day period.

The REDP funding has been awarded following a competitive process and covers \$235 million in grants for four renewable energy demonstration projects across a range of technologies. (refer attached press release from the Department of Resources, Energy & Tourism).

Further information will be provided mid next week as more detail is available in respect of the Funding Deed arrangements.

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.

MEDIA CONTACT:

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Minister for Resources and Energy, Minister for Tourism

RET Minister > The Hon Martin Ferguson AM MP

The Hon Martin Ferguson AM MP

06 Nov 2009

RENEWABLE ENERGY DEMONSTRATION PROGRAM: FOUR INNOVATIVE PROJECTS RECEIVE \$235 MILLION

The Minister for Resources and Energy, Martin Ferguson AM MP, today awarded \$235 million to four commercial-scale renewable energy projects from the Renewable Energy Demonstration Program (REDP).

This funding – combined with money from successful applicants – will deliver approximately \$810 million in renewable energy investment in Australia. It will deliver almost 80 MW of new renewable generation from wave technology, geothermal sources, and an integrated mini-grid project involving wind, solar, biodiesel and storage technologies.

The four successful lead companies are MNGI Pty Ltd (Petratherm), Geodynamics Pty Ltd, Victorian Wave Partners Pty Ltd and the Hydro-Electric Corporation (Hydro Tasmania).

"These projects will diversify Australia's energy supply and help deliver the Government's expanded Renewable Energy Target of 20% by 2020," Minister Ferguson said. "The REDP will support the commercialisation of renewable energy and help accelerate the deployment of new renewable energy technologies for power generation in Australia."

The two geothermal projects proposed by Petratherm and Geodynamics in South Australia deploy different technologies in two different geological settings. Both will significantly add to the body of knowledge supporting Australia's geothermal energy sector.

Ocean energy technology also has great potential in Australia and the Victorian Wave Partners' project will see ocean energy technology deployed in Australia on a large scale for the first time.

Hydro Tasmania's King Island project will demonstrate the integration of wind, solar and storage with a biodiesel generator. This will provide baseload and peak power for King Island's mini grid system and reduce the Island's reliance upon diesel generators. By facilitating the integration of renewables into the grid through elements such as frequency and voltage control, the project aims to reduce dependency upon baseload fossil fuel energy sources and will demonstrate integrated technologies that can help integrate renewables into electricity grids. This project has the potential to refine technologies that will have widespread application in rural and remote Australia.

Following the May 2009 budget, solar energy applications were excluded from funding under the REDP, but were assessed by the Renewable Energy Committee against the original REDP guidelines. As announced last week, an Interim ACRE Board is being appointed and will this year make funding recommendations on the most prospective solar applications received. ACRE will also manage remaining REDP funds.

Media contact: Michael Bradley – 0420 371 74

Details of the successful projects are:

MNGI Pty Ltd - \$62.762 million grant subject to successful offer negotiations

The 30MW Paralana Geothermal Energy Project is an engineered geothermal system (EGS) project, based on Petrathern's 'Heat Exchanger Within Insulator' (HEWI) model. The Paralana project is located adjacent to the Beverley uranium mine.

Demonstration of the Paralana project will provide a sound foundation upon which to underpin the large-scale development and deployment of geothermal energy in Australia.

Geodynamics Limited - \$90.000 million grant subject to successful offer negotiations

The Geodynamics Cooper Basin 25 MW Geothermal Demonstration Project will demonstrate the potential for hot-rock geothermal energy to be a major generator of zero-emission, base-load power. The Project will be the world's first multi-well hot fractured rock power project.

The Project will be located in the north east corner of South Australia in the Cooper Basin, between Moomba and Innamincka, where Geodynamics has assessed its resource as holding geothermal energy sufficient to support several thousand megawatts of electricity generating capacity.

Victorian Wave Partners Pty Ltd - \$66.465 million grant subject to successful offer negotiations

Ocean Power Technologies (Australasia) and its partner Leighton Contractors will construct the first commercial scale ocean energy project in Australia.

The 19 MW Victorian Wave Power Demonstration Project involves the staged construction and demonstration of wave power generation using Ocean Power Technologies PowerBuoy technology off Portland, Victoria.

The Hydro-Electric Corporation (Hydro Tasmania) - \$15.280 million grant subject to successful offer negotiations

The King Island Renewable Energy Integration Project will demonstrate the potential for enabling technologies to help integrate renewable technologies into established electricity networks and mini-grid systems in remote areas.

The King Island project is to integrate wind, solar and storage with a biodiesel generator to provide baseload and peak power for the King Island mini grid system, which currently uses diesel generators for its primary energy supply. The integration of these energy sources will require the provision of innovative control mechanisms for load and frequency control.

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