

ASX Release

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PETRATHERM LIMITED
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\$62.8 million Commonwealth Government Grant Funding Deed signed for Paralana Project

Petratherm is pleased to advise that a \$62.762 million grant Funding Deed under the Commonwealth Government's Renewable Energy Demonstration Program (REDP) has been executed.

The REDP Funding Deed was signed between the Commonwealth and MNGI Pty Ltd – a wholly owned subsidiary of Petratherm that holds the Paralana geothermal exploration licences – earlier today.

The \$62.762 million in grant monies (exclusive of GST) 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 geothermal energy project.

The Paralana geothermal energy project is a joint venture comprising Petratherm, Beach Energy and TRUenergy Geothermal.

The funding provided under REDP is on a 2:1 basis, with the project investment being \$2 for every \$1 provided under the government REDP grant.

As indicated in a number of previous ASX releases the primary condition precedent of the Funding Deed is for successful proof of concept that is planned to be achieved during 2011.

A \$7 million, Geothermal Drilling Program (GDP) grant awarded last year is already assisting the Paralana project with the proof of concept work stage. An amount of \$2.8 million in GDP funds (on a 1:1 basis) remains available to assist with funding of the Paralana 3 deep production well that is needed to complete proof of concept.

Other conditions precedent of the REDP grant include the need to have in place, and report on, the following:

- Intellectual property plan
- Water management strategy
- Risk management plan, and
- Community consultation plan

Petratherm has existing plans and/or strategies in place covering each of the above areas and is confident of satisfying all additional conditions precedent prior to completion of proof of concept.

During May 2010 Petratherm conducted its third and most extensive community consultation program in the northern part of the state of South Australia and was delighted with the strong interest and support of the regional and local communities.

The REDP grant forms a key part of the Commonwealth Government's commitment to geothermal energy and is to be administered by the newly established Australian Centre for Renewable Energy (ACRE).

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. (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).

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