

# ASX Release

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**PETRATHERM LIMITED**  
**ABN 17 106 806 884**

## Paralana Joint Venture Project Update

- *Petratherm is pleased to advise that it has been invited to submit a Project Funding Application under the Australian Renewable Energy Agency (ARENA) \$126 million Emerging Renewables Program for the next stage of works for the Paralana geothermal JV project.*
- *Petratherm, on behalf of the JV partners, intends to apply for grant monies sufficient to fund approximately half of drilling of the Paralana 3 deep well, fracture stimulation of that well and demonstration of flows between the Paralana 2 & 3 deep wells.*

Over the past several months Petratherm has been exploring potential funding solutions to enable the Company to proceed with the next stage of the Paralana geothermal project. This has, in particular, included a thorough examination of potential flexibility under existing grants (\$7m GDP and \$62.8m REDP) awarded to the Paralana project and also a review of new grant opportunities from existing programs.

Following that examination it was concluded that the most appropriate avenue for further significant funding would be from new grant monies under the Emerging Renewables Program (ERP). The ERP program entails a two stage process – an Expression of Interest (EoI) stage and a Project Funding Application (PFA) stage.

Petratherm submitted an EoI for the next stage of works at Paralana and has now been invited to submit a PFA. The Company intends to submit a PFA that will seek grant monies (nominally \$13 million) covering approximately half of the cost of the next stage of works at Paralana.

Concurrently, the Company is exploring further avenues to enable it to satisfy its share of JV funding for the next stage of the Paralana project.

It should be noted that if the Company is successful with the ERP grant, then it is expected that the balance of monies (\$2.8m) unused in the existing GDP would be relinquished.

It should also be noted recent changes (effective for the 2011/12 financial year) to the R&D Tax Incentive now provide for companies with eligible R&D expenditure to receive refundable cash tax offsets equivalent to 45% of expenditure. Based on its 79% equity in the Paralana project the Company has estimated that it may receive up to \$7.2m in cash rebates under the R&D Tax Incentive.

Petratherm plans to submit a Project Funding Application under the Emerging Renewables Program in late September 2012. The Application will include, inter alia;

- Plan and budget for the next stage of works – nominally 2 years and \$26 million,
- Detailed information on the merit of the project against required criteria, and
- An outline of matching funding strategy sufficient to complete the next stage of works.

The Company believes, based on its success to date, that the Paralana project represents the best opportunity to demonstrate economic flows between two engineered geothermal system wells and supply electricity, initially to the nearby market of Beverley Uranium Mine. Petratherm is therefore confident that it can provide a compelling case for grant funding.

Yours faithfully



**Terry Kallis**  
Managing Director

**About the Emerging Renewables Program** – The ERP is a \$126 million grant program that seeks to assist emerging renewable projects such as ocean, geothermal, hybrids and storage. The ERP is administered by the newly established Australian Renewable Energy Agency (ARENA).

**About the Joint Venture Partner:**

Beach Energy (ASX: BPT) is an oil and gas company headquartered in Adelaide that farmed-in to the Paralana Project in January 2007. Beach Energy holds a 21% interest in the project and can earn up to 36% subject to further funding at the development stage of the project.

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