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## **MEDIA RELEASE**

### **Australian energy major, TRUenergy, announces \$57 million entry into Petratherm geothermal project.**

TRUenergy has further expanded its sizeable renewable energy portfolio, announcing a strategic \$57 million commitment to geothermal energy through a joint venture with Petratherm, a leading developer of geothermal technology in Australia and overseas.

The farm-in arrangement enables TRUenergy to earn up to a 30% stake in Petratherm's advanced Paralana project over time, in line with the achievement of specific project milestones. The Paralana project is in the northern Flinders Ranges in South Australia and is currently being developed by Petratherm and its other joint venture partner, Beach Petroleum.

Geothermal energy aims to harness the earth's vast natural heat resources by turning renewable heat energy from 'hot rocks' into electricity.

Paralana is one of Australia's top tier geothermal projects with good prospects of progressing beyond exploration to pilot stage by mid 2010. Its two deep wells to establish the underground 'heat exchanger' are on schedule for drilling from late this year.

TRUenergy Managing Director, Richard McIndoe, said "TRUenergy's structured investment in the Paralana project is in line with our objective to develop a diversified portfolio that encompasses proven and early-stage renewable energy technologies".

"Access to zero and low emission base load generation from alternative energy sources such as geothermal will be key to TRUenergy achieving substantial emissions reductions across its portfolio over the longer term."

TRUenergy is the only Australian energy business to commit to an aggressive Climate Change Strategy, and is working to reduce its carbon emissions by 60% by 2050.

Managing Director of Petratherm, Mr Terry Kallis, says that the addition of TRUenergy to the Paralana joint venture development team was a significant endorsement of the quality and prospects of this project.

"This is particularly so as TRUenergy sought involvement prior to the critical project point, the drilling of the two deep production wells," Mr Kallis said.

"TRUenergy has moved rapidly to establish its credentials as a leader in the commercialisation and expansion of renewables and we therefore welcome its investment from both a partnership and environmental upside viewpoint.

"Critically, this expanded Paralana joint venture focuses industry-leading financial, technical, geological, operational and marketing muscle on this project which will support our efforts to potentially achieve pilot status in just over 18 months time," he said.

TRUenergy has committed close to \$1 billion to expand its renewable and clean energy generation portfolio, which includes investments in solar, wind, coal seam gas and combined cycle natural gas generation.

"This investment complements our existing substantial involvement in clean energy and will allow us to take a market-leading position in an emerging geothermal energy system," Mr McIndoe said.

### **Terms of TRUenergy farm-in**

Under the farm-in terms announced today, TRUenergy can:

- earn an initial 10% equity by contributing \$6 million towards **drilling and stimulating the first and second deep wells** and the water circulation (HEWI) test between each well
- earn an additional 5% equity by contributing \$7 million towards the cost of developing a **7.5 MW Pilot Plant Stage** at Paralana capable of providing power to the Beverley Uranium Mine just 11 km away, and
- add a final 15% for a total stake of 30% by contributing \$44 million towards the development of the **30 MW Demonstration Plant Stage**. This would be sufficient to power Heathgate Resources' Beverley mine and its proposed mine development at the nearby Four Mile deposit.

TRUenergy will also be responsible for its equity share of project costs at each stage of development.

The agreement needs Foreign Investment Review Board approval and is conditional on the joint venture securing a suitable drilling rig within three months – negotiations on which are well advanced by the JV partners.

### **ENDS**

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