

ASX Release

1 October 2008

ASX Code: PTR

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Paralana Joint Venture Project Update

- **\$57M TRUenergy Farm-in – FIRB approves**
- **Hurricane Ike delays Rig #828 by about 2 months**
- **Expression Of Interest lodged for up to \$7M Drilling Grant**
- **Two water wells successfully drilled at Paralana**
- **Long lead time plant items on schedule for Paralana**

FIRB approval granted for \$57M TRUenergy Farm-in

TRUenergy has advised that it has obtained Foreign Investment Review Board (FIRB) approval from the Commonwealth Government, which together with the securing of Rig #828, satisfies the two major conditions subsequent under the recently announced \$57M TRUenergy Farm-in agreement over the Paralana project.

The TRUenergy Farm-in, for up to a 30% interest in Paralana, requires modifications to the existing joint venture documentation. Those modifications are underway and finalization of the Farm-in is expected in the next several weeks.

Hurricane Ike delays Rig #828 by about 2 months

Petratherm and its JV partners, advise that the arrival of the 2000 HP Le Tourneau "Lightning" Drilling Rig #828 will be delayed by approximately 2 months.

Weatherford Drilling International (WDI) advised the Paralana Joint Venture that the delay is as the result of damage caused by Hurricane Ike in Houston that saw Le Tourneau's main yard and some of their suppliers affected.

WDI have advised a revised spud date for the Paralana 2 well of May 2009.

Expression of Interest lodged for up to \$7M Geothermal Drilling Grant

Petratherm, on the behalf of the JV partners, has lodged a formal Expression of Interest (EOI) with the Commonwealth under its \$50M Geothermal Drilling Program (GDP). The maximum possible grant available for a “proof of concept” GDP project is \$7M, of which 65% is to be paid “upfront” on successful application.

The EOI closed on 29 September 2008 and full applications are expected to be sought under the GDP in November 2008. It is also expected that successful applicants will be notified in late 2008 or early in 2009.

Two water wells successfully completed at Paralana site

Two water wells were drilled at the Paralana 2 well site over the past weekend. Both wells were successfully completed – drilled to approximately 115m, cased and screened. Refer to photographs below.

Both wells exhibited good flow rates (4 to 5 litres per second) and reasonable water quality, appropriate for use during drilling operations. Water samples have been taken for further analysis.



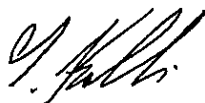
Paralana water well drilling undertaken late in September 2008.

Long lead time plant items on schedule for Paralana 2 Well

Plant items that have long lead times have been ordered for the Paralana 2 well and are expected to be delivered late in 2008 and early 2009. Items include casing, casing accessories (float shoes etc), drill bits, well head and Christmas tree (utilized in testing program).

This will enable the Paralana 2 well drilling to be commenced immediately following the arrival of drilling Rig #828 being provided by WDI under the drilling services contract with the Paralana Joint Venture.

Yours faithfully



Terry Kallis
Managing Director

Beach Petroleum (ASX: BPT) is a top four 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 \$30M plus their 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 can earn up to 30% of the project for \$57M plus their equity share project costs.

About the Paralana Project

The Paralana Project is a Joint Venture Geothermal Energy Project being developed by Petratherm Limited, Beach Petroleum Ltd and TRUenergy Geothermal Pty Ltd. The Company considers the Paralana project to be most commercial geothermal energy project in Australia, that has a unique path to market and an expectation of commercial viability at all stages of development.

The Paralana site is located approximately 130 kilometres east of Leigh Creek in the northern Flinders Ranges and is just 11 kilometres from Heathgate Resources' Beverley Uranium Mine. The Paralana JV has an Memorandum of Understanding to supply the mine with power to meet their growing needs.

The Paralana Project is planned to undergo the following key work stages:

- Stage 1 - Heat Exchanger within Insulator (HEWI) model Proof of Concept (2010)
- Stage 2 – 7.5 MW pilot plant - to supply Heathgate Resources' Beverley Uranium Mine (2011)
- Stage 3 – 30 MW demonstration plant to supply Heathgate Resources' Expansion (2013)
- Stage 4 – Large scale development of 260 MW growing to 520 MW supplying into the Australian National Electricity Market (beyond 2013).

Key features of Paralana Project include:

- Highest recorded Australian mainland heat flow of 128 mW/m²
- Deep exploration well drilled to 1,807 metres, confirming a high temperature of 109°C
- Expectation of commercial temperatures of 200°C at shallow depths of 3,600 metres
- Expectation of excellent drilling conditions based on prior drilling
- \$5M Commonwealth REDI Grant for the HEWI model
- JV Partners – Beach Petroleum, TRUenergy and Petratherm have complementary skills and capabilities required to successfully complete project
- Secured a 2000 HP drilling rig to undertake the step of drilling two deep 4 kilometre wells.

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