

ASX Release

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Paralana Joint Venture Update

- **Weatherford 2000 HP drilling rig on track for May 2009 spud of the 4 kilometre deep Paralana 2 well**
- **Passive Seismic Array installed and monitoring background seismicity commenced**
- **Geothermal Drilling Program (GDP) application to be lodged for up to \$7 million grant**

Drilling of Paralana 2 deep well on track for May 2009

Weatherford Drilling International has advised the Paralana JV partners that Rig #828, a 2000HP LeTourneau "Lightning Rig" is on track for delivery to enable the "spud-in" of the Paralana 2 well in May 2009.

Construction of the Rig has been reallocated back to Dubai in order to ensure the May 2009 spud date remains on track.

Rig #828 will be constructed to meet Western Australian compliance standards and Australian Inspection Services will provide oversight during construction to ensure compliance requirements are met.

The timeline for the construction and delivery of the Rig is as follows:

- Construction of the Rig will be completed by end January/early February 2009.
- A compliance period of approximately seven weeks will be undertaken through to end of March 2009.
- Delivery of Rig to South Australia (Port Pirie) by end of April 2009.
- Delivery of rig to site and preparation for "spud-in" of well completed by third week of May 2009.

Passive Seismic Array installed and monitoring commenced

The Paralana passive seismic array has now been fully installed and has commenced gathering data on the background seismicity of the project site.

The passive seismic array will enable accurate monitoring of micro-seismic events, before, during and after fracture stimulation of the 4 kilometre deep Paralana 2 well.

The figure below identifies the location of the Paralana 2 deep well (shown in white within the red project area) and the sites where seismic monitoring stations have been installed.

Three types of seismic monitoring stations make up the seismic array:

- Post hole monitoring stations – shown in yellow
- Surface stations – shown in red
- Deep monitoring station located at 1770 metres depth within the Paralana 1B well – shown in blue

Monitoring of background seismicity has commenced and this will provide valuable information against which the micro-seismic events created during stimulation can be calibrated and located. Ultimately this will enable a clear understanding of the Paralana reservoir characteristics and increase confidence in the location of the Paralana 3 deep production well.

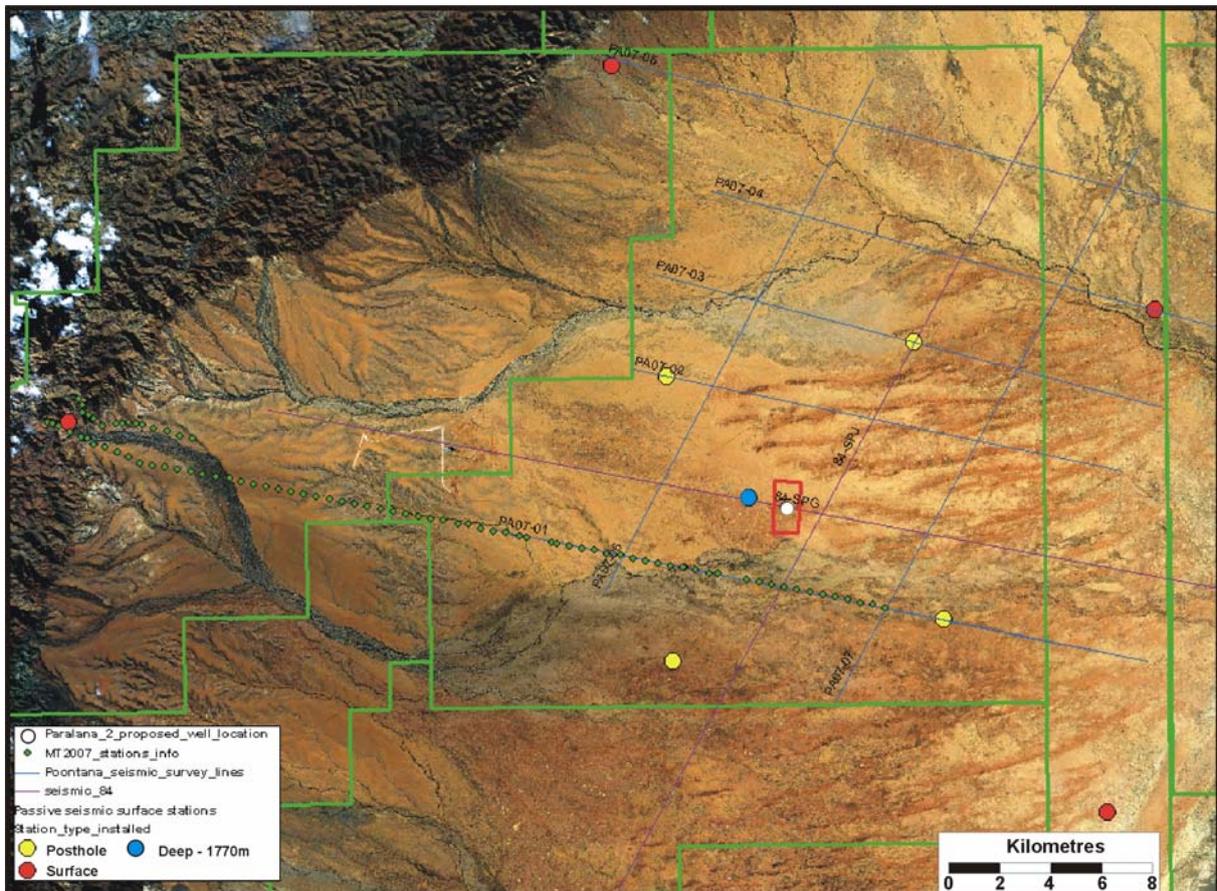


Figure – Aerial photograph of the Paralana project license areas (green) outlining Paralana 2 well location and passive seismic monitoring stations.

\$7 million grant application to be lodged under the Geothermal Drilling Program

Petratherm on behalf of the Paralana JV Project will lodge an application under the Commonwealth Government's \$50 million Geothermal Drilling Program (GDP) for a maximum amount of \$7 million.

The Paralana JV Project has been advised that it is eligible to apply for funding under the GDP and if successful funds would be received prior to the commencement of drilling the Paralana 2 deep well in May 2009.

A key aspect of that eligibility relates to the Paralana JV Project having demonstrated that it has secured a suitable drilling rig and is capable of commencing deep drilling, for "proof of concept" during the 2008/09 financial year.

The GDP provides for an up front payment to successful candidates of 60% (or \$4.2 million maximum) of the funding prior to deep drilling with the balance provided subject to achievement of agreed milestones and prior to the drilling of the second deep well of the "proof of concept" project.

Yours faithfully



Terry Kallis
Managing Director

ABOUT THE JOINT VENTURE PARTNERS:

Beach Petroleum (ASX: BPT) is a top four oil & 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 their equity share of project costs. (www.beachpetroleum.com.au).

TRUenergy 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.

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