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PETRATHERM'S PROJECT TO REVIEW CHINA'S GEOTHERMAL PROSPECTS – ENDORSED BY THE ASIA PACIFIC PARTNERSHIP

Petratherm has been successful in obtaining project endorsement from the Asia Pacific Partnership on Climate and Clean Development (AP6) to undertake a study to **“Identify high prospect geothermal energy projects in China”**

This morning the Prime Minister, the Hon John Howard MP, released the Action Plans of the Asia Pacific Partnership. Petratherm's project is included in the Renewable Energy and Distributed Generation Task Force Action Plan.

The six members of the Asia Pacific Partnership include USA, China, India, Japan, South Korea and Australia. The Partnership aims to facilitate the implementation of practical projects that can contribute tangible improvements to Climate and Clean Development.

The AP6 Project is consistent with the Company's strategy, outlined in its recent Annual Report and reiterated in its Quarterly Report of seeking to **“identify opportunities where both the local geology and renewable energy policy framework is conducive for commercial geothermal energy projects”**

The Project proposal involves Petratherm undertaking a study of the geothermal prospectivity of China over the next nine months, utilising Petratherm's innovative Exploration Model to identify high quality, commercial geothermal projects. This work will be undertaken in cooperation with Chinese Geological Institutions, Provincial Governments and Utilities. Petratherm plans to take an equity position in those projects that it thinks offer the best potential to host commercial based power generation from hot rocks.

In support of its AP6 Project, Petratherm's Managing Director and Operations Manager recently attended the Australia – China Climate Change Partnership Renewable Energy and Energy Efficiency Business Mission, led by Minister Ian Campbell. The Mission to China, held in Beijing and Xian was very successful, with Petratherm securing key contacts and information in terms of;

- Access to the necessary geological information
- Potential joint venture partnering with companies that have already successfully entered the renewable energy market in China.



- Determining the legal framework relating to renewable energy, regulatory arrangements and related policy initiatives relevant to geothermal energy projects in China.

Petratherm's project is currently the only geothermal energy project in the Renewable Energy and Distributed Generation Task Force Action Plan.

Below is a brief extract from the booklet summarising the Partnership Action Plans and Australian projects.

“Hot Dry Rock technology is a relatively new way to exploit a non-volcanic geothermal heat resource to produce electricity. Power generation, based on hot rock energy, has the key advantage of being able to provide large-scale base-load electricity. Only limited exploration for this type of geothermal resource has been undertaken. This project will facilitate exploration in non-volcanic regions of China, using a toolkit developed by Australian company Petratherm, to locate and evaluate Hot Dry Rock resources that can be economically developed for power generation.”

Petratherm's AP6 Project creates an exciting growth opportunity for the Company in the fastest growing electricity market in the world.

www.dfat.gov.au/environment/climate/ap6