

Petratherm Ltd

105 Tusmore Ave, Tusmore, 5065, South Australia
Tel: +61 8 8304 8200 Fax: +61 8 8304 8201
Website www.petratherm.com.au
Email admin@petratherm.com.au
A.C.N. 106 806 884



Thursday, 29 June 2006

RESULTS IN JULY FOR SUCCESSFUL S.A. HOT ROCKS WELL

South Australia's emerging hot rocks energy sector will be boosted in July with new results to be announced from one of the State's most successful geothermal wells drilled to date.

Geothermal or hot rock energy developer, Petratherm Limited, said today it had now successfully completed the drilling of the Paralana-1 well in the State's north, to the target depth of 1,807 metres.

The drilling program was executed to plan and achieved all key time, cost and hole-depth targets.

Temperature gradients already recorded between surface and 491 metres during initial drilling of Paralana-1, in September 2005, were around of 81.5^o C per kilometre, among the highest reported in Australia.

"Measurement of the temperature gradient at the new bottom-hole depth of 1,807 metres will be taken in about three weeks once the hole reverts back to its normal temperature equilibrium with the surrounding rock strata," Petratherm's Managing Director, Mr Terry Kallis, said today.

"This new temperature gradient data will enable more detailed and accurate assessment of the quality of the thermal resource at Paralana," Mr Kallis said.

"The rate of temperature increase at depth is the critical factor for a hot rocks well to be part of economical electricity generation and Paralana-1 has so far been in line with our expectations for resource temperatures of 200 degrees Celsius or more at approximately 3.5 kilometres depth," he said.

Geothermal energy is used to superheat water circulated through hot rock at depth, returning to surface as steam where it drives electricity generating turbines. Petratherm has set itself apart in the sector by developing, in partnership with university researchers, a specific exploration model to select the optimum drill area for identifying hot granites covered with high insulating rocks at relatively shallow depth, compared to the more conventional approach of using data from old oil and gas wells to determine a hot rocks drill site.

Petratherm has identified a depth of 3.5 kilometres as its benchmark for economically viable electricity generation under current market conditions.



Paralana-1 located 130 kilometres east of SA's main electricity grid infrastructure at Leigh Creek and only 11 kilometres from the existing Beverley Uranium Mine, has been selected using this exploration strategy.

"The well has been drilled through sequences of highly variable Cambrian aged rock strata and then into a representative section of more homogenous older Adelaidean rock strata below," Mr Kallis said.

"While we await the capture of temperature data now for this lowest section of the well, we are highly encouraged by the fact that the rock strata in this lower interval is pre-dominantly fine-grained shale and is expected to have good insulating properties".

"Such insulation should maintain a high temperature gradient at the deeper drilled depths."

Paralana-1 has been secured with steel casing to ensure long-term stability and will be maintained for the future as a seismic observation well, to monitor fracture stimulation of the deep heat reservoir, should such be required.

If results from the completed drilling are positive, the Board of Petratherm is then expected to consider drilling two new deep wells to establish the modelled thermal resource and provide input to a feasibility study for the production of large-scale base load electricity generation.

Mr Kallis said any such decision would be made later in the year.

MEDIA CONTACT:

Terry Kallis
Petratherm Limited
(08) 8304 8200
0419 810 153

Kevin Skinner
Field Public Relations
(08) 8234 9555
0414 822 631

