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Paralana Geothermal Well Completed Successfully

Drilling of the Paralana Geothermal Test Well 130 kilometres east of the main electricity grid at Leigh Creek in South Australia has been successfully completed. The drilling program went to plan, budget and schedule, achieving all its objectives.

The well was drilled to a total depth of 1807 metres, in order to determine individual temperature gradients through sequences of highly variable Cambrian aged rock strata and then into a representative section of more homogenous older Adelaidean rock strata below. The well has been secured with steel casing to ensure the long term stability of the hole, and will be maintained for potential future use as a seismic monitoring location in the event that fracture stimulation of the deeper geothermal resource is required as part of the geothermal production scheme.

Preliminary temperature measurements taken after the first casing string was inserted at 1442 metres indicated that the rate of temperature increase is in line with the Company's original target expectations to produce economical electricity generation, that being resource temperatures of 200 degrees Celsius or more at approximately 3.5 kilometres depth.

Whilst temperature data is still to be captured for the lower section of the well, the rock strata in this interval is pre-dominantly fine-grained shale and is expected to have good insulating properties.

Now that drilling operations have ceased, the well will approach thermal equilibrium with the surrounding rock strata in approximately three weeks time. Measurement of the bottom hole temperature, and temperature gradient will then be taken, enabling detailed assessment of the thermal resource at Paralana. The Company will report on these findings in mid to late July 2006.

