
NEWS

• RELEASE •

FOR IMMEDIATE RELEASE
Thursday 1 November 2007

**CHINA AGENCIES SIGN UP AUSTRALIAN GEOTHERMAL
EXPERTISE UNDER EXCLUSIVE DEAL WITH PETRATHERM**

Four Chinese Government agencies have signed an exclusive Agreement with Australian hot rock proponent, Petratherm Limited, to identify high prospect geothermal energy projects in power hungry China.

Under the Agreement, ASX-listed Petratherm ("PTR") will help identify those engineered geothermal projects best able to exploit China's vast geothermal resources for base-load, large-scale and emission free sources of heat and electricity.

The Agreement represents the first commercial step-up for Petratherm's entry into the world's largest growing energy market since the Australian hot rock company achieved approval under the Federal Government's Asia Pacific Partnership Program to undertake a unique renewable energy initiative in China.

Petratherm was the only company to secure such approval from the member Governments of the Asia Pacific Partnership on Climate and Clean Development - the United States, China, India, Japan, South Korea and Australia.

Under the Agreement announced today, Petratherm will now work on a cooperative project over the next 12 months with four Chinese Government institutions, the:

- China Geothermal Energy Society;
- Chinese Geological Survey;
- Chinese Academy of Sciences; and
- China Institute of Geo-Environment Monitoring.

The Chinese institutions will provide key geological and geophysical data to Petratherm to process using the same exploration and thermal modelling methods it successfully employed to identify Paralana in South Australia.

Paralana is Petratherm's most advanced and flagship Australian geothermal project and is now being developed in joint venture with Beach Petroleum.

"The objective in China is to generate a temperature depth map of the mainland which identifies the best sites above 200 degree Celsius and less than four kilometres in depth for which first-pass 2D thermal models can be generated for assessment," Petratherm's Managing Director, Mr Terry Kallis, said today.

“This is a major opportunity for Australian geothermal know-how to ultimately make a substantial contribution to global greenhouse gas abatement,” Mr Kallis said.

“Significantly, the intellectual property generated by the Project will be jointly owned by Petratherm and the four Chinese agencies.

“We also retain the right to bring in joint venture partners, as and when required to develop those geothermal projects we identify over the next year as exhibiting the earliest commercial opportunity.

“Some preliminary discussions with interested potential joint venture parties have already commenced, such is the opportunity we see in China’s geothermal prospects.

“It is anticipated that several geothermal exploration licences will be granted on completion of the study over high prospect sites.”

Mr Kallis said China boasted more than 40 recorded geothermal sites, some with the potential to produce around 1400 megawatts of power.

The formal work by Petratherm and the China agencies – seen as Stage 1 - commences as early as this month.

Petratherm plans to take an equity position in those sites it thinks offer the best potential for commercial based power generation from hot rocks.

“The partnership provides a direct opportunity to implement practical projects which contribute tangible improvements to climate and clean energy developments in China,” Mr Kallis said.

“Our involvement is in line with Petratherm’s growth strategy to identify opportunities in Australia and internationally where both the local geology and renewable energy policy framework are conducive for commercial geothermal energy projects.

“This has been evidenced in the Company’s rapid expansion on a “first mover” basis this year into conventional and engineered geothermal opportunities in mainland Spain and its offshore provinces in the Canary Islands,” he said.

MEDIA CONTACT:

Terry Kallis
Petratherm Limited
(08) 8274 5000
0419 810 153

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