
NEWS

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PETRATHERM ANNOUNCES DRILL RIG PLAN **FOR DEEP HOT ROCK WELL**

Plans to drill two new deep wells in South Australia next year as a forerunner to the country's likely first commercial geothermal energy supply, have taken a key step forward.

Petratherm Limited (ASX: "PTR") announced today it had signed a Letter of Intent for Ensign International Energy Services to secure a suitable rig and undertake deep drilling on Petratherm's advanced Paralana project in South Australia's far north.

Ensign is a wholly-owned subsidiary of world leading Canadian hydrocarbon and geothermal drilling specialist, Ensign Energy Services Inc.

The Letter of Intent is subject to confirmation of well design parameters and negotiation of commercial arrangements.

Petratherm's Managing Director, Mr Terry Kallis, said drilling of the deep well was planned to commence in the second half of calendar 2008

Petratherm and joint venture partner, Beach Petroleum Limited, are on track to have the Paralana project deliver first geothermal-based electricity supplies from early 2010.

Initial drilling and testwork by Petratherm has already proven up Paralana's heat profile. The aim is to establish the heat exchanger for the project where fluid is heated at depth as it circulates between an injection and production well, to produce heat at surface for eventual use in driving turbines.

The signing of the Letter of Intent follows the recent completion by Petratherm and Beach of a major seismic study and other surveys on where best to locate the 4km deep heat exchanger well, and the long-term development of Paralana's geothermal field. The Company's initial commercialisation phase involves the deployment of a 7.5 MW power station at Paralana, at a nominal cost of around \$50 million.

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