

ASX Release



PETRATHERM LIMITED
ABN 17 106 806 884

\$7 million Geothermal Drilling Funding Offer for the Paralana Joint Venture

Petratherm advises that the conditions relating to the \$7 million Funding Offer under the Federal Government's \$50 million Geothermal Drilling Program (GDP) have now been received. They are:

- Provision of an updated Project Budget for RET cost check, and;
- That the overlap between the Renewable Energy Demonstration Initiative (REDI) grant and the GDP grant is removed

The Funding Offer, announced Monday by Federal Minister for Resources, Energy and Tourism Martin Ferguson, was awarded to MNGI Pty Ltd (a wholly owned subsidiary of Petratherm Ltd), on behalf of the Paralana Joint Venture, subject to successful offer negotiations and agreement of a GDP Funding Agreement (GDPFA).

The funding offered will contribute to the costs associated with the Paralana Geothermal Project's drilling program commencing in mid June, 2009. The benefit of the grant will therefore be shared by all the Paralana Joint Venture partners equal to their equity participation (being Petratherm 69%, Beach Petroleum 21 % and TRUenergy 10%). The funding agreement provides for an upfront payment of 60% or \$4.2 million and prior to drilling.

General Conditions of the GDPFA include that within 90 days of the Funding Offer (or 60 days of execution of the GDPFA) the recipient must secure the following:

- Key contracts in relation to well design, site preparation and drilling rig; and
- Key contracts securing finance for the project.

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Petratherm is confident the conditions of the offer and the general conditions of the funding agreement will be met over the next few weeks. Discussions are ongoing with AusIndustry in connection with the REDI grant, budgets are subject to constant review, and the specific general conditions to be met are essentially in place.

Petratherm congratulates the Government on this important initiative and its continued strong support for the geothermal industry in Australia.

Yours faithfully



Terry Kallis
Managing Director

ABOUT THE JOINT VENTURE PARTNERS:

Beach Petroleum (ASX: BPT) is an oil & gas company headquartered in Adelaide that farmed-in to the Paralana Project in January 2007. Beach can earn up to 36% of the project for \$30 million plus their equity share of project costs. (www.beachpetroleum.com.au).

TRUenergy is a wholly owned subsidiary of the CLP group, one of the largest, publicly listed power businesses in Asia Pacific (www.truenergy.com.au and www.clpgroup.com). TRUenergy Geothermal farmed-in to the Paralana Project in August 2008. TRUenergy Geothermal can earn up to 30% of the project for \$57 million plus their equity share of project costs.

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