# ASX Release

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# PETRATHERM LIMITED ABN 17 106 806 884

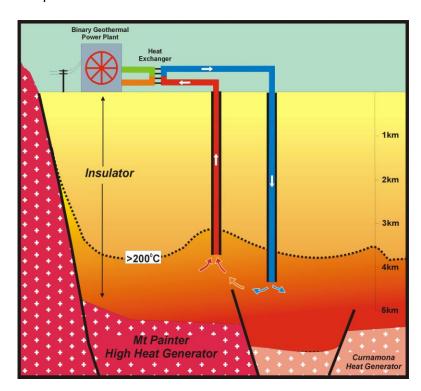
# Drilling begins at Paralana Geothermal Joint Venture Project

Petratherm and our joint venture partners Beach Petroleum and TRUenergy Geothermal are pleased to announce that drilling has begun this morning at the Paralana Geothermal Project site.

On behalf of the joint venture, a team from Beach Petroleum is now overseeing drilling operations - working with the drilling contractor, Weatherford Drilling International - of the Paralana 2 deep injection well, the next step toward developing the geothermal energy at the Paralana site.

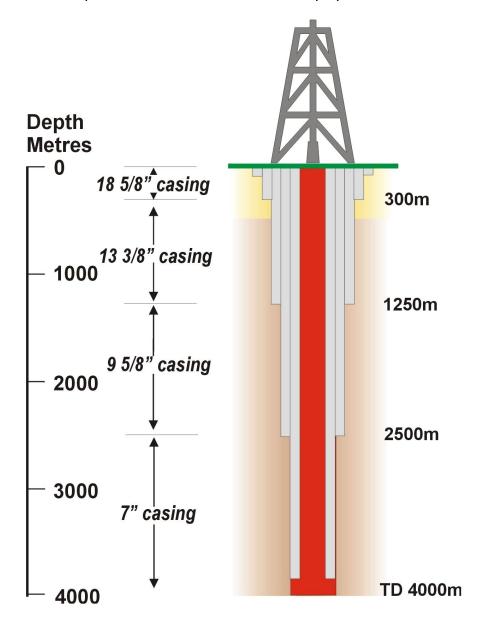
Under the terms of the Paralana Joint Venture Agreement, Beach Petroleum is the Operator in relation to the drilling operations and stimulation needed for the two-well, proof of concept stage of work.

The extensive drilling experience of Beach and Weatherford provide the JV partners with confidence of the successful demonstration of Petratherm's unique HEWI proof of concept model (refer diagram below). The "Heat Exchanger within Insulator" (HEWI) model for creating geothermal energy differs from the approach of other geothermal companies.



The HEWI model contends that significant cost and risk reductions can be achieved by creating the requisite underground heat exchanger within the naturally permeable and porous insulating rock above the granite heat source. The aim of the HEWI model is to optimize heat extraction through shallow (lower cost) drilling, controlled rock fracture and obtaining appropriate fluid flows and circulation. The unique HEWI model has the potential to considerably reduce cost and risk in geothermal energy production.

The diagram below outlines the Paralana 2 well which has been designed as an injector well. Drilling of the 4km Paralana 2 well is programmed to take 60 days to complete and regular weekly drilling progress reports will be provided by Beach Petroleum as Operator. Progress reports will also be posted on Petratherm's ASX and Company websites.



A specially trained team of workers and a 50-bed drilling camp are on site to operate the Weatherford International owned 2000HP LeTourneau "Lightning Rig" #828 (refer overleaf), that arrived in Port Pirie from Dubai on 10 May 2009. View video footage on the Petratherm website.

Plans are under way to begin expanding the already established passive seismic array. The array will be used to measure micro-seismic events during fracture stimulation that is planned to follow the completion of the Paralana 2 deep well.

The Paralana JV project has been awarded a \$7 million geothermal drilling program grant by the Federal Government, specifically aimed at assisting and accelerating the HEWI proof of concept. Beach Petroleum and TRUenergy Geothermal will contribute \$10 million and \$6 million, (plus their equity share of project costs) respectively, towards drilling and stimulating the first and second deep wells and the water circulation between the two wells.



Aerial photograph of the Paralana project site including 40 bed camp.



Weatherford 2000 HP Rig #828 erected at the Paralana project site

Yours faithfully

**Terry Kallis**Managing Director

### **ABOUT THE JOINT VENTURE PARTNERS:**

Beach Petroleum (ASX: BPT) is an oil and 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 its equity share of project costs. (<a href="www.beachpetroleum.com.au">www.beachpetroleum.com.au</a>).

TRUenergy Geothermal is a wholly owned subsidiary of the CLP group, one of the largest publicly-listed power businesses in Asia Pacific (<a href="www.truenergy.com.au">www.clpgroup.com</a>). TRUenergy Geothermal farmed-in to the Paralana project in August 2008. TRUenergy Geothermal can earn up to 30% of the project for \$57 million.

## **MEDIA CONTACT:**

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