

ASX Release

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PETRATHERM LIMITED
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Paralana flow test operation update

Petratherm and its Paralana project JV partners, Beach Energy and TRUenergy, are pleased to advise that the flow test operation for the Paralana 2 Deep Geothermal Well commenced late last week.

Following the mobilization of equipment to the Paralana site, flowing of the well started early on the morning of Monday 3 October 2011. The operation has involved the gradual increasing of temperature and flow to manage the operation within equipment and test design parameters.

The Paralana 2 well has continued to flow since that time allowing the collection of valuable information (refer photos overleaf). The flow test operation aims to measure flow deliverability potential of the encountered overpressured brine fluids at depth, fluid temperature, and brine fluid chemistry.

Footage of the flow test operation was broadcast on Channel Seven's Adelaide News yesterday evening in which reporter Tim Noonan interviewed Petratherm Director, Professor Richard Hillis.

Key points from Channel Seven's coverage included;

- This being the first time that extracted geothermal energy (hot fluid) has been brought to the surface at Paralana.
- That the flow test will provide valuable information on the nature of the geothermal reservoir created at depth and the extent to which connection has occurred with the natural fractures in the geological formation at depth.
- This being the achievement of an important milestone along the path to production of geothermal power by the end of next year.

Early findings from the flow test will be released soon after completion of the operation.

Photographs 1, 2 and 3 below show hot fluids (water and steam) from the Paralana 2 well flowing into containment ponds



Photo 1



Photo 2



Photo 3

Yours faithfully

Terry Kallis
Managing Director

Competent Persons Statement

The information in this report that relates to Exploration Results, Geothermal Resources or Geothermal Reserves is based on information compiled by Peter Reid, who appears on the Register of Practising Geothermal Professionals maintained by the Australian Geothermal Energy Group Incorporated at the time of the publication of this report. Peter Reid is a full time employee of the Company. Peter Reid has sufficient experience which is relevant to the style and type of geothermal play under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the Second Edition (2010) of the Australian Code for Reporting Exploration Results, Geothermal Resources and Geothermal Reserves. Peter Reid has consented in writing to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ABOUT THE JOINT VENTURE PARTNERS:

Beach Energy (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.

TRUenergy is a wholly owned subsidiary of the CLP group, one of the largest publicly-listed power businesses in Asia Pacific. TRUenergy Geothermal farmed-in to the Paralana project in August 2008. TRUenergy Geothermal can earn up to 30% of the project for \$57 million.

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