

# ASX Release



**PETRATHERM LIMITED**  
ABN 17 106 806 884

## Paralana Joint Venture Update

- **\$57 million TRUenergy Farm-in deal completed with all conditions subsequent satisfied**
- **\$7 million Geothermal Drilling Program (GDP) application satisfies all eligibility criteria**
- **Independent assessment of Paralana inferred geothermal resource estimated at 230,000 petajoules (PJ)**

### **\$57 million TRUenergy farm-in deal is unconditional**

Petratherm is pleased to advise that all conditions subsequent of the TRUenergy farm-in Agreement (including Foreign Investment Review Board approval, modifications to existing Joint Venture (JV) documents and the securing a drilling rig) have been fully satisfied. All JV documents have been executed by the three parties, registered with PIRSA and approved by the Minister for Resources Development

The three-way JV enables TRUenergy to earn up to 30% of the Paralana Project for an investment of AUD\$57 million (plus its equity share of project costs) over time, in line with the achievement of specific project milestones.

The terms of the TRUenergy Farm-In are;

- **Proof of HEWI Concept Stage** - TRUenergy may earn a 10% equity interest by contributing \$6 million as follows:
  - \$3 million for drilling and stimulating the first well; and
  - \$3 million for drilling and stimulating the second well and circulation tests between the wells.
- TRUenergy may withdraw without earning equity after the completion of the first well.

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- **7.5 MW Pilot Plant Stage** – TRUenergy has an option to earn a further 5% equity by contributing \$7 million towards the development of the pilot plant stage that will be capable of providing power to the Beverley Uranium Mine – just 11 kilometres away.
- **30 MW Demonstration Plant Stage** – TRUenergy has an option to earn a further 15% equity by contributing \$44 million towards the development of the 30 MW demonstration plant stage capable of meeting the growing needs of Heathgate Resources' Beverley Mine and its proposed mine development at the nearby Four Mile deposit.

TRUenergy is a wholly owned subsidiary of the Hong Kong based CLP group, one of the largest, publicly listed power businesses in Asia Pacific ([www.truenergy.com.au](http://www.truenergy.com.au) and [www.clpgroup.com](http://www.clpgroup.com))

The Company believes the JV combination of TRUenergy, Beach Petroleum and Petratherm Limited will be a formidable collaboration which will ensure the long term success of the Paralana Geothermal Energy JV Project.

### **\$7 million grant application under the Geothermal Drilling Program**

Petratherm on behalf of the Paralana JV Project lodged on 23 December 2008, an application under the Commonwealth Government's \$50 million Geothermal Drilling Program (GDP) for a maximum grant amount of \$7 million.

The Paralana JV Project has been advised that its application has met all eligibility criteria for funding under the GDP and if successful funds would be received prior to the commencement of drilling the Paralana 2 deep well in May 2009.

A key aspect of that eligibility relates to the Paralana JV Project having demonstrated that it has secured a suitable drilling rig and is capable of commencing deep drilling, for "proof of concept" during the 2008/09 financial year. In addition, the GDP required applicants to provide a report on their project's inferred geothermal resource (refer below).

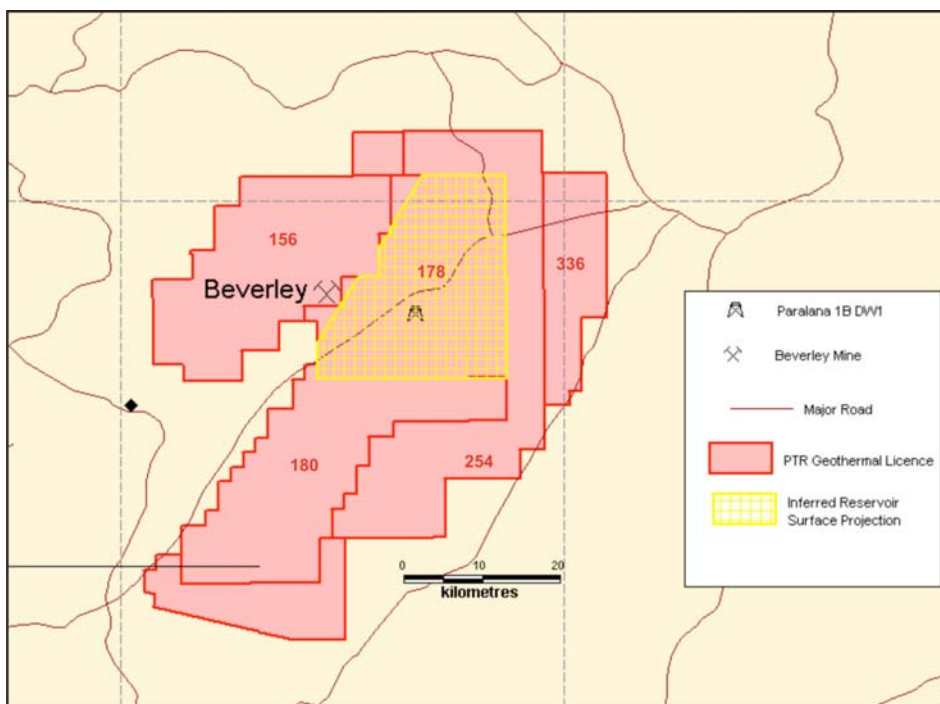
The GDP provides for an up front payment to successful candidates of 60% (or \$4.2 million maximum) of the funding prior to deep drilling with the balance provided subject to achievement of agreed milestones and prior to the drilling of the second deep well of the "proof of concept" project.

### **Independent assessment of Paralana inferred geothermal resource**

An independent statement of estimated inferred resources, in accordance with Australian Geothermal Reporting Code (refer [www.agea.org.au](http://www.agea.org.au) – Publications), was completed by Hot Dry Rocks Pty Ltd (HDRPL) for the Paralana Geothermal Energy JV Project. The total inferred geothermal resource for Paralana is calculated to be 230,000 ± 40,000 petajoules (PJ).

The inferred resource estimate is restricted to the vicinity of the geothermal gradient test well Paralana 1B drilled to 1807metres in 2006 (Figure 1). HDRPL estimated the total heat energy contained within a target volume of rock, for which a realistic chance existed for economic extraction. A full copy of the inferred resources statement, which describes the methods and all inputs used will be available as soon as possible on Petratherm's website at [www.petratherm.com.au](http://www.petratherm.com.au).

Petratherm has a long term development plan to deliver a minimum of 260 MW of base load power into the National Electricity Grid from the Paralana site. The total energy required to produce 260 MW over a 30 year period equates to just 1% of the inferred resource estimate.



**Figure I** Geographic extent of the Paralana inferred geothermal resource estimate.

**Competent Person Statement required under the Australian Geothermal Reporting Code**

*Extract from HDRPL report – “this report has been prepared under the direction of Dr. Graeme Beardsmore, an employee of Hot Dry Rocks Pty Ltd. Neither Hot Dry Rocks nor Dr Beardsmore was assisted by other employees within Hot Dry Rocks Pty Ltd but takes sole responsibility and is accountable for the report as a Competent Person as defined by the Australian Code for Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2008 Edition).*

*Dr Beardsmore is a member of the Australian Society of Exploration Geophysicists and abides by the Code of Ethics of that organization. Dr Beardsmore consents to the public release of this report in its entirety”*

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](http://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](http://www.truenergy.com.au) and [www.clpgroup.com](http://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.

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