Petratherm Ltd

105 -106 Greenhill Road, Unley, 5061, South Australia
Tel: +61 8 8274 5000 Fax: +61 8 8272 8141
Website www.petratherm.com.au
Email admin@petratherm.com.au
A.C.N. 106 806 884

Tuesday, 30 January 2007

Beach Petroleum Farm-In to form the

Paralana Energy Joint Venture

The Paralana "hot-rock" project, located 11 kilometres from the Beverley Uranium Mine in South Australia, is to be jointly developed by Petratherm and Beach Petroleum Ltd (Beach) under a Farm-In agreed today that will establish the Paralana Energy Joint Venture.

The Board of Petratherm is pleased to announce this new initiative to develop a long term sustainable environmentally friendly base-load energy source.

The terms of the Farm-In are:

- **Beach may earn a 21% equity for a contribution of $10,000,000 by**
  - **contributing the initial $5,000,000 in drilling and stimulating the first well, and;**
  - **contributing the initial $5,000,000 in drilling and stimulating the second well and circulation tests between the wells;**

- **Beach may withdraw without equity after the completion of the first well;**

- **Beach may earn an additional 15% equity by contributing a further $20,000,000 following completion of drilling and stimulation of the second well and circulation tests between the wells.**

In addition, the two companies are investigating the possibility of extending their relationship to other hot-rock, geothermal projects in Australia.

The initial drilling and stimulation of the two wells will create an underground heat exchanger (Figure 1) involving circulation of water between the wells through rock fractures – to demonstrate a commercial "hot rock" energy resource.

Beach Petroleum brings to the Parlana Project a wealth of experience and expertise in drilling operations and fracture stimulation. This will be invaluable to the success of the next stage of work on the Paralana Project and is consistent with Petratherm's continuous drive to reduce cost and risk wherever possible.

Petratherm's flagship Paralana Project (Figure 2) aims to initially provide electricity to the local market – the growing needs of the Beverley Uranium Mine, from around 7.5 MW building to 30 MW – and then to expand to around 520 MW and supplying the National Electrcity Market, via two entry points, namely, Port Augusta and Olympic Dam.

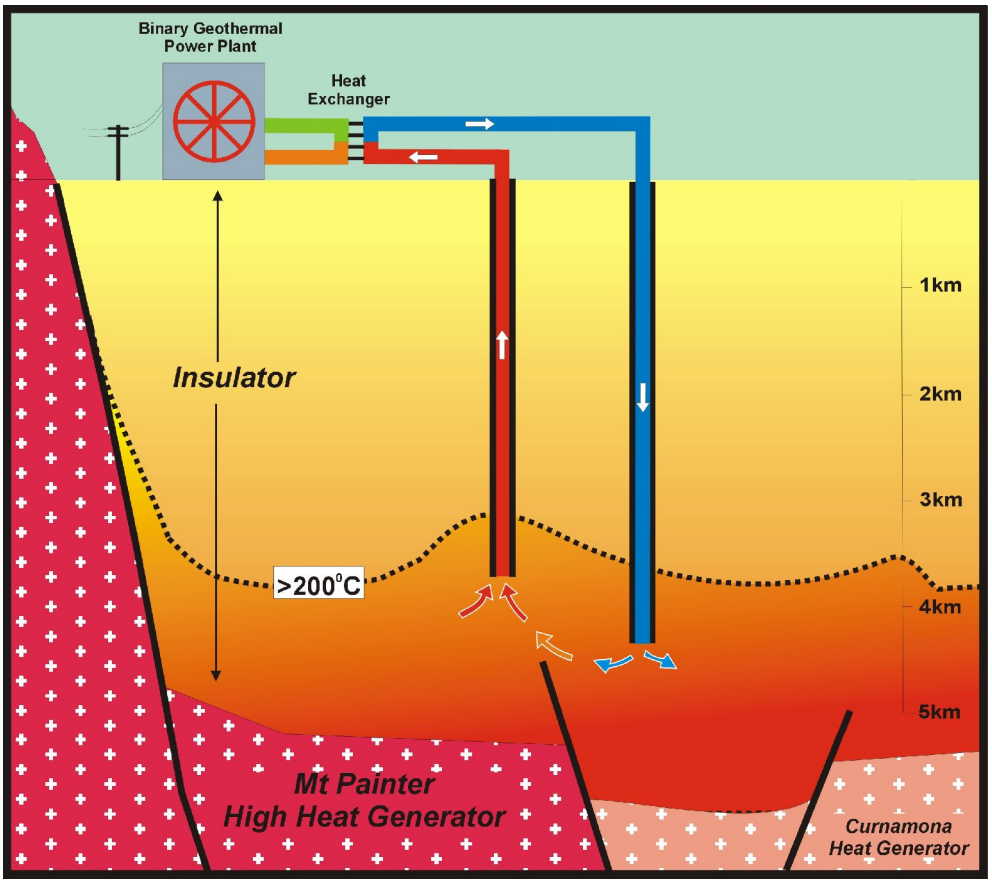

Figure 1. The Heat Exchanger Within Insulator (HEWI) Model. The HEWI model aims to exploit potential higher flow rates within the overlying insulator rather than the granite below.

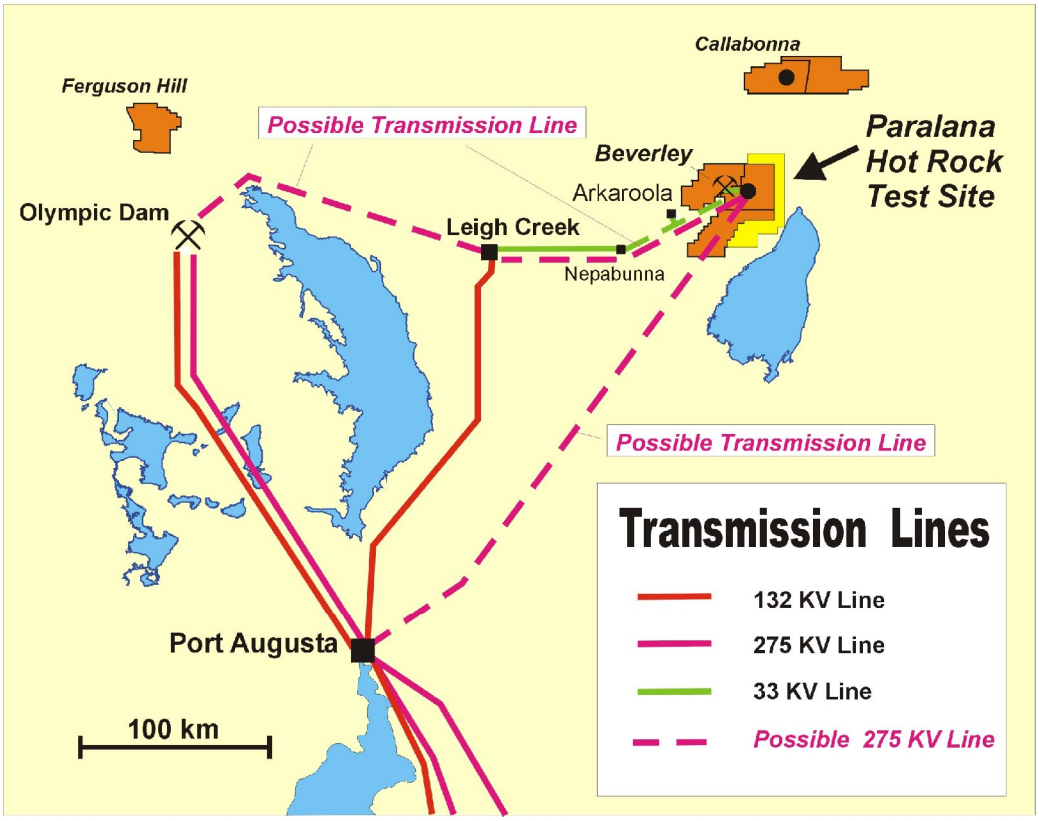

Figure 2 Petratherm geothermal licence areas and possible transmission connection routes for the Paralana Hot Rock site.