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Media Release

FOR IMMEDIATE RELEASE



Federal Minister launches major “hot rocks” project in South Australia

One of Australia’s most advanced geothermal energy projects will be officially launched today when Federal Minister for Resources & Energy Martin Ferguson visits Petratherm’s flagship Paralana site in SA’s Far North.

The launch ceremony – which will also be attended by South Australian Premier Mike Rann – is a landmark occasion for Petratherm and joint venture partners Beach Petroleum and TRUenergy as they move closer to their goal of producing emission-free geothermal energy for commercial consumption.

“Today’s launch is a major milestone for the project and keeps us on track to deliver Australia’s first commercial geothermal energy supply by 2011,” said Petratherm Managing Director Terry Kallis.

“We believe the Paralana site, which has one of the highest recorded heat flows in Australia, has enormous potential for the future.”

In collaboration with its JV partners, Petratherm has commenced major drilling of its Paralana-2 deep well using a \$40 million custom-made contract drilling rig commissioned from Weatherford International in Dubai.

The company will use the rig to drill approximately 4km below the earth’s surface to create a deep injection well that, in tandem with a second drilled well, will establish an underground “heat exchanger” capable of circulating super-heated water exceeding temperatures of 200°C.

Beach Petroleum and TRUenergy 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.

“We’ve entered an exciting phase at Paralana and are now closer than ever to providing large-scale base-load power to the national electricity market, which will in turn help reduce Australia’s reliance on fossil fuels,” said Mr Kallis.

“We anticipate supplying geothermal energy on a commercial basis within two years and aim to be powering businesses on a much larger scale by 2015.”

Mr Kallis praised the Federal and State Governments for their ongoing support of Paralana and the wider geothermal industry.

“Geothermal energy development in Australia is a terrific example of industry working with government for the benefit of the country,” he said.

“Key initiatives such as the Federal Government’s Geothermal Drilling Program are enabling visionary projects like Paralana to move forward.”

The Paralana JV project covers more than 1000sqkm of “hot rock” energy potential adjacent to the Mt Painter region in South Australia’s northern Flinders Ranges, about 40km east of Arkaroola.

Beach Petroleum Managing Director Reg Nelson said his company was excited to be involved in the Paralana project with Petratherm and TRUenergy.

“Paralana is a further investment by Beach in the development of a diversified energy base in north-eastern SA for now and the future,” he said.

“Importantly, this geothermal project is located relatively close to a local market and targets rocks of the Arrowie Basin (older than the Cooper Basin) that are believed to have been heated by more deeply buried rocks.”

TRUenergy Managing Director Richard McIndoe said the company’s Paralana investment confirmed its intent to set the benchmark for development of large-scale low and zero emission generation facilities to meet rising customer demand for energy.

“In time, Paralana has the potential to provide clean renewable power to over 120,000 homes,” he said.

“This project also has the potential to see us become leaders in the deployment of next generation geothermal energy to new markets overseas as more developing countries look to reduce their emissions through use of commercially-driven renewable energy.”

For more information visit www.petratherm.com.au

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 (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 farmed-in to the Paralana project in August 2008. TRUenergy can earn up to 30% of the project for \$57 million.

IMAGES AVAILABLE:

High resolution images from today’s launch will be available to media on request. Please email your request to kieran@hughespr.com.au

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