

ASX Release

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PETRATHERM LIMITED
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Paralana Project Update

Petratherm has entered into a farm-in variation deal with Beach Energy that brings forward \$2.7 million in free carry funding for Petratherm's equity share of costs for the Paralana Project.

Fracture stimulation work program to commence in August 2010 to create network of micro-fractures and initial underground reservoir.

\$2.7 million farm-in variation deal with Beach Energy

Petratherm is pleased to announce that it has negotiated a variation to its farm-in agreement with its joint venture partner Beach Energy to fund \$2.7 million of Petratherm's share of project costs for the next stage of work of the Paralana geothermal energy project.

Both Beach Energy and TRUenergy Geothermal will continue to contribute to their share of project costs at 21% and 10%, respectively.

The farm-in variation terms are summarized as follows;

1. Beach Energy to bring forward of \$2.7 million in free carry funding for Petratherm's share of Paralana project costs (expected to be incurred over the next three months)
2. Petratherm to bring forward the assignment of Beach's 21% interest as tenant in common of the Paralana geothermal exploration licences
3. Beach Energy will no longer be required to pay the first \$5 million toward the Paralana 3 well, but will be required to contribute to its equity share of project costs at 21% of total costs
4. TRUenergy Geothermal's earn-in requirement to pay the first \$3 million toward Petratherm's equity share of project costs for the Paralana 3 well is to be reduced to \$2.5 million to ensure TRUenergy's joint venture interests are unaffected as part of accommodating the changes in point 3 above.

The farm-in variation will be effected by way of a Deed of Variation to the Paralana Energy Farm-in Agreement.

The farm-in variation will defer Petratherm's cash requirements at this time but increases its required funding for the Paralana 3 well which is planned (for early 2011) and to follow on from successful fracture stimulation.

Importantly, the above arrangement allows Petratherm to preserve its cash while continuing to meet its planned timetable for proof of concept in 2011 which is a pre-requisite for drawing down on the \$62.8 million grant Petratherm has recently signed with the Federal Government's under its Renewable Energy Demonstration Program.

Fracture stimulation work program to commence in August 2010

Petratherm is pleased to announce that its next major stage of work at its flagship Paralana project is ready to commence in August 2010. The work will be undertaken in two stages (refer figure below);

- Perforation and injectivity test – perforation of the steel casing at the bottom of the Paralana 2 well and injection of a small volume of water to confirm fracture initiation and propagation.
- Fracture stimulation - inject larger volume of water at higher rates. Volumes and rates to be dependent on the micro-seismic response measured by the installed micro-seismic array. The aim is to create a fracture network and to connect to, and enhance the existing natural fracture network.

This important stage of work is aimed at creating the initial fracture network and to determine the potential for, and extent of, an underground reservoir (heat exchanger) to enable fluid flows through the hot rock. The work will assist in determining the location of the Paralana 3 well, further de-risking of the Paralana geothermal energy project.

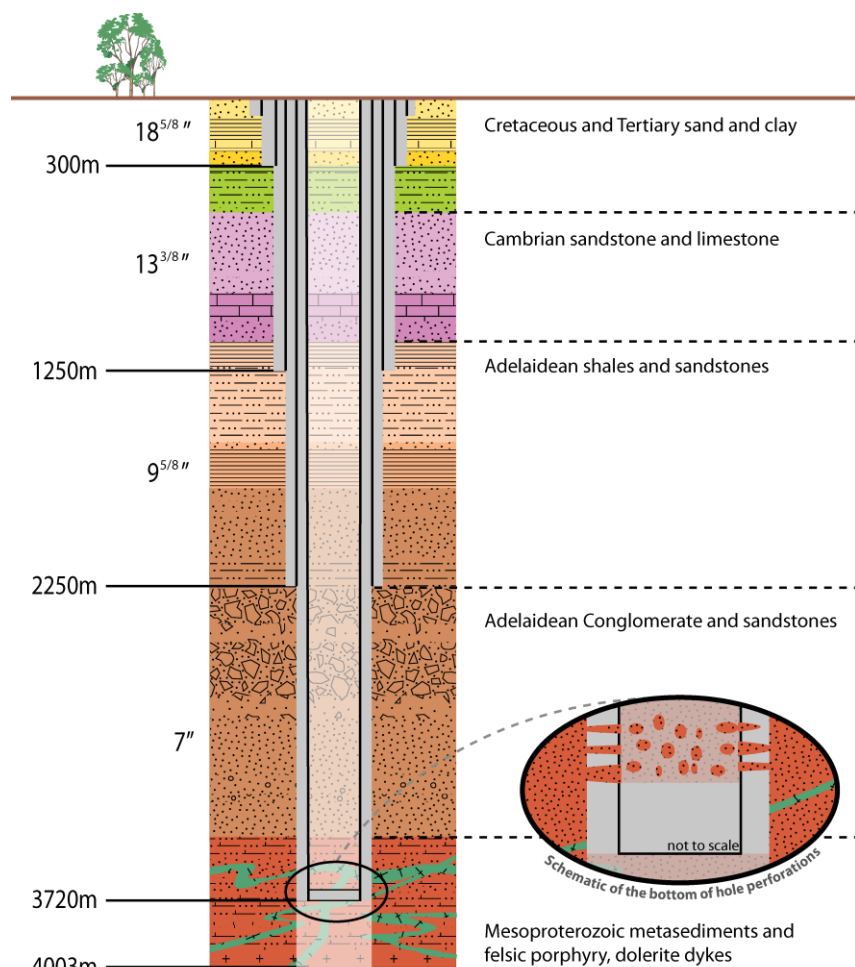
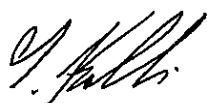


Figure - Paralana well 2 – fracture stimulation zone

Yours faithfully



Terry Kallis
Managing Director
Petratherm Limited

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.

TRUenergy Geothermal 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.

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