

ASX Release

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PETRATHERM LIMITED
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Paralana Project Update

Petratherm advises that completion of the first stage of the Paralana 2 fracture stimulation program to perforate the lower casing and perform an injectivity test will be delayed by at least three weeks (refer figure overleaf).

Pressure testing of the well head and casing to design pressures was performed successfully. However, on subsequent lowering of the perforating equipment into the well an obstruction has been encountered at 3200m, 450m above the target zone for perforation. It suggests that there may have been some precipitation of brine salts or settling of weighting material in the well since wireline logging was undertaken in February but the well requires cleaning out to confirm the cause.

The fluid in Paralana-2 wellbore is not fluid from the underground rocks but a weighted brine used during the cementing process, at the end of drilling, to displace cement from inside the casing.

Salt precipitates and fouling are typically cleaned out using a coil tubing unit and the Joint Venture is investigating options to secure a unit as soon as possible. Subject to confirmation of equipment suitability, the earliest opportunity is in late September.

The cleaning operation is expected to take two to three days to complete and once this has been completed the perforation and injection tests will be undertaken as originally programmed.

This short delay in the initial program of works is not expected to delay the planned main stimulation program which is still scheduled to be undertaken during the fourth quarter of 2010.

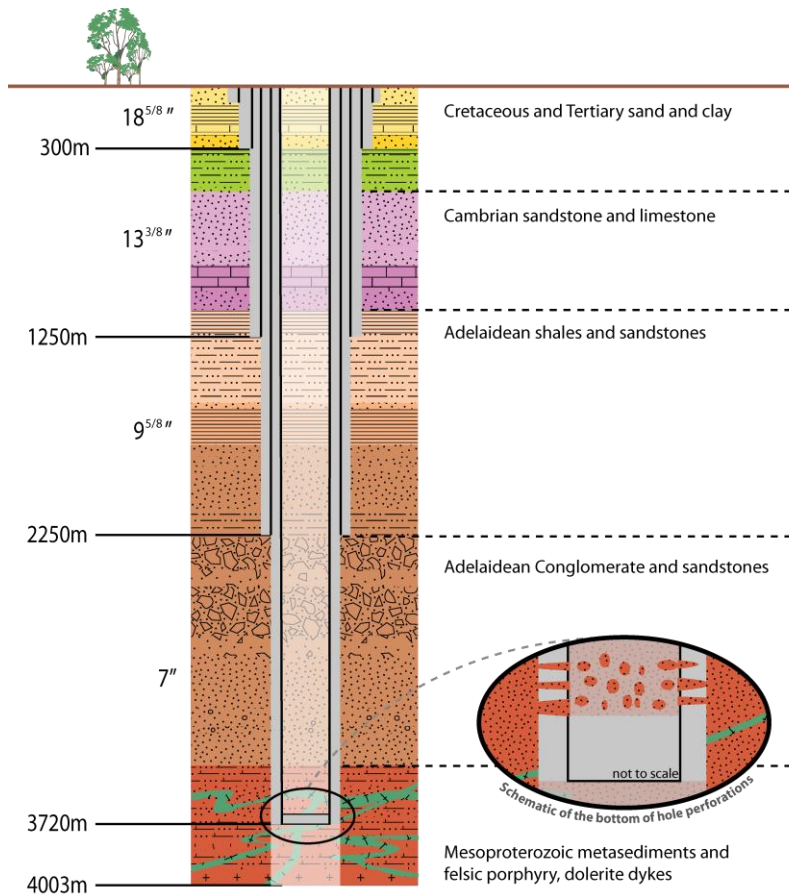


Figure - Paralana well 2 – target fracture stimulation zone

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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