

ASX Release

4 January 2011

ASX Code: PTR

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PETRATHERM LIMITED
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Paralana Project Update

Perforation and Injectivity Test successfully completed

Petratherm and its JV partners, Beach Energy and TRUenergy Geothermal are pleased to advise that the Stage 1 – Perforation and Injectivity test was successfully completed.

The Paralana 2 well was cleaned using a coil tubing unit in a process where the heavy brine solution used during the cementing of casing was replaced with less saline bore water from the existing nearby water well.

Following the cleaning of the Paralana 2 well the steel casing was perforated over the interval 3,679-3,685 metres. The zone was subsequently successfully broken down (fractured) during an injectivity test where water was injected under pressure into the formation.

The data collected from the injectivity test operation is to be analyzed and used to design the main fracture stimulation program.

The next stage of fracture stimulation program is as follows;

Stage 2 – Feb/Mar 2011 - Main fracture stimulation - inject larger volume of water at higher rates. The volumes and rates to be dependent on the micro-seismic response measured by the installed micro-seismic array (schedule to be determined subject to equipment availability).

The aim is to create a fracture network and to connect to and enhance the existing natural fracture network that contained over-pressured brines found during drilling of Paralana 2.

The work will assist in determining the location of the Paralana 3 well and it seeks to further de-risk the Paralana geothermal energy project.

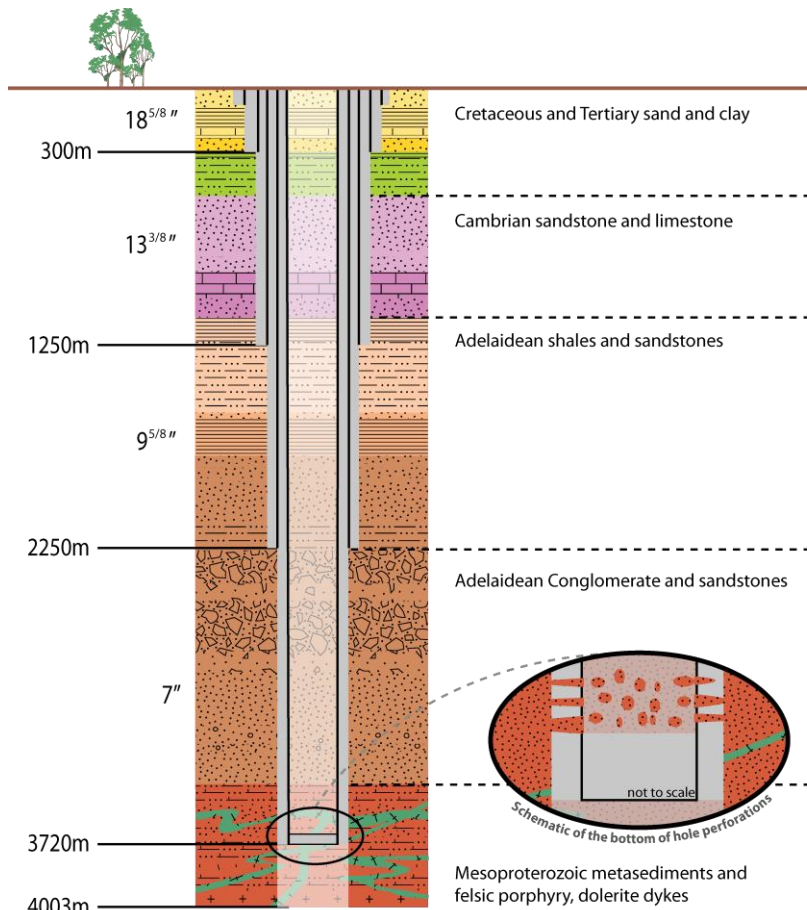


Figure - Paralana well 2 – fracture stimulation zone and target interval

Terry Kallis
 Managing Director, Petratherm Limited

Competent Persons Statement

The information in this report relating to geothermal exploration results and geothermal resources is based on information compiled by P.W. Reid, a full time Petratherm employee. Mr Reid has sufficient experience in the style of geothermal play under consideration to qualify as a Competent Person under the Australian Code for Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2008) edition. Mr Reid consents to the inclusion of the material herein in the form and context in which it appears.

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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