

ASX Release

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PETRATHERM LIMITED
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Paralana Joint Venture Project Update

Paralana 2 well drilling progress

As will be indicated later today in the Weekly Drilling Report by Beach Petroleum, the Paralana 2 geothermal exploration well is at a depth of 2,777 metres, and drilling is now in the final 8½” diameter well section.

The rate of penetration has increased since entering the bottom hole section of the well (refer Figure 1). Over the past week, 311 metres have been drilled. The Paralana 2 well drilling campaign is expected to be completed in the next 4 to 5 weeks.

Recent intermediate temperature logs taken in the Paralana 2 well are consistent with temperature measurements taken in the Paralana 1B well and they have also confirmed that the Paralana 2 well is on track to achieve expected temperatures at target depth.

Final temperature measurements will be taken at the completion of the well and time will be allowed for the well to reach thermal equilibrium.

During the deep drilling program a continuous gas detection process has been undertaken and as expected only very minor traces of gases have been detected. Also as expected, those gases did not include CO₂ and H₂S.

Passive Seismic Array

The final installation to the passive seismic array (refer Figure 2) is close to completion. This new addition to the existing array will comprise 6 stations at 200m depth circumferencing the planned zone of sub-surface reservoir stimulation. The 6 wells have been drilled and cased and the geophone recorders will be installed in approximately three weeks time.

Seismic data already captured from the existing surface, near surface, and the one deep geophone located at 1440m in Paralana 1B, indicates the array is working well.

The passive seismic array has been gathering natural background seismic information. The array will be used to record the location of micro-seismic events during fracturing of the rock with hydraulic stimulation (water pumped under pressure) of Paralana 2 well. The design of the fracture stimulation program – the next step in creating an underground heat exchanger - will be finalized after key parameters are ascertained at the completion of the Paralana 2 well.

\$7 million Geothermal Drilling Program (GDP) Grant

A further payment of \$1.75 million has been received this week under the Federal Government GDP grant bringing the total monies received to date for the project at \$4.2 million. An additional amount of \$2.8 million will be available to assist in funding the second deep well Paralana 3 to complete the Heat Exchanger Within Insulator (HEWI) proof of concept stage of work during calendar 2010.

\$62.8 million Renewable Energy Demonstration Program (REDP) Grant

Petratherm's application, on the behalf of the Joint Venture, for REDP funding for a 30 MW commercial demonstration project at Paralana is in final stages of assessment. The Company has applied for \$62.8 million in funding a \$2 for \$1 basis to assist in a nominally \$200 million project after the completion of the HEWI proof of concept work. The Company anticipates that an announcement of successful applicants to be made in the next three to four weeks.

Petratherm and its JV partners, Beach Petroleum and TRUenergy Geothermal consider that a very competitive and compelling application has been submitted that is built around the innovative HEWI model, the JV structure and funding of the Project and the combined and complementary capabilities of the JV partners.

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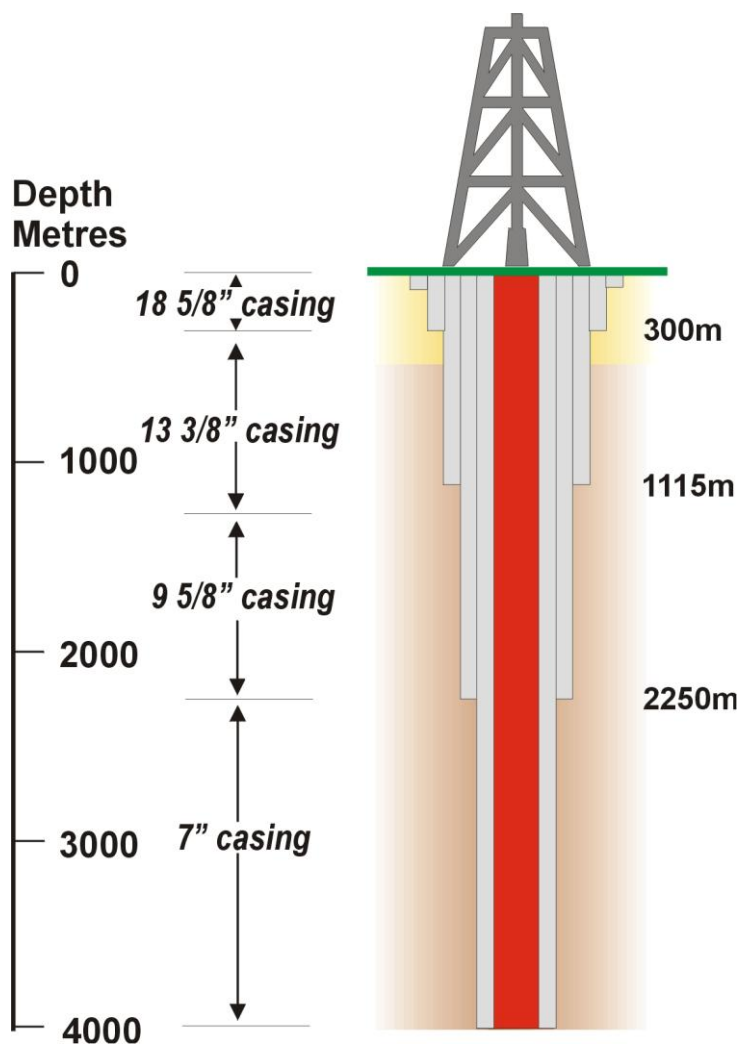


Figure 1 - Parolana 2 well profile showing actual casing points – current depth is 2,777 metres

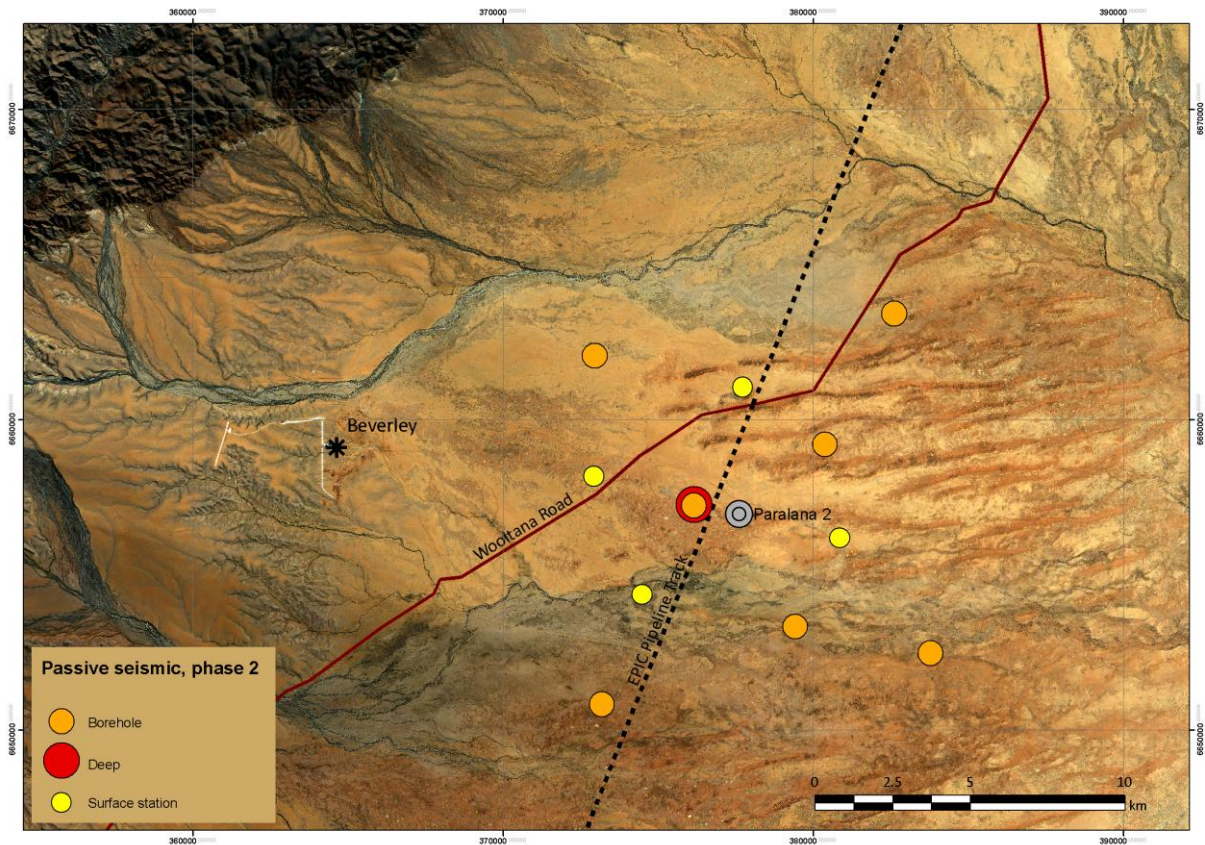


Figure 2 – Passive seismic array location – aerial photograph of Paralana site.

Yours faithfully

Terry Kallis
Managing Director

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

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