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PETRATHERM LIMITED
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Renewable Energy Demonstration Program Funding Application Lodged

Paralana Joint Venture Update

Petratherm advises that it has lodged a funding application under the Federal Government's \$435 million Renewable Energy Demonstration Program (REDP).

The Company, on behalf of its Paralana Joint Venture partners Beach Petroleum and TRUenergy Geothermal, has put forward a funding application for a 30 MW commercial demonstration project at its flagship Paralana project site.

The REDP is a competitive grants program designed to accelerate the commercialisation and deployment of renewable energy technologies for power generation across Australia. The REDP offers up to one-third of the eligible expenditure on successful projects with the size of project grants expected to be \$50 million to \$100 million.

The 30 MW commercial demonstration project has an estimated cost of approximately \$200 million and includes network connection to the nearby Beverley Uranium Mine, just 11 kilometres away from the project site. Petratherm has sought funding for one-third of eligible expenditures.

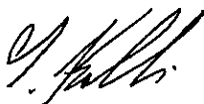
Applications will be reviewed against merit criteria including, financial capacity to match funding, large scale deployment potential, technical strength, management capability and potential for enhancing Australia's share of the global market for renewable energy technologies.

Petratherm and its Joint Venture partners, Beach Petroleum and TRUenergy Geothermal, consider the Paralana project to be the best commercial geothermal energy project in Australia and have submitted a compelling and competitive application built on the key attributes of the Paralana JV project, that include;

- Having a financially strong group of Joint Venture partners, with a JV structure ideally suited to REDP funding around milestone achievements; and is capable of matching grant funding on a 2:1 basis.
- A clear and unique path to commercialization with the potential to develop and deploy large scale, base load power to the local market (30 MW) and later the National Electricity Market (NEM) (260 MW to 520MW).
- A technically strong project that is centred on Petratherm's Heat Exchanger Within Insulator (HEWI) model that aims to reduce cost, risk and time taken for drilling and bring forward the development of competitively priced geothermal power generation.
- Joint venture partners with complementary skills and excellent project management capability needed to successfully address matters ranging from the sub-surface through to power generation and the sale of power in the National Electricity Market.
- The potential to enhance Australia's position in the renewable technologies, globally, through the proof of HEWI and leveraging into overseas growth markets in Spain and China.

Further information on the REDP can be found on the Department of Resources, Energy and Tourism website (www.ret.gov.au) and also on Petratherm's recently upgraded website (www.petratherm.com.au).

Yours faithfully



Terry Kallis
Managing Director

ABOUT THE JOINT VENTURE PARTNERS:

Beach Petroleum (ASX: BPT) is an oil & 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 their 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 Geothermal farmed-in to the Paralana Project in August 2008. TRUenergy Geothermal can earn up to 30% of the project for \$57 million plus their equity share of project costs.

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