

## Australian Energy Major, TRUenergy, Announces \$57 MM Entry Into Petratherm Geothermal Project

**T**ruenergy has expanded its renewable energy portfolio, announcing a strategic \$57 MM commitment to geothermal energy through a joint venture with Petratherm, a leading developer of geothermal technology in Australia and overseas.

The agreement is subject to Foreign Investment Review Board approval and is conditional on the securing a suitable drilling rig within three months – negotiations which the joint venture partners said were well advanced.

Truenergy is owned by CLP Power Asia, a subsidiary of the CLP Group, based in Hong Kong and listed on the Hong Kong Stock Exchange. CLP Power Asia invests in energy-related businesses across the Asia Pacific region, including India, Thailand, Taiwan and Australia.

The farm-in arrangement enables Truenergy to earn up to a 30% stake in Petratherm's advanced Paralana project over time, in line with the achievement of specific project milestones.

The Paralana project is in the northern Flinders Ranges in South Australia and is currently being developed by Petratherm and its other joint venture partner, Beach Petroleum.

The companies said Paralana is one of Australia's top tier geothermal projects with good prospects of progressing beyond exploration to pilot stage by mid 2010 and its two deep wells to establish the underground 'heat exchanger' are on schedule for drilling from late this year.

Truenergy Managing Director, Richard McIndoe, said his company's structured investment in the Paralana project is in line with its objective to develop a diversified portfolio that encompasses proven and early-stage renewable energy technologies.

"Access to zero and low emission base load generation from alternative energy sources such as geothermal will be key to Truenergy achieving substantial emissions reductions across its portfolio over the longer term", he said.

Truenergy is the only Australian energy business to commit to an aggressive Climate Change

Strategy, and is working to reduce its carbon emissions by 60% by 2050.

Petratherm Managing Director, Terry Kallis, said the addition of Truenergy to the Paralana joint venture development team comes at a critical point in the project when two deep production wells would be drilled.

"This expanded Paralana joint venture focuses industry-leading financial, technical, geological, operational and marketing muscle on this project which will support our efforts to potentially achieve pilot status in just over 18 months time", he said.

Truenergy has committed close to \$1 B to expand its renewable and clean energy generation portfolio, which includes investments in solar, wind, coal seam gas and combined cycle natural gas generation.

"This investment complements our existing substantial involvement in clean energy and will allow us to take a market-leading position in an emerging geothermal energy system", Mr McIndoe said.

Under the farm-in terms Truenergy can earn an initial 10% equity by contributing \$6 MM towards drilling and stimulating the first and second deep wells and the water circulation test between each well.

Truenergy could also earn an additional 5% equity by contributing \$7 MM towards the cost of developing a 7.5 MW pilot plant stage at Paralana capable of providing power to the Beverley Uranium Mine just 11 km away.

The company could also add a final 15% for a total stake of 30% by contributing \$44 MM towards the development of the 30 MW Demonstration Plant Stage. This would be sufficient to power Heathgate Resources' Beverley mine and its proposed mine development at the nearby Four Mile deposit.

Truenergy will also be responsible for its equity share of project costs at each stage of development. ■