

Petratherm Ltd

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REPORT FOR THE QUARTER ENDING 30 JUNE 2005

SUMMARY

CORPORATE

- Petratherm was successful in obtaining a \$140,000 South Australian Government “*Plan for Accelerating Exploration*” (PACE) grant to support the drilling of its geothermal evaluation well (Yerila -1) at Callabonna.
- The Company held \$2,670,000 cash reserves at 30 June 2005.

EXPLORATION

- Having secured a suitable rig for the drilling at Callabonna, heavy rains delayed the start date for the program. Nevertheless, with weather permitting, the program will commence late-July.
- On completion of the Callabonna Program the rig will be moved to the Paralana-1 (GEL-178) site to complete the Paralana geothermal evaluation well.

REVIEW OF OPERATIONS

CORPORATE

Petratherm was successful in obtaining a \$140,000 South Australian Government “*Plan for Accelerating Exploration*” (PACE) grant to support the drilling of its geothermal evaluation well at Callabonna, 90km northeast of Arkaroola (Figure 1). Additionally, an agreement has been struck with Planet Gas Ltd to provide results of the well and logging program to Planet in exchange for a contribution towards the well cost. Plans to drill this hole have been hampered by initially contractor delays but recently by heavy rain which resulted in road closures in the area. Weather permitting, the hole will commence in late-July.

Petratherm has continued to receive strong corporate and government interest in its planned endeavours.

As at the 30th June 2005 the Company held \$2,670, 000 in cash.

EXPLORATION

Callabonna (GEL 157, GEL 179) and Paralana (GEL’s 156, 178, 180)

Drilling of the Callabonna target was originally scheduled to begin in June but due to drilling contractor delays, and recent heavy rains hindering site access, the rig will move on site late-July. The well, Yerila-1, is named after the granite of the same name which outcrops just 40 kilometres southwest of the drilling site and is one of the highest heat producing granites known (over 20 times more than normal granites).

Yerila-1 will pass through the artesian aquifer modelled at 620 metres, and then penetrate into the interpreted Cooper Basin equivalent strata below, to a total depth of approximately 1 kilometre. Data collected from the well will enable calculation of inherent stress characteristics and a temperature gradient profile, as part of the hot rock evaluation process.

On completion of the Callabonna Program the rig will be moved to the Paralana-1 (GEL178) site, 65km south-southwest of Callabonna (Figure 1) to complete the Paralana geothermal evaluation well to 600m. Temperature gradient data gathered from the geothermal evaluation wells at Callabonna and Paralana will determine if there are significant geothermal resources at these sites. Well logs will also measure the physical properties of the overburden and determine the regional stress field, factors that have bearing on the viability of the potential hot rock resource. This data is critical to understanding how injected water will heat up and circulate between wells, if the project is to move into the next stage of development.

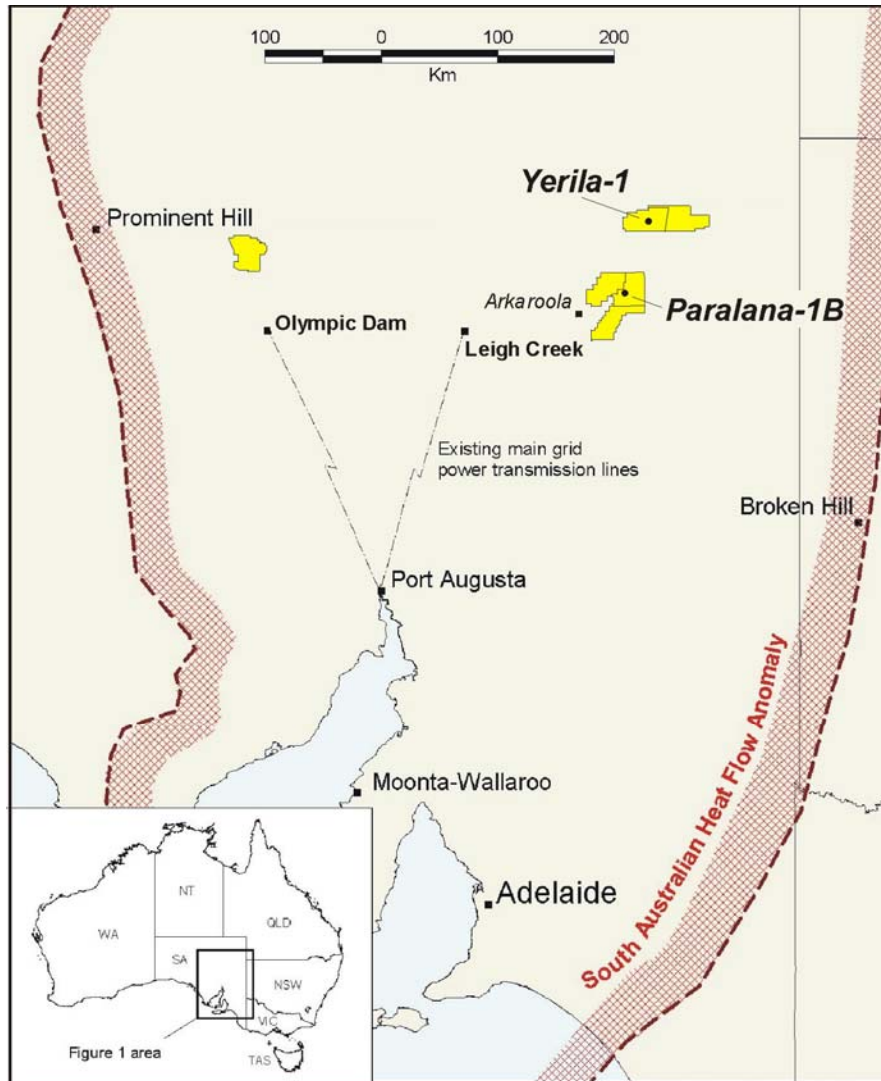


Figure 1 Location map of Yerila-1 (Callabonna Project) and Paralana-1B (Paralana Project) geothermal evaluation wells and Petratherm licence areas.

Ferguson Hill (GEL 158)

No work was undertaken during the quarter.

Generative Program

Ongoing generative research is underway to identify potential new geothermal areas within Australia, Europe and Asia.

*For further information contact:
 Peter Reid, CEO
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 Website: www.petratherm.com.au*

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

PETRATHERM LTD

ABN

17 106 806 884

Quarter ended ("current quarter")

30 June 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (11 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(138)	(455)
(b) development		
(c) production		
(d) administration	(118)	(416)
1.3 Dividends received	21	127
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(235)	(744)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets	(1)	(10)
1.10 Loans from other entities (net)		(102)
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(1)	(112)
1.13 Total operating and investing cash flows (carried forward)	(236)	(856)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(236)	(856)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		4,000
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Share issue expenses)		(474)
	Net financing cash flows	0	3,526
	Net increase (decrease) in cash held	(236)	2,670
1.20	Cash at beginning of quarter/year to date	2,906	0
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,670	2,670

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	29
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Represents payments of directors' fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,092
4.2 Development	
Total	1,092

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	570	806
5.2 Deposits at call	2,100	2,100
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,670	2,906

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		
6.2	Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	35,000,001	20,000,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	7,500,000 2,600,000 2,000,000 650,000 40,000 50,000		Exercise price 20 cents 20 cents 20 cents 20 cents 32 cents 32 cents	Expiry date 24/03/09 04/04/09 26/07/09 27/07/09 23/09/09 15/12/09
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Donald Stephens Date: 13/7/05
 DONALD STEPHENS
 (Company secretary)

Print name: DONALD STEPHENS

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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