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ASX Announcement

New Geothermal Project Sites in Spain

Petratherm is pleased to announce that it has commenced securing geothermal energy sites in Spain.

The entry into Spain is a strategic move that is consistent with the Company's stated objective of pursuing opportunities in areas where the geology, energy market and regulatory environment are conducive to commercially viable geothermal energy projects.

Petratherm has examined the potential for both "hot rock" and conventional geothermal projects in Europe and has identified Spain as a country that meets Petratherm's strategic criteria.

Through a newly formed company – Petratherm España – a process of securing key project sites is under way. Petratherm has applied its innovative approach to "exploring for shallow hot rocks, close to market" and has initially identified four areas that meet the Company's commercial criteria

An application for Geothermal Exploration Licences (GEL's) has been made in an area 50 kilometres northeast of Madrid and in close proximity to two major high voltage transmission lines capable of carrying in excess of 1000 MW (i.e. equivalent to two third's of South Australia's average daily electricity needs). Refer Figure 1. Applications for three other project sites are under way and further details will be provided after formal lodgement has been completed.

Petratherm España (Spain) SL

A new company, Petratherm España has been formed in Spain to hold the new project GELs. Petratherm España is owned 93% by Petratherm Limited and 7% by Prehenita SL – a local Spanish expert geological consulting company that has extensive knowledge of Spain's geology.

Geology of Spain (and Europe)

The European continent in an overall sense is highly prospective for geothermal energy – both conventional and "hot rock". Considerable work is now under way in Europe to explore for, and develop new geothermal energy projects.

Petratherm's examination of Europe's geology identified Spain as an excellent target for exploration because it has geological features capable of supporting geothermal energy from both "hot rock" and traditional volcanic sources.

Spanish Regulatory Environment

The European Union (EU) member countries have enabling legislation that underpins a very favourable commercial framework for renewable energy, including geothermal energy. Spain is a signatory to the Kyoto Protocol, a member of the European Union (EU) and has demonstrated a strong commitment to the growth of renewable energy.

Spain is second only to Germany in terms of installed wind generation capacity. The Spanish Renewable Energy regulatory arrangements provide for long term (i.e. 20 years) “in feed” electricity tariffs for renewable projects with prices typically in excess of \$85 Euro/MWh or AUD \$140/MWh. This compares very favourably to the market in Australia where prices for renewable energy projects are typically in the range of \$75/MWh to \$85/MWh (inclusive of renewable energy certificates).

Spain Summary Statistics

- Population of 40.3 million
- One of the fastest growing EU member countries (around 3.4% p.a GDP growth)
- Electricity Market - fifth largest in the EU with annual growth rate of 5.0%, double the EU average
- Electricity Market – around 50% thermal (coal/gas), 25% hydro, 15% nuclear and 10% renewable.



Figure 1 Petratherm's first European geothermal licence area is 50 Kilometres north-east of Madrid.