

Petratherm Ltd

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South Australia
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Website www.petratherm.com.au
Email admin@petratherm.com.au
A.C.N. 106 806 884



petratherm

22 April 2007



Dear Shareholder

OFFER TO PARTICIPATE IN PETRATHERM LIMITED SHARE PURCHASE PLAN

You will be aware that on 16 April 2007, the Directors of Petratherm Limited (**Company**) announced a capital raising of \$3 million through the placement of 3.75 million ordinary shares at a price of 80 cents, a 7.5% discount on the 20 day volume weighted average price of 86.5 cents for the period 13 March 2007 to 11 April 2007. The Company also announced the establishment of a Share Purchase Plan (SPP) to enable shareholders to purchase up to \$5,000 worth (6,250 shares) of fully paid ordinary shares, at the same discount price and free from all brokerage and commissions.

Accompanying this letter is a document entitled “Share Purchase Plan Terms and Conditions” which explains how the new shares will be issued should you participate in this offer. The SPP will open on 24 April 2007 with shareholders registered as at 5.00pm (Adelaide time) on 16 April 2007 eligible to participate in the offer.

If you are an eligible shareholder and you would like to participate in the offer under the SPP you must:

If paying by BPAY:

- BPAY the amount in accordance with the personalised application form; or

If paying by cheque:

- Complete and send the personalised application form and a cheque for the appropriate amount, in Australian dollars, payable to “Petratherm Limited Share Purchase Plan” to the address specified on the reverse of the application form, or use the enclosed reply paid envelope so that it is received by not later than 5.00pm (Adelaide time), on 14 May 2007. Shareholders in New Zealand will need to affix the appropriate postage to the reply paid envelope.

The use of the funds raised is to assist the Company in developing its Australian and Spanish operations through research, additional tenement acquisition, related field work and evaluating geothermal sites.

Shareholders who are interested in participating are recommended to visit the Company’s website – www.petratherm.com.au to obtain the latest information about the Company’s activities.

Yours faithfully

.....
Terry Kallis
Managing Director
Encls.

SHARE PURCHASE PLAN TERMS AND CONDITIONS

PETRATHERM LIMITED ACN 106 806 884

TERMS AND CONDITIONS

These terms and conditions are the terms and conditions of the Petratherm Limited (**Company**) Share Purchase Plan (**Plan**) (as contemplated by Policy Statement 125 and Class Order 02/831 of the Australian Securities and Investments Commission) and are binding on any shareholder completing the Share Purchase Plan Application Form which accompanies this document.

1. THE OFFER

The Offer is an invitation to offer to subscribe for fully paid ordinary shares in the Company (**Shares**) at \$0.80 per Share for up to the maximum subscription of 6,250 Shares (\$5,000).

You may apply for parcels of Shares in one of the following amounts:

- A\$1,000 being 1,250 Shares at A\$0.80 per Share;
- A\$2,400 being 3,000 Shares at A\$0.80 per Share;
- A\$5,000 being 6,250 Shares at A\$0.80 per Share.

You may refuse the Offer. The Offer to each eligible shareholder is made on the same terms and conditions. The Offer is non-renounceable (meaning that you may not transfer your right to acquire a Share under the Offer to anyone else).

2. OPENING AND CLOSING DATE OF THE OFFER

The Offer opens at 10.00 am (Adelaide time) on 24 April, 2007. The Offer closes at 5.00 pm (Adelaide time) on 14 May, 2007. The Directors of the Company reserve the right to change the closing date of the Offer.

3. ELIGIBILITY

You are eligible to apply for Shares if:

- (a) your registered address in the Company's register of members is in Australia or New Zealand; and
 - (b) you were registered as a holder of fully paid shares in the Company as at 5.00 pm (Adelaide time) on 16 April, 2007.
-

4. ISSUE PRICE AND RELATIONSHIP TO MARKET PRICE

The issue price for each Share under the Offer is A\$0.80 which represents a discount of 7.5% on the 20 day volume weighted average price of A\$0.865 cents for the period 13 March 2007 to 11 April 2007.

5. RIGHTS ATTACHING TO SHARES

The rights and obligations of the Shares are contained in the Constitution of the Company (which is available for inspection at the registered office of the Company during the period of the Offer). The Shares will be issued on the same terms as all other ordinary shares in the Company and the Company will apply for the Shares to be quoted on ASX.

If the Shares are not quoted on ASX, the Shares will not be issued and funds will be refunded.

6. NUMBER OF SHARES

If you are an eligible shareholder, you can purchase a minimum of 1,250 Shares for a consideration of \$1,000, 3,000 Shares for a consideration of \$2,400 or a maximum of 6,250 Shares for a consideration of \$5,000.

The total cost of Shares purchased by each eligible shareholder (including through joint holding(s), multiple share accounts or any holding in which they have a beneficial interest(s) must not exceed \$5,000. The Directors reserve the right to issue to an eligible shareholder less Shares than the number specified in an Application Form for whatever reason including the possible subscription of over \$5,000 worth of Shares by a shareholder through multiple applications or joint holdings. No fractions of Shares will be issued.

7. PARTICIPATION COSTS

You must pay the issue price per Share and any fees or charges incurred by you in completing the Application Form, for example, bank fees or fees of professional advisors. The Company will pay any brokerage or stamp duty.

8. ALLOTMENT OF SHARES

The Shares will be allotted as soon as possible after the closing date. The Company will send or cause to be sent to you a holding statement in due course.

9. PAYMENT FOR THE SHARES

All amounts in this Offer are expressed in Australian dollars. **If paying by cheque:** you must pay for the Shares by a cheque in Australian dollars made payable to "Petratherm Limited Share Purchase Plan". Please provide a cheque for the exact amount. If you do not provide the exact amount, the Company reserves the right to return your Acceptance Form and cheque (in which case you will receive no Shares) or issue you a lesser number of Shares and (if necessary) return a portion of your funds. No interest will be paid on money returned. **If paying by BPAY:** you must BPAY the amount in accordance with the personalised application form.

10. OFFERS UNDER THE PLAN

The Company may make more than one invitation to acquire Shares under the Plan in any 12 months period. Shareholders will not be able to acquire Shares to a value exceeding \$5,000 pursuant to the Plan in any 12 month period. The Company may amend the terms of the Plan to provide for different terms to apply to different invitations. The Company may terminate the Plan at any time. Notice of invitations, the terms of invitations and termination of the Plan will be provided to ASX, although failure to give notice will not invalidate the event. By accepting this Offer you certify that the aggregate of the application price for the Shares the subject of your acceptance and any other Shares applied for by you under the Plan or any similar arrangement in the 12 months prior to your application does not exceed \$5,000.

11. APPLICATION OF PLAN

The Company may act or omit to act in relation to the Plan (including applying the terms of the Plan) in its absolute discretion. The Company may settle any difficulty or question of fact or interpretation in relation to the Plan in any manner it thinks fit, whether generally or in relation to any participant, application or Share. The Company's decision will be conclusive and binding. The Company reserves the right to waive strict compliance with the terms of the Plan. The Directors of the Company or any delegate of them may exercise the powers of the Company under the terms of the Plan.

12. RISK

Subscription under the Plan is a speculative investment and the market price of Shares may change between the date of the Offer, the date you apply for Shares and the date of issue of Shares to you. Accordingly, the value of Shares applied for may rise or fall.

This Offer is not a prospectus and does not require the types of disclosures required under the Corporations Act. You must rely on your own knowledge of the Company, previous disclosures made by the Company to ASX and, if necessary, consult your professional adviser when deciding whether or not to accept the Offer and participate in the Plan.

13. PRIVACY

By receiving completed Application Forms, the Company collects personal information about shareholders. The Company will use this information for the purposes of processing the Application Form and updating the records of the Company. Unless required by the law, the Company will not disclose the personal information of a shareholder to a third party or use the personal information for another purpose without the consent of the shareholder. Except as stated by the law, shareholders are able to access, upon request, their personal information or if you wish to obtain a copy of the Company's privacy policy, please contact us.

14. USE OF FUNDS

Funds raised pursuant to the Plan will be applied towards the implementation of the Company's business plan for its Australian and overseas projects.

15. IMPORTANT DATES

The important dates in relation to this Offer are summarised below. These dates are indicative only and subject to change at the discretion of the Directors.

| | |
|--|--|
| Record date for eligibility to participate in the Plan (Registered by 5.00pm Adelaide time) | Monday 16 April 2007 |
| Offer opening date | Tuesday 24 April 2007 |
| Offer closing date (subject to Directors' discretion to vary) | Monday 14 May 2007 |
| Allotment date | No later than 14 days after the Offer closing date |



Petratherm Ltd
ACN 106 806 884



Please return completed form to:
Computershare Investor Services Pty Limited
GPO Box 1903 Adelaide
South Australia 5001 Australia
Enquiries (within Australia) 1300 556 161
(outside Australia) 61 3 9415 4000
Facsimile 61 8 8236 2305
web.queries@computershare.com.au
www.computershare.com



Entitlement Number:
Record Date: 16/04/2007
Offer Closes: 5.00pm (Adelaide Time) 14/05/2007
Price per Share: A\$0.80

SHARE PURCHASE PLAN APPLICATION FORM

IMPORTANT:

This is an important document which requires your immediate attention. If you are in any doubt as to how to deal with this form please consult a professional adviser.

Pursuant to the terms and conditions of the Petratherm Limited Share Purchase Plan (SPP) contained in the letter to Petratherm Limited security holders dated 22/04/2007, Petratherm Limited is offering eligible shareholders the opportunity to purchase shares up to a maximum value of A\$5,000.00 per eligible shareholder, subject to a minimum application of A\$1,000.00.

If you do not wish to purchase additional shares under this offer there is no need to take action.

If you wish to apply for shares under the SPP, please indicate below the number and value of the parcel of fully paid ordinary shares you wish to purchase by marking one of the boxes.

By making your payment, you agree to be bound by the Constitution of Petratherm Limited and agree that the submission of this payment constitutes an irrevocable offer to you by Petratherm Limited to subscribe for Petratherm Limited shares on the terms of the SPP. In addition, by submitting this Application Form and forwarding it with your payment or by paying by BPAY, you:

- (a) certify that the aggregate of the application price paid by you for:
 - the shares the subject of this Application Form; and
 - any other shares and interests in the class applied for by you under the SPP or any similar arrangement in the 12 months prior to the date of submission of this Application Form, does not exceed A\$5,000.00; and
- (b) acknowledge that you have read and agree to the Invitation to Participate in the Petratherm Limited Shareholder Share Purchase Plan enclosed with this Application Form.

METHOD OF ACCEPTANCE

You can apply for shares and make your payment either by BPAY or by cheque or bank draft. Details on the various payment methods available are provided overleaf. Petratherm Limited may make resolutions in any manner it thinks fit, in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any resolutions by Petratherm Limited will be conclusive and binding on all eligible shareholders and other persons to whom the resolution relates. Petratherm Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible shareholders even where Petratherm Limited does not notify you of that event.

This offer is Non-Renounceable - no Signature is required



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Petratherm Limited
ACN 106 806 884

Please see overleaf for Payment Options



Billers Code: 25965
Ref No: _____

Pin
cheque(s)
here.
Do not
staple.

I/We wish to purchase:

1,250 shares to the value of A\$1,000.00 or 3,000 shares to the value of A\$2,400.00 or 6,250 shares to the value of A\$5,000.00

Payment Details

| Drawer | Cheque number | BSB number | Account number | Cheque amount |
|----------------------|----------------------|----------------------|----------------------|--------------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | A\$ <input type="text"/> |

Make your cheque or bank draft payable to Petratherm Limited Share Purchase Plan. Please ensure you submit the correct amount.

Incorrect payments may result in your application being rejected.

Contact Details

Please provide your contact details in case we need to speak to you about this form

Name of contact person

Contact person's daytime telephone number

How to accept the Share Purchase Plan

Payment Details

You can apply for shares by making your payment either through BPAY, or by cheque. Details of these facilities are listed below. There is no requirement to return this form if you are paying by using BPAY.

By making your payment using BPAY or by cheque, you confirm that you:

- agree to all of the terms and conditions of the Share Purchase Plan as enclosed with this form;

Alternatively, make your cheque or bank draft payable to Petrathern Limited Share Purchase Plan in Australian currency and cross it not negotiable. Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided.

If paying by cheque, return the Acceptance Slip and Cheque or Bank Draft in the reply paid envelope provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Share Purchase Plan Application Form where indicated. Cash will not be accepted. A receipt for payment will not be forwarded.

Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

Lodgement of Application

If you are applying for shares and your payment is being made by BPAY you do not need to return this form. Your payment must be received by no later than 5.00pm (Adelaide Time) on 14/05/2007.

If you are paying by cheque or bank draft your Application Form must be received at the Adelaide office of Computershare Investor Services Pty Limited (CIS) by no later than 5.00pm (Adelaide Time) on 14/05/2007. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Overseas holders will need to affix the appropriate postage. Return your Application Form with cheque / or bank draft to either of the addresses listed below.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of shareholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 556 161.

This form may not be used to notify your change of address. For information, please contact CIS on 1300 556 161 or visit www.computershare.com (certificated/issuer sponsored holders only).

CHES holders must contact their Controlling Participant to notify a change of address

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Payment Options:

BY BPAY

Note: If paying by BPAY you do **NOT** need to return this form.



Billers Code: 25965

Ref No:

Telephone & Internet Banking – BPAY

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au



By Mail

Petrathern Limited
Computershare Investor
Services Pty Limited
GPO Box 1903
Adelaide, South Australia 5001
AUSTRALIA

Entitlement Number:



In Person

Computershare Investor
Services Pty Limited
Level 5,
115 Grenfell Street
Adelaide, South Australia 5000
AUSTRALIA

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S

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T
P

