

ASX Release

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PETRATHERM LIMITED
ABN 17 106 806 884

Petratherm strengthens skills base with key experts for Paralana and overseas projects.

Petratherm is pleased to announce that it has further strengthened the Company's skills base through consultancy agreements with Professor Richard Hillis and Associate Professor Dr. Martin Hand – both from the University of Adelaide.

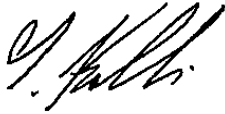
Both Richard and Martin were instrumental in the initial collaborative development of Petratherm's exploration and HEWI models. They have now expanded their relationship with Petratherm as the Company prepares for its next phase of work at Paralana and the expansion of its project portfolio in Australia and overseas.

Professor Hillis is the Head of the Australian School of Petroleum and Professor of Petroleum Geology. He is also a Director of Petratherm. His research expertise is in the area of tectonics and present-day stresses of sedimentary basins and their impact on petroleum and geothermal exploration and development. Richard's consultancy work will focus on Petratherm's Paralana Geothermal Energy Project – a Joint Venture project with Beach Petroleum.

Dr Hand is an Associate Professor in Geology and Geophysics in the School of Earth and Environmental Sciences. His research has focused on the record of Proterozoic tectonics in Antarctica and central Australia. Martin's consultancy work will focus on new project exploration in Australia and overseas.

A brief presentation (refer attached) providing an update on the Company's progress in Australia, Spain and China, is to be made at the EGM to be held at Adelaide's Hilton Hotel later this morning.

Yours faithfully

A handwritten signature in black ink, appearing to read 'T. Kallis', written in a cursive style.

Terry Kallis
Managing Director

MEDIA CONTACT:

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Kevin Skinner

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A circular inset image on the left side of the slide. It depicts a landscape with a rainbow arching over a body of water. The foreground is a brown, textured ground, possibly a beach or a field. The sky is a mix of blue and purple, suggesting a sunset or sunrise. The rainbow is vibrant and spans across the horizon.

petratherm

Extraordinary General Meeting

Presented by:

Terry Kallis, Peter Reid & Jonathan Teubner
Petratherm Limited

Hilton Adelaide, 11 September 2007

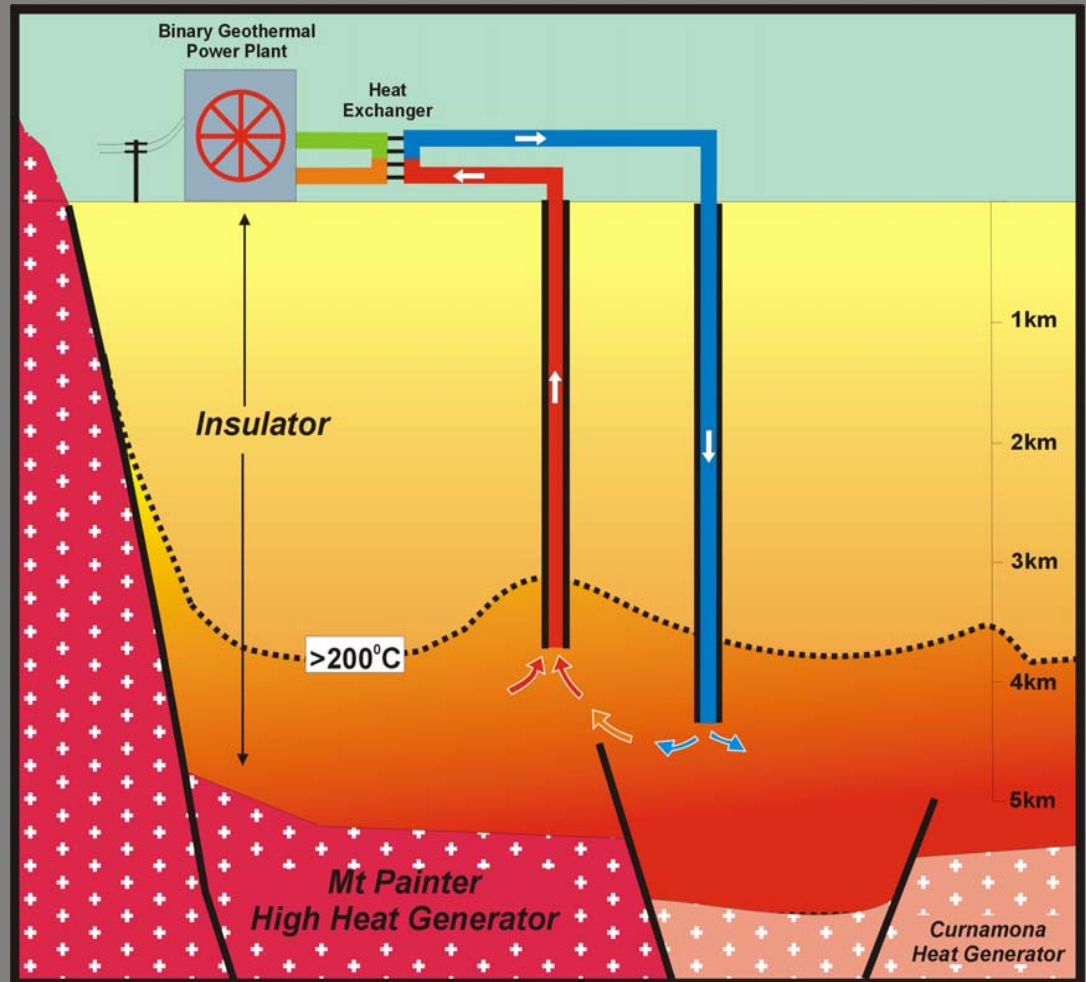
Explorer and Developer of Geothermal Energy

Paralana Update

Heat Exchanger Within Insulator (HEWI) Model

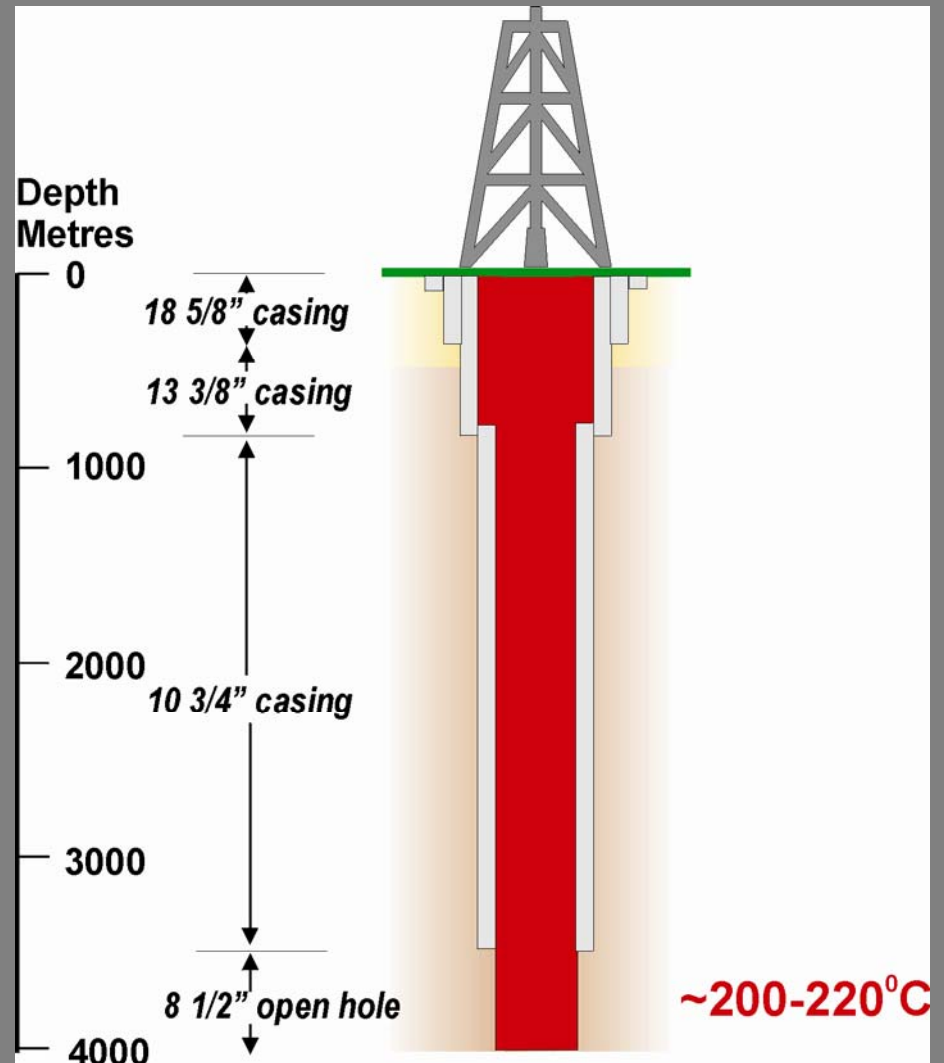
- Higher Permeability
- Chemically Stable
- No Potential Radon build up
- Lower Risk

= *Cheaper Power!*

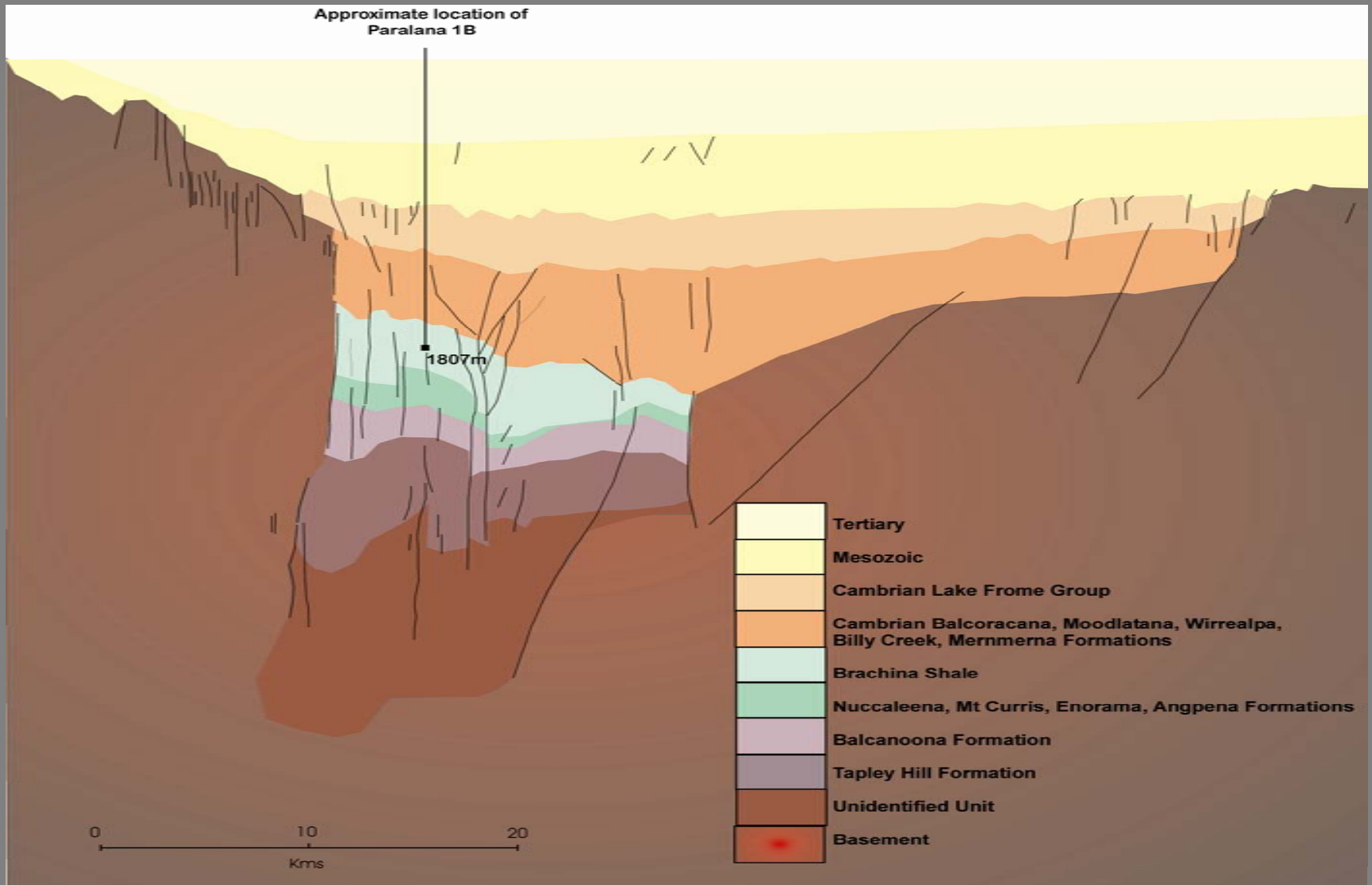


Paralana - 2 Production Drilling

- Preliminary Well Design Complete
- Assessing Rig Options
- Finalising Well Site location



Paralana – Seismic Survey



Petratherm Espana

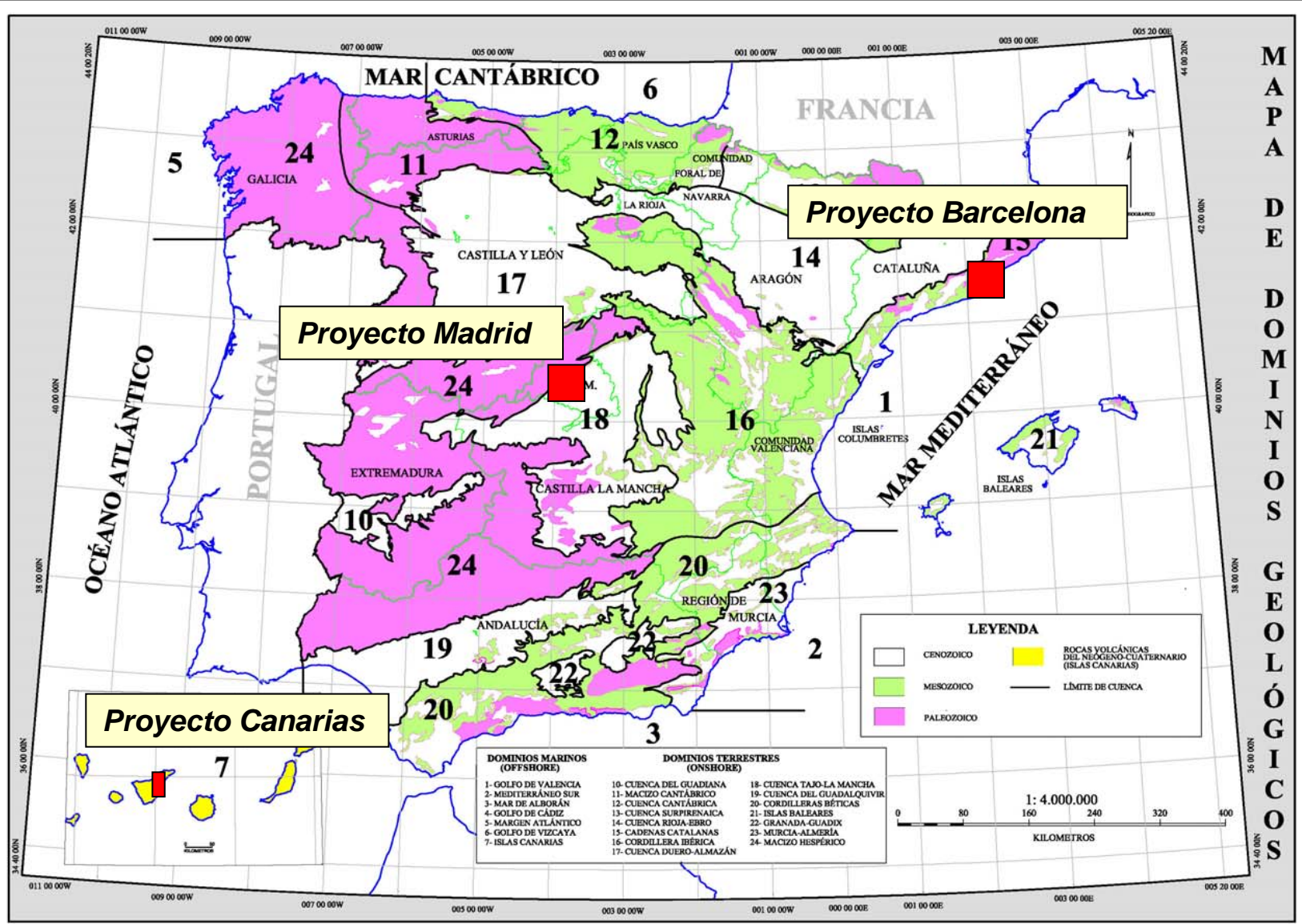
- Expanding Project Portfolio
- Strong Corporate Interest
- High Electricity Prices
- Leading Policy Development
- Conventional geothermal and direct use options

= Low Risk!



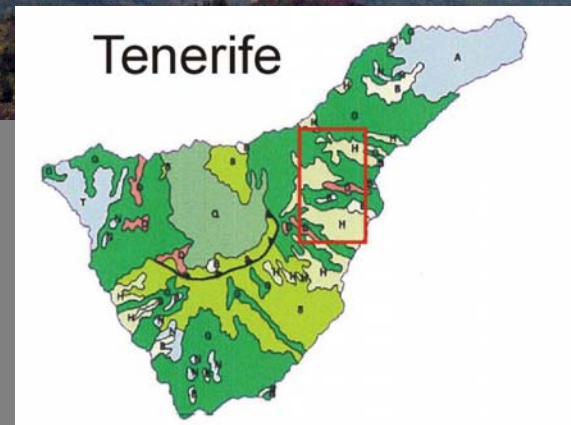
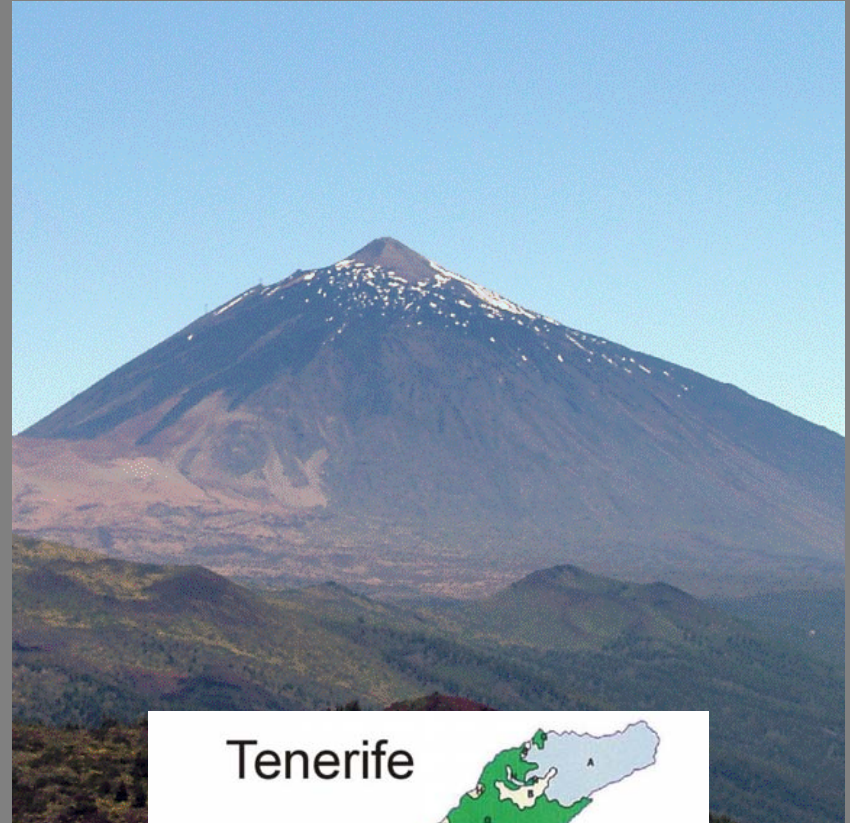
Spain Geology, Basins & Tenements

MAPA DE DOMINIOS GEOLÓGICOS



Tenerife Project

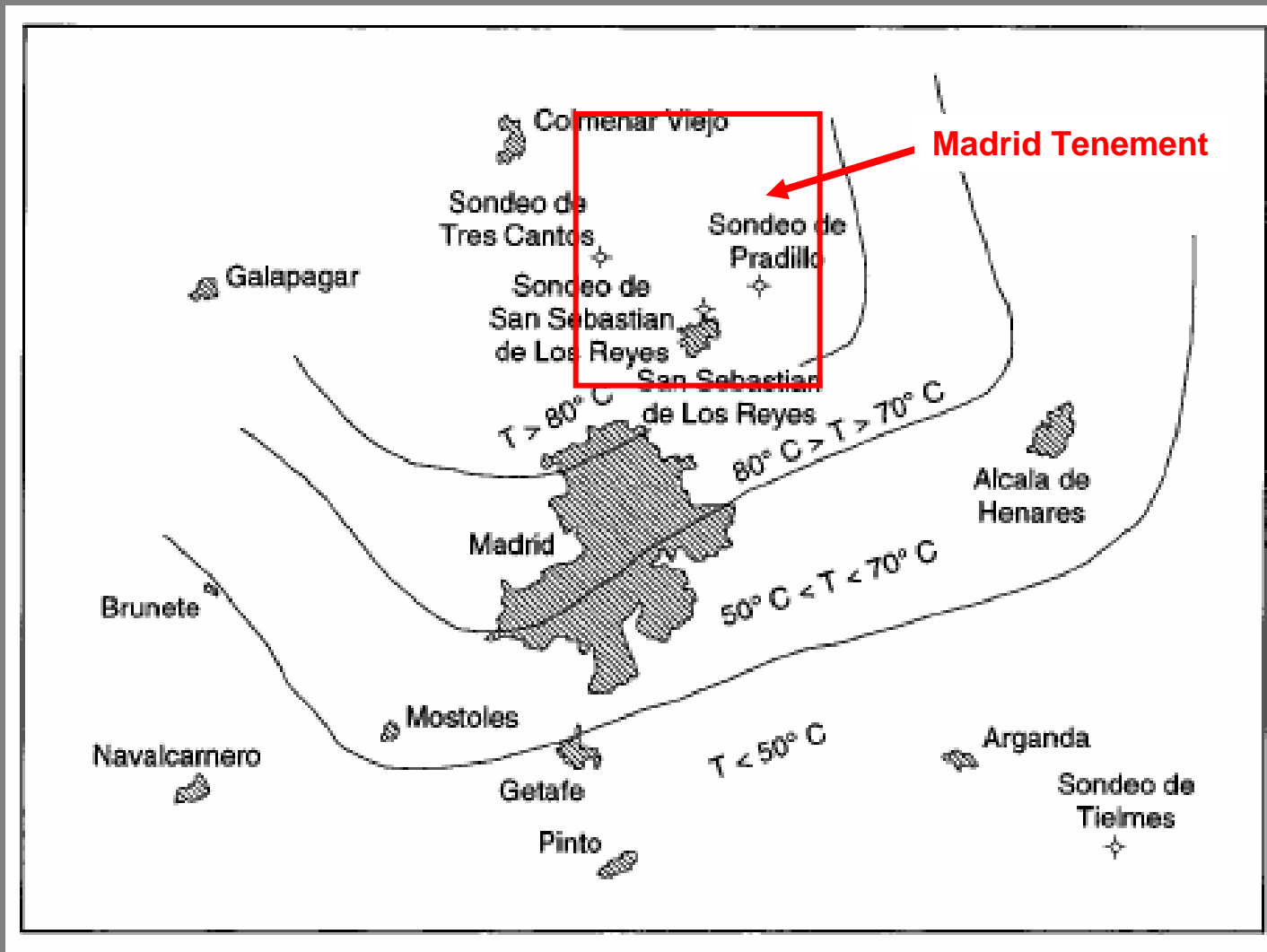
- Active Volcanic System
- Magma Chamber 3-4 km below surface
- Large geochemical data base (ITER)
- Off-grid pricing (currently Diesel)
- Large load > 800 MW



Madrid Project – Madrid Basin

- Tenement Area 300 km²
- Location 25KM NNE of Madrid
- Major electricity and water infrastructure
- Pradillo Well records a bottom hole temperature of 156°C at 3400m
- Known low enthalpy aquifer (85°C) resource at 1500m. Very high flow rates.
- High heat production granites outcropping in the range and likely to underpin the basin
- Basin thickness approximately 4000 metres

Madrid Basin – Direct Heating



Barcelona Project – Valles Basin



China Update

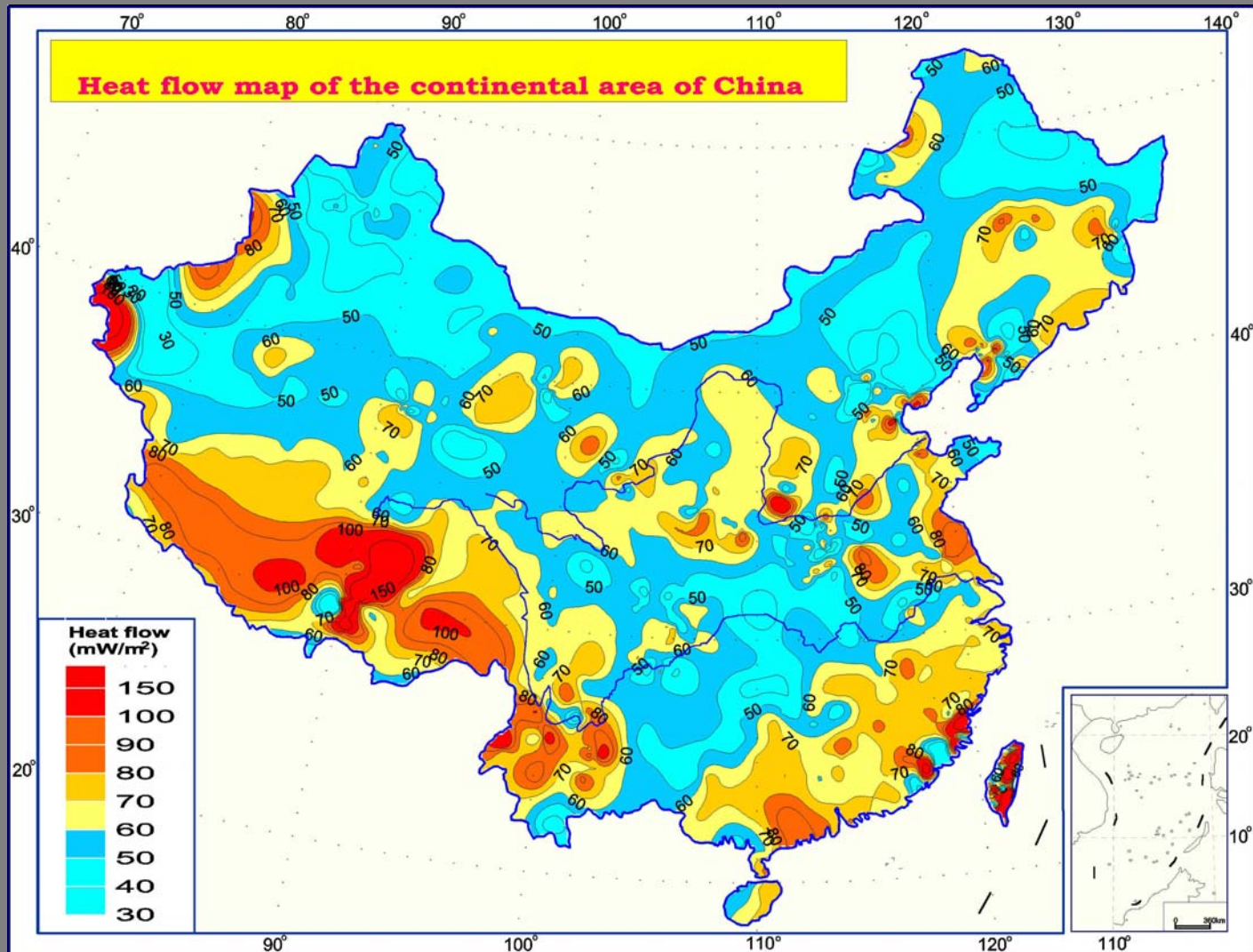


Cooperative Agreement

- Chinese Geothermal Energy Society
- Geological Survey of China
- Chinese Academy of Science
- China Institute of Geo-Environment Monitoring



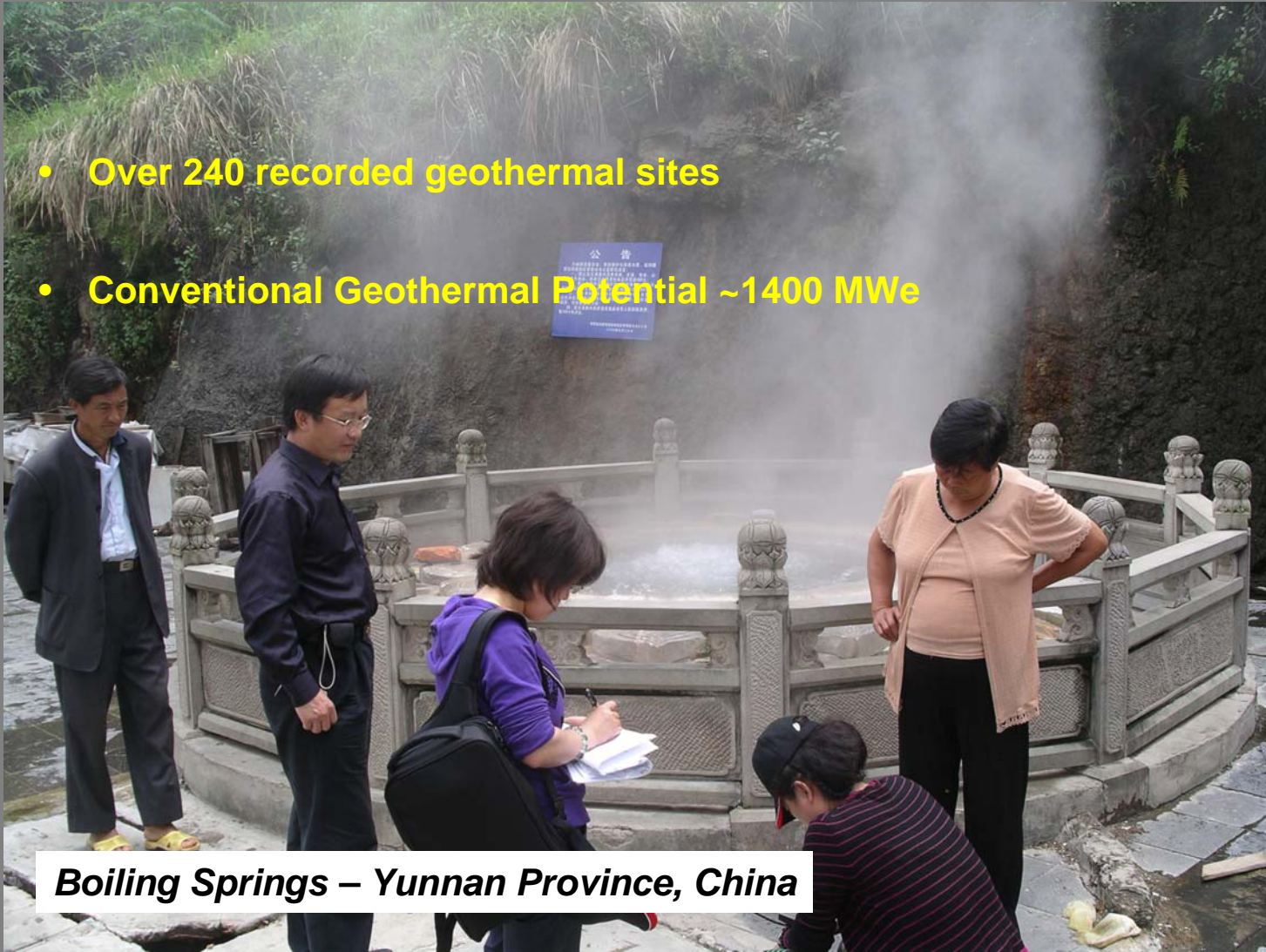
China – APP Program



From: Hu Shengbiao, He Lijuan and Wang Jiyang. 2000, Heat flow in the continental area of China: a new data set. *Earth and Planetary Science Letters*, Vol. 179, No. 2, 407-419.

Conventional Geothermal Development Opportunities

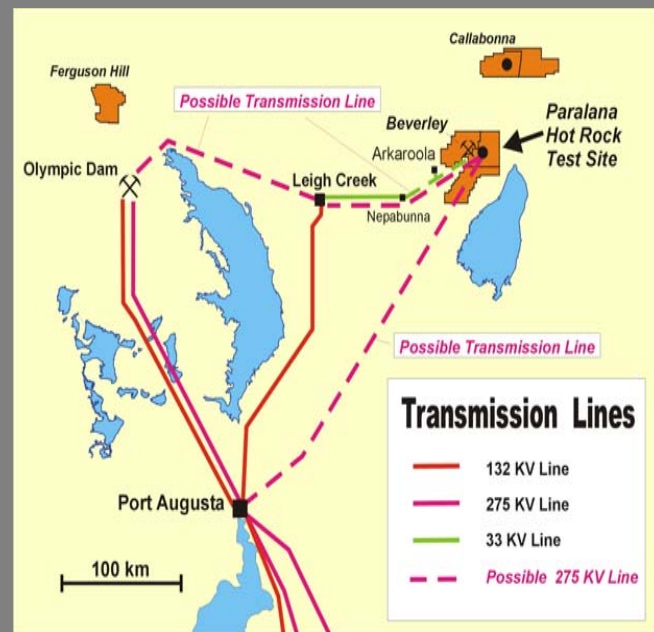
- Over 240 recorded geothermal sites
- Conventional Geothermal Potential ~1400 MWe



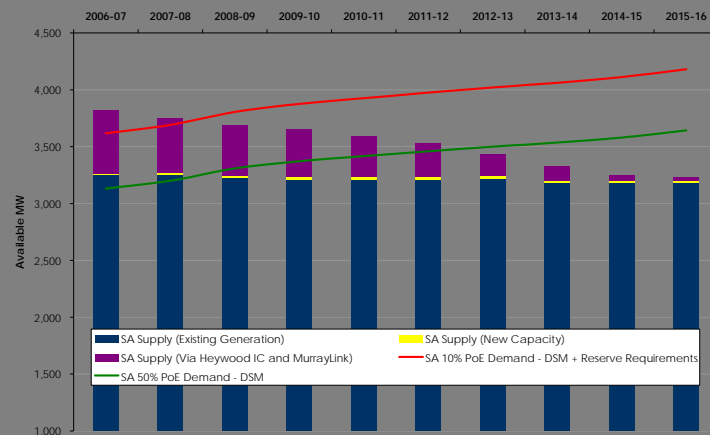
Boiling Springs – Yunnan Province, China

Paralana Project Commercialization Plan

- Initial Stage: 7.5 MW pilot plant
 - Sales to Heathgate Resources' Beverley mine (off-grid pricing)
 - Partially funded by Federal Government REDI grant
- Stage 2: 30 MW Plant
 - Sales to Heathgate for Beverley and 4 Mile deposit (plus potential other local developments)
- Stage 3: 260 MW
 - Requires grid connection to Port Augusta (cost can be met out of project)
- Stage 4: 520 MW
 - Further line connection to Port Augusta, or to Olympic Dam to deliver the meshed network benefit
- Also the potential for very large scale up to 1500 MW



Modeling confirms Petratherm's unique position in the geothermal industry by earning a commercial return at all stages of Paralana's development.



Commercial Developments

- **Paralana**

- Discussions with Heathgate Resources and other potential customers progressing well.
- Taking an industry leading position in:
 - Renewable and Geothermal Energy Policy
 - Delivering transmission solutions for the industry.
- Petratherm well placed to deliver the next phase of the commercialization plan and maximize the benefit of additional joint venture partnerships.

Commercial Developments

- Spain
 - Recent trips to Spain have established relationships with key Spanish commercial entities:
 - Editorial Prensa Iberica (EPI – new Spanish investor)
 - APPA (Spanish Renewable Energy Generators Association)
 - Analysis has confirmed the attractive prices available in Spanish market:
 - Option of fixed price or market price plus renewable premium
 - Pricing at least 50% better than Australian market

Increasing Shareholder Value

The Company has established a number of clear strategies to achieve an increase in shareholder value through a combination of cost and risk reduction with revenue optimization. Those strategies are summarized below and expanded upon below:

- **Cost Reduction**

- HEWI Model - shallower wells reducing drilling costs.
- Competitive sourcing of plant and equipment – “no ties” to a plant manufacturer – a “fit for purpose” approach depending on the thermal resource.

Increasing Shareholder Value

- **Risk Reduction**

- Initial project selection – targeting lowest cost projects to relevant market.
- HEWI Model – shallower wells, less drilling, greater permeability
- Several quality projects and a continuous pipeline of projects.
- Project portfolio spread across jurisdictions – local and overseas.
- Partner selection – key skills and capabilities – Beach Petroleum drilling management.
- Exploiting both EGS and lower risk conventional geothermal projects.

- **Revenue Optimization**

- Target local “off grid” opportunities – nearby mines paying higher “off grid” prices.
- Exploit multiple products – electricity and direct use heat.
- Focus on attractive jurisdictions for both price and growth – Spain/China.

Thank You



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