

PETRATHERM LIMITED

ACN 106 806 884

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

Date of Meeting
25 August 2009

Time of Meeting
2.00 pm (SA time)

Place of Meeting
The Victoria Room, Hilton Hotel, 233 Victoria Square, Adelaide SA 5000

NOTICE OF GENERAL MEETING

PETRATHERM LIMITED ACN 106 806 884

Notice is hereby given that a General Meeting of shareholders of Petratherm Limited (**Company**) will be held at The Victoria Room, Hilton Hotel, 233 Victoria Square, Adelaide SA 5000 at 2.00 pm (SA time) on 25 August 2009 to consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

Resolution 1: Subsequent approval for the issue of 9,636,250 Placement Shares

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, approval be and is hereby given to the issue of 9,636,250 Placement Shares on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.”

DATED 24 July 2009
By order of the Board



Donald Clinton Stephens
Company Secretary

NOTES:

1. Definitions

Terms used in this Notice which are defined in the Explanatory Memorandum which is attached to and forms part of this Notice have the meanings ascribed to them therein.

2. Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by persons who participated in the issue of Placement Shares and associates of those persons.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. Proxies

A shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the shareholder at the Meeting. A proxy need not be a shareholder. If the shareholder is entitled to cast two or more votes at the Meeting the shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice.

4. Voting Entitlement

The Company may specify a time, not more than 48 hours before the Meeting, at which a 'snap-shot' of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the Meeting. The Company (as convenor of the Meeting) has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of shareholders as at 5.30 pm (SA time) on 23 August 2009.

This means that any shareholder registered at 5.30 pm (SA time) on 23 August 2009 is entitled to attend and vote at the Meeting.

5. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and / or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening a General Meeting of shareholders of Petratherm Limited to be held on 25 August 2009. This Explanatory Memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice and the reason for the resolution proposed. Both documents should be read in their entirety and in conjunction with each other.

Background

On 14 May 2009 the Company announced a placement of 9,636,250 ordinary shares (**Placement Shares**) at an issue price of \$0.32 each to raise \$3,083,600 before costs. The purpose of Resolution 1 is to obtain shareholder approval for the issue of the Placement Shares for the purpose of ASX LR 7.4 and for all other purposes.

Resolution 1: Subsequent approval for the issue of 9,636,250 Placement Shares

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting unless an exception in ASX Listing Rule 7.2 applies.

However, ASX Listing Rule 7.4 provides that an issue of equity securities made without shareholder approval under ASX Listing Rule 7.1 is treated as having been made with shareholder approval for the purpose of ASX Listing Rule 7.1 if:

- the issue did not breach ASX Listing Rule 7.1; and
- holders of ordinary securities subsequently approve it.

The issue of the Placement Shares did not result in the Company breaching the 15% limit referred to in ASX Listing Rule 7.1. The issue of the Placement Shares does not therefore depend upon shareholders passing Resolution 1. The purpose of Resolution 1 is to seek shareholder approval to the issue of the Placement Shares under ASX Listing Rule 7.4. If shareholders approve the issue of the Placement Shares for the purpose of ASX Listing Rule 7.4, the issue of Placement Shares will not count towards determining the number of equity securities which the Company can issue in any 12 month period. However, if shareholders do not approve the issue of Placement Shares for the purpose of ASX Listing Rule 7.4, the issue of Placement Shares will count towards the number of equity securities which the Company can issue in any 12 month period.

For the purpose of ASX Listing Rule 7.5 information regarding the Placement Shares is provided as follows:

1. 9,636,250 Placement Shares have been allotted.
2. The Placement Shares have been issued at an issue price of \$0.32 each.
3. The terms and conditions of the Placement Shares are the same as the terms and conditions of already issued fully paid ordinary shares in the Company.
4. The allottees of the Placement Shares are applicants for Placement Shares as determined by the Board.
5. Funds raised from the issue of the Placement Shares will be used to assist the Company in developing its Australian and Spanish operations through research, additional tenement acquisition and assessing the potential of geothermal sites.

The directors of the Company recommend that shareholders vote in favour of Resolution 1.

Glossary

ASX means ASX Limited ACN 008 624 691;

ASX Listing Rules means the official listing rules of ASX;

Board means the board of directors of the Company;

Company or **Petratherm Limited** means Petratherm Limited ACN 106 806 884;

Corporations Act means *Corporations Act 2001* (Cth);

Meeting means the meeting of shareholders convened by the Notice; and

Notice means the notice of meeting to which this Explanatory Memorandum is attached.