

ASX Release

11 August 2009

ASX Code: PTR

ABN 17 106 806 884

105-106 Greenhill Road
Unley SA 5061

T: +61 8 8274 5000

F: +61 8 8272 8141

W: www.petratherm.com.au/

E: admin@petratherm.com.au



PETRATHERM LIMITED
ABN 17 106 806 884

Cooperative Agreement with Spanish Federal and Madrid Regional Governments

Madrid Geothermal District Heating Project

Petratherm is pleased to advise that it has entered into a Cooperative Agreement with the Spanish Federal and Madrid Regional Governments to progress the Company's 8 MW Madrid Geothermal District Heating (GDH) project. (Refer aerial photograph overleaf).

Petratherm's Madrid GDH project has been highlighted as one of six renewable energy projects of interest within the Madrid Regional Government's Renewable Energy Cluster, which is seeking to advance renewable energy projects in the Madrid region.

The Cooperative Agreement provides for a Committee comprised of representatives of Petratherm and the two Spanish governments to expedite the remaining steps of the project that are required to achieve financial close.

Those steps include:

- Agreement with customers for the supply of heat – the customers include various departments of the Madrid Regional Government.
- Assessing potential subsidy and financing options available from the government programs for the GDH project.
- Obtaining environmental clearances for drilling and development.
- Securing a competitively based engineering, procurement and construction contract, and;
- Establishing a competitively based operations and maintenance contract.

The Cooperative Agreement provides a mechanism to quickly resolve the outstanding matters and reflects a strong desire by Spanish authorities to realise a working example of a geothermal district heating project in the Madrid region.

As part of the Cooperative Agreement, the Spanish Federal Government, through its Institute of Renewable Energy and Energy Efficiency (IDAE), will also contribute a sum of €87,000 (approximately AUD \$150,000) toward the feasibility assessment work, which is planned for completion by the end of 2009.



Figure 1 - Madrid Geothermal License Area – located 25 kms north of the City and covering over 300 square kms. The 8 MW Geo-Madrid Project is in the left foreground. Other potential projects for application of district heating on the Madrid tenement area are San Sebastian de los Reyes (middle foreground) and Tres Cantos (left middle-ground).

The Madrid GDH project is planned to be the first application of geothermal district heating in the Madrid region and will seek to provide a foundation to expand such applications across Petratherm's large tenement north of the city.

Yours faithfully

Terry Kallis
Managing Director

MEDIA CONTACT:
Terry Kallis
Kieran Hall / Tim Hughes

Petratherm Limited
Hughes Public Relations

08 8274 5000
08 8412 4100