



PETRATHERM LIMITED
ABN 17 106 806 884

Spain Update - Tenerife Magnetotelluric Survey

Petratherm España begins extensive MT Survey

Petratherm is pleased to advise that an extensive magnetotelluric (MT) survey has commenced in Spain where Petratherm España is working toward targeting the location of a deep production well site for geothermal power generation in the Canary Islands.

Petratherm España is searching for hot fluid on Tenerife where there is potential for a conventional volcanic heat-based project. Experienced international specialist Geosystems, has been contracted to conduct the month-long survey.

Petratherm España has three Geothermal Exploration Licenses (GELs) on Tenerife, the largest of seven islands in this Spanish archipelago off the west coast of North Africa and the Company is currently in discussion with interested potential joint venture parties

The MT survey is an important step forward in the Company's work toward establishing a viable geothermal energy project on the island and it will provide valuable information on where the real potential on the island resides.

Tenerife provides a major opportunity to build a conventional geothermal project. The island has a permanent population in excess of one million that can increase to 1.5 million during peak tourist season - placing a large demand on peak power generation, in excess of 800 MW. The island also has substantial transmission infrastructure close to Petratherm España's exploration licenses.

Earlier analysis of the available geology, geophysics and geochemistry of Tenerife - conducted by leading global geothermal consultants Sinclair Knights Merz for Petratherm España - was used to devise the large MT survey. The survey, which will involve recording variations in electrical conductivity in rocks at depth, will be supervised by Sinclair Knights Merz.

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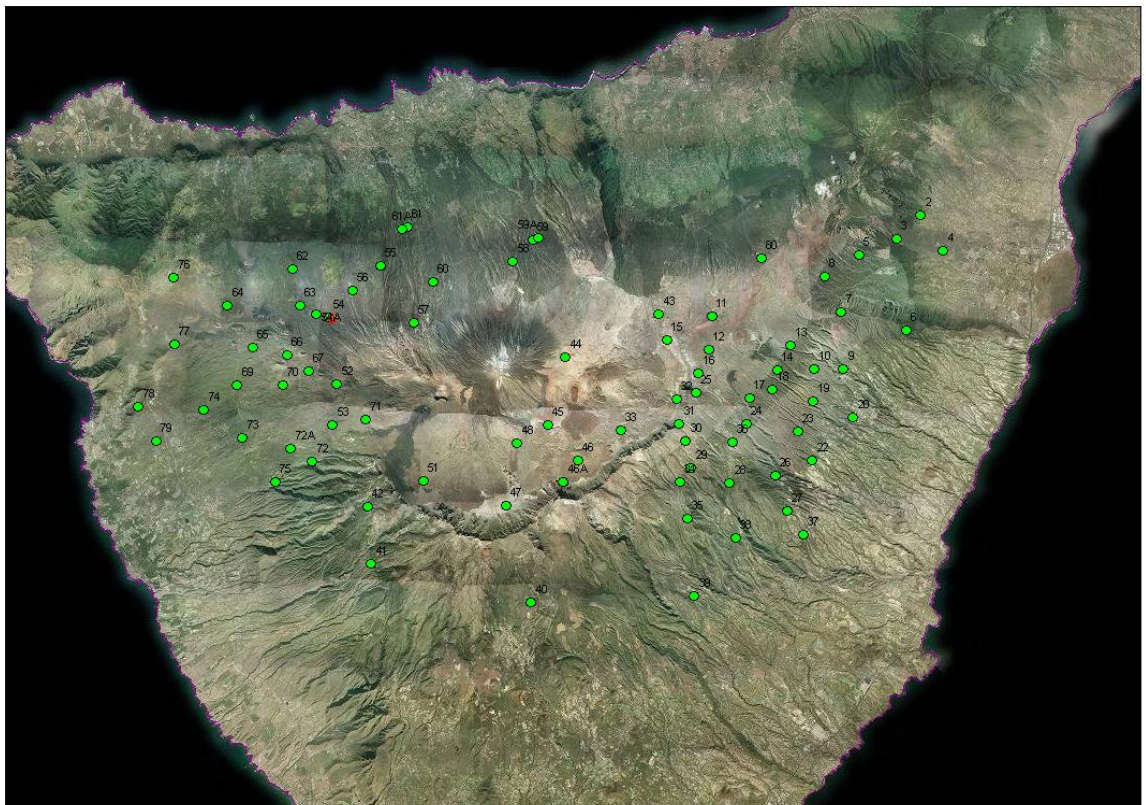
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The survey will comprise 80 broad frequency, remote referenced MT soundings. Petratherm España is exploring to expand evidence of a conductive zone at depth which may represent a clay alteration cap above a hydrothermal reservoir. One area identified is in the northwest of the island, near the historical Tenerife – I well, drilled by the Spanish Government. The base of this feature is at about sea level and, if it is a clay cap, would suggest that the 200°C isotherm is at about 2000m depth in this vicinity.

Conventional geothermal projects are commercially established in many parts of the world accounting for more than 10,000 MW of installed power generation capacity – more than three times the peak demand of the state of South Australia.



A satellite image of Tenerife shows the distribution of 80 MT stations across the island. The location of Tenerife-I well is marked in red.

Yours faithfully

Terry Kallis
Managing Director

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