

ASX Release

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ABN 17 106 806 884

Level 1, 129 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

Tax Deductions for Geothermal Energy Exploration

Petratherm welcomes the recent announcement by The Hon. Martin Ferguson AM, MP - Federal Minister for Resources and Energy, signalling changes to income tax laws to provide for tax deductions to apply to the exploration of geothermal resources, from 1 July 2012.

(Refer attached Media Release by Minister Ferguson)

The proposed tax deductibility for geothermal exploration is aimed at encouraging greater investment in the geothermal energy sector.

The tax reform is a further example of strong Federal government support for geothermal energy and complements the Geothermal Drilling Program (GDP) grants and Renewable Energy Demonstration Program (REDP) grants. Those grant programs reside within Minister Ferguson's portfolio and are administered by the newly established Australian Centre for Renewable Energy (ACRE).

In addition to those grant programs, ACRE will administer two new schemes, a \$100 million Renewable Energy Venture Capital Fund and a \$40 million Emerging Renewables Program.

Petratherm has been awarded a \$7 million GDP grant and a \$62.8 million REDP grant to apply to its flagship Paralana project that it is developing with joint venture partners, Beach Energy and TRUenergy Geothermal.

Yours faithfully

Terry Kallis
Managing Director

MEDIA CONTACTS:

Terry Kallis
Kieran Hall / Tim Hughes

Petratherm Ltd
Hughes Public Relations

08 8274 5000
08 8412 4100



MEDIA RELEASE

MARTIN FERGUSON

Minister for Resources and Energy
Minister for Tourism

24 March 2011

TAX DEDUCTION A MAJOR BOOST FOR GEOTHERMAL ENERGY IN AUSTRALIA

As part of its historic resource taxation reforms and its support for renewable energy the Gillard Government today announced a further boost for Australia's geothermal industry in the form of an immediate tax deduction for exploration of geothermal energy sources from 1 July 2012.

Existing income tax law provides an immediate tax deduction for expenditure incurred when exploring or prospecting for minerals, petroleum or quarry minerals. Updating the tax law by extending the definition of exploration, will ensure exploration for geothermal energy receives the same treatment as traditional hydrocarbon energy sources.

This is consistent with the advice provided by the Policy Transition Group's exploration report which the Government also announced its acceptance of today.

"The amendment to the tax law is a win for the geothermal industry in Australia that will help remove barriers to investment in geothermal energy and improve the economics of geothermal exploration," Minister Ferguson said.

"The potential importance of geothermal to Australia's energy future mix is significant with estimates from Geoscience Australia suggesting that if we were able to extract just one percent of Australia's geothermal energy, it would be equivalent to 26,000 times Australia's total annual energy consumption.

"Geothermal has the possibility to provide baseload renewable energy in Australia, and could help reduce our greenhouse gas emissions.

"The Government has also given its in-principle support to provide a more sustainable stream of funding for Geoscience Australia.

"Through these measures the Government is helping the geothermal industry realise its potential and supporting exploration of Australia's mineral and petroleum resources."

As part of the Government's \$5 billion Clean Energy Initiative, the Australian Government currently provides significant support for the development of geothermal energy through the Australian Centre for Renewable Energy and has committed more than \$200 million in direct funding to accelerate geothermal energy technology development, demonstration and deployment in Australia, and leverage investment of \$720 million.

The tax deduction will provide an additional boost to encouraging the development of geothermal energy and help ensure Australia is at the forefront of geothermal energy development.

Media contact: Fiona Scott – 0457 542 330