

Quarterly Report

FOR PERIOD
ENDING
31 MARCH 2009



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Quarter Three Highlights

Paralana

- Drilling at the flagship Paralana Project is on track for mid June 2009 with the Weatherford 2000hp Drill Rig due to arrive in May 2009.
- \$57 million TRUenergy Farm-in deal was completed, all conditions subsequent have been satisfied, forming a three-way joint venture with Beach Petroleum.
- The Company has been offered a \$7 million Geothermal Drilling Program (GDP) grant post the reporting period.
- An application was lodged under the \$435 million Renewable Energy Demonstration Program (REDP) for a 30 MW project at Paralana.

Spain

- Exclusivity agreement signed with leading European energy services provider Dalkia to assess the joint venture potential of the Geo-Madrid Project.
- The first of three geothermal investigation permits over the highly prospective Valles Basin area near Barcelona were awarded to Petratherm – two other permits are expected to be awarded by late May 2009.

Corporate

- Share Purchase Plan was issued to Shareholders for up to \$5,000 of shares at a price of 26 cents to assist funding the Paralana JV and projects in Spain.
- Managing Director, Terry Kallis was appointed Chairman of the Australian Geothermal Energy Association and Spanish Manager Raúl Hidalgo Fernández was appointed President of the Geothermal Division of the Spanish Renewable Energy Generators Association (Asociacion de Productores de Energías Renovables – APPA).
- The Company received \$1,405,000 in cash from Options exercised and held cash of \$4,168,000 at the end quarter, an increase of \$805,000.

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Review of Operations – In brief

During the quarter, the Company continued to develop a balanced portfolio of quality geothermal projects in Australia, Spain and China, particularly focusing on its more advanced projects at Paralana and Madrid.

The Paralana Geothermal Energy JV Project remains on track for a mid June 2009 Spud of the 4km deep Paralana 2 Well. Preparations are almost complete for the arrival of Weatherford Drilling International's 2000hp Le Tourneau "Lightning Rig" # 828.

The Company was offered the maximum of \$7 million in funding under the Commonwealth Government's Geothermal Drilling Program (GDP) to assist the Paralana JV project.

An application was lodged under the \$435 million Renewable Energy Demonstration Program (REDP) for a 30 MW project at Paralana. One-third funding is being sought for the eligible costs of the \$200 million development.

A share purchase plan (SPP) at price of 26 cents has been offered to shareholders of the Company to assist funding the Company's projects, notably Paralana. A maximum of \$5,000 for individual shareholders has been offered, with the SPP closing on 8 May 2009.

In Spain, Petratherm has entered into an agreement with Dalkia, a leading European provider of energy services. Dalkia will assess the Company's advanced Geo-Madrid Geothermal District Heating Project for its joint venture partner potential.

The Company also has been awarded a geothermal investigation permit covering the Congost area in the Valles Basin near Barcelona in the Catalonian region of Spain.

Additional investigation permits are expected to be secured by the end of May 2009 covering the Canoves and Montbui area.

Exploration and evaluation expenditures amounted to \$439,000 during the quarter primarily reflecting increased activity at Paralana and the part payment of long lead plant items. Of that expenditure \$255,000 or 59% was funded by Beach Petroleum under the Paralana JV.

Ongoing administration costs of \$960,000 during the quarter reflect the increased level of activity arising from Paralana and the new geothermal projects across the Company's growing portfolio, in particular our Spanish projects, notably Madrid GDH. The Company received cash from Options exercised by its two largest shareholders and Company Directors amounting to \$1,340,000. A sum of \$309,000 was received from a R&D tax offset payment from the ATO.

At the end of the quarter the Company held \$4,168,000 in cash, an increase of \$782,000 during the period. The Company has joint ventures with Beach Petroleum and TRUenergy to part fund the Paralana Geothermal Energy Project.

Under the JV, Beach Petroleum pay the first \$5 million toward the Paralana 2 well and TRUenergy pay \$3 million toward the well costs. Petratherm has a \$5 million Commonwealth REDI grant that forms part of the Company's contribution toward Paralana "proof of concept" phase of work. To date, a sum of \$850,000 has been drawn down from the REDI grant funds.

Post the reporting period the Paralana JV received from the Federal Government a geothermal drilling grant offer for a sum of \$7 million.

Review of Operations – Corporate, Industry & Regulatory

Option exercise adds \$1,405,000 cash

During the quarter, the Company received \$1,405,000 cash injection, primarily from the exercise of five million options held by Minotaur Exploration Ltd (the company's largest shareholder) and a further 2,600,000 held by the Company's Directors.

Minotaur has increased its shareholding in the Company by 2,000,000 shares and now holds 20,437,501 shares, maintaining its equity share in Petratherm at 32%. The acquisition was by

way of the exercise of 2,000,000 options expiring on 24 March 2009 at \$0.20 per option.

Minotaur held options over a further 3,000,000 shares and arranged for these shares to be taken by Australian Ethical Investments (AEI is Petratherm's second largest shareholder) resulting in AEI increasing their shareholding from approximately 2% to around 6.5%.

Petratherm lodges application for \$435 million Renewable Energy Demonstration Program grant

Petratherm, on behalf of the Paralana Joint Venture partners Beach Petroleum and TRUenergy Geothermal, has lodged an application for a grant under the Federal Government's \$435 million Renewable Energy Demonstration Program (REDP).

The Company is proposing a 30 MW commercial demonstration project at its flagship Paralana project site.

The REDP is a competitive grants program designed to accelerate the commercialization and deployment of renewable energy technologies for power generation across Australia.

Petratherm and its Joint Venture partners, Beach Petroleum and TRUenergy Geothermal, consider the Paralana project to be the best commercial geothermal energy project in Australia. The project has:

- A financial strong group of JV partners with complementary abilities and a JV structured around investment in stages based on achieving milestones.
- Potential to provide very large scale, base load power to the local market (30 MW) and later the National Electricity Market (NEM) (260 MW to 520 MW).
- Technical strength centred on Petratherm's Heat Exchanger Within Insulator (HEWI) model which aims to reduce cost, risk and time taken for drilling – therefore bringing forward development of competitively priced geothermal power generation.
- The JV partners' strong management capability to successfully address matters ranging from the sub-surface through to power generation and sale of power in the NEM.

Review of Operations - Australia

Paralana Joint Venture Project

Paralana Exploration Activities

Preparations are well underway at Petratherm's flagship Paralana Project site in the northern Flinders Ranges for the arrival of Weatherford Drilling International's 2000hp Le Tourneau "Lightning Rig" # 828.

Petratherm, on behalf of its joint venture partners Beach Petroleum and TRUenergy Geothermal, has reported that the drilling site is prepared for the rig's arrival from Dubai in May.

The rig management and supervisors will undertake a familiarization and training program on a sister rig in Bahrain

\$7 million grant offered under GDP for Paralana

Petratherm on behalf of the Paralana JV Project was successful with its application under the Commonwealth Government's \$50 million Geothermal Drilling Program (GDP) and has been offered the maximum grant amount of \$7 million.

The Paralana JV Project has been advised of the conditions for funding under the GDP and expects to satisfy all such conditions before the drilling of the Paralana 2 deep well begins in June 2009. The GDP provides for 60% upfront funding of which Petratherm's share is 69% or \$2,898,000 under the terms of the Paralana JV.

\$57 million TRUenergy farm-in deal completed – first three-way JV for the Australian geothermal industry

All conditions subsequent of the TRUenergy farm-in Agreement – including Foreign Investment Review Board approval, modifications to existing JV documents and the securing of a drill rig – have been fully satisfied. All JV documents have been executed by the three parties, registered with PIRSA and approved by the Minister for Resources Development.

The three-way JV enables TRUenergy to earn up to 30% of the Paralana Project for an investment of AUD\$57 million (plus its equity share of project costs) over time, in line with the achievement of specific project milestones.

starting at the end of April with drilling at Paralana to begin following certification in the middle of June.



Inferred Resource Statement – Paralana Geothermal Energy Project

An independent statement of estimated inferred resources, in accordance with Australian Geothermal Reporting Code, was completed by Hot Dry Rocks Pty Ltd (HDRPL) for the Paralana Geothermal Energy Project. The total inferred geothermal resource for the Paralana Geothermal Play is calculated to be 230,000 ± 40,000 Petajoules (PJ).

The inferred resource estimate is restricted to the vicinity of the geothermal gradient test well Paralana 1B drilled to 1807 metres.

Review of Operations – Spain

Geo-Madrid District Heating Project

Madrid District Heating Project

Petratherm has entered into an exclusivity agreement with Dalkia, a leading European provider of energy services, for the Company's advanced Geo-Madrid Geothermal District Heating Project.

The agreement provides for Dalkia to undertake its due diligence, on an exclusive basis, of the project which is now entering the final stages of its feasibility assessment. The exclusivity agreement includes a requirement to develop agreed principles to guide the establishment of a joint venture by the end of the exclusivity period (that expires on 31 May 2009).

The final joint venture arrangements are expected to cover issues including the roles of the parties, their equity participation and contracts for engineering, procurement, construction (EPC) and operation. Dalkia has expressed an interest to undertake the EPC and ongoing operations of the surface plant and customer services.

Dalkia is one of Europe's largest energy services providers and has energy facilities across Europe, Canada and Asia. Dalkia is co-owned by Veolia (66%) and Electricite de France (34%) – the largest water utility in Europe and the world's largest power utility, respectively.

Dalkia has annual revenues that exceed €8 billion and it operates over 10 geothermal district heating projects in the Paris basin in France.

In addition to the 8 MW Geo-Madrid project, Dalkia has expressed interest in other district heating projects across Petratherm's large Madrid tenement and the potential for projects across the Valles basin near Barcelona.

HDRPL estimated the total heat energy contained within a target volume of rock, for which a realistic chance existed for economic extraction. Petratherm has a long-term development plan to deliver a minimum of 260 MW of base load power into the National Electricity Grid from the Paralana site. The minimum thermal energy required to run a 260 MW power plant over a 30 year period is 2,273 PJ or just 1% of the total median inferred resource.

Barcelona

Barcelona Geothermal Investigation Permit Awarded

Petratherm has been awarded a geothermal investigation permit covering the Congost area in the Valles basin near Barcelona in the Catalan region of Spain.

Additional investigation permits are expected to be secured by the end of April 2009 covering the Canoves and Montbui areas.

The permit areas are located approximately 30 kilometres north-northeast of Barcelona and in close proximity to major electricity transmission infrastructure with a capacity in excess of 2,000 MW.

The permit areas cover locations of known high heat flow with local hot aquifers evidencing temperatures of between 115°C to 130°C at depths of 1,000 metres to 1,500 metres. The heat source arises from high heat production granites that underpin the Valles Basin and outcrop in the adjacent ranges. The basin thickness is estimated at approximately 3,500 metres.

The geology and market characteristics make the Barcelona project area attractive for both geothermal district heating (GDH) applications and engineered geothermal system (EGS) development for electricity production. The known temperatures and depths of existing aquifers indicate very attractive economics.



Administration

Spanish Manager appointed President of Geothermal Chapter of APPA

Mr Raúl Hidalgo Fernández, Petratherm's Spanish Manager, has been appointed for a four year term as the President of the Geothermal Chapter of Spain's Renewable Energy Generators' association (APPA).

APPA is an Industry Association that is part funded by its members and the Spanish Federal Government through the provision of dedicated specialist staff. The Geothermal Chapter of APPA is managed on a full-time basis by Ms Margarita de Gregorio, who is also responsible for solar thermal and biomass renewable energies.

Review of Operations - China

China Exploration Program

The Company has progressed its identification of prospective geothermal energy projects and is currently producing a thermal modeling summary report as part of meeting its obligations under the APP Grant. Chinese government representatives collaborating with Petratherm are planning to visit our Paralana site in July 2009.

The Geothermal Chapter was officially established in late December 2008 and now comprises more than 10 companies including explorers/developers, energy utilities, renewable energy companies and service providers.

The focus of work for the Geothermal Chapter over the coming year will be to:

- Assess the potential for geothermal energy applications across Spain, and
- Develop proposals to government in respect of geothermal energy feed-in tariffs and related renewable regulations.

Discussions with interested JV partners for our Chinese projects are continuing concurrently with the development of an exploration program for target project areas.

Administration

MD appointed as Chairman of the Australian Geothermal Energy Association - AGEA

Petratherm's Managing Director Terry Kallis has been appointed Chairman of the Australian Geothermal Energy Association (AGEA).

AGEA is the Industry Association for the Geothermal Energy Industry in Australia and was formed in November 2007 to

represent the interests of the Industry, in particular, in relation to matters of government policy and regulation.

AGEA now has 24 members, primarily from exploration and development companies, but also including a growing number of companies from the service industry.

Safety, Environment & Community

Petratherm is currently upgrading and enhancing its overall Safety, Health, Environment & Quality Management System to meet the needs of the Company's growing business operations. To ensure a suitable and practical system in designed and implemented for geothermal operations, Petratherm is working with Industry, safety and environmental specialists. Company safety objectives and targets will also be established to ensure a

consistent approach across all projects and to facilitate continuous improvement.



Corporate Information

Board of Directors

Derek Carter	Chair
Terry Kallis	Managing Director
Richard Hillis	Non executive Director
Richard Bonython	Non executive Director
Simon O'Loughlin	Non executive Director

Company Secretary

Donald Stephens	HLB Mann Judd (SA) Pty Ltd
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Stock Exchange Listing

Australian Stock Exchange (ASX code PTR)

Share Registry

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Level 5, 115 Grenfell Street
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Legal Advisors

O'Loughlins Lawyers
Level 2, 99 Frome Street
Adelaide, South Australia, 5000

Auditors

Grant Thornton South Australian Partnership
67 Greenhill Road
Wayville, South Australia, 5034

Inside the PTR team

Title	Position
Managing Director	Terry Kallis
Exploration Manager	Peter Reid
Business Development Manager	Jonathan Teubner
Project Manager – Paralana	John King
Chief Geologist	Betina Bendall
Project Geologist	Louise McAllister
Project Geologist	Mathieu Messeiller
Tenement & Compliance Officer	vacant
Office Manager	Elena McRae
Business Accountant	Paul Smith
Public & Investor Relations	Belinda Willis
Admin Assistant	Wendy Blackeby
Spanish team	
Manager – Spain	Raul Hidalgo
Project Geologist	Victor Guerrero

Upcoming Events

Industry Events

For further information on forthcoming events in the geothermal sector visit the PIRSA website at <http://geothermal.pir.sa.gov.au/news/events>

New Website

Petratherm's new website is now fully operational and delivering improved information services to shareholders and stakeholders.

www.petratherm.com.au

