

CLEAN ENERGY FOR FUTURE GENERATIONS

Quarterly Report
31 March 2010

Quarter three highlights

Paralana

- > Temperatures at the Paralana 2 well completed to 3,725m with estimated temperature of 190°C at 4000m
- > Older rock sequence with numerous fractures and faults intersected in Paralana 2 well positive indication for permeability

Spain

- > Memorandum of Understanding with leading European renewable energy company signed

Corporate

- > Share Purchase Plan issued
- > As at 31 March, the Company held \$1.58 million in cash

Review of Operations

Petratherm continued to reach its milestones during the quarter with economic temperatures confirmed at the Paralana geothermal energy project and a major agreement signed for our Spanish projects.

Temperature logging at the Paralana 2 deep injector well was conducted in late February with the measurement at 3,672m of 176°C and an estimated temperature of 190°C at 4000m.

This significantly exceeds the minimum temperature of 170°C at 4000 metres targeted for the economic development of the Paralana resource.

Petratherm also signed an important Memorandum of Understanding (MoU) with Enel Green Power in March. The agreement is to jointly assess and develop the company's electricity producing geothermal projects in Spain and to expand its project portfolio across the Iberian Peninsula.

Enel Green Power, the renewable energy subsidiary of the Enel Group, is a world leader in geothermal power generation with about 700 MW of capacity operating and has a project development portfolio of more than 300 MW.

On April 7, former ETSA Utilities Chief Executive and former South Australian energy regulator Lewis Owens joined the Petratherm Board as a non-executive director.

Mr Owens has a wealth of experience as a Chief Executive Officer in the public and private sectors with a particular emphasis on the energy industry.

The company also announced a Share Purchase Plan (SPP) which was underwritten by up to \$2 million by Taylor Collison Limited.

The SPP offer was issued on March 18 and closed on April 9.

Quarterly exploration and evaluation expenditure amounted to \$2.0 million, before receipt of a \$1.3 million GST refund relating to drilling activities from the previous quarter.

Of that expenditure \$0.6 million was funded by our Joint Venture partners (Beach Energy and TRUenergy) under the Paralana JV. Under the JV, Beach Energy pay the first \$5 million toward the Paralana 2 well and TRUenergy pay \$3 million toward the well costs.

The company had ongoing administration costs of \$0.6 million during the quarter.

At the end of the quarter, the company held \$1.58 million in cash.

Corporate, Industry & Regulatory

Share Purchase Plan

Petratherm announced a Share Purchase Plan offer for shareholders to purchase up to \$15,000 worth of shares on March 10.

The share issue offer was at \$0.24 representing a discount to the closing price of the Company's shares on ASX as at 9 March 2010 of \$0.07 or 22 per cent.

Funds raised through this Share Purchase Plan will be used for the Company's Paralana Project and to develop, in conjunction with Enel, our Spanish projects, notably in the Canary Islands.

New board member

Post the reporting period, Petratherm announced the appointment of Mr Lewis Owens, former Chief Executive of ETSA Utilities and a former South Australian energy regulator, to the Company's Board of Directors.

Mr Owens has 20 years' experience as a Chief Executive Officer in the public and private sectors. This includes Chairman of the Essential Services Commission of South Australia, responsible for regulating the SA electricity and gas industries, intra-state and Darwin railways, ports and urban water pricing.

He was also the CEO for WorkCover Corporation and Funds SA during the 1990s before returning to the energy industry for the past decade. Mr Owens was an associate Commissioner on the Australian Competition and Consumer Commission Energy Committee and was the South Australian Independent Industry Regulator for the state's electricity industry.

Mr Owens is a Reconciliation Ambassador in South Australia, with a particular interest in indigenous employment initiatives. He was recently appointed as Special Advisor to the Minister on aboriginal initiatives in Port Augusta.

Prof Hillis new CEO appointment

Petratherm board member Professor Richard Hillis is Chief Executive Officer of the new \$105 million Cooperative Research Centre (CRC) for minerals exploration that will draw on the nation's preeminent research talent to significantly boost the mining industry and the economy.

The job entails overseeing extensive research into improving drilling, logging and geological targeting techniques to enable companies to drill cheaper, faster, more safely and more successfully for mineral deposits.

The CRC will be headquartered in Adelaide and is supported by \$1M cash and considerable in-kind technical support from the Department of Primary Industries and Resources of South Australia.

The CRC also plans to develop Australia's first national drilling training and testing facility in South Australia.

Chairman wins award

Petratherm Chairman Derek Carter has received the President's Award in the annual Australasian Institute of Mining and Metallurgy awards for 2009.

The prestigious annual AusIMM Awards began in 1935 to recognise excellence by professionals in the minerals sector.

Mr Carter was recognized for his leading role in demonstrating the exceptional prospectivity of South Australia through his formation of the Minotaur group of companies.

Energy Technology Board

Petratherm Managing Director Terry Kallis has been appointed to the Centre for Energy Technology Advisory Board at Adelaide University, chaired by former South Australian Premier John Olsen.

The CET has been established within the University of Adelaide's Environment Institute and the Institute for Mineral and Energy Resources (IMER) to address the issue of greenhouse gas mitigation.



Professor Richard Hillis

Projects Update

Paralana

Temperatures at our flagship Paralana project in South Australia of 190°C extrapolated at 4000m are significantly higher than the minimum temperature of 170°C that the company targeted for economic development of the resource.

Drilling of the first deep injection well Paralana 2 was completed during December to a depth of 3,725m and temperatures were taken in January. The bottom hole temperature was measured to be 176°C at 3672m and the extrapolated bottom hole temperature at 4000m is 190°C ± 1 degree.

A rock sequence older than initially prognosed was intersected at target depth and it contains numerous fractures and faults. Promising high pressure geothermal brines were also intersected in the well within fractures and faults.

A program of hydraulic stimulation designed to link the accessible well part to the encountered over-pressured zone is planned to commence in mid 2010. The forward plan is to complete a multizone fracturing program to create an underground heat exchange reservoir. Drilling of Paralana 3 is planned in February 2011 for circulation testing and proof of concept.

Spain

Petratherm has recently signed a Memorandum of Understanding (MoU) with Enel Green Power to jointly develop all electricity projects on mainland Spain, the Canary Islands and Portugal. Enel Green Power is part of the Enel Group which is Europe's second largest listed utility company.

Enel is highly experienced with geothermal energy and has more than 700 MW of power generation capacity operating and 250 MW under development. Enel also owns the Spanish electricity utility Endesa which is the incumbent utility in the Canary Islands and has franchise areas in Madrid and Barcelona.

The MoU with Enel covers;

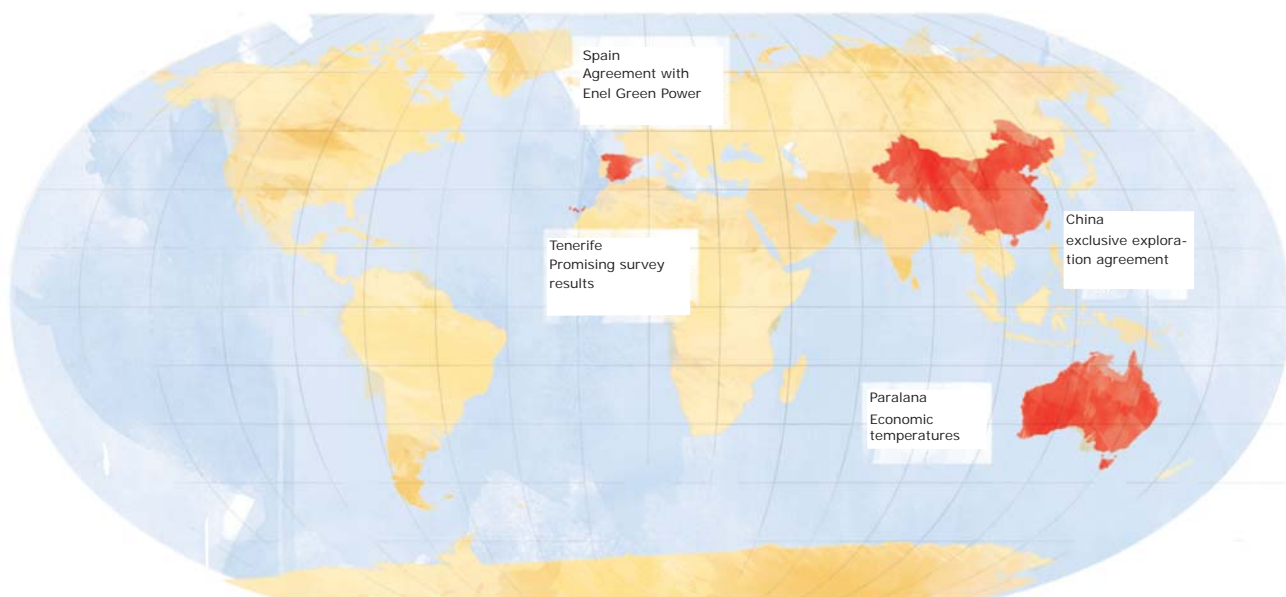
- Exploration costs to be shared on a 50/50 basis
- Joint management committee to oversee exploration program
- Enel to contribute 50% of past and ongoing exploration costs for Tenerife
- Enel to fully fund the first deep production (2kms to 3kms) well in return for its equity stake
- Expansion of project exploration into Portugal

Heliotherm

Post the reporting period, Petratherm's wholly owned subsidiary Heliotherm Limited was awarded a second grant of \$700,000 from RenewablesSA.

In December, this innovative solar thermal technology project was offered a \$800,000 grant under the Premier's Science and Research Fund. The Heliotherm project aims to reduce the cost of solar thermal technology by up to 40 per cent through the integration of solar thermal, geothermal and combustion technologies.

The Heliotherm project, an initiative being pursued in conjunction with University of Adelaide's highly regarded Centre for Energy Technology, led by Professor Gus Nathan, aims to design and develop an integrated solar, geothermal and combustion system to achieve high efficiency base load power generation.



Corporate information

Corporate office

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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
Lewis Owens-
Non executive director
Company secretary
Donald Stephens
HLB Mann Judd (SA) Pty Ltd

Stock exchange listing

Australian Stock Exchange
(ASX code PTR)

Share registry

Computershare Investor
Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide, South Australia 5000

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 Petratherm team-

Managing director

Terry Kallis

Exploration manager

Peter Reid

Business development manager

Jonathan Teubner

Project manager – Paralana

Paul Jepsen

Geophysicist

Louise McAllister

Project geologist

Mathieu Messeiller

Tenement & compliance officer

Wendy Blackeby

Business accountant

Paul Smith

Public & investor relations

Belinda Willis

Office Manager

Elena McRae

Spanish team

Manager – Spain

Raul Hidalgo

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>

Website

Petratherm’s website delivers regular information updates to shareholders and stakeholders.

www.petratherm.com.au

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