

Petratherm Ltd

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27 July 2011

Mr J Nelson
Manager, Issuers (Adelaide)
ASX Limited
Level 25
91 King William Street
ADELAIDE SA 5000

Dear Justin

PETRATHERM LTD

PLACEMENT AND SHARE PURCHASE PLAN FOR SHAREHOLDERS TO PURCHASE UP TO \$15,000 WORTH OF SHARES

Placement

Petratherm Ltd (ASX:PTR) is pleased to advise it has completed a \$2.289 million capital raise through the placement of 18,312,000 new shares at \$0.125 per share. The funds will primarily be used for development works at the Company's Paralana Project.

The placement, managed by Patersons Securities Limited, was supported by substantial shareholder Australian Ethical Investments Pty Ltd.

The raising is made pursuant to sections 708 of the Corporations Act 2001.

In accordance with Listing Rule 3.10.3, the Company provides the following details of the placement of shares:

Class of Securities:	Fully Paid Ordinary Shares.
Consideration:	18,312,000 shares at \$0.125 per share.
Principal Terms:	The shares issued will rank equally with existing Ordinary Fully Paid shares on issue.
Purpose of the issue:	To fund the preparatory work for the drilling of the Paralana 3 well at the Company's flagship Paralana project in South Australia and for ongoing working capital. Specifically, funds will be applied to design the well, secure long lead time plant items and to secure a drilling rig slot.

Shareholder approval: The Company will not seek shareholder approval prior to the issue of the placement shares, as approval for this is not required by the Listing Rules. The Company intends to subsequently seek approval of the issue at a general meeting pursuant to Listing Rule 7.4 (subsequent approval of issue of securities).

Issue to Class: The issue is not being made to a class of security holders.

The issue to sophisticated and/or professional investors will not require disclosure under the Corporations Act.

Share Purchase Plan

The Petratherm Board of Directors has given careful consideration to various capital raising alternatives and it has decided to give all shareholders the ability to participate in a capital raising by implementing a Share Purchase Plan (SPP). The plan entitles eligible shareholders of the Company to purchase up to A\$15,000 worth of fully paid ordinary shares in the Company, free from all brokerage and commissions.

The issue price for each Share under the Offer is \$0.125 which is the same price as the Placement.

Shareholders may apply for a choice of six variable numbers of shares, with a minimum of A\$1,000 (8,000 shares), the next option of A\$3,000 (24,000 shares), followed by A\$5,000 (40,000 shares), A\$7,500 (60,000 shares), A\$10,000 (80,000 shares) with a maximum subscription of A\$15,000 (120,000 shares). The provisions of the 'Share Purchase Plan Terms and Conditions' will be mailed to eligible shareholders on or about the 5 August 2010.

In accordance with Listing Rule 3.10.2, the Company provides the following details of the Company's SPP announced today.

Class of Securities: Fully Paid Ordinary Shares.

Consideration: Variable depending on the take up of the offer, subject to a maximum of 38,025,474 shares or 30% of the Company's Ordinary Fully Paid shares on issue in accordance with ASX Listing Rule 7.2, exception 15.

Principal Terms: The shares issued will rank equally with existing Ordinary Fully Paid shares on issue.

Purpose of the issue: To fund the preparatory work for the drilling of the Paralana 3 well at the Company's flagship Paralana project in South Australia and for ongoing working capital. Specifically, funds will be applied to design the well, secure long lead time plant items and to secure a drilling rig slot.

Shareholder approval: In accordance with ASX Listing Rule 7.2 exception 15, shareholder approval is not required for the issue.

Issue to Class: The issue is to be made to all class of eligible security holders. The Company anticipates that the SPP documents will be despatched on or about the 5 August 2011.

Yours sincerely,

A handwritten signature in cursive script that reads "Donald Stephens". The signature is written in black ink and is positioned below the closing "Yours sincerely,".

DONALD STEPHENS
COMPANY SECRETARY