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Tenerife Magnetotelluric (MT) Survey underway

New MT survey funded by Spanish Federal government to determine potential for better drilling target and geothermal field development

Petratherm, working with the University of Barcelona, has begun the first phase of a large magnetotelluric (MT) survey on the Island of Tenerife. This survey is designed to extend the mapping of a subsurface, hydrothermally altered, clay cap, such as is typically indicative of an upflow of geothermal fluid.

The clay cap was identified by Petratherm in an earlier MT survey and also from historical government drilling around the central cone of the Teide Volcano.

The current MT survey is specifically aimed at determining if the clay cap/geothermal system have an expression at shallow depth on the lower flanks of the volcano in areas that are well suited for drilling and potential development. That is, to determine if there is a better drilling target than previously identified.

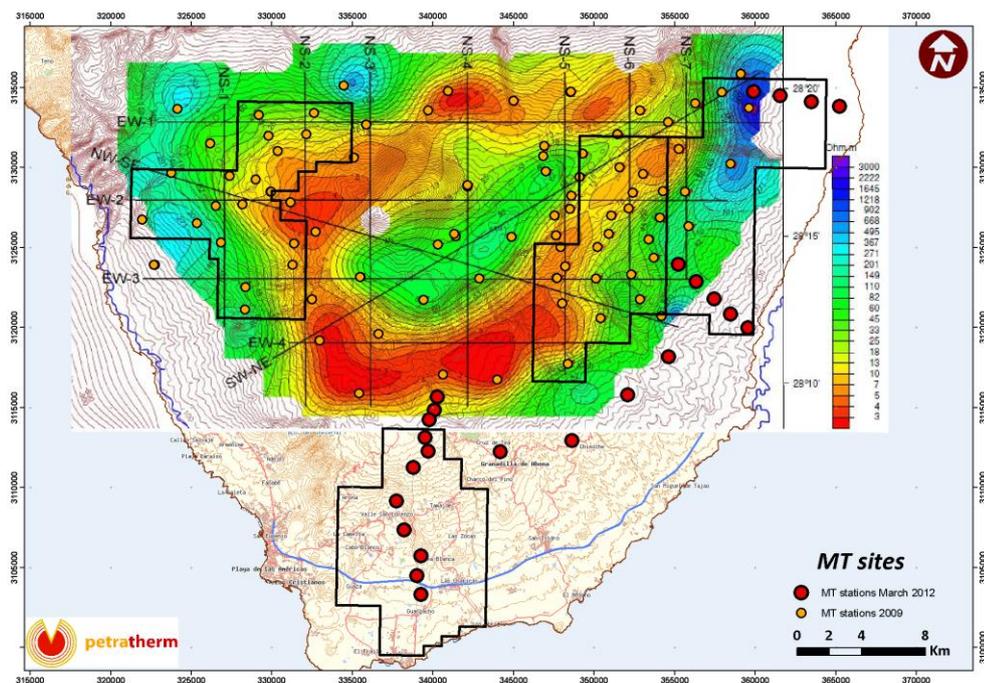
The survey is to be conducted in two phases beginning with reconnaissance traverses that are currently underway to map the clay cap from the central volcanic cone to the lower coastal areas. These traverses will be followed by a second campaign, most likely in May 2012, to infill and expand in the areas which look the most promising for drill testing.

MT measures conductivity contrasts in the rocks at depth and is ideally suited for geothermal exploration. This is because a hydrothermally altered clay cap typically forms over time above any upflow of geothermal fluid. The clay cap is highly conductive and thus may be mapped using magnetotelluric methods.

The MT campaign is funded by the previously announced Spanish Federal Government Grant of over AUD \$1 million, to characterize the geothermal resources of the Canary Islands. Petratherm España leads the consortia which won the grant, with the other collaborators being the Institute of Technology and Renewable Energy, the University of Barcelona, the University of Laguna, and the Canaries Institute of Volcanology. It is anticipated the first phase of survey work will be completed by early April 2012.



Petratherm Geologist Mathieu Messeiller, setting up an MT recording station on the lower flanks of the Teide volcano, Tenerife.



MT pseudo-colour image slice at 500m above sea level showing circular (red) hydrothermal alteration clay cap, and location of new MT survey stations.

Competent Persons Statement

The information in this report that relates to Exploration Results, Geothermal Resources or Geothermal Reserves is based on information compiled by Peter Reid, who appears on the Register of Practising Geothermal Professionals maintained by the Australian Geothermal Energy Group Incorporated at the time of the publication of this report. Peter Reid is a full time employee of the Company. Peter Reid has sufficient experience which is relevant to the style and type of geothermal play under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the Second Edition (2010) of the Australian Code for Reporting Exploration Results, Geothermal Resources and Geothermal Reserves. Peter Reid has consented in writing to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Yours faithfully

A handwritten signature in black ink, appearing to read 'T. Kallis', written in a cursive style.

Terry Kallis
Managing Director

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