

# CLEAN ENERGY FOR FUTURE GENERATIONS

Quarterly Report  
31 March 2013

## Quarter three highlights

### Corporate & Regulatory

- > A cash rebate of \$443,000 under the R & D Tax Offset scheme relating to the Company's Paralana project was received during the period.
- > The Company had the opportunity to present its key projects to the US-Australia Roundtable Week on Renewable Energy that brought together investors and developers.

### Spain

- > The Company assessed over 50 potential magneto-telluric (MT) measurement sites on the island of Tenerife as part of its planned MT campaign to be conducted during April/May 2013 for the identification of potential geothermal hot spots.

## Review of Operations

During the quarter the Company's primary focus continued on funding matters relating to the Paralana project, notably in terms of the Emerging Renewables Program and the next stage of planned works.

Quarterly exploration and evaluation expenditure amounted to \$90,000 and included costs associated with the Paralana and Tenerife projects.

The Company had ongoing administration costs of \$294,000 during the quarter.

The Company received a cash sum of \$443,000 under the R & D Tax Offset scheme in relation to the expenditure during the 2011/2012 financial year on the Paralana project.

At the end of the reporting period the Company held \$1,313,000 in cash.

## Corporate & Regulatory

### Conferences

Petratherm's Managing Director, Terry Kallis, provided a company presentation at the US-Australia Roundtable Week on Renewable Energy in Sydney. The Roundtable Week of companies, which brings together US-Australian investors and developers, was facilitated by the American Council on Renewable Energy (ACORE) and the Australian Trade Commission.

Petratherm's Exploration Manager, Peter Reid, presented Petratherm's flagship projects to the 3rd Annual South Australian Resources & Infrastructure Conference.



# Projects

## Paralana

The Company and its JV partner Beach Energy remain confident that their application for a \$13 million grant under ARENA's Emerging Renewables Program (ERP) has provided the Commonwealth with a compelling proposal for funding of the Paralana project.

Should the ERP grant application be successful, the \$13 million will be used to fund approximately half of the next stage of works at the JV partners' Paralana project.

The next stage of work will aim to achieve "demonstration of commercial flows" and will involve the drilling of a second deep well and the completion of a geothermal reservoir that connects the two wells.

The Company expects to be notified of the ARENA decision during the June quarter.

## Tenerife

The Tenerife Project in the Spanish owned Canary Islands is a high temperature, conventional geothermal project on the active volcanic island of Tenerife.

During the reporting period, an assessment program was carried out at all 53 potential sites for the upcoming magneto-telluric (MT) campaign designed to test the Vilaflor site in the southern slopes of the Teide Volcano. All sites have been surveyed to ensure they were suitable for MT measurement.

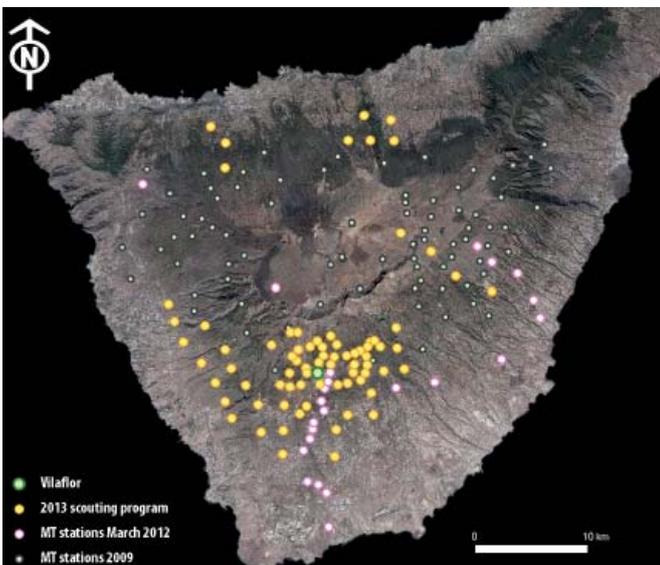
- > Flat areas;
- > Vegetation clearance approval;
- > Low electromagnetic cultural noise.

The processing and interpretation of the 2012 MT data highlighted structures suggesting the presence of a shallow (1500m) hydrothermal system close to infrastructure. The next stage of MT is an infill survey that will aim at verifying the existence of these structures and their distribution. The relatively close spacing of MT sites should allow a detailed 3D model to be generated.

These ground activities are funded by the collaborative four year €1.7 million, Spanish government, Geothercan research grant. The next stage of planned work is to include geochemistry surveys and volcano-structural investigations. The results of that work are planned to be integrated with the MT data to generate conceptual targets and determine if there are any drilling targets superior to those previously identified which were closer to the summit of the volcano.

The Tenerife project is aiming to supply power into the local power market where the avoided cost (based on fuel oil power generation) of power production is around €160/MWh (i.e. \$200/MWh), thus not requiring any renewable subsidy or feed in tariff to underpin the project's potential revenues. Tenerife is part of Spain's Canary Island's Special Tax Regime where the effective tax rate can be as low as 10%.

The Tenerife project has attracted interest from various parties and the Company has commenced discussions with a major Spanish energy company that has shown interest in joint venturing on the Tenerife project.



Map of the sites assessed during the scouting program (left). La Montaña Roja, the famous landmark of the coastal town of El Médano, located 15km from Petratherm's prospective area - Vilaflor (right)

## Corporate information

### Corporate Office

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ABN 17 106 806 884

### Board of Directors

#### Chair

Derek Carter

#### Managing Director

Terry Kallis

#### Non Executive Directors

Richard Bonython  
Richard Hillis  
Simon O'Loughlin  
Lewis Owens

#### Company Secretary

Donald Stephens  
HLB Mann Judd (SA) Pty Ltd

### Stock Exchange Listing

Australian Securities Exchange  
(ASX code: PTR)

### Share Registry

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

### Legal Advisors

O'Loughlin 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

### Project Geologist

Mathieu Messeiller

### Office Manager

Elena McRae

### Manager – Spain

Raul Hidalgo

## Upcoming events

### Industry events

For further information on forthcoming events in the geothermal sector visit the Australian Geothermal Energy Association website at <http://agea.org.au> and the DMITRE website at <http://geothermal.dmitre.sa.gov.au>

## Website

Petratherm's website delivers regular information updates to shareholders and stakeholders

Proudly supporting



### Competent Person Statements

The information in this report that relates to Exploration Results 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.