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PETRATHERM LIMITED
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Petratherm subsidiary, PetraGas applies for shale oil & gas tenement in Tasmania

Petratherm advises that its wholly owned subsidiary, PetraGas Pty. Ltd., has applied for a Petroleum Exploration Licence (EL3/2013) covering approximately 3,900 square kilometres, north of Hobart in central Tasmania (refer Figure 1) to explore for shale oil & gas.*

This decision by Petratherm to extend into unconventional shale oil and gas exploration leverages our core areas of expertise that include basin geology and deep drilling (developed from working on engineered geothermal systems) and our knowledge of the Australian electricity and gas markets.

PetraGas will arrange to meet with key stakeholders and the local community to ensure that a comprehensive two-way communication process is established from the outset.

Tenement Application and Preliminary Assessment

The tenement application spans part of the petroleum-bearing Tasmania Basin, which is prospective for both conventional and unconventional oil and gas. The Company's initial geological assessment indicates shale oil and gas are the most prospective targets with the primary areas of interest located 50 km north of Hobart. The license straddles the Tasmanian Gas Pipeline which runs between Hobart and eastern mainland Victoria, allowing potential access to major gas markets (refer Figure 1).

The onshore Tasmanian Basin contains mature potential source rocks. The Permian rock formations have been targeted by limited conventional hydrocarbon exploration in the past.

That exploration has identified carbonaceous lithologies, some with high Total Organic Content (TOC). TOC percentage is one of the main parameters used to characterize source rock quality. Typical industry indicators are as follows, between 1% and 2% considered as fair, 2% to 5% being good, while above 5% is very good. Key source rock horizons include the Tasmanite Oil Shale (at the base of the marine Woody Island Formation), which consists of thin organic-rich bands with a recorded average TOC of 21.6%. High hydrogen index values in the Tasmanite Oil Shale indicate an oil-prone source rock. Siltstones adjacent to the Tasmanite Oil Shale or between organic rich seams average TOC values of 2.5%. The remaining thick siltstones of the Woody Island Formation, in excess of 200m within the license, contain gas-prone and oil-prone source rocks with TOC, between 0.4% and 2.8%. Another potential source horizon is the overlying lacustrine carbonaceous siltstones of the Liffey Group. The formation is 20m to 40m thick and exhibits TOC up to 5% within the siltstones and up to 30% within the more carbonaceous intervals. The majority of the Liffey Group source rocks comprise gas-prone and oil-prone source rocks.

The license application is now subject to a public gazettal and it is hoped formal granting of the license by the Minister could occur in approximately two to three months time. Once the licence has been granted, systematic desk-top source rock analysis will be undertaken as a first step to quantify potential hydrocarbon volumes and to determine the potential for hydrocarbon recovery.

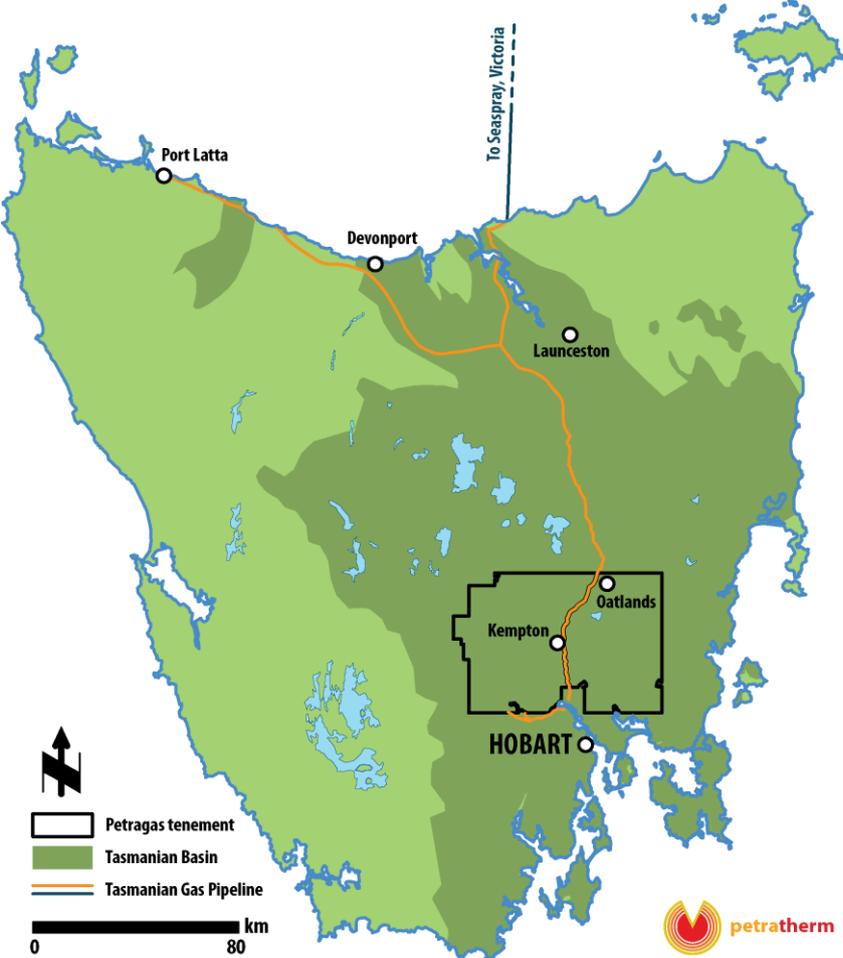


Figure 1 Location Map of Petroleum Tenement Application Area.

(* Tenement application was advertised in the Public Notices section of the Hobart Mercury on Saturday 13 July 2013)

Yours faithfully



Terry Kallis
Managing Director

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