

ASX Release

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PETRATHERM LIMITED
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Executive Director presentation to SA Resources & Energy Investment Conference 2014

Petratherm's Executive Director, Terry Kallis will present later today at the South Australian Resources and Energy Investment Conference.

The presentation focuses on the state of play in South Australia for geothermal, wind and solar and also provides an update on Petratherm.

Yours faithfully

Terry Kallis
Managing Director

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SA Resources & Energy Investment Conference 2014

**“State of play in SA for
geothermal, wind and solar”**

**Terry Kallis
Executive Director, Petratherm Limited
& Councillor, SACOME**

May 2014



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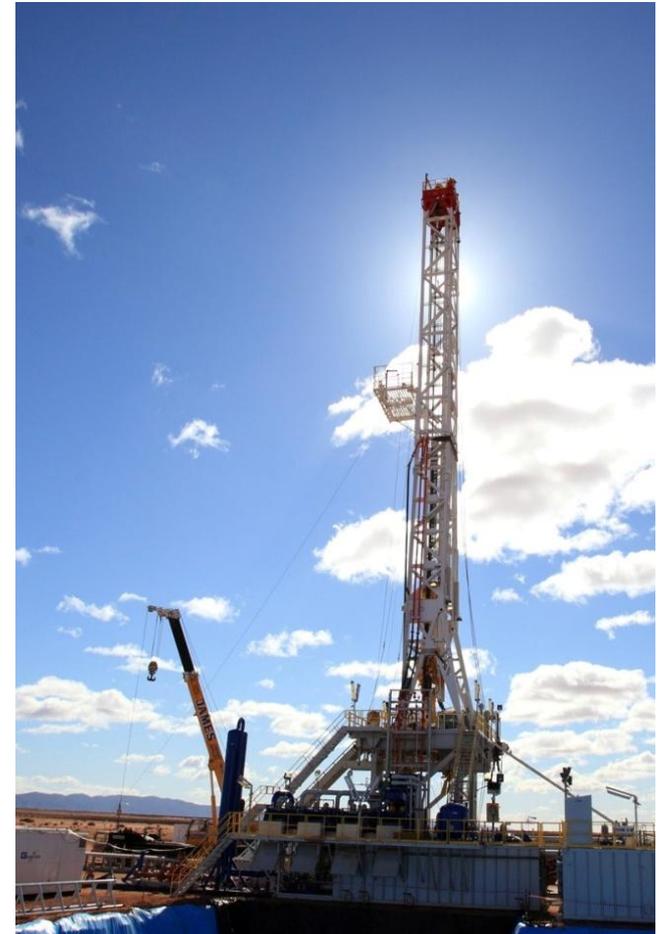
All amounts in Australian dollars (AUD) unless stated otherwise.

Presentation outline

1. Geothermal sector in Australia and SA
2. Petratherm Limited update
3. South Australian – wind and solar sectors
4. Current issues
5. The facts about Renewables and the RET scheme

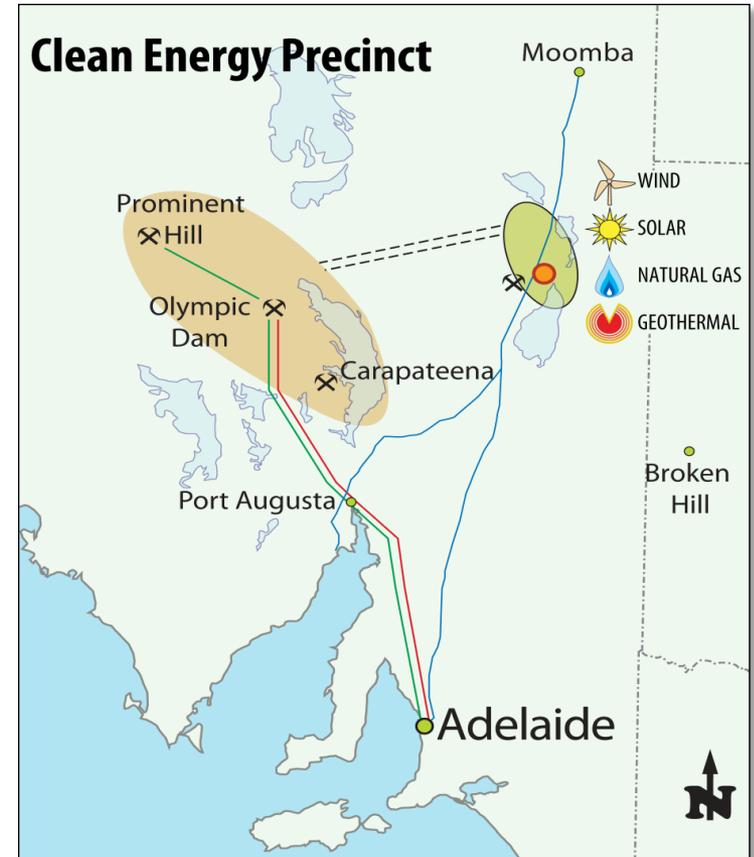
Geothermal Sector in Australia and SA – Seen major changes

- Initially growing from one pioneering ASX listed company (GDY) to include more than ten
- At it's peak the sector had more than 35 companies (private and public)
- Seven deep geothermal wells by three companies – with only a few wells successful
- Last two years has witnessed a major reduction in companies active in the sector
- Challenges are both technical and commercial but the potential remains enormous
- Market sentiment has been negative for some time – making funding difficult



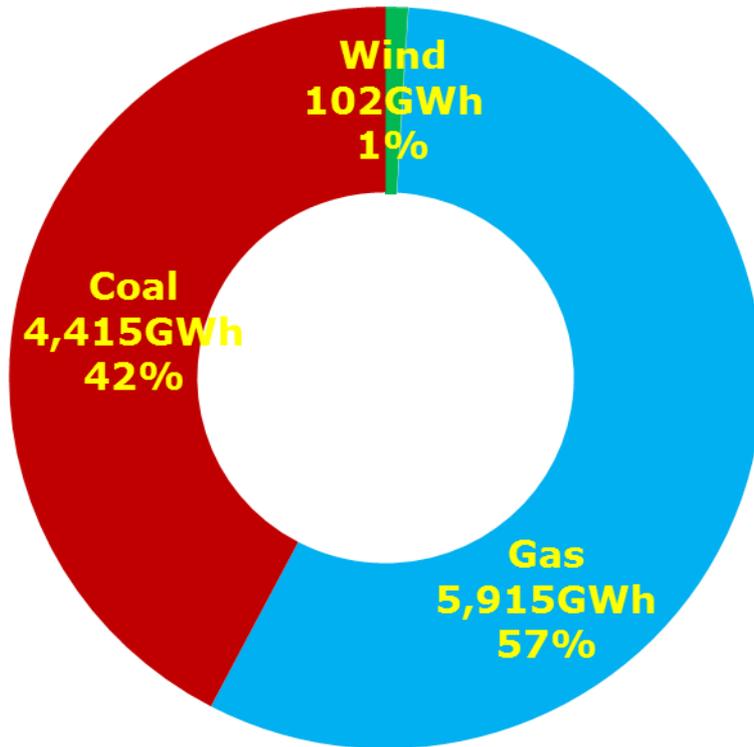
Petratherm Update – Changing to address new circumstances

- PTR successfully drilled one 4 km deep well and is the only ASX listed company with an active JV partner – BPT
- 85 % of the spend on Paralana to date from PTR and its JV partners – private sector has done the “heavy lifting”
- Paralana project seeking additional partner to meet \$13m federal government grant conditions of \$5m in equity by 19 July 2014.
- Board restructure from six to three directors, prudently preserving cash and assessing new investment opportunities to create shareholder value
- Tenerife, conventional geothermal project - actively seeking parties to acquire the project
- PetraGas, unconventional oil and gas – in discussions with a large Australian energy company to JV the project

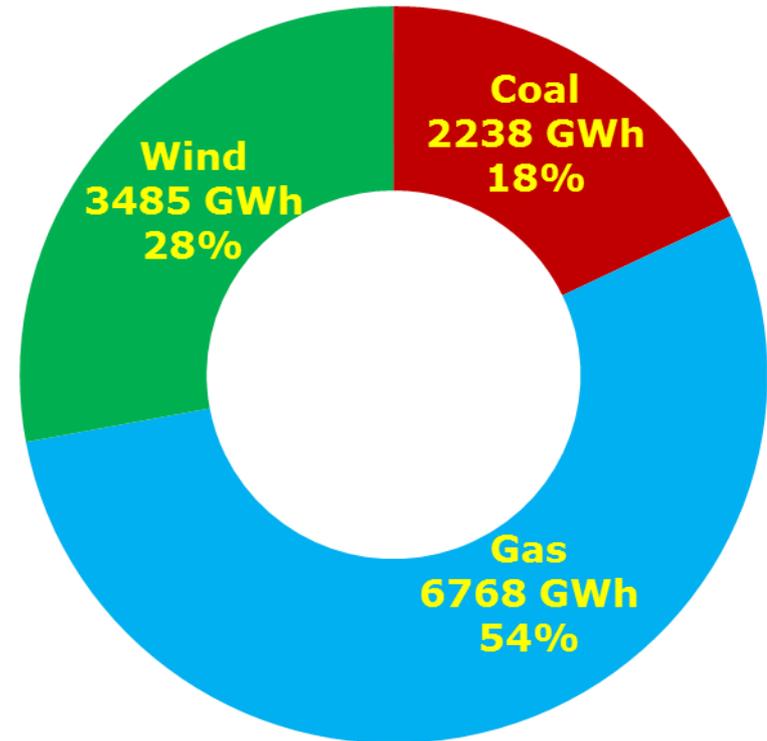


SA Wind and Solar - Change in fuel source for electricity over 9 years

2003/2004



2012/2013



Source: Derived from AEMO 2011 South Australian Supply and Demand Outlook and 2013 Historical Market Information

SA Wind and Solar – National leader in wind and solar PV

Wind

- 38% of nation's installed capacity
- In 2012/13 delivered 28% of State's electricity requirements
- 2011/12 was first year that wind generation overtook coal

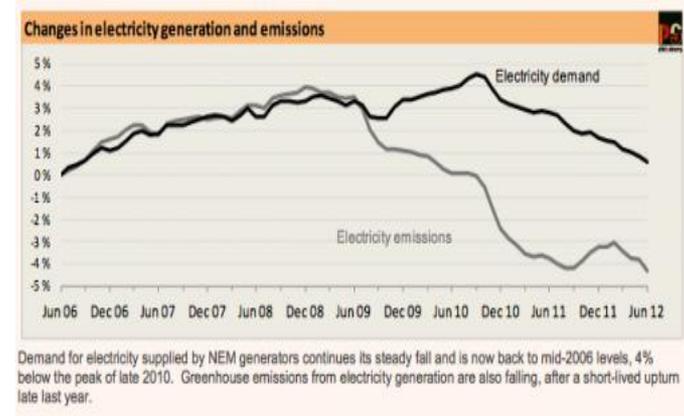


Solar Photovoltaic

- 400 MW individual installations - similar size Pelican Pt power station
- 1 in 5 households have solar PV
- Delivers 3.8% of annual energy demand

Current Issues – Many, varied and confused

- Recent reduction in grid sourced electricity from the impact of solar PV – pronounced in SA
- Recent increases in cost of electricity across Australia – causes and remedies?
- Carbon tax policy and its flow through impact into electricity prices
- Federal Government budget and review of Climate Change related policies and bodies
- Direct Action Policy – Emissions Reductions Scheme white paper released on 24 April 2014
- Current review of the Renewable Energy Target (RET) Scheme that was originally established by the Howard Government



The facts – Confirm that the RET scheme works and should continue

- Wholesale price increases are reduced by the RET
- Cost of RET is largely offset by reductions in wholesale prices in the near term
- Repealing the RET would increase retail electricity prices and increase greenhouse gases
- Increasing and extending the RET will further benefit customers
- The RET will drive new investment and significant job creation

