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ASX Code: PTR

ABN 17 106 806 884

105-106 Greenhill Road
Unley SA 5061

T: +61 8 8274 5000

F: +61 8 8272 8141

W: [Hwww.petratherm.com.au/](http://www.petratherm.com.au/)

E: Hadmin@petratherm.com.au



PETRATHERM LIMITED
ABN 17 106 806 884

Chairman's Address and Managing Director's Presentation

2008 Annual General Meeting

Chairman's Address

Thank you for your attendance today. Before moving to the formal business I would like to make a few remarks.

Introductory Remarks

In the latter half of the financial year and to an even greater extent in the last five months, as I'm sure you are all aware, market conditions have deteriorated, funds being scarce with capital and project finance difficult to raise. We are consequently reducing expenditure prudently to conserve cash. We are fortunate to have strong joint venture partners at Paralana and we will continue over these uncertain times to share risk where appropriate.

Strong Government support for the Geothermal Energy Industry and the Paralana Project eligible for Round One of the Geothermal Drilling Program

Strong government support for the Australian geothermal energy industry was further enhanced in 2007/08 with the announcement of the Federal government \$50 million Drilling Fund that aims to support deep drilling for proof of concept projects, such as Paralana. The government's Geothermal Industry Development Framework and the \$450 million Renewable Energy Fund also provide further and strong support for the geothermal energy industry, while the new Carbon Pollution Reduction Scheme and Renewable Energy Target will provide a robust long term framework in which geothermal and other renewable energy projects can operate. The Paralana joint venture partners have been fortunate in that we have been advised that we are eligible to apply for up to \$7 million from the Drilling Fund and, if successful, will receive funds prior to the commencement of the deep well next year.

Paralana JV strengthened with TRUenergy's \$57M Farm-In

The Paralana joint venture now includes TRUenergy (internationally owned by China Light & Power) who is to farm into the project under an agreement for up to \$57 million for 30% for the project, complementing the existing JV with Beach Petroleum (up to \$30 million for 36%). Together with Petratherm's geological capabilities, this will provide a formidable collaboration for the success of the Paralana project.

Paralana Deep Drilling to commence in May 2009

A 2000HP drilling rig was secured, post the reporting period, through a drilling services contract with Weatherford Drilling International. We plan to create a geothermal reservoir prior to commencing the drilling of the Paralana 3 well in late 2009/early 2010, thus completing the "proof of concept" stage of the project.

Spanish Projects show very encouraging expected returns with potential for early revenue

In Spain, our direct heating project, Geo-Madrid, is a potentially robust income generator, results of a pre-feasibility study being very encouraging. A full feasibility assessment is now underway, the aim being to produce first project revenues in mid 2010. Recent confirmation that one of the existing two wells at the Geo-Madrid site can be used for injection has resulted in an estimated 30% saving in total capital costs, considerably improving the economics of the project potential. We are receiving strong support from both the local and Provincial governments, not surprisingly since Spain is attempting to conform to the EU guidelines on renewable energy and low CO² emissions. Terry will describe this project, and the conventional geothermal projects we have in the Canary Islands in his presentation.

China project assessments indicate high quality prospects

In China, we commenced an assessment of potential high quality geothermal projects achieving access to key data through an exclusive agreement with four Chinese government institutions. During the year the Company examined the potential for both conventional and EGS projects in China and through the Federal Government's Asia Pacific Partnership (APP) program, secured the support of the Chinese and Australian Governments to collaboratively "identify" high prospect geothermal projects in China. The Chinese market for power, direct-use heat and renewable energy is enormous and presents a major growth opportunity for the Company.

New Victorian Geothermal Exploration Permit – Eastern Victoria

The Company is also pleased to announce today that it has been successful in being offered - after a very competitive process - a new geothermal exploration permit (No. 24) in Victoria's Gippsland Basin in the eastern part of that state. The Company is aiming to develop a "hot sedimentary aquifer" style geothermal project in the permit area. This style of geothermal development is typically lower risk than engineered geothermal systems (EGS) and in this case has the benefit of closer proximity to large power networks. Importantly, the Victorian Government is also very active in providing support for new and emerging renewable energy projects through its Energy Technology Innovation Strategy that includes their \$72 million Large Scale Renewable Energy Demonstration Fund (Refer to concurrent ASX release).

Acknowledgement of Lloyd Taylor's contribution

During the year, one of our founding directors, Lloyd Taylor resigned due to his increasing work load commitments as a consultant. Lloyd was an important contributor to our board and his technical and corporate input will be missed. I would like to thank him for his contribution and of course, wish him well in his new endeavours.

Petratherm's team skills & capabilities have been expanded to meet the growing needs of the Company

Also this year our team expanded its skills base with the appointments of John King (Project Manager, Paralana), Victor Guerrero (Spanish Project Geologist) and Brett Meredith (Tenement and Compliance Manager) to meet the growing needs of the business. I would also welcome Wendy Blackeby, Mathieu Messeiller and Caroline Jasper to the ranks.

In addition to these appointments, the services of a number of skilled consultants were secured. In particular, Swiss based specialist EGS expert consultants, Geothermal Explorers, was engaged on an Australia-exclusive basis, to provide key advice on the Paralana Project while Professor Richard Hillis and Associate Professor Martin Hand, of the University of Adelaide, were retained to assist in the Company's exploration and project development processes.

Finally, my sincere thanks go to all the staff at Petratherm for their efforts over this past year. The results speak for themselves and the Company has made huge advances over this 12 month period. Of course, the team would not be complete without Terry Kallis, our Managing Director and I especially thank him for his contribution this year.

2009 to be a pivotal year for Petratherm

2009 will be a pivotal year for Petratherm with, amongst other things, the drilling of our first deep well at Paralana and the development of our Geo-Madrid direct heating project in Spain. It will be a very exciting period.

Refer Managing Director's presentation attached.

Yours faithfully



Terry Kallis
Managing Director

MEDIA CONTACTS:

Terry Kallis	Petratherm Ltd	08 8274 5000
Jenny Brinkworth	Hughes Public Relations	08 8412 4100