

# ASX Release



**PETRATHERM LIMITED**  
**ABN 17 106 806 884**

## **Chairman's Address** **2007 Annual General Meeting**

Before I consider the matters before the meeting today, I refer you to the Chairman's Report contained within the Company's 2006/2007 Annual Report, and would like to make further comment. Petratherm has continued to make substantial progress in a number of areas since the lodgment of our Annual Report.

### ***Spanish Portfolio Expanded to five, with more to come***

The Company has expanded its Spanish project portfolio from three to five with the addition of the Almazan and Gran Canaria projects to the existing Madrid, Barcelona and Tenerife projects. Geothermal Exploration Licenses (GELs) have been issued for all projects with only the Barcelona GELs pending.

Petratherm's Spanish ventures have attracted significant interest from a number of key groups including European energy companies, renewable energy groups and Spanish central and regional government departments. The Company has a significant first mover advantage in one of Europe's highest growing economies and has plans to expand its project portfolio to around 7 or 8.

### ***Exclusive Agreement for Chinese Geothermal Prospects***

The Company also recently announced that it had entered into a landmark, exclusive Agreement with four key Chinese Geological/Geothermal institutions to undertake a cooperative assessment of high prospect projects in China. This has given Petratherm a relatively low cost, low risk entry into the world's largest growing energy market.

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### ***Paralana Project well design and rig selection nearing completion***

Petratherm and its joint venture partner Beach Petroleum have recently completed a major seismic study and a magneto-telluric survey is nearing completion. That key preparatory work will provide guidance on the location of the two deep (up to 4km) wells and the long-term development of the geothermal field.

I am pleased to inform you that Petratherm and its joint venture partner – Beach Petroleum - are now nearing completion of the well design and rig selection process for the Paralana Geothermal Energy Project.

***A Letter of Intent has now been signed with Ensign International Energy Services, to secure a suitable rig and drilling is planned to commence in the second half of calendar 2008.*** The Letter of Intent is subject to confirmation of well design parameters and negotiation of commercial arrangements.

### ***Very Strong Support for Geothermal Energy expected from the new Labor Federal Government***

The new Labor Federal Government has announced a number of commitments in its “Clean Energy Plan” in the lead up to the recent election that demonstrates very strong support for the Australian Geothermal Energy Industry. Those commitments, amongst other things, include;

- Ratification of the Kyoto Protocol
- Introduction of an emission trading scheme by 2010
- A Renewable Energy Target of 20% by 2020.
- A \$500 million Renewable Energy Fund – to develop, commercialize and deploy renewable energy in Australia
- A \$150 million Energy Innovation Fund – to support Australia’s world leading scientists and researchers and their programs
- A \$50 million Geothermal Energy Drilling Initiative – nominally for up to five projects

The above commitments are expected to provide a robust long term policy and regulatory framework – similar to those currently operating in Europe - that should encourage a clear and supportive environment within which Petratherm can confidently conduct its Australian business.

***Petratherm is very well positioned for the future policy environment and expects major progress during calendar 2008.***

In addition to the above commitments a number of other interrelated geothermal energy industry initiatives are underway, including,

- the formation of the Australian Geothermal Energy Association (AGEA) to advocate on policy matters with Governments (Federal & State),
- the Australian Geothermal Energy Group (AGEG), a collaborative working group of companies, researchers/academics and government departments and;
- the Australian Geothermal Energy Industry Development Framework (AGIDF) process that aims to facilitate the growth of the Industry.

Petratherm has a key leadership role on AGEA, AGEG and the AGIDF. This together with the recent assessment of Petratherm's Paralana Project by the previous Federal Government as being the most commercially advanced project in Australia places the Company in a strong position in the Industry as it enters the new 2008 year.

Specifically, Petratherm plans to apply for funding available under the Geothermal Energy Drilling Initiative (around \$10 million) and for funding available under the Renewable Energy Fund to commercialize and deploy a 30 MW power project at Paralana (nominally \$50 million). Petratherm also plans to use its leadership role in the industry to advocate for the design of the new Government's policy commitments for a 20% renewable energy target and a national emissions trading scheme that will benefit the geothermal energy industry as it develops.

Petratherm shareholders can expect to see major progress during 2008 - notably with our deep well drilling program at our flagship Paralana Project

Yours faithfully



**Terry Kallis**  
Managing Director

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