
NEWS

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FOR IMMEDIATE RELEASE

Tuesday 3rd June 2008

SOUTH AUSTRALIA COULD BE NATIONAL LEADER

IN RENEWABLE ENERGY SUPPLY – PETRATHERM

South Australia is perfectly placed to become the national leader in the supply of renewable sources of energy, a conference in Adelaide heard today.

The upbeat prediction was made by Mr Terry Kallis, Managing Director of geothermal developer, Petratherm Limited (ASX: "PTR"), in a keynote address to the inaugural *Beyond Carbon 2008* Conference at the Hyatt Regency Adelaide.

Petratherm has a variety of highly prospective geothermal projects under development in Spain and Australia, where its flagship Paralana Project 300km north of Port Augusta is due to start producing the country's first commercially viable geothermal energy by mid-2010.

"As well as 80% of Australia's geothermal investment, South Australia has enormous wind and solar resources, which are going to become increasingly important components of our energy mix as we move into a more carbon-constrained future," Mr Kallis said.

"The State Government is currently targeting to have 20% of all our energy needs, or 45,000 gigawatt hours, met by renewable sources by 2020," he said.

"With an emissions trading scheme up and running by 2011, and likely revisions to the mandatory renewable energy target, we are going to see increasing government support for renewables, particularly for solar and geothermal development.

"The Clean Energy Council estimates there will be \$20 billion in investment and 50,000 jobs created in the renewables sector in the run up to 2020.

"With the highest penetration of both wind and geothermal development, South Australia is perfectly positioned to serve as the national leader in renewable energy supplies for Australia."

Mr Kallis said that geothermal projects powered by the South Australian Heat Flow Anomaly – where subterranean temperatures in excess of 200°C have been “mined” across the State – offered opportunities to provide baseload power to the National Grid, as well as large-scale mining operations.

Petratherm’s Paralana Project is being developed in conjunction with Top 4 energy group, Beach Petroleum Limited, with some initial agreements already in place to potentially supply power to Heathgate Resources’ Beverley Uranium Mine.

Two long-term transmission options are being considered for Paralana, including a double circuit 275kV transmission line from Paralana to Port Augusta, capable of delivering 520MW to the National Grid, or a single circuit line to Port Augusta and a second to Olympic Dam – each capable of delivering 260MW.

“The latter arrangement could create a ‘meshed’ transmission network in the north of the State and provide a backbone of electricity infrastructure for remote communities as well as the growing resources sector,” Mr Kallis said.

During his presentation, Mr Kallis said a report by McLennan Magasanik Associates projected that the costs of geothermal technology would steadily fall over the next 30 years – eventually making it the lowest cost renewable energy source in Australia.

The three-day Beyond Carbon Conference has been organised by the Committee for Economic Development of Australia (CEDA) and the Local Government Association, to explore the challenges and opportunities presented by the transition to a carbon-constrained economy – and to link “clean technology” companies with government services, private investors, and each other.

The Conference will also see the launch of a new State Government-sponsored networking organisation, the Adelaide Cleantech Network (ACT), which will link stakeholders and service providers involved in the development and provision of clean technology services and innovations.

MEDIA CONTACTS:

Terry Kallis
Petratherm Limited
(08) 8274 5000 / 0419 810 153

Kevin Skinner
Field Public Relations
(08) 8234 9555 / 0414 822 631

A circular inset image on the left side of the slide. It shows a landscape with a rainbow arching over a body of water. The sky is overcast and grey, and the water is a brownish, muddy color. In the distance, there are some small white structures or buildings on the horizon.

petratherm

CEDA - Beyond Carbon 2008

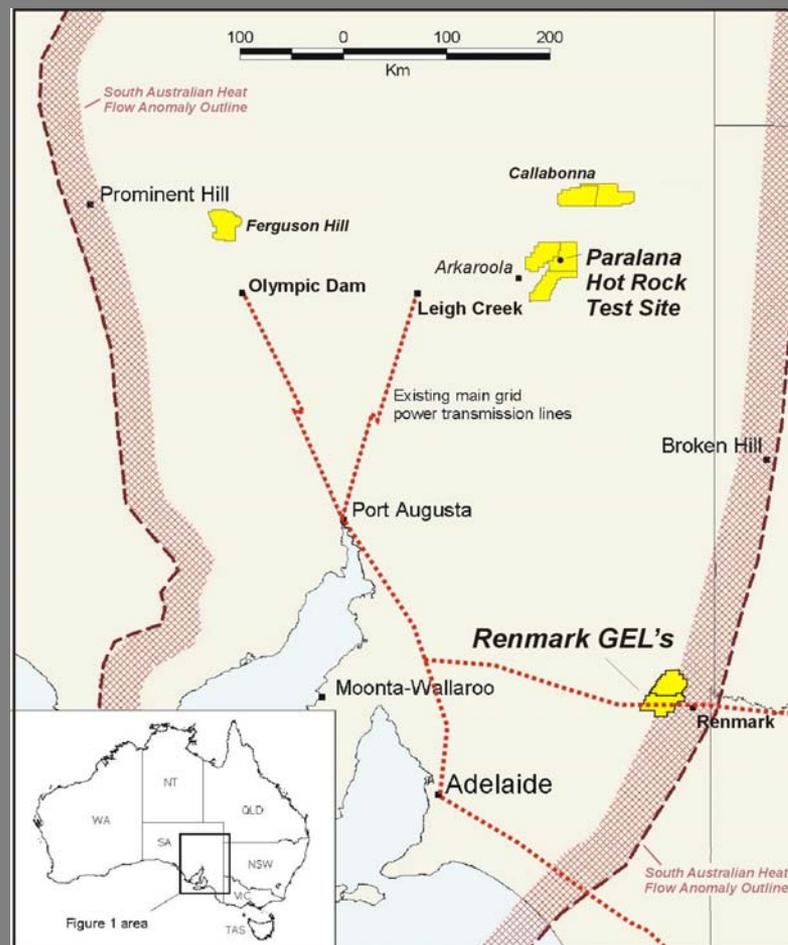
Terry Kallis
Managing Director
Petratherm Limited
June 2008

Explorer and Developer of Geothermal Energy

Petratherm Limited

Geothermal Energy Explorer & Developer

- *MEP major shareholder 34%*
- *Market Cap \$50 M, current price \$0.85 with 58 M shares on issue, cash \$5.4 M*
- *Four Australian projects in SA*
- *Seven Spanish projects*
- *Exclusive agreement to identify projects in China*
- *Flagship Paralana Project*
 - *Up to \$30M JV with Beach Petroleum*
 - *Federal grant of \$5M*
 - *MOU with Heathgate Resources to supply power*
 - *Next step drilling 4 km deep wells*

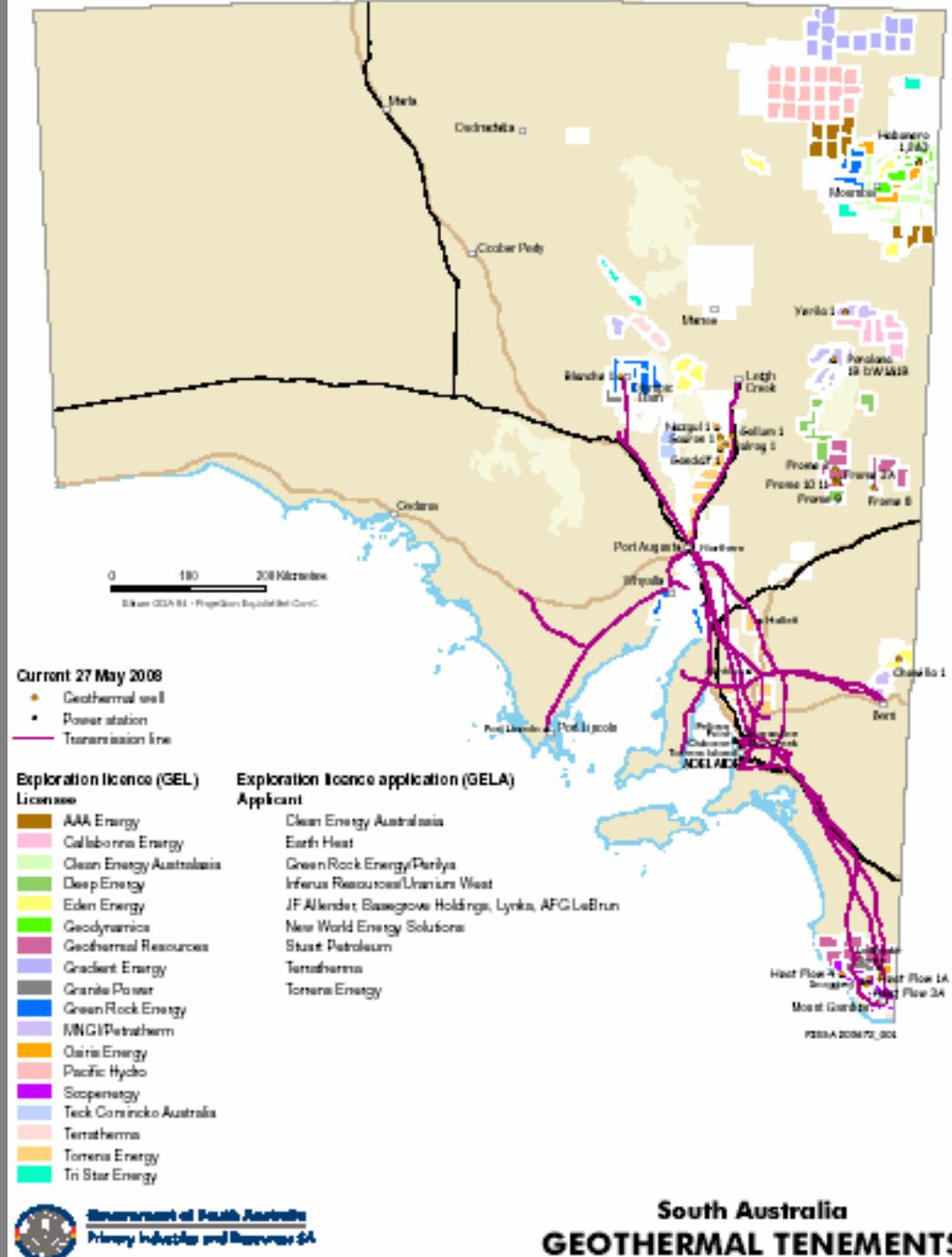


Global Context for Renewables

- Operating in an uncertain global economy and with more volatile financial markets - expect European economies expected to slow, Asian economies to continue to grow strongly, Australian economy to remain strong but weakness (recession?) in the US economy
- Increasing cost of energy/power globally, combination of increased electricity demand , increasing cost of fuel and water, pressure on manufacturers and providers of raw materials (developing and developed countries)
- Global political and social pressure to implement major greenhouse gas reduction and renewable energy programs, Europe underway, Australia about to expand, parts of Asia moving and more expected from the US
- The above issues will combine to drive toward the need for low cost, large scale (preferably base load) renewable/low emission technology - geothermal, solar, wind and in some countries nuclear and gas

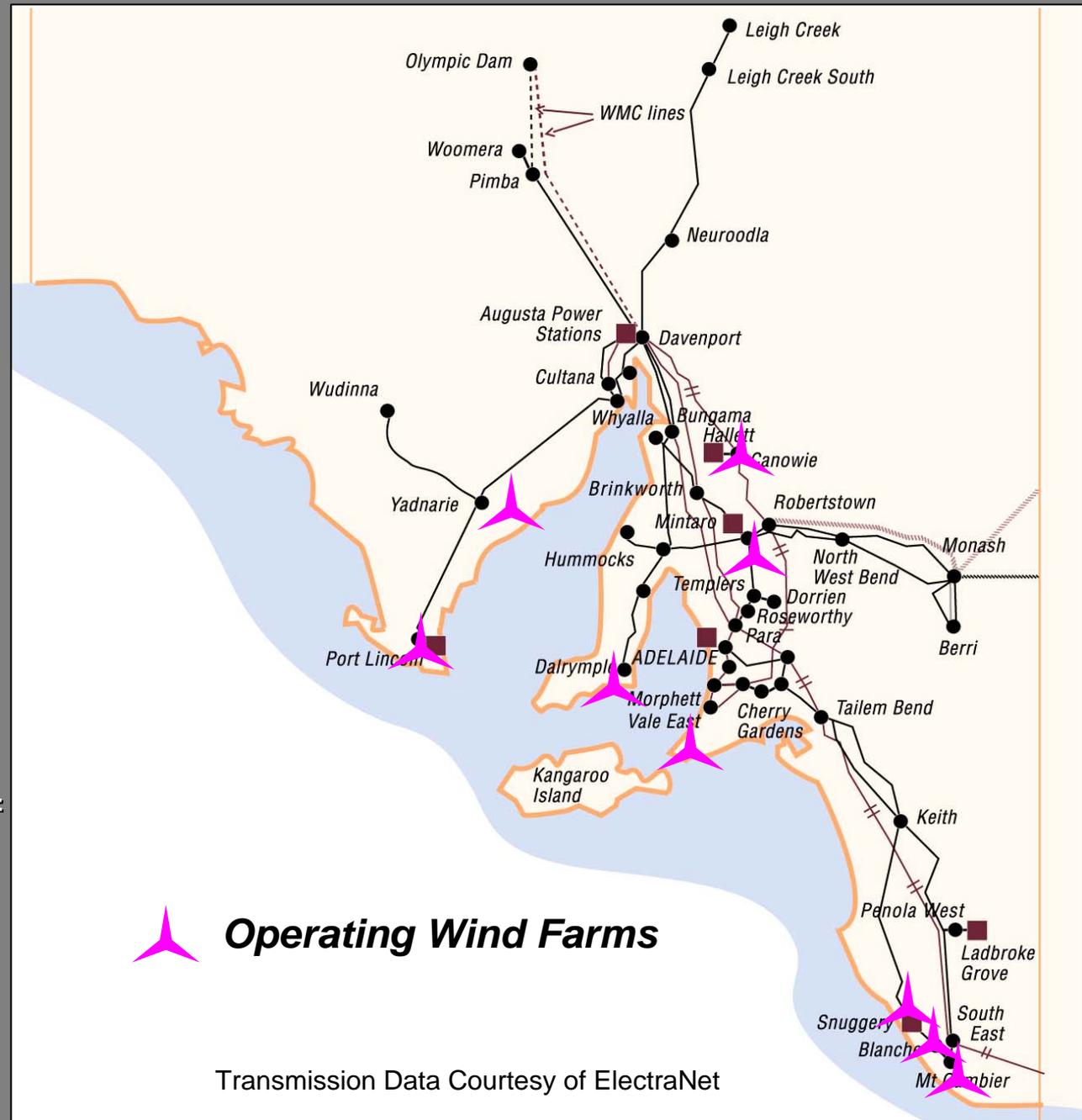
SA Geothermal Projects

- Many players – 33 Companies, 10 ASX listed
- 277 GELs mostly in SA – PACE grants
- Very large resources
- Exploiting different geothermal resources mainly Hot Rock but also “Hot Water”



SA Wind Farms

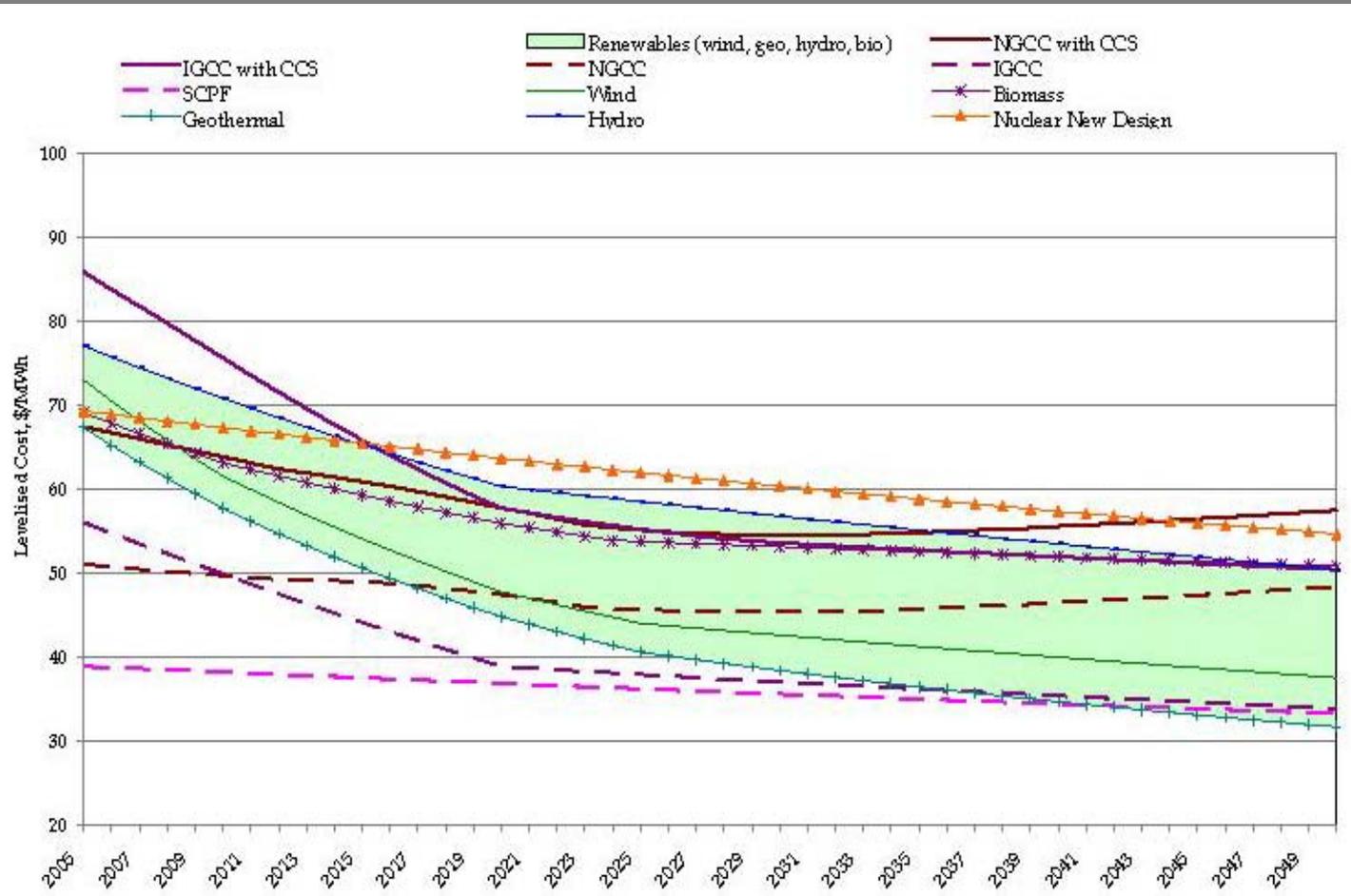
- 19 active wind projects
- 335 MW operating
- 340 MW under construction
- 600 MW to 700 MW under consideration, mainly mid north
- Highest penetration of all Australian states and internationally high percentage



Long Run Costs of Renewable Energy Technologies

Advantages of Geothermal Energy include:

- Large scale base load
- Large resources and reserves
- Expected to be lowest cost renewable energy source



Extract from **McLennan Magasanik Associates independent report** "Renewable Energy – A Contribution to Australia's Environmental and Economic Sustainability".

Total renewable cost envelope v's coal, gas and nuclear cost.

Australian Opportunities for Renewables

- Government 20% renewables by 2020 – 45,000 GWh
- Emissions Trading Scheme by 2011 and revised Mandatory Renewable Energy Target (carbon pricing and RECs - combination)
- Wind will feature strongly but emerging technologies will play an increasing role with government support
- Australia is naturally endowed with excellent solar and geothermal resource – service mining and rural sectors
- CEC estimates \$20 billion in investment and 50,000 jobs to be created in the renewables sector to 2020
- South Australia best positioned to be national leader in renewable energy supply for Australia

Thank You



ASX Code: PTR

www.petratherm.com.au

Phone: (08) 8274 5000

