

ASX Release

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Spanish Projects Update

Exclusivity agreement with leading European energy services provider, Dalkia, to assess the joint venture potential of the Geo- Madrid Project.

Petratherm is pleased to advise that it has entered into an agreement with Dalkia, a leading European provider of energy services, for the Company's advanced Geo-Madrid Geothermal District Heating Project.

The agreement provides for Dalkia to undertake its due diligence, on an exclusive basis, of the project which is now entering the final stages of its feasibility assessment. The exclusivity agreement includes a requirement to develop agreed principles to guide the establishment of a joint venture by the end of the exclusivity period (that expires on 31 May 2009).

The final joint venture arrangements are expected to cover issues including the roles of the parties, their equity participation and contracts for engineering, procurement, construction (EPC) and operation. Dalkia has expressed an interest to undertake the EPC and ongoing operations of the surface plant and customer services.

Dalkia is one of Europe's leading and largest energy services providers and has energy facilities across Europe, Canada and Asia.

Dalkia is co-owned by Veolia (66%) and Electricite de France (34%) – the largest water utility in Europe and the world's largest power utility, respectively.

Dalkia has annual revenues that exceed €8 billion and it operates over ten geothermal district heating projects in the Paris basin in France.

Dalkia has business interests and offices across Spain including all of the major mainland regions and the Canary Islands. (for more information on Dalkia refer to www.dalkia.com)

In addition to the 8 MW Geo-Madrid project, Dalkia has expressed interest in other district heating projects across Petratherm's large Madrid tenement (refer overleaf) and the potential for projects across the Valles basin near Barcelona.

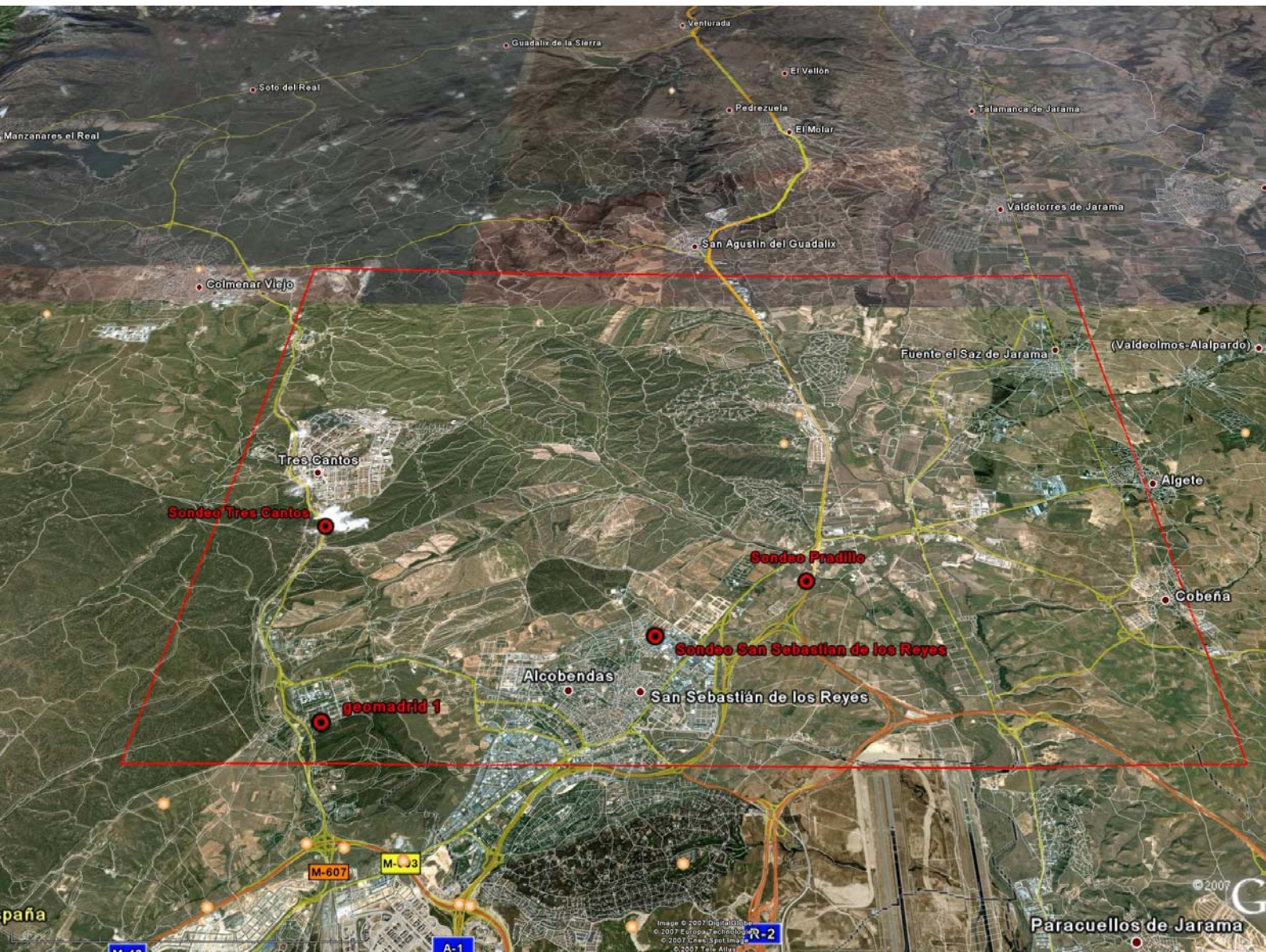


Figure 1 - Madrid Geothermal License Area – located 25 kms north of the City and covering over 300 square kms.

The 8 MW Geo-Madrid Project is in the left foreground. Other potential Projects for application of district heating on the Madrid tenement area are San Sebastien de los Reyes (middle foreground) and Sondeo Tres Cantos (left middle-ground).

Yours faithfully

Terry Kallis
Managing Director

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