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Website www.petratherm.com.au
Email admin@petratherm.com.au
A.C.N. 106 806 884



5 August 2011

Dear Shareholder

INVITATION TO PARTICIPATE IN PETRATHERM LTD SHARE PURCHASE PLAN

The Directors of Petratherm Ltd (**Company**) are pleased to offer shareholders the opportunity to participate in its Share Purchase Plan. The Share Purchase Plan entitles eligible shareholders of the Company to purchase up to \$15,000 worth of fully paid ordinary shares (**Shares**) in the capital of the Company, free from all brokerage and commissions.

Shareholders may apply for a choice of six variable numbers of Shares, with a minimum subscription of \$1,000 (8,000 Shares), the next option of \$3,000 (24,000 Shares) followed by \$5,000 (40,000 Shares), \$7,500 (60,000 Shares), \$10,000 (80,000 Shares) with a maximum subscription of \$15,000 (120,000 Shares).

The Share Purchase Plan will open at 9.00 am (Adelaide time) on 5 August 2011 and close at 5.00 pm (Adelaide time) on 29 August 2011. The Directors reserve the right to vary this date. Shareholders with a registered address in Australia or New Zealand as at 7.00 pm (Adelaide time) on 26 July 2011 are eligible to participate in the offer.

Accompanying this letter are two documents:

1. 'Share Purchase Plan Terms and Conditions' which explains how the new shares will be issued should you participate in this offer; and
2. a personalised Application Form which, if you are paying by cheque, bank draft, money order, you need to complete in accordance with the instructions provided and return to the Company's Share Registry office, Computershare Investor Services Pty Limited, with payment, in the reply paid envelope, so that it is received no later than 5.00 pm (Adelaide time) on 29 August 2011. If you are paying by BPAY, you do not need to return the Application Form, but your payment must be received by 5.00 pm (Adelaide time) on 29 August 2011.

The use of the funds raised is explained in clause 14 of the accompanying 'Share Purchase Plan Terms and Conditions'.

I hope that you will give favourable consideration to this offer as a convenient means of increasing your holding in and support for, the Company as we move towards the next stage of Paralana's development.

Yours faithfully



Derek Carter
Chairman
Enc

For all enquiries:

Phone:
 (within Australia) 1300 556 161
(outside Australia) 61 3 9415 4000

Web:
 www.investorcentre.com/contact

Make your payment:



See over for details of the Offer and how to make your payment



Share Purchase Plan Application Form

 **Your payment must be received by 5:00pm (Adelaide Time) Monday 29 August 2011**

This is an important document that requires your immediate attention.

It can only be used in relation to the securityholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

By making payment you agree to be bound by the Constitution of Petratherm Limited and that the submission of this payment constitutes an irrevocable offer by you to subscribe for Petratherm Limited securities on the terms of the Share Purchase Plan (SPP). In addition, by submitting the slip below you certify that the aggregate of the application price paid by you for:

- the securities the subject of the slip below; and
- any other securities and interests in the class applied for by you under the SPP or any similar arrangement in the 12 months prior to the date of submission of the slip below does not exceed A\$15,000.

Petratherm Limited may make determinations in any manner it thinks fit, in relation to any difficulties which may arise in connection with the SPP whether generally or in relation to any participant or application.

Any determinations by Petratherm Limited will be conclusive and binding on all eligible securityholders and other persons to whom the determination relates. Petratherm Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions or to suspend or terminate the SPP at any time. Any such amendment, suspension or termination will be binding on all eligible securityholders even where Petratherm Limited does not notify you of that event.

Step 1: Registration Name

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Step 2: Make Your Payment

Note that securities may be purchased in the indicated increments only. Note that the amount chosen may be subject to scale back in accordance with the terms of the SPP.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the slip with **BPAY** payment.

By Mail: Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque or bank draft payable in Australian dollars to Petratherm Limited Share Purchase Plan. The cheque must be drawn from an Australian bank. Cash is not accepted. Payment will be processed on the day of receipt. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.


Turn over for details of the Offer →

Petratherm Limited Share Purchase Plan Application Form
Payment must be received by 5:00pm (Adelaide Time) Monday 29 August 2011

Share Purchase Plan Application Form

STEP 1

Registration Name & Offer Details

 For your security keep your SRN/
HIN confidential.

Registration Name:

Entitlement No:

Offer Details:

Record date: **26/07/11**

Closing Date: **5:00pm (Adelaide time) 29/08/11**

Minimum value available to purchase: **\$1,000**

Maximum value available to purchase: **\$15,000**

STEP 2

Make Your Payment



Billers Code: 168666
Ref No:

Pay by Mail:



Make your cheque, money order or bank draft payable to Petratherm Limited Share Purchase Plan.

Return your cheque with the below slip to:

Computershare Investor Services Pty Limited

GPO BOX 2987 Adelaide South Australia 5001 Australia

Contact your financial institution to make your payment from your cheque or savings account.

If you are applying for shares and your payment is being made using BPAY, you should be aware that your own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited (CIS) as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS using the details provided above or email privacy@computershare.com.au

Purchase Details (choose one option)

- 8,000 Shares for A\$1,000 OR 24,000 Shares for A\$3,000 OR 40,000 Shares for A\$5,000
 60,000 Shares for A\$7,500 OR 80,000 Shares for A\$10,000 OR 120,000 Shares for A\$15,000

Payment must be received by 5:00pm (Adelaide Time) Monday 29 August 2011

Contact Details

Contact

Name _____

Daytime

Telephone _____

Cheque Details

Drawer

Cheque Number

BSB Number

Account Number

Amount of Cheque

114359900000307795+0001499999-5002+44

PETRATHERM LIMITED
ACN 106 806 884

SHARE PURCHASE PLAN

TERMS AND CONDITIONS

TERMS AND CONDITIONS

These terms and conditions are the terms and conditions of the Petratherm Limited (**Company**) Share Purchase Plan (**Plan**) (as contemplated by Regulatory Guide 125 and Class Order 09/425 (as amended) of the Australian Securities and Investments Commission (**ASIC**)) and are binding on any shareholder completing the Share Purchase Plan Application Form which accompanies this document.

1. THE OFFER

The Offer is an invitation to offer to subscribe for fully paid ordinary shares in the Company (**Shares**) at \$0.125 per Share for a choice of subscription amount of \$1,000 (8,000 Shares), \$3,000 (24,000 Shares), \$5,000 (40,000 Shares), \$7,500 (60,000 Shares), \$10,000 (80,000 Shares) or \$15,000 (120,000 Shares). You may apply for any one of these number of Shares. You are under no obligation to make an offer to acquire Shares. The Offer to each eligible shareholder is made on the same terms and conditions. The Offer is non-renounceable (meaning that you may not transfer your right to acquire a Share under the Offer to anyone else).

2. OPENING AND CLOSING DATE OF THE OFFER

The Offer opens at 9.00 am (Adelaide time) on 5 August 2011. The Offer closes at 5.00 pm (Adelaide time) on 29 August 2011. The Directors of the Company reserve the right to change the closing date of the Offer.

No late applications will be accepted.

3. ELIGIBILITY

You are eligible to apply for Shares if:

- 3.1 your registered address in the Company's register of members is in Australia or New Zealand; and
- 3.2 you were registered or taken to be registered as a holder of fully paid ordinary shares in the Company as at 7.00 pm (Adelaide time) on 26 July 2011 (**Record Date**).

The Directors of the Company have determined that it is not practical for holders of shares with registered addresses in jurisdictions other than Australia and New Zealand to participate in the Plan.

To the extent that you hold shares on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any acceptance is in compliance with all applicable foreign laws.

Single holders: If you are the only registered holder of a holding of Shares, but you receive more than one offer under the Plan (for example due to multiple registered holdings), you may only apply for one maximum parcel of Shares.

Joint holders: If you are recorded with one or more other person as the joint holder of a holding of Shares, that joint holding is considered to be a single registered holding for the purpose of the Plan, and the joint holders are entitled to participate in the Plan in respect of that single holding only. If the same joint holders receive more than one offer under the Plan due to multiple identical holdings, the joint holders may only apply for one maximum parcel of Shares.

Custodians, trustees and nominees: If you are a custodian, trustee or nominee within the definition of ‘custodian’ in ASIC Class Order [CO 09/425] (as amended) (**Custodian**) and hold Shares on behalf of one or more persons (each a **Participating Beneficiary**), you may apply for up to a maximum of \$15,000 worth of Shares in any 12 month period for each Participating Beneficiary, subject to providing a notice in writing to the Company (**Custodian Certificate**) certifying:

- (a) either or both of the following:
 - (i) that the Custodian holds shares in the class on behalf of one or more Participating Beneficiaries that are not custodians;
 - (ii) that another custodian (**Downstream Custodian**) holds beneficial interests in shares in the class on behalf of one or more other persons (each a **Participating Beneficiary**), and the Custodian holds the shares to which those beneficial interests relate on behalf of the Downstream Custodian or another Custodian,

on the Record Date and that each Participating Beneficiary has subsequently instructed the following persons:
 - (iii) where subparagraph (a)(i) applies – the Custodian; and
 - (iv) where subparagraph (a)(ii) applies – the Downstream Custodian,

to apply for Shares on their behalf under the Plan;
- (b) the number of Participating Beneficiaries;
- (c) the name and address of each Participating Beneficiary;
- (d) in respect of each Participating Beneficiary:
 - (i) where subparagraph (a)(i) applies – the number of shares in the class that the Custodian holds on their behalf; and
 - (ii) where subparagraph (a)(ii) applies – the number of shares in the class to which the beneficial interests relate;
- (e) in respect of each Participating Beneficiary:
 - (i) where subparagraph (a)(i) applies – the number or the dollar amount of shares or interests they instructed the Custodian to apply for on their behalf; and
 - (ii) where subparagraph (a)(ii) applies – the number or the dollar amount of shares or interests they instructed the Downstream Custodian to apply for on their behalf;
- (f) there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds \$15,000:
 - (i) the Shares applied for by the Custodian under the Plan in accordance with the instructions referred to in subparagraph (e); and
 - (ii) any other shares in the class issued to the Custodian in the 12 months before the application as a result of an instruction given by them to the Custodian or the Downstream Custodian to apply for shares on their behalf under an arrangement similar to the Plan;
- (g) that a copy of the written offer document was given to each Participating Beneficiary; and
- (h) where subparagraph (a)(ii) applies – the name and address of each Custodian who holds Beneficial Interests in the shares in the class held by the Custodian in relation to each Participating Beneficiary.

In providing a certificate under this paragraph, the Custodian may rely on information provided to it by the Participating Beneficiary and any Custodian who holds beneficial interests in the shares in the class held by the Custodian.

For the purposes of ASIC Class Order [CO 09/425] (as amended) you are a ‘Custodian’ if you are a registered holder that:

- (a) holds an Australian financial services licence that:
 - (i) covers the provision of a ‘custodial or depository service’ (as defined in section 766E of the *Corporations Act 2001* (Cth)); or
 - (ii) includes a condition requiring the holder to comply with ASIC Class Order [CO 02/294]; or
- (b) is exempt under:
 - (i) paragraph 7.6.01(1)(k) of the *Corporations Regulations 2001* (Cth);
 - (ii) paragraph 7.6.01(1)(na) of the *Corporations Regulations 2001* (Cth);
 - (iii) ASIC Class Order [CO 05/1270] to the extent that it relates to ASIC Class Order [CO 03/184];
 - (iv) ASIC Class Orders [CO 03/1099], [CO 03/1100], [CO 03/1101], [CO 03/1102], [CO 04/829] or [CO 04/1313];
 - (v) an individual instrument of relief granted by ASIC to you in terms similar to one of the class orders referred to in subparagraph (b)(iv); or
 - (vi) paragraph 911A(2)(h) of the *Corporations Act 2001* (Cth),
from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service; or
- (c) is a trustee of a:
 - (i) self-managed superannuation fund (as defined by ASIC Class Order [CO 10/105]); or
 - (ii) superannuation master trust (as defined by ASIC Class Order [CO 10/105]); or
- (d) is the responsible entity of an IDPS-like scheme (as defined by ASIC Class Order [CO 02/296] or any class order that replaces that class order); or
- (e) is the registered holder of shares in the class and is noted on the register of members of the Company as holding the shares on account of another person.

If you hold Shares as a trustee or nominee for another person, but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate or would like further information on how to apply, you should contact Computershare Investor Services Pty Limited.

4. ISSUE PRICE AND RELATIONSHIP TO MARKET PRICE

The issue price for each Share under the Offer is \$0.125 which represents a discount to the closing price of the Company’s Shares on the Australian Securities Exchange (ASX) on 26 July 2011 (the

day before the announcement of the Plan) of \$0.035 or 21.875%. The issue price has been calculated in accordance with ASX Listing Rule 7.2 Exception 15.

5. RIGHTS ATTACHING TO SHARES

The rights and obligations attaching to the Shares are contained in the constitution of the Company (which is available for inspection at the registered office of the Company during the period of the Offer). The Shares will be issued on the same terms as all other ordinary shares in the Company and the Company will apply for the Shares to be quoted on ASX.

If the Shares are not to be quoted on ASX, the Shares will not be issued and application funds will be refunded without interest.

6. APPLICATION FOR SHARES

If you are an eligible shareholder, you may apply to purchase:

- 8,000 Shares for \$1,000;
- 24,000 Shares for \$3,000;
- 40,000 Shares for \$5,000;
- 60,000 Shares for \$7,500;
- 80,000 Shares for \$10,000; or
- 120,000 Shares for \$15,000.

The Company reserves the right in its absolute discretion to reject any application for Shares to the extent that it considers that the application (whether alone or in conjunction with other applications) does not comply with these terms and conditions or for any other reason. If an application is refused, the application monies received will be refunded without interest.

The Company may, in its absolute discretion, undertake a scaleback to the extent and in the manner it sees fit. Any scaleback will be announced on the allotment date. If there is a scaleback, a shareholder may not receive any or all of the Shares for which it applied.

If the Company undertakes a scaleback, the difference between the allocation amount (being the number of Shares actually allotted multiplied by the issue price) and the application amount paid to the Company by the applicant will be refunded (without interest) by cheque and mailed to the applicant's registered address on the date this document is dispatched to the applicant.

7. PARTICIPATION COSTS

You must pay the issue price per Share and any fees or charges incurred by you in completing the Application Form, for example bank fees or fees of professional advisers. No brokerage, commission or other participation costs are payable by you in respect of acquisition of Shares under the Plan.

8. ALLOTMENT OF SHARES

The Shares will be allotted as soon as possible after the closing date. The Company will send or cause to be sent to you a holding statement in due course.

9. PAYMENT FOR THE SHARES

All amounts in this Offer are expressed in Australian dollars.

Do not forward cash.

BPAY®: You may pay for the Shares via BPAY® by using the personalised reference number shown on your enclosed Application Form which is required to identify your holding. If you make your payment using BPAY® you do not need to return your Application Form. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares the subject of your payment. New Zealand holders will not be able to make a payment using BPAY®. In applying for the Shares via BPAY®, you represent to the Company that the total of the application price for the following does not exceed \$15,000:

- (a) the shares the subject of the application;
- (b) any other shares in the class applied for under the Plan or any shares in the class issued under a similar arrangement in the 12 months before the application;
- (c) any other shares in the class which you have instructed a Custodian to acquire on your behalf under the Plan; and
- (d) any other shares in the class issued to a Custodian under an arrangement similar to the Plan in the 12 months before the application as a result of an instruction given by you to the Custodian or another Custodian and which resulted in you holding beneficial interests in the shares.

Cheque: Alternatively, you may pay by cheque, bank draft or money order in which event you must return your Application Form together with a cheque, bank draft or money order in Australian dollars for the correct amount drawn on an Australian bank and made payable to ‘Petratherm Limited Share Purchase Plan’.

Receipts for payment will not be issued.

If you pay an incorrect amount the Company reserves the right to vary your application, return some or all of your payment, or both, as it deems appropriate in its sole discretion. The Company may round the payment down to the lower appropriate amount and return the unused funds. Any applications for less than \$1,000 will be returned. The Company may otherwise determine that your application is invalid or defective. No interest will be paid on any refunds made for any reason.

10. OFFERS UNDER THE PLAN

The Company may make more than one invitation to acquire Shares under the Plan in any 12 month period. Shareholders will not be able to acquire Shares to a value exceeding \$15,000 pursuant to the Plan in any 12 month period. The Company may amend the terms of the Plan to provide for different terms to apply to different invitations. The Company may terminate the Plan at any time. Notice of invitations, the terms of invitations and termination of the Plan will be provided to ASX, although failure to give notice will not invalidate the event.

11. APPLICATION OF PLAN

The Company may act or omit to act in relation to the Plan (including applying the terms of the Plan) in its absolute discretion. The Company may settle any difficulty or question of fact or interpretation in relation to the Plan in any manner it thinks fit, whether generally or in relation to any participant, application or Share. The Company’s decision will be conclusive and binding. The Company reserves the right to waive strict compliance with the terms of the Plan. The Directors of the Company or any delegate of them may exercise the powers of the Company under the terms of the Plan.

12. RISK

Subscription under the Plan is a speculative investment and the market price of Shares may change between the date of the Offer, the date you apply for Shares and the date of issue of Shares to you. Accordingly, the value of Shares applied for may rise or fall.

This Offer is not a prospectus and does not require the types of disclosures required under the *Corporations Act 2001* (Cth). You must rely on your own knowledge of the Company, previous

disclosures made by the Company to ASX and, if necessary, consult your professional adviser when deciding whether or not to accept the Offer and participate in the Plan.

13. PRIVACY

By receiving completed Application Forms, the Company collects personal information about shareholders. The Company will use this information for the purposes of processing the Application Form and updating the records of the Company. Unless required by the law, the Company will not disclose the personal information of a shareholder to a third party or use the personal information for another purpose without the consent of the shareholder. Except as stated by the law, shareholders are able to access, upon request, their personal information and can obtain a copy of the Company's privacy policy by contacting the Company.

14. USE OF FUNDS

Funds raised pursuant to the Plan will be applied to fund the preparatory work for the drilling of the Paralana 3 well at the Company's flagship Paralana project in South Australia and for ongoing working capital. Specifically, funds will be applied to design the well, secure long lead time plant items and to secure a drilling rig slot.

15. CLASS ORDER [CO 09/425] (AS AMENDED) COMPLIANCE

This offer of Shares under the Plan is made subject to and in accordance with the requirements of ASIC Class Order [CO 09/425] (as amended). That Class Order grants relief from the requirement to prepare a prospectus for the offer of Shares under the Plan.

16. DECLARATION AND ACKNOWLEDGEMENT

By making payment via BPAY®, forwarding a cheque, bank draft or money order and the completed Application Form you:

- (a) irrevocably and unconditionally agree to these terms and conditions and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the Plan;
- (b) agree to accept any lesser number of Shares than the number of Shares applied for;
- (c) certify that the aggregate of the application price for:
 - (i) the Shares the subject of the application;
 - (ii) any other shares in the class applied for under the Plan or any shares in the class issued under a similar arrangement in the 12 months before the application;
 - (iii) any other shares in the class which the holder has instructed a Custodian to acquire on their behalf under the Plan; and
 - (iv) any other shares in the class issued to a Custodian under an arrangement similar to the Plan in the 12 months before the application as a result of an instruction given by the holder to the Custodian or another Custodian and which resulted in the holder holding beneficial interests in the shares,does not exceed \$15,000;
- (d) agree to be bound by the Company's constitution in respect of Shares issued under the Plan;
- (e) accept that you will not be able to withdraw or revoke your application once it has been sent to the Company or payment has been made by you via BPAY®;
- (f) authorise the Company (and its officers or agents) to correct any error or omission in your Application Form and to complete the Application Form by the insertion of any missing details;

- (g) acknowledge that the Company may at any time determine that your Application Form is valid, in accordance with these terms and conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (h) accept the risk associated with any refund that may be sent to you by cheque to your address shown on the Company's register of members;
- (i) acknowledge that you are responsible for any dishonour fees or other costs the Company may incur in presenting a cheque for payment which is dishonoured;
- (j) acknowledge that neither the Company nor Computershare Investor Services Pty Ltd has provided you with investment advice or financial product advice, and that neither has any obligation to provide this advice, concerning your decision to apply for and buy Shares;
- (k) acknowledge that the Company is not liable for any exercise of its discretion referred to in these terms and conditions; and
- (l) certify that your acceptance of an offer under the Plan will not result in any person breaching the 20% limit imposed by section 606 of the *Corporations Act 2001* (Cth).

17. GOVERNING LAW

The Offer is governed by the law in force in South Australia. By accepting the Offer, you submit to the non-exclusive jurisdiction of the Courts of South Australia.

18. IMPORTANT DATES

The important dates in relation to this Offer are summarised below. These dates are indicative only and subject to change at the discretion of the Directors.

| | |
|---|------------------|
| Record date for eligibility to participate in the Plan | 26 July 2011 |
| Offer opening date | 5 August 2011 |
| Offer closing date (subject to Directors' discretion to vary) | 29 August 2011 |
| Allotment date | 6 September 2011 |
| Despatch of holding statements | 9 September 2011 |

INTENTIONALLY BLANK