

CLEAN ENERGY FOR FUTURE GENERATIONS

Quarterly Report
30 June 2012

Quarter four highlights

Paralana

- > Discussions with parties interested in potential collaboration in the Paralana Joint Venture continued, with the aim of completing the sub-surface fluid circulation system by the drilling of a second deep well into the existing fractured zone.

Clean Energy Precinct

- > Independent preliminary wind energy production estimate for Clean Energy Precinct, highlighted an expected commercial wind resource.

Spain

- > The first phase of geophysical investigation in Tenerife as part of the GeotherCan project was successfully completed with a Magneto-telluric (MT) survey conducted by Petratherm and The University of Barcelona.
- > Interpretation of the data collected is ongoing and will help define the potential for an active geothermal system at shallow depth in areas that are well suited for future development.

Review of Operations

During the quarter the Company completed the first stage of field operations within the GeotherCan Project on the volcanic island of Tenerife. The primary activity was the successful MT survey undertaken in Petratherm's tenements in order to evaluate the potential for a shallow geothermal system in areas favourable for a geothermal development.

The Company also focused on the proposed \$1.5 billion Clean Energy Precinct (CEP) project in northern South Australia. An independent wind power generation assessment has concluded the expectation of "good to excellent" capacity factors.

Quarterly exploration and evaluation expenditure amounted to \$285,000 and included costs associated with the Paralana, CEP and Tenerife projects. Funding under the Paralana JV amounted to \$23,000.

The Company had ongoing administration costs of \$353,000 during the quarter.

At the end of the quarter, the Company held \$1,315,000 in cash.

Projects

Clean Energy Precinct

The Clean Energy Precinct (CEP) is a multi-faceted project that aims to combine gas, wind, solar and geothermal energy to supply base load, low cost, renewable power to meet the growing demands of mining developments such as Olympic Dam, Prominent Hill and Carapateena in northern South Australia.

The CEP project has taken an important step towards feasibility with the preliminary assessment of an expected commercial wind resource undertaken by expert consultants GL Garrad Hassan Pty Ltd (GL GH).



Projects cont'd

Clean Energy Precinct cont'd

Preliminary wind energy production estimates indicate there is good potential to develop up to 300MW of high yielding wind power generation and capacity factors for wind power generation are expected to range between 33.2% (good) and 42.8% (excellent).

GL GH previously predicted average wind speeds between 7.0 m/s and 8.0 m/s based on mesoscale modeling results (refer map below). The new energy production estimate by GL GH has indicated that the project has good to excellent wind power generation potential (refer table overleaf).

GL GH's estimate of the wind energy production was developed by considering, inter alia, the following factors:

- > mesoscale modelling results (refer wind resource map) with minimum and maximum power output (using 7.0 to 8.0 metres/sec wind speed range);
- > terrain and topography of target wind turbine locations and surrounding area;
- > typical losses (including wake and electrical losses);
- > power production curve of the selected turbine - the REpower 3.2MW turbine with 57m blades and a hub height of 100 metres.

GL GH estimates are based on using a Class 3A, 3.2MW wind turbine from REpower (the 3.2M114 model) that is known to be well suited to the expected wind regime at the CEP site.

The wind energy resource and power generation estimates are indicative and are planned to be firmed up with greater certainty through the installation of two meteorological met masts and anemometry at the CEP site.

The masts will be measuring wind speeds at 10 minute intervals over a period of at least one year and will provide valuable information for the feasibility study which is planned to be completed in early 2014.

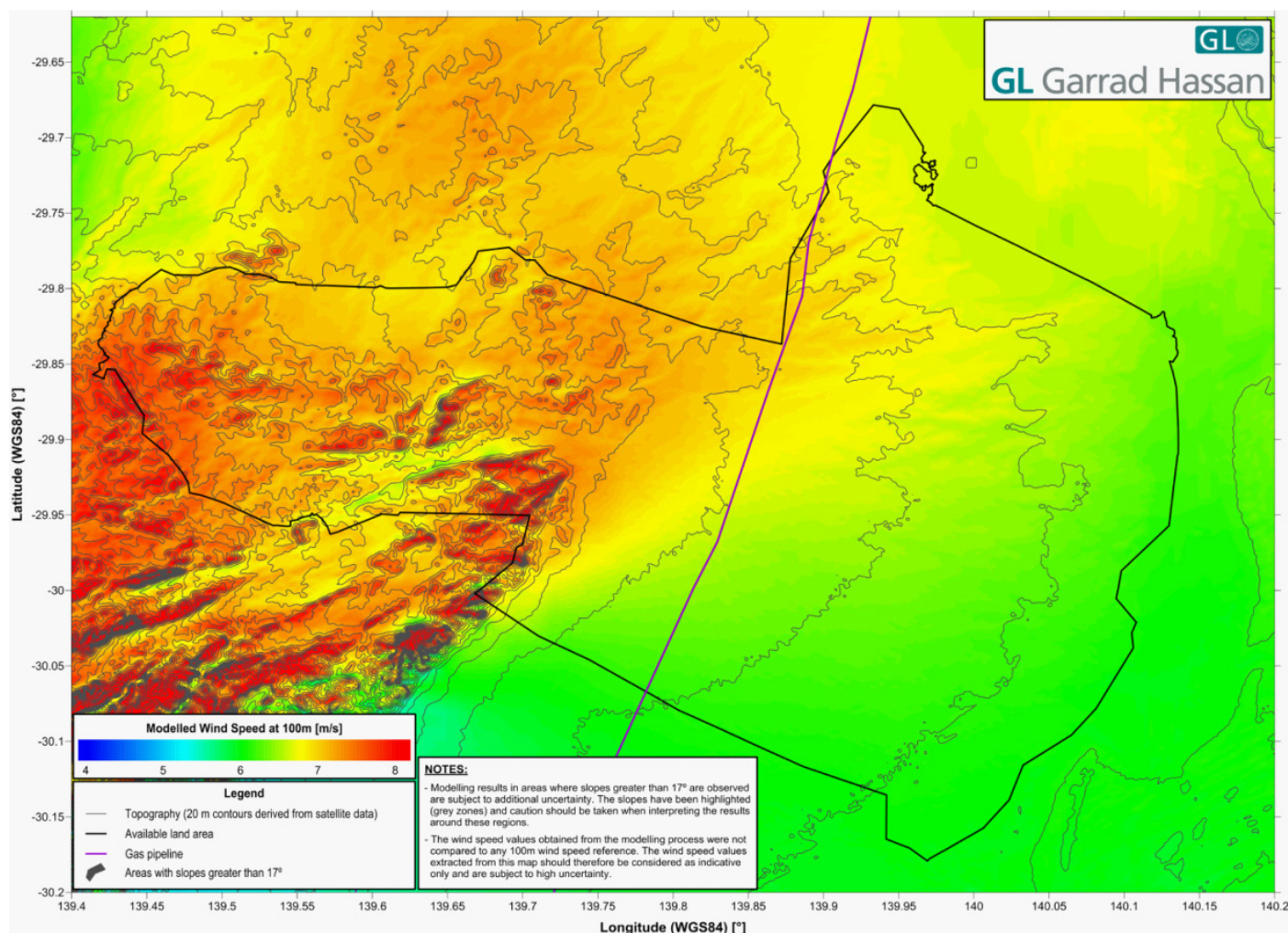


Figure 1 - Mesoscale Model Map of Pastoral Lease boundary showing prospective wind regime in north western area on low lying hills beyond the Flinders Ranges

Projects cont'd

Clean Energy Precinct cont'd

Repower 3.2M114	Stage one – East		Stage two – West		
	Lower estimate	Upper estimate	Lower estimate	Upper estimate	
Wind Farm Rated Power¹	152.16	152.16	152.16	152.16	MW
Gross energy output	490.1	624.9	517.8	646.8	GWh/annum
Wake effect	96.8	97.4	93.1	94.7	%
Availability	96.8	96.8	96.8	96.8	%
Electrical efficiency	97.0	97.0	97.0	97.0	%
Turbine performance	100.0	99.9	100.0	99.9	%
Environmental	99.5	99.5	99.5	99.5	%
Curtailment	100.0	100.0	100.0	100.0	%
Net Energy Output	443.0	568.2	450.2	571.4	GWh/annum
Net Capacity Factor	33.2	42.6	33.8	42.8	%

¹ This value is based on the peak power of the power curve provided rather than the nameplate power



Paralana Project

Discussions with parties interested in potential collaboration in the Paralana Joint Venture continued, with the aim of completing the subsurface fluid circulation system by the drilling of a second deep well into the fractured zone.

Ground activities at Paralana were limited to the ongoing micro-seismic monitoring during the quarter. Recent calculation and analysis of slip movement directions from the Paralana fracture stimulation shows a wide variation. This conforms to the fracture location data findings that a large three dimensional volume was stimulated rather than a fracture along a single plane which would have shown only one predominant direction of movement. The complexity fractured volume may allow for a high heat recovery from the Paralana site.

Drill planning works for Paralana 3 continue so that drilling activities can resume quickly once funding arrangements have been resolved.



Exploration Manager Peter Reid
assessing wind potential at the Clean
Energy Precinct

Projects cont'd

Spain

The present extension of the Magneto-telluric (MT) survey specifically aims at better defining the shape of the clay alteration cap on the lower flanks of the volcano. The clay cap has formed from hydrothermal alteration, and maps the extent of geothermal fluids. This investigation will determine if the geothermal system has an expression at shallow depth in areas that are well suited for potential development, and if there is a better drilling target than previously identified.

The survey is being conducted in two phases, beginning with reconnaissance traverses that were completed in March 2012 to map the clay cap from the central volcanic cone to the lower coastal areas.

The initial works highlighted some areas worthy of follow up and a second campaign, in September/October 2012, is planned to infill and expand the areas of interest. It is anticipated this second round of MT work will define final targets for drill testing.

Final processing and interpretation of the data collected is ongoing. The results of the geophysical interpretation will assist in planning the second phase of the MT investigation on the island of Tenerife.

The GoetherCan project includes combined applications of geophysical, geochemical and geological methods for the characterisation of geothermal resources on the Canary Islands.

Other planned studies include soil gas geochemistry around MT target sites of interest and across Petratherm's licence areas. The geochemical works will be performed by the Institute of Volcanology, Canaries on Tenerife.

The GeotherCan projects focus are located on the islands of Tenerife and Gran Canaria, specifically where Petratherm España holds geothermal exploration licenses.

Corporate discussions continue on both the Canary Island conventional geothermal play and the Geo-Madrid heating project with interest shown from additional potential joint venture partners.



Petratherm and Barcelona University Staff, performing magneto-telluric measurements on the Island of Tenerife

Corporate information

Corporate Office

Level 1, 129 Greenhill Road
Unley, South Australia 5061
t. +61 8 8274 5000
f. +61 8 8272 8141
e. admin@petratherm.com.au
www.petratherm.com.au
ABN 17 106 806 884

Board of Directors

Chair

Derek Carter

Managing Director

Terry Kallis

Non Executive Directors

Richard Bonython
Richard Hillis
Simon O'Loughlin
Lewis Owens

Company Secretary

Donald Stephens
HLB Mann Judd (SA) Pty Ltd

Stock Exchange Listing

Australian Securities Exchange
(ASX code: PTR)

Share Registry

Computershare Investor
Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide, South Australia 5000

Legal Advisors

O'Loughlin Lawyers
Level 2, 99 Frome Street
Adelaide, South Australia 5000

Auditors

Grant Thornton
South Australian Partnership
67 Greenhill Road
Wayville, South Australia 5034

Inside the Petratherm team

Managing Director

Terry Kallis

Exploration Manager

Peter Reid

Reservoir Engineer

Ella-Maria Llanos

Project Geologist

Mathieu Messeiller

Business Accountant

Paul Smith

Office Manager

Elena McRae

Spanish team

Manager – Spain

Raul Hidalgo

Upcoming events

Industry events

For further information on forthcoming events in the geothermal sector visit the PIRSA website at <http://geothermal.pirsa.gov.au/news/events>

Website

Petratherm's website delivers regular information updates to shareholders and stakeholders

Proudly supporting



Royal Flying Doctor Service
CENTRAL OPERATIONS



Competent Person Statements

The information in this report that relates to Exploration Results is based on information compiled by Peter Reid, who appears on the Register of Practising Geothermal Professionals maintained by the Australian Geothermal Energy Group Incorporated at the time of the publication of this report. Peter Reid is a full time employee of the Company. Peter Reid has sufficient experience which is relevant to the style and type of geothermal play under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the Second Edition (2010) of the Australian Code for Reporting Exploration Results, Geothermal Resources and Geothermal Reserves. Peter Reid has consented in writing to the inclusion in the report of the matters based on his information in the form and context in which it appears.