

# ASX Release

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

## **AGM Chairman's Report**

Ladies and gentlemen, welcome to the 2013 Annual General Meeting of Petratherm. This has been a particularly challenging year for our company and the Australian geothermal sector in general.

We were awarded a \$13 million government grant for our flagship project, Paralana, earlier this year. Notwithstanding that this is one of the most advanced engineered geothermal systems in the world and enjoys the continued support of the Company's JV partner, Beach Energy and our shareholders, its funding is a significant challenge.

The grant, with certain conditions attached, was awarded by the Australian Renewable Energy Agency (ARENA) under its Emerging Renewables Program (ERP) to assist in the next stage of works, but a requirement for matching funding has been very difficult to fulfill in today's market. Attempts to secure partners or commitments here and overseas have, so far, been unsuccessful. Your Board continues to work hard in exploring all avenues to address this issue.

The Company continues to develop its Spanish project portfolio and is characterizing geothermal resources across the Canary Islands, notably on the island of Tenerife, with the assistance of Spanish government subsidies of up to \$1 million. The Tenerife project has attracted interest from various parties and the Company continues to have discussions with a major Spanish energy company.

With the continued delay in both the Paralana and Tenerife projects, the Company is examining other projects. For example, in the post reporting period, through its wholly owned subsidiary, PetraGas Ltd, we applied for a petroleum exploration licence covering approximately 3,900 square kilometres, north of Hobart in central Tasmania to explore for shale oil and gas. This decision by the Company to extend into unconventional shale oil and gas exploration leverages our core areas of expertise that include basin geology and deep drilling (developed from working on engineered geothermal systems) and our knowledge of the Australian electricity and gas markets.

Whilst we have been progressing these projects, we are aware of the need to conserve funds. In doing this, while those difficult conditions prevail, the key management personnel have generously agreed to a severe reduction in salary levels, amounting to a 60% pay reduction. In addition, directors have agreed to a reduction of their annual fees by 50% which remains unpaid at this time.

On a brighter note, I am pleased to advise that we recently raised \$649,000 (before costs) in the rights issue in which 828 shareholders (about 23% of shareholders) participated. We have total cash of \$1,030,000 which will be used to continue our efforts to meet the conditions of the grant and, if appropriate, to develop new projects.

The Company's Board and Management team have worked diligently to deal with uncertain markets, political and regulatory conditions, containing costs while concurrently progressing our projects and I would like to recognize them for their achievements over this most challenging year.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Derek Carter', written in a cursive style.

**Derek Carter**  
Chairman

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