

Petratherm Limited

ABN 17 106 806 884

Interim Report - 31 December 2018

Petratherm Limited
Corporate directory
For the half-year ended 31 December 2018

Directors	Derek Carter Simon O'Loughlin Donald Stephens
Company secretary	Donald Stephens
Registered office	C/- HLB Mann Judd (SA) Pty Ltd 169 Fullarton Road DULWICH SA 5065
Principal place of business	C/- HLB Mann Judd (SA) Pty Ltd 169 Fullarton Road DULWICH SA 5065
Share register	Computershare Investor Services Pty Ltd Level 5, 115 Grenfell Street ADELAIDE SA 5000
Auditor	Grant Thornton Audit Pty Ltd Level 3, 170 Frome Street ADELAIDE SA 5000
Solicitors	O'Loughlins Lawyers Level 2, 99 Frome Street ADELAIDE SA 5000
Bankers	National Australia Bank 22 - 28 King William Street ADELAIDE SA 5000
Stock exchange listing	Petratherm Limited shares are listed on the Australian Securities Exchange (ASX code: PTR)
Website	www.petratherm.com.au

Petratherm Limited
Directors' report
For the half-year ended 31 December 2018

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Petratherm Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were Directors of Petratherm Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Derek Carter (Non-Executive Chairman)
Simon O'Loughlin (Non-Executive Director)
Donald Stephens (Non-Executive Director)

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of:

- Developing a portfolio of mineral exploration projects with high growth potential
- To facilitate the rehabilitation of the Paralana 2 geothermal well

Review of operations

The loss for the Group after providing for income tax amounted to \$540,796 (31 December 2017: \$182,405).

On 31 August 2018, the Group established Oberon Resources US Inc., a wholly-owned subsidiary company, in the United States.

Highlights for the period:

- Drilling at Corunna extends silver, lead and zinc mineralisation and identifies a new nickel prospective zone
- Large land holding acquired over region in South Australia's Gawler Craton, fertile for Iron-Oxide Copper-Gold style mineralisation.
- Exploration licence application secured in highly prospective Bendigo Gold Zone in Victoria

Corunna Project (EL4697 & EL6229) – Results of Drilling

In September 2018 the Company completed 42 air core holes for a total of 1573 metres at its Corunna Project (EL4697). The Corunna Project occurs in the emerging silver-lead-zinc province of the Southern Gawler Craton which hosts the Menninnie Dam zinc-lead-silver deposit and the Paris epithermal silver deposit (Figure 1). Petratherm signed a letter agreement to acquire 75% interest in the Corunna Project (EL5497) with Musgrave Minerals Limited in December 2017 (refer to Petratherm's 15/12/2017 ASX release for further details)

Air core drilling tested five structural targets in the Area 1 Prospect, defined from an infill ground magnetic survey and geochemical analyses from the drilling were received in October.

The best results from Area 1 include:

- 12m @ 20.0g/t Ag, 0.8% Pb and 0.2% Zn from 20m (CO18AC10)
- 4m @ 13.0g/t Ag, 0.6% Pb and 0.3% Zn from 32m (CO18AC11)
- 20m @ 12.0g/t Ag, 0.3% Pb and 0.2% Zn from 12m (CO18AC12)
- 12m @ 9.0g/t Ag, 0.5% Pb and 0.3% Zn from 20m (CO18AC17)
- 12m @ 16.0g/t Ag, 0.03% Pb and 0.05% Zn from 0m (CO18AC29)
- 8m @ 13.0g/t Ag, 0.1% Pb and 0.06% Zn from 16m (CO18AC40)
- 8m @ 16.5g/t Ag, 0.07% Pb and 0.3% Zn from 36m (CO18AC40)

The results extend the zone of silver-lead-zinc anomalism previously defined by Musgrave Minerals (refer to Musgrave Minerals 27/08/2015 ASX release for further details) across a 300m x 500m zone (Figure 2), which remains open in all directions.

In addition, two air core drill holes tested discrete, high intensity, magnetic targets on the southern side of the project area (Figure 2), adjacent to a historic prospector's pit (refer to Petratherm's 14/09/2018 ASX release for further details). The best results returned included:

- 16m @ 0.3% Ni, 0.2% Cr and 0.01% Co from 8m (CO18RC38)
- 12m @ 0.4% Ni, 0.7% Cr and 0.01% Co from 4m (CO18RC42)

Although the drill rig was unable to penetrate fresh rock, this geochemical anomalism suggests the magnetic bodies could represent ultramafic intrusives, a potential host rock for magmatic Ni-Cu sulphides.

In recent months leading to the date of this report, the Company has been developing its project portfolio in other highly prospective areas and the Company's exploration focus for future periods will as a result be on these new areas. Hence management has impaired the existing exploration and evaluation assets in relation to the Corunna Project (EL4697) and Walparuta Project (EL5717 & EL5306).

The Company was granted in August a new tenement EL6229 (Gilles Downs), which covers 700 km² and abuts the southern margin of Corunna (Figure 1). The tenement occurs over similar geology and will allow the Company to expand its exploration in the region for base and precious metals.

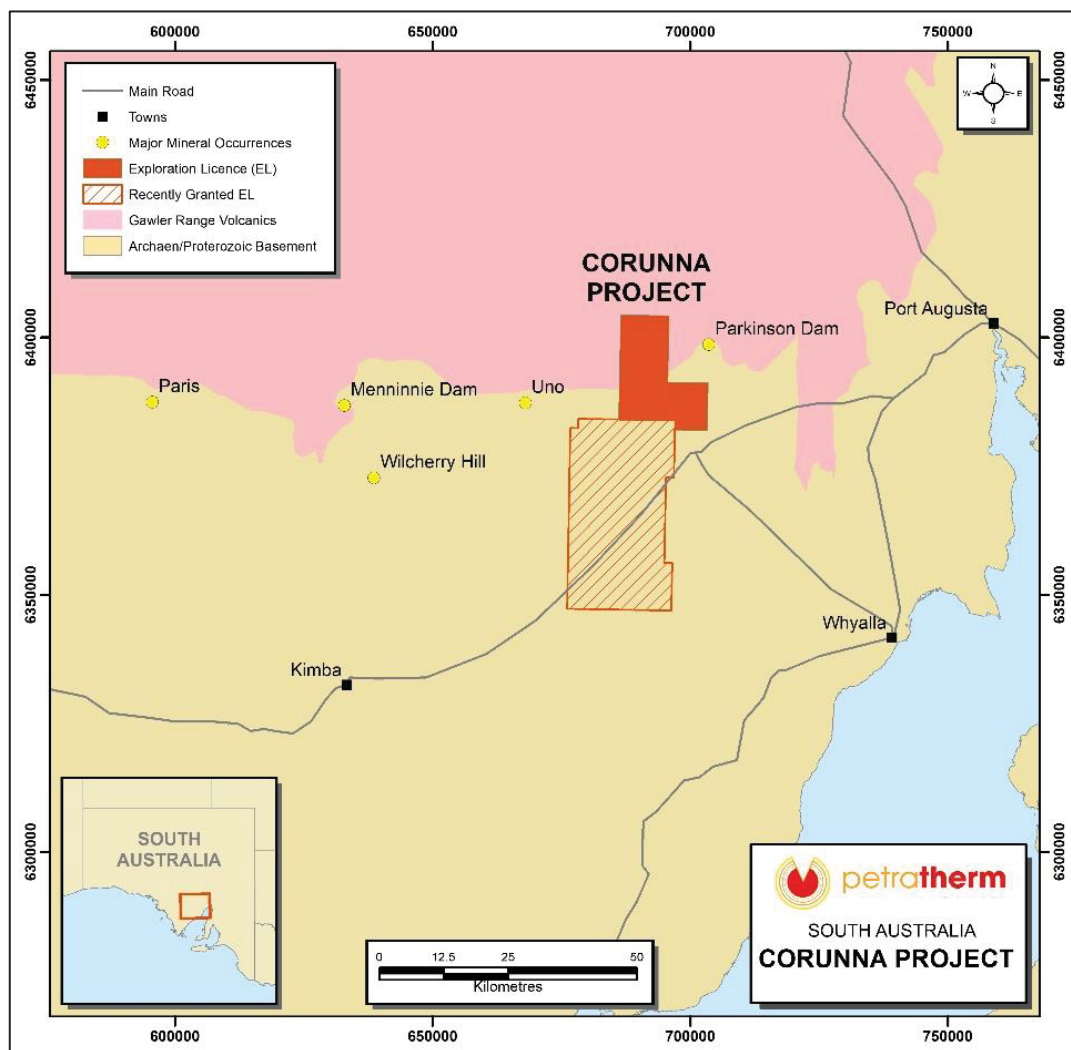


Figure 1 – Corunna Project Location Map and Regional Mineral Occurrences.

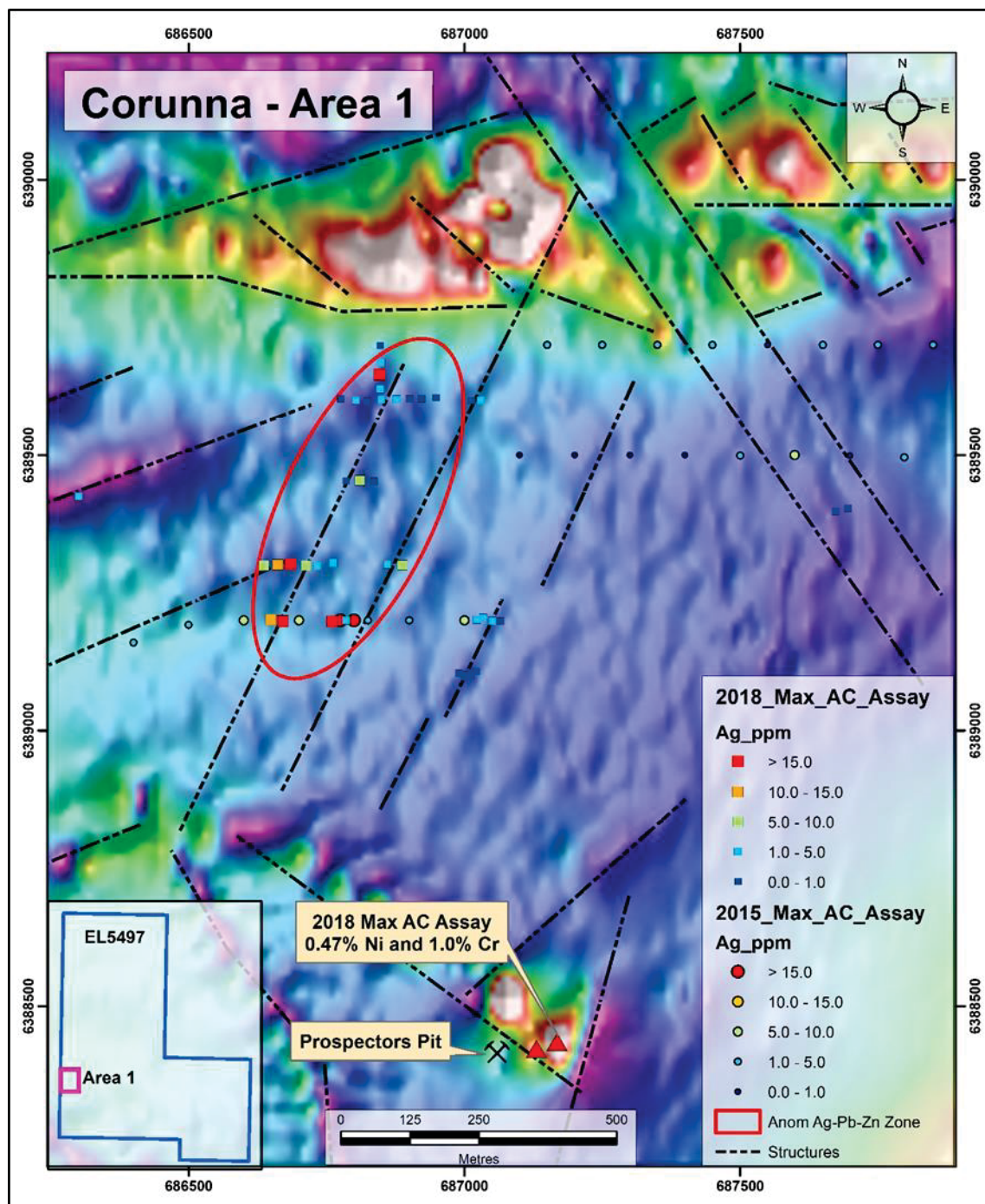


Figure 2 – Air core drill hole collar locations shown on gridded ground magnetic survey (50m line spacing, east-west orientation, VRMI filter) with anomalous Ag-Pb-Zn zone highlighted.

Yuengroon Project (ELA006897) - Victoria Gold Position Secured

In November 2018 the Company secured a highly prospective ground position over the edge of the Bendigo Zone, covering the historic northern Wedderburn Goldfield and extending westwards to cover a large strike continuance (32 kilometres) of the Golden Jacket Fault which shows several important historical gold occurrences. The western area has only been lightly explored and is mostly under shallow cover.

The recent resurgence in interest in Victorian Goldfields, largely stems from the spectacular success of Kirkland Lake Gold's Fosterville operations, with production forecast to increase to over 500,000 ounces in 2020 and reach over 570,000 ounces by 2021 (reference: Kirkland Lake Gold Press Release 11/12/2018).

Recorded historical gold production from the Wedderburn field is 140,000 Oz. These finds came mainly from alluvial workings but also included some shallow reef mining down to the water table which occurs at approximately 20 metres depth. Very little modern drilling has occurred to test for depth extensions of the reef systems below the water table.

There are two notable recorded historic mine occurrences along the Golden Jack Fault. The Golden Jacket Mine (Figure 3) comprises a shallow small-scale shaft reef mine worked to just 46 metres depth. Total recorded production was 171.7 tonnes of ore which produced 1,385 Oz of gold. Whilst only a small historic working the grade is exceptional, running at an average of 250.1 g/t Au. The Nine Mile Reef (Figure 1) is a larger historical mine, which was worked down to 131 metres depth and mined 43,571 tonnes of ore producing 16,236 Oz of gold (average grade 11.6 g/t Au) (Source: Victorian State Government GeoVic database).

Much of the recent upturn in gold exploration in Victoria has come from explorers gaining a better understanding of the structural controls of the reef systems hosting the gold shoots, and the importance of major faults localising mineralisation. In many cases, very little serious modern exploration has occurred, testing the extents and depth of these historic gold reef systems. The utilization of modern gravity surveying techniques to locate prospective faults under cover has been paramount in targeting areas for later drill testing with the potential of leading to new discoveries.

Petratherm is reviewing previous exploration results and processing geological and geophysical data in readiness to commence field work once the tenement is granted. In addition, the Company is actively looking to increase its Victorian project holdings through purchase or joint venture.

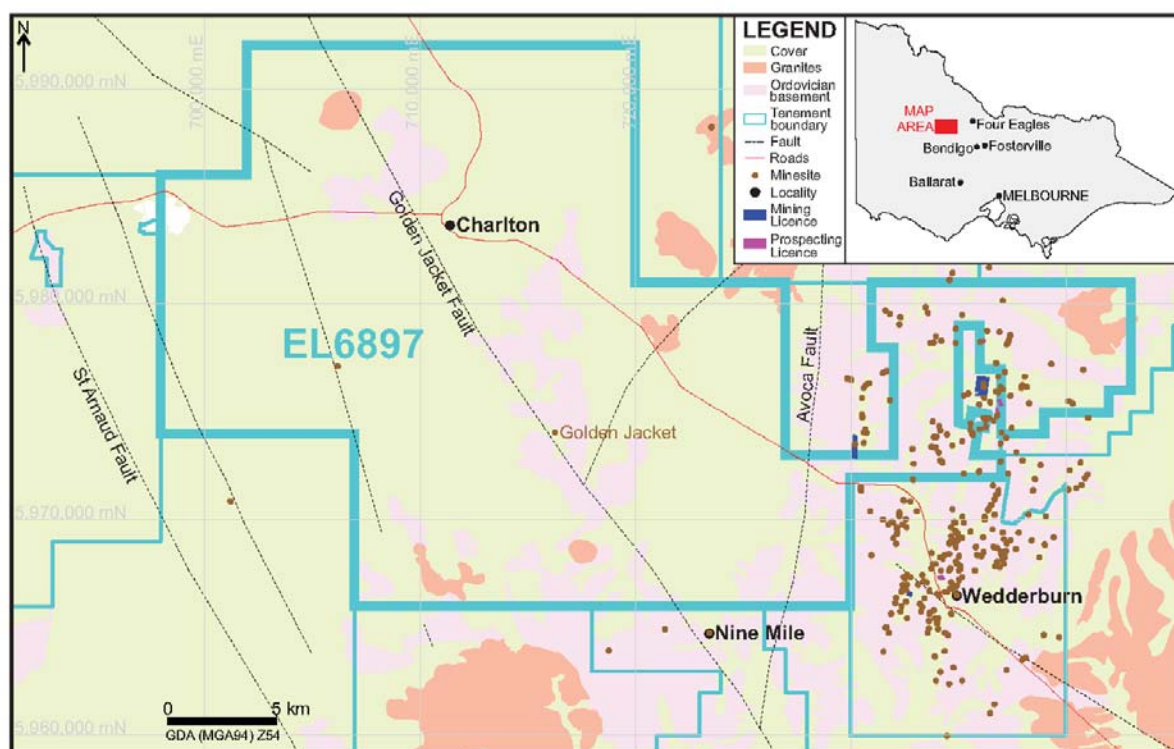


Figure 3 – ELA006897 (Yuengroon) Location Map, showing historical mine sites and known major faults.

Mabel Creek Project (ELA 2018/191 & ELA2018/198) – Tenement Applications over Prospective Olympic Dam Style, Copper-Gold Areas

In December 2018 the Company secured 2 exploration licence applications (ELA 2018/191 & ELA 2018/198) totaling 1489km² over a portion of the Mabel Creek Inlier of the Gawler Craton (Figure 4). A number of semi-coincident magnetic and gravity anomalies, have been identified over both licence areas (Figures 5, 6 & 7). These geophysical features have potential to be due to hydrothermal iron-oxide systems. Mineralised examples of these occur along the eastern margin of the Gawler Craton of South Australia and include Olympic Dam, Carrapateena, Prominent Hill and most recently BHP's latest discovery at Oak Dam (Figure 4).

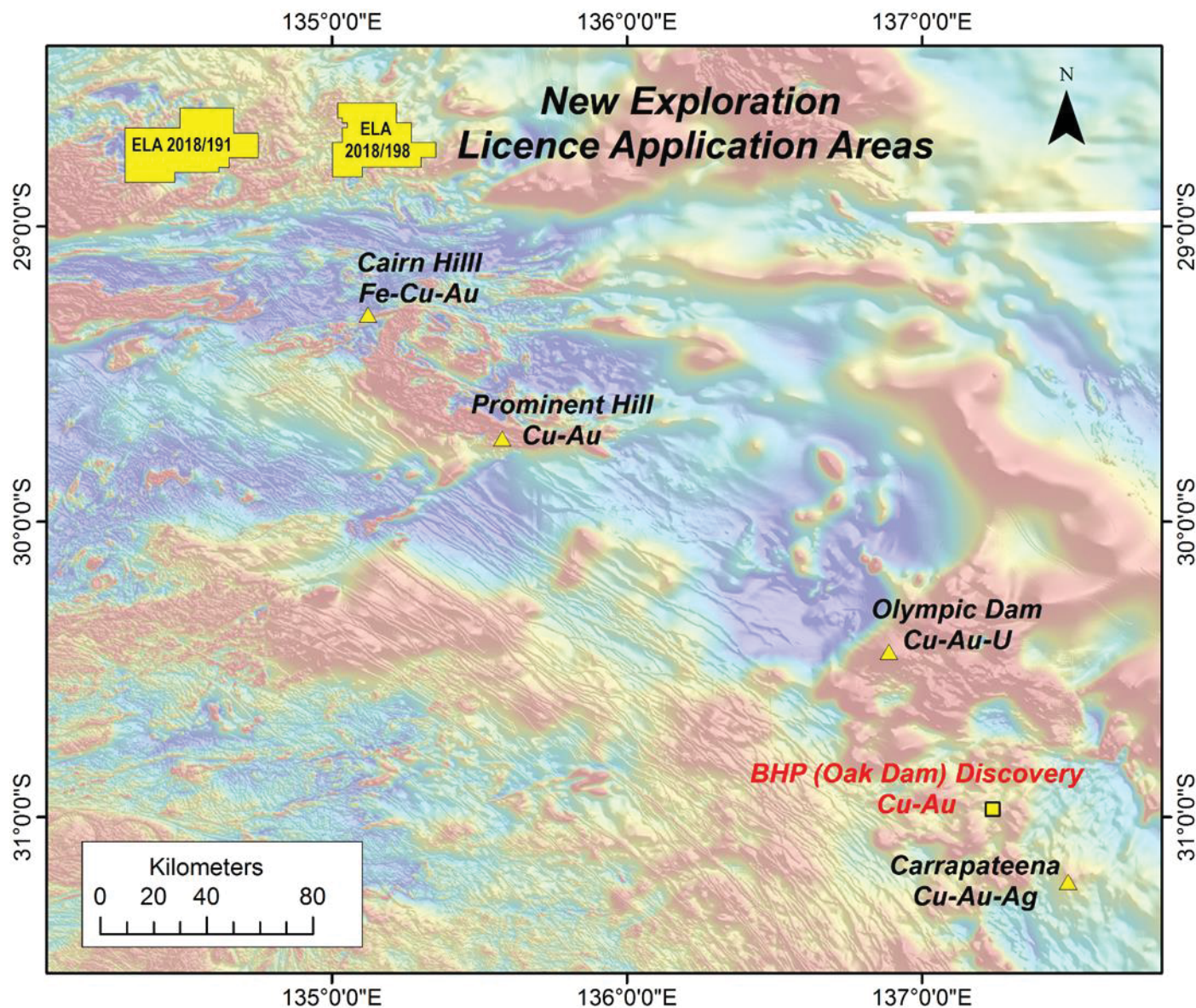


Figure 4 - Location map of major mines, the new BHP discovery (Oak Dam) and outline of the new tenement application areas overlying a regional reduced to pole aeromagnetic image (compiled from Sth. Aust. Government data).

The Mabel Creek Inlier has only been lightly explored for IOCG style mineralisation, however a single hole drilled by BHP in 1992 (NC9202) testing a magnetic anomaly, 13 km south of ELA2018/198 intersected mineralised magnetite-amphibole-pyroxene rock containing significant concentrations of pyrite and pyrrhotite and disseminated chalcopyrite in massive magnetite (ref SA Govt. Records ENV08647) (Figure 7). The hole contained broad zones (not true widths) of anomalous geochemistry including:

- 134m @ 626ppm Cu, 256ppm Pb, 593 ppm Zn from 96m.
- Inc. 28m @ 0.14% Cu, 614ppm Pb, 0.23% Zn, 2 ppm Ag from 168m.

Anomalous rare earth elements were also present with values up to 1% Ce and La reported.

These results are characteristic of magnetite skarn alteration/mineralisation often found in areas around Prominent Hill and other IOCG systems further to the south and provides evidence that IOCG style alteration/mineralisation is likely to continue through the region of Petratherm's new tenement application areas. Importantly, depth of the overlying cover sediments in this region is minimal with historical drilling recording the top of the prospective basement, generally between 80 metres and 260 metres.

Petratherm is reviewing previous exploration results and processing geological and geophysical data in preparation to commence field work once the tenement is granted. Regional gravity station spacing over most of the tenement application areas range between 500 metres to 2000 metres and additional infill gravity surveying of the existing gravity data is warranted to locate, define and rank targets ahead of potential drill testing.

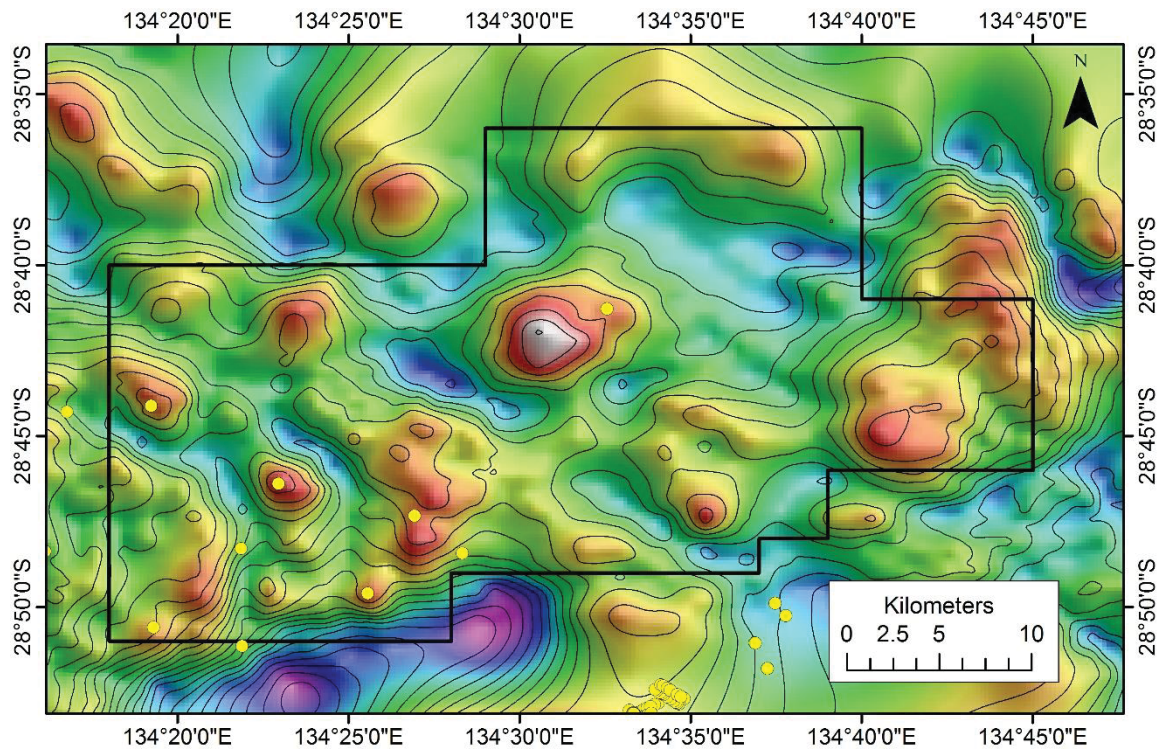


Figure 5 – Regional pseudo-colour residual gravity image with 1 milligal gravity contours shown over ELA2018/191 (compiled from Sth.Aust. Government data). Historical drill hole collar positions shown as yellow dots. Several large gravity features are apparent, requiring follow up infill gravity surveying.

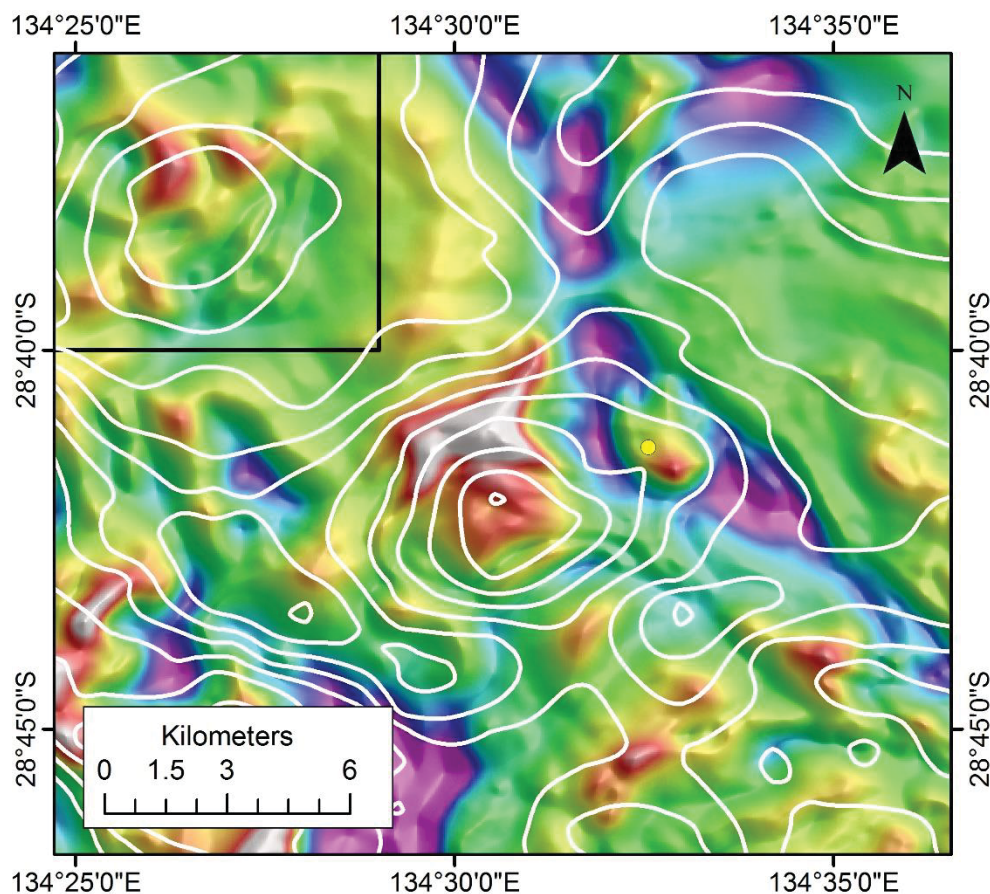


Figure 6 – Reduced to pole pseudo-colour aeromagnetic image (compiled from Sth. Aust. Government data) and 1 milligal spaced gravity contours (white) over the large central gravity anomaly on ELA2018/191.

Note offset between peak of the magnetic and gravity anomalies. The gravity anomaly is at least 6 milligals in magnitude. As way of example the original Prominent Hill gravity target was approximately 4.5 milligals in magnitude. Historic drill hole (yellow) drilled to east intersected basement at 188 metres depth and open file government records report intersecting hydrothermally overprinted, metamorphosed and metasomatised, fine to medium grained mafic to intermediate igneous rock.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Petratherm Limited
Directors' report
For the half-year ended 31 December 2018

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Derek Carter', written over a horizontal line.

Derek Carter
Chairman

15 March 2019

Auditors Independence Declaration

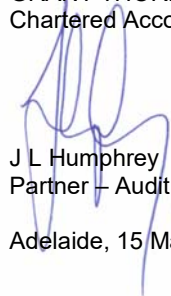
To the Directors of Petratherm Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Petratherm Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 15 March 2019

Petratherm Limited
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Petratherm Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

		Consolidated	
	Note	31 December 2018	31 December 2017
		\$	\$
Revenue			
Bank interest received or receivable		29,095	7,509
Expenses			
Other expenses	5	(184,750)	(141,145)
Employee benefits expense	5	(167,587)	(48,769)
Impairment of assets	6	(217,554)	-
Loss before income tax expense		(540,796)	(182,405)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the Owners of Petratherm Limited		(540,796)	(182,405)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the Owners of Petratherm Limited		(540,796)	(182,405)
		Cents	Cents
Basic earnings per share	10	(0.32)	(0.36)
Diluted earnings per share	10	(0.32)	(0.36)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Petratherm Limited
Statement of financial position
As at 31 December 2018

		Consolidated	
		31 December	30 June 2018
	Note	2018	2018
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		4,162,164	4,631,125
Trade and other receivables		14,903	6,867
Other assets		22,962	4,967
Total current assets		<u>4,200,029</u>	<u>4,642,959</u>
Non-current assets			
Exploration and evaluation assets	6	<u>10,297</u>	<u>81,733</u>
Total non-current assets		<u>10,297</u>	<u>81,733</u>
Total assets		<u>4,210,326</u>	<u>4,724,692</u>
Liabilities			
Current liabilities			
Trade and other payables		58,943	53,798
Provisions	7	<u>246,385</u>	<u>241,000</u>
Total current liabilities		<u>305,328</u>	<u>294,798</u>
Total liabilities		<u>305,328</u>	<u>294,798</u>
Net assets		<u>3,904,998</u>	<u>4,429,894</u>
Equity			
Issued capital		39,061,984	39,061,984
Reserves		270,870	254,970
Accumulated losses		<u>(35,427,856)</u>	<u>(34,887,060)</u>
Total equity		<u>3,904,998</u>	<u>4,429,894</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Petratherm Limited
Statement of changes in equity
For the half-year ended 31 December 2018

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	34,760,564	130,034	(34,760,564)	130,034
Loss after income tax expense for the half-year	-	-	(182,405)	(182,405)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(182,405)	(182,405)
<i>Transactions with Owners in their capacity as Owners:</i>				
Share-based payments	-	130,034	-	130,034
Issue of shares	676,500	-	-	676,500
Transaction costs	(47,320)	-	-	(47,320)
Tax portion of capital raising costs	13,013	-	-	13,013
Cancellation of vested options	-	(45,100)	45,100	-
Balance at 31 December 2017	<u>35,402,757</u>	<u>214,968</u>	<u>(34,897,869)</u>	<u>719,856</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	39,061,984	254,970	(34,887,060)	4,429,894
Loss after income tax expense for the half-year	-	-	(540,796)	(540,796)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(540,796)	(540,796)
<i>Transactions with Owners in their capacity as Owners:</i>				
Share-based payments	-	15,900	-	15,900
Balance at 31 December 2018	<u>39,061,984</u>	<u>270,870</u>	<u>(35,427,856)</u>	<u>3,904,998</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Petratherm Limited
Statement of cash flows
For the half-year ended 31 December 2018

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(357,114)	(208,950)
Interest received	34,271	7,509
Net cash used in operating activities	(322,843)	(201,441)
Cash flows from investing activities		
Payments for exploration activities	(146,118)	-
Net cash used in investing activities	(146,118)	-
Cash flows from financing activities		
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	(468,961)	(201,441)
Cash and cash equivalents at the beginning of the financial half-year	4,631,125	833,674
Cash and cash equivalents at the end of the financial half-year	<u>4,162,164</u>	<u>632,233</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2018

Note 1. General information

The consolidated financial statements cover Petratherm Limited as a Group consisting of Petratherm Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Petratherm Limited's functional and presentation currency.

Petratherm Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

C/- HLB Mann Judd (SA) Pty Ltd
169 Fullarton Road
DULWICH SA 5065

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 15 March 2019.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments became effective for periods beginning on or after 1 January 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the first time to the interim period ended 31 December 2018. Changes to the Group's accounting policies arising from these standards are summarised below:

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. The new Standard has been applied as at 1 January 2018. There is no impact to the Group's historical financial results given the company is not currently in production.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets. When adopting AASB 9, the Group has applied transitional relief and elected not to restate prior periods. The adoption of AASB 9 has mostly impacted the following areas:

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4. Operating segments

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the Board in allocating resources and has concluded at this time that there are no separately identifiable segments.

Note 5. Other expenses

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Secretarial, professional and consultancy	57,307	60,385
Insurance costs	8,778	6,478
AGM expenses	7,140	1,045
Audit fees	13,185	9,550
Bank charges	1,856	1,551
Communication & computer expenses	1,047	628
Travel expenses	10,840	-
Listing fees	25,546	27,141
Legal fees	12,914	5,760
Office expenses	64	5,978
Occupancy Costs	525	625
Share registry expenses	24,587	19,142
Exploration expenses	18,398	1,798
Other expenses	2,563	1,064
	<u>184,750</u>	<u>141,145</u>

Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2018

Note 6. Exploration and evaluation assets

	Consolidated	
	31 December	30 June 2018
	2018	2018
	\$	\$
Exploration and evaluation - at cost	227,851	81,733
Less: Impairment	(217,554)	-
	<u>10,297</u>	<u>81,733</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Exploration and evaluation	Total
	\$	\$
Consolidated		
Balance at 1 July 2018	81,733	81,733
Additions through expenditures capitalised	146,118	146,118
Impairment of assets	(217,554)	(217,554)
Balance at 31 December 2018	<u>10,297</u>	<u>10,297</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Exploration and evaluation expenditure has been carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recovered reserves. Management assessment of carried forward expenditure resulted impairment charges of 217,554 (December 2017: Nil).

In recent months leading to the date of this report, the Company has been developing its project portfolio in two key mineral provinces which it believes has huge potential for new discovery and growth. A large land holding (ELA 2018/191 and ELA 2018/198) totalling 1489km² has been acquired over a region of South Australia's Gawler Craton, fertile for Iron-Oxide Copper-Gold style mineralisation and in Victoria, the Company has secured a highly prospective ground position (EL6897) over the edge of the Bendigo Zone, covering the historic northern Wedderburn Goldfield and other historical gold occurrences. The Company's exploration focus for the 2019 period will as a result focus on these new growth areas, hence the impairment of \$217,554 on the existing exploration and evaluation assets.

Note 7. Provisions

	Consolidated	
	31 December	30 June 2018
	2018	2018
	\$	\$
Annual leave	5,385	-
Environmental rehabilitation	241,000	241,000
	<u>246,385</u>	<u>241,000</u>

Environmental rehabilitation

The provision represents the present value of estimated costs of the remediation work at the Paralana Project that will be required to comply with environmental and legal obligations.

Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2018

Note 8. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 9. Events after the reporting period

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 10. Earnings per share

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Loss after income tax attributable to the Owners of Petratherm Limited	<u>(540,796)</u>	<u>(182,405)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>171,001,652</u>	<u>50,154,152</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>171,001,652</u>	<u>50,154,152</u>
	Cents	Cents
Basic earnings per share	(0.32)	(0.36)
Diluted earnings per share	(0.32)	(0.36)

In accordance with AASB 133 Earnings per Share, potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

The weighted average number of ordinary shares for half year ended 31 December 2017 has been restated for the effect of the share consolidation (2 to 1) completed in March 2018, in accordance with AASB 133 'Earnings per share'.

	Number
Weighted average number of ordinary shares used in calculating basic earnings per share (before restatement)	100,307,503
Adjustment required by AASB 133 'Earnings per share'	<u>(50,153,351)</u>
Weighted average number of ordinary shares used in calculating basic earnings per share (after restatement)	<u>50,154,152</u>

Petratherm Limited
Directors' declaration
For the half-year ended 31 December 2018

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Derek Carter
Chairman

15 March 2019

Independent Auditor's Review Report

To the Members of Petratherm Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Petratherm Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Petratherm Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Petratherm Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 15 March 2019