

Petratherm Limited

ABN 17 106 806 884

Consolidated Financial Statements - 30 June 2019

Petratherm Limited
Corporate directory
30 June 2019

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

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Petratherm Limited
Directors' report
30 June 2019

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 year ended 30 June 2019.

Information on Directors

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

Name:	Derek Carter
Title:	Non-Executive Chairman
Qualifications:	BSc, MSc, FAusIMM(CP)
Experience and expertise:	<p>Mr. Carter has over 40 years' experience in exploration and mining geology and management. He held senior positions in the Shell Group of Companies and Burmine Ltd before founding Minotaur Gold Ltd in 1993.</p> <p>Mr. Carter is a former President of the South Australian Chamber of Mines and Energy, former board member of the Australian Gold Council and a former Chairman of the Minerals Exploration Advisory Group.</p> <p>Mr. Carter is also a former member of the South Australian Minerals and Energy Council as well as a current member of the South Australian Minerals and Petroleum Experts Group. He was awarded AMEC's Prospector of the Year Award (jointly) in 2003 and is a Centenary Medallist.</p>
Other current directorships:	-
Former directorships (last 3 years):	<p>Minotaur Exploration Ltd (resigned November 2016)</p> <p>Highfield Resources (resigned May 2019)</p>
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	1,311,167 ordinary shares
Interests in options:	1,000,000 unlisted options

Petratherm Limited
Directors' report
30 June 2019

Name:	Simon O'Loughlin
Title:	Non-Executive Director
Qualifications:	BA(Acc), Law Society Certificate in Law
Experience and expertise:	<p>Simon O'Loughlin is the founder of O'Loughlins Lawyers, an Adelaide based, specialist commercial law firm. He has extensive experience in the corporate and commercial law fields while practising in Sydney and Adelaide, and also holds accounting qualifications.</p> <p>Mr O'Loughlin has extensive experience and involvement with companies in the small industrial and resources sectors. He has also been involved in the listing and back-door listing of numerous companies on the ASX. He is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).</p>
Other current directorships:	<p>Bod Australia Limited</p> <p>Chesser Resources Limited</p> <p>Oklo Resources Ltd</p>
Former directorships (last 3 years):	<p>Arc Exploration Limited (from October 2016 to May 2018)</p> <p>Odin Metals Limited (formerly Lawson Gold Limited) (from July 2013 to February 2018)</p> <p>Gooroo Ventures Limited (from July 2016 to November 2017)</p> <p>Xref Limited (from October 2014 to August 2016)</p>
Special responsibilities:	Chair of the Audit and Risk Committee
Interests in shares:	2,240,401 ordinary shares
Interests in options:	1,625,000 unlisted options
Name:	Donald Stephens
Title:	Non-Executive Director and Company Secretary
Qualifications:	BA(Acc), FCA
Experience and expertise:	<p>Donald Stephens is a Chartered Accountant and corporate advisor with over 25 years' experience in the accounting, mining and services industries, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a Chartered Accountant and corporate adviser specialising in small cap ASX listed entities. Mr Stephens is a director of a number of ASX listed companies. Additionally, he is the Company Secretary of Highfield Resources Limited and Duxton Water Limited.</p>
Other current directorships:	Gooroo Ventures Limited
Former directorships (last 3 years):	Odin Metals Limited (formerly Lawson Gold Limited) (from July 2013 to February 2018) and Mithril Resources Limited (from April 2002 to May 2019)
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	2,332,733 ordinary shares
Interests in options:	1,625,000 unlisted options

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Principal activities

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

- 2852 km² Land holding acquired over the Mabel Creek Ridge which is prospective for Olympic Dam Style Copper and Gold and related Rare-Earth mineralisation
- A number of semi-coincident magnetic and gravity anomalies have been identified over the licence areas for ground gravity surveying follow-up to determine drill targets.
- Ground gravity surveying over the Eastern Mabel Creek Project area identified a large-amplitude discrete gravity target comparable in size and magnitude to the Prominent Hill copper-gold deposit gravity response. Drilling of this target and other gravity targets will occur during the next period.
- Large ground position secured over the highly prospective Bendigo Gold Zone in Victoria
- 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 \$678,169 (30 June 2018: \$552,631). The Company has continued to strategically develop a project portfolio in world-class mineral provinces.

As of September 2019, just after the current reporting period, four tenements (EL 6332, EL 6333, EL6404 & EL 6405) had been granted over the Mabel Creek Ridge totalling 2,852km² (Figure 1). The Mabel Creek Ridge is prospective for Olympic Dam Style Copper-Gold (IOCG) mineralised systems but is also considered highly prospective for related, magnetite skarn copper and high value rare-earths. During the period gravity surveying identified several high tenor targets to be drill tested.

In Victoria, the Company secured two tenement holdings prospective for high-grade vein orogenic gold. The Yuengroon Project totals 683 km² and covers a highly prospective ground position over a portion of the Bendigo Zone, covering the historic northern Wedderburn Goldfield and extends westwards to cover a large strike continuance (32 kilometres) of the Golden Jacket Fault which shows several high-grade historical gold occurrences. A second Victorian gold project, Silver Spoon (EL6951) covers prospective ground close to the Fosterville and Costerfield Gold Mines. The 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 (reference: Kirkland Lake Gold Press Release 11/12/2018).

On 31 August 2018, the Group established Oberon Resources US Inc., a wholly-owned subsidiary company, in the United States. The Company performed desktop and limited field reconnaissance work in the USA evaluating a number of strategic mineral projects.

Beach Energy (Beach), as Manager of the Paralana Geothermal Energy Project (GEL 156 - 79% Petratherm, 21% Beach) completed the plugging and abandonment of the Paralana 2 geothermal well and other surface rehabilitation of the site. This is the last major works required before formal surrender of the Company's last legacy geothermal tenement. The Company reduced other lower priority project holdings, with EL5717 (Walparuta) surrendered and the Corunna Project (EL 5497) JV Letter Agreement with Musgrave Minerals, terminated.

A summary of ground activities during the period is presented below

Table 1 Petratherm Project Tenements (September 2019)

Project	Licence Nos.	Area (Km ²)	Status	Grant Date	Expiry Date
Mabel Creek (SA)	EL 6332	838	Granted	29/03/2019	28/03/2021
	EL 6333	641	Granted	29/03/2019	28/03/2021
	EL 6404	456	Granted	12/09/2019	11/09/2021
	EL6405	917	Granted	12/09/2019	11/09/2021
Yuengroon (Vic)	ELA 6897	683	Application	TBA	TBA
Silver Spoon (Vic)	ELA 6951	58	Application	TBA	TBA
Walparuta (SA)	EL 5306	26	Granted	18/07/18	17/07/20
Paralana (SA)	GEL 156	498	Granted	23/11/04	22/11/20

Likely developments and expected results of operations

Mabel Creek Project (EL6332 & EL6333) – Targeting Olympic Dam Style, Copper-Gold

The Mabel Creek Project comprises four granted tenements (EL 6332, EL 6333, EL 6404 and EL 6405) totalling 2852 km² (Figure 1). A number of semi-coincident magnetic and gravity anomalies have been identified over the licence areas (refer to PTR ASX releases 05/12/18, 12/12/18 & 21/3/2019 for background). 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.

The Mabel Creek Ridge is an ENE trending zone of shallow covered basement rock which display high magnetic and gravity relief along the eastern margin of the Gawler Craton. It is prospective for large Olympic Dam Style Copper-Gold (IOCG) mineralised systems but is also considered highly prospective for related, magnetite skarn copper and high value rare-earths.

The region has only been lightly explored, however at the Cadi Prospect (Figure 1) which is adjacent to Petratherm's tenements, limited widely spaced historical drilling intersected mineralised magnetite-amphibole-pyroxene rock containing significant concentrations of copper and rare-earths (refer to PTR ASX release 23/07/19).

Historic drill intercepts include (not true widths):

- NC9202 - 44m @ 0.10% Cu, 0.5 % La + Ce from 148m
- 99WS003 - 16m @ 0.57% Cu and 0.17% La + Ce from 184 m to end of hole
- 2000Cadi6 – 52m @ 0.43% La + Ce from 100m

These results are characteristic of magnetite skarn alteration/mineralisation 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 tenement areas.

Importantly, depth of the overlying cover sediments over the licence areas is minimal. Historical drilling records the top of the prospective basement, between 80 metres and 200 metres over the majority of the tenements.

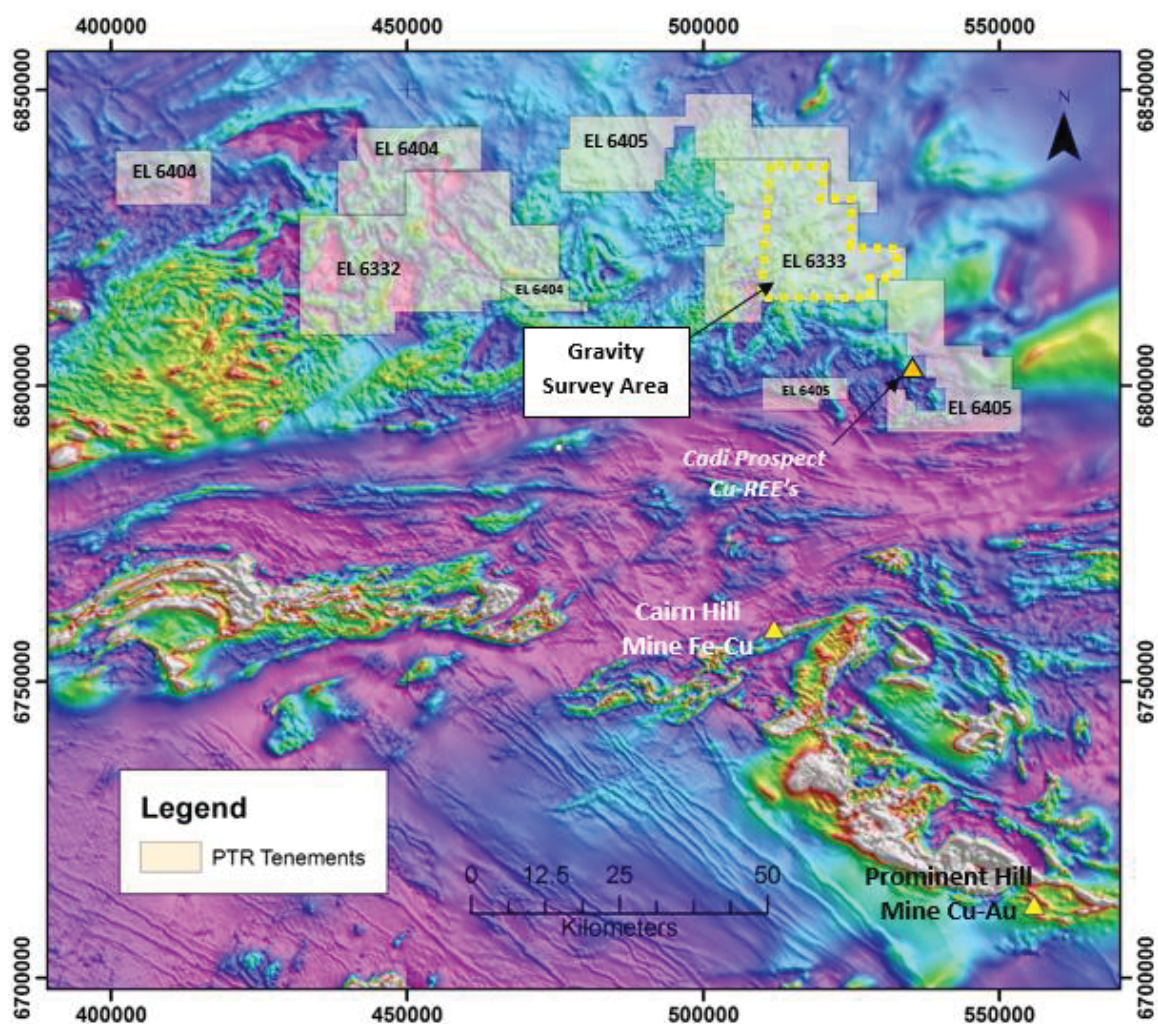


Figure 1: Location map of Mabel Creek Project Tenements and IOCG related mines and prospects, overlying a regional reduced to pole aeromagnetic image (compiled from Sth. Aust. Government data).

In August after the reporting period the Company completed a gravity survey over an eastern portion of its Mabel Creek Project tenement holdings (Figure 1). In total 1,124 gravity readings were taken to infill 7 areas which had some previous evidence of gravity and/or magnetic anomalism. Preliminary findings of the raw data have identified several anomalies which will undergo 3D modelling analysis to help rank and define targets for potential drill testing. One of these targets, Area 3, is a discrete high tenor gravity anomaly which is comparable in size and magnitude to the gravity response from the Prominent Hill Copper-Gold Deposit (refer to PTR ASX release 14/08/19). Descriptions of two of the initial defined targets are presented below.

The Area 3 target is a discrete NNW trending gravity anomaly, approximately 2.5 kilometres in length and approximately 3 milligals in magnitude (Figure 2). The target has a comparable size and magnitude of gravity to the Prominent Hill copper-gold deposit and initial depth modelling estimates suggest the top of the body may start at about 250 metres depth. 3D Inversion modelling work is yet to be completed and this will be reported at a later date.

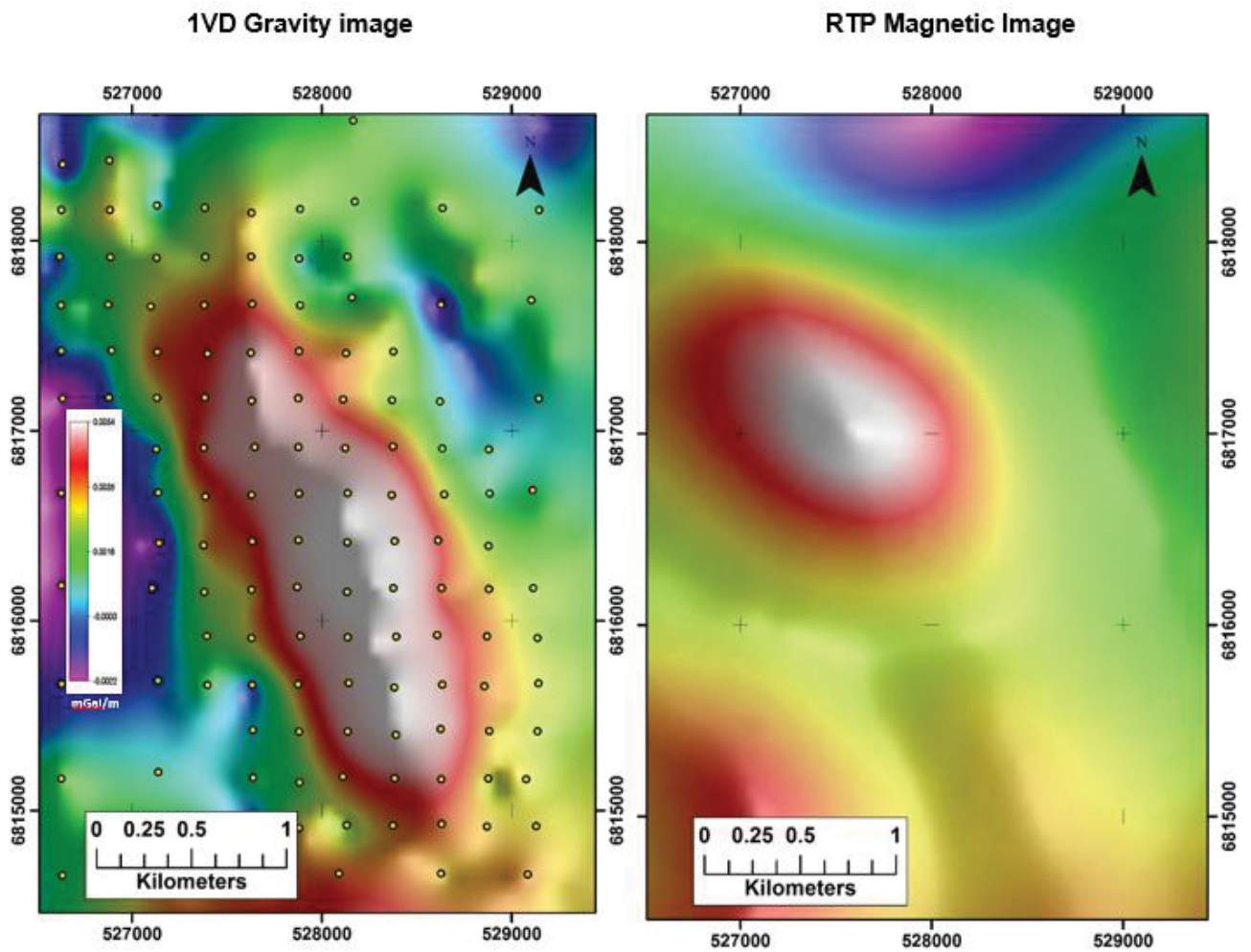


Figure 2: Area 3 Anomaly – 1VD Gravity Image (left) and RTP Magnetic Image (right). Gravity stations yellow dots. Gravity anomaly is approximately 3 milligals in magnitude and mostly not magnetic.

The Area 2 target is a gravity anomaly of approximately 3 milligals within a broader zone of regional higher gravity. Figure 3 depicts a gradient gravity image highlighting the target area along with a reduced to pole magnetic image of the same area. The aeromagnetic image contains a discrete highly magnetic body however the gravity body appears to have a larger extent. Initial depth to basement estimates suggests the target may start at about 150 metres.

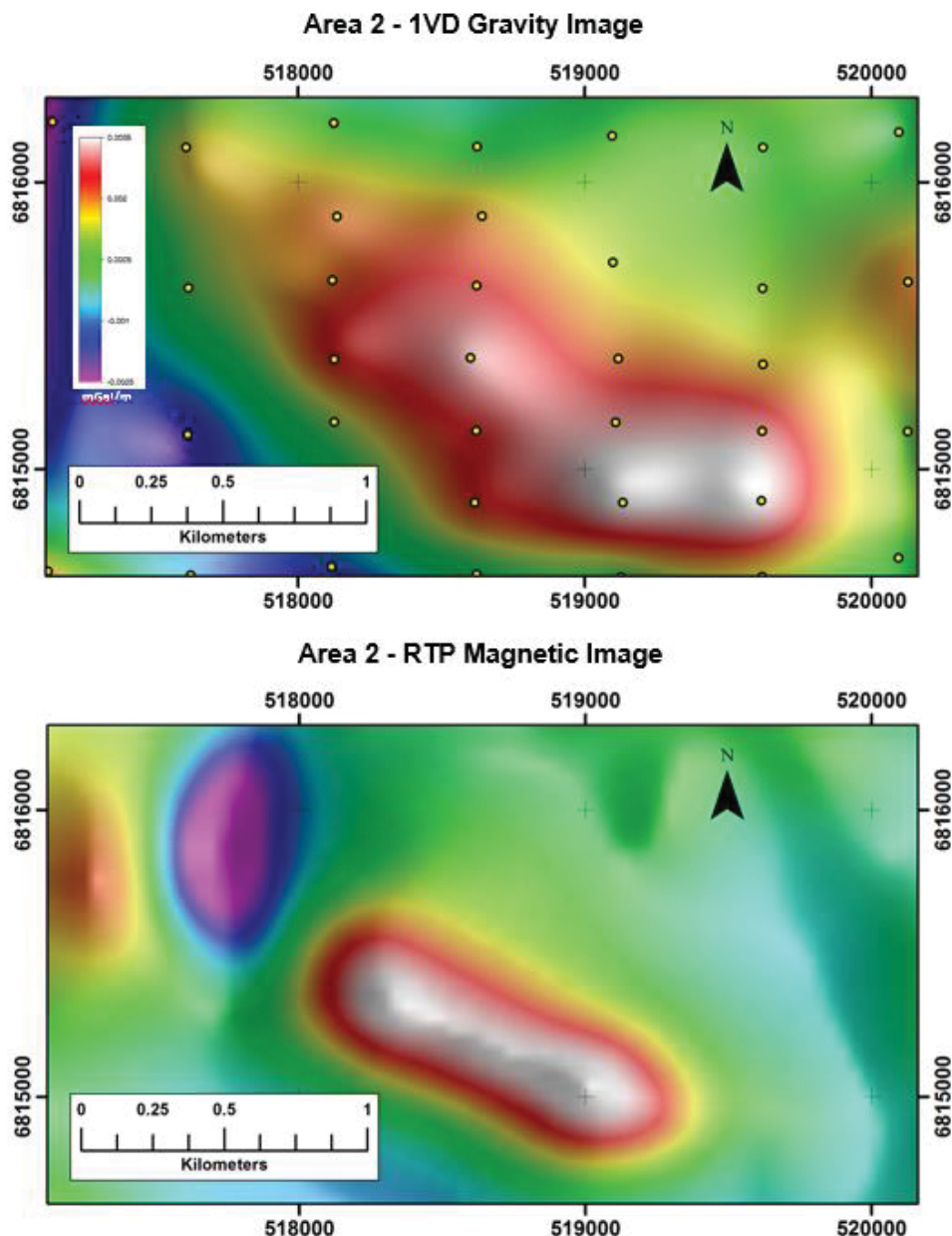


Figure 3: Area 2 Anomaly – 1VD Gravity Image (top) and RTP Magnetic Image (bottom). Gravity stations yellow dots. Gravity anomaly is an approximate 3 milligal anomaly within a larger area of increased gravity anomalism. Note discrete high intensity magnetic body partly coincides with gravity target.

The Company has been working with Native Title Holders to complete Mining Access Agreements to allow geophysical surveying over the remainder of the tenement package and to allow drilling activities in the near term. This work is advanced, and it anticipated agreements will be finalised in October 2019.

Yuengroon Project (ELA006897) - Victoria Gold Position Secured

The Yuengroon Project Tenement Application was formally accepted by the Victoria State Government Authority in January 2019 and given the highest ranking over the area shown in Figure 4. The area secured, totalling 683 km², covers a highly prospective ground position over a portion of the Bendigo Zone, covering the historic northern Wedderburn Goldfield and extends 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.

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 4) 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 4) 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.

During the period land access negotiations were undertaken over the Yuengroon Tenement area as the tenement application is well advanced and it is anticipated this licence will be granted in October 2019. Talks with landholders have gone well and two broad corridors of land currently totalling 150 km² along favourable geological structures have been opened up for future ground exploration activities. Once the licence has been granted, initial exploration works will comprise sampling of outcropping and sub-cropping quartz reefs and regional soil sampling to define gold indicator zones ready for later drill testing.

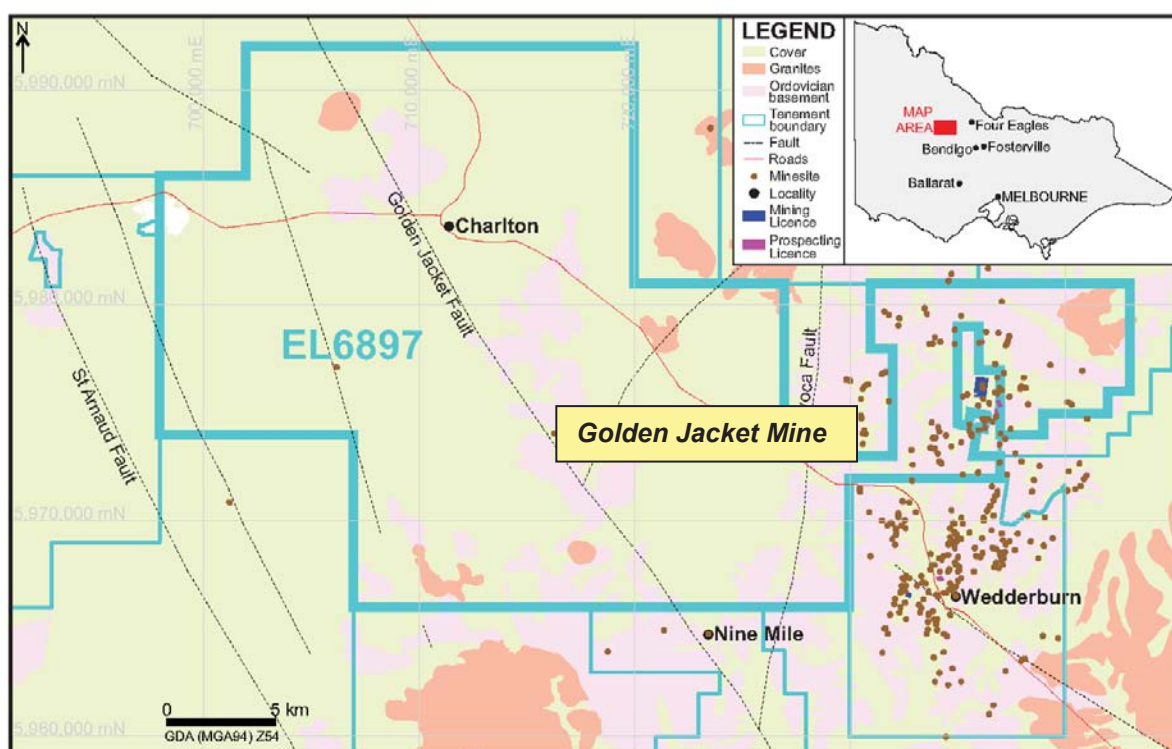


Figure 4: EL6897 (Yuengroon) Location Map, showing historical mine sites and known major faults.

Silver Spoon Project (ELA06951) - Close to Fosterville Gold Mine

In March the Company secured a prospective ground position close to the operating Fosterville and Costerfield Gold Mines (Figure 5). The area contains several historic gold and other mineral prospects in areas of outcrop. Younger cover sediment however masks much of the prospective host rock and these regions have only been very lightly explored.

In recent years the utilisation of modern detailed gravity surveying to locate prospective faults under shallow cover sediment has been paramount in identifying potential gold bearing zones for later drill testing. ASX listed Catalyst Metals' has demonstrated the success of this methodology with the both the Four Eagles and Tandarra Prospect gold discoveries under shallow cover sediment north of Bendigo (reference Catalyst ASX: CYL, 08/08/2018 ASX release). Petratherm is reviewing previous exploration results and processing geological and geophysical data in readiness to commence field work once the tenement is granted.

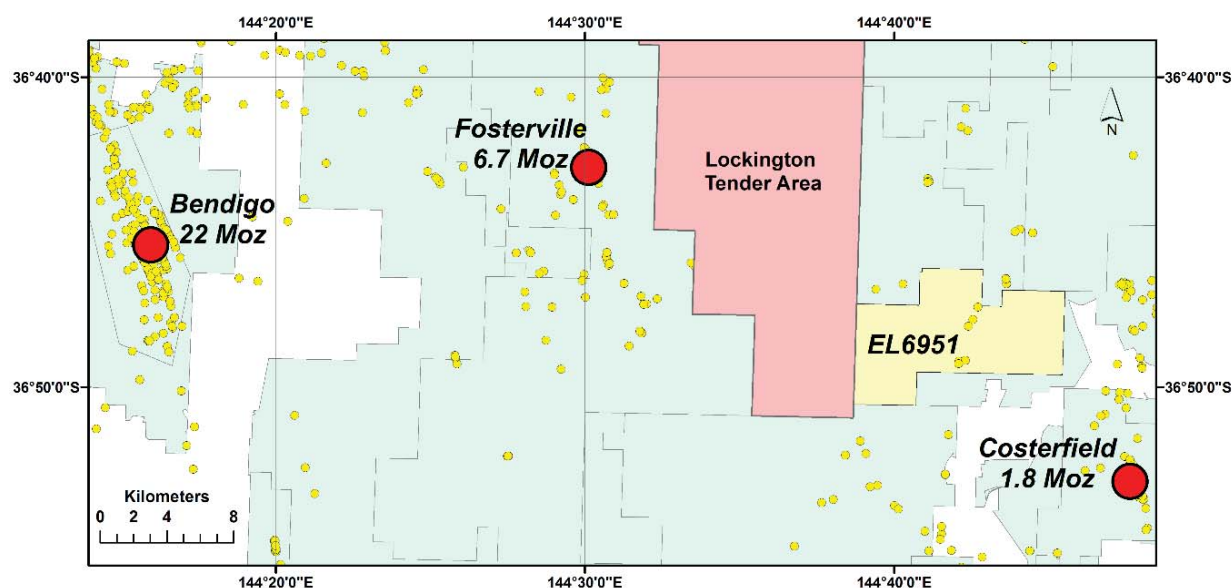


Figure 5: EL6951 (Silver Spoon) Location Map, showing recorded historical mine sites (yellow dots (source Vic Govt. "GeoVic" Database), current exploration (light blue) licences and major gold mines. (Total Mineral Resources and Reserves: Costerfield – Mandalay Resources Press Release 08/01/2019, Fosterville – Kirkland Lake Gold Press Release 21/02/2019, Bendigo: Vic State Government Records)

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

During September 2019 two new tenement licences were granted over the Mabel Creek Ridge (EL 6404 & EL 6405).

No other matter or circumstance has arisen since 30 June 2019 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.

Dividends

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

Corporate Governance

The Company has established a set of corporate governance policies and procedures and these can be found within the Company's Corporate Governance Statement located on the Company's website:
www.petratherm.com.au/governance.html

Environmental regulation

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites. During the year under review, the majority of work carried out was in South Australia and the Group followed procedures and pursued objectives in line with guidelines published by the South Australian Government.

These guidelines are quite detailed and encompass the impact on owners and land users, heritage, health and safety and proper restoration practices. The Group supports this approach and is confident that it properly monitors and adheres to these objectives, and any local conditions applicable wherever it explores.

The Group is committed to minimising environmental impacts during all phases of exploration, development and production through a best practice environmental approach. The Group shares responsibility for protecting the environment for the present and the future. It believes that carefully managed exploration programs should have little or no long-lasting impact on the environment and the Company has formed a best practice policy for the management of its exploration programs. The Group properly monitors and adheres to this approach and there were no environmental incidents to report for the year under review. Furthermore, the Group is in compliance with the state and/or Commonwealth environmental laws for the jurisdictions in which it operates.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Company secretary

Donald Stephens is the Company Secretary. He is also a Non-Executive Director of the Company.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Derek Carter	5	5	2	2
Simon O'Loughlin	5	5	2	2
Donald Stephens	4	5	1	2

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Voting and comments made at the Company's 2018 Annual General Meeting ('AGM')

At the 2018 AGM, 81% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following Directors & employees of Petratherm Limited:

- Derek Carter - Non-Executive Chairman
- Simon O'Loughlin - Non-Executive Director
- Donald Stephens - Non-Executive Director
- Peter Reid - Exploration Manager

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
2019							
<i>Non-Executive Directors:</i>							
Derek Carter	45,662	-	-	4,338	-	-	50,000
Simon O'Loughlin	32,877	-	-	3,123	-	-	36,000
Donald Stephens	36,000	-	-	-	-	-	36,000
<i>Other Key Management Personnel:</i>							
Peter Reid	154,000	-	-	14,630	-	15,900	184,530
	268,539	-	-	22,091	-	15,900	306,530

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
2018							
<i>Non-Executive Directors:</i>							
Derek Carter*	11,416	-	-	1,084	-	10,876	23,376
Simon O'Loughlin	30,719	-	-	2,918	-	10,876	44,513
Donald Stephens	29,712	-	-	-	-	10,876	40,588
Andrew Haythorpe**	20,455	-	-	-	-	-	20,455
	92,302	-	-	4,002	-	32,628	128,932

* Represents remuneration from 17 July 2017 to 30 June 2018

** Represents remuneration from 1 July 2017 to 17 April 2018 (resigned)

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
24/11/2016	24/11/2016	24/11/2019	\$0.10	\$0.041
06/04/2018	06/04/2018	06/04/2021	\$0.04	\$0.011
25/09/2018	25/09/2018	25/09/2021	\$0.10	\$0.016

Options granted carry no dividend or voting rights.

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Directors' report
30 June 2019

The number of options over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Number of options granted during the year 2019	Number of options granted during the year 2018	Number of options vested during the year 2019	Number of options vested during the year 2018
Derek Carter	-	1,000,000	-	1,000,000
Simon O'Loughlin	-	1,000,000	-	1,000,000
Donald Stephens	-	1,000,000	-	1,000,000
Peter Reid*	1,000,000	-	1,000,000	-

* Peter Reid was issued 1,000,000 unlisted options on 25 September 2018 vesting immediately and exercisable at \$0.063 on or before 25 September 2021. The options have a fair value of \$15,900 at grant date consisting of 8.6% of his remuneration for the year ended 30 June 2019.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>				
Derek Carter	1,311,167	-	-	1,311,167
Simon O'Loughlin	1,740,401	500,000	-	2,240,401
Donald Stephens*	1,332,733	1,000,000	-	2,332,733
Peter Reid	68,101	-	-	68,101
	<u>4,452,402</u>	<u>1,500,000</u>	<u>-</u>	<u>5,952,402</u>

* Acquired via on-market trade on 21 May 2019.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Derek Carter	1,000,000	-	-	-	1,000,000
Simon O'Loughlin	1,625,000	-	-	-	1,625,000
Donald Stephens	1,625,000	-	-	-	1,625,000
Peter Reid	-	1,000,000	-	-	1,000,000
	<u>4,250,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>5,250,000</u>

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Petratherm Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
24/11/2016	24/11/2019	\$0.10	1,750,000
24/11/2016	24/11/2019	\$0.18	750,000
24/11/2016	24/11/2019	\$0.24	1,000,000
06/04/2018	06/04/2021	\$0.04	11,487,583
25/09/2018	25/09/2021	\$0.06	1,000,000
			<u>15,987,583</u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Petratherm Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 22 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 22 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

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.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Derek Carter
Chairman

30 September 2019

Auditor's Independence Declaration

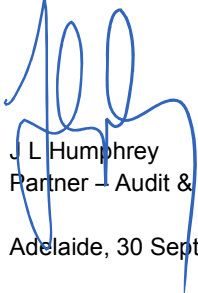
To the Directors of Petratherm Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Petratherm Limited for the year ended 30 June 2019, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 30 September 2019

Petratherm Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
Revenue			
Bank interest received or receivable		73,660	17,334
Research and Development Incentive		106,815	-
Expenses			
Operating expenses	6	(173,081)	(142,305)
Corporate transaction costs		-	(112,608)
Employee benefits expense	6	(227,074)	(147,183)
Secretarial, professional and consultancy		(109,578)	(157,839)
Tenement impairment expenses	12	(229,972)	-
Exploration Expenses		(92,487)	(10,030)
Environmental rehabilitation expenses	15	(26,452)	-
Loss before income tax expense		(678,169)	(552,631)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the Owners of Petratherm Limited	18	(678,169)	(552,631)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the Owners of Petratherm Limited		<u>(678,169)</u>	<u>(552,631)</u>
		Cents	Cents
Basic earnings/(losses) per share	30	(0.40)	(0.69)
Diluted earnings/(losses) per share	30	(0.40)	(0.69)

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 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	8	3,889,727	4,631,125
Trade and other receivables	9	32,969	6,867
Research and Development tax incentive receivable	10	106,815	-
Other assets	11	5,598	4,967
Total current assets		<u>4,035,109</u>	<u>4,642,959</u>
Non-current assets			
Exploration and evaluation assets	12	104,801	81,733
Total non-current assets		<u>104,801</u>	<u>81,733</u>
Total assets		<u>4,139,910</u>	<u>4,724,692</u>
Liabilities			
Current liabilities			
Trade and other payables	13	346,900	53,798
Employee benefits	14	5,385	-
Provisions	15	20,000	241,000
Total current liabilities		<u>372,285</u>	<u>294,798</u>
Total liabilities		<u>372,285</u>	<u>294,798</u>
Net assets		<u>3,767,625</u>	<u>4,429,894</u>
Equity			
Issued capital	16	39,061,984	39,061,984
Reserves	17	270,870	254,970
Accumulated losses	18	(35,565,229)	(34,887,060)
Total equity		<u>3,767,625</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 year ended 30 June 2019

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	34,760,564	130,034	(34,334,429)	556,169
Loss after income tax expense for the year	-	-	(552,631)	(552,631)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(552,631)	(552,631)
<i>Transactions with Owners in their capacity as Owners:</i>				
Share-based payments (note 31)	-	32,627	-	32,627
Issue of shares	4,833,900	-	-	4,833,900
Transaction costs	(532,480)	92,309	-	(440,171)
Balance at 30 June 2018	<u>39,061,984</u>	<u>254,970</u>	<u>(34,887,060)</u>	<u>4,429,894</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 year	-	-	(678,169)	(678,169)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(678,169)	(678,169)
<i>Transactions with Owners in their capacity as Owners:</i>				
Share based payments (note 29)	-	15,900	-	15,900
Balance at 30 June 2019	<u>39,061,984</u>	<u>270,870</u>	<u>(35,565,229)</u>	<u>3,767,625</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 year ended 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		106,815	-
Payments to suppliers and employees (inclusive of GST)		(779,696)	(414,095)
		(672,881)	(414,095)
Interest received		73,784	12,158
Income taxes paid		(106,815)	-
Net cash used in operating activities	29	(705,912)	(401,937)
Cash flows from investing activities			
Payments for exploration activities		(35,486)	(31,733)
Net cash used in investing activities		(35,486)	(31,733)
Cash flows from financing activities			
Proceeds from issue of shares	16	-	4,783,900
Payments for transaction costs		-	(552,779)
Net cash from financing activities		-	4,231,121
Net increase/(decrease) in cash and cash equivalents		(741,398)	3,797,451
Cash and cash equivalents at the beginning of the financial year		4,631,125	833,674
Cash and cash equivalents at the end of the financial year	8	<u>3,889,727</u>	<u>4,631,125</u>

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

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 30 September 2019.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, 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 for the period ending 30 June 2019. Changes to the Group's accounting policies arising from these standards are summarised below:

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.

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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 25.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Petratherm Limited ('Company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Petratherm Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

The Group recognises revenue as follows:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Research and Development Incentive

Research and development tax incentive income is recognised at fair value when there is reasonable assurance that the income will be received. Income from R&D tax incentive is recognised as other income through the statement of profit and loss. The expected future R&D tax incentive, for qualifying R&D expenditure for the current financial year, has been accrued and is also recognised as other income in the statement of profit and loss. It has been established that the conditions of this future R&D incentive have been met and that the expected amount of the incentive can be reliably measured.

Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets retirement obligations and site rehabilitation in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision. Refer to Note 13 for details of the provision for environmental rehabilitation in relation to the Paralana project.

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. Restatement of comparatives

Reclassification

The Research and Development Incentive has been reclassified and is now treated as other income in the statement of profit and loss and other comprehensive income. In previous periods this receipt was treated as an income tax refund.

Statement of financial position at the beginning of the earliest comparative period

When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 July 2017. However, as there were no adjustments made as at 1 July 2017, the Group has elected not to show the 1 July 2017 statement of financial position.

Note 5. 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 6. Operating expenses

	Consolidated	
	2019	2018
	\$	\$
Insurance costs	17,754	13,923
AGM expenses	7,140	1,045
Audit fees	40,235	28,250
Bank charges	3,343	3,125
Communication & computer expenses	5,815	1,113
Travel expenses	14,348	510
Listing fees	30,738	33,555
Legal fees	12,914	5,760
Office expenses	322	73
Occupancy Costs	4,882	1,145
Share registry expenses	32,545	52,859
Other expenses	3,045	947
	<u>173,081</u>	<u>142,305</u>

	Consolidated	
	2019	2018
	\$	\$
Employee Benefits Expense		
Wages, salaries, directors fees and other remuneration expenses	196,522	110,353
Superannuation	14,652	4,203
Share based payment expense (note 29)	15,900	32,627
	<u>227,074</u>	<u>147,183</u>

Total employee benefits expense

Note 7. Income tax

	Consolidated	
	2019	2018
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(678,169)	(552,631)
Tax at the statutory tax rate of 27.5%	(186,496)	(151,974)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	179	378
Impairment of tenements	63,242	-
Share-based payments	4,373	8,972
Capital raising costs	-	30,967
Other tax deductible items	(97,939)	(67,449)
Research and Development expenditure not deductible	67,527	-
	(149,114)	(179,106)
Tax losses not recognised due to not meeting recognition criteria	149,114	179,106
Income tax expense	-	-

The Group has tax losses arising in Australia of \$31,569,827 (2018: \$31,027,588) that may be available and may be offset against future taxable profits of the companies in which the losses arose. In addition, these tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

No deferred tax asset has been recognised because it is not likely future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised.

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 8. Cash and cash equivalents

	Consolidated	
	2019	2018
	\$	\$
Cash at bank and on hand	789,727	2,031,125
Cash on deposit	3,100,000	2,600,000
	<u>3,889,727</u>	<u>4,631,125</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Trade and other receivables

	Consolidated	
	2019	2018
	\$	\$
Accrued interest	5,052	5,176
GST receivable	27,917	1,691
	<u>32,969</u>	<u>6,867</u>

Accounting policy for trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 10. Research and Development tax incentive receivable

	Consolidated	
	2019	2018
	\$	\$
Research and Development tax incentive receivable	<u>106,815</u>	<u>-</u>

Note 11. Other assets

	Consolidated	
	2019	2018
	\$	\$
Prepayments	<u>5,598</u>	<u>4,967</u>

Note 12. Exploration and evaluation assets

	Consolidated	
	2019	2018
	\$	\$
Exploration and evaluation - at cost	<u>104,801</u>	<u>81,733</u>

Note 12. Exploration and evaluation assets (continued)

Reconciliations

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

Consolidated	Exploration and evaluation \$	Total \$
Balance at 1 July 2017	-	-
Additions through expenditures capitalised	81,733	81,733
Balance at 30 June 2018	81,733	81,733
Additions through expenditures capitalised	253,040	253,040
Impairment of tenements	(229,972)	(229,972)
Balance at 30 June 2019	<u>104,801</u>	<u>104,801</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 in impairment charges of \$229,972 (2018: Nil).

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 13. Trade and other payables

	Consolidated 2019 \$	2018 \$
Trade payables	306,189	19,583
Other payables	40,711	34,215
	<u>346,900</u>	<u>53,798</u>

Refer to note 20 for further information on financial instruments.

Trade payables are non-interest bearing and normally settled on 60-day terms.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 14. Employee benefits

	Consolidated	
	2019	2018
	\$	\$
Annual leave liability	<u>5,385</u>	<u>-</u>

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 15. Provisions

	Consolidated	
	2019	2018
	\$	\$
Environmental rehabilitation	<u>20,000</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.

During the year, the provision was transferred to trade payables based on an invoice received by Petratherm totaling \$247,451.72 (excl. GST) to settle the remediation work relating to the Paralana joint venture project.

The remediation work was completed in August 2019. The under-accrual of \$26,452 required to complete the remediation work has been charged to the statement of profit or loss and other comprehensive income.

Accounting policy for provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 16. Issued capital

	Consolidated			
	2019	2018	2019	2018
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>171,001,652</u>	<u>171,001,652</u>	<u>39,061,984</u>	<u>39,061,984</u>

Note 16. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2017	100,307,503	34,760,564
Share consolidation (2 to 1)	6 March 2018	(50,153,351)	-
Issue of shares under the Prospectus	3 April 2018	119,597,500	4,783,900
Issue of shares to SAEX Pty Ltd under the Prospectus	6 April 2018	1,250,000	50,000
Transaction costs		-	(532,480)
Balance	30 June 2018	<u>171,001,652</u>	<u>39,061,984</u>
Balance	30 June 2019	<u><u>171,001,652</u></u>	<u><u>39,061,984</u></u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Proceeds from share issues are used to maintain and expand the Group's exploration activities and fund operating costs. There are no externally imposed capital requirements.

The capital risk management policy remains unchanged from the 2018 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 17. Reserves

	Consolidated	
	2019	2018
	\$	\$
Share-based payments reserve	<u>270,870</u>	<u>254,970</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Note 17. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share-based payment Reserve \$	Total \$
Consolidated		
Balance at 1 July 2017	130,034	130,034
Options issued under ESOP (Note 29)	32,627	32,627
Options issued to Broker (Note 29)	92,309	92,309
	<hr/>	<hr/>
Balance at 30 June 2018	254,970	254,970
Options issued under ESOP (Note 29)	15,900	15,900
	<hr/>	<hr/>
Balance at 30 June 2019	<u>270,870</u>	<u>270,870</u>

Note 18. Accumulated losses

	Consolidated	
	2019	2018
	\$	\$
Accumulated losses at the beginning of the financial year	(34,887,060)	(34,334,429)
Loss after income tax expense for the year	(678,169)	(552,631)
	<hr/>	<hr/>
Accumulated losses at the end of the financial year	<u>(35,565,229)</u>	<u>(34,887,060)</u>

Note 19. Dividends

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

Note 20. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units.

Market risk

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group is not exposed to any significant interest rate risk.

Note 20. Financial instruments (continued)

Credit risk

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The Group has no past due or impaired debtors as at 30 June 2019.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 21. Key management personnel disclosures

Directors

The following persons were Directors of Petratherm Limited during the financial year:

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

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

Peter Reid	Exploration Manager
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Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2019	2018
	\$	\$
Short-term employee benefits	268,539	92,302
Post-employment benefits	22,091	4,002
Share-based payments (note 29)	15,900	32,628
	<u>306,530</u>	<u>128,932</u>

Detailed remuneration disclosures have been included in the remuneration section of the Directors' Report

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company:

	Consolidated	
	2019	2018
	\$	\$
<i>Audit services - Grant Thornton Audit Pty Ltd</i>		
Audit or review of the financial statements	40,235	28,250
<i>Other services - Grant Thornton Audit Pty Ltd</i>		
Investigating accountants report	-	6,750
	<u>40,235</u>	<u>35,000</u>

Note 23. Commitments

	Consolidated	
	2019	2018
	\$	\$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Exploration and evaluation*	<u>349,041</u>	<u>308,267</u>

- * In order to maintain current rights of tenure to exploration tenements, the Company is required to meet minimum expenditure requirements in respect of tenement lease rentals. These obligations are expected to be fulfilled in the normal course of operations.

Note 24. Related party transactions

Parent entity

Petratherm Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Joint operations

Interests in joint operations are set out in note 27.

Key management personnel

Disclosures relating to key management personnel are set out in note 21 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current financial year (2018: \$0).

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019	2018
	\$	\$
Loss after income tax	(919,169)	(311,632)
Total comprehensive income	(919,169)	(311,632)

Statement of financial position

	Parent	
	2019	2018
	\$	\$
Total current assets	4,035,109	4,642,959
Total assets	4,139,910	4,724,692
Total current liabilities	372,285	53,798
Total liabilities	372,285	53,798
Net assets	<u>3,767,625</u>	<u>4,670,894</u>
Equity		
Issued capital	39,061,984	39,061,984
Share-based payments reserve	270,870	254,970
Accumulated losses	(35,565,229)	(34,646,060)
Total equity	<u>3,767,625</u>	<u>4,670,894</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 26. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019 %	2018 %
MNGI Pty Ltd	Australia	100%	100%
PetraGas Ltd	Australia	100%	100%
Oberon Resources US inc.	United States	100%	-

Note 27. Interests in joint operations

Beach Energy Limited is an oil & gas company that farmed-in to the Paralana Project in January 2007. The Group currently holds a 79% interest in the Paralana joint venture project while Beach Energy holds the remaining 21% interest.

Note 28. Events after the reporting period

During September 2019 two new tenement licences were granted over the Mabel Creek Ridge (EL 6404 & EL 6405).

No other matter or circumstance has arisen since 30 June 2019 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 29. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2019 \$	2018 \$
Loss after income tax expense for the year	(678,169)	(552,631)
Adjustments for:		
Share-based payments	15,900	32,627
Share issue transaction costs	-	112,608
Change in operating assets and liabilities:		
Increase in trade and other receivables	(26,102)	(445)
Increase in income tax refund due	(106,815)	-
Increase in prepayments	(631)	(1,665)
Decrease in other operating assets	12,418	-
Increase in trade and other payables	293,102	7,569
Increase in employee benefits	5,385	-
Decrease in other provisions	(221,000)	-
Net cash used in operating activities	<u>(705,912)</u>	<u>(401,937)</u>

Note 30. Earnings/(losses) per share

	Consolidated	
	2019 \$	2018 \$
Loss after income tax attributable to the Owners of Petratherm Limited	<u>(678,169)</u>	<u>(552,631)</u>

Note 30. Earnings/(losses) per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	171,001,652	79,610,803
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>171,001,652</u>	<u>79,610,803</u>
	Cents	Cents
Basic earnings/(losses) per share	(0.40)	(0.69)
Diluted earnings/(losses) per share	(0.40)	(0.69)

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/(losses) per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings/(losses) per share.

Accounting policy for earnings/(losses) per share

Basic earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing the loss attributable to the Owners of Petratherm Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings/(losses) per share

Diluted earnings/(losses) per share adjusts the figures used in the determination of basic earnings/(losses) per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 31. Share-based payments

The Group established the Petratherm Limited Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

- All employees (full and part time) will be eligible to participate in the Plan after a qualifying period of 12 months employment by a member of the Group, although the Board may waive this requirement.
- Options are granted under the Plan at the discretion of the Board and if permitted by the Board, may be issued to an employee's nominee.
- Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue. Options will be issued free. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to offer those options. The total number of shares, the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.
- If, prior to the expiry date of options, a person ceases to be an employee of the Group for any reason other than retirement at age 60 or more (or such earlier age as the board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 6 months from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- Options cannot be transferred other than to the legal personal representative of a deceased option holder.
- The Company will not apply for official quotation of any options issued under the plan.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules.

Note 31. Share-based payments (continued)

Set out below are summaries of options granted:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/11/2016	24/11/2019	\$0.10	1,750,000	-	-	-	1,750,000
24/11/2016	24/11/2019	\$0.18	750,000	-	-	-	750,000
24/11/2016	24/11/2019	\$0.24	1,000,000	-	-	-	1,000,000
06/04/2018	06/04/2021	\$0.04	11,487,583	-	-	-	11,487,583
25/09/2018	25/09/2021	\$0.06	-	1,000,000	-	-	1,000,000
			<u>14,987,583</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>15,987,583</u>
Weighted average exercise price			\$0.07	\$0.06	\$0.00	\$0.00	\$0.07

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/11/2016	24/11/2019	\$0.10	3,500,000	-	-	(1,750,000)	1,750,000
24/11/2016	24/11/2019	\$0.18	1,500,000	-	-	(750,000)	750,000
24/11/2016	24/11/2019	\$0.24	2,000,000	-	-	(1,000,000)	1,000,000
06/04/2018	06/04/2021	\$0.04	-	11,487,583	-	-	11,487,583
			<u>7,000,000</u>	<u>11,487,583</u>	<u>-</u>	<u>(3,500,000)</u>	<u>14,987,583</u>
Weighted average exercise price			\$0.16	\$0.04	\$0.00	\$0.16	\$0.07

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.45 years (2018: 2.45 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
25/09/2018	25/09/2021	\$0.04	\$0.06	70.25%	-	2.57%	\$0.016

Share-based payments during the year are:

	Consolidated	
	2019	2018
	\$	\$
Options issued under the ESOP to KMP (Note 5)	15,900	32,627
Options issued to Broker	-	92,309
	<u>15,900</u>	<u>124,936</u>

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Note 31. Share-based payments (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Petratherm Limited
Directors' declaration
30 June 2019

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial 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.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Derek Carter
Chairman

30 September 2019

Independent Auditor's Report

To the Members of Petratherm Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Petratherm Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets - Note 12	
<p>At 30 June 2019 the carrying value of exploration and evaluation assets was \$104,801.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • reviewing management's area of interest considerations against AASB 6; • conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> – tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; – enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; – understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; • evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and • assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2019.

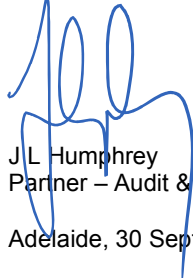
In our opinion, the Remuneration Report of Petratherm Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 30 September 2019

Petratherm Limited
Shareholder information
30 June 2019

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 30 September 2019.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	1,634	-
1,001 to 5,000	714	-
5,001 to 10,000	173	-
10,001 to 100,000	284	1
100,001 and over	227	5
	3,032	6
Holding less than a marketable parcel	2,578	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Name	Ordinary shares Number held	%
JACKHAMISH PTY LTD	5,239,638	3.06
CALAMA HOLDINGS PTY LTD	5,166,442	3.02
CPO SUPERANNUATION FUND PTY LTD	4,500,000	2.63
CORPORATE PROPERTY SERVICES PTY LTD	4,080,666	2.39
MR MICHAEL ANDREW WHITING & MRS TRACEY ANNE WHITING	3,418,895	2.00
MR MARK EDMUND SCHAUB	3,000,000	1.75
OCTIFIL PTY LTD	2,747,210	1.61
MR JEFFREY ROY ELLISON & MRS TONI ALICE ELLISON	2,500,000	1.46
MR ANGUS WILLIAM JOHNSON & MRS LINDY JOHNSON	2,500,000	1.46
PETERSVIEW PTY LTD	2,500,000	1.46
THIRTY FOUR PTY LTD	2,500,000	1.46
SYMINGTON PTY LTD	2,426,862	1.42
DCS SUPER FUND PTY LTD	2,248,733	1.32
PUNTERO PTY LTD	2,152,435	1.26
DARROCH FAMILY PTY LTD	2,039,125	1.19
EPIC FEAST PTY LTD	2,000,000	1.17
SAILORS OF SAMUI PTY LTD	2,000,000	1.17
JIMZBAL PTY LTD	1,950,000	1.14
BLUEBIRD CAPITAL PTY LTD	1,875,000	1.10
OURO PTY LTD	1,868,000	1.09
	56,713,006	33.16

Petratherm Limited
Shareholder information
30 June 2019

Unquoted equity securities

Class	Number on issue	Number of holders
Options over ordinary shares issued	15,987,583	6

The following person holds 20% or more of unquoted equity securities:

Name	Class	Number held
TAYCOL NOMINEES PTY LTD	Options over ordinary shares issued	8,487,583

Substantial holders

There are no substantial holders in the Company.

Voting rights

All ordinary shares carry one vote per share without restriction. Options have no voting rights.

Restricted securities

Class	Expiry date	Number of securities
Ordinary shares	17 April 2020	1,250,000
Options over ordinary shares issued	6 April 2020	11,487,583
		<u>12,737,583</u>

Tenements

Description	Tenement number	Interest owned %
Paralana	GEL 156	79
Walparuta	EL 5306	100
Mt Willoughby	EL 6332	100
Mt Barry	EL 6333	100
Mt Willoughby - extended	EL 6404	100
Mt Barry - extended	EL 6405	100