

**Petratherm Limited**

**ABN 17 106 806 884**

**Interim Report - 31 December 2019**

**Petratherm Limited**  
**Corporate directory**  
**For the half-year ended 31 December 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	<a href="http://www.petratherm.com.au">www.petratherm.com.au</a>

**Petratherm Limited**  
**Directors' report**  
**For the half-year ended 31 December 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 half-year ended 31 December 2019.

**Directors**

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

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

**Principal activities**

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

- 2852 km<sup>2</sup> Land holding acquired over the Mabel Creek Ridge which is prospective for Olympic Dam Style Copper and Gold and related Rate-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 is expected to occur during the period ending 30 June 2020.
- Large ground position secured over the highly prospective Bendigo Gold Zone in Victoria.

**Summary**

- Drilling of high-priority gravity/magnetic targets, that may be indicative of an Olympic Dam Style Copper-Gold (IOCG) system scheduled to start in the first quarter of 2020.
- Yuengroon (EL 6897), a large licence area covering 683 km<sup>2</sup>, over a portion of the highly prospective Bendigo Gold Zone in Victoria has been granted and ground exploration works are underway over historical gold occurrence areas.
- Comet Gold Project (SA), prospective for Challenger-style high-grade gold, tenement granted. Comet Prospect includes multiple shallow gold intersections, which are open at depth and along strike.

**Review of Operations**

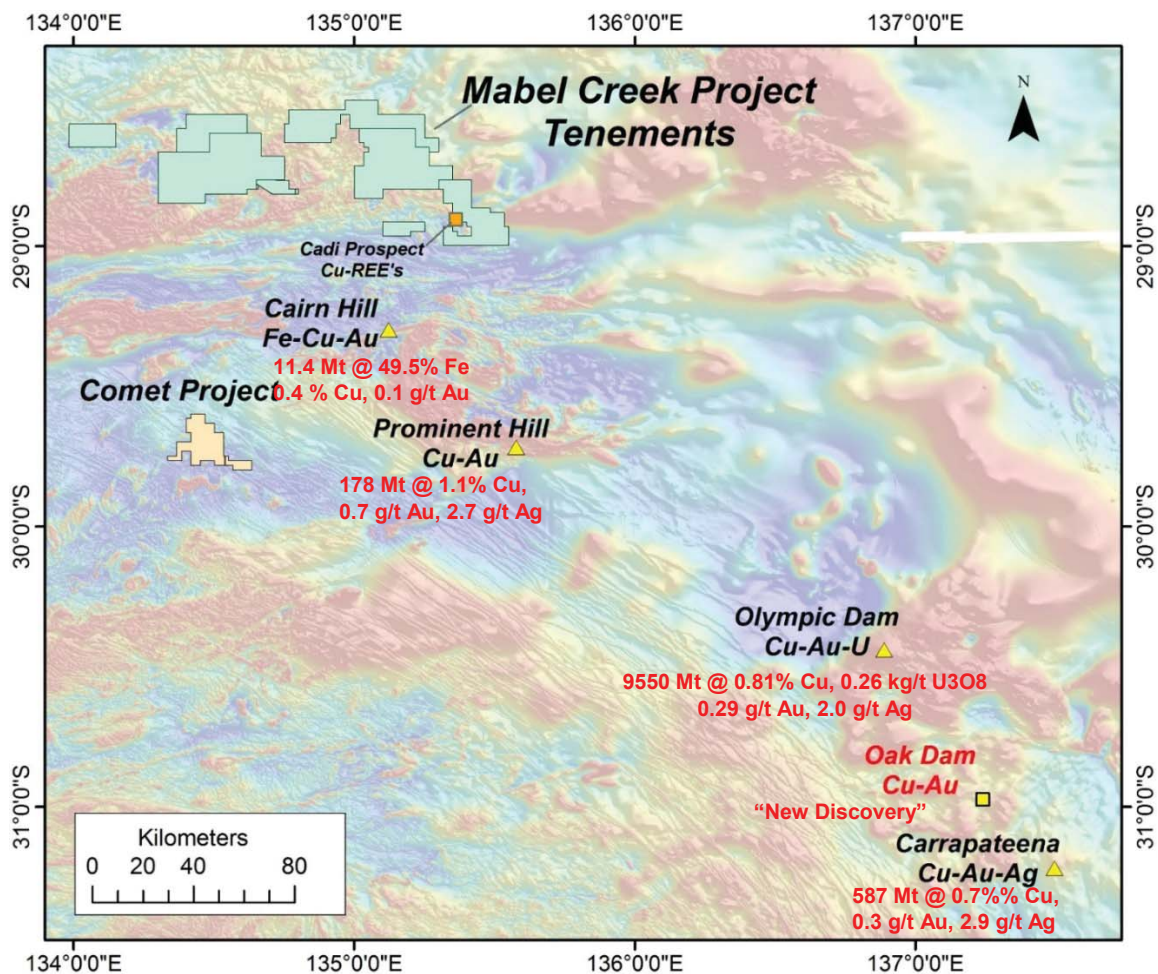
During the period the Company continued to strategically develop a project portfolio in world-class mineral provinces and ground activities focused on advancing its Flagship Mabel Creek Copper-Gold Project to a drill ready status. Drill preparations of several high tenor Olympic Dam Style gravity targets have been completed and 4 sites will be tested during the first quarter of 2020.

In October 2019 the Yuengroon Gold Project (EL 6897), a large licence area covering 683 km<sup>2</sup>, was granted allowing ground exploration works to begin. The area secured covers a highly prospective ground position over a portion of the Bendigo Zone, covering the historic northern Wedderburn Goldfield (recorded historic production of 140,000 Oz gold) and extends westwards to cover sizable strike extensions of several major faults, with several important historical gold occurrences spatially associated.

The Comet Gold Project (EL 6443), located within the Gawler Craton of South Australia, covering 256 km<sup>2</sup> has been awarded through a South Australian Government managed competitive bid process. The tenement is prospective for Challenger-style high-grade gold (recorded historical production of 1.1 million ounces at an average grade of 5.1 g/t). The tenement includes the Comet Gold Prospect which has only been partially drill tested and includes multiple shallow gold intersections, which are open at depth and along strike. A summary of ground activities during the period is presented below. No groundwork was undertaken on the Walparuta Project (EL 6250) during the period.

### Mabel Creek Project – Targeting Olympic Dam Style, Copper-Gold

The Mabel Creek Project comprises four granted tenements (EL's 6332, 6333, 6404 & 6405) totalling 2852 km<sup>2</sup> (Figure 1). The Mabel Creek Ridge is an ENE trending zone of shallow covered basement rock, which displays high magnetic and gravity relief along the eastern margin of the Gawler Craton. These geophysical domains are prospective for hydrothermal iron-oxide systems including, copper-gold, magnetite skarn copper and high value rare earth elements (REEs). Examples of mines and prospects located close to the Mabel Creek Project include the Cairn Hill Mine, Prominent Hill Mine and the Cadi Prospect (Figure 1).



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

During the period the Company completed 3D gravity inversion modelling of new gravity data acquired from ground gravity surveys undertaken during August and October 2019 (refer to PTR ASX releases 14/08/2019 and 22/10/2019). Several high-amplitude gravity anomalies have been defined (Figure 2), with modelled depths to top of the target ranging from 130 metres to 600 metres. A summary of current gravity targets is presented below.



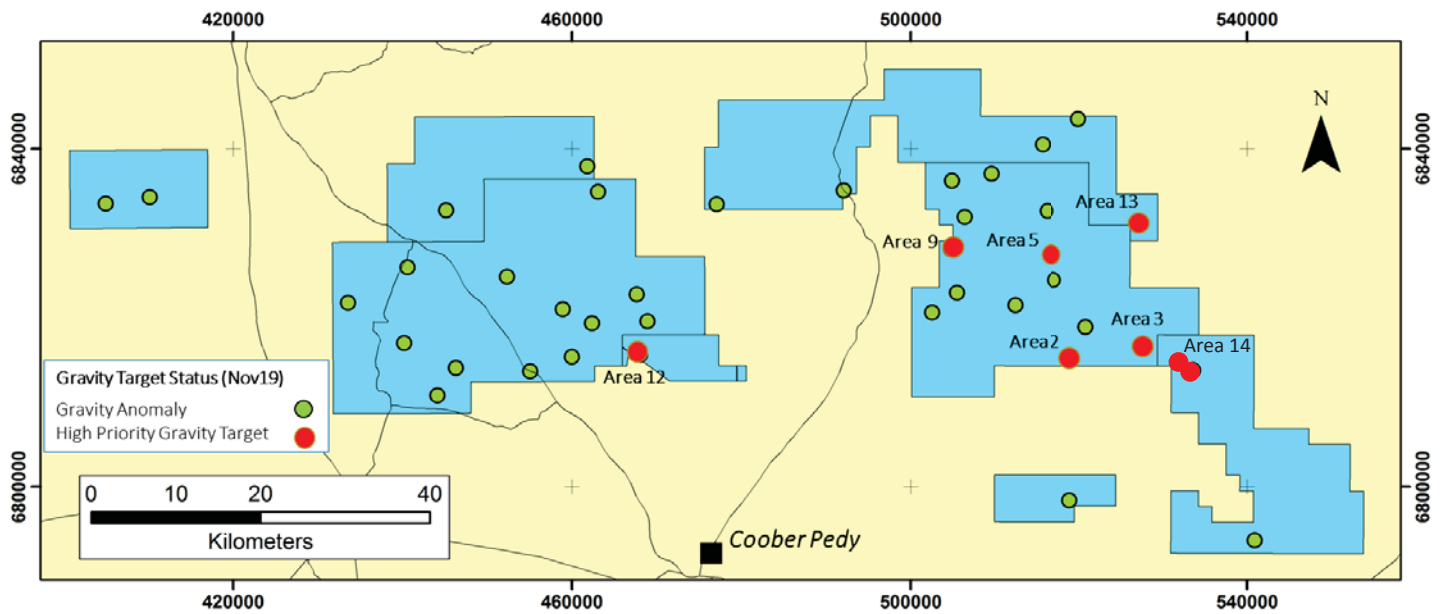


Figure 2 – Mabel Creek Project Gravity Anomaly Location Map

## Mabel Creek Gravity Targets

### Area 2 Target

The Area 2 target is a residual 1 milligal gravity target within a broader 3 milligal gravity anomaly. 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. Depth to basement estimates suggests the target may start at about 150 metres.

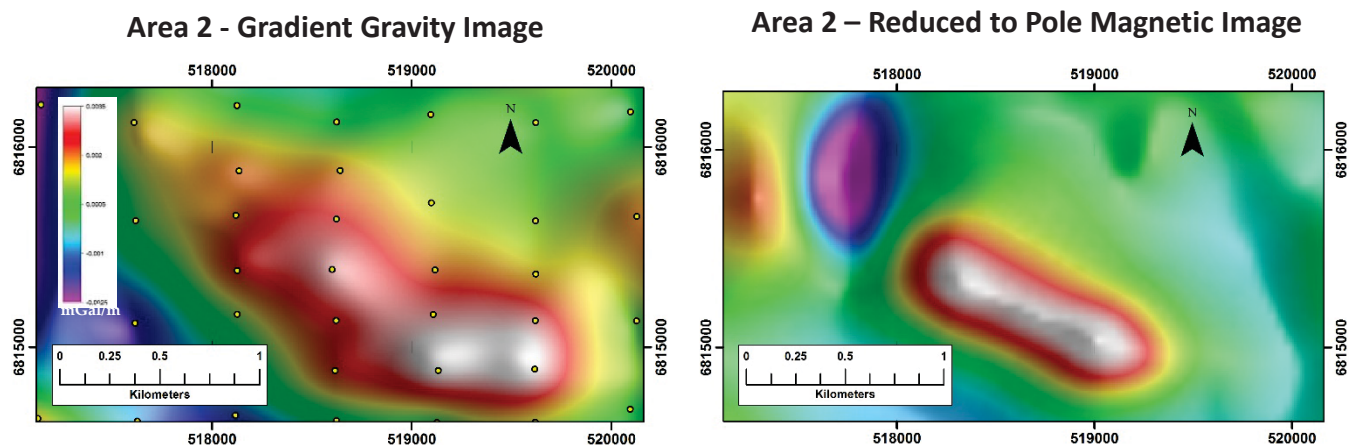
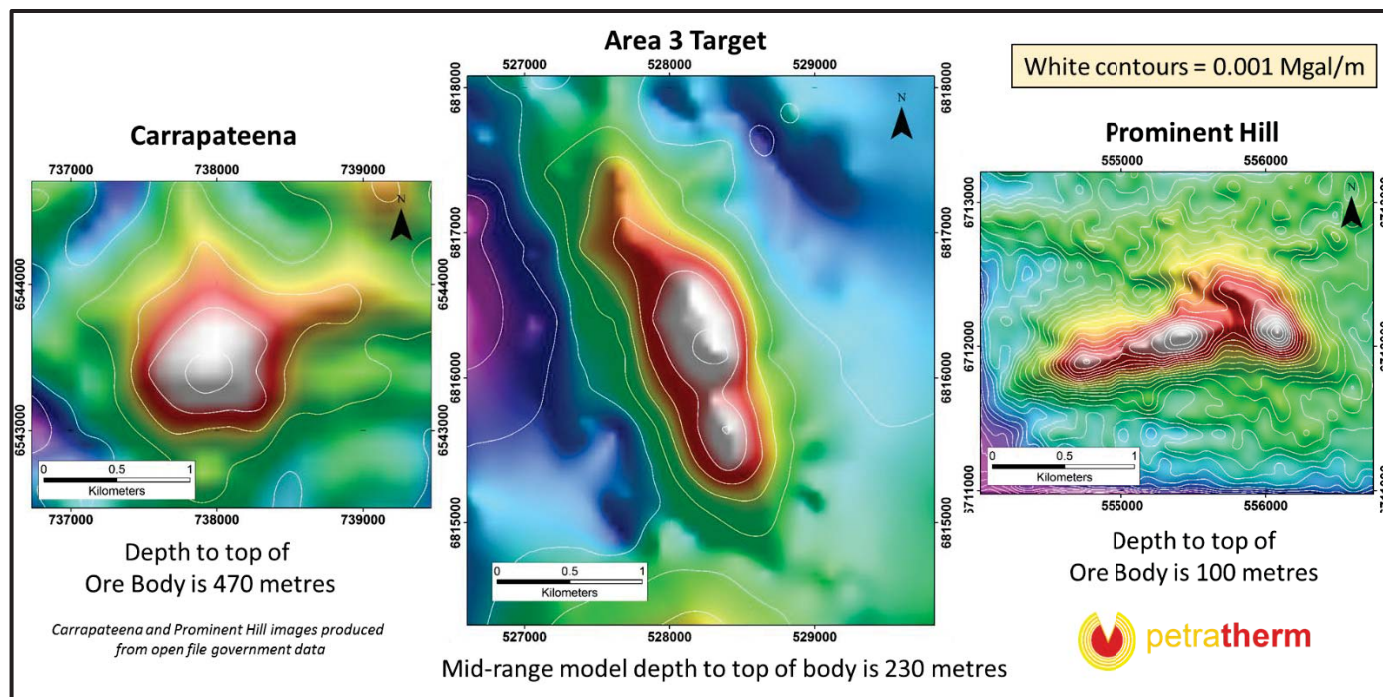


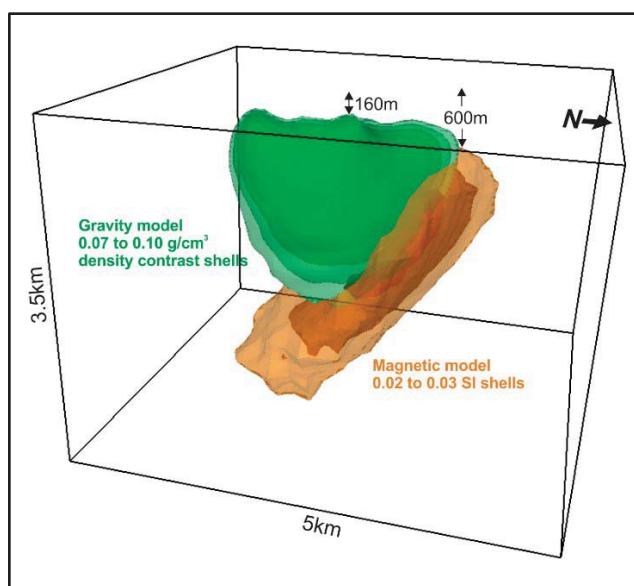
Figure 3 - Area 2 Anomaly – Gradient Gravity Image (left) and Reduced to Pole Magnetic Image (right). Gravity stations yellow dots. Gravity anomaly is an approximate 1 milligal anomaly within a larger area of increased gravity anomalism. Note discrete high intensity magnetic body partly coincides with gravity target.

### Area 3 Target

The Area 3 Target is a discrete, NNW trending, high-amplitude gravity anomaly of approximately 3 milligals in magnitude. The gradient gravity response from the Area 3 Target is presented below with both the Carrapateena and Prominent Hill IOCG deposits gravity responses to provide a direct comparison (Figure 4). Note the rate of change in gravity (white contours) is mostly a function of the depth to the top of the dense body, with deeper bodies producing a more subdued response. The unconstrained 3D inversion model (Figure 5) for the Area 3 target indicates a minimum depth of 160-180 metres to the top of the body however forward modelling using a variety of model densities show that the source could be as deep as 300 metres.



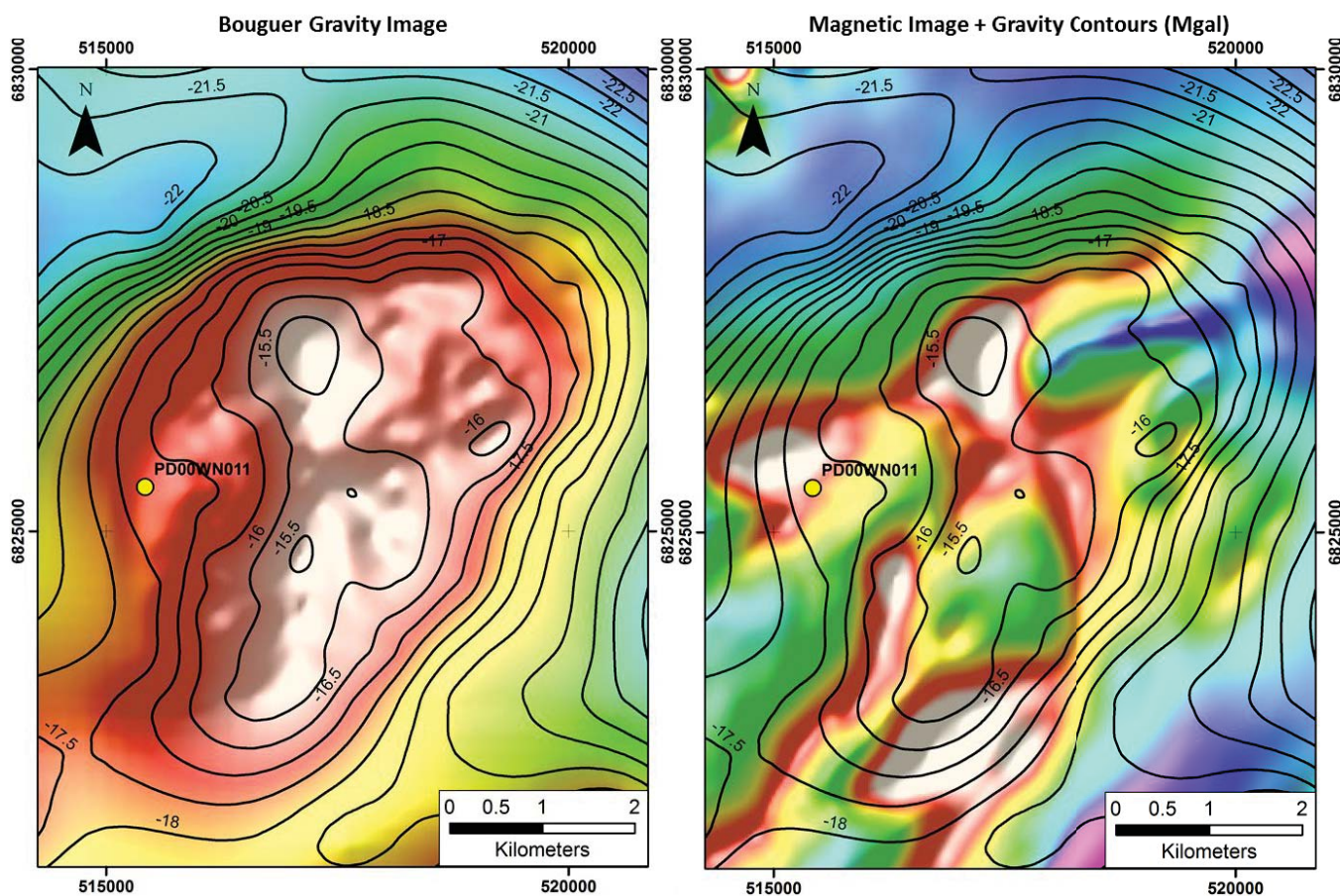
**Figure 4** - Gradient Gravity Images of the Carrapateena and Prominent Hill IOCG deposits compared to the Area 3 drill Target.



**Figure 5** - 3D Inversion Model of the Area 3 Target showing the relationship between the magnetic and gravity bodies.

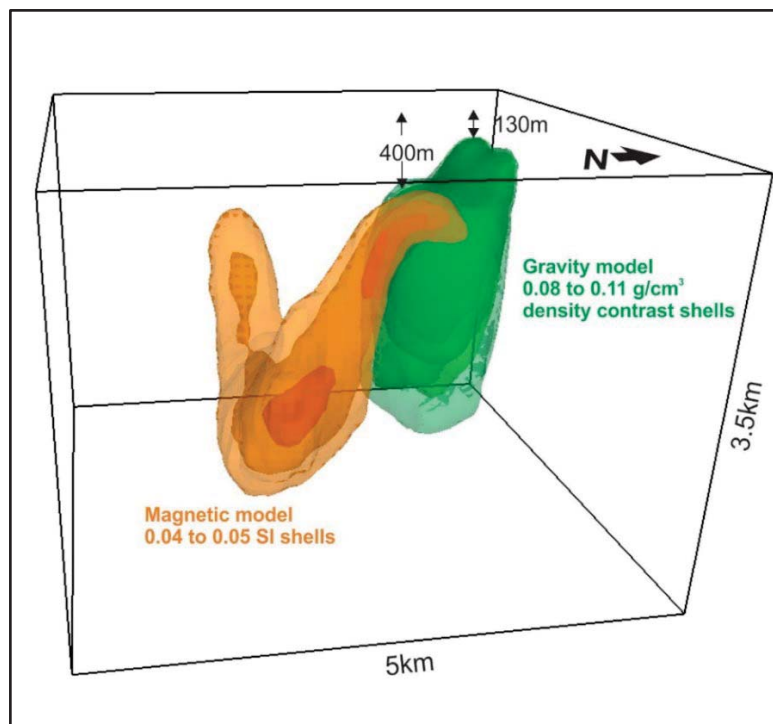
### Area 5 Target

The Area 5 Target is a broad multi-peak, high-amplitude gravity anomaly of approximately 7 milligals in total, which is semi-coincident with a moderately strong (500nT) magnetic anomaly. A single historical Drill Hole PD00WN011, drilled by Goldstream Mining in 2000, approximately 1 kilometre west of the main target area intersected the top of basement at 136 metres and noted strongly sericitized and weakly hematite altered granite which is characteristic of the alteration seen on the margins of an IOCG style hydrothermal system (Figure 6). The 3D model indicates the top of the gravity anomaly occurs at a depth of around 130 metres (Figure 7).



**Figure 6 - Area 5 Target Bouguer Gravity and Magnetic Images.** Note drill hole PD00WN011 drilled approximately 1km west of main target intersected mineral alteration that may be indicative of an edge to an IOCG system.

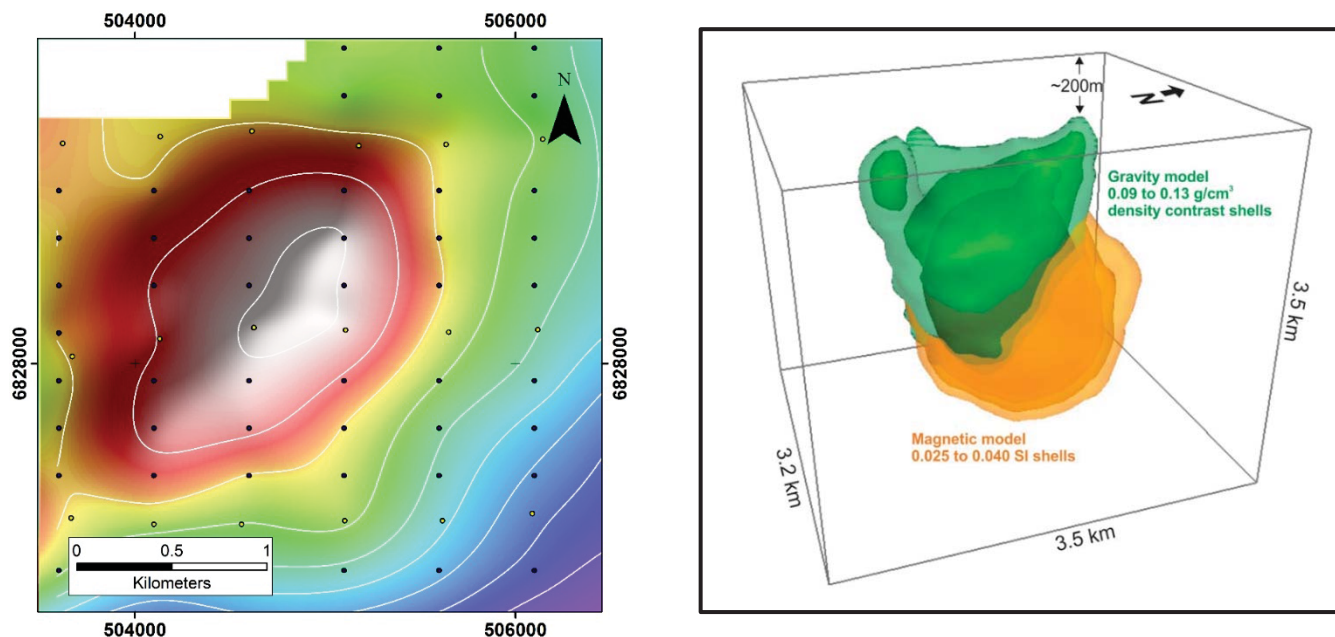




**Figure 7** - 3D Inversion Models of Area 5 Anomalies showing the relationship between the deep magnetic body and shallower gravity target.

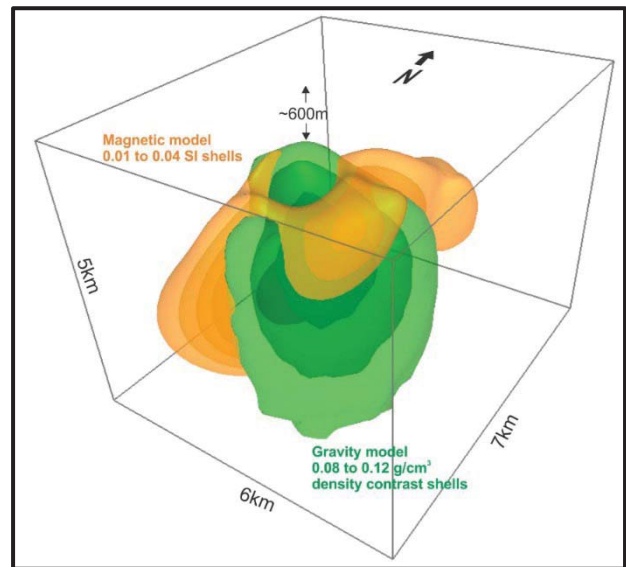
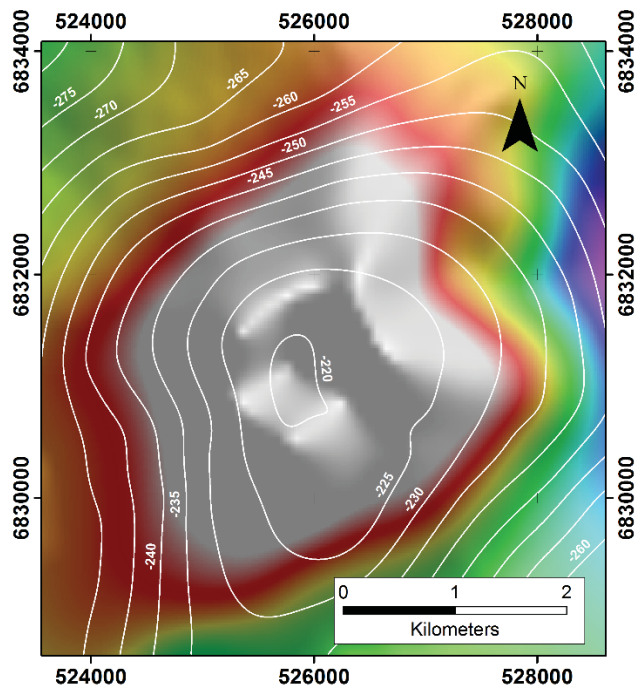
New high priority gravity targets identified during the October 2019 gravity survey include Areas 9, 13 and 14 (Figures 8, 9 & 10). 3 D inversion models of each target and selected images are shown below.

Area 9 Target



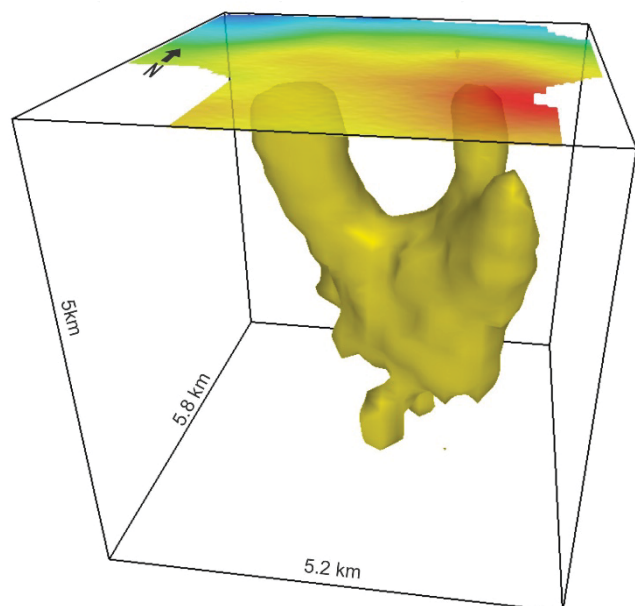
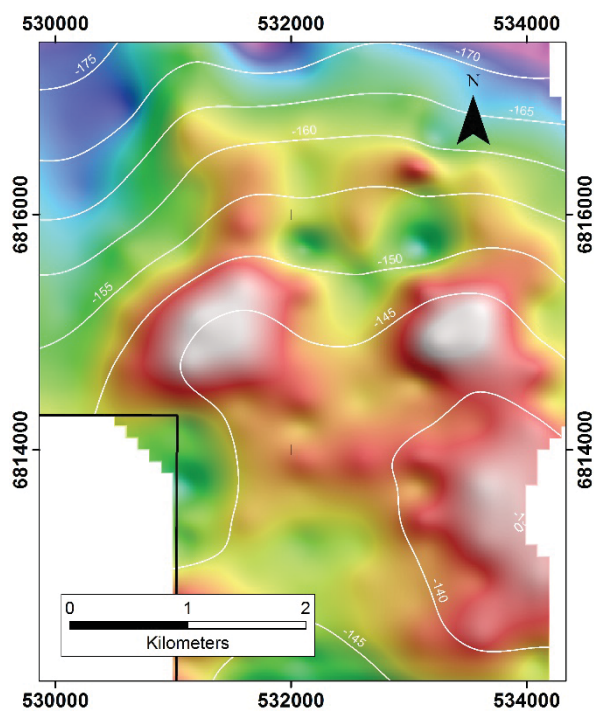
**Figure 8** – Area 9 Gravity Target. Left - Bouguer Gravity Image with (0.5 milligal Contours). Right - 3D Inversion Model showing the relationship between the magnetic and gravity bodies. The target occurs at an interpreted major NE-NW fault intersection and displays a high-density contrast (up to 0.13 g/cm³). Modelled Depth to top of body is 200 metres.

#### Area 13 Target



**Figure 9 - Area 13 Gravity Target.** left - 0.5 milligal gravity contours overlain on Reduced to pole magnetic image. Right - 3D Inversion of Magnetic and Gravity Bodies. Area 13 target is a 4 to 5 milligal gravity anomaly with the dense body starting at a modelled depth of 600 metres.

#### Area 14 Target



**Figure 10 - Area 14 Gravity Target.** Gradient Gravity Image (left) with 0.5 milligal bouguer gravity contours. Gradient image highlights 3 dense bodies within a broader anomalous area. The 3D inversion model (right) shows 3 pipe-like bodies coincident with the 3 denser gravity features identified. Depth to top of interpreted targets is modelled at approximately 550 metres.

The offset in the gravity and magnetic anomalies observed in the 3D models could be indicative of zonation within a magnetite-haematite system (e.g. IOCG style alteration). The models show, the non-magnetic gravity anomalies positioned shallower and/or to one side of the magnetic feature, which is typical of an IOCG style system. To date, on the Gawler Craton of South Australia, economic concentrations of copper and gold have only been associated with non-magnetitic, haematite enriched bodies, and hence these gravity targets are a priority for drill testing. Also of note, the inversion models demonstrate a high average density contrasts (mostly  $\geq 0.1 \text{ g/cm}^3$ ) which may also be indicative of an IOCG style system.

### **Mabel Creek Project - Native Title Works**

The Mabel Creek Project spans two Native Title Areas and the Company has been working closely with both Native Title Holders to establish a strong relationship and an agreed framework for future ground exploration activities. In October 2019 the Company executed a Native Title Mining and Land Access Agreement (NTMA) for Exploration with the Antakirinja Matu-Yankunytjatjara Aboriginal Corporation (AMYAC), which covers the western and central portions of the licence areas. In December 2019 the Company executed a NTMA with the Arabana People who are the Native Title Holders over the eastern licence areas. Subsequent initial Heritage survey work with both Native Title Holders has been completed for gravity survey work and in addition, clearing high priority targets for exploration drill testing.

### **Yuengroon (EL 6897) - Victoria Gold and Copper Potential**

In early October 2019, the Company's Yuengroon Project Tenement (EL 6897) was granted by the Victoria State Government. The area secured covers a highly prospective ground position over a portion of the Bendigo Zone, covering the historic northern Wedderburn Goldfield and extends westwards to cover sizable strike extensions of several major crustal faults, with several important historical gold occurrences spatially associated. The western areas have only been lightly explored and are mostly under shallow cover. The recent resurgence in interest in Victorian Goldfields largely stems from the spectacular success of Kirkland Lake Gold's Fosterville operations, with production forecast to increase to over 500,000 ounces in 2020 and reach over 570,000 ounces by 2021 (reference: Kirkland Lake Gold Press Release 11/12/2018).

#### Wedderburn Goldfield Area

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.

#### Golden Jacket Mine

The Golden Jacket Fault which extends through the tenement area for approximately 12 kilometres is associated with two notable recorded local historic mine occurrences (Figure 11). The Golden Jacket Mine comprises a shallow small historic shaft reef mine worked to 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 11) 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) (reference: Victorian State Government GeoVic database).

#### Moondyne Gold Prospect

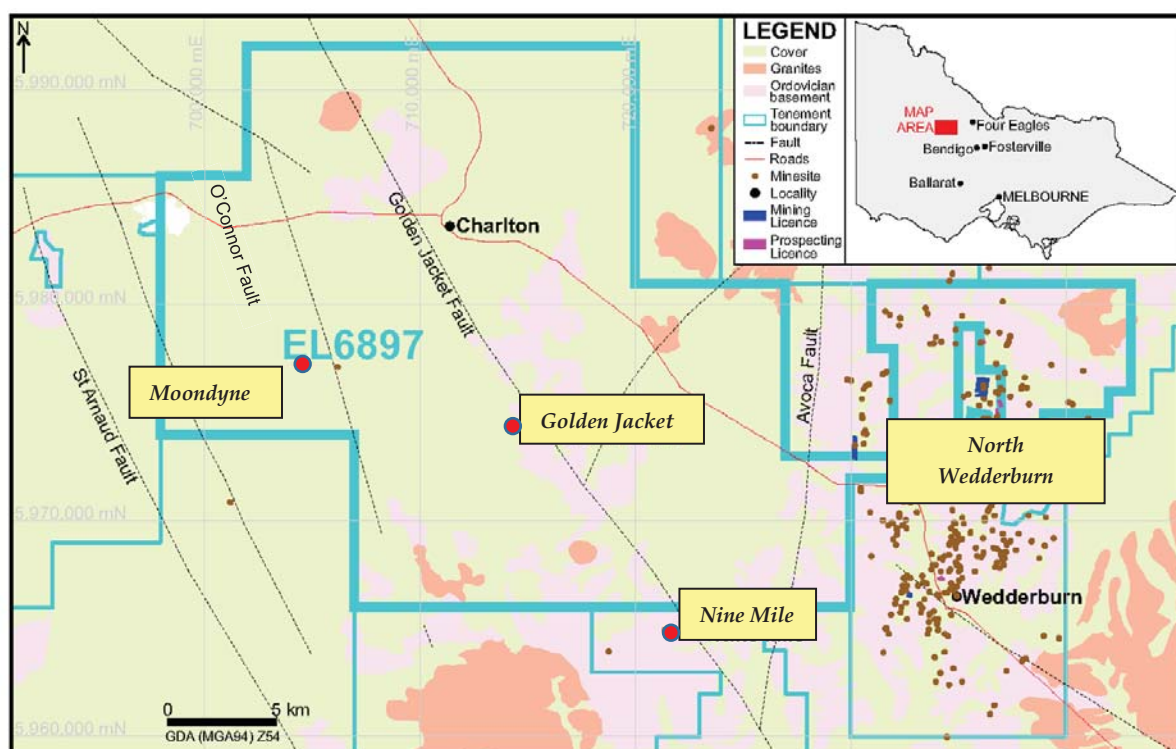
Further west the historic Moondyne Mine Area is spatially linked with the O'Connor Fault (Figure 1) and comprises a line of shallow sub-cropping quartz reef workings which extend for approximately 1.2 kilometres before being blanketed by shallow younger cover sediment. This line of quartz reefing was worked on a small scale during the 1930's depression years with a number of shallow shafts sunk to an approximate maximum depth of 20 metres. Limited historical production data (389 tonnes), returned an average grade of 10.9 g/t Au (reference: Geological Survey of Victoria Record 24913, 1933). The immediate host rock is described as clay rich and soft to mine with abundant iron stained pitting evident in the wall rock. The widespread clay alteration and pitting, potentially after primary sulphides, along with the extensive strike length of worked reef, are positive indications that this prospect could have good upside potential. The workings have never undergone systematic modern exploration, never been drilled, and remain open at depth and along strike.



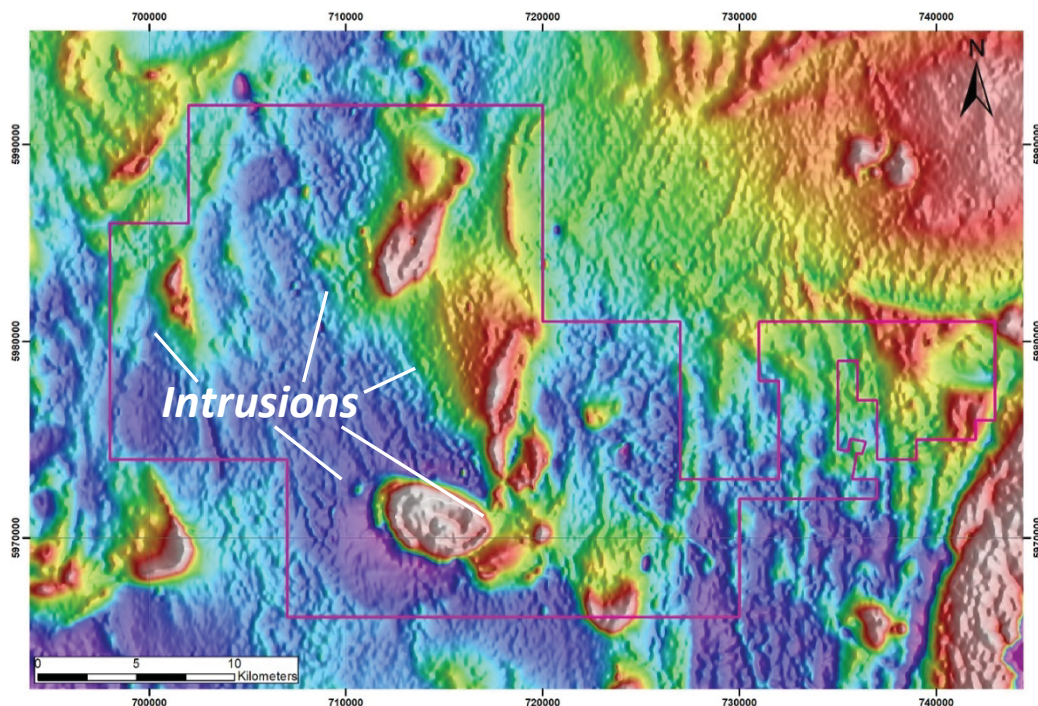
### Base Metal Potential

A prominent north-northwest (NNW) trending line of intrusive bodies and some other discrete satellite bodies are evident from the aeromagnetic data across the tenement (Figure 12). In the light of the recent success of ASX listed Stavelly Minerals (ASX: SVY), Thursday's Gossan copper-gold-silver drill intersections (reference: SVY ASX release 26/9/2019), this intrusive suture zone will be closely evaluated for copper-gold-silver and other base-metals resulting from porphyry and related magmatic fault hosted metal accumulations.

Prior to granting of the licence, Petratherm was busy undertaking land access preparations. To date, the landholder consultation process has opened two prospective corridors on the tenement currently totalling 150 km<sup>2</sup> along the Golden Jacket and O'Connor Fault trends which have allowed ground exploration activities to start. The prospective corridors are mostly under shallow cover making the ground amenable to XRF soil geochemistry as the first targeting tool (Figure 13). This work, along with vein mapping and sampling where outcrop exists is currently underway and will be used to identify anomalous sites for later potential drill testing.



**Figure 11 – EL6897 (Yuengroon) Location Map, showing historical mine sites and known major faults.**



**Figure 12** – EL6897 (Yuengroon) Reduced to Pole, Aeromagnetic Image. Note major NNW trending suture zone with nested series of intrusive bodies (high magnetic intensity bodies). This zone and other discrete bodies will be explored for porphyry and related magmatic fault hosted copper-gold-silver and other base-metals.



**Figure 13** – Petratherm Geologist, Emmett D'Urso, undertaking soil and rock chip sampling around historical Wedderburn Goldfield Area, Victoria.

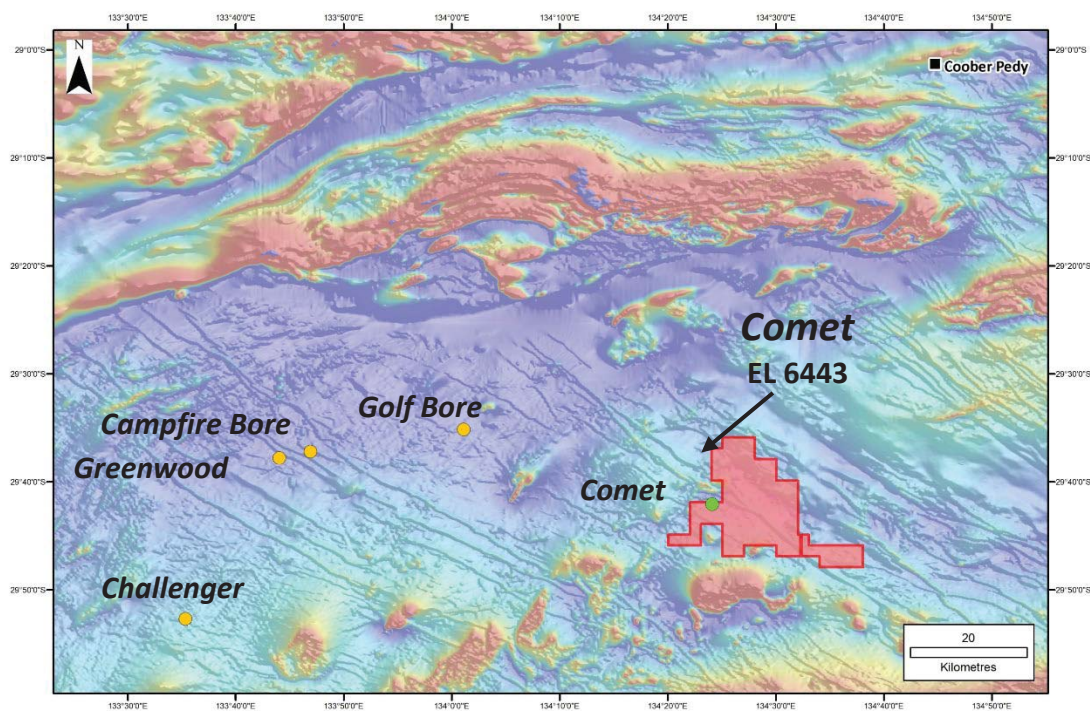


### **Comet (EL 6443) – North Gawler Craton (SA) Gold Potential**

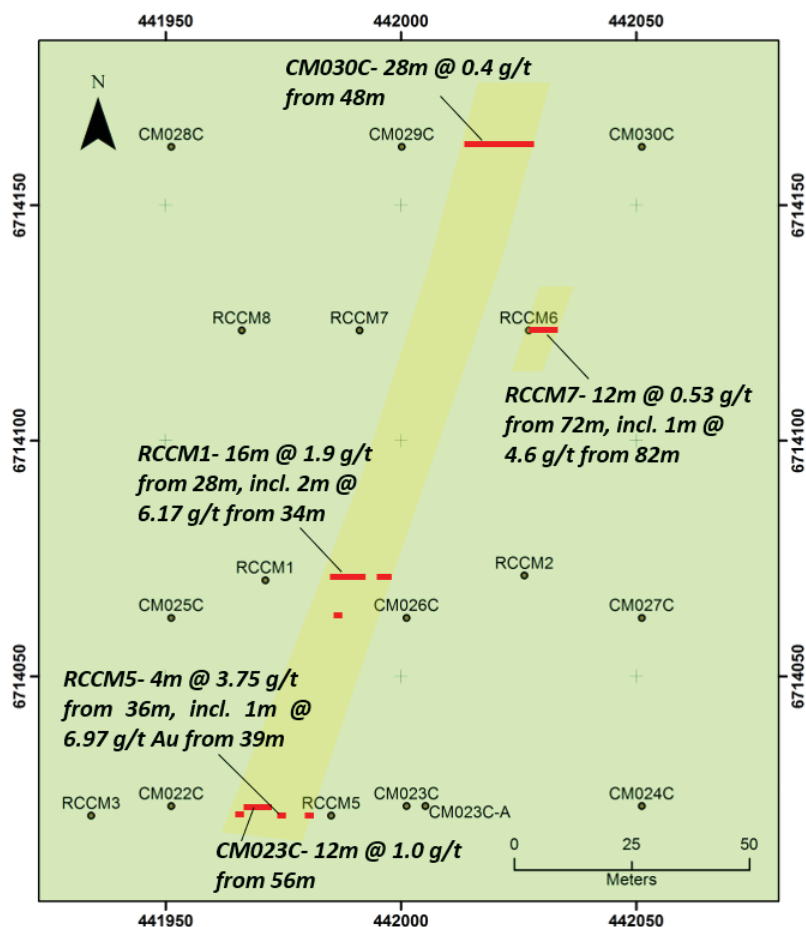
At the end of reporting period the Comet Project Tenement (EL6443) which was originally won through a South Australian Government managed competitive bid process was granted. The tenement is located within the northern Gawler Craton of South Australia, which hosts numerous significant, gold occurrences, including the Challenger gold deposit (Figure 14), which has a recorded historical production of 1.1 million ounces at an average grade of 5.1g/t.

The tenement includes the Comet Gold Prospect, where limited RC drilling identified a continuous zone of gold intersections, over at least 150 metres of strike, and remains open to the north, south and at depth (Figure 15). Best historical drill intercepts (not true width; refer to PTR ASX release 18/10/19 for historical drilling details) include:

- **CM023C** – 12m @ 1.0 g/t Au from 56m to then end of hole
- **CM030C** – 28m @ 0.4 g/t Au from 48m
- **RCCM1** – 16m @ 1.9 g/t Au from 28m and 8m @ 0.7 g/t Au from 48m  
     Inc. 2m @ 6.17 g/t Au from 30m
- **RCCM5** – 4m @ 3.75 g/t Au from 36m  
     Inc. 1m @ 6.97 g/t Au from 39m
- **RCCM7** – 12m @ 0.53 g/t Au from 72m  
     Inc. 1m @ 4.6 g/t Au from 82 m



**Figure 14** – Location map of the new tenement area, Comet Gold Prospect (green dot) and proximal contained gold Resources (orange dots) overlying a regional reduced to pole aeromagnetic image (compiled from St. Aust. Government data).



**Figure 15** – Comet Drill Collar Map. Historical anomalous gold intercepts (red lines) projected to surface. Gold intercepts occur over a strike length in excess of 150 metres and is open to the north, south and at depth.

Follow up drill testing of the Comet Prospect will be a priority for the Company during the 2020 period. The Company has an existing Native Title Mining Agreement in place with the Native Title Holders and anticipates future drilling approval could be achieved quickly. The Company will also re-evaluate the broader tenement area which may have been prematurely down-graded based on ineffective historical surface soil geochemistry and will apply other exploration methods to target gold and other metals. This work will include some surface geochemical methods, where the cover-type is suitable, but will also target potential structural / magnetic target sites via proposed regional based shallow RAB drilling to identify prospective mineralised zones.

**Petratherm Limited**  
**Directors' report**  
**For the half-year ended 31 December 2019**

**Significant changes in the state of affairs**

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

**Matters subsequent to the end of the financial half-year**

No matter or circumstance has arisen since 31 December 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.

**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 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



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Derek Carter  
Chairman

12 March 2020

## Auditor's Independence Declaration

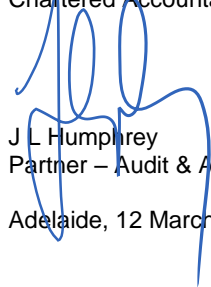
### To the Directors of Petratherm Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Petratherm Limited for the year ended 31 December 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner – Audit & Assurance

Adelaide, 12 March 2020



**Petratherm Limited**  
**Contents**  
**For the half-year ended 31 December 2019**

Statement of profit or loss and other comprehensive income	17
Statement of financial position	18
Statement of changes in equity	19
Statement of cash flows	20
Notes to the financial statements	21
Directors' declaration	25
Independent auditor's review report to the members of Petratherm Limited	26

**Petratherm Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2019**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Bank interest received or receivable		21,432	29,095
Other Income		16,123	-
<b>Expenses</b>			
Other expenses	5	(80,480)	(109,045)
Employee benefits expense		(75,659)	(167,587)
Secretarial, professional and consultancy		(60,821)	(57,307)
Tenement impairment expenses	7	(3,428)	(217,554)
Exploration expenses		(43,053)	(18,398)
Environmental rehabilitation expenses		(36,683)	-
<b>Loss before income tax expense</b>		<b>(262,569)</b>	<b>(540,796)</b>
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the Owners of Petratherm Limited</b>		<b>(262,569)</b>	<b>(540,796)</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the Owners of Petratherm Limited</b>		<b>(262,569)</b>	<b>(540,796)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	11	(0.15)	(0.32)
Diluted earnings per share	11	(0.15)	(0.32)

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

**Petratherm Limited**  
**Statement of financial position**  
**As at 31 December 2019**

		<b>Consolidated</b>	
		<b>31 December</b>	<b>30 June 2019</b>
	<b>Note</b>	<b>2019</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,023,900	3,889,727
Trade and other receivables		26,385	32,969
Research and Development tax incentive receivable	6	108,934	106,815
Other assets		10,541	5,598
Total current assets		<u>3,169,760</u>	<u>4,035,109</u>
<b>Non-current assets</b>			
Exploration and evaluation assets	7	438,251	104,801
Total non-current assets		<u>438,251</u>	<u>104,801</u>
<b>Total assets</b>		<u>3,608,011</u>	<u>4,139,910</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		84,647	346,900
Employee benefits		18,308	5,385
Provisions	8	-	20,000
Total current liabilities		<u>102,955</u>	<u>372,285</u>
<b>Total liabilities</b>		<u>102,955</u>	<u>372,285</u>
<b>Net assets</b>		<u>3,505,056</u>	<u>3,767,625</u>
<b>Equity</b>			
Issued capital		39,061,984	39,061,984
Reserves		140,836	270,870
Accumulated losses		(35,697,764)	(35,565,229)
<b>Total equity</b>		<u>3,505,056</u>	<u>3,767,625</u>

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

**Petratherm Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2019**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	39,061,984	254,970	(34,887,060)	4,429,894
Loss after income tax expense for the half-year	-	-	(540,796)	(540,796)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(540,796)	(540,796)
<i>Transactions with Owners in their capacity as Owners:</i>				
Share-based payments	-	15,900	-	15,900
Balance at 31 December 2018	<u>39,061,984</u>	<u>270,870</u>	<u>(35,427,856)</u>	<u>3,904,998</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	39,061,984	270,870	(35,565,229)	3,767,625
Loss after income tax expense for the half-year	-	-	(262,569)	(262,569)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(262,569)	(262,569)
<i>Transactions with Owners in their capacity as Owners:</i>				
Lapsed options	-	(130,034)	130,034	-
Balance at 31 December 2019	<u>39,061,984</u>	<u>140,836</u>	<u>(35,697,764)</u>	<u>3,505,056</u>

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

**Petratherm Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2019**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	4,662	-
Payments to suppliers and employees (inclusive of GST)	(555,994)	(357,114)
	(551,332)	(357,114)
Interest received	22,383	34,271
Net cash used in operating activities	(528,949)	(322,843)
<b>Cash flows from investing activities</b>		
Payments for exploration activities	(336,878)	(146,118)
Net cash used in investing activities	(336,878)	(146,118)
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	(865,827)	(468,961)
Cash and cash equivalents at the beginning of the financial half-year	3,889,727	4,631,125
Cash and cash equivalents at the end of the financial half-year	<u>3,023,900</u>	<u>4,162,164</u>

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

**Petratherm Limited**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2019**

**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 half-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 12 March 2020.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

**New or amended Accounting Standards and Interpretations adopted**

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

**AASB 16**

AASB 16 Leases became effective for periods beginning on or after 1 January 2019. Accordingly, the Group applied AASB 16 for the first time to the interim period ended 31 December 2019. There is no impact to the Group's historical financial results given the company does not currently have any leases.

**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.



**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

*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.

*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. It has been established that the conditions of the R&D incentive have been met and that the expected amount of the incentive can be reliably measured.

**Note 4. Operating segments**

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

**Note 5. Other expenses**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>\$</b>	<b>\$</b>
Insurance costs	11,699	8,778
AGM expenses	11,407	7,140
Audit fees	7,400	13,185
Bank charges	1,223	1,856
Communication & computer expenses	2,041	1,047
Travel expenses	960	10,840
Listing fees	24,035	25,546
Legal fees	-	12,914
Office expenses	291	64
Occupancy Costs	6,736	525
Share registry expenses	11,753	24,587
Other expenses	2,935	2,563
	<u>80,480</u>	<u>109,045</u>

**Note 6. Research and Development tax incentive receivable**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Research and Development tax incentive receivable	<u>108,934</u>	<u>106,815</u>

**Note 7. Exploration and evaluation assets**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2019</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation - at cost	<u>438,251</u>	<u>104,801</u>

*Reconciliations*

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

	<b>Exploration and evaluation</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Consolidated</b>		
Balance at 1 July 2019	104,801	104,801
Additions through expenditures capitalised	336,878	336,878
Impairment of assets	<u>(3,428)</u>	<u>(3,428)</u>
Balance at 31 December 2019	<u>438,251</u>	<u>438,251</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 \$3,428 (December 2018: \$217,554).

**Note 8. Provisions**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2019</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Environmental rehabilitation	<u>-</u>	<u>20,000</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.

**Note 9. Dividends**

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

**Note 10. Events after the reporting period**

No matter or circumstance has arisen since 31 December 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.

**Petratherm Limited**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2019**

**Note 11. Earnings per share**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the Owners of Petratherm Limited	<u>(262,569)</u>	<u>(540,796)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>171,001,652</u>	<u>171,001,652</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>171,001,652</u>	<u>171,001,652</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.15)	(0.32)
Diluted earnings per share	(0.15)	(0.32)

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

**Petratherm Limited**  
**Directors' declaration**  
**For the half-year ended 31 December 2019**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



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Derek Carter  
Chairman

12 March 2020

# Independent Auditor's Report

## To the Members of Petratherm Limited

### Report on the review of the half year financial report

#### Conclusion

We have reviewed the accompanying half year financial report of Petratherm Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Petratherm Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

#### Directors' responsibility for the half year financial report

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

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Petratherm Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

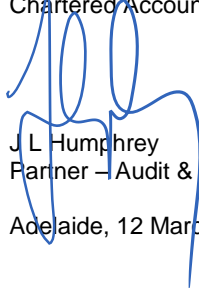
A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards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

### Independence

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner – Audit & Assurance

Adelaide, 12 March 2020