

Petratherm Limited

ABN 17 106 806 884

Interim Report - 31 December 2022

Petratherm Limited
Corporate directory
For the half-year ended 31 December 2022

Directors	Derek Carter Simon O'Loughlin Donald Stephens Simon Taylor (appointed 17 January 2023)
Company secretary	Katelyn Adams
Registered office	C/- HLB Mann Judd (SA) Pty Ltd 169 Fullarton Road DULWICH SA 5065
Principal place of business	129/B26 Unley Road UNLEY SA 5061
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
Contents
For the half-year ended 31 December 2022

Directors' report	3
Auditor's independence declaration	7
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Directors' declaration	18
Independent auditor's review report to the members of Petratherm Limited	19

Petratherm Limited
Directors' report
For the half-year ended 31 December 2022

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 2022.

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)
Simon Taylor (Non-Executive Director) appointed 17th January 2023

Review of operations

The loss for the Group after providing for income tax amounted to \$330,876 (31 December 2021: \$344,763).

Operations Summary

Rare Earths

Petratherm (ASX-PTR) uncovered significant Rare Earths (REE) hosted in the clay weathering profile at Meteor and Artemis Prospect sites at its Comet Project Area in the Northern Gawler Craton of South Australia. The Comet REE Project has favourable logistics for potential future mining development. The Project is located 80 kilometres south of the major rural and mining centre of Coober Pedy and is situated on Pastoral Lease land. The Adelaide to Darwin railway line runs through the centre of the Project offering low-cost access to infrastructure and markets.

At Meteor Prospect follow-up drilling undertaken in December 2022 over the central portion of the prospect defined a continuous blanket of high-grade, >1000 ppm Total Rare Earth Oxide (TREO), mineralisation starting from shallow depths (3-6 metres), and over substantial thicknesses (up to 32 metres) within the clay weathering profile. The REE mineralisation spans an approximate 2,000 metre by 1,000 metre area and remains open in several directions (PTR ASX release 15/02/2023).

The newly defined Artemis Prospect (PTR ASX release 24/02/2023) is a significant rare earth occurrence, 15 kilometres southeast of Meteor REE Prospect. Artemis is characterised by a high-grade blanket of mineralisation over 1,000 ppm TREO, hosted within the clay weathering profile and extending over a 1.5 kilometre by 800 metre area and open laterally in all directions. Mineralisation starts at shallow depths (typically 8 -15 metres) and high-grade drill intersections range from 12 to 32 metres in thickness.

The Comet Project area is shaping up as an emerging REE province and PTR is well positioned to be a significant player in this region. Going forward, The Company's focus is two-fold, advancing a low-cost process to recover the REEs using simple heap leach methods and continuing greenfield exploration in order to identify the best REE mineralisation within the project area.

Olympic Dam Style - Copper-Gold

PTR's Woomera (EL 6707) and Arcoona (EL 6854) Projects are situated in the heartland of the world-class Olympic Copper-Gold Province in South Australia, close to BHP's Oak Dam West copper-gold discovery, OZ Minerals' newly operating Carrapateena Copper-gold mine and Coda Minerals recent Emmie Bluff Deeps Copper-Gold discovery. Significant historical copper drill intersections at the Winjabbie Prospect along the northern edge of the Woomera tenement area additionally highlight the area's copper-gold fertility.

The Woomera Project has several gravity targets prospective for Iron-Oxide Copper-Gold (IOCG) style mineralisation and drilling is scheduled to start during the first half of the 2023 calendar period. The Rocky Well IOCG gravity anomaly is comparable in size to the Carrapateena IOCG gravity anomaly (PTR ASX release 28/10/22). The Arcoona Project has good upside potential as the tenement area is one of the last areas in the region where no detailed gravity surveying has been undertaken to explore for Iron Oxide Copper-Gold mineralisation. Preparations are underway to undertake gravity surveying and heritage surveying of target areas.

Muckanippie Anorthosite - Titanium-Iron-Phosphate-Rare Earths

In November 2022, the Company was granted the Muckanippie Exploration Licence (EL 6855) over a large anorthosite complex. Globally, anorthosite complexes are a major source of titanium, iron and phosphate with some including high concentrations of rare earths. Previous drilling at Muckanippie includes - 40m @ 5.5% TiO₂, 23.7% Fe from 4m and 94m @ 6.4% TiO₂, 24.8% Fe from 56m, inc. 12m @ 7.1% TiO₂, 28.2% Fe from 100m. Known mineralisation extends from 4 metres below surface to at least 130 metres depth and remains open. Sampling of historical drill core at Muckanippie has additionally highlighted areas of anomalous rare earths in the weathered clay profile with composite samples recording up to 1,001 ppm TREO (PTR ASX release 14/11/2022).

Corporate

In January after the reporting period, PTR strengthened the Company's technical and corporate management team with three new appointments. PTR has built an enviable project portfolio in South Australia, focused on copper-gold in the World-Class Olympic Domain and clay hosted rare earths in the Northern Gawler Craton, where high-grade drill intersections have been uncovered. The appointments aim to significantly bolster PTR's technical and corporate capacity as the Company strives to become one of Australia's best and most dynamic critical mineral explorers.

The Company had exploration and evaluation costs of \$807,000 relating principally to the Comet Project drilling operations during the period. Administration and corporate costs totalled \$270,000. The Company held \$3,744,000 cash at the end of the Period.

Competent Persons Statement: The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Peter Reid, who is a Competent Person, and a Member of the Australian Institute of Geoscientists. Mr Reid is not aware of any new information or data that materially affects the historical exploration results included in this report. Mr Reid is an employee of Petratherm Ltd. Mr Reid has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Reid consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Petratherm Limited
Directors' report
For the half-year ended 31 December 2022

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

Mr Peter Reid was appointed as Chief Executive Officer, effective 10 January 2023. Mr Reid has been Petratherm's Exploration Manager since August 2018 and has over 30 years' experience in mineral exploration. Mr Reid has strong exploration and generative credentials, including being a part of the original Minotaur Resources team which discovered the world-class Prominent Hill copper-gold deposit and the later successful IPO spin offs as ASX listed, Mithril Resources Limited and Petratherm Limited.

Mr Simon Taylor was appointed as a non-executive director, effective 17 January 2023. Mr Taylor is a resources industry executive with over 30 years' experience in geology, finance and corporate management at CEO and Board levels. His direct operational and capital markets experience spans a wide range of commodities and jurisdictions including Australia, South and North America, Africa, Europe and China.

Mr Barry Van Der Stelt was employed as Exploration Manager commencing 6 February 2023. Mr Van Der Stelt was granted 500,000 options under Employee Share Option plan with each option having an exercise price of \$0.093. The options were issued on 12 January 2023. The option will be vesting on the first anniversary of the date of execution of the contract and have an exercise price of date of three years after the date of grant.

No other matter or circumstance has arisen since 31 December 2022 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



Derek Carter
Chairman

15 March 2023

Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001
T +61 8 8372 6666

Auditor's Independence Declaration

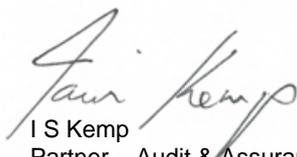
To the Directors of Petratherm Limited

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 31 December 2022, 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



I S Kemp
Partner – Audit & Assurance

Adelaide, 15 March 2023

Petratherm Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

		Consolidated	
	Note	31 December 2022	31 December 2021
		\$	\$
Revenue			
Bank interest income		36,020	909
Other income		276	-
Total revenue		<u>36,296</u>	<u>909</u>
Expenses			
Other expenses	5	(128,982)	(128,185)
Employee share based payment	16	(22,122)	(11,461)
Employee benefits expense		(83,489)	(101,460)
Secretarial, professional and consultancy		(59,398)	(54,855)
Exploration expenses		(73,181)	(49,711)
Total expenses		<u>(367,172)</u>	<u>(345,672)</u>
Loss before income tax expense		(330,876)	(344,763)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the Owners of Petratherm Limited		(330,876)	(344,763)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the Owners of Petratherm Limited		<u>(330,876)</u>	<u>(344,763)</u>
		Cents	Cents
Basic earnings/(losses) per share	15	(0.15)	(0.17)
Diluted earnings/(losses) per share	15	(0.15)	(0.17)

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 2022

		Consolidated	
		31 December	
	Note	2022	30 June 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	6	925,212	4,691,770
Trade and other receivables		43,665	66,767
Financial assets	7	2,800,000	-
Other assets		12,743	8,793
Total current assets		<u>3,781,620</u>	<u>4,767,330</u>
Non-current assets			
Property, plant and equipment		9,354	4,936
Exploration and evaluation assets	8	3,404,404	2,776,757
Other assets		18,000	18,000
Total non-current assets		<u>3,431,758</u>	<u>2,799,693</u>
Total assets		<u>7,213,378</u>	<u>7,567,023</u>
Liabilities			
Current liabilities			
Trade and other payables	9	240,293	285,013
Employee benefits		61,658	50,338
Total current liabilities		<u>301,951</u>	<u>335,351</u>
Non-current liabilities			
Employee benefits		15,238	10,089
Total non-current liabilities		<u>15,238</u>	<u>10,089</u>
Total liabilities		<u>317,189</u>	<u>345,440</u>
Net assets		<u>6,896,189</u>	<u>7,221,583</u>
Equity			
Issued capital	10	27,489,116	27,505,756
Reserves	11	59,395	37,273
Accumulated Losses		(20,652,322)	(20,321,446)
Total equity		<u>6,896,189</u>	<u>7,221,583</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 2022

Consolidated	Issued capital \$	FVOCI Reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	24,607,035	(1,534,664)	-	(18,021,963)	5,050,408
Loss after income tax expense for the half-year	-	-	-	(344,763)	(344,763)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(344,763)	(344,763)
<i>Transactions with Owners in their capacity as Owners:</i>					
Share-based payments	-	-	11,461	-	11,461
Adjustment for reclassification	-	1,534,664	-	(1,534,664)	-
Balance at 31 December 2021	<u>24,607,035</u>	<u>-</u>	<u>11,461</u>	<u>(19,901,390)</u>	<u>4,717,106</u>

Consolidated	Issued capital \$	FVOCI Reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	27,505,756	-	37,273	(20,321,446)	7,221,583
Loss after income tax expense for the half-year	-	-	-	(330,876)	(330,876)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(330,876)	(330,876)
<i>Transactions with Owners in their capacity as Owners:</i>					
Share-based payments (note 16)	-	-	22,122	-	22,122
Transaction costs	(16,640)	-	-	-	(16,640)
Balance at 31 December 2022	<u>27,489,116</u>	<u>-</u>	<u>59,395</u>	<u>(20,652,322)</u>	<u>6,896,189</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 2022

	Consolidated	
	31 December	31 December
Note	2022	2021
	\$	\$
Cash flows from operating activities		
Receipts from customers	304	-
Payments to suppliers and employees	(95,385)	(218,679)
Interest received	9,486	792
Government grants/subsidies received	147,500	182,000
Payments for exploration activities (expensed)	(73,181)	(49,505)
	<u>(11,276)</u>	<u>(85,392)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Investment in financial assets	7 (2,800,000)	-
Payments for property, plant and equipment	(4,418)	(5,244)
Payments for exploration activities (capitalised)	(934,224)	(319,347)
	<u>(3,738,642)</u>	<u>(324,591)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Share issue transaction costs	(16,640)	-
	<u>(16,640)</u>	<u>-</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(3,766,558)	(409,983)
Cash and cash equivalents at the beginning of the financial half-year	4,691,770	3,103,154
	<u>925,212</u>	<u>2,693,171</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>925,212</u></u>	<u><u>2,693,171</u></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 2022

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 are:

Registered office

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

Principal place of business

129/B26 Unley Road
UNLEY SA 5061

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 14 March 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 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 2022 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.

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 base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation costs

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

Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2022

Note 4. Operating segments

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

Note 5. Other expenses

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Insurance costs	11,765	12,518
AGM expenses	9,814	18,787
Audit fees	17,586	36,804
Bank charges	509	1,143
Communication & computer expenses	4,902	1,959
Listing fees	42,196	35,546
Legal fees	7,280	4,295
Office expenses	4,236	2,214
Occupancy Costs	10,902	3,301
Share registry expenses	8,703	9,460
Other expenses	11,089	2,158
	<u>128,982</u>	<u>128,185</u>

Note 6. Cash and cash equivalents

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Cash at bank and on hand	925,212	2,891,770
Cash on deposit	-	1,800,000
	<u>925,212</u>	<u>4,691,770</u>

Note 7. Financial assets

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
NAB term deposit	2,700,000	-
Mining guarantee	100,000	-
	<u>2,800,000</u>	<u>-</u>

The financial assets included are the term deposits with maturity greater than 3 months.

Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2022

Note 8. Exploration and evaluation assets

	Consolidated	
	31 December	30 June 2022
	2022	2022
	\$	\$
Exploration and evaluation - at cost	<u>3,404,404</u>	<u>2,776,757</u>

Reconciliations

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

Consolidated	Exploration and evaluation	Total
	\$	\$
Balance at 1 July 2022	2,776,757	2,776,757
Additions through expenditures capitalised	775,147	775,147
Government Grants	<u>(147,500)</u>	<u>(147,500)</u>
Balance at 31 December 2022	<u>3,404,404</u>	<u>3,404,404</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 \$NIL (December 2021: \$NIL).

Government grant received from Department of Energy and Mining

Petratherm Ltd has been awarded \$147,500 of grant from the Department of Energy and Mining under the Accelerated Discovery Initiative (ADI) Program for its Comet and Gina projects.

The initiative aims to support new minerals and ground water discovery which forms part of the South Australian Government Growth State Agenda and Petratherm's Comet and Gina projects align with the initiative's goal since the location is fertile for Iron Oxide-Copper-Gold (IOCG).

The funding will be used to assist Petratherm with drill testing of two (IOCG) targets in the Comet Projects.

Accounting policy for government grant

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relation to the operating activities of the entity. Under the capital approach, government grants should be dealt with as such in the statement of financial position to offset the items of expense they finance since no repayment is expected.

Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2022

Note 9. Trade and other payables

	Consolidated	
	31 December	30 June 2022
	2022	2022
	\$	\$
Trade payables	30,881	234,710
Other payables	209,412	50,303
	<u>240,293</u>	<u>285,013</u>

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

Other payables include accrued expenses of \$12,000 for director's fees.

Note 10. Issued capital

	Consolidated			
	31 December	30 June 2022	31 December	30 June 2022
	2022	2022	2022	2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>224,751,139</u>	<u>224,751,139</u>	<u>27,489,116</u>	<u>27,505,756</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.

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.

Note 11. Reserves

	Consolidated	
	31 December	30 June 2022
	2022	2022
	\$	\$
Share-based payments reserve	<u>59,395</u>	<u>37,273</u>

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

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 12. Dividends

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

Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2022

Note 13. Commitments

Consolidated	
31 December	30 June 2022
2022	2022
\$	\$

Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:

Exploration and evaluation*	795,005	254,707
-----------------------------	---------	---------

* 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 14. Events after the reporting period

Mr Peter Reid was appointed as Chief Executive Officer, effective 10 January 2023. Mr Reid has been Petratherm's Exploration Manager since August 2018 and has over 30 years' experience in mineral exploration. Mr Reid has strong exploration and generative credentials, including being a part of the original Minotaur Resources team which discovered the world-class Prominent Hill copper-gold deposit and the later successful IPO spin offs as ASX listed, Mithril Resources Limited and Petratherm Limited.

Mr Simon Taylor was appointed as a non-executive director, effective 17 January 2023. Mr Taylor is a resources industry executive with over 30 years' experience in geology, finance and corporate management at CEO and Board levels. His direct operational and capital markets experience spans a wide range of commodities and jurisdictions including Australia, South and North America, Africa, Europe and China.

Mr Barry Van Der Stelt was employed as Exploration Manager commencing 6 February 2023. Mr Van Der Stelt was granted 500,000 options under Employee Share Option plan with each option having an exercise price of \$0.093. The options were issued on 12 January 2023. The option will be vesting on the first anniversary of the date of execution of the contract and have an exercise price of date of three years after the date of grant.

No other matter or circumstance has arisen since 31 December 2022 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 15. Earnings per share

Consolidated	
31 December	31 December
2022	2021
\$	\$

Loss after income tax attributable to the Owners of Petratherm Limited	(330,876)	(344,763)
--	-----------	-----------

Number	Number
---------------	---------------

Weighted average number of ordinary shares used in calculating basic earnings per share	224,751,139	198,917,806
---	-------------	-------------

Adjustments for calculation of diluted earnings per share:

Options over ordinary shares	-	1,100,000
------------------------------	---	-----------

Weighted average number of ordinary shares used in calculating diluted earnings per share	224,751,139	200,017,806
---	-------------	-------------

Cents	Cents
--------------	--------------

Basic earnings/(losses) per share	(0.15)	(0.17)
-----------------------------------	--------	--------

Diluted earnings/(losses) per share	(0.15)	(0.17)
-------------------------------------	--------	--------

Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2022

Note 16. Share-based payments

A summary of the Company options on issue during the period is as follows:

31 December
2022

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
16/08/2021	16/08/2024	\$0.10	100,000	-	-	-	100,000
01/10/2021	01/10/2024	\$0.08	1,000,000	-	-	-	1,000,000
01/05/2022	01/05/2026	\$0.23	250,000	-	-	-	250,000
			<u>1,350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,350,000</u>

The above options were granted to the employees under the employees share option plan. The expenses recognised during the period on a prorata basis was \$22,122. The fair value of the options granted during the period were calculated by using a Black-Scholes option pricing model applying the following inputs:

Grant date:	16 August 2021	01 October 2021	01 May 2022
Vesting date:	16 August 2022	01 October 2022	01 May 2023
Expiry date:	16 August 2024	01 October 2024	01 May 2026
Share price at grant date:	\$0.05	\$0.06	\$0.11
Exercise price:	\$0.10	\$0.08	\$0.23
Expected share price volatility:	125%	125.5%	184.07%
Risk-free interest rate:	0.71%	1.75%	4.65%
Fair value at grant date:	\$3,260	\$40,500	\$23,389

Set out below are the options exercisable at the end of the financial half-year:

Grant date	Expiry date	31 December 2022 Number	31 December 2021 Number
16/08/2021	16/08/2024	100,000	100,000
01/10/2021	01/10/2024	<u>1,000,000</u>	<u>1,000,000</u>
		<u>1,100,000</u>	<u>1,100,000</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.0 years (2021: 2.7 years).

Petratherm Limited
Directors' declaration
For the half-year ended 31 December 2022

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 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Derek Carter
Chairman

15 March 2023

Independent Auditor's Review Report

To the Members of Petratherm Limited

Report on 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 2022, 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, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Petratherm Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Petratherm Limited's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

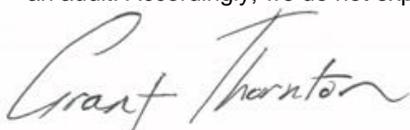
Directors' responsibility for the half-year financial report

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.

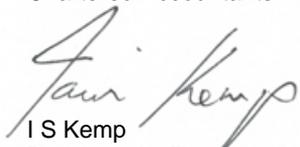
Auditor's responsibility

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 2022 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*.

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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 15 March 2023