

**ASX ANNOUNCEMENT****25 August 2020**

## Victorian Gold Assets to be vended into a Listed Canadian Exploration Company - **Letter of Intent executed**

### Highlights

- Petratherm to sell its Victorian gold tenements and assets to a Canadian listed exploration company, Skarb Exploration Corp.
- Transaction will enable a significant step-up to the Victorian exploration programmes with the Victorian gold assets housed in a focussed Victorian gold exploration company.
- Petratherm to receive 100 million Skarb Exploration Corp shares with an implied valuation of A\$21 Million.
- Skarb to be well capitalised and led by Craig Parry, a Canadian based and well-known resources executive in Australia and North America.
- Upon completion of the transaction, the 100 million Skarb shares will then be distributed in-specie to PTR shareholders.

Petratherm Limited (“Petratherm” or “the Company”) (ASX: PTR) is pleased to announce that it has executed a non-binding Letter of Intent (“LoI”) to sell the Company’s Victorian Gold Project Assets to Skarb Exploration Corp. (“Skarb”) a Canadian mineral exploration company listed on the Canadian Securities Exchange (“CSE”) (“Proposed Transaction”).

The Proposed Transaction will see Skarb acquire the Company’s gold projects located in Victoria, Australia (“the Project”), comprising of the following assets:

- Yuengroon Gold Project (EL 6897 & ELA 7280)
- Silver Spoon Gold Project (ELA 6951)
- Glenfine Gold Project Farm-In & Joint Venture (EL 5434, EL 5537 & EL 5344)
- Ballarat West Gold Project (ELA 7276)

In consideration for the Project, the Company will receive 100 million shares in Skarb, which in turn will be distributed in specie to the Company’s shareholders “pro rata” in accordance with their shareholdings in Petratherm.

## Non-Executive Chairman, Mr Derek Carter Commented:

This transaction is truly exciting and transformative for Petratherm's shareholders by combining one of the larger Victorian ground positions with historical high-grade hard rock gold production, with a first-class international mining management team and a Canadian listing. Victoria is fast being recognised as the world's best address for high grade gold and this transaction provides a platform where international investors can easily obtain an exposure to Petratherm's assets and attract the financial support that allows these assets to be explored at a much greater scale, allowing the best chances of a major new gold discovery"

## Indicative Terms

Skarb will acquire the Project and in return issue the Company 100,000,000 shares in Skarb ("Consideration Shares"). The transaction is conditional on Skarb raising at least \$4m(Can).

Within 125 days (the "Distribution Wait Period") after closing of the Proposed Transaction, the Company will distribute (the "Distribution") the Consideration Shares in specie to shareholders, pro rata in accordance with their shareholdings in the Company. The Record Date for determining entitlements to the Consideration Shares will be at the end of the Distribution Wait Period.

## Key Conditions Precedent

- Skarb completing a private placement for gross proceeds of not less than CAD\$4,000,000 at or prior to closing of the Proposed Transaction;
- Satisfactory completion of due diligence by the Company and Skarb;
- The receipt by Skarb of all required regulatory, consents, permits, waivers, exemptions and orders, including but not limited to approval of the Canadian Securities Exchange;
- The Company obtaining all approvals required by it in connection with the Proposed Transaction under Australian and/or Canadian law including, among other things, approval to distribute the Consideration Shares in specie to its shareholders;
- Approval of the Proposed Transaction by the shareholders of Skarb;
- The Company obtaining the consent of Cape Clear Minerals Pty Ltd and Predictive Discovery Limited to the assignment to Skarb of the Company's rights and interests under the Mining Farm-In and Joint Venture Agreement in relation to EL 5344, EL 5434 and EL 5537 (Glenfine Gold Project);
- The Distribution Wait Period imposed by the CSE or otherwise with respect to the Consideration Shares does not exceed the period of four months and one day; and
- Other condition precedents customary for a transaction, such as the Proposed Transaction.

## About Skarb Exploration Corp.

Skarb Exploration Corp is a Canadian exploration company listed on the CSE. Skarb is exploring its 100% owned Gossan and SBS properties, located in the Spences Gold Belt of British Columbia. Craig Parry is a major shareholder and Chairman of Skarb.

Mr. Parry has founded or invested in a number of public and private companies including most recently, Vizsla Resources Corp., (TSX-V:VZLA) and has been involved in recent major financings including the recent \$30 million raise by Vizsla where Eric Sprott led the placement. Prior to that, Skeena Resources, of which Craig Parry is Chair, raised \$45 million and further completed a major transaction with Barrick Gold where Barrick has become a significant shareholder in Skeena. Craig Parry is also CEO and founder of IsoEnergy Ltd. Vizsla, Skeena and IsoEnergy are widely recognized in the Canadian capital markets as some of the most promising exploration and development companies operating today.

The Board of Skarb is made up of a number of well-respected people from the mining industry. Directors include: Inventa partner Craig Parry who is CEO and Chairman; former Endeavour Mining CFO, Ota Hally; and, current Vice President Corporate Development at Orezone Gold Corporation, Louis Archambeault.

## About Petratherm's Victorian Gold Assets

Petratherm's Victorian Gold Assets comprise 4 gold projects covering a large, 1,291 km<sup>2</sup>, land tenure position, in the highly prospective and resurgent, Central Victorian Goldfields (Figure 1). Significant historic alluvial, deep lead and shallow high-grade gold reef mining has occurred on the tenements. Very little modern exploration or drilling has been undertaken on known high-grade reef systems and the portfolio includes large areas under shallow cover where no modern exploration has occurred. The shallow covered areas of Victoria are currently the subject of a major multi-company exploration push on the back of recent major discoveries such as at Four Eagles and Tandarra (reference Catalyst ASX: CYL, 08/08/2018 ASX release).

The Glenfine Project area (400,000 oz of recorded historic gold production) includes drill ready step out testing of known high-grade reef gold, along with regional exploration drill testing of an anomalous gold trend associated with a basalt dome contact that extends for at least 20 km and which is considered to be in an analogous setting to the 5.2 Moz Stawell gold deposit. The reef drilling targets offer the opportunity to define initial gold resources in the near term.

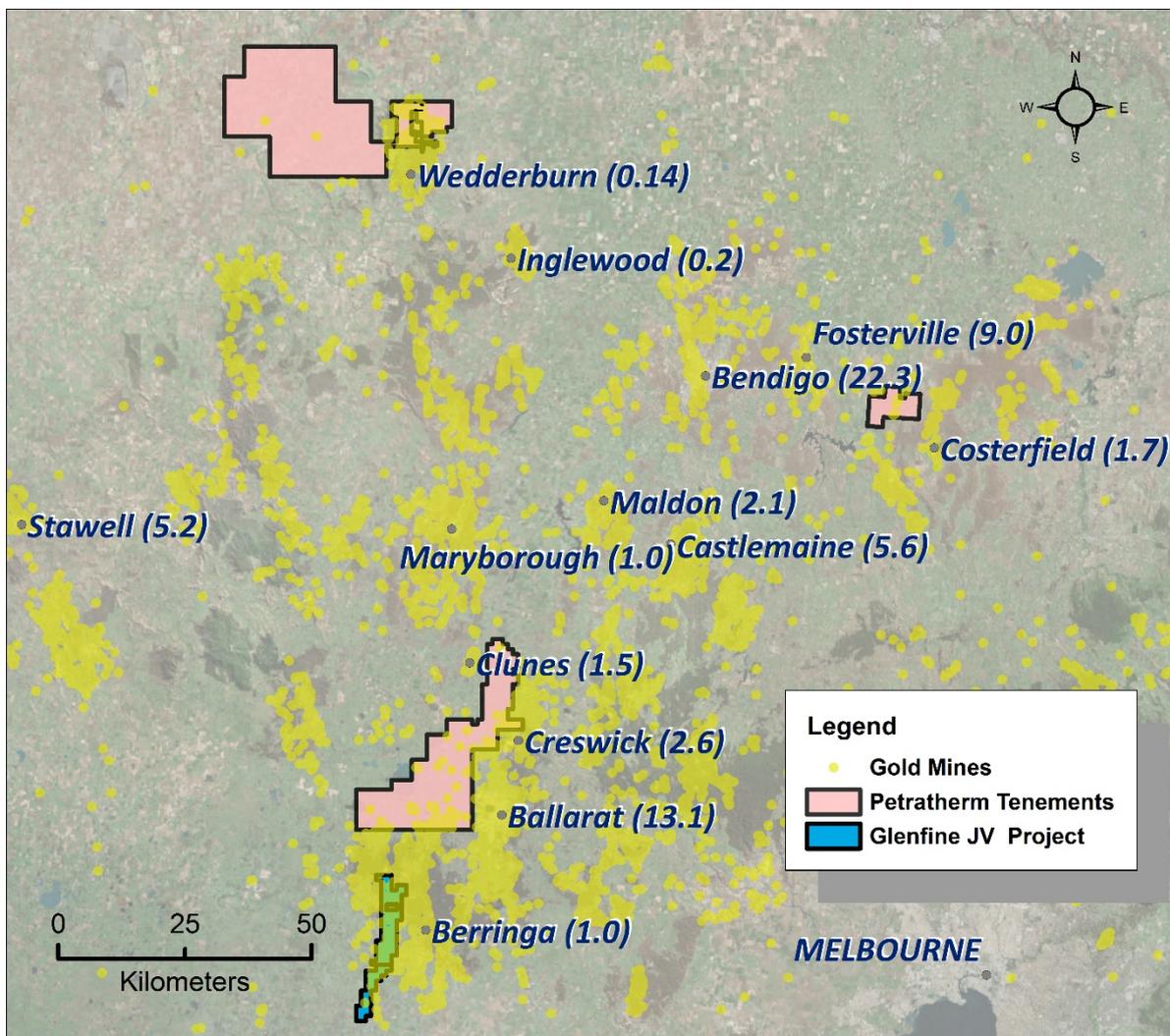
The Company has identified several large gold pathfinder soil geochemical anomalies at its Yuengroon Project and mapped extensive shallow reef gold mining areas where historical mining in the late 1800's only occurred to the top of the water table (approximately 20 metres depth). Almost no drill testing of these reef systems has occurred despite historic records showing many of the shallow reef operations produced gold in excess of 30 g/t. Additionally, Yuengroon offers are large holding (approximately 600 km<sup>2</sup>) under shallow cover amenable to shallow RAB drill testing to locate new gold systems.

The Ballarat West (EL007276) licence application covers a 439 km<sup>2</sup> area over the Central Victorian Goldfields, between major historic mine production centres of Ballarat (13.1 Moz), Creswick (2.6 Moz), and Clunes (1.1 Moz). The area includes several significant deep lead high-grade gold mine occurrences (some with over 100,000 oz of production) and mining records describe quartz reef development along

the basement surface and pockets of associated coarse alluvial gold suggesting a close primary source for the gold.

The Silver Spoon Project (EL 6951) abuts the highly contested North Central Victorian Goldfields Tender Area. The region is highly prospective given its proximity and similar geology to Kirkland Lake Gold's nearby world-class Fosterville Gold Mine and other significant regional discoveries. The area contains several historic gold and other mineral prospects in areas of outcrop along with shallow covered areas that have only been very lightly explored. The tenement application originally lodged in February 2019 is well advanced with granting expected late in the 2020 period.

For further information, please refer to the Company's June Quarterly 2020 Report (PTR ASX release 30/07/2020) for detailed project summaries, key exploration results and associated JORC referencing.



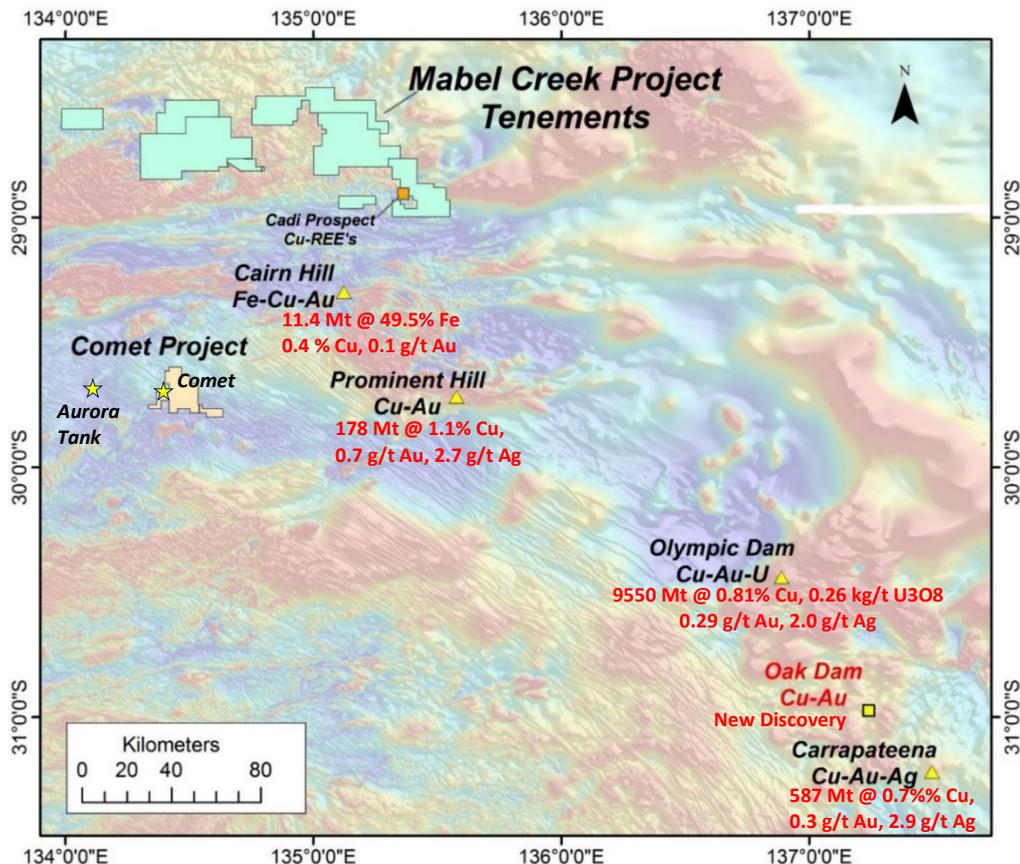
**Figure 1** Petratherm's Victorian Gold Projects and Major Mines (Moz shown)

## Petratherm Next Steps

The Company and Skarb are working together to ensure drilling exploration works can begin as soon as practicable following the sale completion. A priority will be the drill testing of high-grade reef gold targets on the Glenfine Project area which are planned to start in November subject to rig availability and obtaining the necessary permitting. Drilling programs in regional Victoria can continue to operate but require strict COVID-19 health and safety protocols.

On the completion of the sale, Petratherm will advance its Mabel Creek, Copper and Gold Project (Figure 2) where drilling earlier in the year identified pervasive Iron-Oxide Copper-Gold (IOCG) alteration at the Area 5 North Target Area. This target requires further drill testing, along with the Area 13 and 14 targets which have received State Government Grant Support totalling \$182,000 (refer to PTR ASX release 30/07/2020).

The gold potential of South Australia's Gawler Craton is becoming a focus for explorers, following recent discoveries of high-grade gold such as at Aurora Tank (Marmota Ltd, i.e. MEU ASX release 09/07/2020). Petratherm's Comet Gold Prospect, which is located 30 km east of the Aurora Tank, is a primary gold shoot system (refer to PTR ASX release 14/01/20), open at depth and along trend, and will be focus for future drilling along with a broader exploration campaign of surrounding areas (Figure 2). Petratherm has a strong track record of project generation and the sale of the Company's Victorian gold projects will allow for the pursuit of new high growth mineral project opportunities.



**Figure 2** Location map of Petratherm's Mabel Creek and Comet Project Tenements, IOCG mines and key gold prospects, overlying a reduced to pole aeromagnetic image (compiled from Sth. Aust. Government data).

## Transactions Next Steps

The Company and Skarb will move quickly to complete their mutual due diligence and enter a definitive agreement for this transaction.

***For further information, please contact:***

Peter Reid, Exploration Manager, Tel: (08) 8133 5000

This ASX announcement has been approved by Petratherm's Board of Directors and authorised for release by Petratherm's Chairman Derek Carter

**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.