

Petratherm Limited

ABN 17 106 806 884

Annual Report - 30 June 2022

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Petratherm Limited
Corporate directory
30 June 2022

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

Petratherm Limited
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Petratherm Limited
Directors' report
30 June 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 year ended 30 June 2022.

Information on Directors

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

Name: Derek Carter
Title: Non-Executive Chairman
Qualifications: BSc, MSc, FAusIMM
Experience and expertise: Mr. Carter has over 40 years' experience in exploration and mining geology and management. He held senior positions in the Shell Group of Companies and Burmine Ltd before founding Minotaur Gold Ltd in 1993.

Mr. Carter is a former President of the South Australian Chamber of Mines and Energy, former board member of the Australian Gold Council and a former Chairman of the Minerals Exploration Advisory Group.

Mr. Carter is also a former member of the South Australian Minerals and Energy Council as well as a current member of the South Australian Minerals and Petroleum Experts Group. He was awarded AMEC's Prospector of the Year Award (jointly) in 2003 and is a Centenary Medallist.

Other current directorships: Hillgrove Resources Limited

Special responsibilities: Member of the Audit and Risk Committee

Interests in shares: 2,668,310 ordinary shares

Interests in options: Nil

Petratherm Limited
Directors' report
30 June 2022

Name: Simon O'Loughlin
Title: Non-Executive Director
Qualifications: BA(Acc), Law Society Certificate in Law

Experience and expertise: Simon O'Loughlin is the founder of O'Loughlins Lawyers, an Adelaide based, specialist commercial law firm. He has extensive experience in the corporate and commercial law fields while practising in Sydney and Adelaide, and also holds accounting qualifications.

Mr O'Loughlin has extensive experience and involvement with companies in the small industrial and resources sectors. He has also been involved in the listing and back-door listing of numerous companies on the ASX. He is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).

Other current directorships: Chesser Resources Limited
Stellar Resources Limited
D-Tech Investors Pty Ltd
YOIX Pty Ltd

Former directorships (last 3 years): Oklo Resources Limited (from December 2018 to November 2019)

Special responsibilities: Member of the Audit and Risk Committee

Interests in shares: 3,597,544 ordinary shares

Interests in options: Nil

Petratherm Limited
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30 June 2022

Name: Donald Stephens
Title: Non-Executive Director
Qualifications: BA(Acc), FCA

Experience and expertise: Donald Stephens is a Chartered Accountant and corporate advisor with over 25 years' experience in the accounting, mining and services industries, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a Chartered Accountant and corporate adviser specialising in small cap ASX listed entities.

Other current directorships: DCS Corporate Pty Ltd
Sherlock Minerals Pty Ltd
Thylacine Resources Pty Ltd
Jonerich Pty Ltd

Former directorships (last 3 years): Gooroo Ventures Limited (from July 2016 to January 2020)

Special responsibilities: Chair of the Audit and Risk Committee

Interests in shares: 3,689,876 ordinary shares

Interests in options: Nil

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

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

Principal activities

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

- the carrying out of exploration activities on the Group's existing portfolio of mineral exploration projects;
- to continue to seek out extensions of areas held and to seek out new projects with high potential; and
- to evaluate the results of exploration activities carried out during the year.

Review of Operations

- Greenfield's regional RAB and air core drilling uncovered significant rare earth occurrences at Comet, in the Northern Gawler Craton of South Australia.
- At Meteor Prospect high-grade rare earths have been defined over a wide area and with substantial thickness, starting at shallow depths. Resource drilling to get underway from November 2022.
- Rare earth intercepts in clays show striking similarities and comparable grades to the ion-absorption rare earth deposits of China which are a major world supplier.
- Rare earth intersections include high-value Scandium Oxide credits which may offer additional revenue potential.
- Muckanippie Project acquired over a major layered intrusive complex of the Northern Gawler Craton of South Australia which shows evidence of anomalous rare earths. Historical exploration includes numerous occurrences of highly anomalous rare earths and potential rare earth source rocks.
- Woomera Project and Arcoona Projects, located within heartland of the world-class Olympic Copper-Gold Province of South Australia, have several geophysical targets to be drill tested during the first half of 2023 calendar period.
- The Rocky Well IOCG gravity anomaly is comparable in size to the Carrapateena IOCG gravity anomaly.
- Company to maintain busy 2022/23 period with significant drilling and geophysical programs underway.

Summary of Operations

Petratherm (ASX-PTR) uncovered significant Rare Earths (REE) occurring in clays at its Comet Project Area in the Northern Gawler Craton of South Australia during the period. Follow up air-core drilling defined several areas, with impressive concentrations over significant areas and thickness starting at shallow depths. Drilling operations are ongoing with both infill drilling at Meteor Prospect and exploration drilling of new target areas scheduled to resume from November 2022. The REE intercepts show striking similarities to the ion-absorption REE deposits of China which are a major world supplier.

PTR's newly granted Woomera and Arcoona Projects are situated in the heartland of the world-class Olympic Copper-Gold Province in South Australia and preparations are underway to undertake gravity surveying and heritage surveying of target areas. Drilling of initial geophysical targets for Iron-Oxide Copper-Gold is scheduled for the first half of the 2023 calendar period.

In June, PTR was the successful recipient of two SA Government Accelerated Discovery Initiative (ADI) grants totalling \$316,500. Funding of \$250,000 has been awarded to assist in the drilling of two geophysical targets for copper-gold on the Woomera Project area and a second grant of \$66,500 has been awarded to co-fund a deep Electro-magnetic (EM) geophysical survey on the Company's Mabel Creek Project which is prospective for both Iron-Oxide Copper-Gold (IOCG) and Broken Hill Type (BHT) Silver-Lead-Zinc mineralisation.

In April 2022, PTR raised \$3.1M by way of placement of new shares, with funds to be used to expedite exploration on the Company's Comet and Woomera Projects. The Company held \$4,692,000 cash at the end of the Period. A summary of ground activities during the period is presented below.

Comet Rare Earth Project

The Comet Project (EL6443, EL6633, EL6722, EL6816 & EL6818), totalling 1,915km², contains prospective Archean and Proterozoic strata of the Northern Gawler Craton which is historically noted for numerous gold occurrences such as the Challenger gold deposit (1.1 Moz @ 5.1g/t) and the high-grade Aurora Tank Gold discovery (PTR ASX release 18/10/2019).

In April, the Company announced significant Rare Earths (REE) hosted in clays following a program of greenfield regional RAB drilling (Figure 1). The mineralisation encountered includes impressive concentrations of high-value magnet REE's and significant scandium oxide (Sc₂O₃) credits, an exceptionally high-value metal used in new technology alloys (refer to PTR ASX 22/06/2022).

Systematic follow up air core drilling of the rare earth areas got underway in late May and were completed in mid-July. The program in all comprised 330 drill holes, totalling 9,893 metres with an average hole depth of 30 metres. Figure 1 provides a summary of the areas which have been tested in the first phase of drilling. Drill spacing has been on a 200 metre by 200 metre grid but also includes some limited closer spaced drilling over potential zones of interest. At the time of writing batch results from Area 1 and the Meteor Prospect Areas had been received and are summarised below.

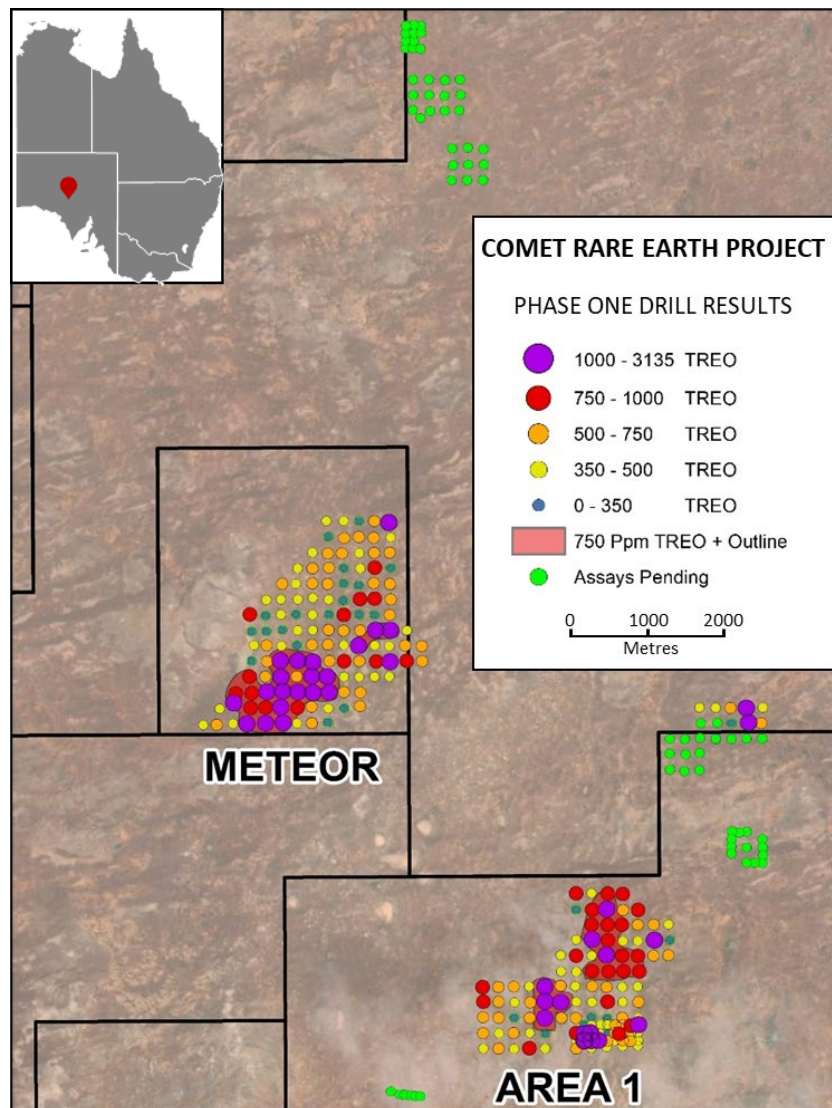


Figure 1 Comet Rare Earth Project – Plan of drilling showing summary of results to date

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Area 1 - Drilling defined two notable REE mineralised zones within the saprolite clay profile which remain open in several directions. A southerly zone trending north westerly and extending approximately 1 kilometre by 200 metres and a second zone in the north of the grid with consistent higher concentrations of REEs extending over an approximate 1.5 kilometre by 1 kilometre area (PTR ASX release 08/08/2022).

Numerous Total Rare Earth Oxide (TREO) intervals have been intersected with a highest TREO value of 3,600 ppm recorded. REE mineralisation starts at relatively shallow depths in some areas ranging from 6 to 9 metres and importantly extends over significant thickness. Multiple intercepts are recorded over a 6 to 15 metre interval and range up to 27 metres of vertical thickness.

Notable thick intercepts include:

- 22ACCR007 - **8m @ 984 ppm TREO & 105 ppm Sc₂O₃ from 7m**
inc. **1m @ 1838 ppm TREO & 101 pm Sc₂O₃ from 8m**
- 22ACCR008 - **11m @ 1008 ppm TREO & 71 ppm Sc₂O₃ from 10m**
inc. **2m @ 2045 ppm TREO & 96 ppm Sc₂O₃ from 18m**
- 22ACCR021 - **9 m @ 962 ppm TREO & 42 ppm Sc₂O₃ from 12m**
inc. **1m @ 3600 ppm TREO & 85 ppm Sc₂O₃ from 12m**
- 22ACCR022 - **8m @ 793 ppm TREO & 22 ppm Sc₂O₃ from 8m**
- 22ACCR031 - **6m @ 1173 ppm TREO & 45 ppm Sc₂O₃ from 12m**
inc. **3m @ 1720 ppm TREO & 53 ppm Sc₂O₃ from 12m**
- 22ACCR038 - **6m @ 1112 ppm TREO & 78 ppm Sc₂O₃ from 15m**
inc. **3m @ 1808 ppm TREO & 90 ppm Sc₂O₃ from 15m**
- 22ACCR074 - **15m @ 792 ppm TREO & 33 ppm Sc₂O₃ from 9m**
- 22ACCR085 - **15m @ 1148 ppm TREO & 37 ppm Sc₂O₃ from 15m**
inc. **3m @ 1942 ppm TREO & 42 ppm Sc₂O₃ from 24m**
- 22ACCR094 - **6m @ 1041 ppm TREO & 58 ppm Sc₂O₃ from 12m**
- 22ACCR101 - **9m @ 867 ppm TREO & 34 ppm Sc₂O₃ from 15m**
- 22ACCR104 - **9m @ 1012 ppm TREO & 27 ppm Sc₂O₃ from 12m**

(refer to PTR ASX release 08/08/2022 for JORC Table 1)

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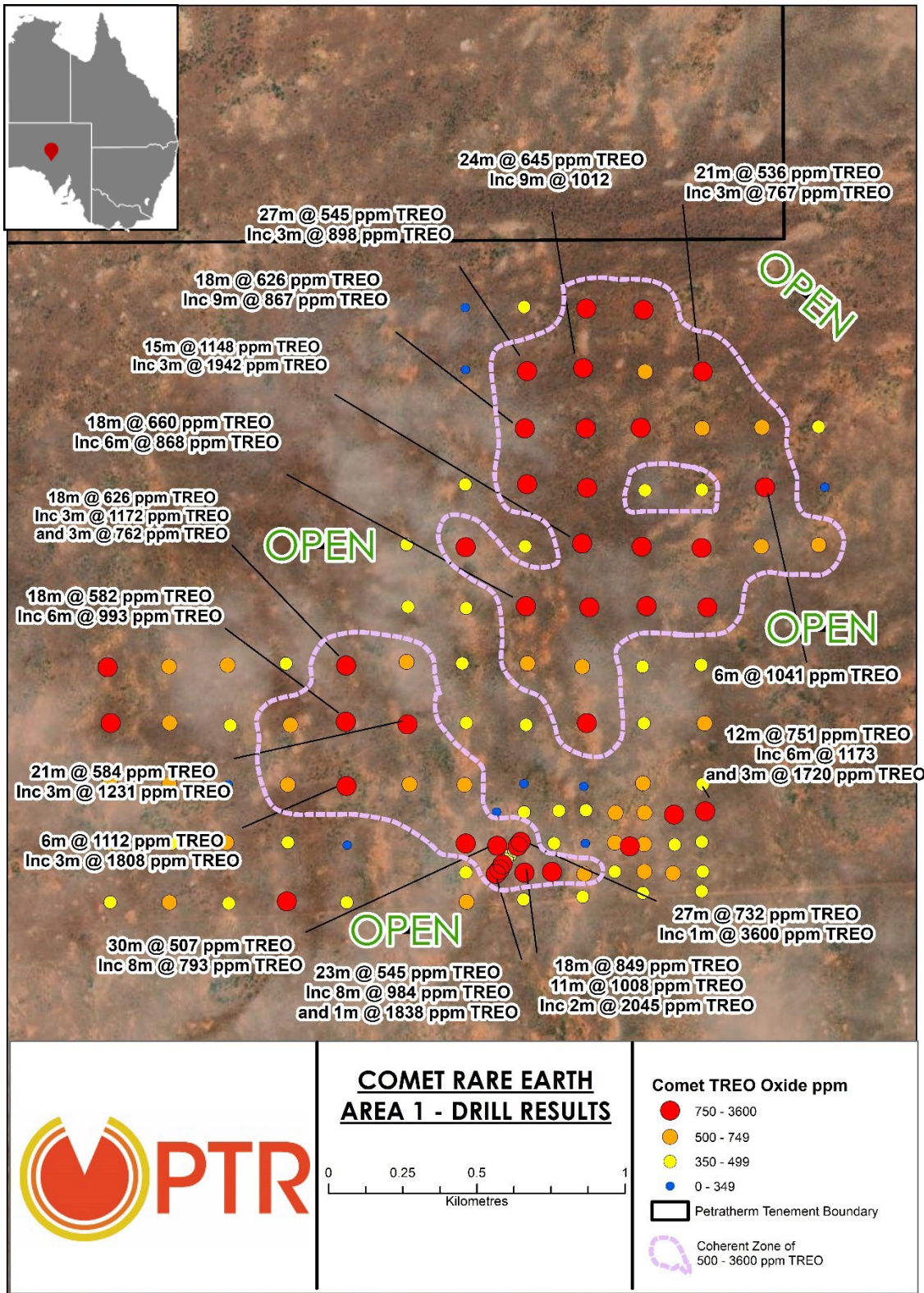


Figure 2 REE 1 Anomaly - Summary of drill results, and outline of the significant mineralised areas.

Meteor - Drilling uncovered a major high-grade REE Prospect (Meteor Prospect) at shallow depth containing substantial thicknesses of mineralisation. The Meteor Prospect is characterised by a high-grade blanket of mineralisation over 1,000 ppm TREO and includes 3m composite samples up to 2,325 ppm TREO. The high-grade zone (>1,000 ppm TREO) starts at shallow depths between 3 to 9 metres over the prospect area and ranges in thickness from 3 metres to 18 metres, with an average intercept thickness of 9 metres.

The high-grade mineralisation extends over an approximate 1,200 metre by 700 metre area, with other satellite mineralised zones also present requiring additional drilling to characterise (Figure 3). High-value magnet rare earth (MREO) intercepts up to 546 ppm are recorded and average 25% of the total REE's. Meteor Prospect REE intersections include high-value Scandium Oxide (Sc₂O₃) credits averaging 45 ppm with a peak intersection of 111 ppm recorded, offering additional revenue potential (PTR ASX release 29/08/2022).

Notable intercepts include :

- 22ACCR169 - **12m @ 1,196 ppm TREO & 45 ppm Sc₂O₃ from 9m**
inc. 3m @ 1,910 ppm TREO & 54 ppm Sc₂O₃ from 9m
- 22ACCR187 - **18m @ 1,106 ppm TREO & 51 ppm Sc₂O₃ from 9m**
inc. 3m @ 2,007 ppm TREO & 80 ppm Sc₂O₃ from 12m
- 22ACCR200 - **18m @ 1,011 ppm TREO & 48 ppm Sc₂O₃ from 6m**
inc. 3m @ 1,908 ppm TREO & 58 ppm Sc₂O₃ from 9m
- 22ACCR203 - **12 m @ 1,088 ppm TREO & 39 ppm Sc₂O₃ from 9m**
inc. 3m @ 1,655 ppm TREO & 44 ppm Sc₂O₃ from 15m
- 22ACCR209 - **15m @ 1,220 ppm TREO & 41 Sc₂O₃ from 3m**
inc. 3m @ 2,325 ppm TREO & 60 ppm Sc₂O₃ from 9m
- 22ACCR211 - **15m @ 1,172 ppm TREO & 53 ppm Sc₂O₃ from 6m**
inc. 9m @ 1,491 ppm TREO & 61 ppm Sc₂O₃ from 9m
- 22ACCR228 - **6m @ 1,399 ppm TREO & 98 ppm Sc₂O₃ from 12m**
inc. 3m @ 1,771 ppm TREO & 111 ppm Sc₂O₃ from 12m
- 22ACCR229 - **6m @ 1,194 ppm TREO & 53 ppm Sc₂O₃ from 6m**
inc. 3m @ 1,747 ppm TREO & 63 ppm Sc₂O₃ from 9m
- 22ACCR230 - **6m @ 1,089 ppm TREO & 35 ppm Sc₂O₃ from 3m**
inc. 3m @ 1,306 ppm TREO & 35 ppm Sc₂O₃ from 6m

(refer to PTR ASX release 29/08/2022 for JORC Table 1)

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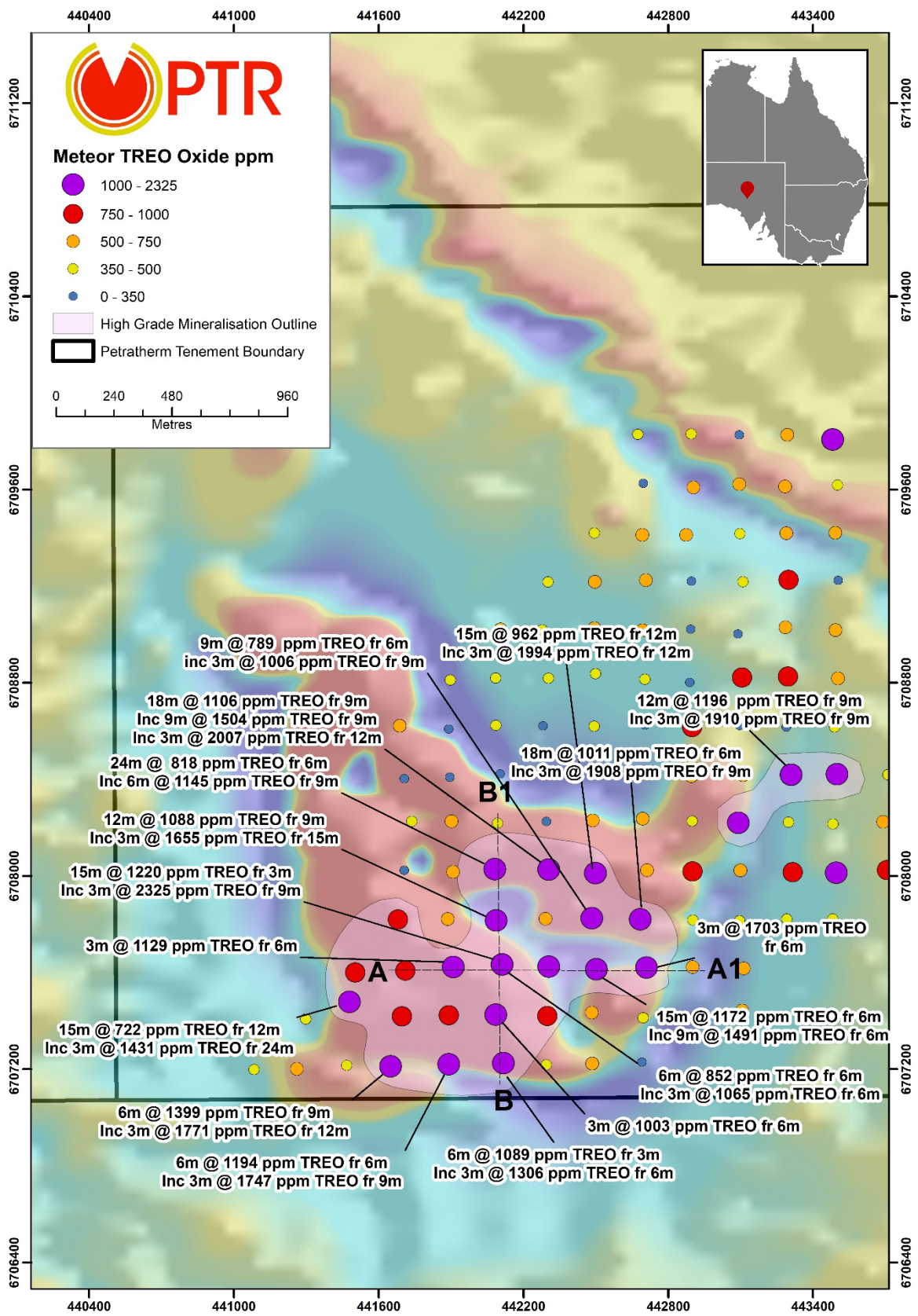


Figure 3 Meteor Prospect summary results overlain on a Magnetic Image. Mineralisation is overlying the magnetic body which may be the source of the rare earths.

Meteor Prospect Cross-Sections

The drill results presented are 3 metre composite samples from a 200 metre spaced air core drilling program. West-East and North-South cross-sections over the Meteor Prospect show an upper high-grade (1,000 to 2,325 ppm TREO) zone of enrichment within the saprolite clay (Figures 4 & 5). This is surrounded by a broader mineralised envelope ranging between 500 to 1000 ppm TREO and extends below the high-grade pod into the saprock zone below.

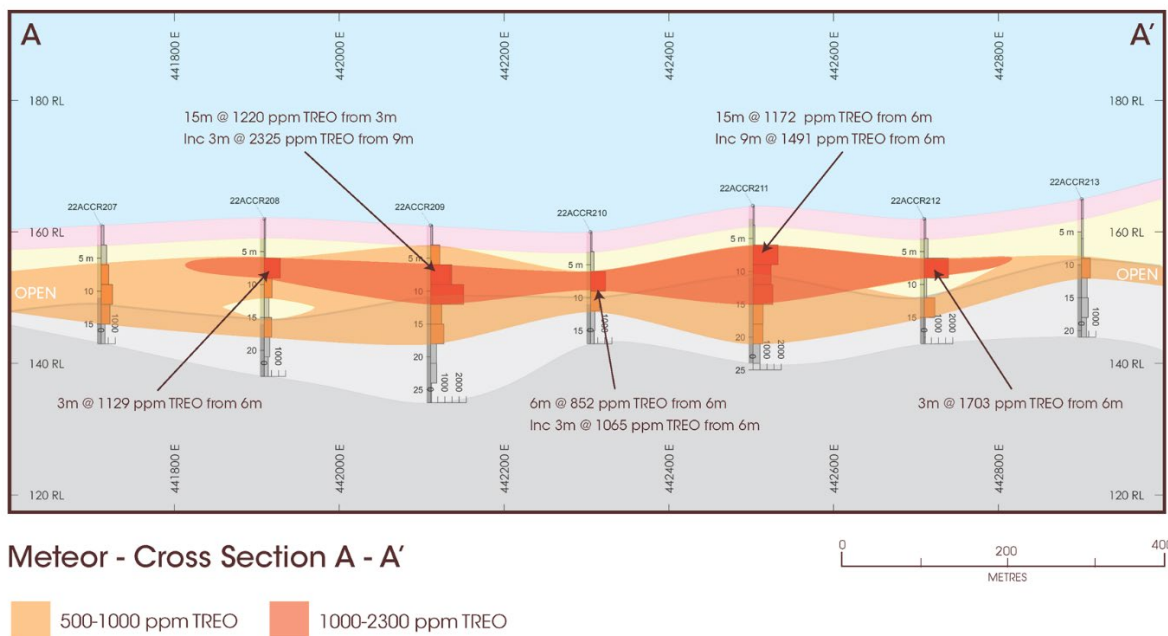


Figure 4 West-East Cross Section through the Meteor REE Prospect

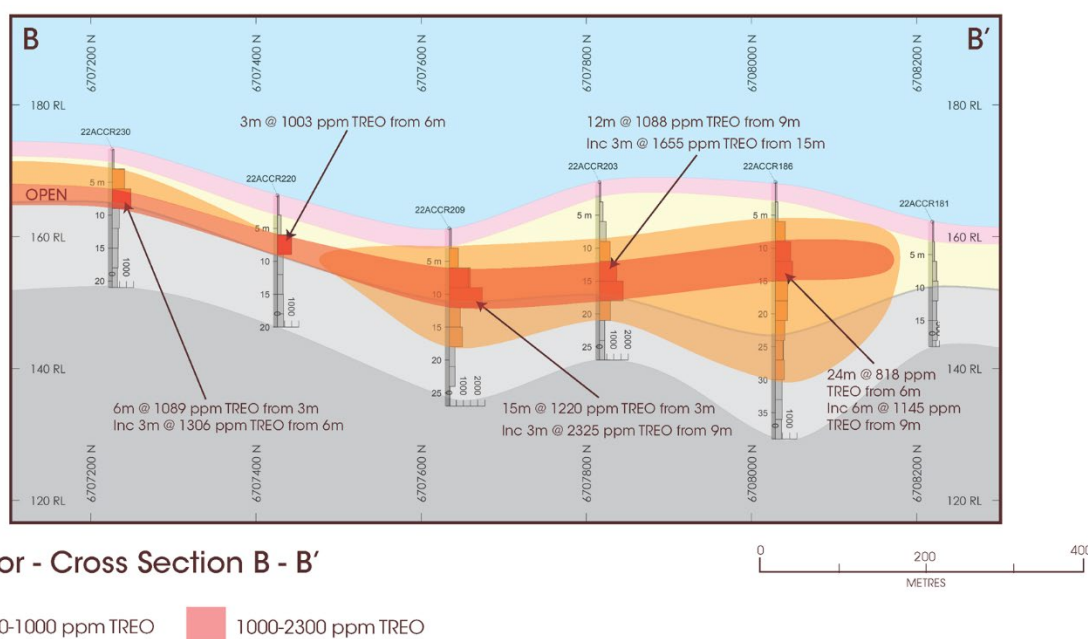


Figure 5 North-South Cross Section through the Meteor REE Prospect

Rare Earths Linked to Potential Source Rocks

At Meteor, the mineralisation spatially overlies a prominent magnetic body (Figure 3) which is a possible primary source of the rare earths. Basement samples in this area have a distinctive mafic mineral chemistry and may represent some form of intrusive complex. Petrological studies are planned to better understand the basement geology and determine if these are primary source rocks for the overlying mineralisation.

PTR postulate that the magnetic body may be a coeval intrusion with the Muckanippie Complex which PTR recently acquired a significant land holding over through a competitive bid (PTR ASX release 19/08/2022). Several other similar discrete magnetic anomalies remain untested on PTR's Comet tenements and will be an additional focus for future drilling exploration.

Next Steps

It is anticipated infill and step out drilling at Meteor REE Prospect will get underway from the start of November with the aim of defining JORC resources. Test work of the REE clay samples is underway as part of a comprehensive program of metallurgical optimisation on REE recoveries. In addition to this work, the drill rig will undertake drilling of other REE mineralised areas previously identified (refer to PTR ASX release 08/08/2022) and testing of new target areas.

Muckanippie Rare Earth Project

In August 2022, PTR was successful through a competitive bid process to be the preferred applicant for ELA 2022/00076 located in the Northern Gawler Craton of South Australia (Figure 6). The tenement covers a 178 km² area over the central portion of a regionally extensive layered intrusive sequence known as the Muckanippie Anorthosite Complex which shows evidence of rare earth (REE) enrichment. The Muckanippie Complex is prospective for both primary REEs in the basement and secondary concentrations of Ionic Clay REEs in the overlying weathering profile.

In addition, PTR has received grant of an adjacent tenement area (EL 6815) covering an area of 80 km² over other portions of the Intrusive Complex. The licences collectively termed the "Muckanippie Project" make up an additional new REE exploration region, following encouraging REE results at PTR's Comet Project Area 40 kilometres to the northeast.

A large circular magnetic anomaly (diameter > 4 kilometres) with an associated gravity anomaly forms the core of the Muckanippie Complex (Figure 6). This central zone was drill tested by Dampier Mining (drill hole MW5) in 1978 with a single drillhole intersecting mafic intrusive rock from 32 metres to end of hole at 53 metres. Open file geochemical reports of the bottom 3 metre composite sample returned highly anomalous rare earth, cerium (Ce) of 1500 ppm, and related rare earth minerals niobium (Nb) 1350 ppm, and phosphate (P₂O₅) 4.25% (PTR ASX release 19/08/2022).

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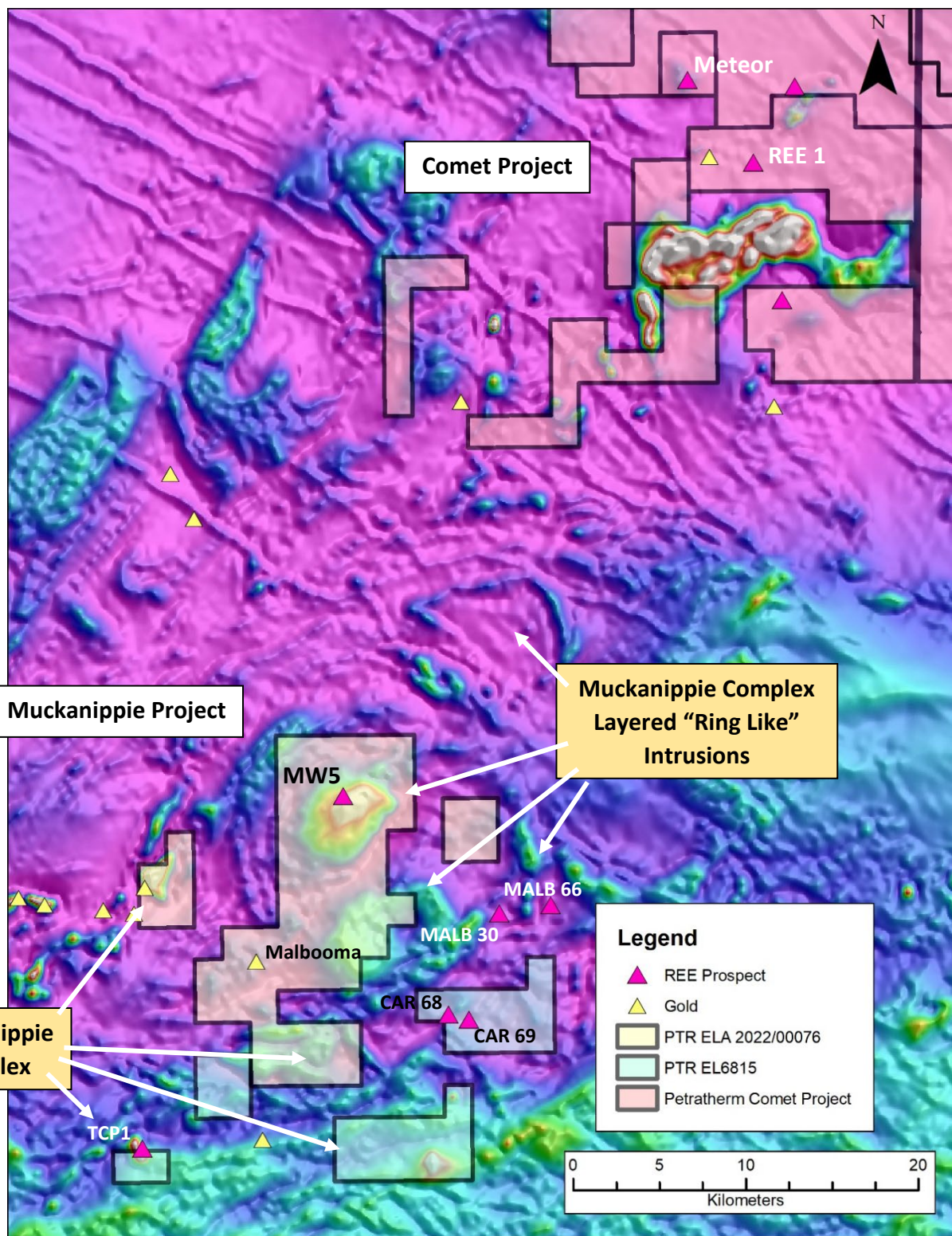


Figure 6 Total Magnetic Intensity Image over the Muckanippie and Comet Project Areas. The prospective Muckanippie Complex is a series of layered intrusions and plugs forming ring like features in the magnetics. The central main circular intrusion shows a prominent magnetic core at MW5 with outer lesser magnetic concentric rings evident. Other satellite intrusions and layered complexes occur throughout the area such as at TCP1. PTR's Comet REE Project is approximately 40 kilometres northeast of Muckanippie. At Comet, the Meteor Prospect is similarly associated with an intrusive magnetic complex which may be equivalent to the Muckanippie intrusive event.

Previous exploration in the region has not directly targeted REEs however limited geochemical assays of the light rare earths cerium (Ce) and lanthanum (La) has been undertaken in some instances along with petrological analysis of portions of the Muckanippie Complex. Further evidence for the areas fertility for REEs includes:

- SA Mines and Energy Department Drilling (1991) – RAB drill hole CAR 68 reported a bottom 4 metre composite sample of 400 ppm Ce, 163 ppm La and 85ppm Nb from 12 metres. The adjacent hole CAR 69 drilled 1 kilometre to the east (Figure 1) was described as a dolomite-phlogopite-microcline-tremolite rock of possible carbonatite affinity.
- Aztec Mining – Drill hole TCP1 (1994) testing a prominent magnetic feature of similar magnetic intensity to the central Muckanippie body intersected from 55-90 metres a magnetite-ilmenite rich rock containing on average 5% titanium. Later independent petrological analysis described the host rock as an ilmenite-apatite rock similar to Nelsonite found in Canada, which is noted for its high Ti and REEs. Other shallow vertical RAB drilling for gold in the region by Aztec (1996) included anomalous Ce and La in some drill holes including:
 - MALB 030 – 4m @ 640ppm Ce, 300ppm La, from 20 metres
 - MALB 066 – 4m @ 500ppm Ce, 180 ppm La from 8 metres

The Muckanippie Project includes the historic Malbooma Gold Mine (Figure 1) which was first reported in 1908 by Government geologists. Limited surface and shallow shaft mining of a quartz iron-oxide lode rock has occurred. No production records were recorded however mine spoil samples of the ore rock taken by Normandy Exploration in 1997 reported samples between 2 to 11 g/t Au. At Malbooma, the host Muckanippie Anorthosite is exceptionally high in aluminium with chemical analyses returning aluminium values ranging between 25-30% Al₂O₃. High aluminium and titanium is a regional characteristic of the intrusive complex and warrants further follow up work.

Granting of the tenement is likely to occur late in 2022 calendar period. PTR intends to undertake regional shallow air core drill traverses across the Muckanippie Complex exploring for horizons where REE enrichment may be occurring. PTR has in place an existing Native Title Mining Agreement with the Traditional Owners and as a result ground exploration could begin soon after grant.

Woomera and Arcoona Iron-Oxide Copper-Gold Projects

The Woomera Project (EL 6707) is a 209 km² area in the world-class Olympic Iron-Oxide Copper-Gold Province of South Australia. It is 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 IOCG discovery (Figure's 7 & 8). Significant historical copper drill intersections at the Winjabbie IOCG Prospect along the northern edge of the new tenement area (Figure 9) additionally highlight the Woomera Projects copper-gold fertility.

During the period PTR executed a Native Title Mining Exploration Agreement with Kokatha Aboriginal Corporation which sets out the framework for the Company undertake exploration activities. Preparations are underway to undertake a gravity survey to better define target areas identified (PTR ASX release 04/04/2022) and aid final drill hole locations.

In July 2022 PTR was successful through a competitive bid process to be the preferred applicant for the Arcoona Project (ELA 2022/00066). The Project covers a 264 km² area and is close to the Woomera IOCG Project significantly strengthening PTR's ground position in the region (Figure's 7 & 8). IOCG style mineralisation typically displays distinctive high gravity anomalism and gravity surveying is the most effective targeting tool for explorers. The Arcoona Project is one of the last areas to be systematically gravity surveyed as demonstrated in Figure 8 which shows a lack of gravity definition compared to the highly explored surrounding areas. PTR intends to undertake systematic regional gravity surveying to screen for potential IOCG style mineralisation upon grant of tenement.

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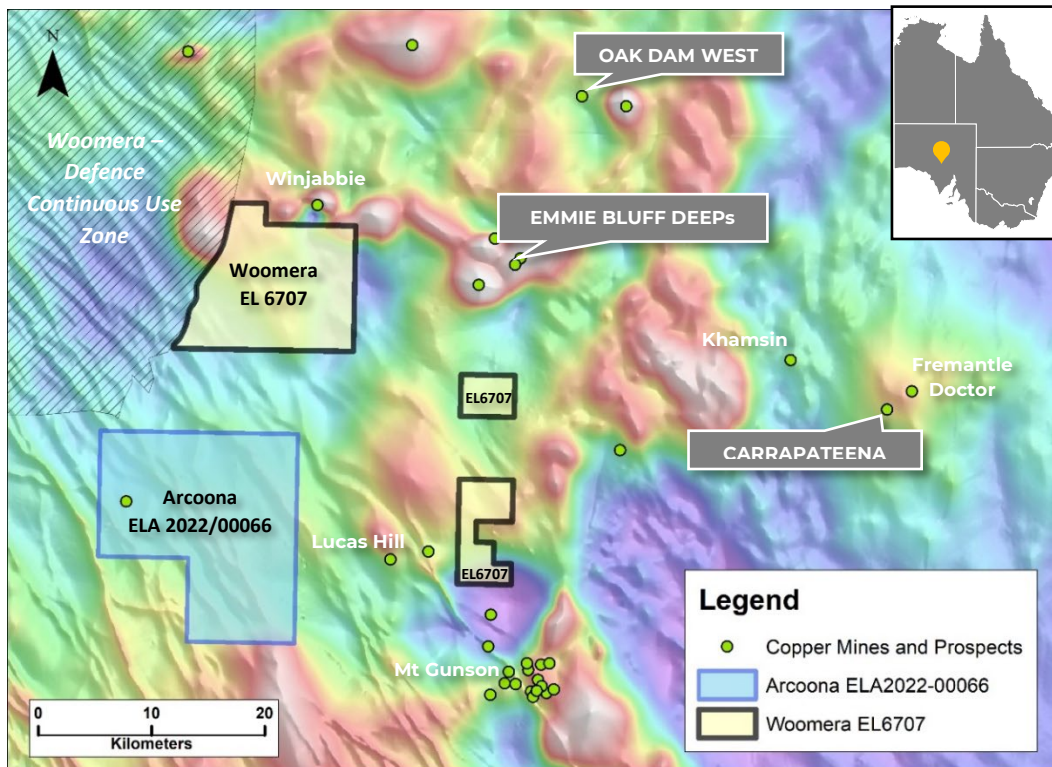


Figure 7 Location Map of Petratherm Exploration Licence Areas (Woomera and Arcoona), Major IOCG Mines and IOCG Prospects (labelled), overlain on a Reduced to Pole Aeromagnetic Image.

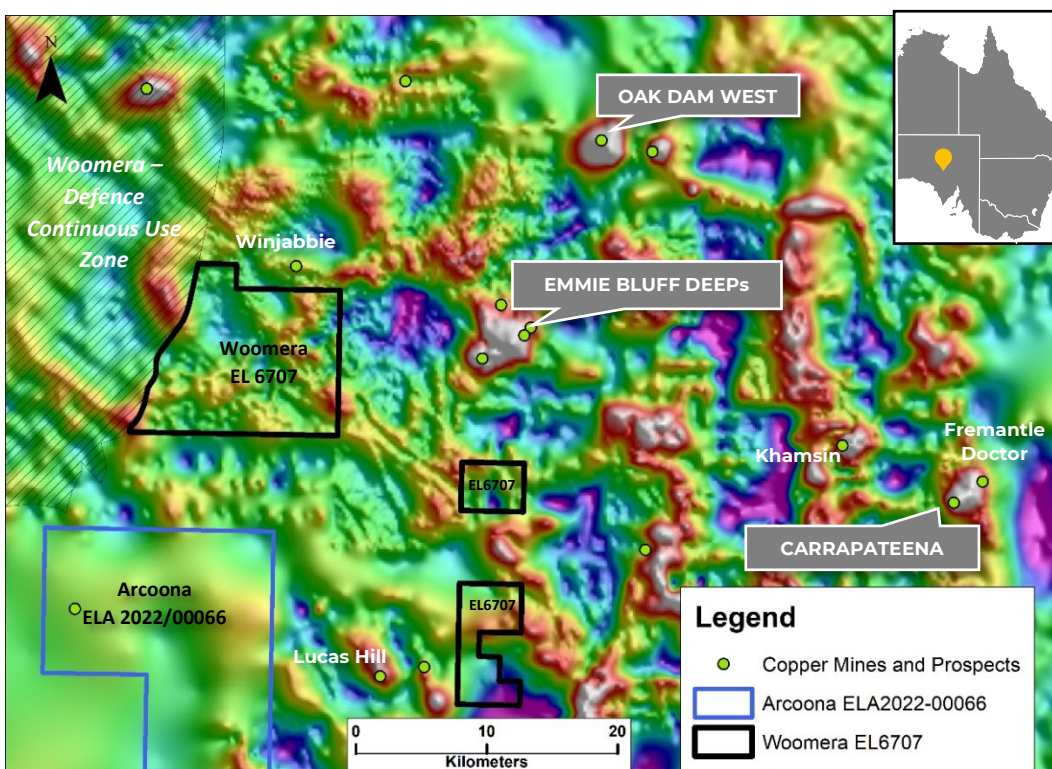


Figure 8 Residual Gravity Image over the Central Olympic Province, PTR's ELA 2022/00066 and EL 6707, IOCG Deposits/Prospects. Note lack of definition in the gravity image over the ELA Area due to a paucity of data.

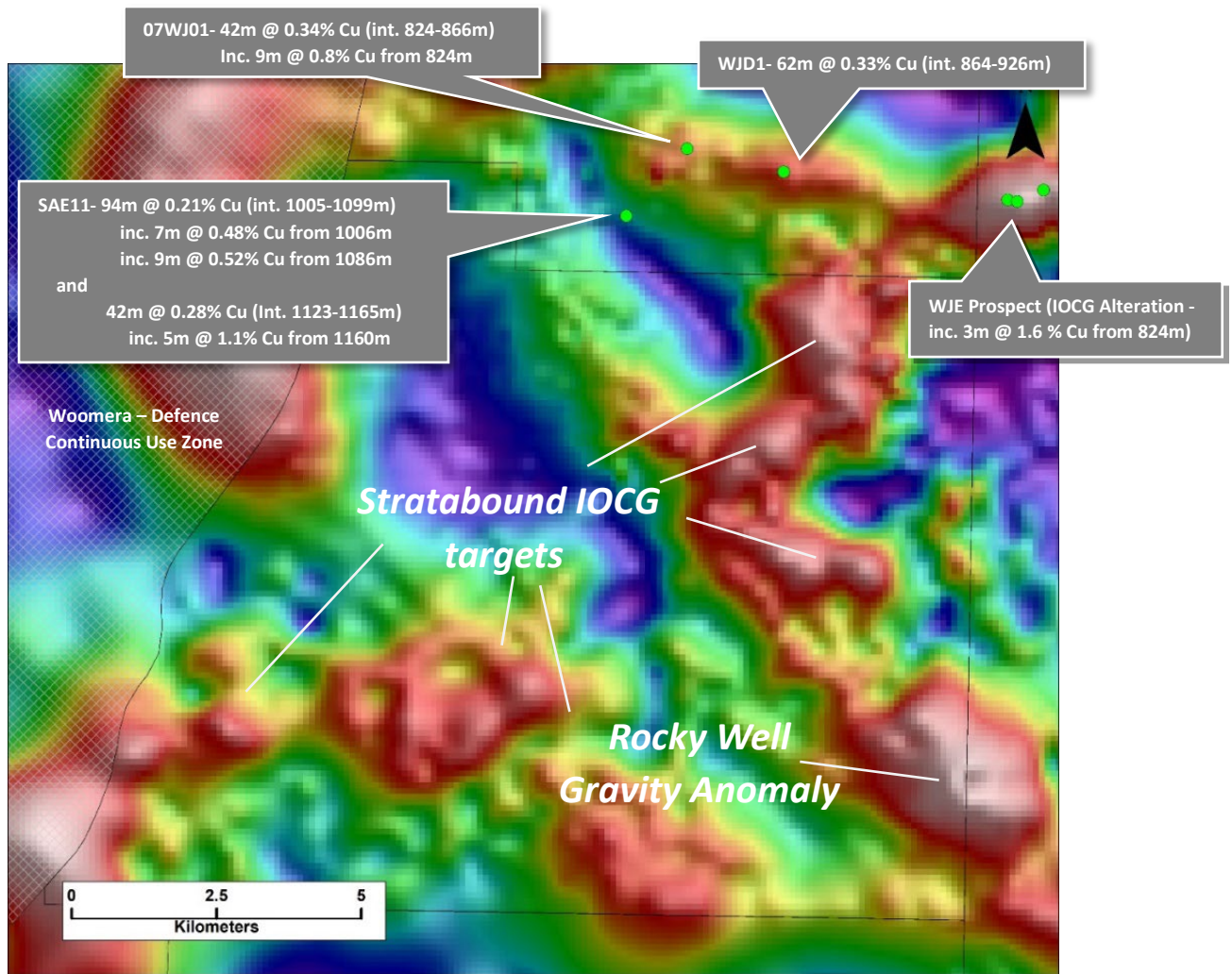


Figure 9 Significant historical IOCG copper intersections adjacent to Petrathern's Woomera Licence Area (EL 6707) overlain on a Residual Gravity Image. High gravity areas (red-white zones) may indicate zones of stratabound style and breccia style IOCG mineralisation.

IOCG Gravity Targeting

Gravity modelling work undertaken during the period has identified a robust gravity target (Rocky Well Gravity Anomaly) in the south-eastern corner of the tenement area. The gravity model suggests that a dense body comparable in size and density to Oz Minerals', world-class Carrapateena Orebody, fits the observed data (Figure 10). The target is a high priority for the Company moving forward.

In addition to this "classical" IOCG gravity target, the Company's evaluation work highlights the presence of what has been interpreted as "Stratabound Replacement Style IOCG Mineralisation" (Stratabound IOCGs) which produce flat lying sheet-like IOCG mineralised occurrences. The Emmie Bluff Deep IOCG discovery by Coda Minerals, 17 kilometres east of the project area, has reported high-grade copper and gold intercepts which to date appear to occur as stratabound bodies and similarly the Winjabbie IOCG mineralisation along the northern edge of the Woomera Project Area appears to be of the same general form. Importantly, high cobalt grades are also a feature of this style of IOCG mineralisation.

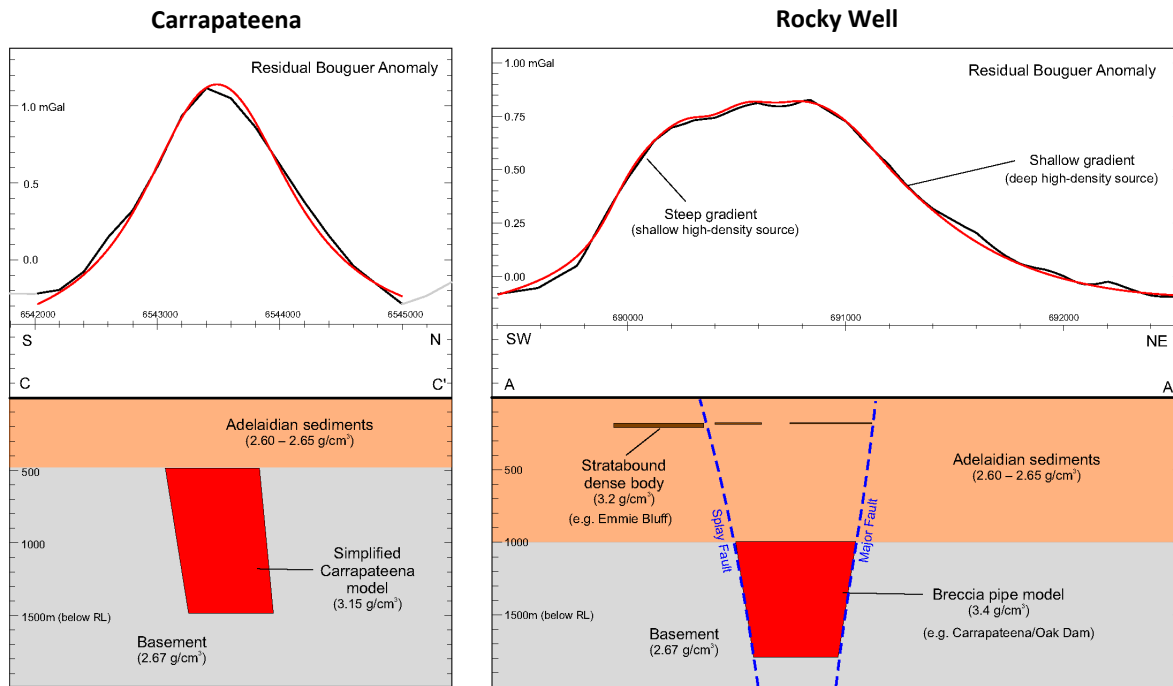


Figure 10 Rocky Well Gravity Anomaly comparison with Oz Minerals', Carrapateena Ore Body

Petratherm postulates that “Stratabound IOCG’s” offer a new style of exploration target with large tonnage and high-grade potential. Gravity modelling undertaken during the period highlights large areas where potential stratabound IOCG mineralisation may be occurring on the Woomera Project Tenement as shown in Figure 9.

In June PTR was successful through the South Australian Government Accelerated Discovery Initiative (ADI) to receive grant funding of \$250,000 to assist in the drilling of two Stratabound IOCG targets. It is anticipated that the drilling of these targets and the Rocky Well IOCG target will get underway in the first half of the 2023 calendar year.

Mabel Creek Project

The Mabel Creek Project, 50 kilometres northeast of Coober Pedy in South Australia is prospective for Iron-Oxide Copper-Gold (IOCG) and Broken Hill Type (BHT) lead-zinc-silver (Pb-Zn-Ag) mineralisation. Petratherm has a large ground position with four tenements (EL’s 6332, 6333, 6404 & 6405) totalling 2,852 km² (Figure 11). Drilling to date has identified two areas (Areas 5 and 13) showing IOCG style hydrothermal alteration (refer to PTR ASX release 27/07/21) associated with late granitoids which are iron and rare-earth enriched (Figure3).

Petrological studies indicate that the Mabel Creek Area may represent a deeper crustal level where Iron-Sulphide Copper-Gold (ISCG) systems, a variant of IOCG deposits may be more likely to occur. ISCG deposits are increasingly being recognised for their potential economic importance most notably in the Cloncurry region of Queensland (i.e. Eloise Mine 10 Mt at 3.2 % Cu and 0.7 g/t Au) and have been successfully targeted using electro-magnetic (EM) geophysical surveying methods.

In June PTR was successful through the South Australian Government Accelerated Discovery Initiative to receive grant funding of \$66,500 to co-fund a geophysical survey which combines sensitive SQUID EM technology and high-powered transmitters to image the basement for conductors. The survey, planned to occur early in the 2023 period, will test the Area 5 and 13 IOCG alteration areas and over other prominent gravity and/or magnetic features characteristic of these mineral systems.

The geophysical trial aims to see through the conductive cover and detect basement conductive zones for later drill testing. The combination of this new targeting technology with further refinement of PTR’s mineral deposit model has the potential to open up the Mabel Creek Ridge for new discoveries.

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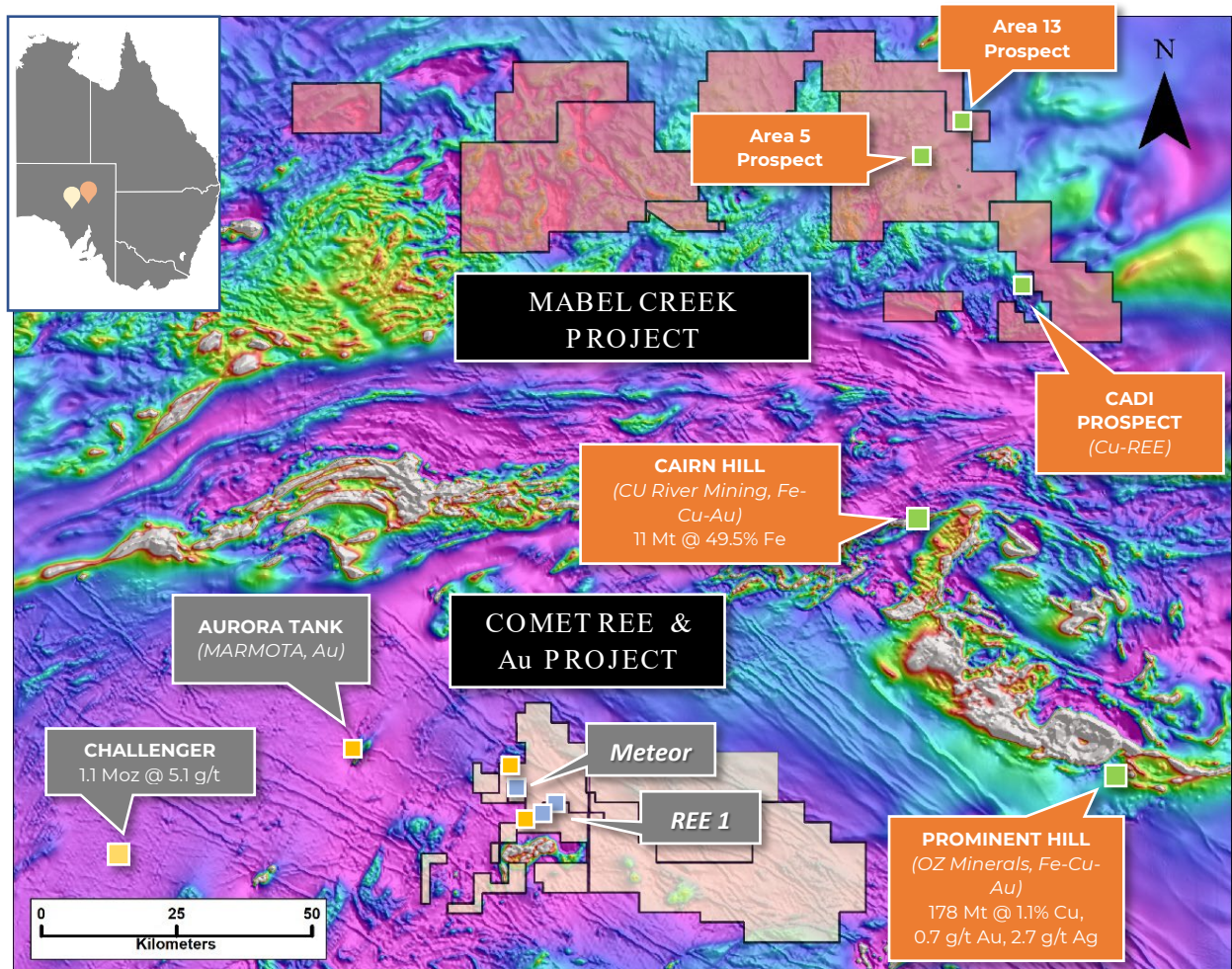


Figure 11 Regional Location Map showing Petratherm's Mabel Creek and Comet Project Holdings, with major mines and key prospects in the area overlain on a Regional Aeromagnetic Image

Petratherm Limited
Directors' report
30 June 2022

Review of operations

The loss for the Group after providing for income tax amounted to (\$764,819) (2021: \$17,868,244). The profit for the year ended 30 June 2021 included a gain on sale of tenements of \$18,520,909. Without this gain the loss for the year ended 30 June 2021 was (\$652,665).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 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.

Dividends

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

Corporate Governance

The Company has established a set of corporate governance policies and procedures and these can be found within the Company's Corporate Governance Statement located on the Company's website:

www.petratherm.com.au/governance.html

Environmental regulation

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

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

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

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Auditor

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

Petratherm Limited
Directors' report
30 June 2022

Company secretary

Katelyn Adams is the Company Secretary.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Derek Carter	7	7	2	2
Simon O'Loughlin	7	7	1	2
Donald Stephens	7	7	2	2

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

Remuneration report (audited)

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

All executive and senior staff are subject to annual reviews, where the remuneration arrangements are reviewed and benchmarked against industry averages. The Group additionally uses the Employee Share Option Plan to provide incentives to employees, which are reviewed annually in conjunction with the available option pool.

The non-executive & executive Directors remuneration is set from a pool that is approved by shareholders, which presently is set at \$300,000 per annum. The non-executive & executive Director fees have not been increased since the Company's prospectus in 2008 and the Group has a policy of obtaining shareholder approval for any share-based remuneration (such as options) to be granted to Directors in accordance with the ASX Listing Rules.

Use of remuneration consultants

The Group has not engaged the use of a remuneration consultant to review its existing remuneration policy.

Petratherm Limited
Directors' report
30 June 2022

Voting and comments made at the Company's 2021 Annual General Meeting ('AGM')

At the 2021 AGM, 91.44% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

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

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

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

* Peter Reid is considered to be key management personnel given his responsibility as Exploration Manager in the planning and management of the Group's principal exploration activities. He is also the director for Geovise Pty Ltd, Sherlock Minerals Pty Ltd and Thylacine Resources Pty Ltd.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2022	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Derek Carter	45,455	-	-	4,545	-	-	50,000
Simon O'Loughlin	32,727	-	-	3,273	-	-	36,000
Donald Stephens	36,000	-	-	-	-	-	36,000
<i>Other Key Management Personnel:</i>							
Peter Reid	199,500	-	-	19,950	-	20,303	239,753
	<u>313,682</u>	<u>-</u>	<u>-</u>	<u>27,768</u>	<u>-</u>	<u>20,303</u>	<u>361,753</u>

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2021	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Derek Carter	45,662	-	-	4,338	-	-	50,000
Simon O'Loughlin	32,877	-	-	3,123	-	-	36,000
Donald Stephens	36,000	-	-	-	-	-	36,000
<i>Other Key Management Personnel:</i>							
Peter Reid	168,000	-	-	15,960	-	-	183,960
	<u>282,539</u>	<u>-</u>	<u>-</u>	<u>23,421</u>	<u>-</u>	<u>-</u>	<u>305,960</u>

Petratherm Limited
Directors' report
30 June 2022

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Peter Reid
Title: Exploration Manager
Agreement commenced: 01 October 2021
Term of agreement: Reviewed every 12 months
Details: Peter Reid's gross salary is \$210,000 per annum. The Company or the employee may terminate the employment contract without cause by providing 4 weeks written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options

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

	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Peter Reid	1,000,000	01/10/2021	01/10/2022	01/10/2024	\$0.08	\$0.041

The options are simple time vesting options, and options granted carry no dividend or voting rights.

Options granted carry no dividend or voting rights.

The objective of company's reward framework is to ensure employment reward for performance is competitive and appropriate for results delivered. The Board ensures that the reward satisfied the following key criteria for good reward government practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation;
- transparency; and
- capital management.

The remuneration framework compliments to the reward strategy of the organisation and aligns to the program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides recognition for contribution.

The number of options over ordinary shares granted to and vested by employees as part of compensation during the years ended 30 June 2022 and 30 June 2021 are set out below:

Petratherm Limited
Directors' report
30 June 2022

Name	Number of options granted during the year 2022	Number of options granted during the year 2021	Number of options vested during the year 2022	Number of options vested during the year 2021
Peter Reid	1,000,000	-	-	1,000,000

Further information regarding the employee share options can be found in Note 29 "Share Based Payments".

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>				
Derek Carter	2,668,310	-	-	2,668,310
Simon O'Loughlin	3,597,544	-	-	3,597,544
Donald Stephens	3,689,876	-	-	3,689,876
Peter Reid	1,139,529	-	-	1,139,529
	<u>11,095,259</u>	<u>-</u>	<u>-</u>	<u>11,095,259</u>

Loans to key management personnel and their related parties

There were no loans to key management personnel or their related parties during the current or previous financial year.

Other transactions with key management personnel and their related parties

There were no transactions with key management personnel or their related parties other than their remuneration during the current or previous financial year.

This concludes the remuneration report, which has been audited.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
16/08/2021	16/08/2024	\$0.10	100,000
01/10/2021	01/10/2024	\$0.08	1,000,000
01/05/2022	01/05/2026	\$0.23	250,000
			<u>1,350,000</u>

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

Shares issued on the exercise of options

There were no ordinary shares of Petratherm Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Proceedings on behalf of the Company

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

Petratherm Limited
Directors' report
30 June 2022

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Auditor's independence declaration

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

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

On behalf of the Directors



Derek Carter
Chairman

30 September 2022

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Grant Thornton House
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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 30 June 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



B K Wundersitz
Partner – Audit & Assurance

Adelaide, 30 September 2022

www.grantthornton.com.au
ACN-130 913 594

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Petratherm Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
Income			
Bank interest income		3,033	8,834
Gain on sale of tenements to Outback Goldfields Corp.	5	-	18,520,909
Research and development incentive		-	14,330
Other income		-	31,794
Expenses			
Operating expenses	6	(233,433)	(295,698)
Employee benefits expense	6	(193,975)	(173,281)
Secretarial, professional and consultancy		(109,362)	(162,887)
Tenement impairment expenses	11	-	(6,078)
Exploration expenses		(231,082)	(67,377)
Environmental rehabilitation expenses		-	(2,302)
Profit/(loss) before income tax expense		(764,819)	17,868,244
Income tax expense	7	-	-
Profit/(loss) after income tax expense for the year attributable to the Owners of Petratherm Limited	16	(764,819)	17,868,244
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on the revaluation of equity instruments at fair value through other comprehensive income, net of tax	14	-	(1,534,664)
Other comprehensive income for the year, net of tax		-	(1,534,664)
Total comprehensive income for the year attributable to the Owners of Petratherm Limited		(764,819)	16,333,580
		Cents	Cents
Basic earnings/(losses) per share	28	(0.38)	9.72
Diluted earnings/(losses) per share	28	(0.38)	9.72

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

Petratherm Limited
Statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	8	4,691,770	3,103,154
Receivables	9	66,767	102,053
Other assets	10	8,793	7,106
Total current assets		<u>4,767,330</u>	<u>3,212,313</u>
Non-current assets			
Property, plant and equipment		4,936	1,806
Exploration and evaluation assets	11	2,776,757	1,935,210
Other assets	10	18,000	-
Total non-current assets		<u>2,799,693</u>	<u>1,937,016</u>
Total assets		<u>7,567,023</u>	<u>5,149,329</u>
Liabilities			
Current liabilities			
Trade and other payables	12	285,013	69,306
Employee benefits	13	50,338	29,615
Total current liabilities		<u>335,351</u>	<u>98,921</u>
Non-current liabilities			
Employee benefits	13	10,089	-
Total non-current liabilities		<u>10,089</u>	<u>-</u>
Total liabilities		<u>345,440</u>	<u>98,921</u>
Net assets		<u>7,221,583</u>	<u>5,050,408</u>
Equity			
Issued capital	14	27,505,756	24,607,035
Reserves	15	(1,497,391)	(1,534,664)
Accumulated losses	16	(18,786,782)	(18,021,963)
Total equity		<u>7,221,583</u>	<u>5,050,408</u>

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

Petratherm Limited
Statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital \$	FVOCI reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	39,061,984	-	140,836	(35,890,207)	3,312,613
Profit after income tax expense for the year	-	-	-	17,868,244	17,868,244
Other comprehensive income for the year, net of tax	-	(1,534,664)	-	-	(1,534,664)
Total comprehensive income for the year	-	(1,534,664)	-	17,868,244	16,333,580
<i>Transactions with Owners in their capacity as Owners:</i>					
Issue of shares	2,160,000	-	-	-	2,160,000
Transaction costs	(158,170)	-	-	-	(158,170)
Exercise of options	663,340	-	(140,836)	-	522,504
Returns of capital during the period (note 14)	(17,120,119)	-	-	-	(17,120,119)
Balance at 30 June 2021	<u>24,607,035</u>	<u>(1,534,664)</u>	<u>-</u>	<u>(18,021,963)</u>	<u>5,050,408</u>
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 year	-	-	-	(764,819)	(764,819)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(764,819)	(764,819)
<i>Transactions with Owners in their capacity as Owners:</i>					
Contributions of equity, net of transaction costs (note 14)	3,100,000	-	-	-	3,100,000
Transaction costs	(201,279)	-	-	-	(201,279)
Share based payments (note 29)	-	-	37,273	-	37,273
Balance at 30 June 2022	<u>27,505,756</u>	<u>(1,534,664)</u>	<u>37,273</u>	<u>(18,786,782)</u>	<u>7,221,583</u>

* Financial assets at fair value through other comprehensive income reserve

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

Petratherm Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
Cash flows from operating activities			
Payments to suppliers and employees		(413,999)	(703,698)
Interest received		2,290	11,080
Government subsidies received		182,000	49,839
Payments for environmental rehabilitation		-	(2,302)
Payments for exploration activities (expensed)		(231,083)	(67,377)
Research and development tax incentive		-	14,330
		<hr/>	<hr/>
Net cash used in operating activities	27	(460,792)	(698,128)
Cash flows from investing activities			
Payments for property, plant and equipment		(5,243)	(2,514)
Payments for exploration activities (capitalised)		(844,070)	(1,163,445)
		<hr/>	<hr/>
Net cash used in investing activities		(849,313)	(1,165,959)
Cash flows from financing activities			
Proceeds from issue of shares		3,100,000	2,682,504
Share issue transaction costs		(201,279)	(158,170)
		<hr/>	<hr/>
Net cash from financing activities		2,898,721	2,524,334
Net increase in cash and cash equivalents		1,588,616	660,247
Cash and cash equivalents at the beginning of the financial year		3,103,154	2,442,907
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	8	<u>4,691,770</u>	<u>3,103,154</u>

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

Petratherm Limited
Notes to the financial statements
30 June 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 year. The financial statements are presented in Australian dollars, which is Petratherm Limited's functional and presentation currency.

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 September 2022.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

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

Critical accounting estimates

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

AASB Interpretation 17

The Company has applied AASB interpretation 17 to non-reciprocal distributions of assets by the Company to its owners acting in their capacity as owners.

Where a distribution is declared to the owners of the Company and the Company has an obligation to distribute the assets concerned, the liability to distribute the assets will be recognised as a dividend payable when the dividend has been appropriately authorised and is no longer at the discretion of the Company. The liability to distribute non-cash assets as a dividend to the owners of the Company shall be measured at the fair value of the assets to be distributed.

At the end of each reporting period and at the date of settlement, the Company shall review and adjust the carrying amount of the dividend payable, with any changes in the carrying amount recognised in equity as adjustments to the amount of the distribution.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 23.

Note 2. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Petratherm Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Petratherm Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

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

Other income recognition

The Group recognises other income as follows:

Interest

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

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Joint operations

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

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

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Note 2. Significant accounting policies (continued)

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the Group.

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.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Exploration and evaluation costs

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

Note 4. Operating segments

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

Note 5. Sale of Victorian Gold Project Assets to Outback Goldfields Corp.

Sale of Victorian Gold Project Assets to Outback Goldfields Corp.

The Company successfully closed a transaction (the Transaction) to sell its Victorian Gold Project Assets in the 2021 Financial Year to Outback Goldfields Corp. (Outback Goldfields) (formerly Skarb Exploration Corp.), a Canadian mineral exploration company listed on the Canadian Securities Exchange.

As consideration for the project assets, Outback Goldfields issued 100,000,000 shares (Consideration Shares) to Petratherm (33,333,333 shares after Outback Goldfields' 3:1 capital consolidation). The Consideration Shares represent approximately 57% of the share capital of Outback Goldfields.

The Consideration Shares were subsequently distributed to eligible Petratherm shareholders by way of in-specie return of capital. For more information on the distribution refer to note 14.

Note 6. Operating expenses

	Consolidated	
	2022	2021
	\$	\$
Insurance costs	25,765	22,584
AGM expenses	18,787	35,778
Audit fees	45,976	27,400
Bank charges	2,243	2,389
Communication & computer expenses	5,271	4,353
Travel expenses	2,230	-
Listing fees	38,666	45,942
Legal fees	19,570	85,771
Office expenses	10,938	3,968
Occupancy Costs	13,623	4,029
Share registry expenses	18,237	61,257
Other expenses	32,127	2,227
	<u>233,433</u>	<u>295,698</u>
	Consolidated	
	2022	2021
	\$	\$
Employee Benefits Expense		
Wages, salaries, directors fees and other remuneration expenses	185,471	161,944
Superannuation	8,504	11,337
Total employee benefits expense	<u>193,975</u>	<u>173,281</u>

Note 7. Income tax

	Consolidated	
	2022	2021
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	(764,819)	17,868,244
Tax at the statutory tax rate of 25% (2021: 26%)	(191,205)	4,645,743
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation of property, plant and equipment	528	184
Entertainment expenses	221	75
Impairment of tenements	-	1,580
Immediate deduction of capitalised exploration cost	(255,887)	(292,791)
Other tax deductible items	69,567	(36,379)
	(376,776)	4,318,412
Current year temporary differences not recognised	376,776	(4,318,412)
Income tax expense	-	-

The Group has tax losses arising in Australia of \$10,928,744 (2021: \$9,421,647) that may be available and may be offset against future taxable profits of the companies in which the losses arose. In addition, these tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The Group has capital losses arising in Australia of \$8,259,113 (2021: \$8,259,113) that may be available and may be offset against future capital losses of the companies in which the losses arose.

No deferred tax liability has been recognised for expenditure pertaining to exploration and evaluation and development assets. The amount of \$255,887 is fully offset by the company's deferred tax assets (2021: \$292,791).

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

Accounting policy for income tax

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

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

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

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

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

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Note 7. Income tax (continued)

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

Note 8. Cash and cash equivalents

	Consolidated	
	2022	2021
	\$	\$
<i>Current assets</i>		
Cash at bank and on hand	2,891,770	1,303,154
Cash on deposit	1,800,000	1,800,000
	<u>4,691,770</u>	<u>3,103,154</u>

Accounting policy for cash and cash equivalents

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

Note 9. Receivables

	Consolidated	
	2022	2021
	\$	\$
<i>Current assets</i>		
Other receivables	155	13,009
Accrued interest	866	123
GST receivable	65,746	88,921
	<u>66,767</u>	<u>102,053</u>

Accounting policy for Receivables

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

Note 10. Other assets

	Consolidated	
	2022	2021
	\$	\$
<i>Current assets</i>		
Prepayments	8,793	7,106
<i>Non-current assets</i>		
Security deposits	18,000	-
	<u>26,793</u>	<u>7,106</u>

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Note 11. Exploration and evaluation assets

Reconciliations

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

Consolidated	Exploration and evaluation \$	Total \$
Balance at 1 July 2020	949,042	949,042
Additions through expenditures capitalised	1,126,119	1,126,119
Disposals*	(133,873)	(133,873)
Impairment of tenements	(6,078)	(6,078)
	<hr/>	<hr/>
Balance at 30 June 2021	1,935,210	1,935,210
Additions through expenditures capitalised	1,023,547	1,023,547
ADI Grant Income	(182,000)	(182,000)
	<hr/>	<hr/>
Balance at 30 June 2022	<u>2,776,757</u>	<u>2,776,757</u>

* On 16 December 2020 the Company successfully closed a transaction (the Transaction) to sell its Victorian Gold Project Assets to Outback Goldfields Corp. (Outback Goldfields), a Canadian mineral exploration company listed on the Canadian Securities Exchange. The carrying value of the Victorian Gold Project Assets at the Transaction date was \$133,873. For more information on the Transaction refer to note 5.

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 no impairment charged for the period ended 30 June 2022. (2021: \$6,078).

Government grant received from Department of Energy and Mining

Petratherm Ltd has been awarded \$182,000 of grant from the Department of Energy and Mining under the Accelerated Discovery Initiative (ADI) Program for its Mabel Creek Project area.

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 Mabel Creek Project aligns 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 Mabel Creek Ridge.

Accounting policy for exploration and evaluation assets

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

Exploration costs incurred prior to ownership of tenements is expensed as incurred.

Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 11. Exploration and evaluation assets (continued)

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.

Note 12. Trade and other payables

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	234,710	42,518
Other payables	50,303	26,788
	<u>285,013</u>	<u>69,306</u>

Refer to note 18 for further information on financial instruments.

Trade payables are non-interest bearing and normally settled on 30-day terms.

Accounting policy for trade and other payables

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

Note 13. Employee benefits

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Annual leave liability	50,338	29,615
<i>Non-current liabilities</i>		
Long service leave	10,089	-
	<u>60,427</u>	<u>29,615</u>

Accounting policy for employee benefits

Short-term employee benefits

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

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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Note 13. Employee benefits (continued)

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 14. Issued capital

	2022	Consolidated		
	Shares	2021	2022	2021
		Shares	\$	\$
Ordinary shares - fully paid	<u>224,751,139</u>	<u>198,917,806</u>	<u>27,505,756</u>	<u>24,607,035</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2020	171,001,652	39,061,984
Issue of shares via placement	1 December 2020	14,285,714	2,000,000
Exercise of Director options	4 December 2020	3,000,000	152,628
Issue of placement shares to Exploration Manager	16 December 2020	71,428	10,000
Issue of placement shares to Directors	12 February 2021	1,071,429	150,000
Exercise of options	1 April 2021	8,487,583	431,812
Exercise of options	7 April 2021	1,000,000	78,900
Transaction costs		-	(158,170)
Return of capital from in-specie distribution	21 April 2021	-	<u>(17,120,119)</u>
Balance	30 June 2021	198,917,806	24,607,035
Issue of shares via placement	3 May 2022	25,833,333	3,100,000
Transaction costs		-	<u>(201,279)</u>
Balance	30 June 2022	<u>224,751,139</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.

Return of capital

Shareholder approval was granted on 11 December 2020 for Petratherm to distribute the 33,333,333 Outback Goldfields shares in-specie to its shareholders "pro-rata" in accordance with their shareholdings in the Company.

The return of capital to Petratherm's shareholders is subject to a distribution wait period ending in April 2021 in accordance with statutory requirements of the Canadian Stock Exchange. The record date for determining entitlements to the Consideration Shares was on 20 April 2021.

The return of capital distribution to shareholders was completed on 21 April 2021. The Company has recognised a fair value decrement through other comprehensive income on the distribution between 16 December 2020 and 21 April 2021 of \$1,534,664.

For more information on the Transaction refer to note 5.

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Note 14. Issued capital (continued)

Share buy-back

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

Capital risk management

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

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

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

The capital risk management policy remains unchanged from the 2021 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 15. Reserves

	Consolidated	
	2022	2021
	\$	\$
Financial assets at fair value through other comprehensive income reserve	(1,534,664)	(1,534,664)
Share-based payments reserve	37,273	-
	<u>(1,497,391)</u>	<u>(1,534,664)</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.

Movements in reserves

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

Consolidated	Share-based payment Reserve \$	FVOCI reserve \$	Total \$
Balance at 1 July 2020	140,836	-	140,836
Movement in fair value on return of capital distribution (note 14)	-	(1,534,664)	(1,534,664)
Options exercised during the year	(140,836)	-	(140,836)
Balance at 30 June 2021	-	(1,534,664)	(1,534,664)
Options issued under ESOP (Note 29)	37,273	-	37,273
Balance at 30 June 2022	<u>37,273</u>	<u>(1,534,664)</u>	<u>(1,497,391)</u>

Note 15. Reserves (continued)

* Financial assets at fair value through other comprehensive income reserve

Note 16. Accumulated losses

	Consolidated	
	2022	2021
	\$	\$
Accumulated losses at the beginning of the financial year	(18,021,963)	(35,890,207)
Profit/(loss) after income tax expense for the year	<u>(764,819)</u>	<u>17,868,244</u>
Accumulated losses at the end of the financial year	<u><u>(18,786,782)</u></u>	<u><u>(18,021,963)</u></u>

Note 17. Dividends

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

In the 2021 financial year, the Company distributed the Consideration Shares received as part of the Outback Goldfields Transaction to eligible Petratherm shareholders by way of in-specie return of capital. For more information on the distribution refer to note 14.

Note 18. Financial instruments

Financial risk management objectives

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

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

Market risk

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

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

Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The Group has no past due or impaired debtors as at 30 June 2022.

Liquidity risk

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

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

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Note 18. Financial instruments (continued)

Fair value of financial instruments

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

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the Group are as follows:

Consolidated	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
<i>Assets</i>				
Cash and cash equivalent	4,691,770	4,691,770	3,103,154	3,103,154
Trade receivables	62,588	62,588	102,053	102,053
	<u>4,754,358</u>	<u>4,754,358</u>	<u>3,205,207</u>	<u>3,205,207</u>
<i>Liabilities</i>				
Trade payables	280,833	280,833	69,306	69,306
	<u>280,833</u>	<u>280,833</u>	<u>69,306</u>	<u>69,306</u>

Note 19. Key management personnel disclosures

Directors

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

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

Other key management personnel

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

Peter Reid	Exploration Manager
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Compensation

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

	Consolidated	
	2022	2021
	\$	\$
Short-term employee benefits	313,682	282,539
Post-employment benefits	27,768	23,421
Share-based payments	20,303	-
	<u>361,753</u>	<u>305,960</u>

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

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Note 20. Remuneration of auditors

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

	Consolidated	Consolidated
	2022	2021
	\$	\$
<i>Audit services - Grant Thornton Audit Pty Ltd</i>		
Audit or review of the financial statements	<u>45,976</u>	<u>27,400</u>

Note 21. Commitments

	Consolidated	Consolidated
	2022	2021
	\$	\$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Exploration and evaluation*	<u>254,707</u>	<u>45,000</u>

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

Note 22. Related party transactions

Parent entity

Petratherm Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 24.

Joint operations

Interests in joint operations are set out in note 25.

Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current financial year other than Director's fees (2021: \$Nil).

Payable to related parties

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

Loans to/from related parties

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

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Note 23. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2022	2021
	\$	\$
Profit/(loss) after income tax	(764,818)	17,868,244
Total comprehensive income	<u>(764,818)</u>	<u>17,868,244</u>

Statement of financial position

	Parent	
	2022	2021
	\$	\$
Total current assets	4,767,330	3,212,313
Total assets	<u>7,567,023</u>	<u>5,149,329</u>
Total current liabilities	335,351	98,921
Total liabilities	<u>345,440</u>	<u>98,921</u>
Net assets	<u>7,221,583</u>	<u>5,050,408</u>
Equity		
Issued capital	27,505,756	24,607,035
Financial assets at fair value through other comprehensive income reserve	(1,534,664)	(1,534,664)
Share-based payments reserve	37,273	-
Accumulated losses	(18,786,782)	(18,021,963)
Total equity	<u>7,221,583</u>	<u>5,050,408</u>

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies

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

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

Petratherm Limited
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Note 24. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
MNGI Pty Ltd	Australia	100%	100%
PetraGas Ltd	Australia	100%	100%

Note 25. Interests in joint operations

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

During the year ended 30 June 2020 the Group passed a resolution with Beach Energy Limited to surrender the licence and terminate the joint venture. All outstanding ground remediation works were completed as at 30 June 2020. Formal confirmation of the surrender of the licence was received in November 2020.

The Group has no existing interests in joint operations in the year ended 30 June 2022.

Note 26. Events after the reporting period

No matter or circumstance has arisen since 30 June 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 27. Cash flow information

Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	Consolidated	
	2022 \$	2021 \$
Profit/(loss) after income tax expense for the year	(764,819)	17,868,244
Adjustments for:		
Depreciation and amortisation	2,113	708
Impairment of non-current assets	-	6,078
Share-based payments	37,273	-
Net gain on sale of tenements	-	(18,520,909)
Grant received	182,000	-
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	35,288	(68,364)
Increase in prepayments	(1,687)	(1,280)
Increase in trade and other payables	18,228	11,742
Increase in employee benefits	30,812	5,653
Net cash used in operating activities	<u>(460,792)</u>	<u>(698,128)</u>

Note 28. Earnings/(losses) per share

	Consolidated	
	2022	2021
	\$	\$
Profit/(loss) after income tax attributable to the Owners of Petratherm Limited	<u>(764,819)</u>	<u>17,868,244</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>203,093,605</u>	<u>183,812,255</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>203,093,605</u>	<u>183,812,255</u>
	Cents	Cents
Basic earnings/(losses) per share	(0.38)	9.72
Diluted earnings/(losses) per share	(0.38)	9.72

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

Accounting policy for earnings/(losses) per share

Basic earnings/(losses) per share

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

Diluted earnings/(losses) per share

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

Note 29. Share-based payments

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

Note 29. Share-based payments (continued)

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

The objective of company's reward framework is to ensure employment reward for performance is competitive and appropriate for results delivered.

The Board ensures that the reward satisfied the following key criteria for good reward government practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation;
- transparency; and
- capital management.

The remuneration framework compliments to the reward strategy of the organisation and aligns to the program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides recognition for contribution.

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

2022		Exercise	Balance at the start of	Granted during the	Expired/ forfeited/	Balance at the end of
Grant date	Expiry date	price	the year	year	exercised	the 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
			-	1,350,000	-	1,350,000

The above options were equity-settled share-based compensation benefits granted to the employees under the employee share option plan. The options are simple time vesting options. Options issued to new employees vest on the first anniversary of the commencement date. The expenses recognised in the year is on a pro rata basis, which was \$37,273. The fair value of the options granted during the period were calculated by using a Black-Scholes option pricing model applying the following inputs:

Petratherm Limited
Notes to the financial statements
30 June 2022

Note 29. Share-based payments (continued)

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%	4.03%
Fair value at grant date (\$):	3,260	40,500	23,389

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.54 years. (2021: Nil).

Accounting policy for share-based payments

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

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

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

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

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

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

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

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

Petratherm Limited
Directors' declaration
30 June 2022

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors



Derek Carter
Chairman

30 September 2022

Independent Auditor's Report

To the Members of Petratherm Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Petratherm Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets – Notes 3 & 11	
<p>At 30 June 2022 the carrying value of exploration and evaluation assets was \$2,776,757.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Reviewed management's area of interest consideration against AASB 6; • Conducted a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> – traced projects to statutory registers, exploration licenses and third-party confirmations to determine whether a right of tenure existed; – enquired with management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; – understood whether any data exists to suggest that the carrying value of exploration and evaluation assets are unlikely to be recovered through development or sale; – Understood and corroborate the changes in assumptions and inputs due to the impact of COVID-19; • Assessed the accuracy of any impairment recorded for the year as it pertained to exploration interests; • Evaluated the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and • Assessed the appropriateness of the related financial statement disclosures.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

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Responsibilities of the Directors' for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Petratherm Limited, for the year ended 30 June 2022 complies with section 300A of the Corporations Act 2001.

Responsibilities

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B K Wundersitz
Partner – Audit & Assurance

Adelaide, 30 September 2022

Petratherm Limited
Shareholder information
30 June 2022

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 26 September 2022.

Distribution of equitable securities

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

	Ordinary shares
	Number of holders
1 to 1,000	1,469
1,001 to 5,000	687
5,001 to 10,000	304
10,001 to 100,000	667
100,001 and over	296
	<u>3,423</u>
Holding less than a marketable parcel	<u>2,277</u>

Equity security holders

Twenty largest quoted equity security holders

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

Name	Ordinary shares Number held	%
BNP PARIBAS NOMS PTY LTD < DRP >	14,495,187	6.45
TAYCOL NOMINEES PTY LTD < 211 A/C >	8,487,583	3.78
NATIONAL NOMINEES LIMITED < DB A/C >	5,297,621	2.36
GREENSLADE HOLDINGS PTY LTD	5,239,638	2.33
CALAMA HOLDINGS PTY LTD < MAMBAT SUPER FUND A/C >	5,166,442	2.30
CPO SUPERANNUATION FUND PTY LTD < C & P O'CONNOR S/F A/C >	4,850,000	2.16
MR MICHAEL ANDREW WHITING & MRS TRACEY ANNE WHITING < WHITING FAMILY S/F A/C >	3,533,895	1.57
JIMZBAL PTY LTD < JIMZBAL SUPER A/C >	3,500,000	1.56
THIRTY FOUR PTY LTD < HAMARJAR SUPER FUND A/C >	3,400,000	1.51
CITICORP NOMINEES PTY LIMITED < DPSL A/C >	3,039,772	1.35
MR PETER FREDERICK PHILLIPS & MRS ALICE SAU HAN PHILLIPS < PHILLIPS INVESTMENT ACCOUNT >	2,919,807	1.30
MR ANGUS WILLIAM JOHNSON & MRS LINDY JOHNSON < THE DENA SUPER FUND A/C >	2,800,000	1.25
DCS SUPER FUND PTY LTD < DCS SUPERANNUATION A/C >	2,605,876	1.16
MR ANGUS WILLIAM JOHNSON & MRS LINDY JOHNSON < DENA SUPER FUND A/C >	2,500,000	1.11
PETERSVIEW PTY LTD	2,500,000	1.11
GP SECURITIES PTY LTD	2,400,000	1.07
THE CAPOZZI FAMILY SUPER PTY LTD < CAPOZZI FAMILY S/FUND A/C >	2,385,000	1.06
EPIC FEAST PTY LTD	2,368,794	1.05
SYMINGTON PTY LTD	2,211,862	0.98
TORRES INVESTMENTS PTY LTD	2,200,000	0.98
	<u>81,901,477</u>	<u>36.44</u>

Petratherm Limited
Shareholder information
30 June 2022

Unquoted equity securities

The following unquoted equity securities are on issue:

Class	Number on issue	Number of holders
OPTION EXPIRING 16 AUGUST 2024 EX \$0.098	100,000	1
OPTION EXPIRING 1 OCTOBER 2024 EX \$0.084	1,000,000	1
OPTION EXPIRING 1 MAY 2026 EX \$0.063	250,000	1

Substantial holders

Substantial holders in the Company are set out below:

	Number held	Ordinary shares % of total shares issued
ACORN CAPITAL LIMITED (AS AT MOST RECENT SUBSTANTIAL HOLDER NOTICE 4 MAY 2022)	13,895,634	6.18

Voting rights

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

Tenements

Description	Tenement number	Interest owned %
Mt Willoughby	EL 6332	100
Mt Barry	EL 6333	100
Kanku (Mt Willoughby - extended)	EL 6404	100
Mt Euee (Mt Barry - extended)	EL 6405	100
Comet	EL 6443	100
Gina	EL 6633	100
West Comet	EL 6722	100
Woomera	EL 6707	100