

Petratherm Limited

ABN 17 106 806 884

Interim Report - 31 December 2023

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Petratherm Limited
Corporate directory
For the half-year ended 31 December 2023

Directors	Derek Carter Simon O'Loughlin Donald Stephens Simon Taylor
Company secretary	Katelyn Adams
Registered office	C/- HLB Mann Judd (SA) Pty Ltd 169 Fullarton Road DULWICH SA 5065
Principal place of business	22B Beulah Rd NORWOOD SA 5067
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

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Petratherm Limited
Contents
For the half-year ended 31 December 2023

Directors' report	3
Auditor's independence declaration	6
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	17
Independent auditor's review report to the members of Petratherm Limited	18

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Petratherm Limited
Directors' report
For the half-year ended 31 December 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Petratherm Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

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

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

Review of operations

The loss for the Group after providing for income tax amounted to \$416,152 (31 December 2022: \$330,876).

The Company's primary focus during the reporting period was advancing exploration on rare earths (REEs) in the Northern Gawler Craton and copper-gold in the World-Class Olympic Domain. The Company also expanded its copper-gold land position at the Woomera and Mabel Creek Project areas.

Comet REE project

Step-out drilling Petratherm's Artemis Prospect returning thick intercepts of high-grade REE mineralisation. Drilling extended the zone of REE mineralisation over an approximate 3km by 1.5km area and it remains open laterally in several directions. Significant intercepts include:¹

- 23ACCR426 **37m @ 1564 ppm TREO** from 15m Inc.
 - **3m @ 2439 ppm TREO** from 21m Inc.
 - **6m @ 2113 ppm TREO** from 27m Inc.
 - **6m @ 2500 ppm TREO** from 36m
- 23ACCR428 **15m @ 1046 ppm TREO** from 6m Inc.
 - **3m @ 2005 ppm TREO** from 12m
- 23ACCR431 **13m @ 1413 ppm TREO** from 6m Inc.
 - **6m @ 1619 ppm TREO** from 6m
- 23ACCR422 **33m @ 801 ppm TREO** from 18m Inc.
 - **15m @ 1097 ppm TREO** from 18m
- Greenfields exploration drilling 25 kilometres east of the advanced Meteor and Artemis Rare Earth (REE) Prospects uncovered a new high-grade REE Prospect (Comet East). Total Rare Earths Oxide (TREO) grades up to 2990 ppm were recorded with significant concentrations of high value Magnet Rare Earth Minerals. Significant intercepts include:²
- 23ACCE021 **12m @ 1633 ppm TREO** from 33m inc.
 - **6m @ 2562 ppm TREO** from 36m inc.
 - **3m @ 2990 ppm TREO** from 39m
- 23ACCE035 **9m @ 1113 ppm TREO** from 30m

To date less than 10% of the Comet Project area has been explored and significant potential for further rare earth occurrences remain.

Additionally, beneficiation work completed by the Company from samples collected at the Meteor Prospect, found that low-cost sieve separation processing, produced a significant increase in REE grades as the bulk of the rare earth mineralisation is hosted in fine clay fraction within the weathering profile. This work produced a REE ore concentrate with a grade of approximately 2000ppm TREO (including >500ppm Magnet Rare Earth Oxide (MREO)).

¹ ASX Announcement 4 September 2023 – Drilling hits High-Grade Clay Hosted Rare Earths

² ASX Announcement 28 August 2023 – Major New Rare Earths Prospect Area Uncovered at Comet

Petratherm Limited
Directors' report
For the half-year ended 31 December 2023

Mabel Creek Copper-Gold project

During the reporting period, the Company significantly expanded the Mabel Creek Project area. In July, Dean Bore (EL 6919) was granted to PTR covering a 470km² area and in November two large exploration licence areas (EL 6949 & EL 6950) covering a further 1,314km² were granted over an identified prospective IOCG fertile zone along the eastern side of the tenement holdings.³ PTR intends to undertake gravity surveying over these new areas during the 2024 calendar period to explore for IOCG style geophysical targets for later drill testing.

Dean Bore contains the historic BigNE target, a regionally prominent, partly overlapping gravity and magnetic complex spanning a 7km by 4km area. Limited historical drilling completed at the BigNE Target indicated that the area has been subjected to a mineralising iron-oxide (hematite) alteration event and anomalous copper assays up to 0.32% were recorded over short intervals within the iron rich alteration zones. Additional gravity survey work undertaken by Petratherm during the period has identified 2 gravity only anomalous target areas which have not been drill tested and warrant follow-up.

In November the Company drill tested a strong gravity target (Olympus) with a single drill hole to target depth, ending at 519.6 metres. The drilled sequence was principally granite and garnet rich gneiss showing only low levels of alteration and no mineralisation is recorded⁴.

Woomera Copper-Gold project

The Woomera IOCG Project is located in the World Class Copper-Gold Olympic Province of South Australia. It is close to BHP's Oak Dam West copper-gold discovery and the operating Carrapateena Copper-gold mine. During the period, the Company was granted a new tenement, 'The Pines' (EL 6918), providing an additional 195km² bringing the total land package at the Woomera Project to 668km².

Iron-Oxide Copper-Gold (IOCG) style mineralisation is effectively targeted using gravity surveying as the iron-hosted copper-gold ores are denser than surrounding rock producing discrete local gravity highs. 'The Pines' area has limited gravity coverage and PTR intends to undertake a precision ground gravity survey to screen for potential IOCG mineralisation in the prospective basement rocks which underlie the younger cover strata.

Corporate

The Company had exploration and evaluation costs of \$842,000 relating principally to the Comet and Mabel Creek Project drilling activities. Administration and corporate costs totaled \$489,000. The Company held \$1,724,000 cash at the end of the period.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

On 23 February 2024, the Group informed its shareholders that it has been advised by the Australian Taxation Office (ATO) that the in-specie distribution of shares in Outback Goldfield Corp. (Outback Goldfields or "OZ" (formerly Skarb Exploration)) to the Group's shareholders in April 2021, is an unfranked dividend for taxation purposes.

The ATO's decision does not result in the Group incurring any additional tax liability. The profit received by the Group from the transaction with OZ was offset by carried forward losses.

On 29 February 2024, the Group announced that it has executed a Letter of Agreement under which G4 Metals Pty Ltd (G4M) agrees to grant the Group the right to earn - in to EL6873. The Group can earn up to 70% interest via a 2 Stage Farm-in with further provisions, dependent on G4M's elections, to earn up to a 100% equity in the project.

³ PTR Announcement – 13 November 2023 – Drilling Underway at Olympus IOCG Target

⁴ PTR Announcement - 29 November 2023 – Drilling Completed at Olympus Gravity Target

Petratherm Limited
Directors' report
For the half-year ended 31 December 2023

Auditor's independence declaration

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

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Derek Carter
Chairman

15 March 2024

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170 Frome Street
Adelaide SA 5000
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Auditor's Independence Declaration

To the Directors of Petratherm Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Petratherm Limited for the half-year ended 31 December 2023. I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B K Wundersitz
Partner – Audit & Assurance

Adelaide, 15 March 2024

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 half-year ended 31 December 2023

		Consolidated	
	Note	31 December 2023	31 December 2022
		\$	\$
Revenue			
Bank interest income		33,528	36,020
Other income		-	276
Total revenue		<u>33,528</u>	<u>36,296</u>
Expenses			
Employee benefits expense		(188,236)	(83,489)
Employee share-based payment	15	(16,759)	(22,122)
Exploration expenses		(4,190)	(73,181)
Secretarial, professional and consultancy		(54,180)	(59,398)
Other expenses	5	(186,315)	(128,982)
Total expenses		<u>(449,680)</u>	<u>(367,172)</u>
Loss before income tax expense		(416,152)	(330,876)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the Owners of Petratherm Limited		(416,152)	(330,876)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the Owners of Petratherm Limited		<u>(416,152)</u>	<u>(330,876)</u>
		Cents	Cents
Basic earnings/(losses) per share	14	(0.19)	(0.15)
Diluted earnings/(losses) per share	14	(0.19)	(0.15)

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

Petratherm Limited
Statement of financial position
As at 31 December 2023

		Consolidated	
		31 December	
	Note	2023	30 June 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		424,011	1,239,464
Trade and other receivables		62,575	567,658
Financial assets	6	1,300,000	1,300,000
Other assets		41,211	11,842
Total current assets		<u>1,827,797</u>	<u>3,118,964</u>
Non-current assets			
Property, plant and equipment		7,713	11,066
Exploration and evaluation assets	7	4,415,947	3,695,858
Other assets		48,000	18,000
Total non-current assets		<u>4,471,660</u>	<u>3,724,924</u>
Total assets		<u>6,299,457</u>	<u>6,843,888</u>
Liabilities			
Current liabilities			
Trade and other payables	8	156,376	294,313
Employee benefits		59,952	72,525
Total current liabilities		<u>216,328</u>	<u>366,838</u>
Non-current liabilities			
Employee benefits		22,438	16,966
Total non-current liabilities		<u>22,438</u>	<u>16,966</u>
Total liabilities		<u>238,766</u>	<u>383,804</u>
Net assets		<u>6,060,691</u>	<u>6,460,084</u>
Equity			
Issued capital	9	27,489,120	27,489,120
Reserves	10	(1,464,895)	(1,463,285)
Accumulated Losses		(19,963,534)	(19,565,751)
Total equity		<u>6,060,691</u>	<u>6,460,084</u>

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

Petratherm Limited
Statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$	FVOCI Reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	27,505,756	(1,534,664)	37,273	(18,786,782)	7,221,583
Loss after income tax expense for the half-year	-	-	-	(330,876)	(330,876)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(330,876)	(330,876)
<i>Transactions with Owners in their capacity as Owners:</i>					
Share-based payments	-	-	22,122	-	22,122
Transaction costs	(16,640)	-	-	-	(16,640)
Balance at 31 December 2022	<u>27,489,116</u>	<u>(1,534,664)</u>	<u>59,395</u>	<u>(19,117,658)</u>	<u>6,896,189</u>

Consolidated	Issued capital \$	FVOCI Reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	27,489,120	(1,534,664)	71,379	(19,565,751)	6,460,084
Loss after income tax expense for the half-year	-	-	-	(416,152)	(416,152)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(416,152)	(416,152)
<i>Transactions with Owners in their capacity as Owners:</i>					
Share-based payments	-	-	16,759	-	16,759
Lapsed options transferred to accumulated losses	-	-	(18,369)	18,369	-
Balance at 31 December 2023	<u>27,489,120</u>	<u>(1,534,664)</u>	<u>69,769</u>	<u>(19,963,534)</u>	<u>6,060,691</u>

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

Petratherm Limited
Statement of cash flows
For the half-year ended 31 December 2023

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Cash flows from operating activities		
Receipts from customers	-	304
Payments to suppliers and employees	(476,985)	(95,385)
Interest received	48,173	9,486
Government grants/subsidies received	-	147,500
Payments for exploration activities (expensed)	(4,190)	(73,181)
	<u>(433,002)</u>	<u>(11,276)</u>
Cash flows from investing activities		
Investment in financial assets	-	(2,800,000)
Payments for property, plant and equipment	-	(4,418)
Payments for exploration activities (capitalised)	(850,825)	(934,224)
Payments for security deposits	(30,000)	-
Government grants/subsidies received	73,150	-
Research & development tax incentives received	425,224	-
	<u>(382,451)</u>	<u>(3,738,642)</u>
Cash flows from financing activities		
Share issue transaction costs	-	(16,640)
	<u>-</u>	<u>(16,640)</u>
Net decrease in cash and cash equivalents	(815,453)	(3,766,558)
Cash and cash equivalents at the beginning of the financial half-year	1,239,464	4,691,770
Cash and cash equivalents at the end of the financial half-year	<u><u>424,011</u></u>	<u><u>925,212</u></u>

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

Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2023

Note 1. General information

The consolidated financial statements cover Petratherm Limited as a Group consisting of Petratherm Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Petratherm Limited's functional and presentation currency.

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

Registered office

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

Principal place of business

22B Beulah Rd
NORWOOD SA 5067

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 15 March 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

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.

Going Concern

The interim financial report has been prepared on the basis of a going concern. During the half-year reporting period ended 31 December 2023 the Group recorded a net cash outflow from operating and investing activities of \$815,453 and an operating loss of \$397,783. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the entity successfully continuing the development of its exploration assets and raising additional funds which may be from a variety of means inclusive of, but not limited to issue of new equity, debt, asset sales or entering into joint venture arrangements on mineral properties.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because Directors will not commit to expenditure unless sufficient funding has been sourced.

If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2023

Note 3. Critical accounting judgements, estimates and assumptions

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

Exploration and evaluation costs

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

Note 4. Operating segments

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

Note 5. Other expenses

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
AGM expenses	9,666	9,814
Audit fees	5,905	17,586
Insurance costs	13,322	11,765
Legal fees	49,253	7,280
Listing fees	20,458	42,196
Occupancy Costs	14,643	10,902
Promotion and public relation expenses	41,535	16,184
Share registry expenses	11,041	8,703
Other expenses	20,492	4,552
	<u>186,315</u>	<u>128,982</u>

Note 6. Financial assets

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
NAB term deposit	1,200,000	1,200,000
Mining guarantee	100,000	100,000
	<u>1,300,000</u>	<u>1,300,000</u>

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

Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2023

Note 7. Exploration and evaluation assets

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
Exploration and evaluation - at cost	<u>4,415,947</u>	<u>3,695,858</u>

Reconciliations

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

Consolidated	Exploration and evaluation
	\$
Balance at 1 July 2023	3,695,858
Additions through expenditures capitalised	<u>720,089</u>
Balance at 31 December 2023	<u><u>4,415,947</u></u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Exploration and evaluation expenditure has been carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recovered reserves. Management assessment of carried forward expenditure resulted in impairment charges of \$NIL (December 2022: \$NIL).

Note 8. Trade and other payables

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
Trade payables	87,367	48,882
Other payables	<u>69,009</u>	<u>245,431</u>
	<u><u>156,376</u></u>	<u><u>294,313</u></u>

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

Note 9. Issued capital

	Consolidated			
	31 December	30 June 2023	31 December	30 June 2023
	2023	2023	2023	2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>224,751,139</u>	<u>224,751,139</u>	<u>27,489,120</u>	<u>27,489,120</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.

Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2023

Note 9. Issued capital (continued)

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.

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

Note 10. Reserves

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
Financial assets at fair value through other comprehensive income reserve	(1,534,664)	(1,534,664)
Share-based payments reserve	69,769	71,379
	<u>(1,464,895)</u>	<u>(1,463,285)</u>

Financial assets at fair value through other comprehensive income reserve

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

Share-based payments reserve

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

Note 11. Dividends

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

Note 12. Commitments

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Exploration and evaluation*	<u>799,431</u>	<u>751,498</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.

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Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2023

Note 13. Events after the reporting period

On 23 February 2024, the Group informed its shareholders that it has been advised by the Australian Taxation Office (ATO) that the in-specie distribution of shares in Outback Goldfield Corp. (Outback Goldfields or "OZ" (formerly Skarb Exploration)) to the Group's shareholders in April 2021, is an unfranked dividend for taxation purposes.

The ATO's decision does not result in the Group incurring any additional tax liability. The profit received by the Group from the transaction with OZ was offset by carried forward losses.

On 29 February 2024, the Group announced that it has executed a Letter of Agreement under which G4 Metals Pty Ltd (G4M) agrees to grant the Group the right to earn - in to EL6873. The Group can earn up to 70% interest via a 2 Stage Farm-in with further provisions, dependent on G4M's elections, to earn up to a 100% equity in the project.

No other matter or circumstance has arisen since 31 December 2023 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 14. Earnings per share

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Loss after income tax attributable to the Owners of Petratherm Limited	<u>(416,152)</u>	<u>(330,876)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>224,751,139</u>	<u>224,751,139</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>224,751,139</u>	<u>224,751,139</u>
	Cents	Cents
Basic earnings/(losses) per share	(0.19)	(0.15)
Diluted earnings/(losses) per share	(0.19)	(0.15)

Note 15. Share-based payments

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

31 December 2023

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted during the period	Exercised	Lapsed	Balance at the end of the half-year
16/08/2021	16/08/2024	\$0.10	100,000	-	-	(100,000)	-
01/10/2021	01/10/2024	\$0.08	1,000,000	-	-	-	1,000,000
12/01/2023	12/01/2026	\$0.09	500,000	-	-	-	500,000
01/05/2023	01/05/2026	\$0.02	250,000	-	-	(250,000)	-
05/05/2023	05/05/2026	\$0.09	75,000	-	-	-	75,000
29/12/2023	29/12/2026	\$0.06	-	75,000	-	-	75,000
29/12/2023	29/12/2026	\$0.06	-	250,000	-	-	250,000
			<u>1,925,000</u>	<u>325,000</u>	<u>-</u>	<u>(350,000)</u>	<u>1,900,000</u>

Petratherm Limited
Notes to the financial statements
For the half-year ended 31 December 2023

Note 15. Share-based payments (continued)

The above options were equity-settled share-based compensation benefits granted to the employees under the employees share option plan. The options are simple time vesting options. On 9 August 2023, 100,000 unlisted options with an exercise price of \$0.098 and 250,000 unlisted options with an exercise price of \$0.096 lapsed. As a result, the expenses recognised during the period on a prorata basis was (\$1,610). The fair value of the options granted during the period were calculated by using a Black-Scholes option pricing model applying the following inputs:

Grant date:	29 December 2023	29 December 2023
Vesting date:	29 December 2024	29 December 2024
Expiry date:	29 December 2026	29 December 2026
Share price at grant date:	\$0.047	\$0.047
Exercise price:	\$0.069	\$0.069
Expected share price volatility:	125.04%	125.04%
Risk-free interest rate:	5.22%	5.22%
Fair value at grant date:	\$11,732	\$3,519

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.54 years (2022: 2.0 years).

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Petratherm Limited
Directors' declaration
For the half-year ended 31 December 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Derek Carter
Chairman

15 March 2024

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Independent Auditor's Review Report

To the Members of Petratherm Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Petratherm Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Petratherm Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred net cash outflows from operating and investing activities of \$815,453 and an operating loss of \$397,783 during the half year ended 31 December 2023. As stated in Note 2 these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B K Wundersitz
Partner – Audit & Assurance

Adelaide, 15 March 2024

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