

Petratherm Limited

ABN 17 106 806 884

Annual Report

For the Year Ended 30 June 2017

Petratherm Limited

ABN 17 106 806 884

Contents

For the Year Ended 30 June 2017

	Page
Consolidated Financial Statements	
Corporate Information	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	10
Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Financial Statements	15
Directors' Declaration	43
Independent Auditor's Report	44
ASX Additional Information	47

Petratherm Limited

ABN 17 106 806 884

Contents

For the Year Ended 30 June 2017

Corporate Information

Directors

Simon O'Loughlin (Chairman, Non-Executive Director)

Andrew Haythorpe (Non-Executive Director)

Donald Stephens (Non-Executive Director)

Company Secretary

Donald Stephens

Registered Office

C/- HLB Mann Judd (SA) Pty Ltd

169 Fullarton Road

DULWICH SA 5065

Principal place of business

C/- HLB Mann Judd (SA) Pty Ltd

169 Fullarton Road

DULWICH SA 5065

Share Registry

Computershare Investor Services Pty Ltd

Level 5, 115 Grenfell Street

ADELAIDE SA 5000

Legal Advisors

O'Loughlins Lawyers

Level 2, 99 Frome Street

ADELAIDE SA 5000

Bankers

National Australia Bank

22 - 28 King William Street

ADELAIDE SA 5000

Auditors

Grant Thornton Audit Pty Ltd

Chartered Accountants

Level 3

170 Frome Road

ADELAIDE SA 5000

Petratherm Limited

ABN 17 106 806 884

Directors' Report 30 June 2017

The directors present their report, together with the financial statements of the Group, being Petratherm Limited (the Company) and its controlled entities, for the financial year ended 30 June 2017.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointed/Resigned
Simon O'Loughlin	Non-executive Chairman	Appointed 24/10/2003
Andrew Haythorpe	Non-executive Director	Appointed 22/08/2016
Donald Stephens	Non-executive Director/Company Secretary	Appointed 24/10/2003
Terry Kallis	Managing Director	Retired 22/08/2016

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Simon O'Loughlin **Non-Executive Chairman** (BA(Acc))

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

Interest in shares and options 2,383,926 ordinary shares, 1,250,000 options over ordinary shares

Other current directorships in listed entities Gooroo Ventures Limited
Lawson Gold Limited
Petratherm Limited
Chesser Resources Limited
BOD Australia Limited
ARC Exploration Limited

Former Directorships (last 3 years): Xref Ltd (resigned 18 August 2016)
WCP Resources Ltd (resigned 25 February 2016)
Kibaran Resources Ltd (resigned 21 August 2014)
Food Revolution Group Ltd (resigned 11 February 2016)
Goldminex Ltd (resigned 28 February 2015)
RHS Ltd (resigned 21 August 2014)

Petratherm Limited

ABN 17 106 806 884

Directors' Report

30 June 2017

Andrew Haythorpe

Non-Executive Director (BSc(Hons), FAUSIMM, MAICD)

Experience

During the past 15 years Mr Haythorpe has been involved in a number of junior company turnarounds with ASX and TSX listed companies.

In the past he has held numerous board positions including Managing Director of Michelago and Crescent Gold, Aurox Resources, Golden Heritage Mines, Central Kalgoorlie Gold Mines and Top End Uranium, as well as non-executive Director of 131 Shop, Club Crocodile PL.

Interest in shares and options

5,500,000 ordinary shares, 4,500,000 options over ordinary shares

Other current directorships in listed entities

None

Former Directorships (last 3 years):

Cirrus Networks Holdings (formerly Liberty Resources Ltd; resigned 31 July 2015)
Wangle Technologies Ltd (resigned 20 February 2017)

Donald Stephens

Non-Executive Director/Company Secretary (BA(Acc), FCA)

Experience

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

Interest in shares and options

1,665,466 ordinary shares, 1,250,000 options over ordinary shares.

Other current directorships in listed entities

Lawson Gold Ltd
Gooroo Ventures Ltd
Mithril Resources Ltd

Former Directorships (last 3 years):

Papyrus Australia Ltd (resigned 24 August 2015)
RHS Ltd (resigned 1 July 2015)

Terry Kallis

Managing Director (retired) (BE(Elec), MBA)

Experience

Mr Kallis has more than 30 years experience in the Australian energy sector. Prior to joining Petratherm, Terry consulted to the energy sector and developed SA's first wind farm and first underground DC interconnection between South Australia and Victoria. Terry is the former Chairman of the Australian Geothermal Energy Association (AGEA) and is also a Member of the Council of the South Australian Chamber of Mines & Energy representing geothermal and renewables.

Interest in shares and options

1,449,886 ordinary shares

Petratherm Limited

ABN 17 106 806 884

Directors' Report

30 June 2017

Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial year were:

- To carry out exploration of mineral tenements, both on a joint venture basis and by the Group in its own right;
- To continue to seek extensions of areas held and to seek out new areas with mineral potential; and
- To evaluate results achieved through surface sampling, drilling and geophysical surveys carried out during the year.

There were no significant changes in the nature of the Group's principal activities during the financial year.

Operating results

The consolidated loss of the Group for the financial year after providing for income tax amounted to \$ 640,785 (2016: \$608,924 loss)

Operations overview

Operating Activities

The Company continues the minimisation of ongoing expenditure whilst the board assess new business opportunities with high growth potential.

Termination of Business Acquisition

In July 2016, the Company announced that it had terminated the Share Sale Agreement with MSGooroo Pty Ltd as a result of issues arising from the rehabilitation of its geothermal well at Paralana, and taking into consideration the update to the ASX Listing Rules to be implemented at the beginning of September 2016.

Capital Raising and Restructure

In August 2016, the Company announced a share placement, at a price of \$0.003 per share, to be undertaken by Taylor Collison to raise a total sum of \$676,500 before costs. The placement was successfully completed in November 2016.

In November 2016, the Company completed a 10 for 1 share consolidation of its shares and options.

Paralana Geothermal Project - South Australia (79% Petratherm)

Petratherm's Paralana Geothermal Energy Project (GEL 156) is located 600 kilometres north of the city of Adelaide, South Australia. Petratherm's partner in the project, Beach Energy, holds a 21% interest. Beach Energy completed planning studies to undertake the plugging and abandonment of the Paralana 2 geothermal well and surface rehabilitation of the site. At the date of this report, the remediation work has not been initiated.

The Company is continuing to explore ways of containing costs whilst reviewing new projects that will be accretive to shareholder value.

Risk management

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

Petratherm Limited

ABN 17 106 806 884

Directors' Report

30 June 2017

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the Group's vision, mission and strategy statements, designed to meet stakeholder's needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of performance indicators of both a financial and non-financial nature.

Significant changes in state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

- i) On 18 July 2016, the Company announced the termination of the Share Purchase Agreement between Petratherm Limited and MS Gooroo Pty Ltd, due to issues arising out of the proposed rehabilitation of Petratherm's well at Paralana and taking into consideration the update to the ASX Listing Rules to be implemented in September 2016
- ii) On 18 August 2016, the Group received confirmation from the Mineral Resources Tasmania that the surrender of its tenement (EL3/2013) was approved.
- iii) On 23 August 2016 the Company announced that it had appointed Mr Andrew Haythorpe as a Managing Director. On 30 April 2017, Mr Haythorpe ceased to be the Managing Director and continued to serve the Company as a Non-Executive Director.
- iv) On 15 November 2016, the Company completed a 10 to 1 consolidation of its issued shares and options.
- v) On 25 May 2017 the Company was suspended from official quotation due to a breach of ASX Listing Rule 12.1. Under Listing Rule 12.1 "The level of an entity's operation must, in the ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing." The Company continues to actively reviewing ongoing opportunities accretive to shareholder value.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

The Group is actively identifying for new projects with an emphasis on energy and resource projects. Provision of any further information may result in unreasonable prejudice to the Group.

Environmental issues

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 the Group followed procedures and pursued objectives in line with guidelines published by the South Australian Government.

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.

Petratherm Limited

ABN 17 106 806 884

Directors' Report

30 June 2017

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.

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

Meetings of directors

During the financial year, 4 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Simon O'Loughlin	2	2	2	-
Andrew Haythorpe	2	2	2	2
Donald Stephens	2	2	2	2

Members acting on the audit committee of the Board are:

Simon O'Loughlin Non-executive Director

Donald Stephens Non-executive Director / Company Secretary

Andrew Haythorpe Non-executive Director (appointed on 22/08/2016) (Managing Director to 30 April 2017)

Indemnification and insurance of officers and auditors

To the extent permitted by law, the Group has indemnified (fully insured) each director and the secretary of the Group for a premium of \$10,089. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Group or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

Petratherm Limited

ABN 17 106 806 884

Directors' Report

30 June 2017

Unlisted Options

At the date of this report, the unissued ordinary shares of Petratherm Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
24 November 2016	24 November 2019	\$0.05	3,500,000
24 November 2016	24 November 2019	\$0.09	1,500,000
24 November 2016	24 November 2019	\$0.12	2,000,000
			<hr/> <hr/> 7,000,000

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

For details of options issued to directors and other key management personnel as remuneration, refer to the remuneration report.

Cancellation of Options

During the financial year, 535,000 options lapsed due to not being exercised within the given exercise period.

New options Issued

7,000,000 options were issued under the Company's Employee Share Option Plan (ESOP) during the financial year.

Remuneration report (audited)

This report outlines the remuneration arrangements in place for Directors and other Key Management Personnel of Petratherm Limited.

Remuneration philosophy

The Board is responsible for determining remuneration policies applicable to Directors of the Group. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the Board to the Group's financial performance.

Employment contracts

The employment condition of Mr Andrew Haythorpe while he was the Managing Director were formalised in a consulting agreement. The agreement was signed on 19 August 2016 and Mr Andrew Haythorpe was appointed on 22 August 2016. The agreement was based on a monthly fee of \$15,000 (plus GST). The agreement may be terminated with one (1) month written notice provided by either party with no termination amounts payable. The agreement was terminated on 30 April 2017 and Mr Andrew Haythorpe ceased to be the Managing Director of the Company but remained as a Non-Executive Director.

Voting and comments made at the company's 2016 Annual General Meeting

Petratherm Ltd received over 95% of 'yes' votes on its remuneration report for the 2016 financial year. The Company did not receive any feedback at the AGM or throughout the year on its remuneration practices.

Use of remuneration consultants

During the financial year, there were no remuneration consultants engaged by the Group.

Petratherm Limited

ABN 17 106 806 884

Directors' Report

30 June 2017

Key Management Personnel remuneration and equity holdings

The Board currently determines the nature and amount of remuneration for Board members of the Group. The policy is to align Director objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

The non-executive Directors receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to Directors is expensed as incurred.

Key Management Personnel are also entitled to participate in the Group's share option scheme. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at market rates based on comparable companies for time, commitment and responsibilities. The Board determines payments to Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Remuneration details for the year ended 30 June 2017

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

Table of benefits and payments

	Short term Salaries and Fees	Post employment Superannuation	Share based payments Options	Total
2017	\$	\$	\$	\$
Directors				
Simon O'Loughlin	30,000	2,850	25,398	58,248
Donald Stephens	27,312	-	25,398	52,710
Andrew Haythorpe	124,545	-	79,238	203,783
Terry Kallis	2,276	-	-	2,276
	184,133	2,850	130,034	317,017

	Short term Salaries and Fees	Post employment superannuation	Share based payments Options	Total
2016	\$	\$	\$	\$
Directors				
Simon O'Loughlin	30,000	2,850	-	32,850
Donald Stephens	36,417	-	-	36,417
Terry Kallis	27,312	-	-	27,312
	93,729	2,850	-	96,579

Key Management Personnel in the above table include Directors and other Key Management Personnel.

1. Terry Kallis ceased as the Managing Director on 22 August 2016.
2. Andrew Haythorpe was appointed as the Managing Director on 22 August 2016. On 30 April 2017, Mr Haythorpe's consultancy agreement was terminated and served as a Non-Executive Director from that date.
3. O'Loughlins Lawyers of which Simon O'Loughlin is a partner received legal fees of \$11,971 (2016: \$14,994)

Petratherm Limited

ABN 17 106 806 884

Directors' Report

30 June 2017

during the year. At 30 June 2017, the Group owed \$1,931 to O'Loughlins Lawyers (2016: Nil).

4. Mr Peter Reid was no longer to be considered as a KMP by the Board during the reporting period

Options granted as remuneration

Details of the options granted as remuneration to those key management personnel and executives during the year:

	\$	Number of options	Grant date	Number vested	Vesting date
Directors					
Andrew Haythorpe	79,238	4,500,000	24/11/2016	4,500,000	24/11/2016
Simon O'Loughlin	25,398	1,250,000	24/11/2016	1,250,000	24/11/2016
Donald Stephens	25,398	1,250,000	24/11/2016	1,250,000	24/11/2016

All options were issued by Petratherm Limited and entitle the holder to ordinary shares in Petratherm Limited for each option exercised.

There have not been any alterations to the terms or conditions of any share based payment arrangements since grant date.

Key management personnel options holdings

30 June 2017	Balance at beginning of year	Granted as remuneration	Exercised	Options lapsed	Balance at the end of year	Exercise Price	First exercise date	Last exercise date
Directors								
Terry Kallis	500,000	-	-	(500,000)	-	0.13	03/03/2012	02/03/2017
Andrew Haythorpe	-	1,000,000	-	-	1,000,000	0.05	24/11/2016	24/11/2019
Andrew Haythorpe	-	1,500,000	-	-	1,500,000	0.09	24/11/2016	24/11/2019
Andrew Haythorpe	-	2,000,000	-	-	2,000,000	0.12	24/11/2016	24/11/2019
Simon O'Loughlin	-	1,250,000	-	-	1,250,000	0.05	24/11/2016	24/11/2019
Donald Stephens	-	1,250,000	-	-	1,250,000	0.05	24/11/2016	24/11/2019
	<u>500,000</u>	<u>7,000,000</u>	<u>-</u>	<u>(500,000)</u>	<u>7,000,000</u>			

Key management personnel shareholdings

The number of ordinary shares in Petratherm Limited held by each key management person of the Group during the financial year is as follows:

30 June 2017	Balance at beginning of year	Share consolidation	Other changes during the year	Balance at end of year
Directors				
Simon O'Loughlin	13,839,246	(21,455,320)	10,000,000	2,383,926
Donald Stephens	6,654,660	(14,989,194)	10,000,000	1,665,466
Terry Kallis (Retired)	14,498,860	(13,048,974)	-	1,449,886
Andrew Haythorpe	-	-	5,500,000	5,500,000
	<u>34,992,766</u>	<u>(49,493,488)</u>	<u>25,500,000</u>	<u>10,999,278</u>

Petratherm Limited

ABN 17 106 806 884

Directors' Report

30 June 2017

End of Audited Remuneration Report

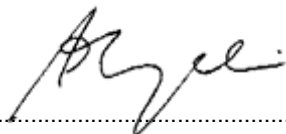
Non-audit services

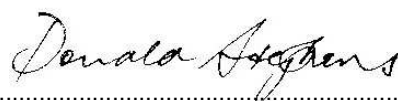
Grant Thornton Audit Pty Ltd, in its capacity as auditor for Petratherm Resources Ltd, has not provided any non-audit services throughout the reporting year. Details of the auditor's remuneration can be found in note 19 to the financial statements.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2017 has been received and can be found on page 10 of the consolidated financial report.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director:

Simon O'Loughlin

Director:

Donald Stephens

Dated this 28th day of September 2017

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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 audit of Petratherm Limited for the year ended 30 June 2017, 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



J L Humphrey
Partner - Audit & Assurance

Adelaide, 28 September 2017

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Petratherm Limited

ABN 17 106 806 884

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2017

		2017	2016
	Note	\$	\$
Revenue	5(a)	11,785	9,465
Other income	5(a)	4,648	-
Impairment of exploration assets	5(b)	-	(182,120)
Employee benefits expense	5(b)	(323,538)	(107,317)
Foreign exchange gains/(losses)	5(b)	-	15,458
Other expenses	5(b)	(320,667)	(342,469)
Loss before income tax expense		(627,772)	(606,983)
Income tax expense	6	(13,013)	(1,941)
Total loss for the year attributable to members of the parent entity		(640,785)	(608,924)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to members of the parent entity		(640,785)	(608,924)
Earnings per share			
Basic earnings per share (cents)	7	(0.68)	(0.96)
Diluted earnings per share (cents)	7	(0.68)	(0.96)

The accompanying notes form part of these financial statements.

Petratherm Limited

ABN 17 106 806 884

Consolidated Statement of Financial Position As At 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	833,674	663,592
Trade and other receivables	9	6,422	49,992
Other assets	10	3,302	-
TOTAL CURRENT ASSETS		843,398	713,584
NON-CURRENT ASSETS			
TOTAL ASSETS		843,398	713,584
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	46,229	63,857
Short-term provisions	13	241,000	225,000
TOTAL CURRENT LIABILITIES		287,229	288,857
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		287,229	288,857
NET ASSETS		556,169	424,727
EQUITY			
Issued capital	14	34,760,564	34,118,371
Reserves	15	130,034	45,100
Accumulated losses	16	(34,334,429)	(33,738,744)
TOTAL EQUITY		556,169	424,727

The accompanying notes form part of these financial statements.

Petratherm Limited

ABN 17 106 806 884

Consolidated Statement of Changes in Equity For the Year Ended 30 June 2017

	Note	Issued Capital \$	Accumulated Losses \$	Share Option Reserve \$	Total \$
Balance at 1 July 2016	14, 15, 16	34,118,371	(33,738,744)	45,100	424,727
Loss attributable to members of the parent entity	16	-	(640,785)	-	(640,785)
Other comprehensive income		-	-	-	-
Transactions with owners in their capacity as owners					
Issue of shares	14	676,500	-	-	676,500
Fair value of options issued	15	-	-	130,034	130,034
Transaction costs	14	(47,320)	-	-	(47,320)
Tax portion of capital raising costs	14	13,013	-	-	13,013
Transfer to retained earnings from share option reserve upon cancellation of vested options	15, 16	-	45,100	(45,100)	-
Balance at 30 June 2017	14, 15, 16	34,760,564	(34,334,429)	130,034	556,169
Balance at 1 July 2015	14, 15, 16	33,429,895	(33,239,106)	154,386	345,175
Loss attributable to members of the parent entity	16	-	(608,924)	-	(608,924)
Other comprehensive income		-	-	-	-
Transactions with owners in their capacity as owners					
Shares issued via rights issue	14	773,633	-	-	773,633
Transaction costs	14	(105,350)	-	-	(105,350)
Tax portion of capital raising costs	14	20,193	-	-	20,193
Transfer to retained earnings from share option reserve upon cancellation of vested options	15, 16	-	109,286	(109,286)	-
Balance at 30 June 2016	14, 15, 16	34,118,371	(33,738,744)	45,100	424,727

The accompanying notes form part of these financial statements.

Petratherm Limited

ABN 17 106 806 884

Consolidated Statement of Cash Flows For the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	(475,531)	(398,638)
Other income received	4,648	-
Interest received	11,785	9,464
Net cash provided by (used in) operating activities	17 <u>(459,098)</u>	<u>(389,174)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for exploration activities	-	(91,415)
Net cash used by investing activities	<u>-</u>	<u>(91,415)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	676,500	735,591
Payment of transaction costs	(47,320)	(67,308)
Net cash provided by financing activities	<u>629,180</u>	<u>668,283</u>
Net increase (decrease) in cash and cash equivalents held	170,082	187,694
Cash and cash equivalents at beginning of year	663,592	475,898
Cash and cash equivalents at end of financial year	8(a) <u>833,674</u>	<u>663,592</u>

The accompanying notes form part of these financial statements.

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

This consolidated financial report covers the consolidated financial statements and notes of Petratherm Limited ('the Company') as an individual entity and the consolidated Group comprising Petratherm Limited and its Controlled Entities ('the Group'). Petratherm Limited is a for-profit listed public Company incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The separate consolidated financial statements and notes of the parent entity, Petratherm Limited, have not been presented within this consolidated financial report as permitted by amendments made to the *Corporations Act 2001*. Parent entity summary is included in Note 26.

The financial report was authorised for issue by the Directors on 28 September 2017.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 20 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent 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 relevant activities of the entity.

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(a) Principles of Consolidation

Joint Arrangements

AASB 11 *Joint Arrangements* defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

Petratherm Limited has determined that it has both joint ventures and joint operations.

Joint operations:

In relation to its joint venture operations, where the venturer has the rights to the individual assets and obligations arising from the arrangement, Petratherm Limited has recognised:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation;
- Its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.

The Group has entered into a number of Joint Ventures with various parties to explore certain tenements that the Group has beneficial interest in. A full list of these Joint Ventures, as well as the parties involved, can be found in Note 25.

Joint ventures:

Joint ventures are those joint arrangements which provide the venturer with right to the net assets of the arrangements. Interests in joint ventures are accounted for using the equity method in accordance with AASB 128 *Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the venturer's share of losses of a joint venture equals or exceeds its interest in the joint venture, the venturer discontinues recognising its share of further losses.

The venturer's share in the joint ventures gains or losses arising from transactions between a venturer and its joint venture are eliminated.

Adjustments are made to the joint ventures accounting policies where they are different from those of the venturer for the purpose of the consolidated financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

Interest revenue

Interest is recognised using the effective interest method.

(c) Finance costs

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in income in the period in which they are incurred.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

(e) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(f) Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Classification and subsequent measurement

Financial Assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Group's financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability, extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(g) Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(g) Income Tax

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(i) Tax consolidation

Petratherm Limited and its wholly-owned Australian controlled entities have decided not to implement the tax consolidation legislation.

If the Group were to implement the tax consolidation legislation in the current or future reporting period, the consequence would be that Petratherm Limited, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the wholly owned Australian controlled entity in the Group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances.

Amounts receivable or payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense (revenue). The deferred tax balances recognised by the parent entity in relation to wholly-owned entity joining the tax consolidated group are measured based on their carrying amounts at the level of the tax consolidated group before the implementation of the tax consolidation regime.

There will be no impact of the legislation on the Group's historical carrying amounts of its deferred tax assets, as these have not been recognised in the parent or the Group's financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(h) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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

(i) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is any evidence of impairment for its non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(j) Trade and other payables

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(k) Provisions

expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

(l) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the consolidated statement of financial position.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(m) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(n) Equity-settled compensation

The Group provides benefits to employees of the Group in the form of share-based payments, whereby employees receive options incentives (equity-settled transactions).

There is currently one plan in place to provide these benefits, the Employee Share Option Plan (ESOP) which provides benefits to employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they were granted. The fair value is determined using the Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, together with a corresponding increase in the share option reserve, when the options are issued. However, where options have vesting terms attached, the cost of the transaction is amortised over the vesting period.

Upon the exercise of options, the balance of share based payments reserve relating to those options is transferred to issued capital.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(p) Earnings per share

The Group presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

In accordance with AASB 133 *Earnings per Share*, as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2017 and 2016.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(q) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

Notes to the Financial Statements For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(q) Foreign currency transactions and balances

Foreign operations

The translation of foreign operations with different functional currency from Australian dollars is performed as follows:

- Assets and liabilities (including goodwill and fair value adjustments on acquisition) for each consolidated statement of financial position presented are translated at the closing rate at the date of the statement;
- Income and expenses for each consolidated statement of profit or loss and other comprehensive income are translated at the rate at the date of the transaction (or an average rate if that rate approximates the rate at the date of transaction);
- All resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the cumulative amount of the exchange difference related to that foreign operation recognised in other comprehensive income is reclassified from equity to profit or loss.

(r) Going concern

The financial report has been prepared on the basis of a going concern.

The Group incurred a net loss before tax of \$627,772 (2016: net loss of \$606,983) during the year ended 30 June 2017, and had a net cash outflow of \$459,098 (2016:\$480,589) from operating and investing activities. The Group continues to be reliant upon the completion of capital raising for continued operations and the provision of working capital. To the extent possible, ongoing expenditure has been reduced by the Group to preserve funds. The Group continues to be in consultation with its advisers to evaluate alternative means of raising capital. 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 annual financial report.

(s) Adoption of new and revised accounting standards

There were no material new and revised standards which were effective for annual periods beginning on or after 1 July 2016 that were adopted by the group.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(t) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments	1 January 2018	This Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting. Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.	When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements
AASB 15 Revenue	1 January 2018	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.	When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements
AASB 2016-2 Disclosure Initiative – Amendment to AASB 107	1 January 2017	This standard amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes.	When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.
AASB 2016-5 Amendments to Australian Accounting Standards Classification and Measurement of Sharebased Payment Transactions	1 January 2018	This Standard amends AASB 2 Share-based Payment to address: The accounting for the effects of vesting and non vesting conditions on the measurement of cash settled share based payments; The classification of share based payment transactions with a net settlement feature for withholding tax obligations; and The accounting for a modification to the terms and conditions of a share based payment that changes the classification of the transaction from cash settled to equity settled.	When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.
AASB 16 Leases	1 January 2019	This Standard replaces AASB 117 Leases and some lease-related Interpretations. It requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. It provides new guidance on the application of the definition of lease and on sale and lease back account.	When this standard is first adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

3 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

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.

5 Revenue and expenses

(a) Revenue and other income

	2017	2016
	\$	\$
Revenue		
Bank interest received or receivable	11,785	9,465
Total revenue	<u>11,785</u>	<u>9,465</u>
Other income		
Other income	219	-
Gain on sale	4,429	-
Total other income	<u>4,648</u>	<u>-</u>

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

5 Revenue and expenses

(b) Expenses

	2017	2016
	\$	\$
Impairment of Non-Current Assets		
Capitalised tenement costs written off	-	182,120
	<u>-</u>	<u>182,120</u>
Employee Benefits Expense		
Wages, salaries, directors fees and other remuneration expenses	190,654	104,467
Superannuation	2,850	2,850
Share-based payments expense	130,034	-
	<u>323,538</u>	<u>107,317</u>
Total employee benefits expense	<u>323,538</u>	<u>107,317</u>
Foreign exchange (gain)/loss	<u>-</u>	<u>(15,458)</u>
Other Expenses from Ordinary Activities		
Secretarial, professional and consultancy	121,806	152,090
Travel expenses	17,572	2,386
Occupancy costs	7,205	5,172
Share register maintenance	60,987	28,633
Insurance costs	13,392	15,154
AGM expenses	9,279	2,095
Audit fees	26,914	26,750
Listing fees	22,664	17,201
Legal fees	4,975	5,269
Bank charges	3,290	3,738
Communication & computer expenses	5,527	10,085
Office expenses	4,751	4,994
Other expenses	22,305	68,902
	<u>22,305</u>	<u>68,902</u>
Total other expenses from ordinary activities	<u>320,667</u>	<u>342,469</u>

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

6 Income Tax Expense

(a) The major components of tax expense (benefit) comprise:

	2017	2016
	\$	\$
Current tax expense		
Current income tax charge/(benefit)	13,013	20,193
Research & development tax offset	-	(18,252)
Total income tax expense/(benefit)	13,013	1,941

(b) Reconciliation of income tax to accounting profit/(loss):

	2017	2016
	\$	\$
Accounting loss before income tax	(627,772)	(606,983)
Group's statutory income tax rate	30 %	30 %
	(188,332)	(182,095)
Add:		
Tax effect of:		
- expenditure not allowable for income tax purposes	-	627
- other deductible items	19,517	32,133
- tax portion of share issue costs	13,013	20,193
	(155,802)	(129,142)
Less:		
Tax effect of:		
- tax losses not recognised due to not meeting recognition criteria	(168,815)	(149,335)
- Research & development tax offset	-	18,252
Income tax expense	13,013	1,941

The Group has tax losses arising in Australia of \$28,577,451 (2016: \$29,902,798) that may be available and may be offset against future taxable profits of the companies in which the losses arose.

No deferred tax asset has been recognised due to not meeting the recognition criteria under AASB 112 *Income Taxes*.

(c) **Tax Consolidation**

Petratherm Limited and its wholly-owned Australian controlled entities have decided not to implement the tax consolidation legislation. The accounting policy relating to the possible implementation of the tax consolidation legislation is set out in Note 2(g), together with the impact on the income tax expense for the year.

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

7 Earnings per Share

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

(a) Reconciliation of earnings to profit or loss from continuing operations

	2017	2016
	\$	\$
Net loss attributable to ordinary equity holders of the parent	<u>(640,785)</u>	(608,924)
Earnings used to calculate basic EPS from continuing operations	<u>(640,785)</u>	(608,924)
Earnings used in the calculation of dilutive EPS from continuing operations	<u><u>(640,785)</u></u>	<u>(608,924)</u>

(b) Earnings used to calculate overall earnings per share

Earnings used to calculate overall earnings per share	<u>(640,785)</u>	(608,924)
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(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2017	2016
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>94,208,599</u>	63,671,029
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u><u>94,208,599</u></u>	<u>63,671,029</u>

In accordance with AASB 133 *Earnings per Share*, as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2017 or 2016.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

8 Cash and cash equivalents

	2017	2016
Note	\$	\$
Cash at bank and in hand	229,021	463,592
Short-term bank deposits	604,653	200,000
Total cash and cash equivalents	833,674	663,592

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(a) Reconciliation of cash

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

Cash and cash equivalents	8	833,674	663,592
Balance as per consolidated statement of cash flows		833,674	663,592

9 Trade and other receivables

CURRENT

Trade receivables	9(a)	-	33,766
GST receivable		6,422	16,226
Total current trade and other receivables		6,422	49,992

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No impairment was recognised in 2017 or 2016 and no receivables are past due at reporting date.

10 Other assets

CURRENT

Prepayments		3,302	-
Total current other assets		3,302	-

Notes to the Financial Statements

For the Year Ended 30 June 2017

11 Share-based Payments

(i) Employee Share Option Plan

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

- 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 at any time from its date of issue. 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 Board may amend the Plan Rules subject to the requirements of the Listing Rules.

The expense recognised in the consolidated statement of profit or loss and other comprehensive income in relation to share-based payments is disclosed in Note 5(b).

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

11 Share-based Payments

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued during the year:

A summary of the Company options issued is as follows:

2017	Start of the year	Granted during the year	Exercised during the year	Cancelled during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Exercise price WAEP	No.	No.	No.	No.	No.	No.
0.16	850,000	-	-	(850,000)	-	-
0.01	-	3,500,000	-	-	3,500,000	3,500,000
0.02	-	1,500,000	-	-	1,500,000	1,500,000
0.03	-	2,000,000	-	-	2,000,000	2,000,000
	850,000	7,000,000	-	(850,000)	7,000,000	7,000,000

The WAEP of issued options that are exercisable as at 30 June 2017 is \$0.08.

2016	Start of the year	Granted during the year	Exercised during the year	Cancelled during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Exercise Price WAEP	No.	No.	No.	No.	No.	No.
0.16	1,750,000	-	-	(900,000)	850,000	850,000
	1,750,000	-	-	(900,000)	850,000	850,000

The WAEP of issued options that are exercisable as at 30 June 2016 is \$0.16.

The outstanding balance as at 30 June 2017 is represented by:

- A total of 3,500,000 options exercisable any time until 24 November 2019 with a strike price of \$0.05.
- A total of 1,500,000 options exercisable any time until 24 November 2019 with a strike price of \$0.09.
- A total of 2,000,000 options exercisable any time until 24 November 2019 with a strike price of \$0.12.

The weighted average remaining contractual life of options outstanding at year end was 2.41 years (2016: NIL years).

The range of exercise prices for options outstanding at the end of the year was \$0.05 - \$0.12 (2016: \$0.13 - \$0.14).

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of employee options granted during the year was \$ 0.019(2016: \$ NIL)

Director options

The Group issues options to Directors in order to retain their services and provide incentive linked to the performance of the Company. Shareholder approval is sought for all options issued to Directors in accordance with applicable legislation. The fair value of the equity-settled share options granted to Directors is calculated using the method detailed above. The inputs used in the model are also the same as those detailed in the table above.

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

12 Trade and other payables

		2017	2016
	Note	\$	\$
CURRENT			
Unsecured liabilities			
Trade payables	12(a)	31,729	46,853
Other payables		14,500	17,004
Total current trade and other payables		46,229	63,857

(a) Trade payables

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

13 Provisions

	2017	2016
	\$	\$
CURRENT		
Environmental rehabilitation	241,000	225,000
Total current provisions	241,000	225,000

	Environmental rehabilitation	Total
	\$	\$
Current		
Opening balance at 1 July 2016	225,000	225,000
Additional provisions	16,000	16,000
Balance at 30 June 2017	241,000	241,000

* Provision for Environmental Rehabilitation at the Paralana Project as agreed by the Group and the JV Partner.

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

14 Issued Capital

	2017	2016
	\$	\$
100,307,503 (2016: 777,570,139) Ordinary shares	34,760,564	34,118,371
Total issued capital	34,760,564	34,118,371

(a) Ordinary shares

	2017	2016
	No.	No.
At the beginning of the reporting period	777,570,139	519,692,579
Shares issued during the year		
- Shares issued via rights issue	-	207,877,560
- Shares issued via share placement	176,000,000	50,000,000
- Share consolidation (1 for 10)	(853,262,636)	-
At the end of the reporting period	100,307,503	777,570,139

The holders of ordinary shares are entitled to participate in dividends (in the event when a dividend is declared) and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any net proceeds of liquidation.

(b) Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in Notes 14, 15 and 16 respectively.

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.

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

15 Reserves

	2017	2016
Note	\$	\$
Share option reserve		
Balance at beginning of financial year	45,100	154,386
Cancellation of vested options	(45,100)	(109,286)
Issued to employee and officers under ESOP	130,034	-
Balance at end of the year	15(a) 130,034	45,100
Total reserves	130,034	45,100

(a) Share option reserve

This reserve records items recognised as expenses on valuation of employee share options and other equity settled transactions.

During the financial year 850,000 (2016: 900,000) options lapsed due to not being exercised within the given exercise period.

16 Accumulated losses

Accumulated losses at the beginning of the financial year	(33,738,744)	(33,239,106)
Net loss attributable to members of the parent entity	(640,785)	(608,924)
Transfer from share option reserve on cancellation of vested options	45,100	109,286
Accumulated losses at end of the financial year	(34,334,429)	(33,738,744)

17 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Net loss	(640,785)	(608,924)
Non-cash flows in profit:		
- impairment of non current assets	-	182,120
- non-cash income tax expense	13,013	20,193
- share based payments	130,034	-
- gain on exchange differences	-	(15,458)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	33,766	(18,136)
- (increase)/decrease in other assets	228	-
- (increase)/decrease in prepayments	(3,302)	1,987
- (increase)/decrease in net GST receivable	9,576	(5,575)
- (decrease) in trade and other payables	(17,628)	22,695
- increase in provisions	16,000	31,924
Net cash (used in)/provided by operating activities	(459,098)	(389,174)

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

18 Contingencies

At the date of signing this report, the Group is not aware of any contingent asset or liability that should be disclosed in accordance with AASB 137 *Provision, Contingent Liabilities and Contingent Assets*.

It is, however, noted that the Group has entered into various bank guarantees with a number of State Governments in Australia, totalling \$100,000 at 30 June 2017 (2016: \$100,000). These guarantees are designed to act as collateral over the tenements which Petratherm explores on and can be used by the relevant Government authorities in the event that Petratherm does not sufficiently rehabilitate the land it explores. It is noted that the bank guarantees have as at the date of signing this report have not been utilised by any State Government.

19 Remuneration of Auditors

	2017	2016
	\$	\$
Remuneration of the auditor of the Company, Grant Thornton Audit Pty Ltd, for:		
- auditing or reviewing the financial report	26,914	26,750
Total remuneration of auditors	26,914	26,750

No non-audit services have been provided.

20 Interests in Subsidiaries

	Principal place of business / Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2017	2016
Subsidiaries:			
MNGI Pty Ltd	Australia	100	100
PetraGas Ltd (formerly Heliotherm Ltd)	Australia	100	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

21 Financial Risk Management

Categories of financial instruments

The totals for each category of financial instruments, measured in accordance with AASB 139 Financial Instruments: *Recognition and Measurement* as detailed in the accounting policies to these consolidated financial statements, are as follows:

		2017	2016
	Note	\$	\$
Financial Assets			
Cash and cash equivalents	8	833,674	663,592
Loans and receivables	9	6,422	49,992
Total financial assets		840,096	713,584
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	12	46,229	63,857
Total financial liabilities		46,229	63,857

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The Company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

Market risk

(i) Cash flow interest rate sensitivity

The Company is exposed to interest rate risk as it holds some bank deposits at floating rates.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term deposits are therefore usually at fixed rates. At the reporting date, the Company is exposed to changes in market interest rates through its bank deposits, which are subject to variable interest rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +0.50% and -0.50% (2016: +0.50%/-0.50%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

21 Financial Risk Management

	2017		2016	
	+0.50%	-0.50%	+0.50%	-0.50%
	\$	\$	\$	\$
Cash and cash equivalents				
Net results	4,168	(4,168)	2,379	(2,379)
Equity	4,168	(4,168)	2,379	(2,379)

(ii) Financial instrument composition and maturity analysis

The following table details the Company's expected maturity and remaining contractual maturity for its non-derivative financial assets and liabilities respectively.

The Company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Non-interest Bearing		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:										
Cash and cash equivalents	1.81	2.48	229,021	463,592	604,653	200,000	-	-	833,674	663,592
Trade and other receivables	-	-	-	-	-	-	6,422	49,992	6,422	49,992
Total Financial Assets			229,021	463,592	604,653	200,000	6,422	49,992	840,096	713,584
Financial Liabilities:										
Trade and other payables	-	-	-	-	-	-	46,229	63,857	46,229	63,857
Total Financial Liabilities			-	-	-	-	46,229	63,857	46,229	63,857

The Company is not materially exposed to any effects on changes in interest rates.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, whom have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves.

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements

For the Year Ended 30 June 2017

22 Related Parties

(a) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

- O'Loughlins Lawyers, of which Simon O'Loughlin is a partner, received legal fees of \$11,971 (2016: \$14,994) during the year.

(b) Wholly owned group transactions

Loans

The wholly owned Company consists of Petratherm Limited and its wholly owned controlled entities MNGI Pty Limited, PetraGas Limited (Formally Heliotherm Limited). Ownership interests in the controlled entity are set out in Note 20.

Transactions between Petratherm Limited and its subsidiaries during the year consisted of loans advanced by Petratherm Limited to fund exploration and investment activities. The closing value of the loan to its wholly owned subsidiary is contained within the consolidated statement of financial position under current assets. Intercompany and cash movements throughout the year are detailed within the body of the consolidated statement of cash flows under 'Loans to wholly-owned subsidiary'.

(c) Interests of Key Management Personnel (KMP)

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

The following individuals are classified as key management personnel in accordance with AASB 124 Related Party Disclosures:

Terry Kallis (Ex-Managing Director)

Andrew Haythorpe (Non-Executive Director)

Simon O'Loughlin (Non-Executive Director)

Donald Stephens (Company Secretary and Non-Executive Director)

For details of Key Management Personnel's interests in shares and options of the Group, refer to Note 23: Key Management Personnel Disclosures.

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

23 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2017	2016
	\$	\$
Short-term employee benefits	184,133	104,263
Post-employment benefits	2,850	2,850
Share-based payments	130,034	-
Total remuneration paid to key management personnel	317,017	107,113

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 22: Related Party Transactions.

24 Events Occurring After the Reporting Date

The consolidated financial report was authorised for issue on 28 September 2017 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

25 Additional information

Joint Ventures

Beach Energy Limited is an oil & gas company that farmed-in to the Paralana Project in January 2007. Beach currently have 21%.

26 Parent entity

The following information has been extracted from the books and records of the parent, Petratherm Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Petratherm Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

Petratherm Limited and its wholly-owned Australian subsidiaries have decided not to implement the tax consolidation legislation.

Petratherm Limited

ABN 17 106 806 884

Notes to the Financial Statements For the Year Ended 30 June 2017

26 Parent entity

	2017	2016
	\$	\$
Statement of Financial Position		
Assets		
Current assets	595,976	675,971
Non-current assets	-	-
Total Assets	<u>595,976</u>	<u>675,971</u>
Liabilities		
Current liabilities	39,807	63,892
Non-current liabilities	-	-
Total Liabilities	<u>39,807</u>	<u>63,892</u>
Equity		
Issued capital	34,760,563	34,118,371
Accumulated losses	(34,334,428)	(33,551,392)
Reserves	130,034	45,100
Total Equity	<u>556,169</u>	<u>612,079</u>
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
(Loss) for the year	(834,780)	(372,274)
Other comprehensive income	-	-
Total comprehensive income	<u>(834,780)</u>	<u>(372,274)</u>

Contingent liabilities

Contingent liabilities of the parent entity have been incorporated into the Group information in Note 18. The contingent liabilities of the parent are consistent with that of the Group.

Contractual commitments

The parent entity did not have any contractual commitments as at 30 June 2017.

Petratherm Limited

ABN 17 106 806 884

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2017 are in accordance with the *Corporations Act 2001* and:
 - a. complying with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. giving a true and fair view of the financial position and performance of the consolidated group;
2. the Managing Director and Company Secretary have given the declarations required by Section 295A that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director
Simon O'Loughlin
Chairman

Dated this 28th day of September 2017

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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 2017, 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 2017 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 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* (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.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Liability limited by a scheme approved under Professional Standards Legislation.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(r) in the financial report, which indicates that the Group incurred a net loss of \$640,785 during the year ended 30 June 2017 and incurred net cash outflows from operating and investing activities totalling \$459,098. These conditions, along with other matters as set forth in Note 2(r), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information.

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.

Responsibilities of the Directors' for the Financial Report

The Directors of the Group 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.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 pages 6 to 8 of the directors' report for the year ended 30 June 2017.

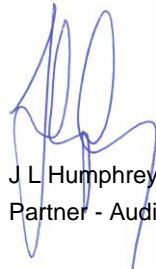
In our opinion, the Remuneration Report of Petratherm Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Group 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



J L Humphrey
Partner - Audit & Assurance

Adelaide, 28 September 2017

Petratherm Limited

ASX Additional Information

30 June 2017

ASX Additional Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 22 September 2017.

Substantial shareholders

The substantial shareholders and their associates (holds 5% or more of the issued capital) are set out below:

Ordinary Shareholders	Number of shares	Percentage
Ouro Pty Ltd	5,500,000	5.48%
Greenslade Holdings Pty Ltd	5,479,276	5.46%
Calama Holdings Pty Ltd	5,332,883	5.32%

Substantial unlisted option holders

The substantial unlisted option holders and their associates (holds 20% or more of the unlisted options) are set out below:

Option Holders	Number of options	Percentage
Ouro Pty Ltd	4,500,000	64.29%

Voting rights

Ordinary Shares

The Company has 100,307,503 listed fully paid ordinary shares held by 3,059 individual shareholders.

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.

Options

The Company has 7,000,000 unlisted options on issue held by 3 individual option holders. The options have no voting rights.

Distribution of equity security holders

Holding	Ordinary shares	
	Shares	Unquoted Options
1 - 1,000	1,322	-
1,001 - 5,000	928	-
5,001 - 10,000	292	-
10,001 - 100,000	411	-
100,000 and over	106	3
	<hr/>	<hr/>
	3,059	3

There were 2,857 holders of less than a marketable parcel of ordinary shares.

On-market buy-back

There is no current on-market buy-back.

ASX Additional Information

30 June 2017

Twenty largest shareholders

	Fully Paid Ordinary Shares	
	Number	Percentage (%)
OURO PTY LTD	5,500,000	5.48
GREENSLADE HOLDINGS PTY LTD	5,479,276	5.46
CALAMA HOLDINGS PTY LTD	5,332,883	5.32
CORPORATE PROPERTY SERVICES PTY LTD	3,161,331	3.15
MR CRAIG PETER BALL + MRS SUZANNE KATHERINE BALL	3,130,363	3.12
CPO SUPERANNUATION FUND PTY LTD	3,000,000	2.99
MR MICHAEL ANDREW WHITING + MRS TRACEY ANNE WHITING	2,837,789	2.83
MR MARC FERGUSON ROWE	2,664,245	2.66
MR NICHOLAS THOMAS	2,500,000	2.49
MINOTAUR RESOURCES INVESTMENTS PTY LTD	2,170,000	2.16
ARREDO PTY LTD	2,000,000	1.99
LEDGER HOLDINGS PTY LTD	2,000,000	1.99
MR TERRY KALLIS + MRS ELENI KALLIS	1,964,804	1.96
DEJUL TRADING PTY LTD	1,963,250	1.96
TAYCOL NOMINEES PTY LTD	1,816,163	1.81
DCS SUPER FUND PTY LTD	1,497,466	1.49
OCTIFIL PTY LTD	1,257,032	1.25
MRS WENDY WHITING	1,123,085	1.12
WOOTOONA INVESTMENTS PTY LIMITED	1,121,927	1.12
WOBBLY INVESTMENTS PTY LTD	1,111,327	1.11
	<hr/>	
	51,630,941	54.47

Petratherm Limited

ASX Additional Information

30 June 2017

List of geothermal tenements

AUSTRALIA

Project	Tenement	Area (km²)	Registered holder/ Applicant	Company interest
South Australia				
Paralana	GEL 156	998	MNGI Pty Ltd	79%