

PETRATHERM LIMITED

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ASX ANNOUNCEMENT

31 October 2018

Quarterly Activities Statement – September 2018

Summary

- The company held \$4,430,385 cash at the end of the quarter;
- Drilling at Corunna extends silver, lead and zinc mineralisation and identifies a new nickel prospective zone
- Search for new high value mineral projects

Review of Operations

During the quarter, Petratherm Limited (“the Company/ Petratherm”) had exploration and evaluation costs of \$67,000 primarily related to geophysical surveying and drilling activities and administration costs of \$151,000 primarily relating to, reporting & compliance, office costs and directors’ fees. The Company held \$4,430,385 cash at the end of the quarter.

In September the Company completed 42 air core holes for a total of 1573m at its Corunna Project. The Corunna Project occurs in the emerging silver-lead-zinc province of the Southern Gawler Craton which hosts the Menninnie Dam zinc-lead-silver deposit and the Paris epithermal silver deposit (Figure 1). The tenement covers 260km² and is well positioned in regards to infrastructure and proximity to the coast, being located approximately 50km west of Port Augusta. Petratherm signed a letter agreement to acquire 75% interest in the Corunna Project (EL5497) with Musgrave Minerals Limited in December 2017 (refer to Petratherm’s 15/12/2017 ASX release for further details)

Air core drilling tested five structural targets defined from an August 2018 infill ground magnetic survey (refer to Petratherm’s 14/09/2018 ASX release for further details). The geochemical analyses from the drilling were completed after the current reporting period with details announced in the Company’s 24/10/2018 ASX release.

The best results from Area 1 include:

- 12m @ 20.0g/t Ag, 0.8% Pb and 0.2% Zn from 20m (CO18AC10)
- 4m @ 13.0g/t Ag, 0.6% Pb and 0.3% Zn from 32m (CO18AC11)
- 20m @ 12.0g/t Ag, 0.3% Pb and 0.2% Zn from 12m (CO18AC12)
- 12m @ 9.0g/t Ag, 0.5% Pb and 0.3% Zn from 20m (CO18AC17)
- 12m @ 16.0g/t Ag, 0.03% Pb and 0.05% Zn from 0m (CO18AC29)
- 8m @ 13.0g/t Ag, 0.1% Pb and 0.06% Zn from 16m (CO18AC40)
- 8m @ 16.5g/t Ag, 0.07% Pb and 0.3% Zn from 36m (CO18AC40)

The results extend the zone of silver-lead-zinc anomalism previously defined by Musgrave Minerals (refer to Musgrave Minerals 27/08/2015 ASX release for further details) across a 300m x 500m zone (Figure 2), which remains open in all directions.

In addition, two air core drill holes tested discrete, high intensity, magnetic targets on the southern side of the project area (Figure 2), adjacent to a historic prospector’s pit (refer to Petratherm’s 14/09/2018 ASX release for further details). The best results returned included:

- 16m @ 0.3% Ni, 0.2% Cr and 0.01% Co from 8m (CO18RC38)
- 12m @ 0.4% Ni, 0.7% Cr and 0.01% Co from 4m (CO18RC42)

Although the drill rig was unable to penetrate fresh rock, this geochemical anomalism suggests the magnetic bodies could represent ultramafic intrusives, a potential host rock for magmatic Ni-Cu sulphides.

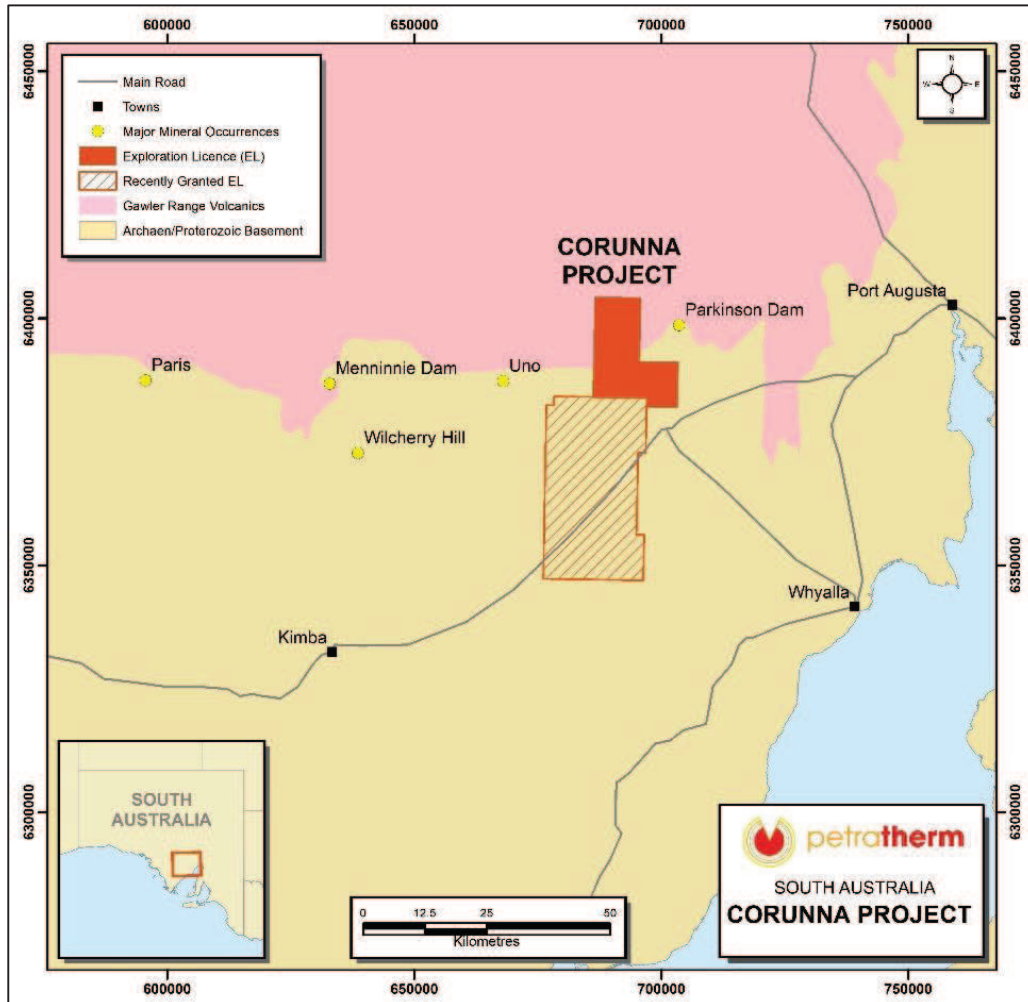


Figure 1 – Corunna Project Location Map and Regional Minerals Occurrences.

The Company was granted in August a new tenement EL6229 (Gilles Downs), which covers 700 km² and abuts the southern margin of Corunna (Figure 1). The tenement occurs over similar geology and will allow the Company to expand its exploration in the region for base and precious metals. The immediate exploration focus at Corunna will be to follow up the nickel mineralisation intersected in the recent drilling, with a ground electromagnetic (EM) geophysical survey, to search for potential nickel sulphides at depth.

No other ground work was undertaken during the period on Petratherm’s other tenements. The Company is actively reviewing other mineral opportunities both in Australia and internationally, with potential for high growth. This work is ongoing.

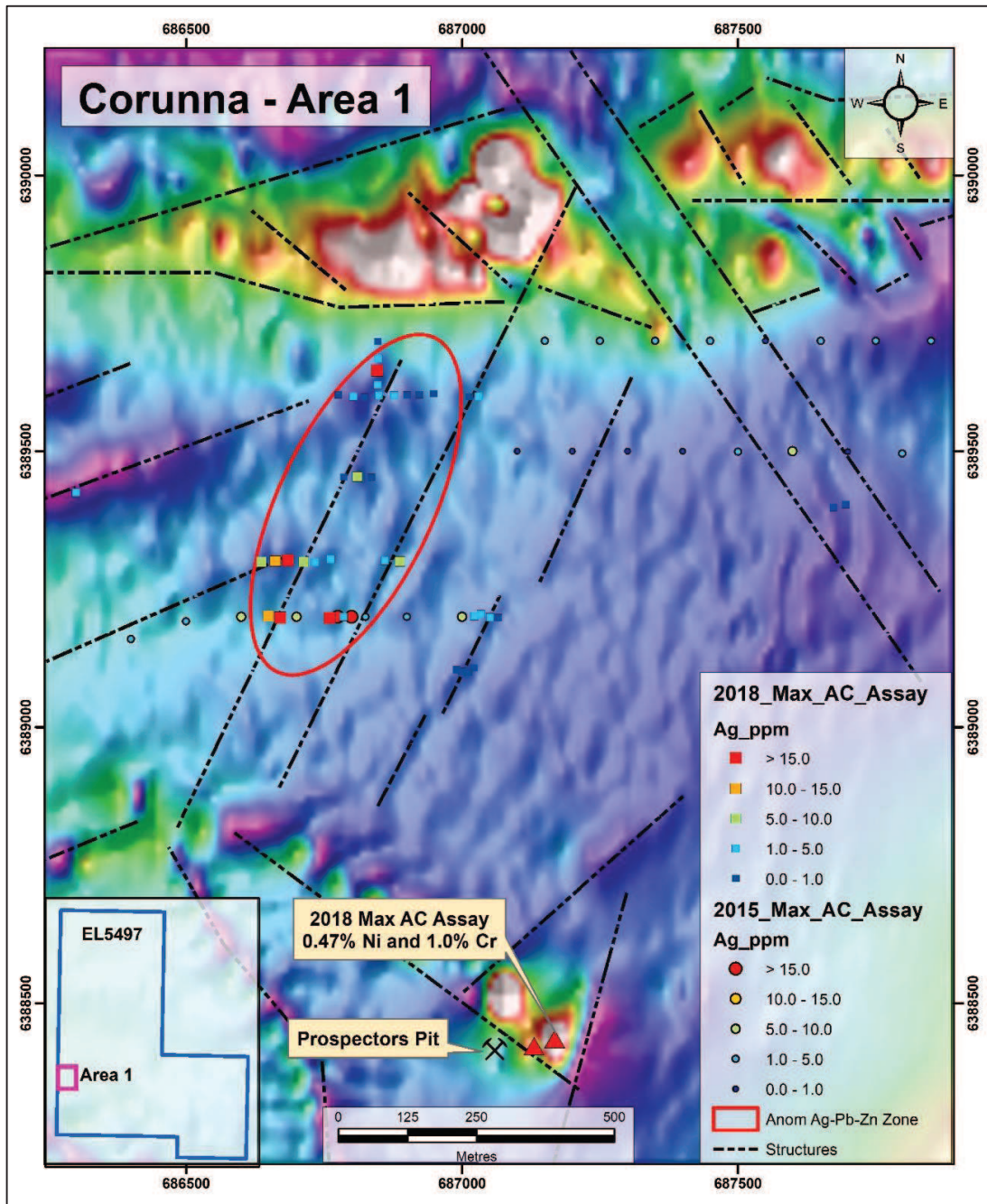


Figure 2 – Air core drill hole collar locations shown on gridded ground magnetic survey (50m line spacing, east-west orientation, VRMI filter) with anomalous Ag-Pb-Zn zone highlighted.

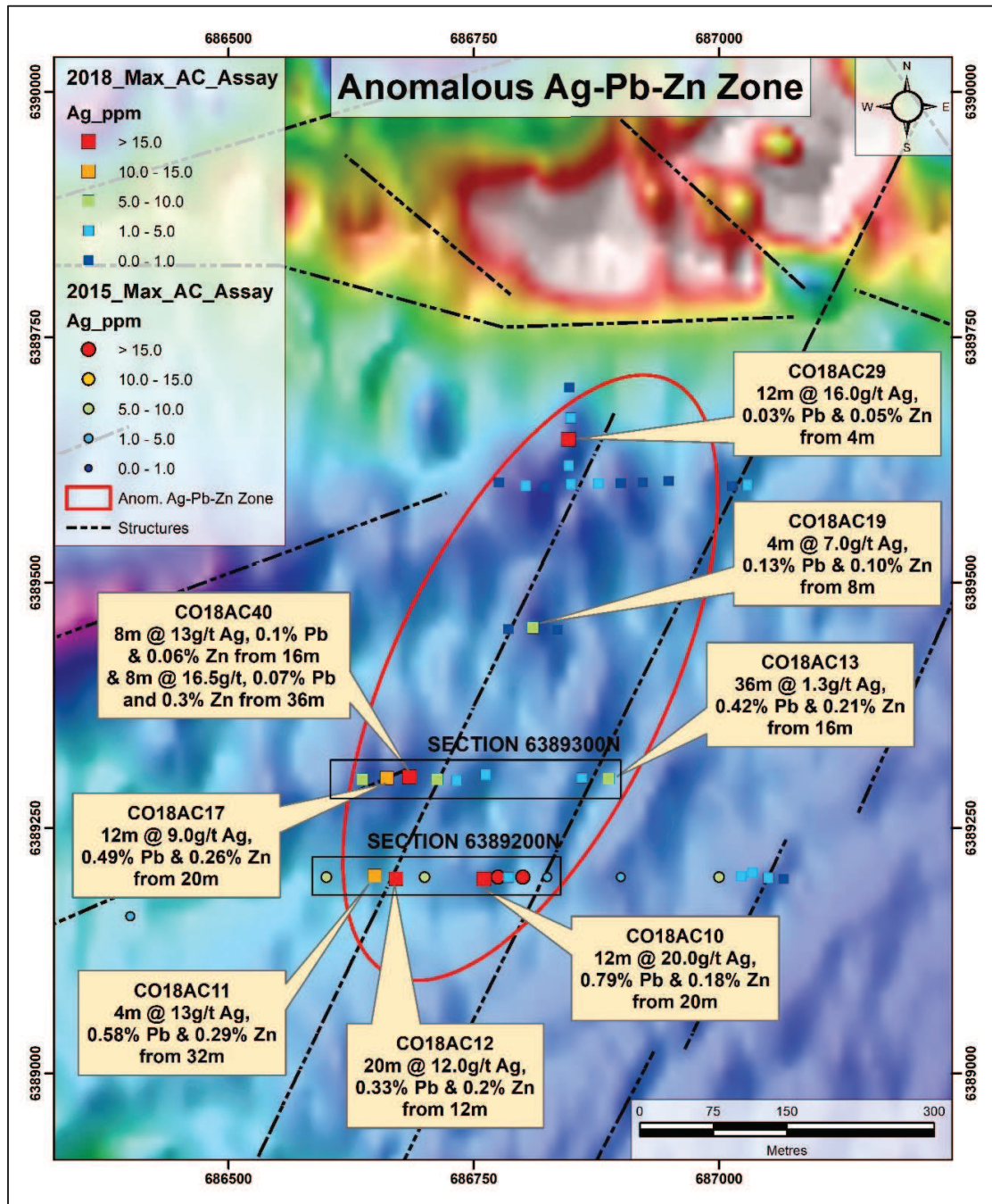


Figure 3 – Air core drill hole collar locations shown on gridded ground magnetic survey (50m line spacing, east-west orientation, VRMI filter) zoomed in on anomalous Ag-Pb-Zn zone.



Figure 4 – Air core drill rig at Corunna.

END



Donald Stephens
Director

For further information please contact:

Peter Reid
Exploration Manager
Tel: (08) 8133 5000

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

PETRATHERM LIMITED

ABN

17 106 806 884

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(67)	(67)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(151)	(151)
1.3 Dividends received (see note 3)		
1.4 Interest received	17	17
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (Joint Venture Repayments)		
1.9 Net cash from / (used in) operating activities	(201)	(201)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,631	4,631
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(201)	(201)

+ See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,430	4,430

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000	
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	1,830	2,301
5.2	Call deposits	2,600	2,600
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,430	4,631

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$A'000
31
-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

6.1 Directors' remunerations

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	207
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	110
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	317

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer to Appendix 1		
10.2	Interests in mining tenements and petroleum tenements acquired or increased		Refer to Appendix 1		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
 (Director and Company secretary)

Date: 31 October 2018

Print name: DONALD STEPHENS

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

**Changes in Interests in Mining Tenements
For Quarter Ended 30 June 2018**

		Tenement Reference	Nature of Interest	Interest at beginning of Quarter	Interest at end of Quarter
10.1	Interests in mining tenements relinquished, reduced or lapsed				
10.2	Interests in mining tenements acquired or increased	EL 6229	Exploration licence application effective 23/08/2018	0%	100%

ASX Additional Information**List of mining tenements**

Tenement No.	Project Area	Area (km2)	Registered holder/ Applicant	Company Interest
GEL 156	Paralana	489	MNGI Pty Ltd	79%
EL 5306	Walparuta	26	Petratherm Ltd	100%
EL 5717	Walparuta	52	Petratherm Ltd	100%
EL 5497	Corunna	260	Petratherm Ltd	0%
EL 6229	Gilles Downs	700	Petratherm Ltd	100%