

Petratherm Limited

ABN 17 106 806 884

Annual Report - 30 June 2021

Petratherm Limited
Corporate directory
30 June 2021

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

Petratherm Limited

Contents

30 June 2021

Directors' report	3
Auditor's independence declaration	23
Statement of profit or loss and other comprehensive income	24
Statement of financial position	25
Statement of changes in equity	26
Statement of cash flows	27
Notes to the financial statements	28
Directors' declaration	45
Independent auditor's report to the members of Petratherm Limited	46
Shareholder information	49

Petratherm Limited
Directors' report
30 June 2021

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Petratherm Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Information on Directors

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

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

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

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

Other current directorships:	Hillgrove Resources Limited
------------------------------	-----------------------------

Former directorships (last 3 years):	Highfield Resources (from October 2012 to May 2019)
--------------------------------------	---

Special responsibilities:	Member of the Audit and Risk Committee
---------------------------	--

Interests in shares:	2,668,310 ordinary shares
----------------------	---------------------------

Interests in options:	Nil
-----------------------	-----

Petratherm Limited
Directors' report
30 June 2021

Name:	Simon O'Loughlin
Title:	Non-Executive Director
Qualifications:	BA(Acc), Law Society Certificate in Law
Experience and expertise:	Simon O'Loughlin is the founder of O'Loughlins Lawyers, an Adelaide based, specialist commercial law firm. He has extensive experience in the corporate and commercial law fields while practising in Sydney and Adelaide, and also holds accounting qualifications. Mr O'Loughlin has extensive experience and involvement with companies in the small industrial and resources sectors. He has also been involved in the listing and back-door listing of numerous companies on the ASX. He is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).
Other current directorships:	Bod Australia Limited Chesser Resources Limited Stellar Resources Limited
Former directorships (last 3 years):	Oklo Resources Limited (from December 2018 to November 2019)
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	3,597,544 ordinary shares
Interests in options:	Nil

Petratherm Limited
Directors' report
30 June 2021

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

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

Other current directorships: -
Former directorships (last 3 years): Mithril Resources Limited (from April 2002 to May 2019)
Gooroo Ventures Limited (from July 2016 to January 2020)

Special responsibilities: Chair of the Audit and Risk Committee

Interests in shares: 3,689,876 ordinary shares

Interests in options: Nil

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

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

Principal activities

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

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

Summary of Operations

- The sale of the Company's Victorian Gold Project Assets to a Canadian listed exploration company, Outback Goldfields Corp. ("Outback Goldfields") was successfully closed on 16 December 2020. The share sale agreement has an implied value of CAD\$ 18,000,000 and represents a 57% ownership interest in Outback Goldfields shares for Petratherm's shareholders.
- The transaction enables the Victorian gold assets to be housed in a well-funded Victorian gold exploration company with a mandate to conduct exploration on a large scale.
- Shareholder approval was granted on 11 December 2020 for the Company to distribute the 33,333,333 Outback Goldfields Consideration Shares to Petratherm's shareholders by way of return of capital. The in-specie distribution to Petratherm's shareholders was successfully completed on 21 April 2021.
- At Mabel Creek, South Australia, drilling of multiple target sites defined 2 areas displaying pervasive IOCG style hydrothermal alteration warranting follow up.
- Regional scale shallow RAB drilling is ongoing at Comet to locate new gold anomalous areas. Drilling of Target 14 and Comet Gold Prospects to occur from September 2021.
- Woomera Project (ELA 2021/00066) acquired near the recent Emmie Bluff Deeps IOCG Discovery.
- Significant IOCG style copper mineralisation occurs at Winjabbie Prospect, adjacent to the northern edge of the Woomera tenement area. Gravity modelling identifies a prominent ridge of high gravity extending over 10 kilometres, through the tenement, prospective for IOCG mineralisation.
- Company to maintain busy 2022 period with significant drilling and geophysical programs planned.

Review of Operations

The profit for the Group after providing for income tax amounted to \$17,868,244 (30 June 2020: loss of \$455,012).

Petratherm Limited ("the Company/ Petratherm") completed the sale of its Victorian Gold Project Assets to the Canadian Securities Exchange ("CSE") listed Outback Goldfields Corp ("Outback Goldfields") in December 2020. As consideration for the sale the Company received 33,333,333 shares in Outback Goldfields representing a 57% ownership interest with an initial implied value of CAN\$18,000,000. In April 2021, following a distribution wait period, the shares from the sale were successfully distributed in-specie to Petratherm's shareholders.

The sale unlocks the value of the Victorian Gold Project Portfolio for our shareholders and ensures these projects are well funded going forward. Outback Goldfields have intern started large scale drilling operations at several gold prospects.

Drilling programs at both the Mabel Creek and Comet Gold Projects in South Australia (Figure 2) were completed during the period. The Mabel Creek Project is prospective for Iron-Oxide Copper-Gold (IOCG) mineralisation and drilling to date has identified two areas (Areas 5 and 13) showing IOCG style hydrothermal alteration requiring further follow up. At Comet, the first phase of a large regional scale RAB drilling program exploring for new gold accumulations under shallow cover, has been completed. Drilling of advanced gold prospect areas are scheduled to occur from September 2021.

In June 2021, the Company secured a prospective ground position, close to Coda Minerals recent Emmie Bluff Deeps Prospect Iron-Oxide Copper-Gold (IOCG) discovery (Refer to Coda Minerals (ASX: COD) 09/06/21 ASX release) near Woomera in South Australia (Figure 6). The new Licence Application (ELA 2021/00066), Woomera Project, covers a 209 km² area. Open file historical company reporting identified significant historical copper drill intersections from three drill holes just north of the new tenement area.

In December 2020 the Company raised \$2.16M by way of placement of new shares with funds to be used to expedite exploration on the Company's Mabel Creek and Comet Gold Projects. The Company held \$3.1M of cash at the end of the Period. A summary of ground activities during the period is presented below.

Victorian Gold Assets Sale

In October 2020 (refer to PTR ASX Announcement 12/10/20), Petratherm executed a Definitive Agreement to sell the Company's Victorian Gold Project Assets to Skarb Exploration Corp. ("Skarb"), a Canadian mineral exploration company listed on the Canadian Securities Exchange ("CSE") ("Transaction").

Prior to completion of the Transaction, Skarb changed its name to Outback Goldfields Corp. ("Outback Goldfields"), raised CAD\$11.406m through a non-brokered private placement of 57,030,000 shares at CAD\$0.20 and subsequently completed a 3:1 capital consolidation. Outback Goldfields new trading symbol on the CSE is "OZ".

The Transaction has resulted in Outback Goldfields acquiring the Company's gold projects (Figure 1) located in Victoria, Australia ("the Project"), comprising of the following assets:

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

In return for the Project, Outback Goldfields issued 33,333,333 shares ("Consideration Shares") to the Company. The Consideration Shares represent a 57% ownership interest in Outback Goldfields. A 125-day Distribution Wait Period concluded on 16 April 2021 with the Company distributing the Consideration Shares in-specie to its shareholders, pro rata in accordance with their shareholdings in the Company. The in-specie distribution of Consideration Shares to the Company's shareholders was completed on 21 April 2021.

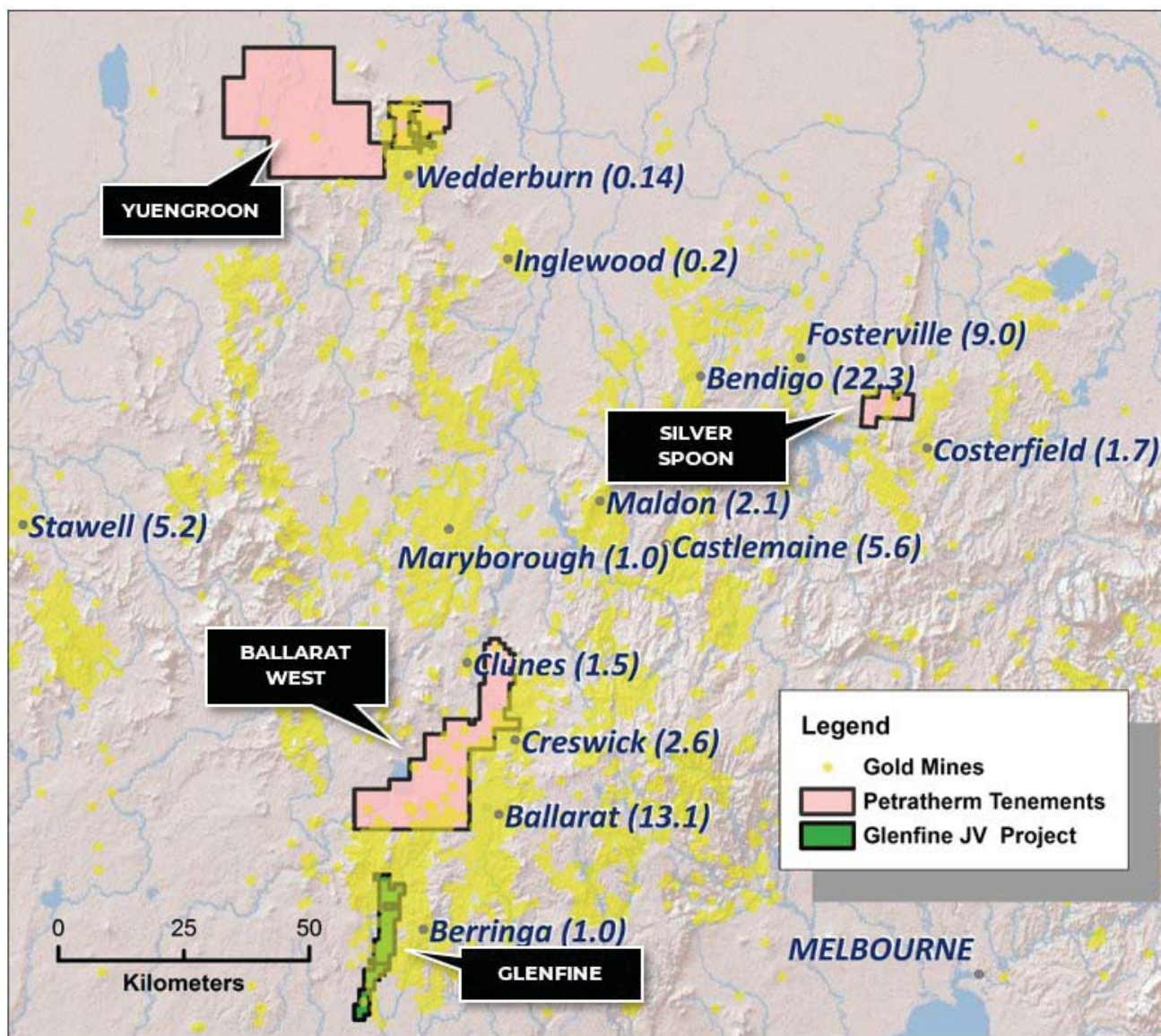


Figure 1 Petratherm's Victorian Gold Assets

Mabel Creek Project

The Mabel Creek Project, 50 kilometres northeast of Coober Pedy in South Australia is prospective for Iron-Oxide Copper-Gold (IOCG) and related magnetite skarn copper and high value rare-earth. Petratherm has a large ground position with four tenements (EL's 6332, 6333, 6404 & 6405) totalling 2,852 km² (Figure 2). Previous limited drilling at Mabel Creek by Petratherm in March 2020 encountered evidence for IOCG alteration at the Company's Area 5 gravity target (refer to PTR ASX release 30/07/20).

During the period, the Company completed additional infill gravity surveying to aid targeting and drill tested 5 gravity/magnetic anomalies, each with a single hole to targeted depths. A detailed summary and associated JORC tables can be found in the Company's 27/07/21 ASX release and a short summary of key findings is presented below.

At the Area 5 Prospect, drill hole MCA5-04 intersected altered and highly magnetic porphyritic granitoid which has undergone moderate to intense IOCG style alteration. This comprises wide zones of intense chlorite-epidote with iron-oxide (hematite) dusting/veining and zones of hematized K-feldspar (Figure 3). The granitoid shows moderate enrichment in light rare-earth, indicative of IOCG alteration, averaging more than 350 ppm throughout the hole however no copper or precious metals of any significance occur with the alteration.

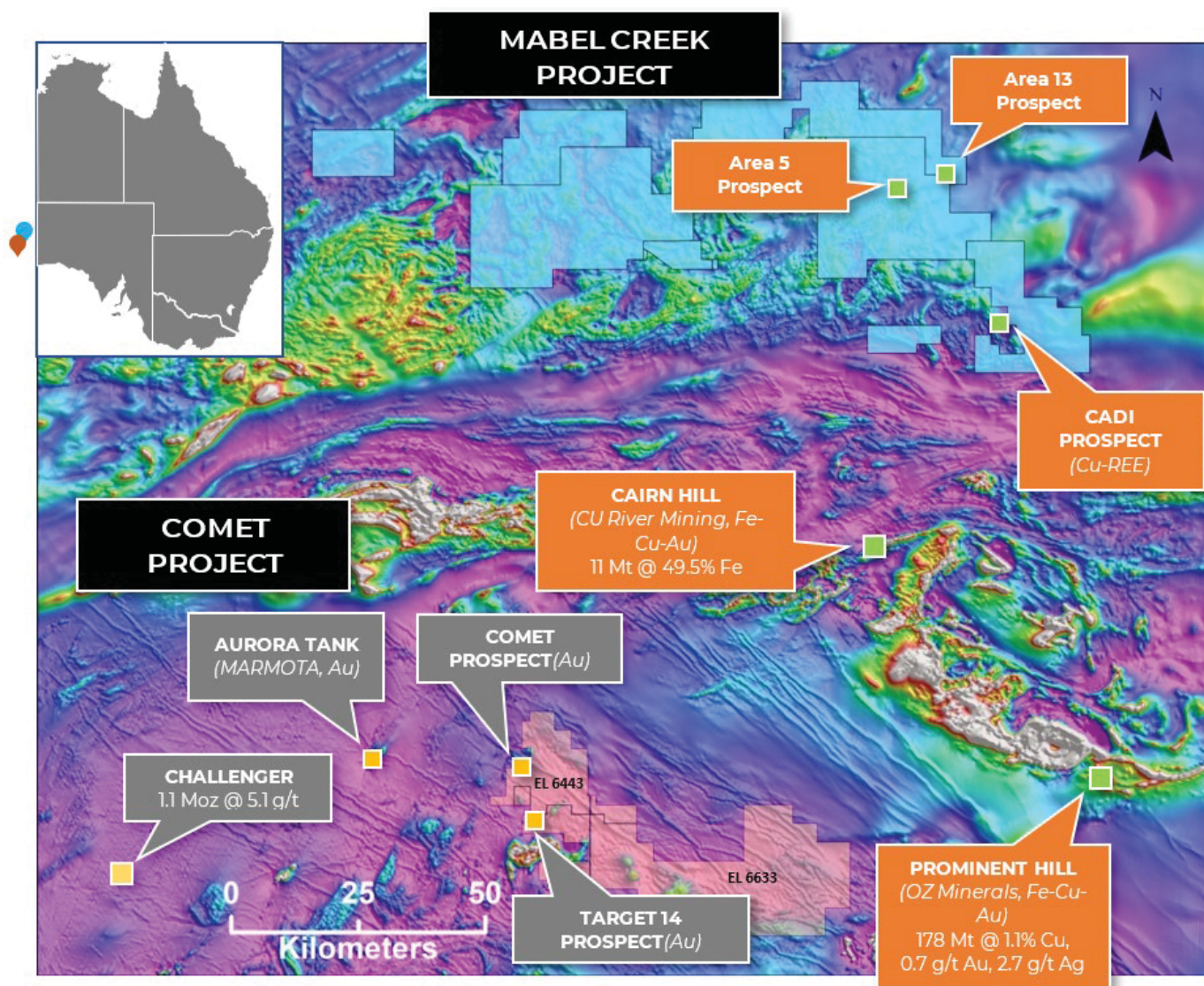


Figure 2 Regional Location Map showing Petratherm's Mabel Creek and Comet Project Holdings, with major mines and key prospects in the area overlain on a Regional Aeromagnetic Image

At the Area 13 Prospect, drill hole MCA13-01 intersected magnetite rich mafic gneiss displaying moderate levels of IOCG style alteration with trace disseminations and occasional veinlets (1 mm to 1 cm) of chalcopyrite throughout the length of the hole. The maximum 4 metre composite sample returned 0.074% Cu. In addition to the anomalous levels of copper, high tungsten values were recorded associated with 2 thin cross cutting pegmatitic dykes and results are presented below:

- 4m @ 0.11% WO₃ from 357 m
- 4m @ 0.16% WO₃ from 429 m

These results indicate the region may also be prospective for tungsten and other related metals such as tin and molybdenum and further geological evaluation will be made.

At both the Area 5 (refer to PTR ASX release 30/07/20) and Area 13 Prospects drilling to date has identified low levels of copper anomalism occurring in flanking positions on the edges of the main gravity anomaly features. The Company is considering undertaking IP geophysical surveying over these broad and complex gravity anomalies and over other earlier stage gravity anomalies to see if this may be a more effective targeting tool to directly locate any chargeable zones potentially indicating high concentrations of sulphide.



Figure 3 – Hole ID MCDA5-04 – Photo of core tray box 35, showing pervasive Red Rock (silica – hematized K-Feldspar (brick red)) alteration of original porphyritic granite host rock. Matrix of granite is enriched in the light rare earths, cerium, and lanthanum.



Photo: Diamond Drilling Operations at Area 13

Comet (EL 6443 & EL6633) Gold Project

The Comet Project contains prospective Archean strata of the Northern Gawler Craton which hosts numerous gold occurrences such as the Challenger gold deposit (1.1 Moz @ 5.1g/t) and is located 30 km east from the recent high-grade Aurora Tank Gold discovery (Figure 2).

Historical surface geochemical sampling exploration techniques in the region have been severely impeded by shallow cover strata which masks most of the prospective basement rock geochemical response. To overcome this issue, Petratherm is applying a new exploration methodology, where regional scale (400 metre by 400 metre) shallow grid drilling is being undertaken to directly sample the top of the in-situ "saprolite" zone clays (deeply weathered basement rock which has been chemically decomposed to clay) below younger transported cover strata (refer to PTR ASX release 28/05/21 for program background). In most areas the top of the saprolite zone occurs between 5 and 15 metres depth and shallow drilling is being undertaken using a light weight and cost-effective land cruiser mounted air core drill rig. In all, 468 drill holes totalling 5,777 metres were drilled during the period and this work is ongoing. The work is supported by SA Government grant funding to a level of \$147,500 on a 1 for 1 basis through the Accelerated Discovery Initiative (ADI).

In August 2021 just after the reporting period, the Company was granted a large exploration licence covering 934 km² (EL 6633 "Gina") which partly co-joins the Company's existing Comet Gold Project (EL 6443), increasing its tenure position in the gold prospective province. This tenement extends eastwards over down-faulted zones that may be prospective for Olympic Dam Style copper and gold mineralisation (Figure 5).

The western half of the tenement includes the Target 14 Prospect (Figures 2 & 4) which was discovered in 2002 by Redport Limited during a regional reconnaissance RAB drilling program targeting a shear/fault structure interpreted from the regional aeromagnetic data. The prospect area is blanketed by sandy transported cover and no gold anomalism was identified from previous calcrete soil geochemical sampling. The drilling comprised vertical holes at 100 metre spacing along two short RAB drill traverses 1,200 metres apart (Figure 6). On the southwestern line, the last 2 eastern holes recorded highly anomalous gold (Figure 6) with drill hole RED 16 at the end of the southern drilling traverse, intersecting 9 m @ 105 ppb Au from 32 metres to the end of the hole (EOH) at 41 metres (refer to PTR ASX release 03/12/2020).

These drill intercepts are consistent with the magnitude of gold anomalism observed on the immediate fringe or in some weathered/leached portions of other primary gold occurrences found elsewhere in the northern Gawler Craton. The anomalous gold zone is open in all directions and follow up step out and infill drill testing is scheduled to occur in September 2021.

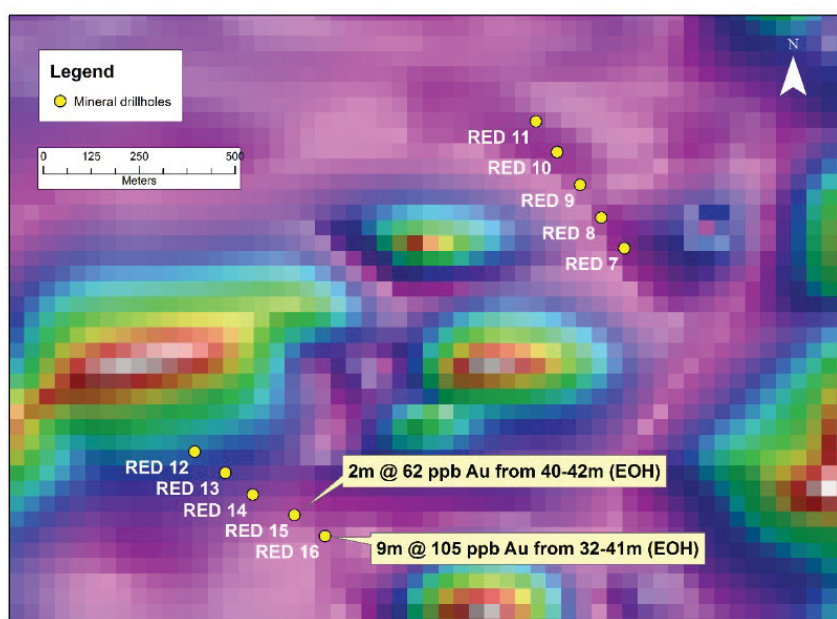


Figure 4 Target 14 Prospect – Historical vertical RAB drill collars and anomalous gold drill intercepts overlain on an aeromagnetic image. Note drill holes RED 15 & 16 ended in anomalous gold and is open at depth and to the southeast.

Gina Project - Iron Oxide - Copper Gold (IOCG) Potential

On the eastern side of the new tenement, the basement terrain is down faulted by a series of major northwest trending faults forming a sub-basin with the opposite, eastern up faulted edge defined by the Mt Woods Inlier (Figure 5). Perched on the eastern up faulted edge of the sub-basin, the world-class Prominent Hill Cu-Au deposit occurs (178 Mt @ 1.1% Cu, 0.7 g/t Au, 2.7 g/t Ag).

Petratherm postulate that these major extensional fault systems and associated major transfer faults and splays are critical to the localisation of IOCG style mineralisation and that the western edge of this faulted sub-basin may also be prospective for IOCG's. Several regional gravity anomalies are evident from the open file South Australian Geological Survey data in the new application area (Figure 5) and warrant further investigation. For the eastern IOCG prospective areas the Company proposes as a first step to undertake infill gravity surveying of anomalous gravity areas scheduled to occur in November 2021 to allow modelling and characterisation of prospective geophysical targets for later drill testing.

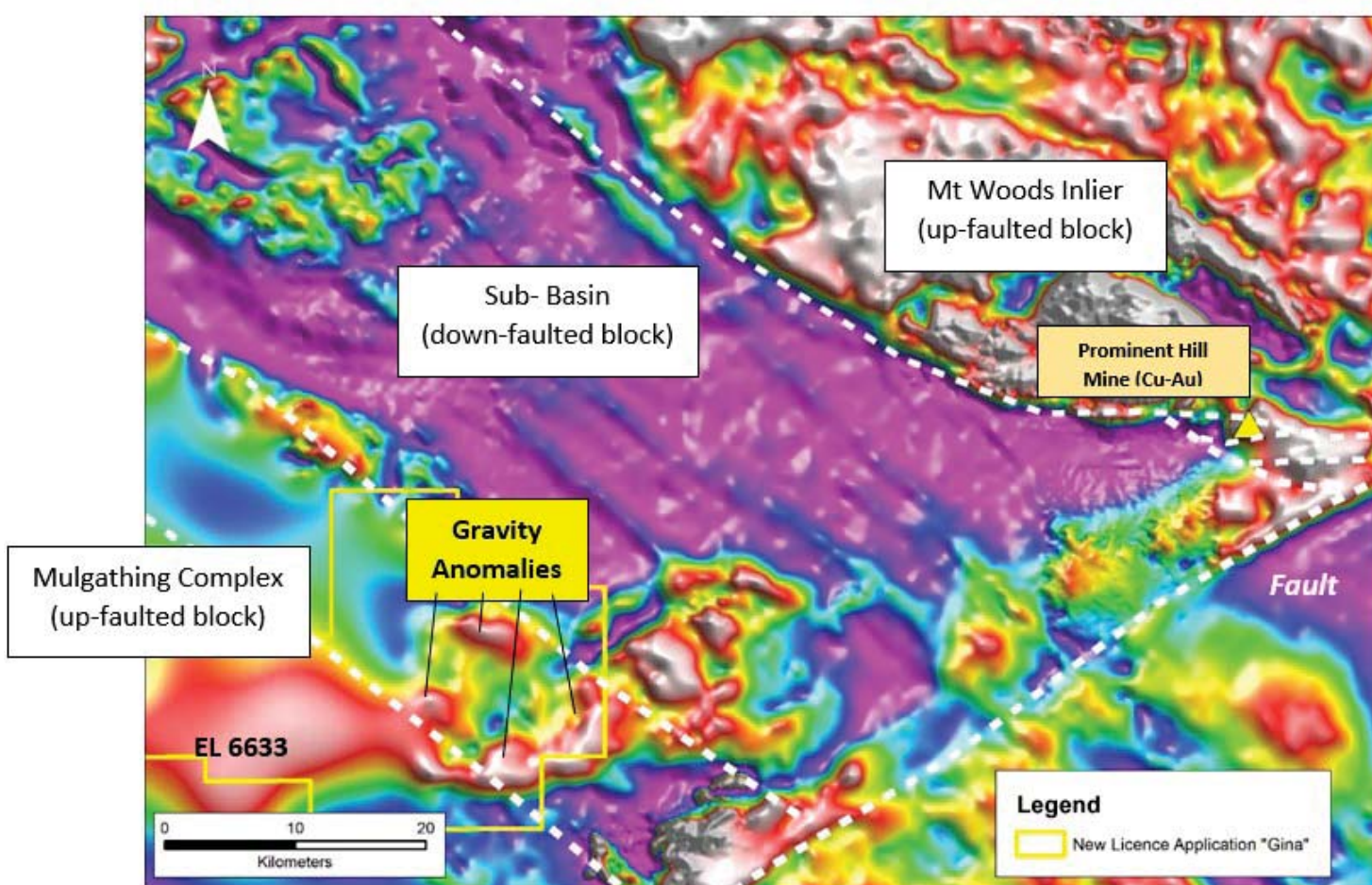


Figure 5 Residual Gravity Image of the eastern “Gina EL 6633” Tenement and Prominent Hill Mine Area. Note schematic fault overlay (dashed lines) highlighting prominent NW trending down faulted zone defining a sub-basin. On the eastern faulted basin edge the Prominent Hill mine occurs and the Company aims to explore the opposing western faulted side where several regional gravity anomalies are evident.



Photo: Shallow RAB Drilling Operations at Comet

Woomera (ELA 2021/00066) IOCG Project

In June 2021, the Company secured a prospective ground position, close to Coda Minerals recent Emmie Bluff Deeps Prospect Iron-Oxide Copper-Gold (IOCG) discovery (Refer to Coda Minerals (ASX: COD) 09/06/21 ASX release) near Woomera in South Australia (Figure 6). The new Licence Application (ELA 2021/00066), Woomera Project, covers a 209 km² area. Open file historical company reporting identified significant historical copper drill intersections from three drill holes just north of the new tenement area (Figure 7).

The Company has completed initial processing and gridding of historical open-file gravity data. The gravity data coverage over the Woomera Project Area is good, with several modern close spaced surveys (200 metre to 400 metre station spacing) completed by previous explorers. A prominent northwest trending zone of high gravity anomalism is evident and shown to extend over 10 kilometres in length across the tenement area (Figures 6 & 7). IOCG mineralisation, being iron rich, is associated with areas of high gravity anomalism, and is one of the main direct targeting tools used by explorers (i.e. Figure 6). Whilst earlier exploration work by other explorers identified the prominent high gravity zone, no historical drilling has been undertaken over the tenement area.

Winjabbie IOCG Prospect occurs just north of the new tenement area and is situated along an extension of the high gravity zone (Figure 6). Three historical vertical drill holes have been drilled at Winjabbie and all intersected broad zones of significant Iron-Oxide Copper-Gold (IOCG) style alteration with intervals of copper mineralisation.

A summary of significant drill results from the Winjabbie Prospect are presented below.

Drill hole WJD1 (WMC, 1980) – testing a magnetic anomaly returned:

62m @ 0.33% Cu from 864m.

Drill hole SAE11 (MIM, 1990) - testing a second magnetic feature returned:

94 metres @ 0.21% Cu (interval 1005-1099 m.)

Including 7m @ 0.48% Cu from 1006 m.

Including 9m @ 0.52% Cu from 1086 m.

and,

42 metres @ 0.28% Cu (Interval 1123 – 1165 m.)

Including 5m @ 1.1% Cu from 1160 m.

Drill hole 07WJ01 (Uranium Exploration Australia, 2008) – testing a residual gravity anomaly just north of the WJD1 and SAE11 returned:

42 metres @ 0.34% Cu (Interval 824 – 866 m.)

Including 9m @ 0.8% Cu from 824 m.

These holes are widely spaced (ranging between 1.8 to 3 km apart, Figure 7) indicating IOCG style mineralisation occurs over a large area. One important feature of the Winjabbie Prospect is that it appears to occur as a strata-bound, essentially flat lying, replacement style mineralised body. The hydrothermal mineralising IOCG fluids are likely to have been focused along vents and/or fault structures along the edge of or within the sheet like body. Future exploration will aim to locate these feeder zones as higher copper grades and wider mineralised widths could potentially be expected.

The Company is very pleased to be able to secure a significant holding in the Woomera sub-region, which is proving fertile for significant IOCG style mineralisation, with not only the new Emmie Bluff Deeps Discovery, but also includes BHP's recent Oak Dam West Discovery and OZ Minerals' newly operating world-class Carrapateena Cu-Au deposit (Figure 6). The exploration licence is expected to be granted late in the 2021 calendar period with ground activities to get underway upon the grant.

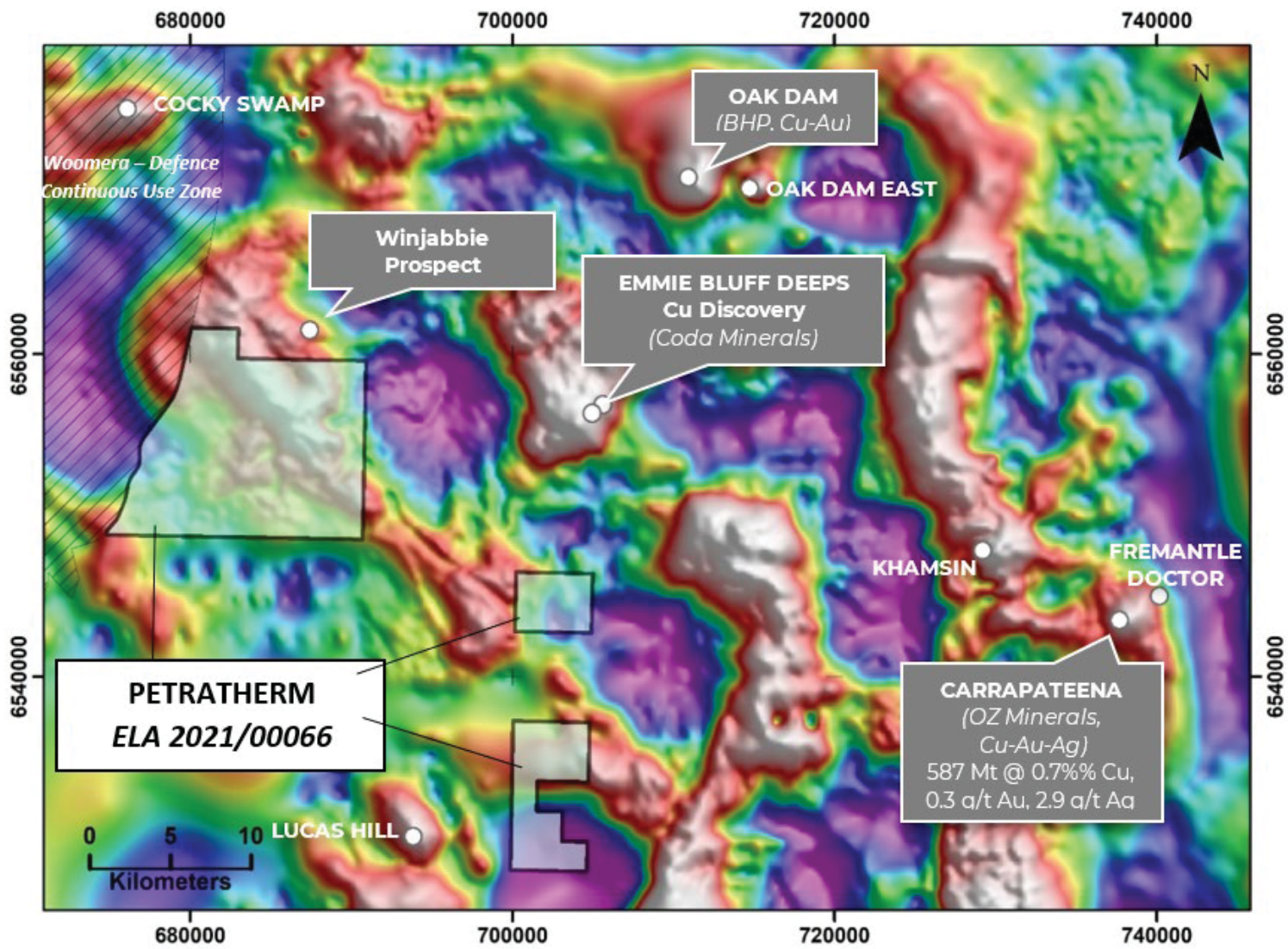


Figure 6: Regional Location Map of Petratherm Exploration Licence Application Area (ELA 2020/00066), IOCG Mines and IOCG Prospects, overlain on a Bouguer (High Pass Filtered-15km) Gravity Image.

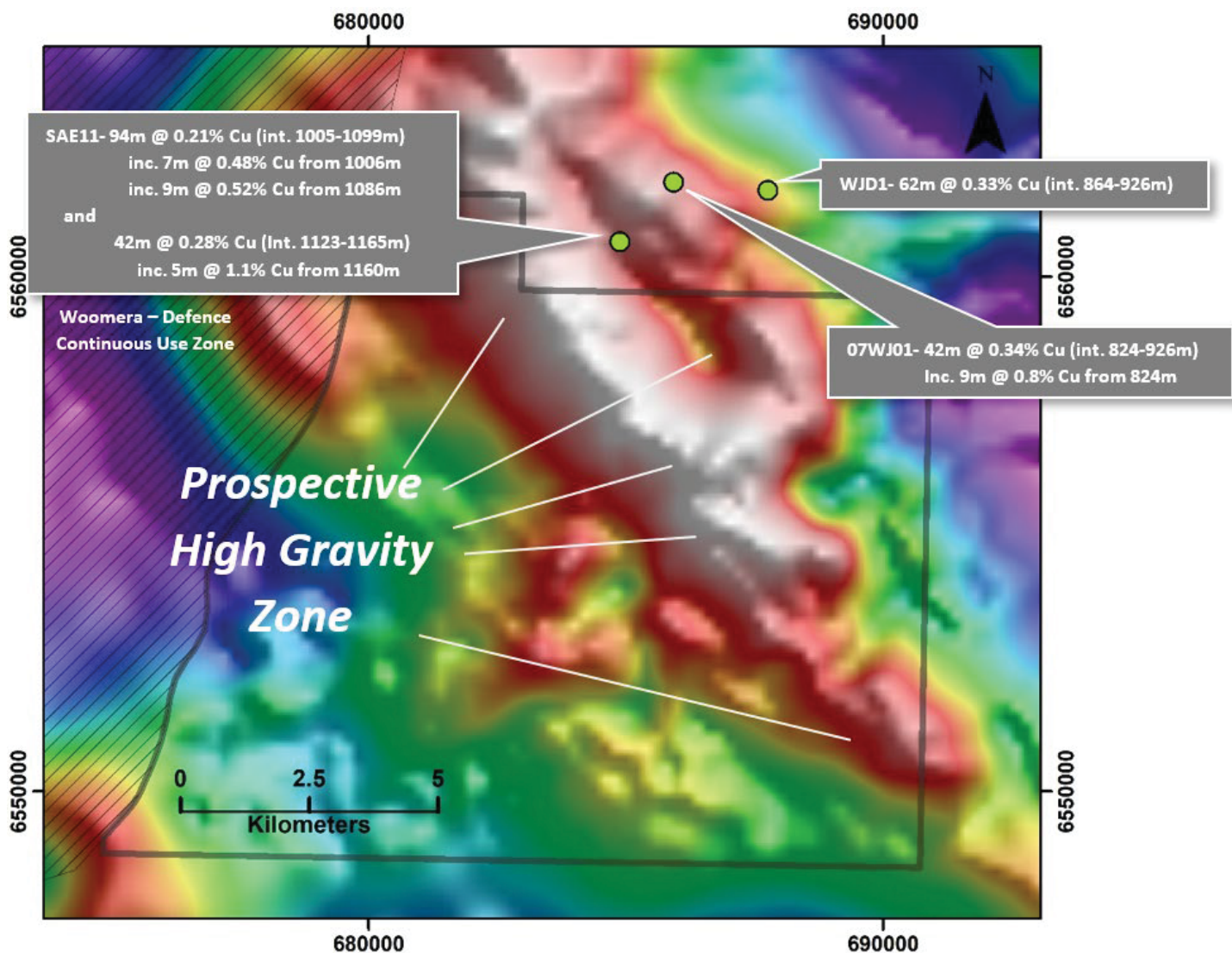


Figure 7: Significant historical IOCG copper intersections adjacent to Petratherm's Woomera Exploration Licence Application Area (ELA 2021/00066) overlain on a Bouguer (High Pass Filtered-15km) Gravity Image.

Significant changes in the state of affairs

Return of Capital

On 11 December 2020 shareholder approval was obtained to distribute the consideration shares received from the transaction to sell the Company's Victorian gold project assets in-specie to Petratherm's shareholders. The distribution took place by way of return of capital on a pro-rata basis in accordance with each shareholder's shareholding in the Company.

The return of capital to Petratherm's shareholders was successfully completed on 21 April 2021. The distribution was subject to a wait period which ended on 16 April 2021 in accordance with statutory requirements of the Canadian Stock Exchange. The record date for determining entitlements to the Consideration Shares was on 20 April 2021.

Capital Raising

In November 2020 Petratherm received firm commitments from sophisticated investors to raise \$2.16m by way of placement of 14,285,714 new fully paid ordinary shares with funds to be used to expedite exploration of the Company's Mabel Creek and Comet Gold Projects. The placement shares were issued on 1 December 2020.

In addition, each Director subscribed for \$50,000 worth of shares at the placement price. Shareholder approval was granted to the Directors at an extraordinary general meeting on 29 January 2021. The shares were issued to Directors on February 12 2021.

The Company's Exploration Manager also subscribed for \$10,000 worth of shares at the placement price (together comprising a total of 1,142,857 additional shares). The shares were issued to the Exploration Manager on 16 December 2021.

Surrender of Paralana Joint Venture Project

In November 2020 the Company received formal confirmation from the Department for Energy and Mining that it had successfully surrendered Geothermal Exploration Licence GEL 156 held jointly by the Company's wholly-owned subsidiary MNGI Pty Ltd and Beach Energy Limited.

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

Matters subsequent to the end of the financial year

Appointment of Katelyn Adams as Company Secretary

On July 19 2021 the Company announced the appointment of Katelyn Adams as Company Secretary. Katelyn replaces Donald Stephens who has been Petratherm's Company Secretary since 2003. Donald will remain as a Non-Executive Director of the Company.

Gina Tenement Licence Granted

The Company's Gina Tenement Licence Application was granted on 19 August 2021 (EL 6633). The Gina Project Area covers 934 km² over a portion of the North Eastern Gawler Craton of South Australia and partly co-joins the Company's existing Comet Gold Project including the historical Target 14 Gold Prospect which occurs about 5 kilometres southwest of the DG1 gold anomaly.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Dividends

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

Corporate Governance

The Company has established a set of corporate governance policies and procedures and these can be found within the Company's Corporate Governance Statement located on the Company's website:
www.petratherm.com.au/governance.html

Environmental regulation

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

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

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

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Auditor

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

Company secretary

Katelyn Adams is the Company Secretary.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Derek Carter	5	5	2	2
Simon O'Loughlin	5	5	1	2
Donald Stephens	5	5	2	2

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

Remuneration report (audited)

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

Use of remuneration consultants

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

Voting and comments made at the Company's 2020 Annual General Meeting ('AGM')

At the 2020 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

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

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

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

* Peter Reid is considered to be key management personnel given his responsibility as Exploration Manager in the planning and management of the Group's principal exploration activities.

Petratherm Limited
Directors' report
30 June 2021

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
2021							
<i>Non-Executive Directors:</i>							
Derek Carter	45,662	-	-	4,338	-	-	50,000
Simon O'Loughlin	32,877	-	-	3,123	-	-	36,000
Donald Stephens	36,000	-	-	-	-	-	36,000
<i>Other Key Management Personnel:</i>							
Peter Reid	168,000	-	-	15,960	-	-	183,960
	282,539	-	-	23,421	-	-	305,960
	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
2020							
<i>Non-Executive Directors:</i>							
Derek Carter	45,662	-	-	4,338	-	-	50,000
Simon O'Loughlin	32,877	-	-	3,123	-	-	36,000
Donald Stephens	36,000	-	-	-	-	-	36,000
<i>Other Key Management Personnel:</i>							
Peter Reid	179,375	-	-	15,960	-	-	195,335
	293,914	-	-	23,421	-	-	317,335

Service agreements

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

Name:	Peter Reid
Title:	Exploration Manager
Agreement commenced:	30 July 2018
Term of agreement:	Reviewed every 12 months
Details:	Peter Reid's gross salary is \$183,960. The Company or the employee may terminate the employment contract without cause by providing 4 weeks written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Petratherm Limited
Directors' report
30 June 2021

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2021.

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>				
Derek Carter	1,311,167	1,357,143	-	2,668,310
Simon O'Loughlin	2,240,401	1,357,143	-	3,597,544
Donald Stephens	2,332,733	1,357,143	-	3,689,876
Peter Reid	68,101	1,071,428	-	1,139,529
	<u>5,952,402</u>	<u>5,142,857</u>	<u>-</u>	<u>11,095,259</u>

Option holding

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

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Derek Carter	1,000,000	-	(1,000,000)	-	-
Simon O'Loughlin	1,000,000	-	(1,000,000)	-	-
Donald Stephens	1,000,000	-	(1,000,000)	-	-
Peter Reid	1,000,000	-	(1,000,000)	-	-
	<u>4,000,000</u>	<u>-</u>	<u>(4,000,000)</u>	<u>-</u>	<u>-</u>

Loans to key management personnel and their related parties

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

Other transactions with key management personnel and their related parties

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

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Petratherm Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

The following ordinary shares of Petratherm Limited were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
6 April 2018	\$0.04	11,487,583
25 September 2018	\$0.06	<u>1,000,000</u>
		<u><u>12,487,583</u></u>

Proceedings on behalf of the Company

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

Non-audit services

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

Auditor's independence declaration

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

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

On behalf of the Directors

A handwritten signature in dark ink, appearing to read 'Derek Carter', is written over a horizontal line.

Derek Carter
Chairman

20 September 2021

Auditor's Independence Declaration

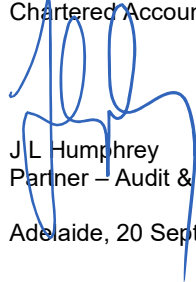
To the Directors of Petratherm Limited

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 2021, 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, 20 September 2021

Petratherm Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
Income			
Bank interest received or receivable		8,834	33,396
Gain on sale of tenements to Outback Goldfields Corp.	5	18,520,909	-
Research and development incentive		14,330	2,119
Other income		31,794	66,994
Expenses			
Operating expenses	6	(295,698)	(146,639)
Employee benefits expense	6	(173,281)	(198,596)
Secretarial, professional and consultancy		(162,887)	(125,530)
Tenement impairment expenses	11	(6,078)	(3,428)
Exploration expenses		(67,377)	(45,838)
Environmental rehabilitation expenses		(2,302)	(37,490)
Profit/(loss) before income tax expense		17,868,244	(455,012)
Income tax expense	7	-	-
Profit/(loss) after income tax expense for the year attributable to the Owners of Petratherm Limited	16	17,868,244	(455,012)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on the revaluation of equity instruments at fair value through other comprehensive income, net of tax	14	(1,534,664)	-
Other comprehensive income for the year, net of tax		(1,534,664)	-
Total comprehensive income for the year attributable to the Owners of Petratherm Limited		<u>16,333,580</u>	<u>(455,012)</u>
		Cents	Cents
Basic earnings/(losses) per share	28	9.72	(0.27)
Diluted earnings/(losses) per share	28	9.72	(0.27)

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

Petratherm Limited
Statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	8	3,103,154	2,442,907
Receivables	9	102,053	33,689
Other assets	10	7,106	5,826
Total current assets		<u>3,212,313</u>	<u>2,482,422</u>
Non-current assets			
Property, plant and equipment		1,806	-
Exploration and evaluation assets	11	<u>1,935,210</u>	<u>949,042</u>
Total non-current assets		<u>1,937,016</u>	<u>949,042</u>
Total assets		<u>5,149,329</u>	<u>3,431,464</u>
Liabilities			
Current liabilities			
Trade and other payables	12	69,306	94,889
Employee benefits	13	<u>29,615</u>	<u>23,962</u>
Total current liabilities		<u>98,921</u>	<u>118,851</u>
Total liabilities		<u>98,921</u>	<u>118,851</u>
Net assets		<u>5,050,408</u>	<u>3,312,613</u>
Equity			
Issued capital	14	24,607,035	39,061,984
Reserves	15	(1,534,664)	140,836
Accumulated losses	16	<u>(18,021,963)</u>	<u>(35,890,207)</u>
Total equity		<u>5,050,408</u>	<u>3,312,613</u>

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

Petratherm Limited
Statement of changes in equity
For the year ended 30 June 2021

Consolidated	Issued capital \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	39,061,984	270,870	(35,565,229)	3,767,625
Loss after income tax expense for the year	-	-	(455,012)	(455,012)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(455,012)	(455,012)
<i>Transactions with Owners in their capacity as Owners:</i>				
Lapsed options (note 29)	-	(130,034)	130,034	-
Balance at 30 June 2020	<u>39,061,984</u>	<u>140,836</u>	<u>(35,890,207)</u>	<u>3,312,613</u>

Consolidated	Issued capital \$	FVOCI* \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	39,061,984	-	140,836	(35,890,207)	3,312,613
Profit after income tax expense for the year	-	-	-	17,868,244	17,868,244
Other comprehensive income for the year, net of tax	-	(1,534,664)	-	-	(1,534,664)
Total comprehensive income for the year	-	(1,534,664)	-	17,868,244	16,333,580
<i>Transactions with Owners in their capacity as Owners:</i>					
Issue of shares (note 14)	2,682,504	-	-	-	2,682,504
Transaction costs	(158,170)	-	-	-	(158,170)
Exercise of options (note 15)	140,836	-	(140,836)	-	-
Returns of capital during the period (note 14)	(17,120,119)	-	-	-	(17,120,119)
Balance at 30 June 2021	<u>24,607,035</u>	<u>(1,534,664)</u>	<u>-</u>	<u>(18,021,963)</u>	<u>5,050,408</u>

* Financial assets at fair value through other comprehensive income reserve

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

Petratherm Limited
Statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		-	15,404
Payments to suppliers and employees		(703,698)	(438,600)
		(703,698)	(423,196)
Interest received		11,080	36,079
Government subsidies received		49,839	34,945
Payments for environmental rehabilitation		(2,302)	(329,687)
Payments for exploration activities (expensed)		(67,377)	(45,838)
Research and development tax incentive		14,330	108,934
Net cash used in operating activities	27	(698,128)	(618,763)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,514)	-
Payments for exploration activities (capitalised)		(1,163,445)	(828,057)
Net cash used in investing activities		(1,165,959)	(828,057)
Cash flows from financing activities			
Proceeds from issue of shares		2,682,504	-
Share issue transaction costs		(158,170)	-
Net cash from financing activities		2,524,334	-
Net increase/(decrease) in cash and cash equivalents		660,247	(1,446,820)
Cash and cash equivalents at the beginning of the financial year		2,442,907	3,889,727
Cash and cash equivalents at the end of the financial year	8	<u>3,103,154</u>	<u>2,442,907</u>

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

Note 1. General information

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

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 20 September 2021.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

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

Critical accounting estimates

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

AASB 5 Non-current assets held for sale and discontinued operations

Non-current assets have been classified as held for sale or held for distribution to owners where it is highly probable that their carrying amount will be recovered principally through a sale or distribution transaction rather through continuing use.

Assets classified as held for sale or held for distribution to owners are measured at the lower of its carrying amount and fair value less costs to sell and are presented separately from other assets in the statement of financial position.

AASB Interpretation 17

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

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

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

Note 2. Significant accounting policies (continued)

Parent entity information

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Petratherm Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Petratherm Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

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

Other income recognition

The Group recognises other income as follows:

Interest

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

Other income

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

Joint operations

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

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

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

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

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

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

Note 3. Critical accounting judgements, estimates and assumptions

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

Fair value measurement hierarchy

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

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

Exploration and evaluation costs

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

Income tax

The Group is subject to income tax and significant judgment is required in determining any provision for income tax. During the period the Group has completed the sale of certain exploration assets to Outback Goldfields Corp which has resulted in an operating profit for the year ended 30 June 2021 and completed an in-specie distribution of consideration shares to shareholders in April 2021. The Directors have sought and received advice on the availability of tax losses to ensure that there are sufficient losses to reduce any potential tax payable on the transactions to nil.

Note 4. Operating segments

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

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

Sale of Victorian Gold Project Assets to Outback Goldfields Corp.

On 16 December 2020 the Company successfully closed a transaction (the Transaction) to sell its Victorian Gold Project Assets to Outback Goldfields Corp. (Outback Goldfields) (formerly Skarb Exploration Corp.), a Canadian mineral exploration company listed on the Canadian Securities Exchange.

The Victorian Gold Projects sold to Outback Goldfields comprised of the following assets:

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

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

The carrying value of the Victorian Gold Project Assets at the Transaction date was \$133,873.

As consideration for the project assets, Outback Goldfields issued 100,000,000 shares (Consideration Shares) to Petratherm (33,333,333 shares after Outback Goldfields' 3:1 capital consolidation). The fair value of the Consideration Shares at the Transaction date was \$18,654,783 AUD based on a valuation of \$0.18 CAD per share resulting in an initial gain on sale of \$18,520,909. The Consideration Shares represent approximately 57% of the share capital of Outback Goldfields.

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

Note 6. Operating expenses

	Consolidated	
	2021	2020
	\$	\$
Insurance costs	22,584	20,848
AGM expenses	35,778	14,407
Audit fees	27,400	26,300
Bank charges	2,389	2,406
Communication & computer expenses	4,353	3,703
Travel expenses	-	3,559
Listing fees	45,942	31,672
Legal fees	85,771	2,399
Office expenses	3,968	789
Occupancy Costs	4,029	13,581
Share registry expenses	61,257	20,133
Other expenses	2,227	6,842
	<u>295,698</u>	<u>146,639</u>
	2021	2020
	\$	\$
Employee Benefits Expense		
Wages, salaries, directors fees and other remuneration expenses	161,944	185,826
Superannuation	11,337	12,770
	<u>173,281</u>	<u>198,596</u>
Total employee benefits expense		

Note 7. Income tax

	Consolidated	
	2021	2020
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	17,868,244	(455,012)
Tax at the statutory tax rate of 26% (2020: 27.5%)	4,645,743	(125,128)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation of property, plant and equipment	184	-
Entertainment expenses	75	505
Impairment of tenements	1,580	943
Immediate deduction of capitalised exploration cost	(292,791)	(233,109)
Other tax deductible items	(36,379)	(8,765)
	4,318,412	(365,554)
Tax losses not recognised due to not meeting recognition criteria	-	365,554
Prior year tax losses utilised	(4,318,412)	-
Income tax expense	<u>-</u>	<u>-</u>

The Group has tax losses arising in Australia of \$16,633,772 (2020: \$33,243,049) that may be available and may be offset against future taxable profits of the companies in which the losses arose. In addition, these tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

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

Accounting policy for income tax

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

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

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

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

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

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

Note 8. Cash and cash equivalents

	Consolidated	
	2021	2020
	\$	\$
Cash at bank and on hand	1,303,154	142,907
Cash on deposit	1,800,000	2,300,000
	<u>3,103,154</u>	<u>2,442,907</u>

Accounting policy for cash and cash equivalents

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

Note 9. Receivables

	Consolidated	
	2021	2020
	\$	\$
Other receivables	13,009	18,045
Accrued interest	123	2,369
GST receivable	88,921	13,275
	<u>102,053</u>	<u>33,689</u>

Accounting policy for Receivables

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

Note 10. Other assets

	Consolidated	
	2021	2020
	\$	\$
Prepayments	<u>7,106</u>	<u>5,826</u>

Note 11. Exploration and evaluation assets

	Consolidated	
	2021	2020
	\$	\$
Exploration and evaluation - at cost	<u>1,935,210</u>	<u>949,042</u>

Note 11. Exploration and evaluation assets (continued)

Reconciliations

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

Consolidated	Exploration and evaluation \$	Total \$
Balance at 1 July 2019	104,801	104,801
Additions through expenditures capitalised	847,669	847,669
Impairment of tenements	(3,428)	(3,428)
Balance at 30 June 2020	949,042	949,042
Additions through expenditures capitalised	1,126,119	1,126,119
Disposals*	(133,873)	(133,873)
Impairment of tenements	(6,078)	(6,078)
Balance at 30 June 2021	<u>1,935,210</u>	<u>1,935,210</u>

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

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

Exploration and evaluation expenditure has been carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recovered reserves. Management assessment of carried forward expenditure resulted in impairment charges of \$6,078 (2020: \$3,428).

Accounting policy for exploration and evaluation assets

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

Note 12. Trade and other payables

	Consolidated	
	2021	2020
	\$	\$
Trade payables	42,518	65,049
Other payables	<u>26,788</u>	<u>29,840</u>
	<u>69,306</u>	<u>94,889</u>

Refer to note 18 for further information on financial instruments.

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

Note 12. Trade and other payables (continued)

Accounting policy for trade and other payables

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

Note 13. Employee benefits

	Consolidated	
	2021	2020
	\$	\$
Annual leave liability	<u>29,615</u>	<u>23,962</u>

Accounting policy for employee benefits

Short-term employee benefits

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

Note 14. Issued capital

	2021	Consolidated	
	Shares	2020	2021
		Shares	\$
Ordinary shares - fully paid	<u>198,917,806</u>	<u>171,001,652</u>	<u>24,607,035</u>
			<u>39,061,984</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2019	171,001,652	39,061,984
Balance	30 June 2020	171,001,652	39,061,984
Issue of shares via placement	1 December 2020	14,285,714	2,000,000
Exercise of Director options	4 December 2020	3,000,000	152,628
Issue of placement shares to Exploration Manager	16 December 2020	71,428	10,000
Issue of placement shares to Directors	12 February 2021	1,071,429	150,000
Exercise of options	1 April 2021	8,487,583	431,812
Exercise of options	7 April 2021	1,000,000	78,900
Transaction costs		-	(158,170)
Return of capital from in-specie distribution	21 April 2021	-	(17,120,119)
Balance	30 June 2021	<u>198,917,806</u>	<u>24,607,035</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Return of capital

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

Note 14. Issued capital (continued)

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

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

For more information on the Transaction refer to note 5.

Share buy-back

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

Capital risk management

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

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

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

The capital risk management policy remains unchanged from the 2020 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 15. Reserves

	Consolidated	
	2021	2020
	\$	\$
Financial assets at fair value through other comprehensive income reserve	(1,534,664)	-
Share-based payments reserve	-	140,836
	<u>(1,534,664)</u>	<u>140,836</u>

Financial assets at fair value through other comprehensive income reserve

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

Share-based payments reserve

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

Note 15. Reserves (continued)

Movements in reserves

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

Consolidated	Share-based payment Reserve \$	FVOCI* \$	Total \$
Balance at 1 July 2019	270,870	-	270,870
Lapsed options	(130,034)	-	(130,034)
Balance at 30 June 2020	140,836	-	140,836
Movement in fair value on return of capital distribution (note 14)	-	(1,534,664)	(1,534,664)
Options exercised during the year	(140,836)	-	(140,836)
Balance at 30 June 2021	-	(1,534,664)	(1,534,664)

* Financial assets at fair value through other comprehensive income reserve

Note 16. Accumulated losses

	Consolidated	
	2021	2020
	\$	\$
Accumulated losses at the beginning of the financial year	(35,890,207)	(35,565,229)
Profit/(loss) after income tax expense for the year	17,868,244	(455,012)
Transfer from reserves	-	130,034
Accumulated losses at the end of the financial year	<u>(18,021,963)</u>	<u>(35,890,207)</u>

Note 17. Dividends

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

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

Note 18. Financial instruments

Financial risk management objectives

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

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

Note 18. Financial instruments (continued)

Market risk

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

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

Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The Group has no past due or impaired debtors as at 30 June 2021.

Liquidity risk

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

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

Fair value of financial instruments

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

Note 19. Key management personnel disclosures

Directors

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

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

Other key management personnel

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

Peter Reid	Exploration Manager
------------	---------------------

Compensation

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

	Consolidated	
	2021	2020
	\$	\$
Short-term employee benefits	282,539	293,914
Post-employment benefits	23,421	23,421
	<u>305,960</u>	<u>317,335</u>

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

Note 20. Remuneration of auditors

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

	Consolidated	
	2021	2020
	\$	\$
<i>Audit services - Grant Thornton Audit Pty Ltd</i>		
Audit or review of the financial statements	<u>27,400</u>	<u>26,300</u>

Note 21. Commitments

	Consolidated	
	2021	2020
	\$	\$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Exploration and evaluation*	<u>45,000</u>	<u>659,214</u>

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

Note 22. Related party transactions

Parent entity
Petratherm Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 24.

Joint operations
Interests in joint operations are set out in note 25.

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

Transactions with related parties
There were no transactions with related parties during the current financial year other than Director's fees (2020: \$Nil).

Payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021	2020
	\$	\$
Current payables:		
Director's fees payable	-	10,167

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

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 23. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	\$	\$
Profit/(loss) after income tax	17,868,244	(324,978)
Total comprehensive income	17,868,244	(324,978)

Statement of financial position

	Parent	
	2021	2020
	\$	\$
Total current assets	3,212,313	2,482,422
Total assets	5,149,329	3,431,464
Total current liabilities	98,921	118,851
Total liabilities	98,921	118,851
Net assets	5,050,408	3,312,613
Equity		
Issued capital	24,607,035	39,061,984
Financial assets at fair value through other comprehensive income reserve	(1,534,664)	-
Share-based payments reserve	-	140,836
Accumulated losses	(18,021,963)	(35,890,207)
Total equity	5,050,408	3,312,613

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

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

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

Note 24. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
MNGI Pty Ltd	Australia	100%	100%
PetraGas Ltd	Australia	100%	100%

Note 25. Interests in joint operations

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

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

The Group has no other existing interests in joint operations.

Note 26. Events after the reporting period

Appointment of Katelyn Adams as Company Secretary

On July 19 2021 the Company announced the appointment of Katelyn Adams as Company Secretary. Katelyn replaces Donald Stephens who has been Petratherm's Company Secretary since 2003. Donald will remain as a Non-Executive Director of the Company.

Gina Tenement Licence Granted

The Company's Gina Tenement Licence Application was granted on 19 August 2021 (EL 6633). The Gina Project Area covers 934 km² over a portion of the North Eastern Gawler Craton of South Australia and partly co-joins the Company's existing Comet Gold Project including the historical Target 14 Gold Prospect which occurs about 5 kilometres southwest of the DG1 gold anomaly.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 27. Cash flow information

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

	Consolidated	
	2021	2020
	\$	\$
Profit/(loss) after income tax expense for the year	17,868,244	(455,012)
Adjustments for:		
Depreciation and amortisation	708	-
Impairment of non-current assets	6,078	3,428
Net gain on sale of tenements	(18,520,909)	-
Change in operating assets and liabilities:		
Increase in receivables	(68,364)	(720)
Decrease in income tax refund due	-	106,815
Increase in prepayments	(1,280)	(228)
Increase/(decrease) in trade and other payables	11,742	(271,623)
Increase in employee benefits	5,653	18,577
Decrease in other provisions	-	(20,000)
Net cash used in operating activities	<u>(698,128)</u>	<u>(618,763)</u>

Note 28. Earnings/(losses) per share

	Consolidated	
	2021	2020
	\$	\$
Profit/(loss) after income tax attributable to the Owners of Petratherm Limited	<u>17,868,244</u>	<u>(455,012)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>183,812,255</u>	<u>171,001,652</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>183,812,255</u>	<u>171,001,652</u>
	Cents	Cents
Basic earnings/(losses) per share	9.72	(0.27)
Diluted earnings/(losses) per share	9.72	(0.27)

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

Accounting policy for earnings/(losses) per share

Basic earnings/(losses) per share

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

Note 28. Earnings/(losses) per share (continued)

Diluted earnings/(losses) per share

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

Note 29. Share-based payments

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

- 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.

Set out below are summaries of options granted:

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
06/04/2018	06/04/2021	\$0.04	11,487,583	-	(11,487,583)	-	-
25/09/2018	25/09/2021	\$0.06	1,000,000	-	(1,000,000)	-	-
			<u>12,487,583</u>	<u>-</u>	<u>(12,487,583)</u>	<u>-</u>	<u>-</u>

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/11/2016	24/11/2019	\$0.10	1,750,000	-	-	(1,750,000)	-
24/11/2016	24/11/2019	\$0.18	750,000	-	-	(750,000)	-
24/11/2016	24/11/2019	\$0.24	1,000,000	-	-	(1,000,000)	-
06/04/2018	06/04/2021	\$0.04	11,487,583	-	-	-	11,487,583
25/09/2018	25/09/2021	\$0.06	1,000,000	-	-	-	1,000,000
			<u>15,987,583</u>	<u>-</u>	<u>-</u>	<u>(3,500,000)</u>	<u>12,487,583</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was Nil (2020: 0.77 years).

Note 29. Share-based payments (continued)

The Group did not make any share-based payments during the year.

Accounting policy for share-based payments

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

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

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

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

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

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

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

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

Petratherm Limited
Directors' declaration
30 June 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors



Derek Carter
Chairman

20 September 2021

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 2021, 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 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets – Notes 3 & 11	
At 30 June 2021, the carrying value of exploration and evaluation assets was \$1,935,210. In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	Our procedures included, amongst others: • Reviewed management's area of interest consideration against AASB 6; • Conducted a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: • traced projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; • Enquired to management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; • Understood whether any data exists to suggest that the carrying value of exploration and evaluation assets are unlikely to be recovered through development or sale; • Understood and corroborated the changes in assumptions and inputs due to the impact of COVID-19; • Assessed the accuracy of any impairment recorded for the year as it pertained to exploration interests; • Evaluated the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and • Assessed the appropriateness of the related financial statement disclosures.
Sale of Victoria assets to Outback Goldfields – Note 5	
During the year, the Group sold its Victorian gold project assets to Outback Goldfields Corp. in exchange for consideration shares in that company. The consideration shares received were held for distribution to Petratherm's shareholders in-specie after a distribution wait period of 125 days. In accordance with AASB 9 <i>Financial Instruments</i>, the Group made an irrevocable election at initial recognition to recognise the consideration shares at fair value through other comprehensive income (FVTOCI), with any subsequent changes in the fair value of the investment being recognised in other comprehensive income. At the conclusion of the 125 day wait period, the Group derecognised the carrying amount of the financial assets through an in specie return of capital.	Our procedures included, amongst others: • Reviewed the Definitive Asset Sale agreement to understand the key terms including sale price and other sale particulars; • Recomputed the profit recognised on the sale of the Victorian Assets; • Assessed whether the financial asset and the capital distribution payable was initially recognised at fair value on the date when the consideration shares were received in accordance with AASB 9; • Ensured the financial asset and capital distribution payable was appropriately valued as at the distribution date; • Reviewed independent tax advice received by the Group in connection with the sale and considered for appropriateness and compliance with the relevant legislation; and

Key audit matter

How our audit addressed the key audit matter

Sale of Victoria assets to Outback Goldfields – Note 5

The accounting treatment of the transaction involved significant judgements in the Group's election to recognise the consideration shares received as FVTOCI as well as determination of the fair value as at the date of the in-specie distribution to Petrathem shareholders.

- Assessed the appropriateness of the related financial statement disclosures.

The area is considered to be a Key Audit Matter due to the size and nature of the transactions.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors' for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Company's/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 Company/Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Petratherm Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 20 September 2021

Petratherm Limited
Shareholder information
30 June 2021

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 17 September 2021.

Distribution of equitable securities

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

	Ordinary shares
	Number of holders
1 to 1,000	1,521
1,001 to 5,000	640
5,001 to 10,000	203
10,001 to 100,000	403
100,001 and over	256
	<u>3,023</u>
Holding less than a marketable parcel	<u>2,312</u>

Equity security holders

Twenty largest quoted equity security holders

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

Name	Ordinary shares Number held	%
TAYCOL NOMINEES PTY LTD	8,487,583	4.27
GREENSLADE HOLDINGS PTY LTD	5,239,638	2.63
CALAMA HOLDINGS PTY LTD	5,166,442	2.60
CPO SUPERANNUATION FUND PTY LTD	4,850,000	2.44
JIMZBAL PTY LTD	3,950,000	1.99
DCS SUPER FUND PTY LTD	3,605,876	1.81
MR MICHAEL ANDREW WHITING + MRS TRACEY ANNE WHITING	3,533,895	1.78
THIRTY FOUR PTY LTD	3,400,000	1.71
LONGRIDGE PARTNERS PTY LTD	3,080,852	1.55
MR PETER FREDERICK PHILLIPS + MRS ALICE SAU HAN PHILLIPS	2,919,807	1.47
AWJ FAMILY PTY LTD	2,800,000	1.41
MR JEFFREY ROY ELLISON + MRS TONI ALICE ELLISON	2,500,000	1.26
MR ANGUS WILLIAM JOHNSON + MRS LINDY JOHNSON	2,500,000	1.26
PETERSVIEW PTY LTD	2,500,000	1.26
SYMINGTON PTY LTD	2,326,862	1.17
TORRES INVESTMENTS PTY LTD	2,200,000	1.11
WALKINGTON PROPERTY NOMINEES (NO 2) PTY LTD	2,042,282	1.03
EPIC FEAST PTY LTD	2,000,000	1.01
LOTAKA PTY LTD	2,000,000	1.01
MR MARK EDMUND SCHAUB	2,000,000	1.01
	<u>67,103,237</u>	<u>33.78</u>

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

There are no substantial holders in the Company.

Petratherm Limited
Shareholder information
30 June 2021

Voting rights

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

Tenements

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