

# **Petratherm Limited**

**ABN 17 106 806 884**

## **Annual Report**

**For the Year Ended 30 June 2015**

# Petratherm Limited

ABN 17 106 806 884

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For the Year Ended 30 June 2015

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## **Petratherm Limited**

ABN 17 106 806 884

## **Contents**

**For the Year Ended 30 June 2015**

### **Corporate Information**

#### **Directors**

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

Terry Kallis (Executive Director)

Donald Stephens (Non-Executive Director)

#### **Company Secretary**

Donald Stephens

#### **Registered Office**

C/- HLB Mann Judd (SA) Pty Ltd

169 Fullarton Road

DULWICH SA 5065

#### **Principal place of business**

C/- HLB Mann Judd (SA) Pty Ltd

169 Fullarton Road

DULWICH SA 5065

#### **Share Registry**

Computershare Investor Services Pty Ltd

Level 5, 115 Grenfell Street

ADELAIDE SA 5000

#### **Legal Advisors**

O'Loughlins Lawyers

Level 2, 99 Frome Street

ADELAIDE SA 5000

#### **Bankers**

National Australia Bank

22 - 28 King William Street

ADELAIDE SA 5000

#### **Auditors**

Grant Thornton Audit Pty Ltd

Chartered Accountants

Level 1

67 Greenhill Road

WAYVILLE SA 5034

**Petratherm Limited**

## **Chairman's Report**

**30 June 2015**

The Company worked diligently throughout the year to continue to explore ways of containing costs whilst reviewing new projects that would be accretive to shareholder value.

In early 2015, the Company undertook a capital raising by way of a non-renounceable pro rata rights issue at an issue price of \$0.002 per new share on a one to one basis for every one ordinary share held to raise approximately \$505,000 before costs. The rights issue was fully underwritten by Taylor Collison Limited.

Throughout the year Board of Petratherm operated on significantly reduced directors' fees and management operating on a fee for service basis as required from time to time. This has enabled the Company to contain costs, meet its compliance requirements yet still be able to respond in a timely way to new project opportunities as they emerge.

Full year exploration and evaluation costs amounted to \$64,430 relating to our Spanish and Paralana projects. There were no exploration activities undertaken on the Company's sole Tasmanian oil & gas tenement. The Company had ongoing administration costs of \$447,264 primarily relating to compliance, due diligence review and office costs.

During May 2015 the Company advised it has entered into a deal to acquire a German based potash project and later advised in June 2015, that after conducting its due diligence the Company formed the view that the project did not meet its primary criteria of being predominantly comprised of sylvinitic and hence did not pursue the project further.

To the extent possible ongoing expenditure has been reduced by the company to preserve funds while carrying on essential activities and will continue to seek new investment opportunities that will potentially reward shareholders. The Company had \$475,898 in cash as at 30 June 2015

The Company wishes to express its sincere thanks to its shareholders for their continued support of the Company.

Sincerely,



Simon O'Loughlin

Chairman

## **Petratherm Limited**

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# **Directors' Report**

**30 June 2015**

Your Directors submit their report for the year ended 30 June 2015.

## **DIRECTORS**

Simon O'Loughlin	Non-Executive, Chairman
Terry Kallis	Executive Director
Donald Stephens	Non-Executive Director

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. The Directors were in office for this entire period unless otherwise stated.

## **Names, qualifications, experience and special responsibilities**

### **Terry Kallis, BE (Elec) MBA (Executive Director)**

Terry Kallis has more than 30 years experience in the Australian energy sector. Terry holds degrees in Electrical Engineering and a Masters of Business Administration. He held senior executive positions in ETSA Corporation and was instrumental in the development of the National Electricity Market (NEM) and the reforms to ETSA and ElectraNet and their privatisation.

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

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

Mr 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.

More recently, Mr O'Loughlin has been focusing on the resources sector, and is currently also the chairman of ASX-listed companies Crest Minerals Ltd, Lawson Gold Ltd and King Solomon Mines Ltd and a non-executive director of Chesser Resources Ltd and WCP Resources Ltd.

Other directorships held in listed companies in the past three years are: Oncosil Ltd (from March 2012 to July 2013), Aura Energy Ltd (from May 2006 to December 2013), Kibaran Resources Ltd (from September 2010 to August 2014), Reproductive Health Science Ltd (from April 2012 to February 2013 and from August 2013 to August 2014) and Goldminex Resources Limited (from July 2012 to February 2015).

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).

### **Donald Stephens, BA (Acc), FCA (Non-Executive Director/Company Secretary)**

Donald Stephens is a Chartered Accountant and corporate adviser with over 25 years experience in the accounting industry, including 14 years as a partner of HLB Mann Judd, a firm of Chartered Accountants. He is a Director of Lawson Gold Ltd, Crest Minerals Ltd and Mithril Resources Ltd and is company secretary to Highfield Resources Ltd, Minotaur Exploration Ltd, Mithril Resources Ltd and Lawson Gold Ltd. In the last 3 years he has been a Director of TW Holdings Ltd, Papyrus Australia Ltd, Reproductive Health Science Ltd, and CRW Holdings Ltd.

He holds other public company secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations. He is also the company secretary and is a member of the Company's audit committee.

## **Directors' Report**

**30 June 2015**

### **INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE**

As at the date of this report, the interests of the Directors in the shares and options of Petratherm Limited were:

	<b>Number of Ordinary Shares</b>	<b>Number of Options over Ordinary Shares</b>
Simon O'Loughlin	5,531,250	-
Terry Kallis	6,803,200	500,000
Donald Stephens	1,200,000	300,000

### **DIVIDENDS**

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

### **PRINCIPAL ACTIVITIES**

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

- to test hot rocks, with high temperatures; and
- establishing an economically viable, emission free, renewable source for power generation.

There have been no significant changes in the nature of these activities during the year.

### **OPERATING RESULTS**

The consolidated loss of the Group for the financial year after providing for income tax amounted to \$495,017 [2014: \$18,260,076].

### **OPERATIONS OVERVIEW**

#### **Paralana**

The focus during the reporting year has been to place the project onto care and maintenance. This has been done to allow the option to either restart or sell the project at a later date should market sentiment toward engineered geothermal investment improve.

The Company undertook further desktop research to refine the technical and business models for the project. Talks were held with State and Federal Government representatives and potential third party investors on the potential to refinance and restart the project. Rehabilitation of the temporary drilling sumps and fracture stimulation ponds was planned at the Paralana Drill Site. The surface clean up works are currently underway and will be complete by the end of September.

The Company has applied to the Department of State Development to renew the geothermal lease for a further 5 year term. This will give the Company further time to evaluate options with the aim of completing the geothermal doublet and allowing time for investment market conditions to improve.

## **Petratherm Limited**

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# **Directors' Report**

**30 June 2015**

## **Spain**

The Company commenced during the year an orderly shutdown of its Spanish operations allowing tenement rights to lapse over time from non-compliance with work programs.

## **Tasmania – Shale Oil and Gas**

The Company did not spend any cash on ground activities in the Tasmanian shale oil and gas project during the reporting period. This was largely due to investment uncertainty surrounding a Tasmanian Government placed moratorium which has banned the practice of fracking for 1 year. During the period the government extended this moratorium for a further 5 years.

Whilst the tenement has exploration potential for conventional oil and gas resources the current moratorium on fracking jeopardises any unconventional oil and gas development potential the licence may have. During the period further laboratory and desktop analyses of potential source rock material was undertaken to determine the fertility of the rocks for oil and gas accumulation. Preliminary talks were also undertaken with potential joint venture parties to assist future funding and exploration works.

## **CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Petratherm Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Petratherm Limited is in compliance to the extent possible with those guidelines, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company.

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

## **RISK MANAGEMENT**

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

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

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

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

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

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

On 23 July 2014 Petratherm advised that all resolutions relating to issue of shares to directors at the Company's Extraordinary General Meeting were passed on a show of hands.

On 3 March 2015 the Group announced it had completed its rights issue raising \$504,556, issuing of 252,277,951 shares at \$0.002 per share.

## Petratherm Limited

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# Directors' Report

30 June 2015

On 11 May 2015 the Company announced that it had entered into an agreement to acquire 100% of the shares in East Exploration Pty Ltd which held the South Harz potash project in central Germany. The agreement was subject to a number of conditions precedent including that Petratherm Ltd be satisfied with its due diligence investigations into East Exploration Pty Ltd and the potash project. The Company formed the view that the potash seams in the South Harz project were largely comprised of carnalite, with silvinite, polyhalite and other sulphates. The Company continues to look for opportunities that will be accretive to shareholder value.

Other than the items noted there were no other material significant events.

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no material subsequent events after balance date.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group intends to continue appropriate exploration and evaluation expenditure enabling it to maintain good title to all its prospective geothermal properties and petroleum until decisions can be made to successfully develop and exploit, sell or abandon such properties. New projects will be sought and evaluated. Provision of any further information may result in unreasonable prejudice to the Group.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

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 period under review the majority of work carried out was in South Australia and Tasmania and the Group followed procedures and pursued objectives in line with guidelines published by the South Australian and Tasmanian Governments. These guidelines are 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, both in South Australia and elsewhere. The Company's Spanish operations follow regulations as outlined by Spanish Mining Law, and Petratherm's internal Health Safety and Environment management system, which is internationally compliant. The Company is in compliance with the state and/or commonwealth environmental laws for the jurisdictions in which it operates.

## Unissued Shares

As at the date of this report, the following options to acquire ordinary shares in the Company were on issue.

Issue Date	Expiry Date	Exercise Price	Balance at 1 July 2014	Lapsed/ Cancelled	Balance as at date of Report
24/12/2009	23/12/2014	\$0.50	350,000	(350,000)	-
04/01/2010	03/01/2015	\$0.53	300,000	(300,000)	-
05/06/2010	04/01/2015	\$0.24	3,100,000	(3,100,000)	-
05/06/2010	04/01/2015	\$0.29	500,000	(500,000)	-
06/07/2010	05/07/2015	\$0.20	600,000	(600,000)	-
31/01/2011	30/01/2016	\$0.15	1,100,000	-	1,100,000
09/01/2012	08/01/2017	\$0.14	350,000	-	350,000
03/03/2012	02/03/2017	\$0.13	500,000	-	500,000
			6,800,000	(4,850,000)	1,950,000

## SHARE OPTIONS

### Cancellation of Options

During the financial year 4,850,000 options lapsed due to not being exercised within the given exercise period.

### New options issued

No options were issued under the Company's Employee Share Option Plan (ESOP).



## **Directors' Report**

**30 June 2015**

### **INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company for a premium of \$13,452. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

### **REMUNERATION REPORT - AUDITED**

This report outlines the remuneration arrangements in place for directors and key management personnel of Petratherm Limited.

#### **Remuneration philosophy**

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

#### **Employment contracts**

The employment conditions of the Managing Director, Mr Terry Kallis, are formalised in a consultancy agreement. Mr Kallis commenced employment on 1 May 2006 and has subsequently signed a consultancy agreement dated 10 January 2012 with Kallis & Co Pty Ltd. The agreement is based on an annual base of \$330,000 in equal monthly instalments in arrears. The agreement includes flexibility that has allowed the Company to source services on an as need basis. The Company may terminate the consultancy agreement by providing three (3) months 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.

The employment conditions of the Exploration Manager, Mr Peter Reid, are formalised in a contract of employment. Mr Reid commenced employment on 27 July 2004 and his base salary, inclusive of superannuation, is \$186,832 per annum. The agreement includes flexibility that has allowed the Company to source services on an as need basis. The Company may terminate the employment contract by providing three (3) months 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.

#### **Key management personnel remuneration and equity holdings**

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

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

All remuneration paid to directors and executives is expensed as incurred. Executives are also entitled to participate in the Group share option scheme. Options are valued using the Black-Scholes methodology. The board policy is to remunerate non-executive directors at market rates based on comparable companies for time, commitment and responsibilities. The board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

#### **Voting and comments made at the company's 2014 Annual General Meeting**

Petratherm Ltd received more than 95.49% of 'yes' votes on its remuneration report for the 2014 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

#### **Use of remuneration consultants**

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

## Directors' Report

30 June 2015

### REMUNERATION REPORT - AUDITED (continued)

**Table 1: Directors' remuneration for the year ended 30 June 2014 & 2015**

	Short-term employee benefits	Post employment benefits	Share based payments	Total
	Salary & Fees	Superannuation	Options	
Terry Kallis				
2015	30,044	-	-	<b>30,044</b>
2014	150,375	-	-	<b>150,376</b>
Simon O'Loughlin **				
2015	32,500	3,088	-	<b>35,588</b>
2014	27,500	463	-	<b>27,963</b>
Donald Stephens *				
2015	30,044	-	-	<b>30,044</b>
2014	15,828	-	-	<b>15,828</b>

**Table 2: Remuneration of the other key management for the year ended 30 June 2014 & 2015**

	Short-term employee benefits	Post employment benefits	Share based payments	Total
	Salary & Fees	Superannuation	Options	
Peter Reid				
2015	19,581	-	-	<b>19,581</b>
2014	71,007	1,612	-	<b>72,619</b>

\* HLB Mann Judd (SA) Pty Limited has received professional fees for accounting, taxation and secretarial services provided during the year amounting to \$117,280 (2014: \$136,829). Donald Stephens, a non-executive Director and the company secretary, is a consultant with HLB Mann Judd (SA) Pty Limited. DCS Corporate Pty Ltd of which Donald is a director received director fees of \$30,044 (2014: 6,828). At 30 June 2015, the Group owed \$17,604 to HLB Mann Judd (SA) Pty Ltd.

\*\* O'Loughlins Lawyers of which Simon O'Loughlin is a partner received legal fees of \$20,112 (2014:\$27,597) during the year. At 30 June 2015, the Group owed NIL to O'Loughlins Lawyers.

## Directors' Report

30 June 2015

### REMUNERATION REPORT - AUDITED (continued)

#### Table 3: Options granted as part of remuneration

No options were issued to directors or other key management during the year or previous year.

No portion of remuneration paid or payable to any Key Management Personnel employed by Petratherm was performance based in 2014 or 2015.

#### Table 4: Options holdings of Key Management Personnel

30 June 2015	Balance at beginning of period	Granted as remuneration	Options exercised	Options lapsed	Balance at end of period			
						Expiry date	First exercise date	Last exercise date
<b>Directors</b>								
Terry Kallis	1,000,000	-	-	(1,000,000)	-	04/01/15	03/06/10	04/01/15
Terry Kallis	500,000	-			500,000	02/03/17	03/03/12	02/03/17
Derek Carter	600,000	-	-	(600,000)	-	04/01/15	03/06/10	04/01/15
Richard Bonython	450,000	-	-	(450,000)	-	04/01/15	03/06/10	04/01/15
Lewis Owens	450,000	-	-	(450,000)	-	04/01/15	03/06/10	04/01/15
Richard Hillis	650,000	-	-	(650,000)	-	04/01/15	03/06/10	04/01/15
Simon O'Loughlin	450,000	-	-	(450,000)	-	04/01/15	03/06/10	04/01/15
Donald Stephens	300,000	-	-	(300,000)	-	03/01/15	05/01/10	03/01/15
Donald Stephens	300,000	-	-	-	300,000	30/01/16	31/01/11	30/01/16
<b>Executives</b>								
Peter Reid	150,000	-	-	(150,000)	-	23/12/14	24/12/09	23/12/14
Peter Reid	400,000	-	-	-	400,000	05/07/15	06/07/10	05/07/15
Peter Reid	500,000	-	-	-	500,000	30/01/16	31/01/11	30/01/16
Peter Reid	200,000	-	-	-	200,000	08/01/17	09/01/12	08/01/17
	5,950,000	-	-	(4,050,000)	1,900,000			

## Directors' Report

30 June 2015

### REMUNERATION REPORT - AUDITED (continued)

**Table 5: Shareholdings of Key Management Personnel**

30 June 2015	Balance at 1 July 14	Net Change Other	Balance 30 June 15
<b>Directors</b>			
Terry Kallis	901,600	5,901,600	6,803,200
Simon O'Loughlin	1,912,501	4,562,501	6,475,002
Donald Stephens	-	1,200,000	1,200,000
<b>Executives</b>			
Peter Reid	426,751	935,256	1,362,007

End of Remuneration Report.

### DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings	Audit Committee
<b>Number of meetings held</b>	6	2
<b>Number of meetings attended:</b>		
Terry Kallis	6	2
Simon O'Loughlin	6	2
Donald Stephens	6	2

Members acting on the audit committee of the board are:

Simon O'Loughlin	Non-executive director, Chairman
Terry Kallis	Executive director
Donald Stephens	Company secretary/Non-executive director

**Petratherm Limited**

ABN 17 106 806 884

**Directors' Report**

**30 June 2015**

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

**AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES**

Grant Thornton Audit Pty Ltd, in its capacity as auditor for Petratherm Limited, has not provided any non-audit services throughout the year. Details of the auditor's remuneration can be found in note 24 to the financial statements. The auditor's independence declaration for the year ended 30 June 2015 as required under section 307C of the Corporations Act 2001 has been received and can be found on the following page.

Signed in accordance with a resolution of the board of directors.



Mr Terry Kallis  
Managing Director

Dated this 30<sup>th</sup> day of September 2015

Level 1,  
67 Greenhill Rd  
Wayville SA 5034

Correspondence to:  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
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E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

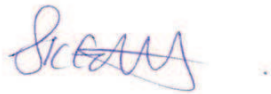
**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF PETRATHERM LIMITED**

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 2015, 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*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S K Edwards  
Partner – Audit & Assurance

Adelaide, 30 September 2015

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**Petratherm Limited**

ABN 17 106 806 884

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 30 June 2015**

		Consolidated	
		2015	2014
	Note	\$	\$
Revenue	5(a)	10,104	19,253
Other income	5(a)	1,861	2,912,344
Impairment of exploration assets	5(b)	(115,426)	(19,632,170)
Employee benefits expense	5(b)	(105,717)	(384,024)
Depreciation expense	5(b)	-	(15,123)
Foreign exchange (losses)/gain	5(b)	37,460	(595,531)
Other expenses	5(b)	(360,447)	(533,549)
<b>Loss before income tax expense</b>		<b>(532,165)</b>	<b>(18,228,800)</b>
Income tax (expense)/benefit	6	37,151	(31,276)
<b>Total loss for the year attributable to members of the parent entity</b>		<b>(495,014)</b>	<b>(18,260,076)</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>			
Exchange differences on translating foreign controlled entities	18	-	655,945
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>655,945</b>
<b>Total comprehensive income for the year attributable to members of the parent entity</b>		<b>(495,014)</b>	<b>(17,604,131)</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)	7	(0.15)	(8.50)
Diluted earnings per share (cents)	7	(0.15)	(8.50)

**Petratherm Limited**

ABN 17 106 806 884

**Consolidated Statement of Financial Position**

As At 30 June 2015

	Note	Consolidated	
		2015	2014
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	475,898	527,201
Trade and other receivables	9	10,823	57,018
Other assets	10	1,987	10,536
<b>TOTAL CURRENT ASSETS</b>		<b>488,708</b>	<b>594,755</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	11	-	48,577
Exploration and evaluation assets	12	90,705	71,833
<b>TOTAL NON-CURRENT ASSETS</b>		<b>90,705</b>	<b>120,410</b>
<b>TOTAL ASSETS</b>		<b>579,413</b>	<b>715,165</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	41,162	288,569
Employee benefits	16	-	17,177
<b>TOTAL CURRENT LIABILITIES</b>		<b>41,162</b>	<b>305,746</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions	15	193,076	193,076
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>193,076</b>	<b>193,076</b>
<b>TOTAL LIABILITIES</b>		<b>234,238</b>	<b>498,822</b>
<b>NET ASSETS</b>		<b>345,175</b>	<b>216,343</b>
<b>EQUITY</b>			
Issued capital	17	33,429,895	32,806,049
Reserves	18	154,386	635,286
Accumulated losses	19	(33,239,106)	(33,224,992)
<b>TOTAL EQUITY</b>		<b>345,175</b>	<b>216,343</b>



**Petratherm Limited**

ABN 17 106 806 884

**Consolidated Statement of Changes in Equity**  
**For the Year Ended 30 June 2015**

	Note	Issued Capital \$	Accumulated losses \$	Foreign Currency Translation Reserve \$	Share Option Reserve \$	Total \$
<b>Balance at 1 July 2014</b>	17, 18, 19	<b>32,806,049</b>	<b>(33,224,992)</b>	-	<b>635,286</b>	<b>216,343</b>
Loss attributable to members of the parent entity	19	-	<b>(495,014)</b>	-	-	<b>(532,474)</b>
Total other comprehensive income for the year	18	-	-	-	-	<b>37,460</b>
<b>Transactions with owners in their capacity as owners</b>						
Shares issued via rights issue	17	<b>534,830</b>	-	-	-	<b>534,830</b>
Issue of shares	17	<b>151,499</b>	-	-	-	<b>151,499</b>
Transaction costs	17	<b>(76,287)</b>	-	-	-	<b>(76,287)</b>
Tax portion of capital raising costs	17	<b>13,804</b>	-	-	-	<b>13,804</b>
Transfer to retained earnings from share option reserve upon cancellation of vested options	18, 19	-	<b>480,900</b>	-	<b>(480,900)</b>	-
<b>Balance at 30 June 2015</b>	17, 18, 19	<b>33,429,895</b>	<b>(33,239,106)</b>	-	<b>154,386</b>	<b>345,175</b>
<b>Balance at 1 July 2013</b>	17, 18, 19	<b>32,225,168</b>	<b>(15,008,966)</b>	<b>(655,945)</b>	<b>679,336</b>	<b>17,239,593</b>
Loss attributable to members of the parent entity	19	-	<b>(18,260,076)</b>	-	-	<b>(18,260,076)</b>
Total other comprehensive income for the year	18	-	-	<b>655,945</b>	-	<b>655,945</b>
<b>Transactions with owners in their capacity as owners</b>						
Shares issued via rights issue	17	<b>649,733</b>	-	-	-	<b>649,733</b>
Shares issued via exercise of share options	17	<b>4,126</b>	-	-	-	<b>4,126</b>
Transaction costs	17	<b>(104,254)</b>	-	-	-	<b>(104,254)</b>
Tax portion of capital raising costs	17	<b>31,276</b>	-	-	-	<b>31,276</b>
Transfer to retained earnings from share option reserve upon cancellation of vested options	18, 19	-	<b>44,050</b>	-	<b>(44,050)</b>	-
<b>Balance at 30 June 2014</b>	17, 18, 19	<b>32,806,049</b>	<b>(33,224,992)</b>	-	<b>635,286</b>	<b>216,343</b>

**Consolidated Statement of Cash Flows**  
**For the Year Ended 30 June 2015**

	Note	Consolidated	
		2015	2014
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Payments to suppliers and employees		(506,924)	(803,675)
Management fee		740	1,993
Interest received		7,965	18,079
Research & Development Tax offset received		50,955	-
<b>Net cash provided by (used in) operating activities</b>	21	<b>(447,264)</b>	<b>(783,603)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of plant and equipment		(2,310)	-
Payments for exploration activities		(64,430)	(142,149)
Joint Venture receipts		905	22,525
<b>Net cash used by investing activities</b>		<b>(65,835)</b>	<b>(119,624)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issue of shares		504,556	653,859
Payment of transaction costs		(42,760)	(100,776)
<b>Net cash provided by financing activities</b>		<b>461,796</b>	<b>553,083</b>
Net increase (decrease) in cash and cash equivalents held		(51,303)	(350,144)
Cash and cash equivalents at beginning of year		527,201	877,345
<b>Cash and cash equivalents at end of financial year</b>	8(a)	<b>475,898</b>	<b>527,201</b>

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2015**

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

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

The separate financial statements and notes of the parent entity, Petratherm Limited, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*. Parent entity summary is included in note 31.

The financial report was authorised for issue by the Directors on 30<sup>th</sup> September 2015.

Comparatives are consistent with prior years, unless otherwise stated.

#### **1 Basis of Preparation**

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

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

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

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

#### **2 Summary of Significant Accounting Policies**

##### **(a) Principles of Consolidation**

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

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

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

A list of controlled entities is contained in Note 25 to the financial statements.

##### **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(a) Principles of Consolidation (continued)**

##### **Joint Arrangements**

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

Petratherm Limited has determined that it has only joint operations.

Joint operations:

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

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

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

The Group has entered into a number of Joint Ventures with various parties to explore certain tenements that the Group has beneficial interest in. A full list of these Joint Ventures, as well as the parties involved, can be found in Note 30.

#### **(b) Revenue and other income**

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

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

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

##### **Sale of goods**

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(b) Revenue and other income (continued)**

##### **Rendering of services**

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

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

##### **Interest revenue**

Interest is recognised using the effective interest method.

##### **Grant revenue**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

#### **(c) Finance costs**

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

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

#### **(d) Cash and cash equivalents**

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

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

#### **(e) Trade and other receivables**

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

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(f) Financial instruments**

##### **Initial recognition and measurement**

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

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

##### **Classification and subsequent measurement**

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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

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

Discounting is omitted where the effect of discounting is considered immaterial.

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

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

###### *Financial liabilities*

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

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

##### **Impairment of financial assets**

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

###### Financial assets at amortised cost

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

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(f) Financial instruments (continued)**

on financial assets at amortised cost are taken directly to the asset.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale financial assets

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

#### **Derecognition**

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

#### **(g) Income Tax**

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

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

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

Deferred tax is not provided for the following:

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

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

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2015**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(g) Income Tax (continued)**

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

##### **Tax consolidation**

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

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

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

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



## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(h) Goods and Services Tax (GST)**

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

Receivables and payable are stated inclusive of GST.

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

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

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

#### **(i) Plant and Equipment**

Each class of plant and equipment are measured using the cost model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

##### **Depreciation**

The depreciable amount of all plant and equipment is depreciated on a reducing balance method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Plant and Equipment	10 - 50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of profit or loss and other comprehensive income.

#### **(j) Impairment of non-financial assets**

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

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(j) Impairment of non-financial assets (continued)**

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

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

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

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

#### **(k) Exploration expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through 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 recoverable reserves. As the asset is not available for use it is not depreciated or amortised.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the period in which the decision to abandon that area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of closure and rehabilitation activities is recognised in property, plant and equipment and depreciated accordingly. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense which is recognised in finance costs. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology discounted to their present value.

Any changes in the estimates for the costs are accounted on a prospective basis in the consolidated statement of profit or loss and other comprehensive income. In determining the costs of site restoration, there is an uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that restoration will be completed within one year of abandoning the site.

#### **(l) Trade and other payables**

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

#### **(m) Provisions**

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(m) Provisions (continued)**

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

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

#### **(n) Leases**

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

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

#### **(o) Employee benefits**

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

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

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

#### **(p) Equity-settled compensation**

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

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(p) Equity-settled compensation (continued)**

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

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

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

#### **(q) Share capital**

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

#### **(r) Earnings per share**

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

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

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2015 and 2014.

#### **(s) Foreign currency transactions and balances**

##### **Functional and presentation currency**

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

##### **Transaction and balances**

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

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2015**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(s) Foreign currency transactions and balances (continued)**

###### **Transaction and balances (continued)**

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

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

###### **Group companies**

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

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

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

###### **Foreign operations**

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

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

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(t) Going concern**

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

The Group incurred a net loss before tax of \$532,168 during the year ended 30 June 2015, and had a net cash outflow of \$513,099 from operating and investing activities. The Group continues to be reliant upon the completion of capital raising for continued operations and the provision of working capital. To the extent possible ongoing expenditure has been reduced by the company to preserve funds. The Group continues to be in consultation with its advisers to evaluate alternative means of raising capital. If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the annual financial report.

#### **(u) Research and development tax incentive refund**

Refund amounts received or receivable under the Federal Government's Research and Development Tax Incentive are recognised on an accrual basis. The corporate tax rate component is recognised as a tax expense credit. Any additional component, being the incentive component, is recognised as a government grant.

#### **(v) Adoption of new and revised accounting standards**

The Group applied, for the first time, certain standards and amendments which are effective for annual periods beginning on or after 1 July 2014. The nature and the impact of each new standard and/or amendment is described below:

##### **Investment Entities – Amendments to AASB 10, AASB 12 and AASB 127**

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under AASB 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under AASB 10.

##### **Remove Individual Key Management Personnel Disclosure Requirements – Amendments to AASB 124**

This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions. This amendment has resulted in reduced disclosures in the Group's financial statements.

##### **Recoverable Amount Disclosures for Non-Financial Assets – Amendments to AASB 136**

The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. This amendment has resulted in increased disclosures in the Group's financial statements.

##### **Offsetting Financial Assets and Financial Liabilities - Amendments to AASB 132**

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

## Notes to the Financial Statements

### For the Year Ended 30 June 2015

#### 2 Summary of Significant Accounting Policies (continued)

##### (v) Adoption of new and revised accounting standards (continued)

###### Novation of Derivatives and Continuation of Hedge Accounting – Amendments to AASB 139

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated any of its derivatives during the current or prior periods.

###### AASB Interpretation 21 Levies

AASB Interpretation 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for AASB Interpretation 21. This interpretation has no impact on the Group as it has applied the recognition principles under AASB 137 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of AASB Interpretation 21 in prior years.

##### (w) New Accounting Standards and Interpretations

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

Standard Name	Effective date for Group	Requirements	Impact
AASB 9 Financial Instruments	30 June 2019	Significant revisions to the classification and measurement of financial assets, AASB 9 has not reducing the number of categories and yet been simplifying the measurement choices, determined.	The impact of AASB 9 has not yet been determined.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)			including the removal of impairment testing of assets measured at fair value.
AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transitional Disclosures			The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using IFRS 9 are to be measured at fair value.
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments			Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss.
AASB 2014-1 Amendments to Australian Accounting Standards			Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9			
AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9			Impairment of assets is now based on expected losses in IFRS 9 which requires entities to measure: <ul style="list-style-type: none"> <li>- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or</li> <li>- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).</li> </ul>

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 2 Summary of Significant Accounting Policies (continued)

#### (w) New Accounting Standards and Interpretations (continued)

<p>AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</p>	<p>30 June 2017</p>	<p>This standard amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to:</p> <p>a. establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset;</p> <p>b. clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset; and</p> <p>c. clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	<p>As the Group does not currently use revenue based methods of depreciation or amortisation, there is no impact from this standard.</p>
<p>AASB 2014 – 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture</p>	<p>30 June 2017</p>	<p>The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</p> <p>The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p>	<p>As there has not been a sale or contribution of assets between the parent entity and its associates or joint ventures, it is not expected that these changes will have any impact on the Group.</p>
<p>AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</p>	<p>30 June 2016</p>	<p>AASB 2015-3 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality as each standard is amended for another purpose.</p>	<p>There is not expected to be any changes to the reported financial position, performance or cash flows of the Group.</p>



## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 2 Summary of Significant Accounting Policies (continued)

#### (w) New Accounting Standards and Interpretations (continued)

<p>AASB 2015 – 1 Annual improvements (2012 – 2014 cycle)</p>	<p>30 June 2017</p>	<p>The following amendments / clarifications are made:</p> <ul style="list-style-type: none"> <li>- AASB 5 – reclassification from held for sale to held for distribution to owners or from held for distribution to owners to held for sale is considered to the continuation of the original plan of disposal;</li> <li>- AASB 7 – adds basis of conclusion to clarify disclosure requirements for transferred financial assets and offsetting arrangements;</li> <li>- AASB 119 – confirms that high quality corporate bonds or national government bonds used to determine discount rates must be in the same currency as the benefits paid to the employee;</li> <li>- AASB 134 – clarifies information about cross references in the interim financial report.</li> </ul>	<p>It is not expected that these changes will have material impact on the Group.</p>
<p>AASB 2014-9 Equity method in separate financial statements (Amendments to AASB 127)</p>	<p>30 June 2017</p>	<p>This standard will allow entities to use the equity method to account for its interest in subsidiaries, joint venture and associates in separate financial statements.</p>	<p>As the Group as not chosen to measure its interests in subsidiaries, joint ventures or associates using the equity method, there is no change to the reporting of subsidiaries, joint ventures or associates in the separate financial statements.</p>

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(w) New Accounting Standards and Interpretations (continued)**

AASB 2015-2 Disclosure Initiative – Amendment to AASB 101	30 June 2017	<p>There are no changes to accounting policies covered by this standard, however this amendment provide clarification regarding the disclosure requirements in AASB 101.</p> <p>Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes an editorial correction to AASB 101. In addition, as a result of the amendments to AASB 101, this Standard makes consequential amendments to AASB 7, AASB 134 and AASB 1049.</p>	<p>No impact on reported financial position or performance is expected, however the Group may use this clarification to streamline or simplify some of the notes in the financial statements.</p>
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## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 3 Critical Accounting Estimates and Judgements

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

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

The significant estimates and judgements made have been described below.

#### Key judgements - capitalisation of exploration and evaluation expenditure

The Group's policy for exploration and evaluation is discussed in Note 2(k). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the consolidated statement of profit or loss and other comprehensive income. Refer to Note 12 for further details and a reconciliation of the capitalised expenditure written off during the year.

### 4 Operating Segments

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

### 5 Revenue and expenses

#### (a) Revenue and other income

	Consolidated	
	2015	2014
	\$	\$
<b>Revenue</b>		
Management fees	740	1,993
Bank interest received or receivable	9,364	17,260
<b>Total revenue</b>	<b>10,104</b>	<b>19,253</b>
<b>Other income</b>		
Government grants *	-	2,898,000
Other income	1,861	14,344
<b>Total other income</b>	<b>1,861</b>	<b>2,912,344</b>

\* Grant monies associated with the Commonwealth government's geothermal drilling program received in 2011 and previously recognised as deferred income.

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 5 Revenue and expenses (continued)

#### (b) Expenses

	Consolidated	
	2015	2014
	\$	\$
<b>Impairment of Non-Current Assets</b>		
Capitalised tenement costs written off	115,426	19,632,170
<b>Depreciation of Non-Current Assets</b>		
Plant and equipment	-	15,123
<b>Employee Benefits Expense</b>		
Wages, salaries, directors fees and other remuneration expenses	99,708	413,128
Superannuation	6,009	6,475
Transfer to annual leave provision	-	(8,606)
Transfer to/(from) long service leave provision	-	(26,973)
<b>Total employee benefits expense</b>	<b>105,717</b>	<b>384,024</b>
<b>Foreign exchange (loss)/gain</b>	<b>37,460</b>	<b>(595,531)</b>
<b>Other Expenses from Ordinary Activities</b>		
Secretarial, professional and consultancy	104,402	99,464
Travel expenses	21,716	17,539
Promotion and advertising	138	3,828
Occupancy costs	5,290	189,954
Share register maintenance	51,882	23,045
Insurance costs	22,740	14,266
Conference & seminars	-	1,212
Entertainment	1,192	8,192
AGM expenses	14,357	51,126
Audit fees	24,850	27,963
Listing fees	19,735	21,394
Subscriptions, publications & memberships	382	15,434
Legal fees	6,014	3,300
Bank charges	4,716	5,327
Communication & computer expenses	22,632	22,340
Office expenses	4,722	13,722
Loss on disposal of assets	34,577	-
Other expenses	21,102	15,443
<b>Total other expenses from ordinary activities</b>	<b>360,447</b>	<b>533,549</b>

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 6 Income Tax Expense

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

	Consolidated	
	2015	2014
	\$	\$
<b>Current tax expense</b>		
Current income tax charge/(benefit)	13,804	31,276
Research & development tax offset	(50,955)	-
<b>Total income tax expense/(benefit)</b>	<u>(37,151)</u>	<u>31,276</u>

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

Accounting loss before income tax	(532,168)	(18,228,800)
Group's statutory income tax rate	30%	30%
	<u>(159,650)</u>	<u>(5,468,640)</u>

Add:

Tax effect of:

- expenditure not allowable for income tax purposes	44	4,444,430
- other deductible items	18,176	(693,363)
- tax portion of share issue costs	13,804	31,276
	<u>(127,626)</u>	<u>(1,686,297)</u>

Less:

Tax effect of:

- tax losses not recognised due to not meeting recognition criteria	(141,430)	(1,717,573)
- Research & development tax offset	50,955	-

**Income tax expense/(benefit)**

(37,151)      31,276

The Group has tax losses arising in Australia of \$29,149,581 (2014: \$28,506,017) that may be available and may be offset against future taxable profits of the companies in which the losses arose.

No deferred tax asset has been recognised 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.

### (c) Tax Consolidation

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

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 7 Earnings per Share

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

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

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

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

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Net loss attributable to ordinary equity holders of the parent	<b>(495,014)</b>	(18,260,076)
Earnings used to calculate basic EPS	<b>(495,014)</b>	(18,260,076)
<b>Earnings used in the calculation of dilutive EPS</b>	<b>(495,014)</b>	(18,260,076)

(b) Earnings used to calculate overall earnings per share

Earnings used to calculate overall earnings per share	<b>(495,014)</b>	(18,260,076)
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(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<b>333,444,733</b>	214,900,108
<b>Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS</b>	<b>333,444,733</b>	214,900,108

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2015 or 2014.

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

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 8 Cash and cash equivalents

	Consolidated	
	2015	2014
Note	\$	\$
Cash at bank and in hand	275,898	164,798
Short-term bank deposits	200,000	362,403
<b>Total cash and cash equivalents</b>	<b>475,898</b>	<b>527,201</b>

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

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

#### (a) Reconciliation of cash

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

Cash and cash equivalents	8	475,898	527,201
<b>Balance as per consolidated statement of cash flows</b>		<b>475,898</b>	<b>527,201</b>

### 9 Trade and other receivables

#### CURRENT

Trade receivables

9(a) 172 2,485

GST receivable

10,651 54,533

**Total current trade and other receivables**

**10,823 57,018**

#### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No impairment was recognised in 2015 or 2014 and no receivables are past due at reporting date.

### 10 Other assets

#### CURRENT

Prepayments

1,987 10,536

**Total current other assets**

**1,987 10,536**

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 11 Plant and equipment

	Consolidated	
	2015	2014
	\$	\$
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	-	345,516
Accumulated depreciation	-	(296,939)
<b>Total plant and equipment</b>	<u>-</u>	<u>48,577</u>

#### (a) Movements in carrying amounts of plant and equipment

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current and previous financial years:

Consolidated	Plant and Equipment \$	Total \$
<b>Year ended 30 June 2015</b>		
Balance at the beginning of year	48,577	48,577
Additions	-	-
Disposals - written down value	(48,577)	(48,577)
Depreciation expense	-	-
<b>Balance at the end of the year</b>	<u>-</u>	<u>-</u>
<b>Year ended 30 June 2014</b>		
Balance at the beginning of year	63,700	63,700
Additions	-	-
Disposals - written down value	-	-
Depreciation expense	(15,123)	(15,123)
<b>Balance at the end of the year</b>	<u>48,577</u>	<u>48,577</u>

#### (b) Impairment of plant and equipment

No material impairment loss was recognised or reversed for the years ended 30 June 2015 and 2014 with respect to plant and equipment.

The depreciation rates of the assets were estimated as follows for both 2015 and 2014:

Plant and equipment - 10 - 50% (Diminishing value)



## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 12 Exploration and evaluation assets

	Consolidated	
	2015	2014
	\$	\$
<b>Exploration and evaluation costs carried forward in respect of Geothermal areas of interest</b>		
Exploration and evaluation phases	90,705	71,833
<b>Total exploration and evaluation assets</b>	<b>90,705</b>	<b>71,833</b>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective geothermal areas.

Capitalised tenement expenditure movement reconciliation

Consolidated	Exploration and Evaluation Phases
	\$
<b>2015</b>	
<b>Balance at beginning of the year</b>	71,833
Additions through expenditure capitalised	133,393
Joint venture contributions	905
Forex movement	-
Write off of tenements relinquished	(115,426)
<b>Balance at end of the year</b>	<b>90,705</b>
<b>2014</b>	
<b>Balance at beginning of the year</b>	19,310,735
Additions through expenditure capitalised	310,329
Joint venture contributions	22,525
Forex movement	60,414
Write off of tenements relinquished	(19,632,170)
<b>Balance at end of the year</b>	<b>71,833</b>

The impairment expense of \$115,426 (2014: \$19,632,170) arose from a review of the Group's capitalised costs and the relevant tenements to which the costs related. Costs written off related to tenements relinquished during the year.

### 13 Share-based Payments

#### (i) Employee Share Option Plan

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

- All employees (full and part time) will be eligible to participate in the Plan after a qualifying period of 12 months employment by a member of the Group, although the Board may waive this requirement.
- Options are granted under the Plan at the discretion of the Board and if permitted by the Board, may be issued to an employee's nominee.

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 13 Share-based Payments (continued)

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

The Board may amend the Plan Rules subject to the requirements of the Listing Rules.

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

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

A summary of the Group options issued is as follows:

2015						Vested and
Exercise price	Start of the	Granted	Exercised	Cancelled	Balance at the	exercisable at
WAEP	year	during the	during the	during the	end of the	the end of the
	No.	year	year	year	year	year
		No.	No.	No.	No.	No.
0.31	2,100,000	-	-	-	2,100,000	2,100,000
-	-	-	-	(350,000)	(350,000)	(350,000)
	<b>2,100,000</b>	<b>-</b>	<b>-</b>	<b>(350,000)</b>	<b>1,750,000</b>	<b>1,750,000</b>

The WAEP of issued options that are exercisable as at 30 June 2015 is \$0.16.

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 13 Share-based Payments (continued)

2014	Start of the year	Granted during the year	Exercised during the year	Cancelled during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Exercise Price	No.	No.	No.	No.	No.	No.
WAEP						
0.24	2,300,000	-	-	-	2,300,000	2,300,000
0.37	-	-	-	(200,000)	(200,000)	(200,000)
	2,300,000	-	-	(200,000)	2,100,000	2,100,000

The WAEP of issued options that are exercisable as at 30 June 2014 is \$0.31.

The outstanding balance as at 30 June 2015 is represented by:

- A total of 600,000 options exercisable any time until 5 July 2015 with a strike price of \$0.20.
- A total of 800,000 options exercisable any time until 30 January 2016 with a strike price of \$0.15.
- A total of 350,000 options exercisable any time until 8 January 2017 with a strike price of \$0.14.

The weighted average remaining contractual life of options outstanding at year end was NIL years (2014: 0.99 years).

The range of exercise prices for options outstanding at the end of the year was \$0.14 - \$0.20 (2014: \$0.14 - \$0.50).

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

There were no employee options granted in the years ended 30 June 2015 and 30 June 2014.

#### Director options

The Group issues options to Directors in order to retain their services and provide incentive linked to the performance of the Company. Shareholder approval is sought for all options issued to Directors in accordance with applicable legislation.

No options were issued during the financial year (2014: NIL). Full details of option holdings of Directors and company secretary are disclosed in the Remuneration Report contained in the Directors' Report.

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 14 Trade and other payables

	Note	Consolidated	
		2015	2014
		\$	\$
CURRENT			
Unsecured liabilities			
Trade payables	14(a)	28,230	77,938
Directors' remuneration payable	14(b)	-	154,232
Other payables		12,932	56,399
<b>Total current trade and other payables</b>		<b>41,162</b>	<b>288,569</b>

#### (a) Trade payables

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

#### (b) Directors' remuneration payable

During the 2014 year, the Directors forewent half of their director fees, the remaining half had been accrued as at 30 June 2014, being \$30,000 for Mr Carter, \$22,500 for Messrs Kallis, Bonython, O'Loughlin, Owen and Hillis, and \$9,000 for Mr Stephens. Subsequent to year end, the amount accrued was settled by way of a share issue approved via shareholder resolution at the Company's EGM on 23 July 2014.

### 15 Provisions

#### NON-CURRENT

Environmental rehabilitation *		193,076	193,076
<b>Total non-current provisions</b>		<b>193,076</b>	<b>193,076</b>

#### Consolidated

	Environmental rehabilitation	Total
	\$	\$
<b>Non-current</b>		
Opening balance at 1 July 2014	193,076	193,076
Additional provisions	-	-
<b>Balance at 30 June 2015</b>	<b>193,076</b>	<b>193,076</b>

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

### 16 Employee Benefits

#### CURRENT

Long service leave	-	12,408
Annual leave	-	4,769
<b>Total current employee benefits liability</b>	<b>-</b>	<b>17,177</b>

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 17 Issued Capital

	Consolidated	
	2015	2014
	\$	\$
519,692,579 (2014: 242,177,951) Ordinary shares	33,429,895	32,806,049
<b>Total issued capital</b>	<b>33,429,895</b>	<b>32,806,049</b>

#### (a) Ordinary shares

	Consolidated	
	2015	2014
	No.	No.
<b>At the beginning of the reporting period</b>	<b>242,177,951</b>	177,967,166
Shares issued during the year		
- Shares issued via rights issue	252,277,951	64,073,270
- Shares issued in lieu of broker fee	15,136,677	-
- Exercise of share options	-	137,515
- Shares issued via share issue	10,100,000	-
<b>At the end of the reporting period</b>	<b>519,692,579</b>	242,177,951

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

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

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

#### (b) Capital Management

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

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in Notes 17, 18 and 19 respectively.

Proceeds from share issues are used to maintain and expand the Group's exploration activities and fund operating costs.

There are no externally imposed capital requirements.

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 18 Reserves

	Note	Consolidated	
		2015	2014
		\$	\$
<b>Foreign currency translation reserve</b>			
Balance at beginning of financial year		-	(655,945)
Foreign exchange translations		-	60,414
Foreign currency losses taken to profit or loss		-	595,531
<b>Balance at the end of the year</b>	18(a)	-	-
<b>Share option reserve</b>			
Balance at beginning of financial year		635,286	679,336
Cancellation of vested options		(480,900)	(44,050)
<b>Balance at end of the year</b>	18(b)	154,386	635,286
<b>Total reserves</b>		154,386	635,286

#### (a) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income - foreign currency translation reserve as discussed in Note 2(s). The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

#### (b) Share option reserve

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

### 19 Accumulated losses

Accumulated losses at the beginning of the financial year	(33,224,992)	(15,008,966)
Net loss attributable to members of the parent entity	(532,474)	(18,260,076)
Transfer from share option reserve on cancellation of vested options	480,900	44,050
<b>Accumulated losses at end of the financial year</b>	<b>(33,276,566)</b>	<b>(33,224,992)</b>

### 20 Non-controlling interests

Contributed capital	-	1,299
Opening share of losses	-	(1,299)
<b>Balance at end of financial year</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 21 Cash Flow Information

#### (a) Reconciliation of result for the year to cashflows from operating activities

	Consolidated	
	2015	2014
	\$	\$
Net loss	(495,014)	(18,260,076)
Non-cash flows in profit:		
- depreciation	-	15,123
- impairment of non-current assets	115,426	19,632,170
- non-cash income tax (expense)/benefit	37,151	(31,276)
- share based payments	151,499	-
- deferred government grants	-	(2,898,000)
- loss on exchange differences	(37,460)	595,531
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	2,313	40,198
- (increase)/decrease in prepayments	8,549	(10,177)
- (increase)/decrease in net GST receivable	43,882	(845)
- increase/(decrease) in trade and other payables	(256,433)	169,329
- increase/(decrease) in employee benefits	(17,177)	(35,579)
<b>Net cash (used in)/provided by operating activities</b>	<b>(447,264)</b>	<b>(783,602)</b>

### 22 Capital and Leasing Commitments

#### (a) Exploration leases

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay \$200,000 (2014: \$77,000) in respect of tenement lease rentals and to meet minimum expenditure requirements. These obligations are expected to be fulfilled in the normal course of operations.

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 23 Contingencies

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

It is, however, noted that the Group has entered into various bank guarantees with a number of State Governments in Australia, totalling \$100,000 at 30 June 2015 (2014: \$130,000). These guarantees are designed to act as collateral over the tenements which Petratherm explores on and can be used by the relevant Government authorities in the event that Petratherm does not sufficiently rehabilitate the land it explores. It is noted that the bank guarantees have as at the date of signing this report have not been utilised by any State Government.

### 24 Remuneration of Auditors

	Consolidated	
	2015	2014
	\$	\$
Remuneration of the auditor of the Company, Grant Thornton Audit Pty Ltd, for:		
- auditing or reviewing the financial report	24,850	27,963
<b>Total remuneration of auditors</b>	<b>24,850</b>	<b>27,963</b>

No non-audit services have been provided.

### 25 Interests in Subsidiaries

	Principal place of business / Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2015	2014
<b>Subsidiaries:</b>			
MNGI Pty Ltd	Australia	100	100
PetraGas Ltd (formerly Heliotherm Ltd)	Australia	100	100
PTR Holdings BV	Netherlands	100	100
Petratherm Espana SL	Spain	93	93

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



## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 26 Financial Risk Management

#### Categories of financial instruments

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		<b>Consolidated</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>			
Cash and cash equivalents	8	<b>475,898</b>	527,201
Loans and receivables	9	<b>10,823</b>	57,018
<b>Total financial assets</b>		<b>486,721</b>	<b>584,219</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables	14	<b>41,162</b>	288,569
<b>Total financial liabilities</b>		<b>41,162</b>	<b>288,569</b>

#### Credit risk

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

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

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

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

#### Market risk

##### (i) Cash flow interest rate sensitivity

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

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

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +0.50% and -0.50% (2014: +0.50%/-0.50%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 26 Financial Risk Management (continued)

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

	2015		2014	
	+0.50%	-0.50%	+0.50%	-0.50%
	\$	\$	\$	\$
<b>Cash and cash equivalents</b>				
Net results	2,901	(2,901)	3,291	(3,291)
Equity	2,901	(2,901)	3,291	(3,291)

#### (ii) Financial instrument composition and maturity analysis

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

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

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Maturing 1 to 5 Years	
	2015	2014	2015	2014	2015	2014	2015	2014
	%	%	\$	\$	\$	\$	\$	\$
<b>Financial Assets:</b>								
Cash and cash equivalents	2.39	3.51	275,898	164,798	200,000	362,403	-	-
Trade and other receivables	-	-	-	-	-	-	-	-
<b>Total Financial Assets</b>			<b>275,898</b>	<b>164,798</b>	<b>200,000</b>	<b>362,403</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities:</b>								
Trade and other payables	-	-	-	-	-	-	-	-
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
					Non-interest Bearing		Total	
					2015	2014	2015	2014
					\$	\$	\$	\$
<b>Financial Assets:</b>								
Cash and cash equivalents					-	-	475,898	527,201
Trade and other receivables					10,823	57,018	10,823	57,018
<b>Total Financial Assets</b>					<b>10,823</b>	<b>57,018</b>	<b>486,721</b>	<b>584,219</b>
<b>Financial Liabilities:</b>								
Trade and other payables					41,162	288,569	41,162	288,569
<b>Total Financial Liabilities</b>					<b>41,162</b>	<b>288,569</b>	<b>41,162</b>	<b>288,569</b>

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

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2015**

#### **26 Financial Risk Management (continued)**

##### **Liquidity risk**

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

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

#### **27 Related Parties**

##### **(a) Transactions with related parties**

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

The following transactions occurred with related parties:

- HLB Mann Judd (SA) Pty Limited has received professional fees for accounting, taxation and secretarial services provided during the year totalling \$117,280 (2014: \$136,829). Donald Stephens, the Company Secretary and Non-Executive Director, is a consultant with HLB Mann Judd (SA) Pty Limited. DCS Corporate Pty Ltd, of which Donald is a Director, received Director fees of \$30,044 (2014: \$6,828). All transactions were conducted on commercial terms and were arm's length transactions. At 30 June 2015, the Group owed \$17,604 (2014: \$17,767) to HLB Mann Judd (SA) Pty Ltd.
- O'Loughlins Lawyers, of which Simon O'Loughlin is a partner, received legal fees of \$20,112 (2014: \$27,597) during the year. At 30 June 2015, the Group owed NIL (2014: \$4,441) to O'Loughlins Lawyers.
- During the prior year, the Directors forewent half of their director fees, the remaining half had been accrued as at 30 June 2014, being \$30,000 for Mr Carter, \$22,500 for Messrs Kallis, Bonython, O'Loughlin, Owen and Hillis, and \$9,000 for Mr Stephens. Subsequent to year end, the amount accrued was settle by way of a share issue approved via shareholder resolution at the Company's EGM on 23 July 2014.

##### **(b) Wholly owned group transactions**

###### **Loans**

The wholly owned Group consists of Petratherm Limited and its wholly owned controlled entities MNGI Pty Limited, PetraGas Limited (Formally Heliotherm Limited), PTR Holdings BV and majority owned Petratherm Espana SL. Ownership interests in the controlled entity are set out in Note 25.

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

##### **(c) Interests of Key Management Personnel (KMP)**

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

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 27 Related Parties (continued)

#### (c) Interests of Key Management Personnel (KMP) (continued)

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

Terry Kallis (Executive Director)

Simon O'Loughlin (Non-Executive Director)

Donald Stephens (Company Secretary and Non-Executive Director)

Peter Reid (Exploration Manager)

For details of Key Management Personnel's interests in shares and options of the Group, refer to Note 28: Key Management Personnel Disclosures.

### 28 Key Management Personnel Disclosures

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	<b>179,669</b>	362,210
Post-employment benefits	<b>3,088</b>	2,075
Share-based payments	-	-
<b>Total remuneration paid to key management personnel</b>	<b>182,757</b>	<b>364,285</b>

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2015.

#### Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 27: Related Party Transactions.

### 29 Events Occurring After the Reporting Date

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **30 Additional information**

#### **Joint Ventures**

Beach Energy Limited is an oil & gas company that farmed-in to the Paralana Project in January 2007. Beach currently have 21% and can earn up to 36% of the project for \$30 million plus their equity share of project costs.

### **31 Parent entity**

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

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

#### **Investments in subsidiaries, associates and joint ventures**

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

#### **Tax consolidation legislation**

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

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 31 Parent entity (continued)

	2015	2014
	\$	\$
<b>Consolidated Statement of Financial Position</b>		
Assets		
Current assets	458,079	474,674
Non-current assets	-	34,108
Total Assets	<u>458,079</u>	<u>508,782</u>
Liabilities		
Current liabilities	112,907	289,349
Non-current liabilities	-	-
Total Liabilities	<u>112,907</u>	<u>289,349</u>
Equity		
Issued capital	33,429,895	32,806,048
Accumulated losses	(33,239,109)	(33,224,991)
Reserves	154,386	635,286
Total Equity	<u>345,172</u>	<u>216,343</u>
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>		
(Loss) for the year	(450,968)	(17,358,949)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<u>(450,968)</u>	<u>(17,358,949)</u>

#### Contingent liabilities

Contingent liabilities of the parent entity have been incorporated into the Group information in Note 23. The contingent liabilities of the parent are consistent with that of the Group.

#### Contractual commitments

Contractual commitments of the parent entity have been incorporated into the Group information in Note 22. The contractual commitments of the parent are consistent with that of the Group.

## Directors' Declaration

The directors of the Group declare that:

1. the financial statements and notes for the year ended 30 June 2015 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position and performance of the consolidated group;
2. the Managing Director and Company Secretary have given the declarations required by Section 295A that:
  - a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Director .....



Terry Kallis  
Managing Director

Dated this 30<sup>th</sup> day of September 2015



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETRATHERM LIMITED**

### **Report on the financial report**

We have audited the accompanying financial report of Petratherm Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### **Directors' responsibility 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

#### **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

#### **Auditor's opinion**

In our opinion:

- a the financial report of Petratherm Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

#### **Material uncertainty regarding continuation as a going concern**

Without qualifying our conclusion, we draw attention to Note 1(t) in the financial report which indicates that the consolidated entity recognised a net loss of \$495,014 for the year ended 30 June 2015 and cash used in operating and exploration activities \$513,099.

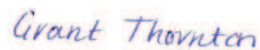
These conditions, along with other matters as set forth in Note 1(t), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the half year financial report.

**Report on the remuneration report**

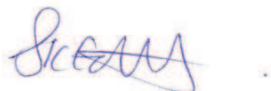
We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Petratherm Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S K Edwards  
Partner – Audit & Assurance

Adelaide, 30 September 2015

# ASX Additional Information

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Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 1 October 2015.

## Distribution of equity securities

### Ordinary share capital

- 519,692,579 fully paid ordinary shares are held by 3,224 individual shareholders.

All issued ordinary shares carry one vote per share.

### Options

- 1,950,000 options are held by 8 individual option holders.

The number of shareholders, by size of holding, in each class are:

	Fully paid ordinary shares	Unquoted Options
1 - 1,000	255	-
1,001 - 5,000	694	-
5,001 - 10,000	460	-
10,001 - 100,000	1,340	2
100,001 and over	476	6
	<b>3,225</b>	<b>8</b>
Holding less than a marketable parcel	<b>2,811</b>	-

## Substantial shareholders

Ordinary shareholders	Fully paid	
	Number	Percentage
Minotaur Resources Investments Pty Ltd	39,137,678	7.53%
National Nominees Limited	38,092,017	7.33%
	<b>77,229,695</b>	<b>14.86%</b>

# ASX Additional Information

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## Twenty largest holders of quoted equity securities

	Fully Paid Ordinary Shares	
	Number	Percentage
GREENSLADE HOLDINGS PTY LTD	39,137,678	7.53%
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER	38,092,017	7.33%
MINOTAUR RESOURCES INVESTMENTS PTY LTD	22,428,896	4.32%
MR MARC FERGUSON ROWE	18,059,115	3.47%
MR CRAIG PETER BALL + MRS SUZANNE KATHERINE BALL <CPB SUPER FUND A/C>	12,761,273	2.46%
MR MICHAEL ANDREW WHITING + MRS TRACEY ANNE WHITING <WHITING FAMILY S/F A/C>	11,124,370	2.14%
TAYCOL NOMINEES PTY LTD <211 A/C>	8,829,728	1.70%
DEJUL TRADING PTY LTD <EDDINGTON TRADING	8,687,181	1.67%
WOOTOONA INVESTMENTS PTY LIMITED	8,013,759	1.54%
MISS JORDAN HAMRA WHITING	8,000,000	1.54%
MR PETER ANTHONY WHITING + MRS JANE MARY WHITING <PETEFISH P/L SUPER FUND A/C>	8,000,000	1.54%
MR NICHOLAS BEGAKIS + MR MICHAEL JOSEPH	7,000,008	1.35%
MR TERRY KALLIS + MRS ELENI KALLIS <THE	6,803,200	1.31%
WILLYAMA ASSET MANAGEMENT PTY LTD <SD	6,500,000	1.25%
MR DEREK NORTHLEIGH CARTER	6,400,000	1.23%
DORICA NOMINEES PTY LTD	6,000,000	1.15%
CORPORATE PROPERTY SERVICES PTY LTD <K	5,235,564	1.01%
MR STEFAN JOSEF WILD + MRS JOSIE ANN WILD <WILD GROWTH FUND A/C>	5,093,128	0.98%
MS ALEXANDRA KATHERINE BALL	5,000,000	0.96%
BRUCAR PTY LTD <SPANGLER FAMILY A/C>	5,000,000	0.96%
	<b>236,165,917</b>	<b>45.44%</b>

# ASX Additional Information

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## List of geothermal tenements

### AUSTRALIA

Project	Tenement	Area (km <sup>2</sup> )	Registered holder/ Applicant	Company interest
<b>South Australia</b>				
Paralana	GEL 156	998	MNGI Pty Ltd	79%

### SPAIN

Project	Tenement	Area (km <sup>2</sup> )	Registered holder/ Applicant	Company interest
<b>Tenerife</b>				
Garehagua 1	2053	98	Petratherm España SL	93.023%
Berolo 1	2054	90	Petratherm España SL	93.023%
Guayafanta	2052	98	Petratherm España SL	93.023%
Abeque	2057	98	Petratherm España SL	93.023%
<b>Gran Canaria</b>				
Atidama	151	83	Petratherm España SL	93.023%
<b>Madrid</b>				
Valdebebas	3454-010	11	Petratherm España SL	93.023%
Madrid-2016	3455-010	7	Petratherm España SL	93.023%
Geomadrid	3450-110	10	Petratherm España SL	93.023%
Quiñones	3459-010	13	Petratherm España SL	93.023%
El Capricho	3461-010	27	Petratherm España SL	93.023%
Longares	3460-010	33	Petratherm España SL	93.023%

## List of petroleum tenements

### AUSTRALIA

Project	Tenement	Area (km <sup>2</sup> )	Registered holder/ Applicant	Company interest
<b>Tasmania</b>				
Central Midlands	EL 3/2013	3,855	PetraGas Ltd	100%