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ASX ANNOUNCEMENT

30 July 2019

Quarterly Activities Statement – June 2019

Summary

- The company held \$3,890,000 cash at the end of the quarter
- Increased land holding over the Mabel Creek Inlier to 2852 km² which is prospective for Olympic Dam Style Copper and Gold and related Rare-Earth mineralisation.
- Discrete magnetic bodies identified with magnetite skarn and/or with potential carbonatite affinities, prospective for rare-earths and copper.
- Ground gravity surveys start late-July over high amplitude gravity anomalies ahead of planned drill testing later in the year.

Review of Operations

During the quarter, Petratherm Limited (“the Company/ Petratherm”) had exploration and evaluation costs of \$108,000 primarily relating to landholder access negotiations in Victoria for up-coming gold exploration, Native Title negotiations to allow gravity and drilling operations at the Mabel Creek Project and evaluation of new project opportunities. Administration costs totalled \$74,000, primarily relating to, reporting & compliance, office costs and directors’ fees. The Company held \$3,890,000 cash at the end of the quarter.

The Company has continued to strategically develop a project portfolio in world-class mineral provinces. During the period two licence applications (ELA 2019/069 & ELA 2019/072) over the Mabel Creek Ridge were secured, increasing the Company’s land holdings to 2,852km² (Figure 1). The Mabel Creek Ridge is prospective for Olympic Dam Style Copper-Gold (IOCG) mineralised systems but is also considered highly prospective for related, magnetite skarn copper and high value rare-earths.

Historical drilling of magnetic targets in the Mabel Creek area has located rocks with possible carbonatite affinities (i.e. BHP,1992, SA Govt. Records ENV08647). Carbonatites are a distinctive class of igneous rock which are the source of the most of the world’s supply of high value light and heavy rare-earths (i.e. Mt Weld, WA) and in some instances include economic copper concentrations such as at the world-class Palabora Copper Deposit in South Africa (total copper resource ~ 1200 Mt @ 0.59% Cu). Recent research has demonstrated a strong geological link between carbonatite magmatism and IOCG mineralisation, hence both style of target could co-exist in the same area (i.e. Groves and Vielreicher 2001).

The Company's exploration focus is on two fronts, high-grade reef gold in Victoria and Olympic Dam Style copper-gold and rare-earths in South Australia. During the period the Company reduced other lower priority project holdings, with EL5717 (Walparuta) surrendered and the Corunna Project (EL 5497) JV Letter Agreement with Musgrave Minerals, terminated. A summary of ground activities during the period is presented below.

Mabel Creek Project (EL6332 & EL6333) – Targeting Olympic Dam Style, Copper-Gold

The new areas acquired expand the Company's total holdings over the Mabel Creek Ridge to 2852 km² (Figure 1). They cover a number of semi-coincident gravity and magnetic anomalies spatially associated with major crustal faults/weaknesses that may control localisation of IOCG style mineralised accumulations.

The Mabel Creek Ridge is an ENE trending zone of shallow covered basement rock which display high magnetic and gravity relief along the eastern margin of the Gawler Craton. It is prospective for large Olympic Dam Style Copper-Gold (IOCG) mineralised systems but is also considered highly prospective for related, magnetite skarn copper and high value rare-earths (Figure 1).

The Mabel Creek Inlier has only been lightly explored, however at the Cadi Prospect (Figure 1) which is adjacent to Petratherm's tenements, limited widely spaced historical drilling intersected mineralised magnetite-amphibole-pyroxene rock containing significant concentrations of copper and rare-earths (refer to BHP,1992, SA Govt. Records ENV08647 and Goldstream, 1999, SA Govt. Records ENV 09248).

Historic drill intercepts include (not true widths):

- NC9202 - 44m @ 0.10% Cu, 0.5 % La + Ce from 148m
- 99WS003 - 16m @ 0.57% Cu and 0.17% La + Ce from 184 m to end of hole
- 2000Cadi6 – 52m @ 0.43% La + Ce from 100m

Petrological analysis by BHP of drill hole NC9202 suggested the geochemistry and mineralogy of the rocks may indicate they are part of a carbonatite ring complex (BHP,1992, SA Govt. Records ENV08647). Carbonatites are a distinctive class of igneous rock defined by mineralogic composition consisting of greater than 50% carbonate minerals. They are the source of the much of the world's supply of high value light and heavy rare-earths (i.e. Mt Weld, WA) and in some instances include economic copper concentrations such as at the world-class Palabora Copper Deposit in South Africa (total copper resource ~ 1200 Mt @ 0.59% Cu). The mineralised portions of these intrusive systems are typically magnetite rich and therefore easily identified with magnetic surveying.

The better drill intercepts at Cadi Prospect to date, relate to the most magnetic portions of the target with mineralised intervals containing typically greater than 20% magnetite. On Petratherm's ground immediately to the north several discrete magnetic targets have been identified which are prospective for this style of mineralisation (Figure 2). In addition to the gravity surveying the Company will undertake ground magnetics over these discrete magnetic anomalies during the next quarter to aid drill targeting for this new potential style of mineralisation in the region.

The Company has been working with Native Title Holders to complete Mining Access Agreements to allow geophysical surveying over the remainder of the tenement package and to allow subsequent drilling activities. This work is advanced, and it anticipated agreements will be finalised during the next quarter. Once completed heritage drill clearance surveys will be undertaken for currently planned drill testing of some the better targets during the spring period.

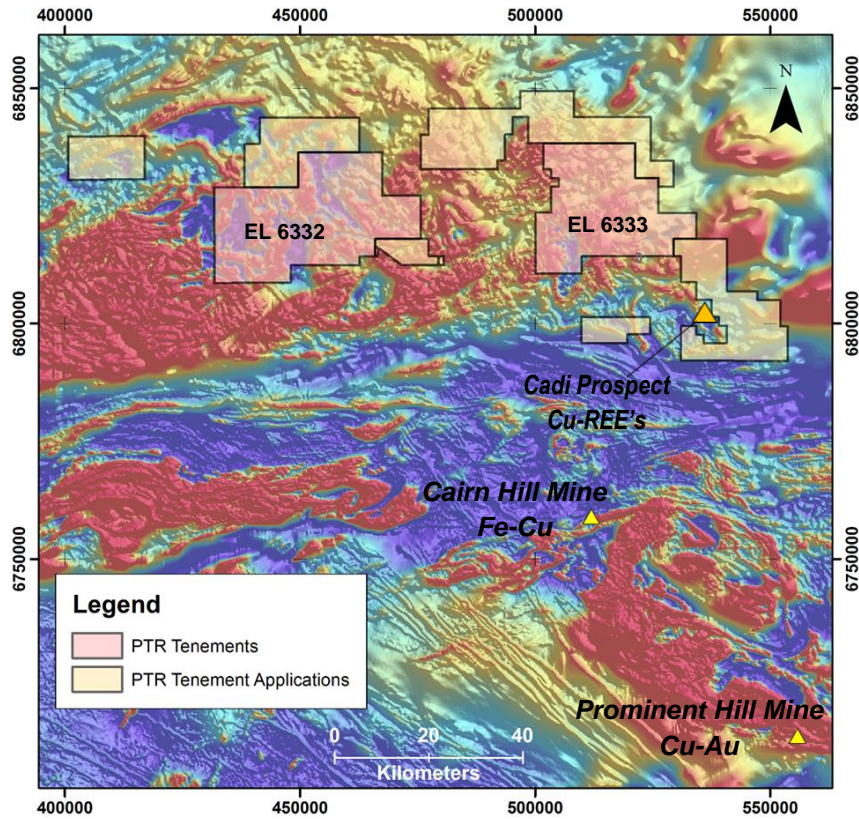


Figure 1 - Location map of major IOCG related mines, and outline of Petratherm's Mabel Creek Project areas overlying a regional reduced to pole aeromagnetic image (compiled from Sth. Aust. Government data).

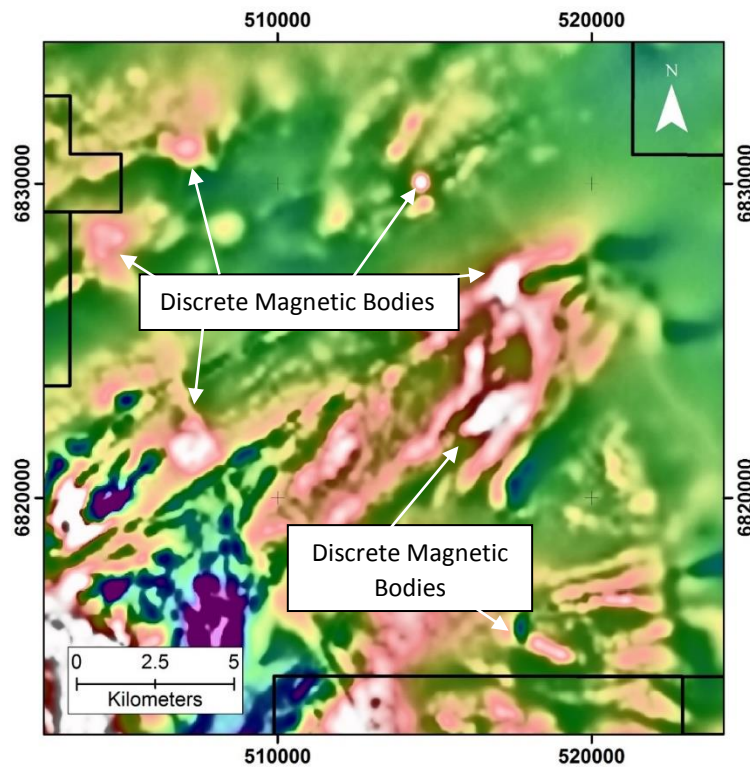


Figure 2 – RTP colour on IVD Intensity magnetic image of the Mt Barry area highlighting discrete high intensity magnetic bodies (red to white colours) that may represent magnetite skarn and/or potential carbonatite related magmatism. These bodies are prospective for copper and rare-earths (compiled from Sth. Aust. Government data).

Yuengroon (ELA006897) and Silver Spoon (ELA06951) - Victoria Gold Position Secured

The Yuengroon Project Tenement Application are totals 687 km² and covers a highly prospective ground position over a portion of the Bendigo Zone, covering the historic northern Wedderburn Goldfield and extends westwards to cover a large strike continuance (32 kilometres) of the Golden Jacket Fault which shows several important historical gold occurrences (Figure 3). The western area has only been lightly explored and is mostly under shallow cover.

Silver Spoon (ELA06951) is a prospective ground position close to the operating Fosterville and Costerfield Gold Mines (Figure 4). The area contains several historic gold and other mineral prospects in areas of outcrop. Younger cover sediment however masks much of the prospective host rock and these regions have only been very lightly explored.

During the period land access negotiations were undertaken over the Yuengroon Tenement area as the tenement application is well advanced and it is anticipated this licence will be granted during the next quarter. Talks with landholders have gone well and two broad corridors of land currently totalling 150km² along favourable geological structures have been opened up for future ground exploration activities. Once the licence has been granted, initial exploration works will comprise sampling of outcropping and sub-cropping quartz reefs and regional soil sampling to define gold indicator zones ready for later drill testing.

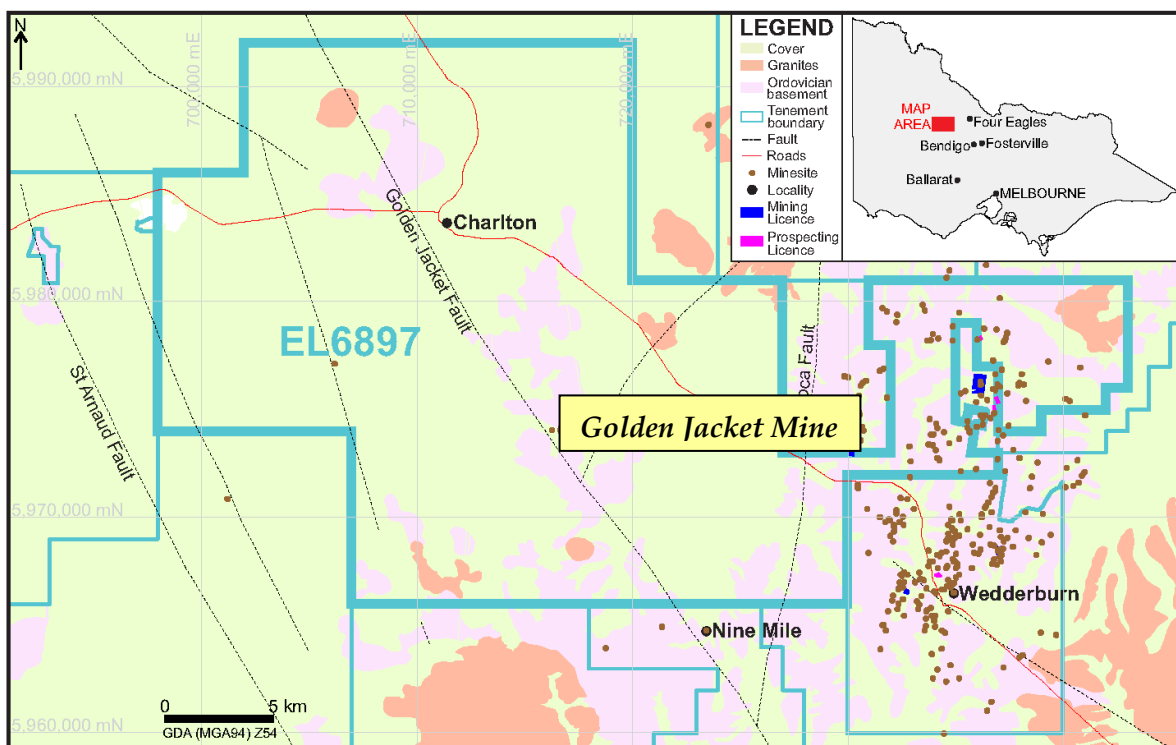


Figure 3 – EL6897 (Yuengroon) Location Map, showing historical mine sites and known major faults.

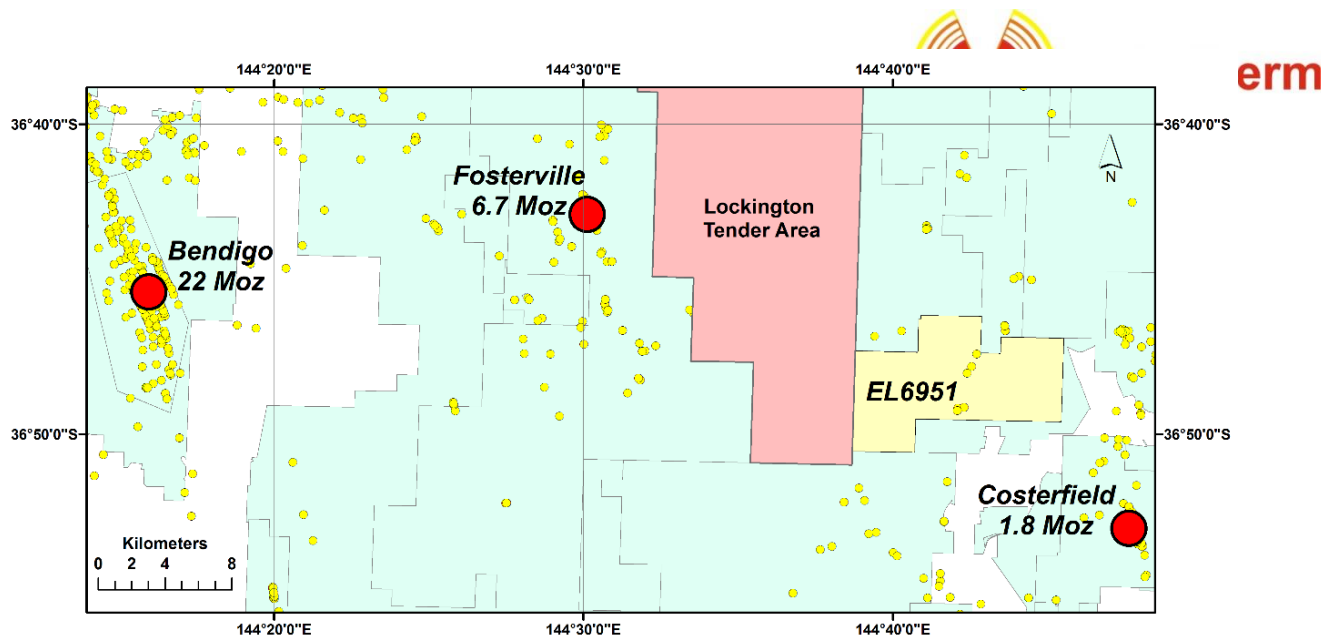


Figure 4 – EL6951 (Silver Spoon) Location Map, showing recorded historical mine sites (yellow dots (source Vic Govt. “GeoVic” Database), current exploration (light blue) licences and major gold mines. (Total Mineral Resources and Reserves: Costerfield – Mandalay Resources Press Release 08/01/2019, Fosterville – Kirkland Lake Gold Press Release 21/02/2019, Bendigo: Vic State Government Records)

References:

Groves, D. & Vielreicher, N. Mineral. Deposita (2001) The Phalabowra (Palabora) carbonatite-hosted magnetite–copper sulfide deposit, South Africa: an end-member of the iron-oxide copper–gold–rare earth element deposit group?: Mineralium Deposita, Vol.36, Issue 2, pp 189–194.

END

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Director

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