



PETRATHERM SIGNS LETTER AGREEMENT TO ACQUIRE SILVER, LEAD AND ZINC PROSPECT IN SOUTH AUSTRALIA

ASX ANNOUNCEMENT
15 December 2017

HIGHLIGHTS

- Petratherm to acquire up to a 75% interest in Silver, Lead and Zinc prospect in South Australia from Musgrave Minerals Ltd.
- Petratherm to seek re-instatement to quotation on ASX and raise AUD\$4 million via a Prospectus.

Petratherm Limited (ASX:PTR) (“the Company/Petratherm”) is pleased to announce it has signed a Letter Agreement to acquire up to a 75% interest in South Australian Exploration Licence 5497 (“Tenement”) from Musgrave Minerals Ltd (ASX Code: MGV) (“Musgrave”).

The Letter Agreement sets out the terms and conditions by which Petratherm may acquire a 51% interest in the Tenement from Musgrave and, having acquired a 51% interest, may acquire a further 24% interest in the Tenement.

Conditions Precedent to the Transaction:

The transaction is subject to the satisfaction (or waiver) of the following conditions precedent:

- Petratherm conducting due diligence in respect of the Tenement.
- Petratherm obtaining all shareholder approvals required under the Corporations Act 2001 and ASX Listing Rules in order for its ordinary shares to be re-instated to quotation on ASX including (without limitation) for a significant change to the nature and scale of the Company’s activities (Chapter 11 of the ASX Listing Rules) and for the issue of shares pursuant to a Prospectus (Chapters 1 and 2 of the ASX Listing Rules). Petratherm also intends to consolidate its securities at a specified ratio that will be sufficient, based on the lowest price at which its shares traded over the last 20 trading days prior to its suspension, to achieve a market value for its shares of not less than 2 cents each.
- Petratherm raising at least \$4 million via a Prospectus.
- Petratherm obtaining conditional approval from ASX for its ordinary shares to be re-instated to quotation.
- Petratherm obtaining any approval or consents required under the Mining Act 1971 (SA).

Background on SA Tenement

The Corunna Project occurs in the emerging Ag-Pb-Zn province of the Southern Gawler Craton which hosts the Menninnie Dam Zn-Pb-Ag deposit and the Paris epithermal silver deposit (Figure 1). The tenement covers 260km² and is well positioned in regards to infrastructure and proximity to the coast being located approximately 50km west of Port Augusta.

Shallow air-core drilling undertaken by Musgrave Minerals in August 2015 at its Area 1 Prospect, on Corunna intersected anomalous silver, lead, zinc and copper (Figure 2). Best intercepts include:

- CAOC17 - 11m @ 1.0% Pb, 0.5% Zn and 4.2g/t Ag from 19m
- CAOC18 - 6m @ 1.0% Pb, 0.2% Zn and 8.2g/t Ag from 14m
- CAOC19 - 13m @ 0.6% Pb, 0.4% Zn and 7.2g/t Ag from 32m
- CAOC21 - 22m @ 0.5% Pb, 0.2% Zn and 13.2g/t Ag from 17m

The silver-lead-zinc anomalism is present in five drill holes over a strike length of 300m and is open to both the north and south (refer to Musgrave Minerals 27/08/2015 ASX release for further details. Petratherm is not aware of any new data that materially affects the data within the referred announcement and that all material assumptions and technical parameters underpinning the referred announcement have not materially changed). No basement drilling into the fresh rock at depth has been completed to date beneath Target Area 1, which will be priority for follow up drill testing.

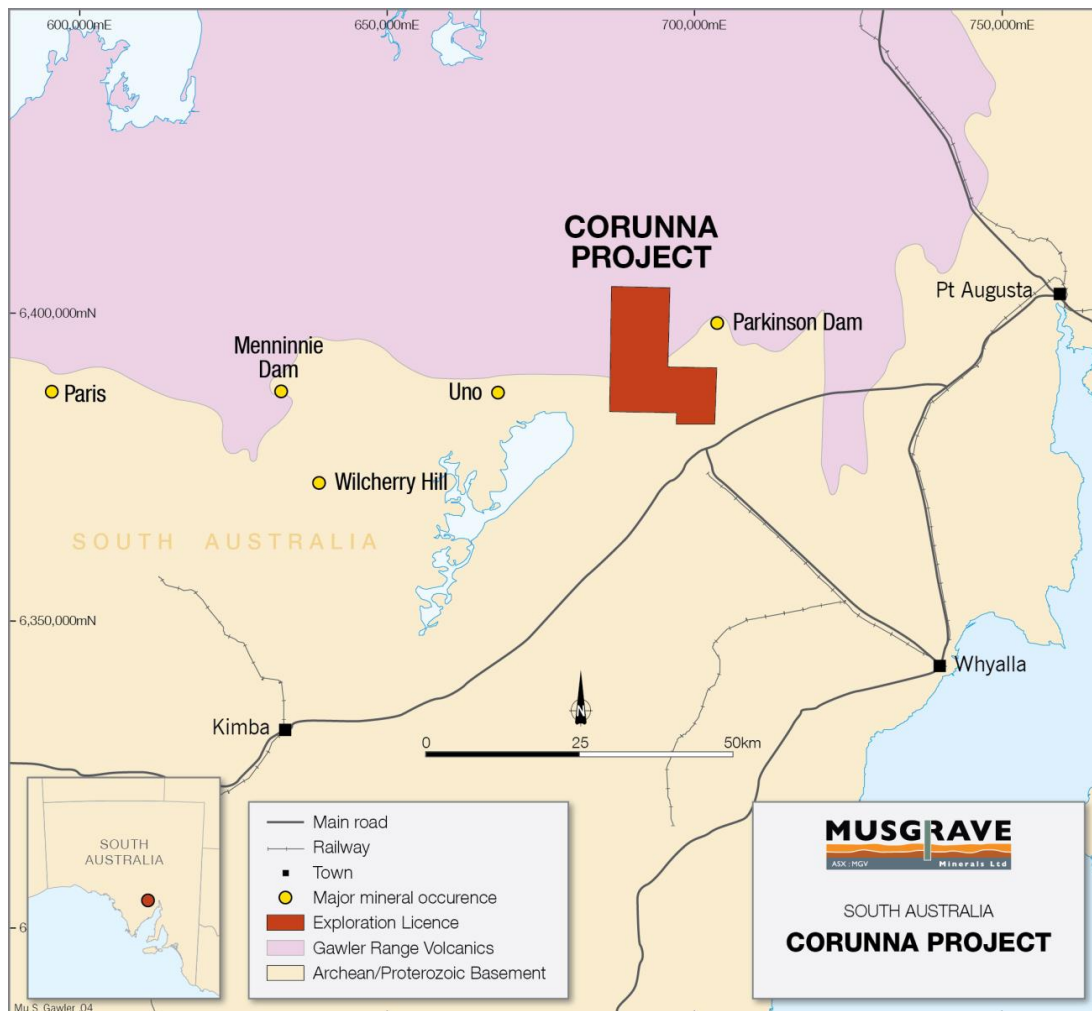


Figure 1 – Corunna Project Location Map and regional minerals occurrences
(Image courtesy of Musgrave Minerals Ltd)

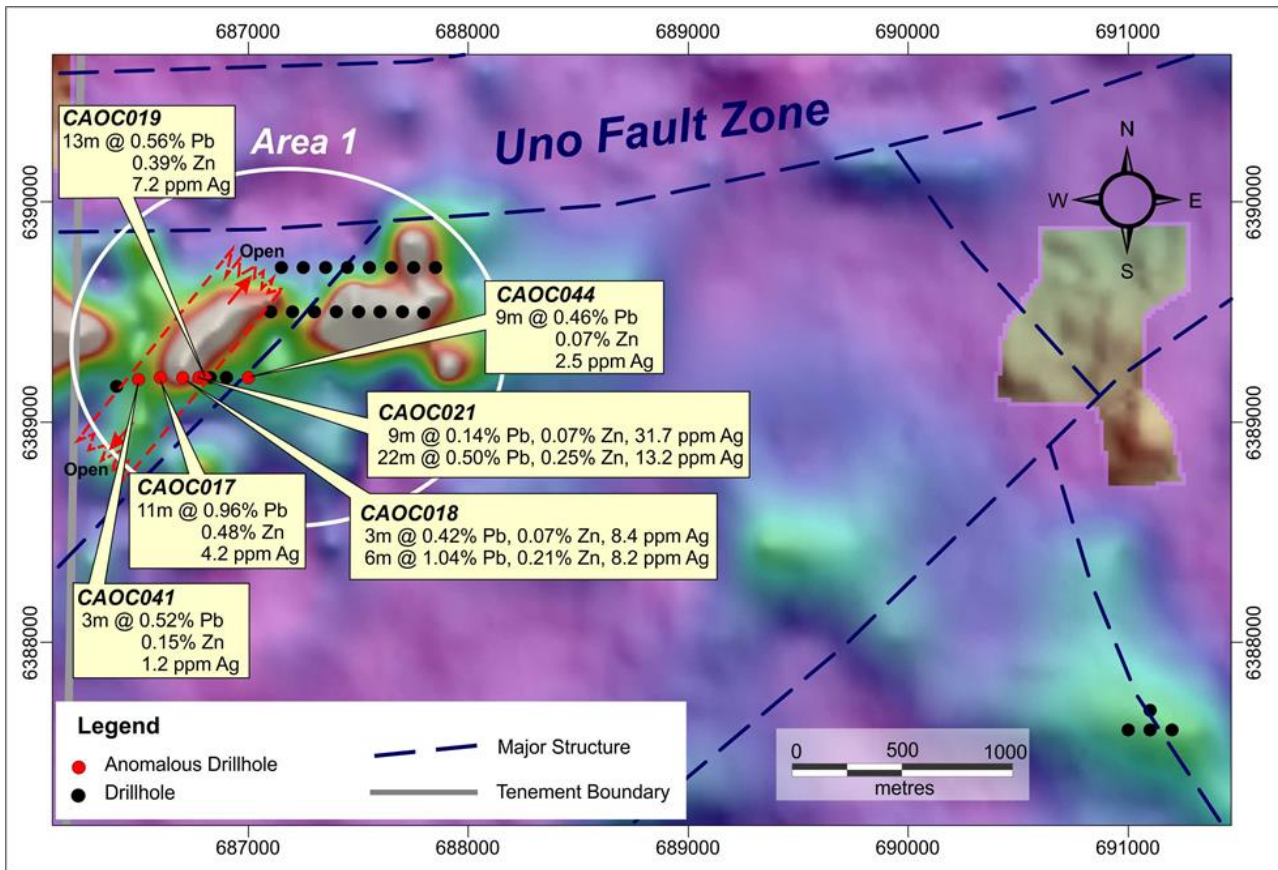


Figure 2: Pseudo-colour image of silver in soils, showing areas of high silver (red to white colours) and drill hole collar locations (Image courtesy of Musgrave Minerals Ltd).

The Board of Petrathern will continue to keep shareholders updated following completion of the due diligence period.

For further information please contact:

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 Chairman
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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 a contractor to Petrathern 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.