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DUKETON MINING LTD

ABN 76 159 084 107

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2020

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by Duketon Mining Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DUKETON MINING LTD

31 DECEMBER 2020

Contents	Page
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	5
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10
DIRECTORS' DECLARATION	13
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS	14

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DUKETON MINING LTD

31 DECEMBER 2020

DIRECTORS' REPORT

Your directors are pleased to present their report on Duketon Mining Ltd for the half-year ended 31 December 2020.

DIRECTORS

The names of the directors who held office during or since the end of the period are:

Seamus Cornelius

Stuart Fogarty

Heath Hellewell

REVIEW AND RESULTS OF OPERATIONS

A summary of revenues and results for the period is set out below:

	2020	
	Revenue and Other Income	Net Profit After Tax
	\$	\$
Duketon Mining Ltd	5,200,958	3,085,584

Corporate and Operating Review

The Company is in a strong position to build shareholder value from aggressive exploration and acquisition. Shareholders should be encouraged as the Company is de-risked technically and has the appropriate personnel to take full advantage of new opportunities as they are presented. During the half-year ended 31 December 2020 the Company has worked actively on multiple internal and external opportunities.

The Company's tenement and nickel rights are within the Duketon Greenstone Belt in an area immediately north of the town of Laverton. The Company believes that there is considerable upside in the areas covered by these and continues to review the tenements to further understand the geological potential and mineralising controls with the intention of unlocking additional value from within the Company's current asset base. Economic nickel sulphides have already been found within the Duketon tenements at Rosie, C2, and the Nariz prospect. These discoveries show the further upside potential of the tenement package that Duketon controls.

The Company has retained the nickel rights over various tenements (E38/2866, E38/2805, E38/2916, E38/2834 and E38/2666) via a Nickel Rights Deed and retains 100% ownership of mining licence M38/1252 (with Regis acquiring the gold rights on this licence via a Gold Rights Deed). The Company's primary objective continues to be achieving returns for shareholders through focused proactive exploration and mining evaluations in the Duketon Belt whilst maintaining a watch over potential acquisitions outside of this area. We have 3 main pillars of growth within our strategy:

- Expanding and assessing our known nickel deposits and targeting extensions to Rosie, C2 and Nariz;
- Discovering new nickel deposits through regional work in the Bulge area and other new areas;
- Acquiring advanced gold or nickel projects; and
- Acquiring new tenure via opportunistic applications or simple low cost means. We are uniquely de-risked technically with respect to both gold and nickel.

The Company remains focused on the generation of numerous new targets with the view to creating a significant and robust pipeline of organic opportunities.

DUKETON MINING LTD

31 DECEMBER 2020

DIRECTORS' REPORT (continued)

In July 2020 positive metallurgical results were received by the company showing high recoveries of Nickel, Copper and PGE's from the Rosie Mineral Resource (see ASX announcement 8 July 2020). These results confirm mineralisation at Rosie is amenable to the production of a high-quality PGE rich nickel and copper concentrate. The results show:

- Nickel recovery of up to 97% using conventional flotation techniques;
- Intermediate concentrates grading as high as 22% Ni;
- Nickel concentrate grading 16% Ni and 7g/t total PGE's achieved from massive ore (>13% Ni is considered saleable concentrate);
- Bulk concentrate grading as high as 15% (Ni + Cu) and 12g/t total PGE's were achieved from matrix violarite ore (>12% Ni+Cu is considered saleable concentrate); and
- PGE's amenable to recovery by gravity with grades > 8g/t total PGE's – providing an alternative, flexible and cost-effective process option.

As a result of the positive metallurgical results the Rosie Mineral Resource was reviewed and recalculated during August 2020. The total Mineral Resource that Duketon has at the Rosie and C2 deposits, is now 87,100t of nickel, 12,900t of copper and 205,000oz of PGEs (see ASX announcement 3 August 2020).

The updated Rosie Mineral Resource will be used to complete a simple scoping study assessing the Rosie Resource as a mining proposition.

Review

The Company recorded a net profit after tax of \$3,085,584 for the six months ended 31 December 2020. Included in the profit for the half-year was exploration expenditure of \$503,008. In line with the Company's accounting policies, all exploration expenditure is expensed as incurred. The Company had total cash on hand at the end of the period of \$20,357,699, and listed equity investments with a market value of \$7,258,962.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of directors.



Stuart Fogarty
Managing Director
Perth, 12 March 2021



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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

As lead auditor of the review of Duketon Mining Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Rothsay Auditing

A handwritten signature in black ink that reads 'Dalla'.

Daniel Dalla
Partner

12 March 2021

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DUKETON MINING LTD

31 DECEMBER 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
REVENUE		
Interest	57,690	96,128
Profit on sale of tenements	-	20,000,000
Fair value gains on financial assets at fair value through profit or loss	5,093,268	-
Government COVID-19 cashflow boost	50,000	-
EXPENDITURE		
Administration and corporate expenses	(164,635)	(211,334)
Depreciation expense	(16,740)	(13,787)
Employee benefits expense	(157,055)	(252,817)
Exploration expenses	(503,008)	(826,234)
Fair value losses on financial assets at fair value through profit or loss	-	(276,010)
Share-based payments expense	(260,750)	(190,760)
PROFIT BEFORE INCOME TAX	4,098,770	18,325,186
Income tax expense	(1,013,186)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF DUKETON MINING LTD	3,085,584	18,325,186
Basic earnings per share	2.6	15.5
Diluted earnings per share	2.6	15.5

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

DUKETON MINING LTD

31 DECEMBER 2020

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Notes	31 December 2020 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents		20,357,699	20,322,227
Trade and other receivables		34,832	114,486
Financial assets at fair value through profit or loss	3	7,258,962	2,280,615
TOTAL CURRENT ASSETS		27,651,493	22,717,328
NON-CURRENT ASSETS			
Plant and equipment		50,682	67,422
TOTAL NON-CURRENT ASSETS		50,682	67,422
TOTAL ASSETS		27,702,175	22,784,750
CURRENT LIABILITIES			
Trade and other payables		127,934	139,232
Employee benefit obligations		71,547	72,764
TOTAL CURRENT LIABILITIES		199,481	211,996
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,013,186	-
Employee benefit obligations		27,096	16,676
TOTAL NON-CURRENT LIABILITIES		1,040,282	16,676
TOTAL LIABILITIES		1,239,763	228,672
NET ASSETS		26,462,412	22,556,078
EQUITY			
Issued capital	4	23,624,235	22,970,315
Reserves		661,125	494,295
Retained earnings/(accumulated losses)		2,177,052	(908,532)
TOTAL EQUITY		26,462,412	22,556,078

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

DUKETON MINING LTD

31 DECEMBER 2020

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Notes	Contributed Equity \$	Share-Based Payments Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2019		22,920,030	908,070	(20,618,209)	3,209,891
Profit for the period		-	-	18,325,186	18,325,186
TOTAL COMPREHENSIVE INCOME		-	-	18,325,186	18,325,186
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period	4	44,785	-	-	44,785
Employee and consultant options	4	-	171,225	-	171,225
BALANCE AT 31 DECEMBER 2019		22,964,815	1,079,295	(2,293,023)	21,751,087
BALANCE AT 1 JULY 2020		22,970,315	494,295	(908,532)	22,556,078
Profit for the period		-	-	3,085,584	3,085,584
TOTAL COMPREHENSIVE INCOME		-	-	3,085,584	3,085,584
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period	4	653,920	(73,920)	-	580,000
Employee and consultant options	4	-	240,750	-	240,750
BALANCE AT 31 DECEMBER 2020		23,624,235	661,125	2,177,052	26,462,412

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

DUKETON MINING LTD

31 DECEMBER 2020

**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for exploration expenditure	(494,093)	(837,609)
Payments for administration and other expenses	(316,245)	(419,422)
Interest received	89,418	74,065
Proceeds from sale of financial assets	146,392	-
Proceeds from sale of tenements	-	20,000,000
Government COVIC-19 cashflow boost	50,000	-
Net cash (outflow)/inflow from operating activities	(524,528)	18,817,034
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	-	(51,163)
Net cash outflow from investing activities	-	(51,163)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for small parcel round-up	-	(432)
Proceeds on the issue of shares	560,000	25,250
Net cash inflow from financing activities	560,000	24,818
Net increase in cash and cash equivalents	35,472	18,790,689
Cash and cash equivalents at the beginning of the half-year	20,322,227	2,085,199
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	20,357,699	20,875,888

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

DUKETON MINING LTD

31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Duketon Mining Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated.

New and amended standards adopted by the Company

A number of new or amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the Company

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2020. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

Critical accounting estimates and judgements

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. In preparing this half-year financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2020.

NOTE 2: SEGMENT INFORMATION

Industry and geographical segment

The Company operates in one segment, being the mining exploration segment in Australia.

In determining operating segments, the Company has had regard to the information and reports the chief operating decision maker uses to make strategic decisions regarding resources. The Managing Director is considered to be the chief operating decision maker and is empowered by the Board of Directors to allocate resources and assess the performance of the Company.

DUKETON MINING LTD

31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 3: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2020	30 June 2020
	\$	\$
Australian listed equity securities	7,258,962	2,280,615

The market value of all equity investments represents the fair value based on quoted prices on active markets (primarily ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of these financial instruments, or changes in its classification as a result of a change in the purpose or use of these assets.

Due to their short-term nature, the carrying amounts of current receivables and current payables is assumed to approximate their fair value.

NOTE 4: EQUITY SECURITIES ISSUED

	2020 Shares	2020 \$	2019 Shares	2019 \$
As at 1 July	118,234,304	22,970,315	118,016,281	22,920,030
Issues of ordinary shares during the half-year				
Issued upon exercise of \$0.20 options	2,800,000	560,000	-	-
Transferred from share-based payments reserve upon exercise of options	-	73,920	-	-
Issued upon exercise of \$0.202 options	-	-	125,000	25,250
Issued as part of employee remuneration ⁽¹⁾	80,000	20,000	93,023	19,535
As at 31 December	121,114,304	23,624,235	118,234,304	22,964,815

(1) On 14 October 2020 (2019: 27 September 2019) the Company issued 80,000 (2019: 93,023) ordinary shares to an employee as a reward and incentive. The closing price of \$0.25 (2019: \$0.21) on the date of issue was the grant date fair value of the shares issued.

	Number of options	
	2020	2019
As at 1 July	9,800,000	24,800,000
Movements of options during the half-year		
Options exercised at \$0.20, expiring 30 November 2020	(2,800,000)	-
Options exercised at \$0.202, expiring 18 November 2019	-	(125,000)
Options expired on 18 November 2019, exercisable at \$0.202	-	(2,125,000)
Options expired on 1 August 2019, exercisable at \$0.20	-	(15,000,000)
Options issued, exercisable at \$0.288, expiring 26 November 2025	2,250,000	-
Options issued, exercisable at \$0.214, expiring 28 November 2024	-	2,250,000
As at 31 December	9,250,000	9,800,000

DUKETON MINING LTD

31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 4: EQUITY SECURITIES ISSUED (continued)

During the 2020 half-year, 2,250,000 options with an exercise price of \$0.288 and expiring on 26 November 2025 were issued to the Directors and Company Secretary after approval at the 2020 annual general meeting. These options vested on the date of issue. The fair value of the options granted during the half-year was 10.7 cents for a total expense of \$240,750. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2020
Exercise price (cents)	28.8
Life of the options (years)	5.0
Underlying share price (cents)	26.5
Expected share price volatility	50.0%
Risk free interest rate	0.3%

NOTE 5: CONTINGENCIES

There has been no material change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 6: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2020, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

DUKETON MINING LTD

31 DECEMBER 2020

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 6 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Duketon Mining Ltd 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 directors.



Stuart Fogarty
Managing Director
Perth, 12 March 2021

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
DUKETON MINING LIMITED**

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Duketon Mining Limited ("the Company"), which comprises the statement of financial position as at 31 December 2020, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Company does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Financial Report

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





Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Rothsay Auditing

Dated 12 March 2021

**Daniel Dalla
Partner**

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