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DUKETON MINING LTD

ABN 76 159 084 107

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2021

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 2021 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 2021

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DUKETON MINING LTD

31 DECEMBER 2021

DIRECTORS' REPORT

Your directors are pleased to present their report on Duketon Mining Ltd for the half-year ended 31 December 2021.

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:

	2021	
	Revenue and Other Income	Net Loss After Tax
	\$	\$
Duketon Mining Ltd	108,802	(4,264,366)

Corporate and Operating Review

The Company is in a strong position to build shareholder value from aggressive exploration and project advancement. Shareholders should be encouraged as the Company is de-risked technically and has the appropriate personnel to take full advantage of the portfolio of opportunities that we have. During the half-year ended 31 December 2021 the Company has worked actively on multiple internal opportunities focused on Nickel, Copper and PGEs within the company's tenure.

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 the Rosie and C2 prospects and infer the potential of a mining operation. These discoveries also point toward the further upside potential of additional discoveries in the tenement package that Duketon controls.

The Company has retained the nickel rights over various tenements in the Duketon Belt 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). Numerous tenements (100%) have been added to this position during the year. The Company's primary objective continues to be achieving returns for shareholders through focused proactive exploration and mining evaluations in the Duketon Belt. We have two main pillars of growth within our strategy:

- Expanding and assessing our known nickel deposits and targeting extensions to Rosie and C2; and
- Discovering new nickel deposits through regional exploration work in the Duketon Belt.

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 2021

DIRECTORS' REPORT (continued)

In response to the positive scoping study on Rosie presented in April 2021, drilling during this half-year focused on identifying higher grades in the north of the resource and extensions to the south and at depth. These drill results will be the main input into an updated Mineral Resource for Rosie. In addition to this work there were several holes drilled for metallurgical purposes into both Rosie and C2. The metallurgical assessment of those samples is ongoing.

Significant time and effort have been invested in reviewing and compiling all available information from the tenements Duketon has access to that extend from Rosie and C2 to 20kms north. This will become the focus of exploration activity as the company embarks on a major exploration push in the next half-year.

Review

The Company recorded a net loss after tax of \$4,264,366 for the six months ended 31 December 2021. Included in the loss for the half-year was exploration expenditure of \$1,372,495. 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 \$17,769,944, and listed equity investments with a market value of \$5,546,098.

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, 15 March 2022



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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 2021, 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.

This declaration is in respect of Duketon Mining Limited and the entities it controlled during the half-year.

Rothsay Auditing

A handwritten signature in black ink, appearing to read 'Donovan Odendaal', written over a light grey circular watermark.

**Donovan Odendaal
Partner**

15 March 2022



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DUKETON MINING LTD

31 DECEMBER 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	\$	\$
REVENUE		
Interest	13,802	57,690
Profit on sale of tenements	95,000	-
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	(178,567)	(164,635)
Depreciation expense	(30,397)	(16,740)
Employee benefits expense	(240,794)	(157,055)
Exploration expenses	(1,372,494)	(503,008)
Fair value losses on financial assets at fair value through profit or loss	(3,898,915)	-
Finance costs	(3,872)	-
Share-based payments expense	(428,838)	(260,750)
(LOSS)/PROFIT BEFORE INCOME TAX	(6,045,075)	4,098,770
Income tax benefit/(expense)	1,780,709	(1,013,186)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF DUKETON MINING LTD	(4,264,366)	3,085,584
Basic (loss)/earnings per share	(3.5)	2.6
Diluted (loss)/earnings per share	(3.5)	2.6

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

DUKETON MINING LTD

31 DECEMBER 2021

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	31 December 2021 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents		17,769,944	20,823,389
Trade and other receivables		70,633	113,810
Financial assets at fair value through profit or loss	3	5,546,098	9,350,013
TOTAL CURRENT ASSETS		23,386,675	30,287,212
NON-CURRENT ASSETS			
Plant and equipment		101,982	44,113
Right-of-use assets		80,302	-
TOTAL NON-CURRENT ASSETS		182,284	44,113
TOTAL ASSETS		23,568,959	30,331,325
CURRENT LIABILITIES			
Trade and other payables		96,343	520,690
Lease liabilities		30,780	-
Current tax liabilities		-	842,933
Employee benefit obligations		140,800	83,535
TOTAL CURRENT LIABILITIES		267,923	1,447,158
NON-CURRENT LIABILITIES			
Lease liabilities		48,923	-
Deferred tax liabilities		478,626	2,259,335
Employee benefit obligations		10,817	26,634
TOTAL NON-CURRENT LIABILITIES		538,366	2,285,969
TOTAL LIABILITIES		806,289	3,733,127
NET ASSETS		22,762,670	26,598,198
EQUITY			
Issued capital	4	23,871,998	23,624,235
Reserves		895,910	714,835
(Accumulated losses)/retained earnings		(2,005,238)	2,259,128
TOTAL EQUITY		22,762,670	26,598,198

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

DUKETON MINING LTD

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**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Notes	Contributed Equity \$	Share-Based Payments Reserve \$	(Accumulated Losses) / Retained Earnings \$	Total \$
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
BALANCE AT 1 JULY 2021		23,624,235	714,835	2,259,128	26,598,198
Loss for the period		-	-	(4,264,366)	(4,264,366)
TOTAL COMPREHENSIVE LOSS		-	-	(4,264,366)	(4,264,366)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period	4	247,763	(126,500)	-	121,263
Employee and consultant options	4	-	307,575	-	307,575
BALANCE AT 31 DECEMBER 2021		23,871,998	895,910	(2,005,238)	22,762,670

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

DUKETON MINING LTD

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**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for exploration expenditure	(1,736,505)	(494,093)
Payments for administration and other expenses	(394,076)	(316,245)
Interest received	20,146	89,418
Interest paid	(485)	-
Proceeds from sale of financial assets	-	146,392
Income taxes paid	(842,933)	-
Government COVID-19 cashflow boost	-	50,000
Net cash outflow from operating activities	(2,953,853)	(524,528)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(76,618)	-
Net cash outflow from investing activities	(76,618)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal elements of lease payments	(22,974)	-
Proceeds on the issue of shares	-	560,000
Net cash (outflow)/inflow from financing activities	(22,974)	560,000
Net (decrease)/increase in cash and cash equivalents	(3,053,445)	35,472
Cash and cash equivalents at the beginning of the half-year	20,823,389	20,322,227
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	17,769,944	20,357,699

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

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 2021 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 2021 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 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 amended 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 2021. 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 2021.

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	31 December 2021	30 June 2021
	\$	\$
Australian listed equity securities	5,546,098	9,350,013

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

	2021 Shares	2021 \$	2020 Shares	2020 \$
As at 1 July	121,114,304	23,624,235	118,234,304	22,970,315
Issues of ordinary shares during the half-year				
Issued upon exercise of \$0.20 options ⁽¹⁾	-	-	2,800,000	633,920
Issued upon cashless exercise of \$0.30 options ⁽²⁾	615,576	227,763	-	-
Issued as part of employee remuneration ⁽³⁾	55,555	20,000	80,000	20,000
As at 31 December	121,785,435	23,871,998	121,114,304	23,624,235

(1) Includes an amount of \$73,920 transferred from the share-based payments reserve upon exercise of the options.

(2) On 24 November 2021 the directors and the company secretary exercised a total of 2,500,000 options utilising the cashless exercise facility approved at the AGM on 19 November 2021. This resulted in the issue of 615,576 ordinary shares. In accordance with the requirements of AASB 2, the utilisation of the cashless exercise facility has been treated as a modification of the original share-based payment transaction. The fair value of the shares issued was calculated using the closing price of \$0.37 on the date of issue, for a total value of \$227,763. An amount of \$126,500 was recognised upon the original issue of the options and has been transferred from the share-based payments reserve to issued capital. The balance of \$101,263 has been recognised in the profit or loss for the current reporting period as share-based payments expense.

(3) On 9 December 2021 (2020: 14 October 2020) the Company issued 55,555 (2020: 80,000) ordinary shares to an employee as a reward and incentive. The closing price of \$0.36 (2020: \$0.25) on the date of issue was the grant date fair value of the shares issued.

DUKETON MINING LTD

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NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 4: EQUITY SECURITIES ISSUED (continued)

	Number of options	
	2021	2020
As at 1 July	9,660,000	9,800,000
Movements of options during the half-year		
Options exercised at \$0.30, expiring 24 November 2021	(2,500,000)	-
Options exercised at \$0.20, expiring 30 November 2020	-	(2,800,000)
Options issued, exercisable at \$0.48, expiring 19 November 2026	2,250,000	-
Options issued, exercisable at \$0.288, expiring 26 November 2025	-	2,250,000
As at 31 December	9,410,000	9,250,000

During the 2021 half-year, 2,250,000 options with an exercise price of \$0.48 and expiring on 19 November 2026 were issued to the Directors and Company Secretary after approval at the 2021 annual general meeting. These options vested on the date of issue. The fair value of the options granted during the half-year was 13.7 cents for a total expense of \$307,575. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2021
Exercise price (cents)	48.0
Life of the options (years)	5.0
Underlying share price (cents)	37.0
Expected share price volatility	50.0%
Risk free interest rate	1.44%

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 2021, 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 2021

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 2021 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, 15 March 2022



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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 2021, 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 2021 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 2021 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 15 March 2022

**Donovan Odendaal
Partner**

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