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DMC MINING
— LIMITED —

HALF YEAR REPORT
FOR THE FINANCIAL PERIOD ENDED
31 DECEMBER 2021

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This 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 Financial Report for the year ended 30 June 2021 and any public announcements made by DMC Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN

David Sumich

NON-EXECUTIVE DIRECTORS

William Witham

Bruce Franzen

COMPANY SECRETARY

Bruce Franzen

PRINCIPAL & REGISTERED OFFICE

Level 27, 44 St Georges Terrace

PERTH WA 6000

Telephone: (08) 6316 4674

AUDITORS

PKF Perth

Level 4, 35 Havelock Street

WEST PERTH WA 6005

Telephone: (08) 9322 2798

Facsimile: (08) 9481 2020

SHARE REGISTER

Automic Pty Ltd

Level 5, 191 St Georges Terrace

PERTH WA 6000

Telephone: 1 300 288 664

Email: hello@automic.com.au

SECURITIES EXCHANGE LISTINGS

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Code: DMM

BANKERS

ANZ Bank Limited

77 St Georges Terrace

PERTH WA 6000

WEBSITE

www.dmcmMining.com.au

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the 'Consolidated Entity') consisting of DMC Mining Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of the half-year ended 31 December 2021.

1. DIRECTORS

The names of Directors who held office during or since the end of the half-year are:

David Sumich	Executive Chairman
William Witham	Non-Executive Director
Bruce Franzen	Non-Executive Director
Colin Locke	Non-Executive Director (Resigned 2 August 2021)

Directors have held office for the entire period and to the date of this report unless otherwise stated.

2. PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the half-year has been exploration and evaluation of the Consolidated Entity's mineral tenement holdings.

3. RESULT OF OPERATIONS

The loss after tax for the half-year ended 31 December 2021 was \$131,984 (2020: \$Nil).

4. REVIEW OF OPERATIONS

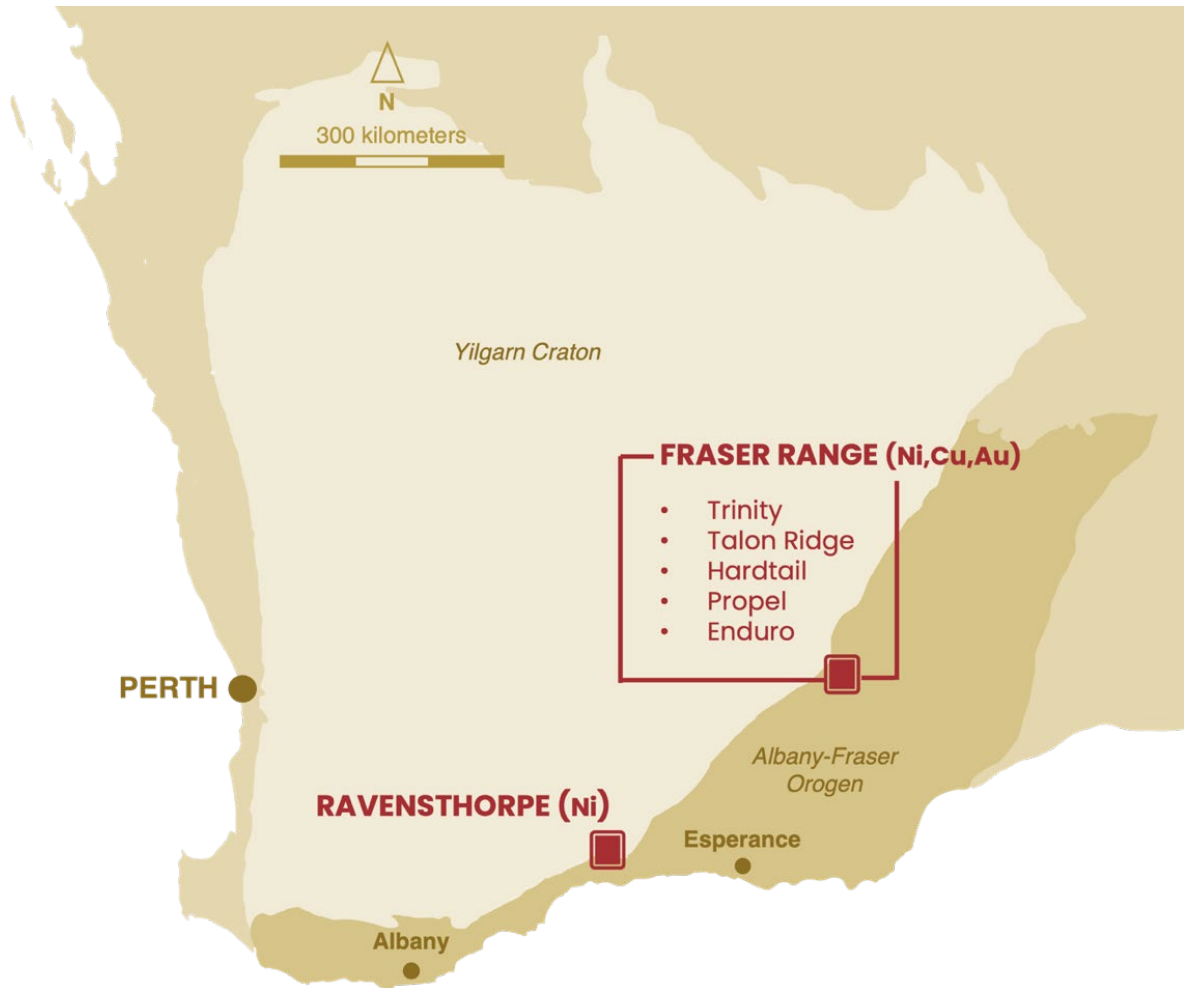
The Company is an Australian public company incorporated on 2 March 2021 for the purpose of identifying, acquiring and developing prospective nickel, copper, gold and other base metal assets.

On 13 December 2021, the Company successfully completed Acquisition Agreements for the following projects:

- (a) One (1) granted exploration licence at the Ravensthorpe region of Western Australia, (Ravensthorpe Nickel Project); and
- (b) Ten (10) granted exploration licences comprising 5 Project areas in the Fraser Range region of Western Australia, (Fraser Range Projects).

The Projects have been selected principally based on their potential to host economic nickel, copper and gold mineralisation.

DIRECTORS' REPORT (cont)



EXPLORATION ACTIVITIES DURING THE PERIOD

RAVENSTHORPE NICKEL PROJECT

The Ravensthorpe Nickel Project (DMC 100%, EL 74/669) is located in a highly prospective geological setting for nickel sulphide deposits. The Project has approximately **15km strike length of the Bandalup ultramafics**, the target host rocks that are prospective for Kambalda-style komatiitic nickel sulphide deposits.

The project is very well serviced by roads, power, and other necessary mining infrastructure.

During the period the Company completed a helicopter-borne time domain electromagnetic (Xcite™) and high-resolution magnetic survey covering all the 100% owned Ravensthorpe Nickel Project (**RNP** or the **Project**).

A total of 522-line kms of data at 100m line spacing was acquired.

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DIRECTORS' REPORT (cont)

The survey was completed by NRG Australia, and for the data processing and interpretation, DMC has engaged Resource Potentials Pty Ltd.



Figure 1 - Squirrel helicopter with NRG's Xcite electromagnetic system on site at Ravensthorpe (January 2022)

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DIRECTORS' REPORT (cont)

Next Steps

Data processing, modelling, and targeting studies are underway, involving the integration of the new airborne EM data with available historical geophysical, geological and geochemical information.

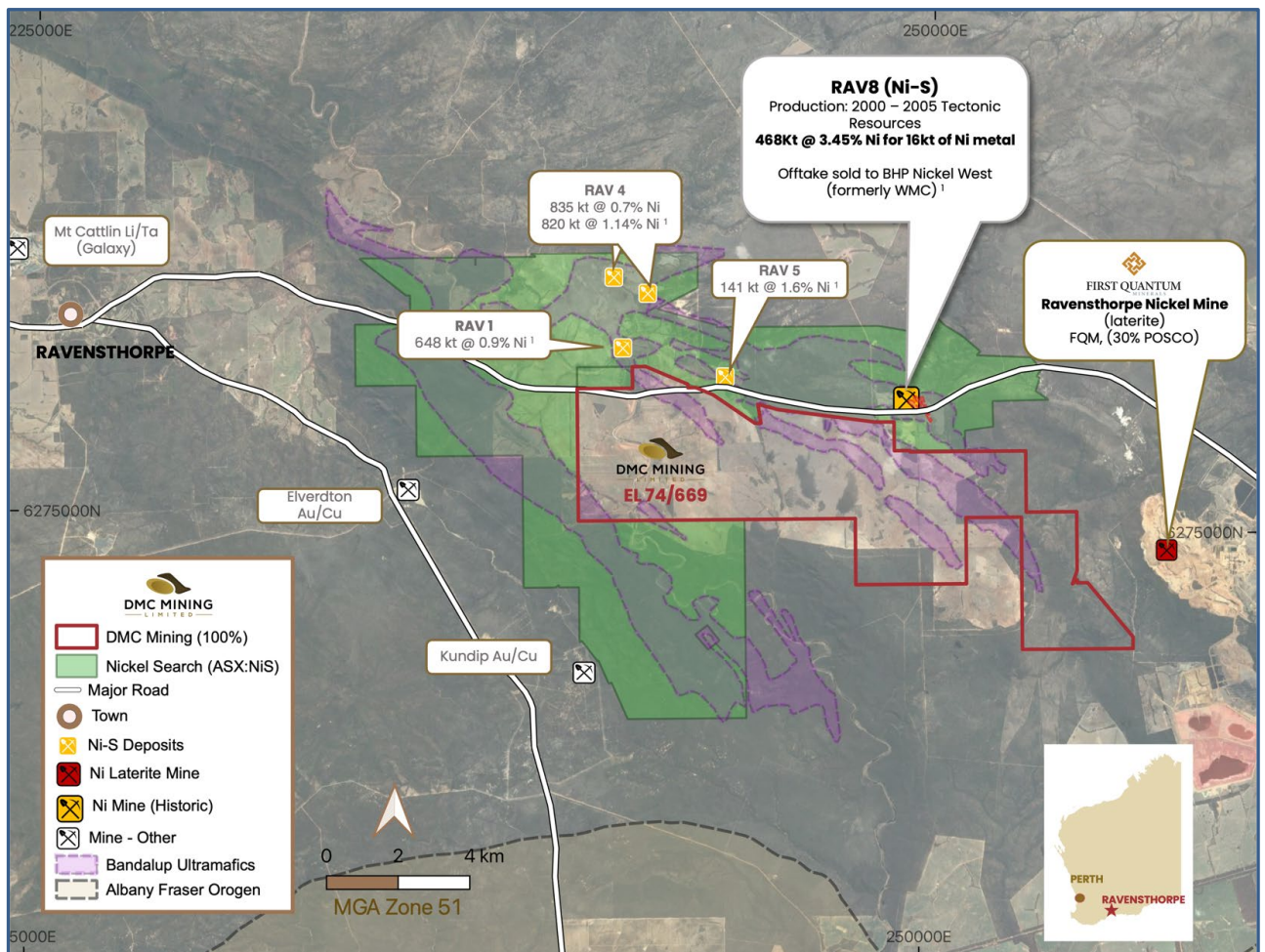


Figure 2 – Ravensthorpe Nickel Project – Regional Map

¹ Australasian Mining Ltd. Annual Report. WAMEX

DIRECTORS' REPORT (cont)

FRASER RANGE PROJECTS

The Fraser Range Projects are a consolidation of 10 granted Tenements with a combined area of approximately 873km², - being one of the largest strategic landholdings of held by any junior explorer in the Fraser Range. Investment by the Company will be undertaken at the Fraser Range Projects to explore for nickel, copper, gold and other base metals.

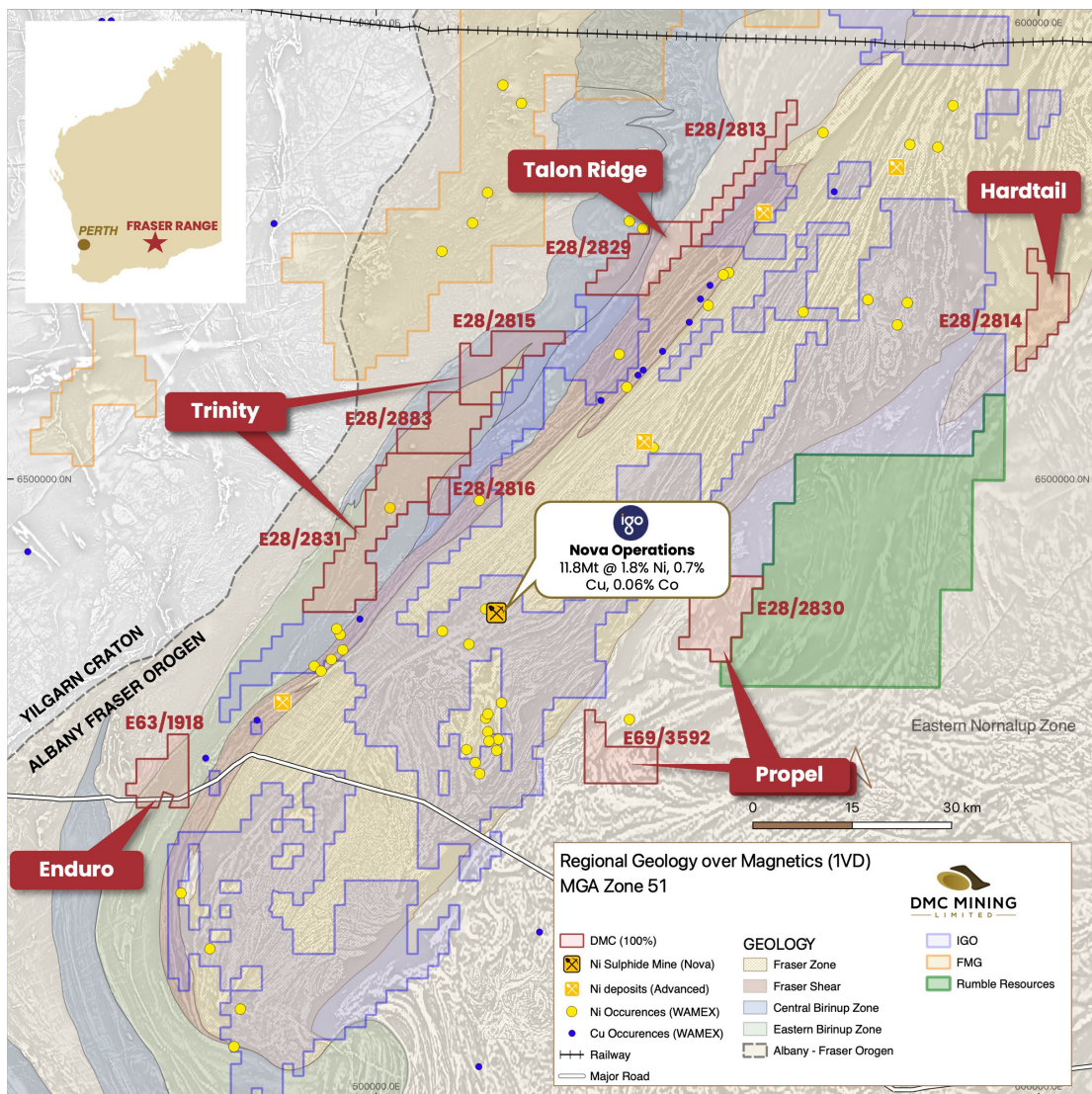


Figure 3 – Fraser Range Projects – Regional Geology

DIRECTORS' REPORT (cont)

The Tenements comprising the Fraser Range Projects are situated within the highly prospective Proterozoic Albany-Fraser Orogen (AFO).

The AFO hosts and is prospective for a range of mineral deposit styles, including:

- (a) magmatic nickel-(copper-cobalt) mineralisation;
- (b) orogenic gold mineralisation;
- (c) intrusion-related gold mineralisation; and
- (d) polymetallic sedimentary exhalative and volcanogenic massive sulphide mineralisation, as exemplified by the Trilogy lead-zinc-silver-copper-gold deposit.

Previous exploration across the Tenements of the Fraser Project has focussed largely on gold, particularly since the Tropicana Discovery in 2005, and on base metals since the discovery of Nova-Bollinger in 2012. Nova-Bollinger is a world class nickel-copper deposit in mafic/ultramafic reporting 13 Mt @ 2% Ni + 0.8% Cu + 0.07% Co.

Since discovery of the Nova-Bollinger Ni-Cu-Co deposit by Sirius Resources Ltd in 2012 the AFO has been subject to intensive exploration efforts by numerous companies.

The Fraser Range is not just prospective for magmatic nickel-copper sulphide and orogenic gold. IGO Limited have identified several VMS occurrences, the most prospective being Andromeda (29.9m @ 1.36% Cu, 2.51% Zn, 19.9ppm Ag, and 0.36ppm Au).

Magmatic nickel and copper sulphide orebodies frequently occur in clusters globally. Thus far there are two discoveries and a large number of mineral occurrences.

Fraser Range – Trinity Project

The Trinity Project is The Company's flagship project in the Fraser Range and is located approximately 18km from the Nova Operations, owned by IGO (ASX:IGO). The Company is targeting nickel and copper sulphide mineralisation within mafic intrusives.

Exploration is expected to commence shortly into Q1 2022.

DIRECTORS' REPORT (cont)

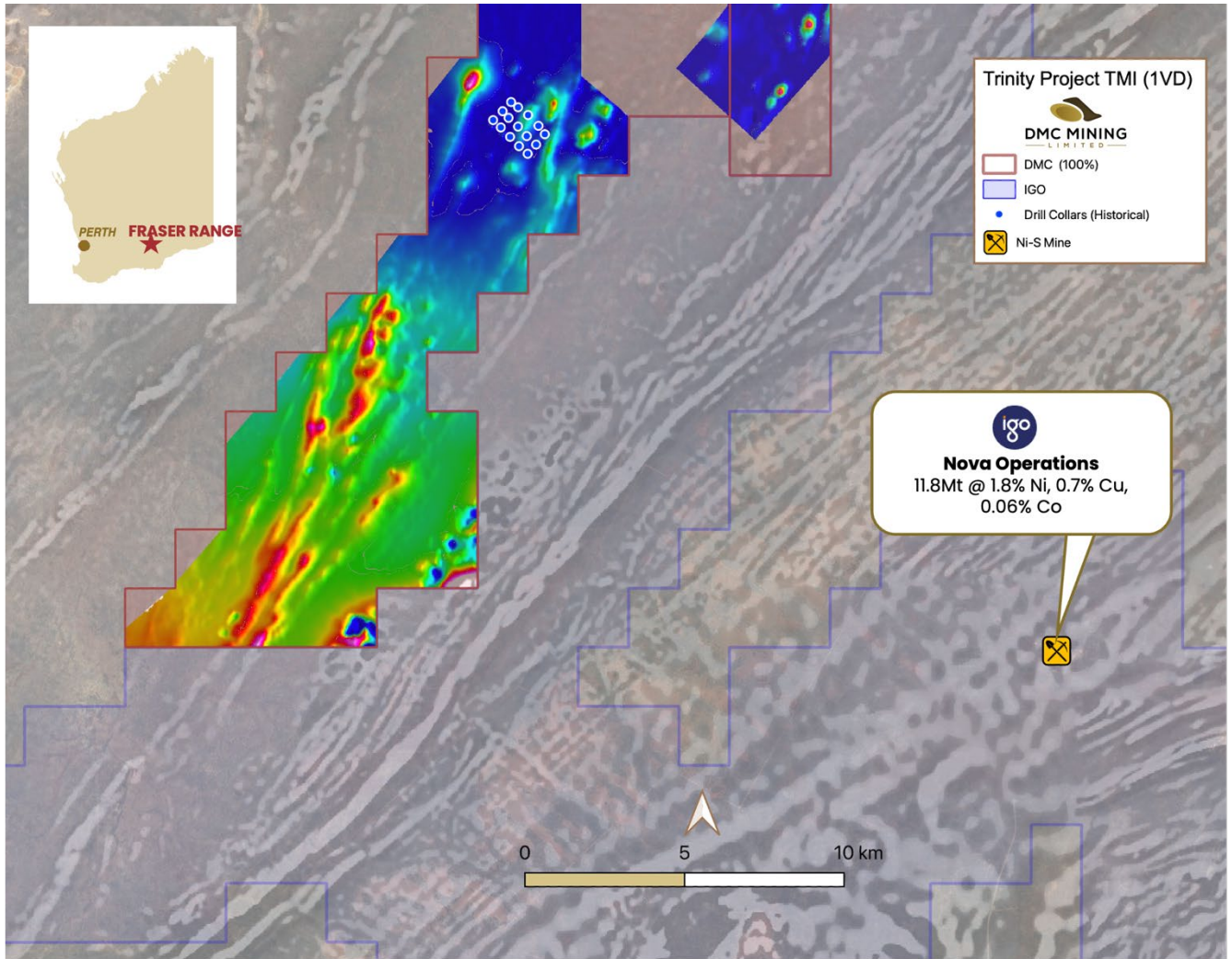


Figure 4 – Trinity Project– Location Map - Magnetics over TMI (1VD)

CORPORATE ACTIVITIES

On 29 October 2021, a Prospectus was lodged with ASIC for an offer of a minimum of 25,000,000 fully paid ordinary Shares in the capital of the Company, at an issue price of \$0.20 per Share, to raise \$5,000,000 (before costs) (the Offer).

On 5 November 2021, the Company held its Annual General Meeting of Shareholders (AGM). All resolutions put to shareholders at the meeting were passed by a show of hands.

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DIRECTORS' REPORT (cont)

On 13 December 2021, pursuant to the Prospectus dated 29 October 2021, DMC Mining Limited completed the issue of 25,000,000 fully paid ordinary shares at an issue price of \$0.20 each to raise \$5,000,000 (before costs).

On 13 December 2021, the Company further completed settlement of the acquisitions to acquire eleven tenements forming part of the Ravensthorpe Nickel Project, and the Fraser Range Project:

Ravensthorpe Nickel Project

The Witby Agreement

- (a) The Company has agreed to provide the following consideration to Witby (or its nominee/s) for the Witby Acquisition on the settlement date:
 - (i) \$7,000 cash, such payment being reimbursement of expenditure incurred by Witby in respect of the Witby Tenement; and

subject to the valid exercise of the Witby Option and the satisfaction (or waiver, where relevant) of the Witby Conditions Precedent, DMC will issue to Witby (and/or its nominee/s) 100,000 Shares (at a deemed issue price equal to the IPO listing price) on the settlement date (Witby Consideration Shares).

Fraser Range Project

Isker Agreement

- (a) The Company has agreed to provide the following consideration to the Isker Vendors (or its nominee/s) for the Isker Acquisition:
 - (i) subject to the valid exercise of the Isker Option and the satisfaction (or waiver, where relevant) of the Isker Conditions Precedent:
 - a) a cash fee of \$52,500 as reimbursement of expenditure incurred for the Isker Tenements;
 - b) 875,000 fully paid ordinary shares in the capital of DMC at a deemed issue price equal to the IPO listing price (Isker Consideration Shares); and
 - c) 700,000 consideration options (exercisable at \$0.30, expiring on the date that is 3 years from the date of issue) (Isker Consideration Options).

Romany Agreement

- (a) The Company has agreed to provide the following consideration to the Romany Vendors (or its nominee/s) for the Romany Acquisition:
 - (i) subject to the valid exercise of the Romany Option and the satisfaction (or waiver, where relevant) of the Romany Conditions Precedent:
 - a) a cash fee of \$22,500 as reimbursement of expenditure incurred in respect of the Romany Tenements;
 - b) 375,000 fully paid ordinary shares in the capital of DMC at a deemed issue price of equal to the IPO listing price (Romany Consideration Shares); and
 - c) 300,000 consideration options (exercisable at \$0.30, expiring on the date that is 3 years from the date of issue) (Romany Consideration Options).

DIRECTORS' REPORT (cont)

On 20 December 2021, the Company was admitted to the official list of ASX Limited.

On 22 December, Official quotation of the Company's securities commenced trading at 12:00 PM AEDT.

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

5. EVENTS SUBSEQUENT TO REPORTING DATE

Corona Virus Impact

The impact of the Corona Virus (COVID-19) pandemic is ongoing and whilst it has had no financial impact for the Consolidated Entity up to 31 December 2021, it is not practical to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be implemented.

No other matters or circumstances have arisen subsequent to 31 December 2021 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

DIRECTORS' REPORT (cont)

7. AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 12 for the half-year ended 31 December 2021.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors.



David Sumich
Executive Chairman
Dated this day 16th March 2022

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF DMC MINING LIMITED**

In relation to our review of the financial report of DMC Mining Limited for the half year ended 31 December 2021, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth

PKF PERTH

Simon Fermanis

**SIMON FERMANIS
PARTNER**

16 MARCH 2022,
WEST PERTH,
WESTERN AUSTRALIA

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of DMC Mining Limited (the company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, 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 31 December 2021, or during the half year.

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 DMC Mining Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) 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.

Independence

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.

Directors' Responsibility for the Half-Year 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 controls 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.

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

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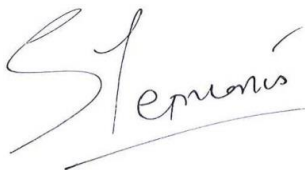
Auditor's Responsibilities for the Review of the Financial Report

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 consolidated entity'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 Corporation 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.

PKF Perth

PKF PERTH



SIMON FERMANIS
PARTNER

16 MARCH 2022
WEST PERTH,
WESTERN AUSTRALIA

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the half year ended 31 December 2021**

	Note	31-Dec-21 \$	31-Dec-20 \$
Revenue			
Other revenue	3	141,871	-
Expenses			
Administrative expense		(33,640)	-
Compliance and regulatory expense		(35,098)	-
Consultancy expense		(56,800)	-
Directors fees		(11,242)	-
Exploration expense	4	(120,789)	-
Insurance expense		(6,185)	-
Occupancy expense		(10,101)	-
Loss for the period before income tax expense		(131,984)	-
Income tax benefit/(expense)		-	-
Loss for the period		(131,984)	-
Other comprehensive income/(loss), net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in fair value of available for sale financial asset		-	-
Total comprehensive loss for the period		(131,984)	-
Loss per share			
Basic and diluted loss per share (cents)	5	(0.006)	-

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

		31-Dec-21	30-Jun-21
CURRENT ASSETS			
Cash and cash equivalents		4,389,073	360,544
Trade and other receivables		85,537	-
Other assets		20,350	7,326
		<u>4,494,960</u>	<u>367,870</u>
TOTAL CURRENT ASSETS			
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	6	688,948	-
		<u>688,948</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS			
		<u>5,183,908</u>	<u>367,870</u>
TOTAL ASSETS			
CURRENT LIABILITIES			
Trade and other payables		128,215	2,206
		<u>128,215</u>	<u>2,206</u>
TOTAL CURRENT LIABILITIES			
		<u>128,215</u>	<u>2,206</u>
TOTAL LIABILITIES			
		<u>5,055,693</u>	<u>365,664</u>
NET ASSETS			
EQUITY			
Issued capital	7	5,135,353	420,340
Reserves	8, 9	107,000	-
Accumulated losses		(186,660)	(54,676)
		<u>5,055,693</u>	<u>365,664</u>
TOTAL EQUITY			

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the half year ended 31 December 2021

	31-Dec-21	31-Dec-20
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	86	-
Payments for administration and corporate expenses	(130,018)	-
Payments for exploration and evaluation expenses	(204,039)	-
	<u>(333,971)</u>	<u>-</u>
NET CASH USED IN OPERATING ACTIVITIES		
	<u>(333,971)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for exploration and evaluation acquisition	(82,513)	-
	<u>(82,513)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES		
	<u>(82,513)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	5,000,000	-
Payment for costs of share issue	(554,987)	-
	<u>4,445,013</u>	<u>-</u>
NET CASH FROM FINANCING ACTIVITIES		
	<u>4,445,013</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	4,028,529	-
Cash and cash equivalents at the beginning of the reporting period	360,544	-
	<u>360,544</u>	<u>-</u>
Cash and cash equivalents at the end of the reporting period	<u><u>4,389,073</u></u>	<u><u>-</u></u>

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2021

	Issued Capital	Share Based Payment Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2021	420,340	-	(54,676)	365,664
Loss for the period	-	-	(131,984)	(131,984)
Total comprehensive income for the period	-	-	(131,984)	(131,984)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of share capital	5,270,000	-	-	5,270,000
Share Based Payments	-	107,000	-	107,000
Share Issue Expenses	(554,987)	-	-	(554,987)
Total transactions with owners	4,715,013	107,000	-	4,822,013
Balance at 31 December 2021	5,135,353	107,000	(186,660)	5,055,693
Balance at 1 July 2020	-	-	-	-
Profit/(loss) for the period	-	-	(54,676)	(54,676)
Other comprehensive income	-	-	-	-
Total other comprehensive loss	-	-	(54,676)	(54,676)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of share capital	440,140	-	-	440,140
Share Issue Expenses	(19,800)	-	-	(19,800)
Total transactions with owners	420,340	-	(54,676)	365,664
Balance at 30 June 2021	420,340	-	(54,676)	365,664

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

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2021**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

DMC Mining Limited (the Company) is a public company, limited by shares, domiciled and incorporated in Australia and listed on the Australian Securities Exchange. The consolidated half-year financial report of the Company for the six months ended 31 December 2021, comprise the Company and its subsidiaries (the "Consolidated Entity" or "Group").

The company was incorporated on the 2 March 2021 and accordingly there is no comparative information for the 6 months ended 31 December 2020.

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting* as appropriate for for-profit orientated entities. Compliance with *AASB 134* ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*.

The half-year consolidated financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this half-year financial report be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by DMC Mining Limited and its controlled entities during the half-year reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

These consolidated half year financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 16 March 2022.

Basis of preparation

The half-year consolidated financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The presentation and functional currency is Australian Dollars.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2021. Those accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to their operations and mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity and are consistent with those of the previous financial years and corresponding interim reporting period.

Impact of new standards and interpretations issued but not yet adopted

There are no new standards that have been issued since 30 June 2021 that have been applied by the Consolidated Entity. The 30 June 2021 annual report disclosed that the Consolidated Entity anticipated no new material impacts arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2021.

Significant accounting estimates, judgments and assumptions

The preparation of financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next accounting period are:

(i) *Share based payment transactions*

The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using an appropriate valuation model.

(ii) *Income tax expenses*

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

(iii) *Impairment of exploration and evaluation assets*

The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

(iv) *Intangible assets*

Intangible assets represent the cost of acquisition of an option to acquire an Exploration Project. In accordance with AASB136 *Impairment of assets*, an intangible asset which is not ready for use shall be tested for impairment annually.

CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)

2. SEGMENT INFORMATION

Identification of reportable segments

The consolidated entity is organised into one operating segment, being exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

The reportable segment is represented by the primary statements forming these financial statements.

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CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)

	31 December 2021 \$	31 December 2020 \$
3. OTHER REVENUE		
<u>Operating activities</u>		
Interest received	85	-
Loan forgiveness on acquisition – Fraser Range Project	141,786	-
	<u>141,871</u>	<u>-</u>
Total Other Revenue	<u>141,871</u>	<u>-</u>

During the period, DMC Mining Limited acquired the two entities Isker Mining Pty Ltd and Romany Minerals Pty Ltd. As part of the transaction, existing loans held within the acquired entities were forgiven and are included as revenue for the consolidated group for the period ended 31 December 2021. Refer to Note 6 for further details regarding the acquisition.

	31 December 2021 \$	31 December 2020 \$
4. EXPENSES		
<u>Operating activities</u>		
Exploration Expenses	120,789	-
	<u>120,789</u>	<u>-</u>
Total exploration costs	<u>120,789</u>	<u>-</u>

During the period, the consolidated group was required to keep prospective tenements in good standing based on the respective acquisition agreements. At the time of the expenditure on the tenements, the group did not have the rights to these tenements and is subsequently unable to capitalise these costs under AASB 6. Therefore, these costs have been expensed for the period.

	31 December 2021 \$	31 December 2020 \$
5. EARNINGS/(LOSS) PER SHARE		
Profit/(loss) from continuing operations used in the calculation of basic and diluted EPS	(131,984)	-
	<u>22,577,717</u>	<u>-</u>
Weighted average number of ordinary shares outstanding during the year used in calculating the basic and dilutive EPS	<u>22,577,717</u>	<u>-</u>

There are 1,000,000 share options excluded from the calculation of diluted earnings per share (that could potentially dilute basic earnings per share in the future) because they are anti-dilutive for each of the years presented.

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CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)

6. EXPLORATION EXPENDITURE	31 December 2021	30 June 2021
	\$	\$
Exploration project expenditure	688,948	-
Movement in carrying value:		
Brought forward	-	-
Acquisition– Isker Mining Pty Ltd	302,398	-
Acquisition – Romany Minerals Pty Ltd	129,598	-
Exploration project expenditure	256,952	-
Exploration Asset at reporting date	688,948	-

The acquisition of the Ravensthorpe Nickel Project and Fraser Range Project are considered an asset acquisition as there are no inputs or processes acquired as part of the acquisition.

Ravensthorpe Nickel Project

On 13 December 2021, the Company further completed settlement of the acquisition to acquire the tenement forming part of the Ravensthorpe Nickel Project:

The Witby Agreement

- (a) The Company has agreed to provide the following consideration to Witby (or its nominee/s) for the Witby Acquisition on the settlement date:
- (ii) \$7,000 cash, such payment being reimbursement of expenditure incurred by Witby in respect of the Witby Tenement; and

Subject to the valid exercise of the Witby Option and the satisfaction (or waiver, where relevant) of the Witby Conditions Precedent, DMC will issue to Witby (and/or its nominee/s) 100,000 Shares (at a deemed issue price equal to the IPO listing price) on the settlement date (Witby Consideration Shares).

Fraser Range Project

On 13 December 2021, the Company further completed settlement of the acquisition to acquire ten tenements forming part of the Fraser Range Project:

Isker Agreement

- (b) The Company has agreed to provide the following consideration to the Isker Vendors (or its nominee/s) for the Isker Acquisition:
- (i) subject to the valid exercise of the Isker Option and the satisfaction (or waiver, where relevant) of the Isker Conditions Precedent:
- a) a cash fee of \$52,500 as reimbursement of expenditure incurred for the Isker Tenements;
- b) 875,000 fully paid ordinary shares in the capital of DMC at a deemed issue price equal to the IPO listing price (Isker Consideration Shares); and

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CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)

- c) 700,000 consideration options (exercisable at \$0.30, expiring on the date that is 3 years from the date of issue) (Isker Consideration Options).

Romany Agreement

- (b) The Company has agreed to provide the following consideration to the Romany Vendors (or its nominee/s) for the Romany Acquisition:
- (ii) subject to the valid exercise of the Romany Option and the satisfaction (or waiver, where relevant) of the Romany Conditions Precedent:
- a) a cash fee of \$22,500 as reimbursement of expenditure incurred in respect of the Romany Tenements;
- b) 375,000 fully paid ordinary shares in the capital of DMC at a deemed issue price of equal to the IPO listing price (Romany Consideration Shares); and
- c) 300,000 consideration options (exercisable at \$0.30, expiring on the date that is 3 years from the date of issue) (Romany Consideration Options).

7. ISSUED CAPITAL	31 December 2021	30 June 2021
	\$	\$
Fully paid ordinary shares	5,710,140	440,140
Less: capital issue costs net of tax	<u>(574,787)</u>	<u>(19,800)</u>
	<u>5,135,353</u>	<u>420,340</u>

On 13 December 2021, pursuant to the Prospectus dated 29 October 2021, DMC Mining Limited completed the issue of 25,000,000 fully paid ordinary shares at an issue price of \$0.20 each to raise \$5,000,000 (before costs).

On 13 December 2021, the Company further completed settlement of the acquisitions to acquire eleven tenements forming part of the Ravensthorpe Nickel Project, and the Fraser Range Project:

In respect of the Ravensthorpe Nickel Project, DMC issued the Vendors 100,000 Shares (at a deemed issue price equal to the IPO listing price being \$0.20 each) on the settlement date.

In respect of the Fraser Range Project being settlement of Isker Mining Pty Ltd and Romany Minerals Pty Ltd, DMC issued the Vendors 1,250,000 Shares (at a deemed issue price equal to the IPO listing price being \$0.20 each) on the settlement date.

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CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)

8. RESERVES	31 December 2021	30 June 2021
	\$	\$
Opening balance	-	-
Issue of options during the period	107,000	-
Closing Balance	<u>107,000</u>	<u>-</u>

The options issued are in relation to the acquisition of Romany Minerals Pty Ltd and Isker Mining Pty Ltd. Refer to Note 6 for further details as well as Note 9 for the valuation and assumptions used.

9. SHARE BASED PAYMENTS

Share Options Issued

	Number of Options	Exercise Price \$
Issue to consultants/vendors		
Outstanding at 1 July 2021	-	-
Issued during the period	1,000,000	\$0.30
Exercisable at 31 December 2021	<u>1,000,000</u>	<u>\$0.30</u>

In respect of the Fraser Range Project being settlement of Isker Mining Pty Ltd and Romany Minerals Pty Ltd, DMC granted the Vendors 1,000,000 Options, exercisable at 30c, expiry 13 December 2024 on the settlement date of 13 December 2021.

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CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)

Options valuation model assumptions

Assumptions	Vendor Options
Number of Options	1,000,000
Grant date	13 December 2021
Spot price	\$0.20
Exercise price	\$0.30
Vesting date	N/A
Expiry date	13 December 2024
Expected future volatility	100%
Risk free rate	0.08%
Fair value	\$0.107

The options have been valued internally using Black and Scholes Model, an option pricing model. The total fair value of these options is \$107,000. During the half year to 31 December 2021 \$107,000 has been recognised in the Consolidated statement of Financial Position as it is part of the acquisition of Romany Minerals Pty Ltd and Isker Mining Pty Ltd. Refer to Note 6 for further details.

10. CONTINGENT LIABILITIES

There has been no change to contingent liabilities since the last annual reporting date.

11. EVENTS SUBSEQUENT TO REPORTING DATE

Corona Virus Impact

The impact of the Corona Virus (COVID-19) pandemic is ongoing and whilst it had no financial impact for the Consolidated Entity up to 31 December 2021, it is not practical to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be implemented.

No other matters or circumstances have arisen subsequent to 31 December 2021 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

12. DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2021.

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CONDENSED NOTES TO THE CONSOLIDATED STATEMENTS
for the half year ended 31 December 2021 (cont)

13. COMMITMENTS

In order to maintain current rights of tenure to exploration tenements the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various Governments. These obligations can be reduced by selective relinquishment of exploration tenure or renegotiation.

	31 December 2021 \$	30 June 2021 \$
Expenditure required on Exploration Licences		
Within one year	369,992	-
More than one year but less than five years	1,109,976	-
Greater than five years	-	-
Total commitments	<u>1,479,968</u>	<u>-</u>

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DIRECTOR'S DECLARATION

The Directors' of the Company declare that: -

1. The financial statements and notes, as set out on pages 15 to 27 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, and Corporation Regulations 2001; and
 - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company 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 made pursuant to s.303 (5) of the *Corporations Act 2001*.



David Sumich
Executive Chairman

Dated this day 16th March 2022