



ASX Release

22 July 2021

June 2021 Quarterly Report

HIGHLIGHTS

Rosie Project (100% DKM)

- Scoping study completed with positive outcomes:
 - NPV₅ of ~ \$161M (range \$56M to \$204M)
 - IRR of ~ 54% (range 21% to 66%)
 - Pre-tax cashflow of ~ \$223M (range \$91M to \$278M)
 - Pre-production capital cost of ~ \$18M
 - Standard decline access for underground mine – minimal surface infrastructure
- Diamond drill program in full swing at Rosie, 1300 metres and eight drillholes completed - mineralisation intersected in all completed drillholes.
- Drill program aims to:
 - Increase confidence of mineralisation in the Upper North area
 - Test at depth below south-eastern area (previously known as Nariz)
 - Collect PGE rich oxide sample for PGE recovery/metallurgical testwork from near surface.
- First assay results expected in the next few weeks.
- Drill program now extended to include one diamond drillhole at C2 Nickel Resource for further metallurgical studies.

Tenement Acquisition (100% DKM)

- Ongoing targeting has led to several tenement positions being acquired.

Corporate

- Review of development options for Rosie and C2 underway
- Review of multiple external opportunities ongoing
- Cash and liquids at 30 June 2021 of \$30.3 million

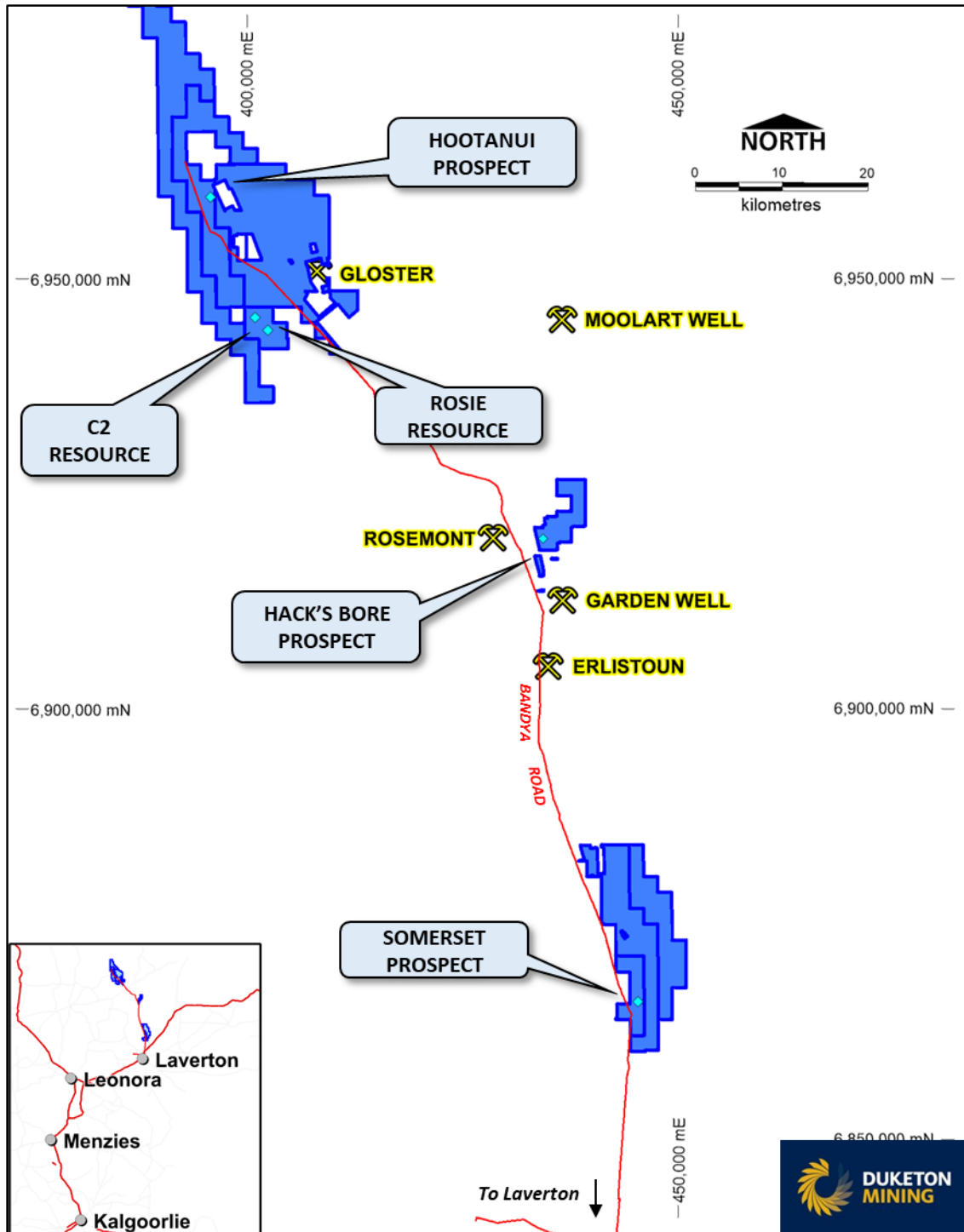


Figure 1. Plan View of the Duketon area showing tenements and areas of nickel rights.

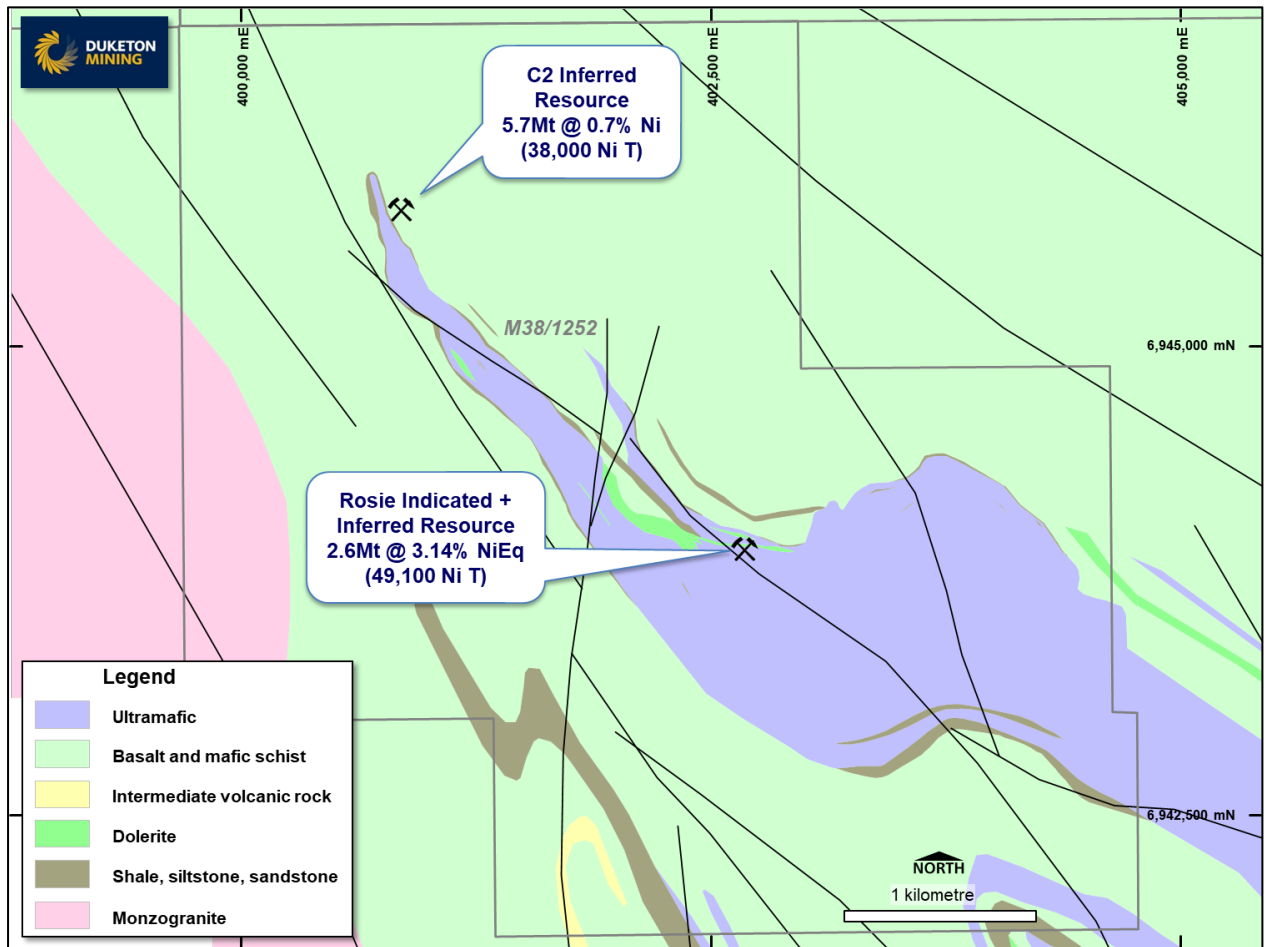


Figure 2. The Bulge Ultramafic Complex

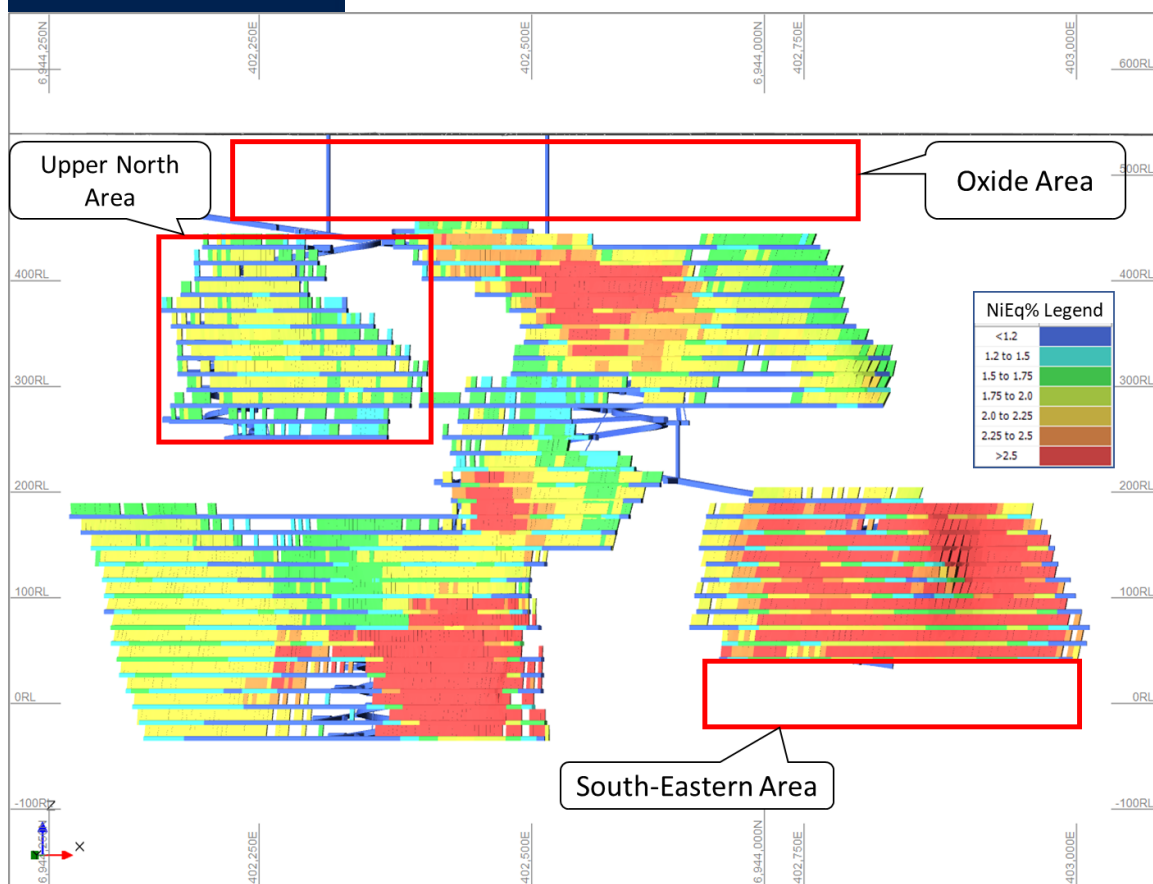


Figure 3. Stope design grade heat map with areas of drilling

Rosie Scoping Study

Results of the Scoping Study on the Rosie Nickel Sulphide Project were announced during the quarter (see ASX announcement 28th April 2021). Highlights of the study are:

- A Scoping Study for Duketon's 100% owned Rosie Nickel Project confirms the viability of a mining, trucking and toll treating operation assuming an 8-year mine life.
- NPV₅ of ~ \$161M (range \$56M to \$204M)
- IRR of ~ 54% (range 21% to 66%)
- Pre-tax cashflow of ~ \$223M (range \$91M to \$278M)
- Pre-production capital cost of ~ \$18M
- Standard decline access for underground mine – minimal surface infrastructure
- Annual production of approximately 315kt of ore at 2.1% NiEq
- Resource already situated on a granted mining tenement with ample room for all surface works and infrastructure.

- Metallurgy work shows a positive outcome with high recoveries of nickel, copper and PGE's (see ASX announcement 8 and 10 July,2020)
- The exploration strategy is being finalised and will consider three different items: lateral extensions to Rosie, identification of higher-grade areas within the proposed mined areas and additional exploration outside of the Rosie project area.
- Upside opportunities include:
 - considering oxide portion of Rosie for recovery of PGE's,
 - including C2 Nickel resource as part of an expanded operation that would incorporate an onsite concentrator and be focused on producing concentrates to be sold to a third party or parties.

The Scoping Study has demonstrated potentially strong financial metrics for the Rosie Project based on a pre-production capital cost of approximately \$18M. The Study describes a decline accessing the resource that is subsequently mined underground via overhand longhole stoping using cemented rockfill. The mined rock is then trucked to surface, and then transported on public roads to a third-party concentrator. The Company considers the Project to be technically low risk given the simple mine plan drawing from a largely indicated resource and the high metallurgical recoveries. (see ASX announcements 8 and 10 July 2020). The Scoping Study was completed to an overall +/-30% accuracy using the key parameters and assumptions set out in Table 1 and 2 and as further outlined in the Material Assumptions in the original ASX announcement.

Table 1: Revenue Assumption

Item	Unit	Ni
Price	US\$/lb	\$8.00
Exchange Rate	US\$/AU\$	\$0.70
Met. Recovery	%	90%
Payability	%	75%
Royalty	%	2.5%



Table 2: Key Input Parameters

Parameter	Unit	Pentlandite	Violarite
Concentrator Recovery	%	97%	89%
Payability	%	75%	75%
Royalty	%	2.5%	2.5%
Mining Cost	\$/t ore	\$152.11	\$152.11
Surface Haulage Cost	\$/t ore	\$12.63	\$12.63
Processing Cost	\$/t ore	\$53.22	\$53.22
Administration Cost	\$/t ore	\$6.49	\$6.49
Sustaining Capital Cost	\$/t ore	\$3.50	\$3.50
Conc. Transport Cost	\$/t ore	\$17.31	\$17.31
Fully Costed Final COG	% Ni	1.4%	1.6%

Rosie Diamond Drill Program

The diamond drill program at Rosie is progressing well with eight (8) drillholes completed for 1300 metres, including three holes into the oxide material for PGE metallurgical testwork. Mineralisation has been intersected in all drillholes with the first batch of assays expected in the next few weeks.

The program at Rosie Nickel Project is designed to increase confidence in mineralisation in the upper north area, test at depth below the south-eastern area (previously known as Nariz) and collect PGE rich oxide material from directly above the sulphide deposit for assay and PGE recovery/metallurgical testwork (Figure 3). These three areas have been identified from the Rosie Nickel Sulphide Scoping Study as having potential upside by either impacting early cash flow or extending the life of mine (see ASX announcement 28th April 2021).



**Figure 4: 70cm intersection of massive sulphide in DKDD0017
with the Rosie Camp in the background**



Figure 5: Pentlandite rich stringer sulphides in drillhole DKDD0017



The Indicated and Inferred Mineral Resource Estimate for Rosie is **2.56 million tonnes at 3.14% nickel equivalent (NiEq)** (reported in accordance with the 2012 JORC Code). The resource estimate is reported at >1% NiEq. Over 66% of the Resource has been classified as Indicated and the mineralisation is open in all directions. This MRE was completed using January 2021 Spot Prices.

Table 3: Rosie Mineral Resource Estimate (February 2021) >1.0% NiEq

Resource Category	Tonnes (kt)	Ni%	NiEq_% ⁽¹⁾
Indicated	1,707	2.01	3.21
Inferred	850	1.74	3.01
TOTAL	2,557	1.92	3.14

(1) Assumptions for the nickel equivalent are: Prices (in USD) \$8.00/lb Ni, \$3.65/lb Cu, \$15.30/lb Co, \$1,100/oz Pt, \$2,300/oz Pd and \$15,500/oz Rh. Recovery assumptions from metallurgical test work are: Pentlandite domain 96.9% Ni, 99.5% Cu, 95.1% Co, 78.2% Pt, 97.6% Pd and 83.4% Rh. Violarite domain 88.7% Ni, 94.5% Cu, 88.5% Co, 57.6% Pt, 87.3% Pd and 64.8% Rh.

This resource includes the Nariz mineralisation, discovered by DKM in 2014. The Mineral Resource contained metal is 49,100 tonnes of nickel, 10,600 tonnes of copper, 1,400 tonnes of cobalt and over 205,000 oz of total PGEs (Table 5).

The resource includes a reportable nickel equivalent number after metallurgical work was completed to determine recoveries (see ASX announcement 8th July 2020 & 10th July 2020). It is the opinion of DKM that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

The total JORC compliant nickel resource for the Bulge Area (Rosie & C2) stands at **87,100 tonnes of nickel, 12,900 tonnes of copper and 231,000 ounces of PGE's** (Tables 6-8).

Table 4: Rosie Mineral Resource Grade

Rosie Nickel Resource >1% NiEq							
Classification	Sulphide	Tonnes	Ni (%)	Cu (%)	Co (ppm)	Total PGEs (g/t)	NiEq (%)
Indicated	Pentlandite	960,893	2.3	0.41	610	2.6	3.60
	Violarite	745,813	1.7	0.36	490	2.5	2.70
	Sub-Total	1,706,706	2.0	0.39	560	2.5	3.21
Inferred	Pentlandite	751,559	1.8	0.47	570	2.5	3.08
	Violarite	98,676	1.5	0.43	460	2.2	2.51
	Sub-Total	850,234	1.7	0.47	560	2.5	3.01
Total	All	2,556,940	1.9	0.42	560	2.5	3.14

Table 5: Rosie Mineral Resource Contained Metal

Classification	Ore Type	Contained Metal			
		Ni (t)	Cu (t)	Co (t)	Total PGEs (oz)
Indicated	Pentlandite	21,973	3,987	588	79,041
	Violarite	12,336	2,679	363	59,014
	Sub-Total	34,309	6,666	951	138,056
Inferred	Pentlandite	13,354	3,537	428	60,331
	Violarite	1,452	421	45	6,937
	Sub-Total	14,806	3,958	473	67,268
	Total	49,115	10,624	1,423	205,324



Table 6: C2 Nickel Resource > 0.5% Ni

C2 Nickel Resource >0.5%Ni				
Classification	Oxidation	Tonnes	Ni (%)	Ni (t)
Inferred	Fresh	5,100,000	0.7	34,200
	Transitional	600,000	0.6	3,800
Total		5,700,000	0.7	38,000

Table 7: C2 Resource > 0.5% Ni with Auxiliary Attributes

C2 Nickel Resource >0.5%Ni							
Classification	Oxidation	Tonnes	Ni (%)	Cu (%)	Pt (ppb)	Pd (ppb)	S (%)
Inferred	Fresh	5,100,000	0.7	0.04	60	79	3.3
	Transitional	600,000	0.6	0.04	72	105	0.9
Total		5,700,000	0.7	0.04	61	82	3.1

Table 8: Combined Metal Inventory, The Bulge Area

Deposit	Ni tonnes	Cu tonnes	PGE oz
Rosie	49,115	10,624	205,324
C2	38,000	2,280	25,660
TOTAL	87,115	12,904	230,984

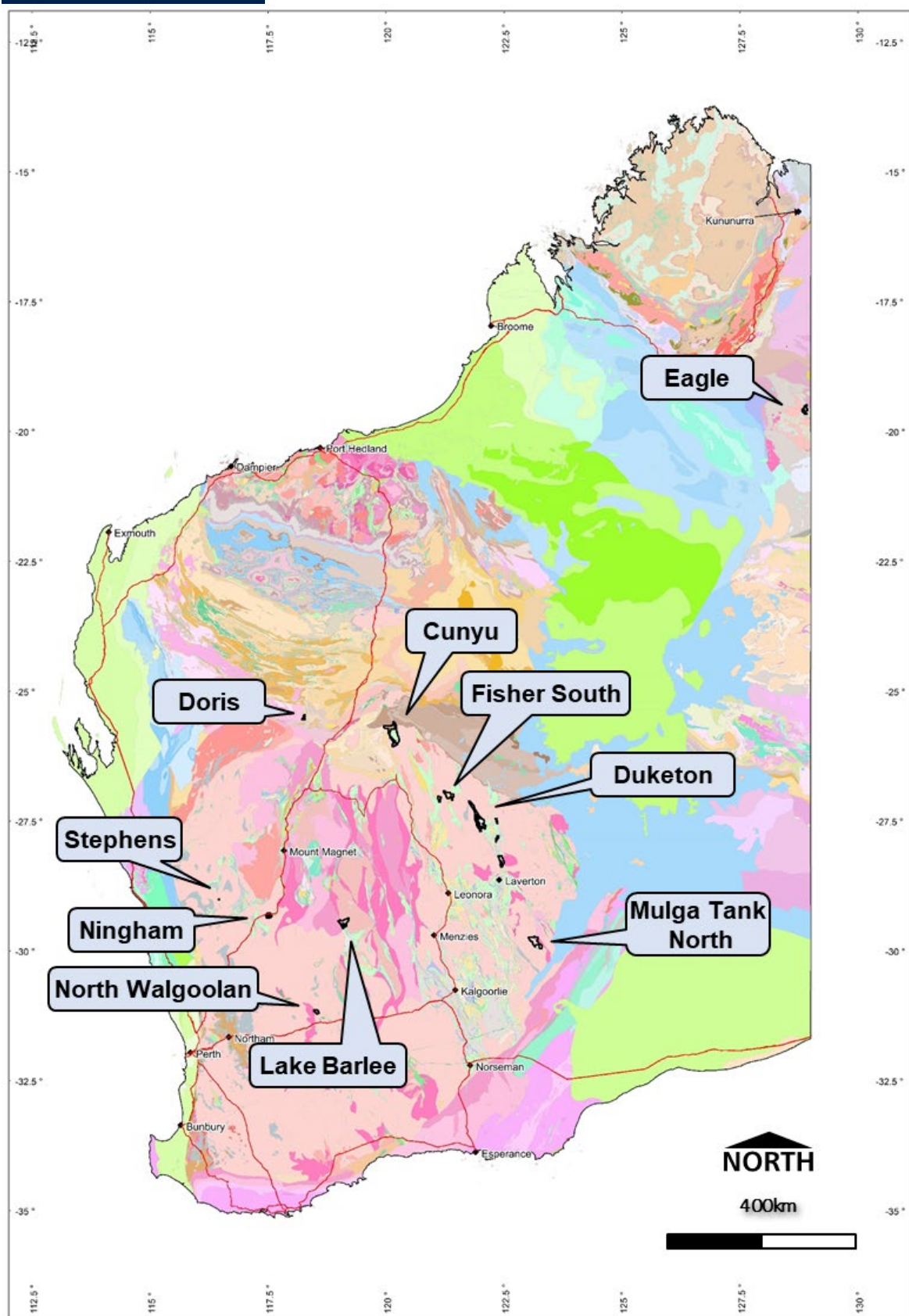


Figure 6. Duketon Regional Tenement Acquisition



Regional Exploration

Regional exploration has been ongoing throughout the quarter. Multiple new targets have been generated creating a significant and robust pipeline of organic opportunities.

Granted tenements:

- Stephens – base metals VMS project in the Gullewa-Koolanooka Greenstone Belt with a number of significant intercepts
- Doris – uranium tenement within the Narryer Terrane, 125km north of Meekatharra

Tenement applications:

- Eagle – gold project in the Tanami Region, two small non JORC gold resource and numerous other significant intercepts
- Lake Barlee – gold project surrounding Halley's East Gold Mine, 200km north of Southern Cross
- Fisher South – gold and nickel project at the southern end of the Fisher Greenstone Belt
- Mulga Tank North – gold project within the Minigwal Greenstone Belt with several gold in regolith anomalies
- Cunyu – project covering the entire Merrie Greenstone Belt, early stage exploration
- North Walgoolan - prospective for gold and VMS style base metal mineralisation within the north western extension of the Westonia Greenstone Belt, 45km NE of Merredin
- Ninghan –prospective gold and base metals ground within the Paynes Find Greenstone Belt, 17km west of Paynes Find

Ongoing Strategy

Duketon remains well positioned to drive value from four approaches:

1. Expand/Study Nickel Resources - Complete mining study and target extensions to Rosie C2 and the greater area for Ni-Cu-PGE's
2. New Projects – Acquire advanced Gold or Nickel projects with inherent upside that can be unlocked through technical and/or commercial means
3. New Tenure – Acquire new tenure via opportunistic applications or by simple/low cost commercial means.



CORPORATE

At 30 June 2021 Duketon had approximately **A\$30.3M** available from cash reserves of **A\$20.9M** and a liquids position of circa **A\$9.4M**.

ASX ADDITIONAL INFORMATION

Exploration and evaluation expenditure during the quarter was \$151,000, associated with tenement compliance costs, diamond drilling and scoping study. Further details are set out in this report. There were no substantive mining production and development activities during the quarter. During the quarter, the Company made cash payments of \$87,000 to related parties and their associates. This was the aggregate amount paid to the directors including salary, directors' fees, consulting fees and superannuation.

For further enquiries, please contact:

Investors:

Stuart Fogarty
Duketon Mining - Managing Director
+61 8 6315 1490

The information in the announcement that relates to production targets or financial information derived from a production target is extracted from the ASX announcement 28 April 2021 for the Rosie Scoping Study and is available to view on the Company's website (www.duketonmining.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions underpinning the production target or the financial information derived from the production target in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in the announcement that relates to Mineral Resources for Rosie is extracted from the ASX announcement 4 March 2021 and is available to view on the Company's website (www.duketonmining.com.au). The information in the announcement that relates to Mineral Resources for C2 is extracted from ASX announcement 29 January 2015. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to exploration results is based on information compiled by Ms Kirsty Culver, Member of the Australian Institute of Geoscientists (AIG) and an employee of Duketon Mining Limited. Ms Culver has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a competent person as defined in the JORC Code 2012. Ms Culver consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.



Appendix 1. Summary of Mining Tenements

As at 30 June 2021 the Company had an interest in the following tenements:

Tenement number	Project	State	Status	Interest at beginning of quarter	Interest at end of quarter	Acquired/Disposed
E38/2666	Duketon	WA	Granted	100%	100% Ni (note 1)	N/A
E38/2805	Duketon	WA	Granted	100%	100% Ni (note 1)	N/A
E38/2834	Duketon	WA	Granted	100%	100% Ni (note 1)	N/A
E38/2866	Duketon	WA	Granted	100%	100% Ni (note 1)	N/A
E38/2916	Duketon	WA	Granted	100%	100% Ni (note 1)	N/A
E38/3569	Duketon North	WA	Application	100%	100%	N/A
E38/3617	Duketon North	WA	Application	0%	100%	Acquired
E39/2211	Mulga Tank North	WA	Application	100%	100%	N/A
E52/3833	Doris	WA	Granted	100%	100%	N/A
E52/3923	Cunyu	WA	Application	0%	100%	Acquired
E53/2143	Fisher South	WA	Application	100%	100%	N/A
E53/2158	Dusty East	WA	Application	100%	100%	N/A
E53/2173	Dexter	WA	Application	0%	100%	Acquired
E59/2414	Stephens	WA	Granted	100%	100%	N/A
E59/2559	Ninghan	WA	Application	0%	100%	Acquired
E63/2050	Cat Camp	WA	Application	100%	100%	N/A
E69/3763	Cunyu	WA	Application	100%	100%	N/A
E77/2660	Eastside	WA	Application	100%	100%	N/A
E77/2667	Lost Bolt	WA	Application	100%	100%	N/A
E77/2670	Diemals	WA	Application	100%	100%	N/A
E77/2682	Halleys West	WA	Application	100%	100%	N/A
E77/2717	Barlee	WA	Application	100%	100%	N/A
E77/2794	North Walgoolan	WA	Application	0%	100%	Acquired
E80/5493	Pelican	WA	Application	100%	100%	N/A
M38/1252	Duketon	WA	Granted	100%	100% Ni (note 1)	N/A

The Company did not have any interests in farm in or farm out agreements at the beginning, end or during the quarter. Note 1: 100% interest held in nickel rights only.



Appendix 2. Completed Drillholes

Hole ID	Easting	Northing	RL	Depth	Azimuth	Dip	Area of Drilling
DKDD0012	402230	6944161	540	231.9	45	-60	Upper North
DKDD0013	402355	6943992	540	282.2	45	-60	Upper North
DKDD0014	402426	6944056	540	85.4	45	-60	Oxide
DKDD0015	402532	6944000	540	82.9	45	-60	Oxide
DKDD0016	402640	6943960	540	85.1	0	-60	Oxide
DKDD0017	402341	6944039	540	227.5	45	-60	Upper North
DKDD0018	402292	6944057	541	253.8	45	-60	Upper North
DKDD0019	402360	6944110	540	105.8	45	-60	Upper North

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Duketon Mining Limited

ABN

76 159 084 107

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(151)	(796)
(b) development	-	-
(c) production	-	-
(d) staff costs	(72)	(303)
(e) administration and corporate costs	(96)	(349)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	114
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	50
1.8 Other (provide details if material)	(37)	(37)
1.9 Net cash from / (used in) operating activities	(343)	(1,321)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(9)	(9)
(d) exploration & evaluation	-	-
(e) investments	(220)	(220)
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	1,479	1,625
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	1,250	1,396

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	560
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	560

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	20,050	20,322
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(343)	(1,321)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,250	1,396
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	560

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	20,957	20,957

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,427	520
5.2	Call deposits	19,530	19,530
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	20,957*	20,050

* Excludes 30 June 2021 market value of listed equity investments of \$9,350,013.

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	87
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(343)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(343)
8.4	Cash and cash equivalents at quarter end (item 4.6)	20,957
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	20,957
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	61.1
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 22 July 2021

'Signed electronically'

Authorised by: Dennis Wilkins, Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
6. By the Company lodging this Appendix 5B, the Managing Director and CFO declare that the Appendix 5B for the relevant quarter:
 - presents a true and fair view, in all material respects, of the cashflows of the Company for the relevant quarter and is in accordance with relevant accounting standards;
 - the statement given above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
 - the Company's financial records have been properly maintained and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.