

**GODOLPHIN RESOURCES LIMITED**

**ABN 13 633 779 950**

**Interim Financial Statements**

**for the period from 1 July 2021 to 31 December 2021**

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## Corporate Directory

### Directors

Jeremy Read— Non-Executive Chair

Jeneta Owens – Managing Director

Ian Buchhorn – Non-Executive Director

Douglas Menzies – Non-Executive Director

### Company Secretary and Chief Financial Officer

Ian Morgan

### Registered and Business Office

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### Securities Exchange

Australian Securities Exchange (ASX)

ASX Code: GRL

### Securities Registry

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### Auditor

Butler Settineri (Audit) Pty Ltd

Unit 16, First Floor Spectrum,

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Subiaco WA 6008

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## DIRECTORS' REPORT

The directors of Godolphin Resources Limited (**Company** or **Godolphin**) and its subsidiaries (together referred to as the **Group**) present their report together with the consolidated financial report for the interim period 1 July 2021 to 31 December 2021 and the auditor's review report thereon.

### DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Jeremy Read	Non-Executive Chair	Appointed 1 May 2020
Jeneta Owens	Managing Director	Appointed 7 June 2021
Ian Buchhorn	Non-Executive Director	Appointed 19 June 2019
Doug Menzies	Non-Executive Director	Appointed 1 May 2020

### REVIEW OF OPERATIONS

#### Principal Activities

Godolphin is an Australian mineral exploration company which listed on the ASX on 18 December 2019 and has 100%-controlled Australian-based projects in the Lachlan Fold Belt (LFB) region of NSW, a world-class gold-copper province. Godolphin has drill ready targets at all its projects.

There were no significant changes in the nature of the activities of the Group during the interim period.

#### Operations

Godolphin recorded a net loss attributable to members for the interim period ended 31 December 2021 of \$766,324 (2020: \$506,255).

Godolphin's corporate strategy is to explore and develop its large tenement holding within the LFB, a leading province for bulk tonnage, low operating cost gold-base metal mines.

Godolphin has JORC-compliant mineral resources in three deposits (Mt Aubrey, Lewis Ponds and Yeoval), all with exploration programmes and including planned drilling at Lewis Ponds and Yeoval.

During the interim period ended 31 December 2021, Godolphin undertook key activities across its portfolio of assets including:

- Godolphin undertook drilling programmes at Lewis Ponds, two prospects at Gundagai North and one at Gundagai South and final planning undertaken for continued drilling programmes at Gundagai South and a new drilling program at Yeoval.
- Targeted 4-hole reverse circulation (RC) percussion drilling program at Lewis Ponds intersects sulphides in all holes. The four RC holes testing the Quarry Lode mineralisation near surface and to the northwest of the current MRE at Lewis Ponds revealed all four holes intersected gold, silver and base metal

## DIRECTORS' REPORT

mineralisation. Occurrences of chalcopyrite, galena and sphalerite observed with further narrow zones of stringer veins containing lead and zinc sulphides and gold mineralisation also occurred across all four holes drilled in the program. (Refer Table 1 for a summary of the drill result highlights).

HoleID	From	To	Interval (m)	Au g/t	Ag ppm	Pb %	Pb ppm	Zn %	Zn ppm	Au Eq g/t
GLPRC008	14	15	1	0.12	38.2	0.57	5680	0.96	9580	1.99
	59	60	1	0.08	29.3	0.34	3380	1.06	10610	2.04
	66	67	1	0.66	32.1	0.50	5030	1.37	13700	2.68
	70	78	8	1.07	42.6	0.49	4868	1.09	10880	3.07
incl.	70	71	1	6.5	172	1.38	13800	0.28	2800	12.85
GLPRC009	50	51	1	0.07	22	0.52	5240	1.02	10200	1.60
	54	55	1	0.07	25.2	0.91	9130	1.01	10100	2.03
	66	73	7	0.65	22.74	0.37	3708	0.78	7798	1.95
incl.	69	70	1	0.08	36.2	0.75	7450	1.47	14700	2.37
and	72	73	1	4.09	12	0.14	1410	0.33	3260	4.71
GLPRC010	35	37	1	0.43	93.9	1.42	14240	2.36	23600	4.93
incl.	35	36		0.75	154	2.31	23100	3.55	35500	7.80
GLPRC011	1	2	1	0.09	39.8	0.687	6870	1.42	14200	2.29
	52	53	1	1.75	32.4	0.594	5940	1.01	10100	2.23161

**Table 1:** Summary of drill result highlights from the quarry drilling program.

- A review of historic data at Lewis Ponds reveals highly prospective multi-element anomalies – strong potential for mineralisation to extend outside previously estimated Mineral Resource: 6.2Mt @ 2.0g/t gold, 80g/t silver, 2.7% zinc, 1.6% lead & 0.2% copper. Re-interpretation of the 2020 100m x 50m soil sampling program at Lewis Ponds identified zones of gold (Au) mineralisation coincident with anomalous copper-barium-bismuth-molybdenum-lead-tellurium (Cu-Ba-Bi-Mo-Pb-Te) to the south of the resource.
- Leading consultant engaged to review trace element geochemical data reported from soil samples collected at Turrawonga prospect within the Copper Hill East Project. Concluded that the alteration is consistent with typical sodic style alteration zone in a porphyry district.
- Planning for drilling at Yeoval and Cyclops prospects completed following comprehensive assessment of historical exploration data.
- Drilling commenced at Gundagai gold projects – 9 RC holes completed for a total of 1,139m, 4 holes completed at historic Emu Gold Mine, another 4 holes completed at the Mantons prospect, the first drill holes into the prospect and a final one hole completed at the Big Ben prospect, south of Gundagai.
- Two new strategic Exploration Licenses granted. EL9337 Sebastopol, south of Temora in the Southern Lachlan Fold Belt and EL9333 Kinross adjacent to the highly prospective Lewis Ponds tenement near Orange NSW, providing Godolphin with significantly strengthened landholding.

## SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the interim period and the date of this Financial Report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of

## DIRECTORS' REPORT

those operations, or the state of affairs of the Group; excepting on 2 March 2022 the Company entered a two-tranche farm-in and joint venture agreement to earn up to a 75% interest in the Narraburra Rare Earth Element Project located 15km north of Temora in central west NSW (**Project**). The counterparty is EX9 Pty Ltd (**EX9**), a private exploration company.

Under the first tranche, the Company will contribute \$1,000,000 in expenditure towards the Project within two years, allowing the Company to earn a 51% interest in the Project. Subject to the Corporations Act and ASX Listing Rules and following completion of the initial earn in requirement, The Company would also issue EX9 with \$1,000,000 in new fully paid ordinary shares (**New Shares**), calculated at the 30-day volume weighted average share price prior to the date of issue of the Company's New Shares (**30-day VWAP**).

As a working example, to issue EX9 with \$1,000,000 in New Shares, the Company's present 30-day VWAP (approximately \$0.1316 per Share) would result in the issue of 7.6 million first tranche New Shares to EX9.

Under the second tranche, to earn a total of 75% in the Project the Company has agreed to contribute a further \$2,000,000 within 4 years in exploration and development expenditure.

Following the Company expending the second tranche of \$2,000,000, and subject to the Corporations Act and ASX Listing Rules, an additional \$1,000,000 in New Shares also calculated at the 30-day VWAP would be issued to EX9.

To issue EX9 with an additional \$1,000,000 in New Shares, the Company's present 30-day VWAP would result in the issue of an additional 7.6 million second tranche New Shares to EX9.

The Company's present ASX Listing Rule 7.1 capacity to issue equity securities in a 12-month period without Company members' approval is 12.6 million equity securities. The issue of first and second tranche New Shares, estimated to total 15.2 million New Shares, will require Company members' approval.

All New Shares issued will be subject to a 12-month voluntary escrow from the date of issue.

Effective from the farm-in date, the Company and EX9 will associate in an unincorporated joint venture for the purpose of exploring and developing the tenements.

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

The lead auditor's independence declaration is set out on page 27 and forms part of the Directors' Report for the interim period ended 31 December 2021.

### ROUNDING OFF

The Company is not of a kind referred to in *ASIC Corporations Instrument 2016/191* dated 1 April 2016 and as such, amounts in the interim financial statements and directors' report have been reported to the nearest dollar, unless otherwise stated.

### COMPETENT PERSON'S STATEMENT

The Information in this report relating to Mineral Resources and Exploration Results is extracted from reports lodged as market announcements and available to view on the Company's web-site <https://godolphinresources.com.au/>

## DIRECTORS' REPORT

The Company confirms that it is not aware of any new information that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates 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.

Signed in accordance with a resolution of the Board of directors:



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Jeremy Read  
Chair

Brisbane  
10 March 2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME INTERIM PERIOD ENDED 31 DECEMBER 2021

	Note	2021	2020
Income:		\$	\$
Australian Government Grant		-	100,000
Farm-in income		-	30,000
Total income		-	130,000
Employee expenses		(293,705)	(215,333)
Non-cash employee expense from granting of options	A.8	(4,941)	(35,565)
Other expenses	A.5	(470,325)	(397,403)
<b>Loss before interest and income tax</b>		<b>(768,971)</b>	<b>(518,301)</b>
Less: Financial income - interest		2,647	12,046
<b>Loss before income tax</b>		<b>(766,324)</b>	<b>(506,255)</b>
Income tax benefit		-	-
<b>Net loss attributable to members of the parent</b>		<b>(766,324)</b>	<b>(506,255)</b>
Other comprehensive income for the interim period, net of income tax		-	-
<b>Total comprehensive income for the interim period</b>		<b>(766,324)</b>	<b>(506,255)</b>
		<b>Cents</b>	<b>Cents</b>
Loss per share – basic	D.1	(0.9)	(7.1)
Loss per share – diluted	D.1	(0.9)	(7.1)

The condensed notes on pages 12 to 25 are an integral part of these interim financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY INTERIM PERIOD ENDED 31 DECEMBER 2021

	Note	Ordinary fully paid shares \$	Share option reserve \$	Accumulated losses \$	Total Equity \$
Balance at 1 July 2020		12,816,766	1,310,563	(801,362)	<b>13,325,967</b>
Issue of shares with conversion of loyalty options	A.6	309,162	-	-	<b>309,162</b>
Cash placement 16 November 2020 (Tranche 1)	A.6	2,488,800	-	-	<b>2,488,800</b>
Cash placement 24 December 2020 (Tranche 2)	A.6	1,011,202	-	-	<b>1,011,202</b>
Capital raising costs	A.6 and A.8	(488,241)	276,954	-	<b>(211,287)</b>
Total comprehensive income for the interim period		-	-	(506,255)	<b>(506,255)</b>
Equity settled share-based payments for the interim period	A.8	-	35,565	-	<b>35,565</b>
Balance at 31 December 2020		<b>16,137,689</b>	<b>1,623,082</b>	<b>(1,307,617)</b>	<b>16,453,154</b>
Balance at 1 July 2021		16,132,958	1,683,013	(2,214,148)	<b>15,601,823</b>
Issue of shares with conversion of loyalty options	A.6 and A.8	170	-	-	<b>170</b>
Cash placement 16 November 2020 (Tranche 1)		-	-	-	-
Cash placement 24 December 2020 (Tranche 2)		-	-	-	-
Capital raising costs		(1,250)	-	-	<b>(1,250)</b>
Total comprehensive income for the interim period		-	-	(766,324)	<b>(766,324)</b>
Equity settled share-based payments for the interim period		-	4,941	-	<b>4,941</b>
Balance at 31 December 2021		<b>16,131,878</b>	<b>1,687,954</b>	<b>(2,980,472)</b>	<b>14,839,360</b>

The condensed notes on pages 12 to 25 are an integral part of these interim financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	31 December 2021	30 June 2021
Current assets		\$	\$
Cash and cash equivalents		3,246,831	4,729,025
Prepayments and other receivables		150,440	117,933
Total current assets		3,397,271	4,846,958
Non-current assets			
Property, plant and equipment	A.9	420,297	429,323
Right of use asset	A.10	313,837	345,753
Exploration and evaluation costs	A.11	11,422,581	10,663,740
Total non-current assets		12,156,715	11,438,816
Total assets		15,553,986	16,285,774
Current liabilities			
Trade and other payables		219,338	197,812
Lease liability		56,495	56,495
Employee benefits		37,314	-
Total current liabilities		313,147	254,307
Non-current liabilities			
Lease liability		262,501	290,666
Provision		138,978	138,978
Total non-current liabilities		401,479	429,644
Total liabilities		714,626	683,951
Net assets		14,839,360	15,601,823
Equity			
Issued capital	A.6	16,131,878	16,132,958
Reserve	A.8	1,687,954	1,683,013
Accumulated losses		(2,980,472)	(2,214,148)
Equity		14,839,360	15,601,823

The condensed notes on pages 12 to 25 are an integral part of these interim financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS INTERIM PERIOD ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Cash flows used in operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(794,129)	(696,377)
Interest received		8,296	24,882
Net cash used in operating activities		(785,833)	(671,495)
Cash flows used in investing activities			
Payments for property, plant and equipment		(2,769)	(24,074)
Payments for exploration and evaluation costs		(692,342)	(867,140)
Net cash used in investing activities		(695,111)	(891,214)
Cash flows from financing activities			
Proceeds from capital raisings	A.6	-	3,809,164
Payments for capital raising costs		(1,250)	(209,366)
Net cash (used in) / generated from financing activities		(1,250)	3,599,798
Net (decrease) / increase in cash and cash equivalents		(1,482,194)	2,037,089
Cash and cash equivalents at 1 July 2021 / 1 July 2020		4,729,025	4,861,593
Cash and cash equivalents at 31 December 2021 / 31 December 2020		3,246,831	6,898,682

The condensed notes on pages 12 to 25 are an integral part of these interim financial statements.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## SECTION A KEY FINANCIAL INFORMATION AND PREPARATION BASIS

### A.1 REPORTING ENTITY

Godolphin Resources Limited (**Company**) is a company domiciled in Australia. These condensed consolidated interim financial statements ("interim financial statements") as at and for the interim period ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group").

The Company is a gold and base metal focused explorer with a clear strategy of fast-tracking the development of its projects in the Lachlan Fold Belt of NSW (**LFB**).

### A.2 BASIS OF PREPARATION

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

They do not include all of the information required for a full annual financial report. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated annual financial report of the Group as at and for the year ended 30 June 2021.

These interim financial statements were approved by the Board of Directors on 10 March 2022.

The Company is not of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016 and, in accordance with the Class Order, amounts in these interim financial statements and directors' report have been rounded to the nearest dollar, unless otherwise stated.

### A.3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, the Company's management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated annual financial report of the Group as at and for the year ended 30 June 2021.

### A.4 GOING CONCERN

During the interim period to 31 December 2021, the Company incurred a loss of \$766,324 (2020: \$506,255) and net cash outflows from operating activities of \$785,833 (2020: \$671,495). At 31 December 2021, cash and cash equivalents were \$3,246,831 and there were net assets of \$14,839,360. The financial report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Management believes that forecast cash levels are sufficient to fund ongoing administration and budgeted exploration. The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Group to raise additional capital in the form of equity;
- the continued support of current shareholders; and
- the ability to successfully develop and extract value from its projects that are under development.

Directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To-date, the Group has funded its activities through issuance of equity securities;
- It is expected that the Group will be able to fund its future activities through further issuances of equity securities; and
- Directors believe there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities.

### A.5 OTHER EXPENSES

	2021 \$	2020 \$
Accounting / secretarial expenses	47,400	120,630
Advertising expense	23,280	4,772
Audit expense	11,278	114
Compliance: ASX/Share Registry fees/meetings expenses	36,296	72,492
Consulting fees	91,685	24,592
Depreciation expense	43,711	14,109
Directors' fees and superannuation	82,138	83,194
Insurance expense	28,110	25,380
Legal expenses	-	3,642
Office lease and rental expenses	7,520	6,829
Other expenses	40,513	30,076
Software expense	20,451	3,666
Training expense	36,414	591
Travel and accommodation expenses	1,529	7,316
	<b>470,325</b>	<b>397,403</b>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### A.6 ORDINARY FULLY PAID SHARES

	Number	\$
Balance at 1 July 2020	67,957,151	12,816,766
Issue of shares with conversion of loyalty options	1,545,810	309,162
Cash placement 16 November 2020 (Tranche 1)	10,370,000	2,488,800
Cash placement 24 December 2020 (Tranche 2)	4,213,340	1,011,202
Capital Raising Costs	-	(488,241)
<b>Balance at 31 December 2020</b>	<b>84,086,301</b>	<b>16,137,689</b>
Balance at 1 July 2021	84,110,522	16,132,958
Issue of shares with conversion of loyalty options	849	170
Capital raising costs	-	(1,250)
<b>Balance at 31 December 2021</b>	<b>84,111,371</b>	<b>16,131,878</b>

### A.7 UNQUOTED OPTIONS

Exercise Price per Share	Expiry Date	Number			
		Balance 1 July	Issued during the interim period	Exercised during the interim period	Balance 31 December
<b>2020</b>					
20 cents	15-Jun-22	29,278,461	-	(1,545,810)	27,732,651
25 cents	5-Dec-22	20,000,000	-	-	20,000,000
40 cents	24-Dec-22	-	3,000,000	-	3,000,000
		<u>49,278,461</u>	<u>3,000,000</u>	<u>(1,545,810)</u>	<u>50,732,651</u>
<b>2021</b>					
20 cents	15-Jun-22	27,708,430	-	(849)	27,707,581
25 cents	5-Dec-22	20,000,000	-	-	20,000,000
40 cents	24-Dec-22	3,000,000	-	-	3,000,000
		<u>50,708,430</u>	<u>-</u>	<u>(849)</u>	<u>50,707,581</u>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### A.8 SHARE OPTIONS RESERVE

	\$
Balance at 1 July 2020	1,310,563
Equity settled share-based costs for the interim period:	
Employee expense	35,565
Capital raising costs	276,954
	312,519
<b>Balance at 31 December 2020</b>	<b>1,623,082</b>
Balance at 1 July 2021	1,683,013
Equity settled share-based costs for the interim period:	
Employee expense	4,941
Capital raising costs	-
	4,941
<b>Balance at 31 December 2021</b>	<b>1,687,954</b>

### A.9 PROPERTY, PLANT AND EQUIPMENT

	Land \$	Plant and Equipment \$	Total \$
Balance at 1 July 2020	367,000	55,921	422,921
Additions during the interim period	-	24,074	24,074
Depreciation and amortisation during the interim period	-	(8,790)	(8,790)
<b>Balance at 31 December 2020</b>	<b>367,000</b>	<b>71,205</b>	<b>438,205</b>
Balance at 1 July 2021	367,000	62,323	429,323
Additions during the interim period	-	2,769	2,769
Depreciation and amortisation during the interim period	-	(11,795)	(11,795)
<b>Balance at 31 December 2021</b>	<b>367,000</b>	<b>53,297</b>	<b>420,297</b>

### A.10 RIGHT OF USE ASSET

	\$
Balance at 1 July 2020	-
Additions during the interim period	382,988
Depreciation and amortisation during the interim period	(5,319)
<b>Balance at 31 December 2020</b>	<b>377,669</b>
Balance at 1 July 2021	345,753
Additions during the interim period	-
Depreciation and amortisation during the interim period	(31,916)
<b>Balance at 31 December 2021</b>	<b>313,837</b>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### A.11 EXPLORATION AND EVALUATION COSTS

	\$
Balance at 1 July 2020	8,227,967
Additions during the interim period	918,698
Balance at 31 December 2020	<u>9,146,665</u>
Balance at 1 July 2021	10,663,740
Additions during the interim period	758,841
Balance at 31 December 2021	<u>11,422,581</u>

### A.12 DIVIDENDS

No dividends were paid by the Company during the interim period to 31 December 2021.

### A.13 COMMITMENTS

#### Exploration

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements.

Details of mining tenements held at 31 December 2021 and their location are:

Tenement reference	Details	Expiry date	Location	Interest	Expenditure commitments
				%	\$
EL8532	Mt Aubrey	7-Mar-26	35km NE of Parkes NSW	100	47,489
EL8538	Yeoval	19-Mar-26	Around the town of Yeoval NSW	100	437,179
EL8554	Wiseman's Creek	4-May-23	Around the town of Oberon NSW	100	188,450
EL8555	Calarie	5-May-23	Between Parkes and Forbes NSW	100	218,564
EL8556	Copper Hill East	5-May-26	30km North of Molong NSW	100	-
EL 8586	Gundagai North	20-Jun-23	North of Gundagai NSW	100	-
EL8323	Ophir	27-Nov-22	15km NE of Orange NSW	100	425,572
EL8061	Gundagai South	13-Mar-23	South of Gundagai NSW	100	249,229
EL 8580	Calarie Central	26-May-23	Between Parkes and Forbes NSW	100	486,320
EL8890	Cumnock	26-Aug-24	Around the town of Cumnock NSW	100	152,377



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Tenement reference	Details	Expiry date	Location	Interest	Expenditure commitments
EL8889	Gundagai	26-Aug-24	Around the town of Gundagai NSW	100	160,553
ML739	Calarie Lachlan Mine	22-May-31	North of Forbes NSW	100	-
EL5583	Lewis Ponds	25-Jun-22	Near Orange NSW	100	-
EL9243	Goodrich	5-Jun-26	Near the town of Yeoval NSW	100	119,900
EL8962	Obley North	6-Apr-25	12km N of Yeoval NSW	100	218,835
EL8963	Obley West	6-Apr-25	15km W of Yeoval NSW	100	217,780
EL8964	Yallundry	6-Apr-25	12km S of Yeoval NSW	100	209,510
EL8966	Mt Bulga	9-Apr-25	Near Orange NSW	100	72,810
EL8901	Caledonian	21-Oct-24	Stuart Town NSW	100	187,804
EL8998	Gadara	9-Sep-23	South of Gundagai NSW	100	44,950
EL9333	Kinross	31-Oct-24	Near Orange NSW	100	97,395
EL9337	Sebastopol	31-Oct-26	Near Temora NSW	100	248,980
					<b>3,783,697</b>

Expenditure requirements for tenements	31 December 2021	30 June 2021
	\$	\$
Within one year	<b>1,064,000</b>	858,595
One year or later and not later than five years	<b>2,720,000</b>	1,533,810
Later than five years	-	-
Total	<b>3,784,000</b>	2,392,405

Timing of expenditure requirements for tenements are based on the Company's estimates of timing of work to be done and expenditure to be incurred over the life of each tenement, based on each tenement's agreed work programme.

All the Group's licences are in good standing at the date of this report.

EL8323, EL8554, EL8555, EL8580 & ML0739 are subject to farm in agreements between the Company & Orange Minerals Limited (ASX: OMX), as announced on 18 December 2020. At the date of this report the Company's interest in the tenements remains at 100%.

### A.14 SEGMENT REPORTING

#### Business and geographical segments

The results and financial position of the Group's single operating segment are prepared on a basis consistent with Australian Accounting Standards and thus no additional disclosures in relation to the revenues, profit or loss, assets and liabilities

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

and other material items have been made. Entity-wide disclosures in relation to the Group's product and services and geographical areas are detailed below.

### Products and services

The Company is gold and base metal focused explorer with a clear strategy of fast-tracking the development of its projects in the Lachlan Fold Belt of NSW (LFB).

### Geographical Areas

The Group's exploration activities are located solely in Australia.

#### A.15 CONTINGENT LIABILITIES

Details of contingent liabilities where the probability of future payments/receipts is not considered remote are set out below:

On 25 July 1991, Tri Origin Exploration Limited and Mr David Timms (a geologist and unrelated party) entered into to a finder's fee agreement (**Finder's Fee Agreement**) pursuant to which Mr Timms' estate is eligible to receive a finder's fee in relation to a mineral property in Australia, comprising 2.56 km<sup>2</sup>, and designated as EL 1049 in New South Wales, Australia (**Property**).

The mining tenement designated as EL 1049 was cancelled in a broader process of replacing a number of licences in the area with a single new licence, EL 5583 (**EL 5583**). TriAusMin Pty Ltd (an entity that is the Company's wholly owned subsidiary), is the registered holder of EL 5583.

The area referred to as the Property in the Finder's Fee Agreement is now located within the boundaries of EL 5583.

On this basis, a portion of EL 5583 (being the 2.56km<sup>2</sup> Property) is subject to a finder's fee, payable to Mr David Timms' estate, following commencement of production, or sale of EL5583, capped at A\$2,000,000. The fee is payable in respect of:

- (a) 1/3 proceeds from the sale of EL 5583; or
- (b) 1/3 of net profits from production from the Property; or
- (c) 30% of any royalties received from production from the Property.

#### A.16 SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the interim period and the date of this Financial Report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group; excepting on 2 March 2022 the Company entered a two-tranche farm-in and joint venture agreement to earn up to a 75% interest in the Narraburra Rare Earth Element Project located 15km north of Temora in central west NSW (**Project**). The counterparty is EX9 Pty Ltd (**EX9**), a private exploration company.

Under the first tranche, the Company will contribute \$1,000,000 in expenditure towards the Project within two years, allowing the Company to earn a 51% interest in

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

the Project. Subject to the Corporations Act and ASX Listing Rules and following completion of the initial earn in requirement, The Company would also issue EX9 with \$1,000,000 in new fully paid ordinary shares (**New Shares**), calculated at the 30-day volume weighted average share price prior to the date of issue of the Company's New Shares (**30-day VWAP**).

As a working example, to issue EX9 with \$1,000,000 in New Shares, the Company's present 30-day VWAP (approximately \$0.1316 per Share) would result in the issue of 7.6 million first tranche New Shares to EX9.

Under the second tranche, to earn a total of 75% in the Project the Company has agreed to contribute a further \$2,000,000 within 4 years in exploration and development expenditure.

Following the Company expending the second tranche of \$2,000,000, and subject to the Corporations Act and ASX Listing Rules, an additional \$1,000,000 in New Shares also calculated at the 30-day VWAP would be issued to EX9.

To issue EX9 with an additional \$1,000,000 in New Shares, the Company's present 30-day VWAP would result in the issue of an additional 7.6 million second tranche New Shares to EX9.

The Company's present ASX Listing Rule 7.1 capacity to issue equity securities in a 12-month period without Company members' approval is 12.6 million equity securities. The issue of first and second tranche New Shares, estimated to total 15.2 million New Shares, will require Company members' approval.

All New Shares issued will be subject to a 12-month voluntary escrow from the date of issue.

Effective from the farm-in date, the Company and EX9 will associate in an unincorporated joint venture for the purpose of exploring and developing the tenements.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### SECTION B RISK AND JUDGEMENT

#### FAIR VALUES

Certain of the Group's accounting policies and disclosures require the measurement of fair values for share-based payment arrangements, and financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

*Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.

*Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

*Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### SECTION C KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

#### C.1 RELATED PARTY TRANSACTIONS

The following related party transaction charges for Directors' fees, consulting fees and loan advanced to the Group were made with the Group on normal terms and conditions and in the ordinary course of business:

	Transaction Value for interim period ended 31 December \$	Balance Outstanding as at 31 December \$	Terms
<b>31 December 2020</b>			
Directors' fees, salaries and superannuation	83,194	4,106	Payable on demand
Consulting Fees	13,700	-	
	<u>96,894</u>	<u>4,106</u>	
<b>31 December 2021</b>			
Directors' fees, salaries and superannuation	249,415	4,106	Payable on demand
Consulting Fees	-	-	
	<u>249,415</u>	<u>4,106</u>	

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### C.2 DIRECTORS' EQUITY SECURITIES

Details of the total equity securities held by directors in the Company are shown in the following table.

Director	Quoted Shares  Number	Unquoted Options Incentive Options <sup>1</sup> Number	Loyalty Options <sup>2</sup> Number
<b>As at 31 December 2020</b>			
Jeremy Read			
As at 1 July 2020	-	-	-
On market trades during the period	-	-	-
As at 31 December 2020	-	-	-
Ian Buchhorn			
As at 1 July 2020	6,699,849	250,000	2,316,622
On market trades during the period	-	-	-
As at 31 December 2020	6,699,849	250,000	2,316,622
Douglas Menzies			
As at 1 July 2020	-	-	-
On market trades during the period	19,529	-	-
As at 31 December 2020	19,529	-	-
Jeneta Owens			
As at 1 July 2020	-	-	-
On market trades during the period	-	-	-
As at 31 December 2020	-	-	-
<b>As at 31 December 2021</b>			
Jeremy Read	-	-	-
As at 1 July 2021	-	-	-
On market trades during the period	-	-	-
As at 31 December 2021	-	-	-
Ian Buchhorn			
As at 1 July 2021	6,699,849	250,000	2,316,622
On market trades during the period	60,000	-	-
As at 31 December 2021	6,759,849	250,000	2,316,622
Douglas Menzies			
As at 1 July 2021	19,529	-	-
On market trades during the period	-	-	-

<sup>1</sup> Exercise price 25 cents per share expiring 5 December 2022.

<sup>2</sup> Exercise price 20 cents per share expiring 15 June 2022.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

Director	Quoted Shares	Unquoted Options	
	Number	Incentive Options <sup>1</sup> Number	Loyalty Options <sup>2</sup> Number
As at 31 December 2021	<b>19,529</b>	-	-
Jeneta Owens	-	-	-
As at 1 July 2021	-	-	-
On market trades during the period	-	-	-
As at 31 December 2021	-	-	-

### SECTION D OTHER DISCLOSURES

#### D.1 LOSS PER SHARE

Basic earnings or loss per share (EPS) is calculated by dividing the net profit or loss attributable to members of the parent entity for the interim period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after-tax effect of financial costs associated with dilutive ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary and dilutive potential ordinary shares adjusted for any bonus issue.

The calculation of basic and diluted losses per share for the interim period ended 31 December 2021 was based on the net loss attributable to ordinary shareholders of \$766,324 (2020: loss \$506,255) and a weighted average number of ordinary shares outstanding during the interim period ended 31 December 2021 of 84,111,154 (2020: 71,161,374), calculated as follows:

	2021 \$	2020 \$
Loss for the interim period attributable to ordinary shareholders	<b>766,324</b>	506,255

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### Weighted average number of ordinary shares

Undiluted Number of Shares	Number	Number
Issued ordinary shares at opening	<b>84,110,522</b>	67,957,151
Effect of shares issued 16 August 2021	<b>632</b>	-
Effect of shares issued 22 July 2020	-	16,066
Effect of shares issued 18 August 2020	-	88,465
Effect of shares issued 22 October 2020	-	87,237
Effect of shares issued 3 November 2020	-	263,022
Effect of shares issued 16 November 2020	-	2,536,141
Effect of shares issued 24 November 2020	-	47,066
Effect of shares issued 21 December 2020	-	5,935
Effect of shares issued 24 December 2020	-	160,291
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	<b>84,111,154</b>	<b>71,161,374</b>

Depending on the Company's share price, up to 50,707,798 potential shares (2020: 48,884,701) were excluded from the calculation of diluted earnings per share because they are antidilutive for the interim period ended 31 December 2021 as the Company is in a loss position.

### D.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the financial report are consistent with those adopted and disclosed in the Group's consolidated financial statements as at and for the year ended 30 June 2021.

#### Right-of-use asset and a lease liability

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and 'lease liability' in the consolidated statement of financial position.

## DIRECTORS' DECLARATION

In the opinion of the directors of Godolphin Resources Limited:

- (a) the condensed consolidated financial statements and notes set out on pages 8 to 25 are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the interim period 1 July 2021 to 31 December 2021; and
  - ii. complying with Australian Accounting Standards *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



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Jeremy Read  
Chair

Brisbane  
10 March 2022

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Godolphin Resources Limited for the half year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Godolphin Resources Limited and the entities it controlled during the period.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth

Date: 10 March 2022

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GODOLPHIN RESOURCES LIMITED

### Conclusion

We have reviewed the accompanying half year financial report of Godolphin Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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, nothing has come to our attention that causes us to believe that the accompanying half year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial 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 Auditing Standard on Review Engagements 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 half year financial report* section of our report.

We are independent of the Group 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 ethical requirements in accordance with the Code.

### Directors' responsibilities for the half year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half year financial report in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting* 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 responsibilities for 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 in order to state whether anything has come to our attention that causes us to 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 Group's financial position as at 31 December 2021 and its financial performance and its cash flows 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.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth

Date: 10 March 2022