

DUKETON MINING LIMITED

**ANNUAL FINANCIAL
REPORT**

2022

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Corporate Information

DUKETON MINING LIMITED

ABN 76 159 084 107

Directors

Seamus Cornelius (Non-Executive Chairman)

Stuart Fogarty (Managing Director)

Heath Hellewell (Non-Executive Director)

Company Secretary

Dennis Wilkins

Registered Office

Level 1, Suite 3, 17 Ord Street

WEST PERTH WA 6005

Principal Place of Business

Level 2, 25 Richardson Street

WEST PERTH WA 6005

Telephone: +61 8 6315 1490

Solicitors

House Legal

86 First Avenue

MT LAWLEY WA 6050

Share Registry

Automic Pty Ltd

Level 2, 267 St Georges Terrace

PERTH WA 6000

Telephone: 1300 288 664

Web: www.automicgroup.com.au

Auditors

Hall Chadwick WA Audit Pty Ltd

283 Rokeby Road

SUBIACO WA 6008

Internet Address

www.duketonmining.com.au

Stock Exchange Listing

Duketon Mining Limited shares are listed on the Australian Securities Exchange (ASX code: DKM)

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Directors' Report

The directors present their report together with the financial report of Duketon Mining Limited ("Duketon" or "the Company") for the year ended 30 June 2022.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Seamus Cornelius

Non-Executive Chairman, LLB, LLM (Age 56)

Mr Cornelius is an experienced international corporate lawyer and company director. He was a partner with a major international law firm from 2000 to 2010 and resided in China from 1993 until 2017. In 2010, Mr Cornelius commenced his public company career as company director and is currently a director and non-executive chairman of Buxton Resources Ltd since 29 November 2010 and Element 25 Ltd since 30 June 2011. Mr Cornelius has been a director of Danakali Ltd since 15 July 2014 and is currently the Executive Chairman. Mr Cornelius is also non-executive director of First Tin PLC since 7 April 2022.

Stuart Fogarty

Managing Director, B.Sc (Geology) (Hons) (Age 50)

Mr Fogarty has over 20 years of exploration experience with BHP Billiton and Western Mining Corporation, and prior to leaving he was BHP's Senior Exploration Manager for North and South America. Mr Fogarty has a very strong background in nickel and gold exploration, having commenced his career at Kambalda Nickel Operations in 1994. He has held senior roles with BHP including Senior Geoscientist for nickel exploration in the Leinster and Mt Keith region, Project Manager WA Nickel Brownfields and Regional Manager Australia – Asia where he was responsible for a \$100 million per annum exploration budget.

Mr Fogarty is currently a non-executive director of ASX listed Buxton Resources Ltd since 15 March 2017.

Heath Hellewell

Non-Executive Director, B.Sc (Hons), MAIG (Age 52)

Mr Hellewell is an exploration geologist with over 20 years of experience in gold, base metals and diamond exploration predominantly in Australia and West Africa. Most recently, Mr Hellewell was the co-founding Executive Director of Doray Minerals Ltd (Doray), where he was responsible for the company's exploration and new business activities. Following the discovery of its Andy Well gold deposits in 2010, Doray was named "Gold Explorer of the Year" in 2011 by The Gold Mining Journal. In 2014 Mr Hellewell was the co-winner of the prestigious "Prospector of the Year" award, presented by the Association of Mining and Exploration Companies.

Mr Hellewell was also part of the Independence Group NL team that identified and acquired the Tropicana project area, eventually leading to the discovery of the Tropicana and Havana gold deposits.

Mr Hellewell is currently an independent Non-Executive Director of Core Lithium Ltd (formerly Core Exploration Ltd) since 15 September 2014 and Discover Resources Ltd since 11 March 2021.

COMPANY SECRETARY

Dennis Wilkins

B.Bus, MAICD, ACIS (Age 59)

Mr Wilkins is the founder and principal of DWCorporate Pty Ltd a leading privately held corporate advisory firm servicing the natural resources industry. Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Ltd at the time of Atlas' initial public offering in 2006.

Since July 2001 Mr Wilkins has been running DWCorporate Pty Ltd where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector. Mr Wilkins is currently a non-executive director of Key Petroleum Ltd since 5 July 2006. Within the last 3 years Mr Wilkins has been a former alternate director of Middle Island Resources Ltd (resigned 31 January 2021).

Directors' Report (Cont'd)

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Duketon Mining Limited were:

	Ordinary Shares	Options over Ordinary Shares
Seamus Cornelius	7,834,396	1,500,000
Stuart Fogarty	1,796,231	5,000,000
Heath Hellewell	723,115	1,500,000

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year consisted of exploration and evaluation of mineral resources. There was no significant change in the nature of the Company's activities during the year.

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

OPERATING REVIEW

During the year ended 30 June 2022 the Company actively identified opportunities and drilled exploration targets.

The Company remains focused on creating value through advancing its internal pipeline of opportunities including the following:

- Expanding known nickel deposits through targeted extensions to Rosie and C2;
- Discovering new nickel deposits through regional work in the Bulge area and other new areas; and
- Opportunistically acquiring tenements on prospective ground within Western Australia.

The Company's primary objective continues to focus on achieving returns for shareholders through focused proactive exploration and advancement of mining studies in the Duketon Belt whilst maintaining a watch over potential acquisitions outside of this area.

Finance Review

The Company began the year with cash reserves of \$20,823,389 and listed equity investments with a market value of \$9,350,013. During the year, the Company issued 55,555 ordinary shares, with a value of \$20,000, to an employee as a reward and incentive, and received \$62,500 for the issue of 250,000 ordinary shares upon the exercise of unlisted options. Funds were used for exploration activities on nickel targets within the Duketon Project and working capital purposes.

The Company recorded a net loss after tax of \$9,314,266 (2021: \$3,167,660 profit after tax) for the financial year ended 30 June 2022 and included in the result for the year was exploration expenditure of \$3,060,179 (2021: \$1,293,386). In line with the Company's accounting policies, all exploration expenditure is expensed as it is incurred. The Company had total cash on hand at the end of the year of \$16,229,093, and listed equity investments with a market value of \$2,203,821.

Operating Results for the Year

Summarised operating results are as follows:

	2022	
	Revenues	Loss
	\$	\$
Revenues and loss from ordinary activities before income tax benefit	121,773	(11,573,601)

Shareholder Returns

	2022	2021
Basic (loss)/earnings per share (cents)	(7.7)	2.6

Directors' Report (Cont'd)

Risk Management

The board is responsible for ensuring that risks, and opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has numerous mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Report, no significant changes in the state of affairs of the Company occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No matters or circumstances, besides those disclosed at note 20, have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Details of important developments occurring in this financial year have been covered in the Review of Operations section of the Directors' Report. The Company will continue activities in the exploration, evaluation and development of the Duketon Project and mineral tenements with the objective of developing a significant mining operation and any significant information or data will be released to the market and the shareholders pursuant to the Continuous Disclosure rules as and when they come to hand.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is subject to significant environmental regulation in respect to its exploration activities. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

REMUNERATION REPORT (AUDITED)

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Duketon Mining Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board of Duketon Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company.

The board's policy for determining the nature and amount of remuneration for board members and senior executives (if any) of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors, was developed by the board. All executives receive a base salary (which is based on factors such as length of service, performance and experience) and superannuation. The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The directors and executives (if any) receive a superannuation guarantee contribution required by the government, which was 10% for the 2022 financial year. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

Directors' Report (Cont'd)

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is (currently \$300,000) and set in accordance with the constitution of the Company. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Performance based remuneration

The Company currently has no performance-based remuneration component built into key management personnel remuneration packages.

Company performance, shareholder wealth and key management personnel remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and key management personnel performance. Currently, this is facilitated through the issue of options to the majority of key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. If the Company were to commence mine production, performance-based bonuses based on key performance indicators are expected to be introduced. For details of key management personnel interests in options at year end, refer to the 'Option holdings' section later in the Remuneration Report.

The table below shows the gross revenue, profits or losses and earnings per share for the last five years for the listed entity.

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Revenue and other income	121,773	136,185	21,448,874	158,809	507,639
Net (loss)/profit	(9,314,266)	3,167,660	19,130,177	(2,890,296)	(3,160,112)
(Loss)/earnings per share (cents)	(7.7)	2.6	16.2	(2.5)	(3.0)
Share price at year end (cents)	25.0	32.5	17.0	13.0	25.0
Total KMP compensation	817,612	572,139	507,639	469,344	360,518

No dividends have been paid.

Use of remuneration consultants

The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2022.

Voting and comments made at the Company's 2021 Annual General Meeting

The Company received approximately 82.4% of "yes" votes on its remuneration report for the 2021 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

Directors' Report (Cont'd)

Details of remuneration

Details of the remuneration of the key management personnel of the Company are set out in the following table.

The key management personnel of the Company include the directors as per page 4 above.

Key management personnel of the Company

	Short-Term		Post-Employment	Long-Term	Share-based Payments	Total
	Salary & Fees	Annual Leave	Super-annuation	Long Service Leave	Options	
	\$	\$	\$	\$	\$	\$
Directors						
Seamus Cornelius						
2022	45,662	-	4,566	-	108,750	158,978
2021	45,662	-	4,338	-	53,500	103,500
Stuart Fogarty						
2022	254,737	12,613	25,474	9,560	217,500	519,884
2021	245,247	1,887	23,299	7,706	107,000	385,139
Heath Hellewell						
2022	30,000	-	-	-	108,750	138,750
2021	30,000	-	-	-	53,500	83,500
Total key management personnel compensation						
2022	330,399	12,613	30,040	9,560	435,000	817,612
2021	320,909	1,887	27,637	7,706	214,000	572,139

Service agreements

Stuart Fogarty, Managing Director:

- Annual salary of \$289,158 (including statutory superannuation).
- The Company or the Executive may terminate, without cause, the Executive's employment at any time by giving three calendar months' written notice.
- In the event the Managing Director is terminated as result of one of the following circumstances the Company will make a twelve calendar months Redundancy Payment to the Executive at the base salary:
 - o the Executive's position is made redundant by the Board;
 - o there is a material diminution in the responsibilities or powers assigned to the Executive by the Board; or
 - o there is a material reduction in the remuneration payable to the Executive as determined by the Board.

Share-based compensation

Options are issued at no cost to key management personnel as part of their remuneration. The options are not issued based on performance criteria but are issued to the key management personnel of Duketon Mining Limited to increase goal congruence between key management personnel and shareholders. The following options over ordinary shares of the Company were granted to or vesting with key management personnel during the year:

	Grant Date	Granted Number	Vesting Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents) ⁽¹⁾	Exercised Number	% of Remuneration
Directors								
Seamus Cornelius	24/11/2021	500,000	24/11/2021	19/11/2026	48.0	21.7	Nil	68.4
Stuart Fogarty	24/11/2021	1,000,000	24/11/2021	19/11/2026	48.0	21.7	Nil	41.8
Heath Hellewell	24/11/2021	500,000	24/11/2021	19/11/2026	48.0	21.7	Nil	78.4

- (1) The value at grant date in accordance with AASB 2: Share Based Payments of options granted during the year as part of remuneration. For options granted during the current year, the valuation inputs for the Black-Scholes option pricing model were as follows:

	Underlying Share Price (cents)	Exercise Price (cents)	Volatility	Risk Free Interest Rate	Valuation Date	Expiry Date
Directors	37.0	48.0	79.2%	1.4%	24/11/2021	19/11/2026

Directors' Report (Cont'd)

Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to key management personnel of the Company are set out below:

	Number of options exercised during the year	Number of ordinary shares issued on exercise of options during the year ⁽¹⁾	Amount paid per ordinary share (cents) ⁽¹⁾	Value exercised (\$) ⁽²⁾
Directors				
Seamus Cornelius	750,000	184,673	39.8	52,500
Stuart Fogarty	1,000,000	246,231	39.8	70,000
Heath Hellewell	500,000	123,115	39.8	35,000

No amounts are unpaid on any shares issued on the exercise of options.

- On 24 November 2021 the directors exercised the number of options disclosed utilising the cashless exercise facility approved at the AGM on 19 November 2021. The amount paid per ordinary share was calculated in accordance with the terms of the cashless exercise facility being the 5-day volume weighted average price prior to the date of exercise.
- The value at exercise date of the options that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at that date.

Equity instruments held by key management personnel

Share holdings

The numbers of shares in the Company held during the financial year by each director of Duketon Mining Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2022

	Balance at start of the year	Acquired during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Duketon Mining Limited				
Ordinary shares				
Seamus Cornelius	7,649,723	184,673	-	7,834,396
Stuart Fogarty	1,550,000	246,231	-	1,796,231
Heath Hellewell	600,000	123,115	-	723,115

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Duketon Mining Limited and other key management personnel of the Company, including their personally related parties, are set out below:

2022

	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Duketon Mining Limited							
Seamus Cornelius	1,750,000	500,000	(750,000)	-	1,500,000	1,500,000	-
Stuart Fogarty	5,000,000	1,000,000	(1,000,000)	-	5,000,000	5,000,000	-
Heath Hellewell	1,500,000	500,000	(500,000)	-	1,500,000	1,500,000	-

Loans to key management personnel

There were no loans to key management personnel during the year.

End of audited Remuneration Report

Directors' Report (Cont'd)

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2022 and the number of meetings attended by each Director were:

	Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Total Available	Attended	Total Available	Attended	Total Available	Attended
Seamus Cornelius	8	8	1	1	1	1
Stuart Fogarty	8	7	1	1	-	-
Heath Hellewell	8	7	1	1	1	1

SHARES UNDER OPTION

(a) Unissued ordinary shares

Unissued ordinary shares of Duketon Mining Limited under option at the date of this report are as follows:

Date options issued	Expiry date	Exercise price (cents)	Number of options
28 November 2018	28 November 2023	20.0	2,000,000
29 November 2019	28 November 2024	21.4	2,250,000
30 November 2020	26 November 2025	28.8	2,250,000
2 March 2021	17 February 2026	36.0	410,000
24 November 2021 ⁽¹⁾	19 November 2026	48.0	2,250,000
Total number of options outstanding at the date of this report			9,160,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

- (1) Included in these options were options granted as remuneration to the directors and the five most highly remunerated officers during the year. Details of options granted to key management personnel are disclosed on pages 8 and 9 above. In addition, the following options were granted to officers who are among the five highest remunerated officers of the Company, but are not key management persons and hence not disclosed in the remuneration report:

Name of officer	Date granted	Exercise price (cents)	Number of options
Dennis Wilkins	24 November 2021	48.0	250,000

No options were granted to the directors or any of the five highest remunerated officers of the Company since the end of the financial year.

(b) Shares issued on the exercise of options

The following ordinary shares of Duketon Mining Limited were issued during the year ended 30 June 2022 on the exercise of options. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares (cents)	Number of shares issued
1 December 2016	39.8	615,576
31 January 2017	25.0	250,000
		865,576

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Directors' Report (Cont'd)

INSURANCE OF DIRECTORS AND OFFICERS

During the year, the Company has paid a premium in respect of Directors' and Executive Officers' insurance. The contract contains a prohibition on disclosure of the amount of the premium and the nature of the liabilities under the policy. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Hall Chadwick WA Audit Pty Ltd or associated entities during the year ended 30 June 2022.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

Signed in accordance with a resolution of the directors.



Stuart Fogarty
Managing Director

Perth, 12 September 2022

To the Board of Directors,

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

As lead audit Director for the audit of the financial statements of Duketon Mining Limited for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 12th day of September 2022
Perth, Western Australia

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Company 2022 \$	2021 \$
REVENUE			
Interest	4	26,773	86,185
Profit on sale of tenements		95,000	-
Other income	4	-	50,000
Fair value gains on financial assets at fair value through the profit or loss		-	8,443,083
EXPENDITURE			
Administration expenses		(322,924)	(343,663)
Depreciation expense		(65,886)	(31,832)
Employee benefits expenses		(388,292)	(325,999)
Exploration expenditure		(3,060,179)	(1,293,386)
Fair value losses on financial assets at fair value through the profit or loss		(7,241,192)	-
Finance costs		(6,263)	-
Share based payment expense	23	(610,638)	(314,460)
(LOSS)/PROFIT BEFORE INCOME TAX		(11,573,601)	6,269,928
INCOME TAX BENEFIT/(EXPENSE)	6	2,259,335	(3,102,268)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF DUKETON MINING LIMITED		(9,314,266)	3,167,660
Basic and diluted (loss)/earnings per share (cents per share)	22	(7.7)	2.6

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 JUNE 2022

	Notes	Company	
		2022	2021
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	7	16,229,093	20,823,389
Trade and other receivables	8	95,270	76,536
Financial assets at fair value through profit or loss	9	2,203,821	9,350,013
TOTAL CURRENT ASSETS		18,528,184	30,249,938
NON-CURRENT ASSETS			
Receivables		37,274	37,274
Plant and equipment	10	93,366	44,113
Right-of-use assets	11	64,363	-
TOTAL NON-CURRENT ASSETS		195,003	81,387
TOTAL ASSETS		18,723,187	30,331,325
CURRENT LIABILITIES			
Trade and other payables	12	540,025	520,690
Lease liabilities	11	32,321	-
Current tax liabilities		-	842,933
Employee benefit obligations		151,317	83,535
TOTAL CURRENT LIABILITIES		723,663	1,447,158
NON-CURRENT LIABILITIES			
Deferred tax liabilities	6(d)(ii)	-	2,259,335
Lease liabilities	11	32,455	-
Employee benefit obligations		9,999	26,634
TOTAL NON-CURRENT LIABILITIES		42,454	2,285,969
TOTAL LIABILITIES		766,117	3,733,127
NET ASSETS		17,957,070	26,598,198
EQUITY			
Issued capital	13	23,944,748	23,624,235
Reserves	14(a)	1,067,460	714,835
(Accumulated losses)/retained earnings	14(b)	(7,055,138)	2,259,128
TOTAL EQUITY		17,957,070	26,598,198

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Contributed Equity \$	Options Reserve \$	(Accumulated Losses) / Retained Earnings \$	Total \$
BALANCE AT 1 JULY 2020		22,970,315	494,295	(908,532)	22,556,078
Profit for the year		-	-	3,167,660	3,167,660
TOTAL COMPREHENSIVE INCOME		-	-	3,167,660	3,167,660
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	13	653,920	(73,920)	-	580,000
Employee and consultant options	14(a)	-	294,460	-	294,460
BALANCE AT 30 JUNE 2021		<u>23,624,235</u>	<u>714,835</u>	<u>2,259,128</u>	<u>26,598,198</u>
Loss for the year		-	-	(9,314,266)	(9,314,266)
TOTAL COMPREHENSIVE LOSS		-	-	(9,314,266)	(9,314,266)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	13	320,513	(136,750)	-	183,763
Employee and consultant options	14(a)	-	489,375	-	489,375
BALANCE AT 30 JUNE 2022		<u>23,944,748</u>	<u>1,067,460</u>	<u>(7,055,138)</u>	<u>17,957,070</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Company	
		2022	2021
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		29,785	114,409
Interest paid		(6,263)	-
Payments to suppliers and employees		(680,908)	(651,599)
Expenditure on mining interests		(3,041,751)	(931,007)
Income taxes paid		(842,933)	-
Proceeds from government COVID-19 grant		-	50,000
Proceeds from disposal of financial assets at fair value through profit or loss		-	1,625,156
Payments for financial assets at fair value through profit or loss		-	(220,000)
Payment for lease guarantee		-	(37,274)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	21	(4,542,070)	(50,315)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(83,084)	(8,523)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(83,084)	(8,523)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		62,500	560,000
Principal elements of lease payments		(31,642)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		30,858	560,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,594,296)	501,162
Cash and cash equivalents at the beginning of the financial year		20,823,389	20,322,227
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	16,229,093	20,823,389

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Company consisting of Duketon Mining Limited. The financial statements are presented in Australian currency. Duketon Mining Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 12 September 2022. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Duketon Mining Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The financial statements of Duketon Mining Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Company

The Company has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(iii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is that they are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities measured at fair value.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

(c) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(d) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions.

(e) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Leases

The Company leases office premises with a three-year term that commenced on 1 July 2021. Upon commencement of the lease the Company recognised a lease liability for this lease, measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate, being 6.5%.

Where the Company is lessee, the Company recognises a right-of-use asset and a corresponding liability at the date at which the lease asset is available for use by the Company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Company's office lease agreement contains an option for the lessee to extend for a further two-year term.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date less any lease incentives received, and any initial direct costs.

Where the terms of a lease require the Company to restore the underlying asset, or the Company has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Where leases have a term of less than 12 months or relate to low value assets the Company may apply exemptions in AASB 16 to not capitalise any such leases and instead recognise the lease payments on a straight-line basis as an expense in profit or loss.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(i) Financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income or expenses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or expenses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income or expenses and impairment losses are presented as a separate line item in the statement of profit or loss.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income or expenses in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in other income or expenses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology depends on whether there has been a significant increase in credit risk.

(j) Plant and equipment

All plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates used range from 10% to 36% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Company's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(k) Exploration and evaluation costs

Exploration and evaluation costs are expensed as they are incurred.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(m) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date in respect of employees' services up to the reporting date are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(ii) Other long-term employee benefit obligations

The Company also has liabilities for long service leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current employee benefit obligations in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(n) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(q) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Environmental issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation generally

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates consider both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by the Australian Taxation Office.

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

Notes to the Financial Statements (Cont'd)

2. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the full Board of Directors as the Company believes that it is crucial for all board members to be involved in this process. Senior management, as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

As all operations are currently within Australia, the Company is not exposed to any material foreign exchange risk.

(ii) Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified in the statement of financial position at fair value through the profit and loss. The Company is not exposed to commodity price risk. At the reporting date, the Company has investments in ASX listed equity securities.

Sensitivity analysis

The Company's equity investments are listed on the Australian Stock Exchange (ASX) and are all classified at fair value through the profit or loss. At 30 June 2022, if the value of the equity investments held had increased/decreased by 15% with all other variables held constant, post tax profit for the Company would have been \$330,573 higher/lower (2021: \$981,751 higher/lower) as a result of gains/losses on the fair value of the financial assets.

(iii) Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents. The Company's policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Company of \$16,229,093 (2021: \$20,823,389) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Company was 0.1% (2021: 0.4%).

Sensitivity analysis

At 30 June 2022, if interest rates had changed by +/- 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Company would have been \$179,232 lower/\$26,773 higher (2021: \$50,658 higher/lower post tax profit on a +/- 25 basis point change) as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

The Company has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Company does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained. All surplus cash holdings of the Company are currently invested with AA- rated financial institutions.

(c) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Company are confined to trade and other payables as disclosed in the Statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

Notes to the Financial Statements (Cont'd)

2. FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The equity investments held by the Company are classified at fair value through profit or loss. The market value of all equity investments represents the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as level 1 financial instruments.

The carrying amounts and estimated fair values of financial assets and financial liabilities are as follows:

	Company	
	2022	2021
	\$	\$
Financial Assets		
Cash and cash equivalents	16,229,093	20,823,389
Trade and other receivables	95,270	76,536
Financial assets at fair value through profit or loss	2,203,821	9,350,013
Non-current receivables	37,274	37,274
Total Financial Assets	18,565,458	30,287,212
Financial Liabilities		
Trade and other payables	540,025	520,690
Total Financial Liabilities	540,025	520,690

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

Cash

The carrying amount is fair value due to the liquid nature of these assets.

Receivables/Payables

Due to the short-term nature of the current financial rights and obligations, their carrying amounts are estimated to represent their fair values. The fair value of the non-current receivable is also not significantly different from its carrying amount.

Fair value measurements of financial assets

The carrying values of financial assets and liabilities of the Company approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and / or disclosure purposes.

Fair value hierarchy

The Company classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The following table analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2022				
Financial assets at fair value through profit or loss	2,203,821	-	-	2,203,821
Total as at 30 June 2022	2,203,821	-	-	2,203,821
30 June 2021				
Financial assets at fair value through profit or loss	9,350,013	-	-	9,350,013
Total as at 30 June 2021	9,350,013	-	-	9,350,013

Notes to the Financial Statements (Cont'd)

3. SEGMENT INFORMATION

Industry and geographical segment

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

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

4. REVENUE AND OTHER INCOME

	Company	
	2022	2021
	\$	\$
Revenue		
Other revenue		
Interest from financial institutions	26,773	86,185
Other income		
Government COVID-19 grant income	-	50,000

5. EXPENSES

Profit or loss before income tax includes the following specific expenses:

Superannuation expense	62,431	43,576
Expenses relating to short-term leases	-	46,231

6. INCOME TAX

(a) Income tax (benefit)/expense

Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	842,933
(Decrease)/increase in deferred tax liabilities	(2,259,335)	2,259,335
Income tax (benefit)/expense	(2,259,335)	3,102,268

(b) Numerical reconciliation of income tax (benefit)/expense to prima facie tax payable

(Loss)/profit from continuing operations before income tax expense	(11,573,601)	6,269,928
Prima facie tax (benefit)/expense at the Australian tax rate of 25% (2021: 30%)	(2,893,400)	1,880,978
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	152,660	94,338
Government COVID-19 grant income	-	(15,000)
Other	271	334
	(2,740,469)	1,960,650
Movements in unrecognised temporary differences	481,134	298,685
Adjustments for current tax of prior periods	-	842,933
Income tax (benefit)/expense	(2,259,335)	3,102,268

Notes to the Financial Statements (Cont'd)

	Notes	Company	
		2022	2021
		\$	\$
6. INCOME TAX (Cont'd)			
(c) Unrecognised temporary differences			
(i) Deferred tax assets at 25% (2021: 30%)			
Accrued expenses		8,901	-
Employee benefits		40,329	-
Tax losses		1,023,980	-
Total		1,073,210	-
(ii) Deferred tax liabilities at 25% (2021: 30%)			
Financial assets at fair value through profit or loss		208,935	-
Other		6,320	-
Total		215,255	-
(iii) Offset deferred tax provisions			
Deferred tax liabilities		(215,255)	-
Deferred tax assets (portion off-set deferred tax liabilities)		215,255	-
Unused tax losses for which no deferred tax asset has been recognised		-	-
Potential deferred tax assets attributable to tax losses carried forward have not been brought to account at 30 June 2022 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:			
(i)	the Company derives future assessable income of nature and of an amount sufficient to enable the benefits to be utilised;		
(ii)	the Company continues to comply with the conditions for deductibility imposed by law; and		
(iii)	no changes in income tax legislation adversely affect the Company in utilising the benefits.		
(d) Deferred tax balances			
(i) Deferred tax assets			
The balance comprises temporary differences attributable to:			
Accrued expenses		-	10,750
Employee benefits		-	33,051
Tax losses		-	128,752
Total deferred tax assets		-	172,553
Set-off of deferred tax liabilities pursuant to set-off provisions	(ii)	-	(172,553)
Net deferred tax assets		-	-
(ii) Deferred tax liabilities			
The balance comprises temporary differences attributable to:			
Other		-	8,808
Financial assets at fair value through profit or loss		-	2,423,080
Total deferred tax liabilities		-	2,431,888
Set-off of deferred tax assets pursuant to set-off provisions	(i)	-	(172,553)
Net deferred tax liabilities		-	2,259,335

In April 2017, the Australian Government enacted legislation which reduces the corporate rate for small and medium business (base rate) entities from 30% to 25% over the next decade. For the 2017 financial year the corporate tax rate reduced to 27.5% for small business entities with turnover less than \$10 million. This turnover threshold progressively increased until it reached \$50 million in the 2020 financial year. For the 2021 financial year, the tax rate decreased to 26% and then 25% for the 2022 and later financial years. Duketon Mining Limited did not satisfy the criteria to be a base rate entity for the 2021 financial year and therefore applied the full corporate tax rate of 30%. Duketon Mining Limited has satisfied the criteria to be a base rate entity for the 2022 financial year and has therefore applied the base rate of 25%.

Notes to the Financial Statements (Cont'd)

	Company	
	2022	2021
	\$	\$
7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	6,199,093	1,293,389
Short-term deposits	10,030,000	19,530,000
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	<u>16,229,093</u>	<u>20,823,389</u>
Cash at bank earns interest at floating rates based on daily bank deposit rates.		
Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.		
8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Trade and other receivables	<u>95,270</u>	<u>76,536</u>
9. CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Australian listed equity securities	<u>2,203,821</u>	<u>9,350,013</u>
Changes in fair values of financial assets at fair value through profit or loss are disclosed directly on the face of the statement of profit or loss and other comprehensive income.		
10. NON-CURRENT ASSETS - PLANT AND EQUIPMENT		
Plant and equipment		
Cost	227,634	144,550
Accumulated depreciation	(134,268)	(100,437)
Net book amount	<u>93,366</u>	<u>44,113</u>
Plant and equipment		
Opening net book amount	44,113	67,422
Additions	83,084	8,523
Depreciation charge	(33,831)	(31,832)
Closing net book amount	<u>93,366</u>	<u>44,113</u>
11. LEASES		
(i) Amounts recognised in the Statement of Financial Position		
The statement of financial position shows the following amounts relating to leases:		
Right-of-use assets		
Right-of-use assets	96,418	-
Accumulated Depreciation of Right of Use Asset	(32,055)	-
Carrying value of right-of-use-asset	<u>64,363</u>	<u>-</u>
Lease liabilities		
Current lease liabilities	32,321	-
Non-current lease liabilities	32,455	-
Total lease liabilities	<u>64,776</u>	<u>-</u>

Notes to the Financial Statements (Cont'd)

	Company	
	2022	2021
	\$	\$

11. LEASES (Cont'd)

(ii) Amounts recognised in the Statement of Profit or Loss

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

Depreciation charge for right-of-use assets	32,055	-
Interest expense (included in finance costs)	5,778	-

The Company leases office premises with a three-year term that commenced on 1 July 2021.

12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	439,528	374,362
Other payables and accruals	76,463	122,294
Funds held on trust for unmarketable parcel roundup	24,034	24,034
	540,025	520,690

13. ISSUED CAPITAL

(a) Share capital

		2022		2021	
	Notes	Number of shares	\$	Number of shares	\$
Ordinary shares fully paid	13(b), 13(d)	122,035,435	23,944,748	121,114,304	23,624,235
Total issued capital		122,035,435	23,944,748	121,114,304	23,624,235

(b) Movements in ordinary share capital

Beginning of the financial year	121,114,304	23,624,235	118,234,304	22,970,315
<i>Issued during the year:</i>				
• Issued upon exercise of \$0.20 options ⁽¹⁾	-	-	2,800,000	633,920
• Issued upon exercise of \$0.25 options ⁽²⁾	250,000	72,750	-	-
• Issued upon cashless exercise of \$0.30 options ⁽³⁾	615,576	227,763	-	-
• Issued as part of employee remuneration ⁽⁴⁾	55,555	20,000	80,000	20,000
End of the financial year	122,035,435	23,944,748	121,114,304	23,624,235

- (1) Includes an amount of \$73,920 transferred from the share-based payments reserve upon exercise of the options.
- (2) Includes an amount of \$10,250 transferred from the share-based payments reserve upon exercise of the options.
- (3) On 24 November 2021 the directors and the company secretary exercised a total of 2,500,000 options utilising the cashless exercise facility approved at the AGM on 19 November 2021. This resulted in the issue of 615,576 ordinary shares. In accordance with the requirements of AASB 2, the utilisation of the cashless exercise facility has been treated as a modification of the original share-based payment transaction. The fair value of the shares issued was calculated using the closing price of \$0.37 on the date of issue, for a total value of \$227,763. An amount of \$126,500 was recognised upon the original issue of the options and has been transferred from the share-based payments reserve to issued capital. The balance of \$101,263 has been recognised in the profit or loss for the current reporting period as share-based payments expense.
- (4) On 9 December 2021, the Company issued 55,555 ordinary shares (14 October 2020, 80,000 ordinary shares) to an employee as a reward and incentive. The closing price of \$0.36 (2021: \$0.25) on the date of issue was the grant date fair value of the shares issued.

Notes to the Financial Statements (Cont'd)

13. ISSUED CAPITAL (Cont'd)

(c) Movements in options on issue

	Number of options	
	2022	2021
Beginning of the financial year	9,660,000	9,800,000
Issued, exercisable at \$0.48 on or before 19 November 2026	2,250,000	-
Issued, exercisable at \$0.36 on or before 17 February 2026	-	410,000
Issued, exercisable at \$0.288 on or before 26 November 2025	-	2,250,000
Exercised at \$0.30, expiring 24 November 2021	(2,500,000)	-
Exercised at \$0.25, expiring on 31 January 2022	(250,000)	-
Exercised at \$0.20, expiring on 30 November 2020	-	(2,800,000)
End of the financial year	9,160,000	9,660,000

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2022 and 30 June 2021 are as follows:

	Company	
	2022	2021
	\$	\$
Cash and cash equivalents	16,229,093	20,823,389
Trade and other receivables	95,270	76,536
Financial assets at fair value through profit or loss	2,203,821	9,350,013
Trade and other payables	(540,025)	(520,690)
Lease liabilities (current)	(32,321)	-
Current tax liabilities	-	(842,933)
Employee benefit obligations (current)	(151,317)	(83,535)
Working capital position	17,804,521	28,802,780

Notes to the Financial Statements (Cont'd)

	Company	
	2022	2021
	\$	\$
14. RESERVES AND ACCUMULATED LOSSES		
(a) Reserves		
<i>Share-based payments reserve</i>		
Balance at beginning of year	714,835	494,295
Employee and consultant options expense	489,375	294,460
Transferred to share capital upon exercise of options	(136,750)	(73,920)
Balance at end of year	<u>1,067,460</u>	<u>714,835</u>
(b) (Accumulated losses)/retained earnings		
Balance at beginning of year	2,259,128	(908,532)
Net (loss)/profit for the year	(9,314,266)	3,167,660
Balance at end of year	<u>(7,055,138)</u>	<u>2,259,128</u>
(c) Nature and purpose of reserves		
<i>Share-based payments reserve</i>		
The share-based payments reserve is used to recognise the fair value of options granted and currently on issue.		
15. DIVIDENDS		
No dividends were paid during the financial year. No recommendation for payment of dividends has been made.		
16. RELATED PARTY TRANSACTIONS		
(a) Key management personnel compensation		
Short-term benefits	343,012	322,796
Post-employment benefits	30,040	27,637
Other long-term benefits	9,560	7,706
Termination benefits	-	-
Share-based payments	435,000	214,000
	<u>817,612</u>	<u>572,139</u>
Detailed remuneration disclosures are provided in the remuneration report on pages 6 to 9.		
(b) Loans to related parties		
There were no loans to related parties, including key management personnel, during the year.		
17. REMUNERATION OF AUDITORS		
During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:		
(a) Auditors of the Company – Hall Chadwick WA Audit Pty Ltd and related network firms		
Audit of financial reports	<u>22,000</u>	-
(b) Other auditors and their related network firms		
Audit and review of financial reports	<u>13,000</u>	<u>42,500</u>

Notes to the Financial Statements (Cont'd)

18. CONTINGENCIES

There are no material contingent liabilities of the Company at balance date. The Company has contingent assets at balance date resulting from the sale of gold tenements to Regis Resources Limited ("Regis") during the 2020 financial year.

Gold tenements sale to Regis

Under the terms of the sale agreement with Regis to sell a package of tenements from the Duketon Project the following contingent consideration is outstanding:

- 1) Mineral resource contingent payment – \$2.5m in cash payable on the first occasion that Regis announces to the ASX mineral resources totalling more than 250,000 ounces of gold (Measured, Indicated or Inferred) on one or more of the sale tenements.
- 2) Gold production contingent payment – \$2.5m in cash payable on the first to occur of the following:
 - a) first commercial gold production within the sale tenements (and not being an extension into the tenements of Regis' existing mining operation at Petra); or
 - b) in the case of an extension into the sale tenements of Regis' existing mining operation at Petra, the mining of greater than 5,000 ounces of gold from the sale tenements.

19. COMMITMENTS

	Company	
	2022	2021
	\$	\$
Exploration commitments		
The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:		
within one year	574,300	222,300
later than one year but not later than five years	2,267,200	889,200
later than five years	961,500	1,153,800
	3,803,000	2,265,300

20. EVENTS OCCURRING AFTER THE REPORTING DATE

A review of the Company's investment portfolio has been performed on 12 September 2022. The fair value of Financial Assets reported at year end is \$2,203,821. The market value of Financial Assets is now \$3,905,465, wholly attributable to the share market fluctuations since the reporting date.

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 Company, the results of those operations, or the state of affairs of the Company in future financial periods.

21. CASH FLOW INFORMATION

(a) Reconciliation of net (loss)/profit after income tax to net cash outflow from operating activities

Net (loss)/profit for the year	(9,314,266)	3,167,660
Non-Cash Items		
Share-based payment expense	610,638	314,460
Depreciation expense	65,886	31,832
Fair value of financial assets received on sale of tenements	(95,000)	-
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(18,734)	676
Decrease/(increase) in financial assets at fair value through profit or loss	7,241,192	(7,069,398)
Increase in trade and other payables	19,335	381,458
(Decrease)/increase in current tax liabilities	(842,933)	842,933
Increase in employee benefit obligations	51,147	20,729
(Decrease)/increase in deferred tax liabilities	(2,259,335)	2,259,335
Net cash outflow from operating activities	(4,542,070)	(50,315)

Notes to the Financial Statements (Cont'd)

	Company	
	2022	2021
	\$	\$

21. CASH FLOW INFORMATION (Cont'd)

(b) Non-cash investing and financing activities

On 9 December 2021, the Company issued 55,555 ordinary shares (14 October 2020, 80,000 ordinary shares) to an employee as a reward and incentive, for a value of \$20,000 (2021: \$20,000). This amount is included in 'share-based payments expense' on the statement of profit or loss and other comprehensive income of the Company.

22. EARNINGS PER SHARE

(a) Reconciliation of earnings used in calculating earnings per share

(Loss)/profit attributable to the owners of the Company used in calculating basic and diluted earnings per share

(9,314,266)	3,167,660
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(b) Weighted average number of shares used as the denominator

No. of Shares 2022	No. of Shares 2021
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Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share

121,617,655	119,917,372
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Adjustments for calculation of diluted earnings per share:

Dilutive options

-	1,370,469
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Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share

121,617,655	121,287,841
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(c) Information on the classification of options

As the Company has made a loss for the year ended 30 June 2022, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options currently on issue could potentially dilute basic earnings per share in the future.

For the 2021 financial year the following potential ordinary shares were antidilutive as the exercise price of the options was greater than the average market price of the Company's shares during the year and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	No. of Options 2021
Options exercisable at \$0.288 on or before 26 November 2025	2,250,000
Options exercisable at \$0.30 on or before 24 November 2021	2,500,000
Options exercisable at \$0.36 on or before 17 February 2026	410,000
	5,160,000

23. SHARE-BASED PAYMENTS

a) Employee and consultant options

The Company provides benefits to employees (including directors), contractors and consultants of the Company in the form of share-based payment transactions, whereby employees, contractors and consultants render services in exchange for options to acquire ordinary shares. The options granted and on issue at 30 June 2022 have exercise prices ranging from \$0.20 to \$0.48 and expiry dates ranging from 28 November 2023 to 19 November 2026.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Notes to the Financial Statements (Cont'd)

23. SHARE-BASED PAYMENTS (Cont'd)

The weighted average fair value of the options granted during the 2022 financial year was 21.7 cents (2021: 11.1 cents). The fair value was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2022	2021
Weighted average exercise price (cents)	48.0	29.9
Weighted average life of the option (years)	5.0	5.0
Weighted average underlying share price (cents)	37.0	27.4
Expected share price volatility ⁽¹⁾	79.2%	50.0%
Risk free interest rate	1.4%	0.4%

- (1) During the current year the Company has used a Historic Volatility Calculator to generate the volatility input to calculate the fair value of the 2,250,000 options issued. The calculator retrieves historical price data from Yahoo Finance.

Set out below are summaries of the share-based payment options granted:

	Company			
	2022		2021	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	9,660,000	25.8	9,800,000	23.0
Granted	2,250,000	48.0	2,660,000	29.9
Forfeited	-	-	-	-
Exercised ⁽¹⁾	(2,750,000)	29.5	(2,800,000)	20.0
Expired	-	-	-	-
Outstanding at year-end	9,160,000	30.1	9,660,000	25.8
Exercisable at year-end	9,160,000	30.1	9,660,000	25.8

- (1) The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2022 was \$0.374 (2021: \$0.265).

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 3.0 years (2021: 2.6 years), with exercise prices ranging from \$0.20 to \$0.48.

b) Employee shares

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

c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Company	
	2022	2021
	\$	\$
Options issued to employees shown as share-based payments	489,375	294,460
Modification to option terms upon cashless exercise (refer note 13(b)(3))	101,263	-
Shares issued to employees shown as share-based payments	20,000	20,000
	610,638	314,460

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 13 to 33 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Stuart Fogarty
Managing Director

Perth, 12 September 2022

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Duketon Mining Limited ("the Company"), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Financial Assets – \$2,203,821</p> <p>The Company's financial assets can be a significant asset by value year on year based on the share price at year end.</p> <p>We do not consider financial assets to be at a high risk of significant misstatement, however due to materiality in the context of the financial statements as a whole, this is considered to be an area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> • We assessed the financial assets subsequent measurement at fair value to ensure consistency with AASB 9. • We agreed significant financial assets to independent third party confirmations. • We assessed the fair value of the financial assets at the date of signing the audit report. • We assessed the appropriateness of the related disclosures in the notes to the financial statements.
<p>Exploration and Evaluation Expenditure – \$3,060,179</p> <p>Exploration and evaluation is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the balance to the Company's financial performance as costs incurred are expensed. • The level of judgement required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. 	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Assessing management's determination of its areas of interest for consistency with the definition in AASB 6 <i>Exploration and Evaluation of Mineral Resources</i> ("AASB 6"); • Assessing the Company's rights to tenure for a sample of tenements; • By reviewing the status of the Company's tenure and planned future activities, reading board minutes and discussions with management we assessed each area of interest for one or more of the following circumstances that may indicate impairment of the mineral exploration expenditure: <ul style="list-style-type: none"> • The licenses for the rights to explore expiring in the near future or are not expected to be renewed; • Substantive expenditure for further exploration in the area of interest is not budgeted or planned; • Decision or intent by the Company to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; • Data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recorded in full from successful development or sale; and

Key Audit Matter	How our audit addressed the Key Audit Matter
	<ul style="list-style-type: none"> We assessed the appropriateness of the related disclosures in the notes to the financial statements.
<p>Share Based Payments - \$610,638</p> <p>During the year the Company issued options to Directors and the Company Secretary.</p> <p>Share-based payments are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> The significance of the transactions to the Company's financial position and performance; and <p>The level of judgement required in evaluating management's application of the requirements of AASB 2 <i>Share-based Payment</i> ("AASB 2").</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> Analysed contractual arrangements to identify key terms and conditions of the share-based payments and relevant vesting conditions in accordance with AASB 2; Evaluated management's valuation methods and assessed the assumptions and inputs used; Assessed the amount recognised during the period against relevant vesting conditions; and Examination of the disclosures made in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 12th day of September 2022
Perth, Western Australia