

DUKETON MINING LTD

ABN 76 159 084 107

INTERIM FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2022**

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2022 and any public announcements made by Duketon Mining Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DUKETON MINING LTD

31 DECEMBER 2022

Contents	Page
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	5
CONDENSED STATEMENT OF COMPREHENSIVE INCOME	6
CONDENSED STATEMENT OF FINANCIAL POSITION	7
CONDENSED STATEMENT OF CHANGES IN EQUITY	8
CONDENSED STATEMENT OF CASH FLOWS	9
NOTES TO THE CONDENSED FINANCIAL STATEMENTS	10
DIRECTORS' DECLARATION	13
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS	14

DUKETON MINING LTD

31 DECEMBER 2022

DIRECTORS' REPORT

Your directors are pleased to present their report on Duketon Mining Ltd for the half-year ended 31 December 2022.

DIRECTORS

The names of the directors who held office during or since the end of the period are:

Seamus Cornelius

Stuart Fogarty

Heath Hellewell

REVIEW AND RESULTS OF OPERATIONS

A summary of revenues and results for the period is set out below:

	2022	
	Revenue and Other Income	Net Profit After Tax
	\$	\$
Duketon Mining Ltd	2,484,070	190,333

Corporate and Operating Review

The Company remains in a strong position to build shareholder value through advanced mining studies, extensional exploration and aggressive regional exploration. Shareholders should be encouraged as the Company is de-risked commercially and technically through judicious use of funds and diligent technical work. The Company remains in a strong position with regards to people and has the appropriate personnel both internally and externally to fully prosecute the portfolio of opportunities the Company has and to review and appropriately assess any commercial opportunities that may be presented. During the half-year ended 31 December 2022 the Company has worked actively on multiple internal opportunities focused on Nickel, Copper and PGEs within the Company's tenure and reviewed several external opportunities.

The Company's tenements and Nickel Rights are within the Duketon Greenstone Belt in an area north of the town of Laverton. The Company believes that there is considerable upside in the area and continues to review the tenements to further understand the geological potential and mineralising controls. Any positive outcomes will unlock additional value from within the Company's current asset base. Economic nickel sulphides have already been proven within the Duketon tenements at the Rosie and C2 prospects and continue to infer the potential of a mining operation. These discoveries also indicate the further upside potential of additional discoveries in the tenement package that Duketon controls.

The Company has retained the nickel rights over various tenements in the Duketon Belt via a Nickel Rights Deed and retains 100% ownership of a number of tenements including mining licence M38/1252 (with Regis acquiring the gold rights on this licence via a Gold Rights Deed). The Company's primary objective continues to be achieving returns for shareholders through focused proactive exploration and mining evaluations in the Duketon Belt. There are two main pillars of growth within our strategy:

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

The Company remains focused on the generation of numerous new targets with the view to creating a significant and robust pipeline of organic opportunities.

DUKETON MINING LTD

31 DECEMBER 2022

DIRECTORS' REPORT (continued)

The positive scoping study on Rosie that was presented in April 2021 is continuing to be evaluated and updated. Both the underlying mineral resource that informs the study and the nickel price have both increased since April 2021. It is anticipated that this will result in more robust figures in any subsequent study. In addition to this work, more focused metallurgical assessment of C2 is continuing. The results for this are positive and give encouragement that C2 could be considered as part of a mining operation into the future.

Significant time and effort have been invested in reviewing and compiling all available exploration information from Duketon tenements and Nickel Rights tenements that extend from Rosie and C2 to 20 kms north. This has become the focus of exploration activity as the Company continues its major exploration push in the next half-year.

Review

The Company recorded a net profit after tax of \$190,333 for the six months ended 31 December 2022. Included in the loss for the half-year was exploration expenditure of \$2,207,965. In line with the Company's accounting policies, all exploration expenditure is expensed as incurred. The Company had total cash on hand at the end of the period of \$14,231,586, and listed equity investments with a market value of \$4,567,246.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of directors.



Stuart Fogarty
Managing Director
Perth, 24 February 2023

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the review of the financial statements of Duketon Mining Ltd for the period ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 24th day of February 2023
Perth, Western Australia

DUKETON MINING LTD**31 DECEMBER 2022****CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	\$	\$
REVENUE		
Interest	120,645	13,802
Profit on sale of tenements	450,000	95,000
Fair value gains on financial assets at fair value through profit or loss	1,913,425	-
EXPENDITURE		
Administration and corporate expenses	(178,733)	(178,567)
Depreciation expense	(35,956)	(30,397)
Employee benefits expense	(203,381)	(240,794)
Exploration expenses	(2,207,965)	(1,372,494)
Fair value losses on financial assets at fair value through profit or loss	-	(3,898,915)
Finance costs	(1,893)	(3,872)
Share-based payments expense	(508,742)	(428,838)
LOSS BEFORE INCOME TAX	(652,600)	(6,045,075)
Income tax benefit	842,933	1,780,709
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF DUKETON MINING LTD	190,333	(4,264,366)
Basic earnings/(loss) per share	0.2	(3.5)
Diluted earnings/(loss) per share	0.2	(3.5)

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

DUKETON MINING LTD

31 DECEMBER 2022

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Notes	31 December 2022 \$	30 June 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		14,231,586	16,229,093
Trade and other receivables		165,988	95,270
Financial assets at fair value through profit or loss	3	4,567,246	2,203,821
TOTAL CURRENT ASSETS		18,964,820	18,528,184
NON-CURRENT ASSETS			
Receivables		37,274	37,274
Plant and equipment		73,614	93,366
Right-of-use assets		48,159	64,363
TOTAL NON-CURRENT ASSETS		159,047	195,003
TOTAL ASSETS		19,123,867	18,723,187
CURRENT LIABILITIES			
Trade and other payables		232,066	640,025
Lease liabilities		33,928	32,321
Employee benefit obligations		169,377	151,317
TOTAL CURRENT LIABILITIES		435,371	723,663
NON-CURRENT LIABILITIES			
Lease liabilities		14,993	32,455
Employee benefit obligations		17,358	9,999
TOTAL NON-CURRENT LIABILITIES		32,351	42,454
TOTAL LIABILITIES		467,722	766,117
NET ASSETS		18,656,145	17,957,070
EQUITY			
Issued capital	4	23,964,748	23,944,748
Reserves		1,556,202	1,067,460
Accumulated losses		(6,864,805)	(7,055,138)
TOTAL EQUITY		18,656,145	17,957,070

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

DUKETON MINING LTD

31 DECEMBER 2022

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Notes	Contributed Equity \$	Share-Based Payments Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2021		23,624,235	714,835	2,259,128	26,598,198
Loss for the period		-	-	(4,264,366)	(4,264,366)
TOTAL COMPREHENSIVE LOSS		-	-	(4,264,366)	(4,264,366)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period	4	247,763	(126,500)	-	121,263
Employee and consultant options	4	-	307,575	-	307,575
BALANCE AT 31 DECEMBER 2021		23,871,998	895,910	(2,005,238)	22,762,670
BALANCE AT 1 JULY 2022		23,944,748	1,067,460	(7,055,138)	17,957,070
Profit for the period		-	-	190,333	190,333
TOTAL COMPREHENSIVE INCOME		-	-	190,333	190,333
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period	4	20,000	-	-	20,000
Employee and consultant options	4	-	488,742	-	488,742
BALANCE AT 31 DECEMBER 2022		23,964,748	1,556,202	(6,864,805)	18,656,145

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

DUKETON MINING LTD

31 DECEMBER 2022

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for exploration expenditure	(2,584,407)	(1,736,505)
Payments for administration and other expenses	(347,650)	(394,076)
Interest received	109,365	20,146
Interest paid	(1,893)	(485)
Income taxes refunded/(paid)	842,933	(842,933)
Net cash outflow from operating activities	(1,981,652)	(2,953,853)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	-	(76,618)
Net cash outflow from investing activities	-	(76,618)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal elements of lease payments	(15,855)	(22,974)
Net cash outflow from financing activities	(15,855)	(22,974)
Net decrease in cash and cash equivalents	(1,997,507)	(3,053,445)
Cash and cash equivalents at the beginning of the half-year	16,229,093	20,823,389
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	14,231,586	17,769,944

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Duketon Mining Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated.

New and amended standards adopted by the Company

A number of amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Impact of standards issued but not yet applied by the Company

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2022. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

Critical accounting estimates and judgements

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. In preparing this half-year financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2022.

NOTE 2: SEGMENT INFORMATION

Industry and geographical segment

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

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

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

	Notes	31 December 2022 \$	30 June 2022 \$
Australian listed equity securities	(a)	4,567,246	2,203,821

The market value of all equity investments represents the fair value based on quoted prices on active markets (primarily ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of these financial instruments, or changes in its classification as a result of a change in the purpose or use of these assets.

Due to their short-term nature, the carrying amounts of current receivables and current payables is assumed to approximate their fair value.

- (a) \$532,500 of the current period balance relates to the market valuation of listed entity shares to be received as consideration for the sale of tenements during the reporting period. The quantity of the shares was fixed at sale date and were duly received by Duketon on 1 January 2023.

NOTE 4: EQUITY SECURITIES ISSUED

	2022 Shares	2022 \$	2021 Shares	2021 \$
As at 1 July	122,035,435	23,944,748	121,114,304	23,624,235
Issues of ordinary shares during the half-year				
Issued upon cashless exercise of \$0.30 options ⁽¹⁾	-	-	615,576	227,763
Issued as part of employee remuneration ⁽²⁾	54,794	20,000	55,555	20,000
As at 31 December	122,090,229	23,964,748	121,785,435	23,871,998

- (1) 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 was recognised in the profit or loss for the 2021 reporting period as share-based payments expense.
- (2) On 8 December 2022 (2021: 9 December 2021) the Company issued 54,794 (2021: 55,555) ordinary shares to an employee as a reward and incentive. The closing price of \$0.365 (2021: \$0.36) on the date of issue was the grant date fair value of the shares issued.

DUKETON MINING LTD

31 DECEMBER 2022

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

NOTE 4: EQUITY SECURITIES ISSUED (continued)

	Number of options	
	2022	2021
As at 1 July	9,160,000	9,660,000
Movements of options during the half-year		
Options exercised at \$0.30, expiring 24 November 2021	-	(2,500,000)
Options issued, exercisable at \$0.508, expiring 29 November 2027	2,000,000	-
Options issued, exercisable at \$0.425, expiring 30 November 2027	410,000	-
Options issued, exercisable at \$0.48, expiring 19 November 2026	-	2,250,000
As at 31 December	11,570,000	9,410,000

During the 2022 half-year, 2,000,000 options with an exercise price of \$0.508 and expiring on 29 November 2027 were issued to the Directors after approval at the 2022 annual general meeting. The Company also issued 410,000 options with an exercise price of \$0.425 and expiring on 30 November 2027 to employees and consultants during the half-year. All the options vested on their respective dates of issue. The weighted average fair value of the options granted during the half-year was 20.3 cents for a total expense of \$488,742. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2022
Weighted average exercise price (cents)	49.4
Weighted average life of the options (years)	5.0
Weighted average underlying share price (cents)	35.3
Weighted average expected share price volatility	76.5%
Weighted average risk-free interest rate	3.27%

NOTE 5: CONTINGENCIES

There has been no material change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 6: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2022, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

DUKETON MINING LTD

31 DECEMBER 2022

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 6 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Duketon Mining Ltd will be able to pay its debts as and when they become due and payable.

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

Stuart Fogarty
Managing Director
Perth, 24 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DUKETON MINING LTD

Conclusion

We have reviewed the accompanying half-year financial report of Duketon Mining Ltd ("the Company") which comprises the condensed statement of financial position as at 31 December 2022, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Duketon Mining Ltd does not comply with the *Corporations Act 2001* including:

- a) Giving a true and fair view of the Duketon Mining Ltd financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Duketon Mining Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


HALL CHADWICK WA AUDIT PTY LTD


MARK DELAURENTIS CA
Director

Dated this 24th day of February 2023
Perth, Western Australia