

DUKETON MINING LTD

ABN 76 159 084 107

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2014

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 2014 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 2014

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DUKETON MINING LTD

31 DECEMBER 2014

DIRECTORS' REPORT

Your directors are pleased to present their report on Duketon Mining Ltd for the half-year ended 31 December 2014.

DIRECTORS

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

Seamus Cornelius

Stuart Fogarty

Heath Hellewell (appointed 18 November 2014)

Dennis Wilkins (resigned 18 November 2014)

REVIEW AND RESULTS OF OPERATIONS

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

| | 2014 | |
|--------------------|----------|-------------|
| | Revenues | Results |
| | \$ | \$ |
| Duketon Mining Ltd | 394,167 | (1,799,984) |

Corporate and Operating Review

During the period ending 31 December 2014 the Company successfully raised \$7 million and listed on ASX in early August 2014.

The Company's strategy is to grow shareholder value through the successful identification exploration and subsequent definition and development of significant mineral resources.

The Company is currently focused on advancing numerous nickel exploration opportunities including expanding the Nariz Nickel Discovery, the Rosie Nickel Deposit and assessing future mining and processing options for the 100% owned Duketon Project. In addition, there remains significant potential in gold and base metals opportunities given the Company's significant ground holding in the Duketon Belt.

Finance Review

The Company recorded a net loss after tax of \$1,799,984 for the 6 months ended 31 December 2014 and included in the loss for the year was exploration expenditure of \$1,827,678. In line with the Company's accounting policies, all exploration expenditure is written off in the year incurred. Total Company cash on hand at the end of the year was \$6,751,754.

DUKETON MINING LTD

31 DECEMBER 2014

DIRECTORS' REPORT (continued)

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.

A handwritten signature in blue ink, appearing to read 'S. Fogarty', is enclosed in a light blue rectangular box.

Stuart Fogarty

Managing Director

Perth, 20 February 2015

*R*OTHSAY

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The Directors
Duketon Mining Ltd
31 Ventnor St
West Perth WA 6005

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2014 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graham R Swan (Lead auditor)

Rothsay

Dated 20/2/2015



Chartered Accountants

DUKETON MINING LTD**31 DECEMBER 2014****STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

| | 2014 | 2013 |
|--|--------------------|-------------|
| | \$ | \$ |
| REVENUE | | |
| Interest | 99,018 | 34,232 |
| Fair value gains on financial assets at fair value through profit or loss | 295,149 | - |
| EXPENDITURE | | |
| Administration and corporate expenses | (226,511) | (47,854) |
| Depreciation expense | (786) | - |
| Employee benefits expense | (29,482) | (3,213) |
| Exploration expenses | (1,827,678) | (270,676) |
| Fair value loss on financial assets at fair value through profit or loss | - | (187,194) |
| Share-based payments expense | (109,694) | - |
| LOSS BEFORE INCOME TAX | (1,799,984) | (474,705) |
| Income tax benefit/(expense) | - | - |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF DUKETON MINING LTD | (1,799,984) | (474,705) |
| Basic and diluted loss per share | (2.31) | (0.01) |

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

DUKETON MINING LTD**31 DECEMBER 2014****STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

| | Notes | 31 December 2014 \$ | 30 June 2014 \$ |
|---|-------|---------------------------|-----------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 6,751,754 | 1,774,144 |
| Trade and other receivables | | 108,975 | 39,428 |
| Financial assets at fair value through profit or loss | 3 | 1,027,866 | 1,379,533 |
| TOTAL CURRENT ASSETS | | 7,888,595 | 3,193,105 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | | 3,660 | 4,446 |
| TOTAL NON-CURRENT ASSETS | | 3,660 | 4,446 |
| TOTAL ASSETS | | 7,892,255 | 3,197,551 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 161,930 | 116,110 |
| TOTAL CURRENT LIABILITIES | | 161,930 | 116,110 |
| TOTAL LIABILITIES | | 161,930 | 116,110 |
| NET ASSETS | | 7,730,325 | 3,081,441 |
| EQUITY | | | |
| Issued capital | 4 | 14,317,635 | 8,093,061 |
| Reserves | | 1,067,355 | 843,061 |
| Accumulated losses | | (7,654,665) | (5,854,681) |
| TOTAL EQUITY | | 7,730,325 | 3,081,441 |

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

DUKETON MINING LTD

31 DECEMBER 2014

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

| | Contributed Equity | Share-Based Payments Reserve | Accumulated Losses | Total |
|---|-----------------------|------------------------------------|-----------------------|------------------|
| | \$ | \$ | \$ | \$ |
| BALANCE AT 1 JULY 2013 | 7,324,455 | 197,175 | (5,114,689) | 2,406,941 |
| Loss for the period | - | - | (474,705) | (474,705) |
| TOTAL COMPREHENSIVE LOSS | - | - | (474,705) | (474,705) |
| TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS | | | | |
| Shares issued during the period | 1,043,242 | - | - | 1,043,242 |
| Share issue transaction costs | (501,000) | - | - | (501,000) |
| Supplier options | - | 486,000 | - | 486,000 |
| BALANCE AT 31 DECEMBER 2013 | 7,866,697 | 683,175 | (5,589,394) | 2,960,478 |
| BALANCE AT 1 JULY 2014 | 8,093,061 | 843,061 | (5,854,681) | 3,081,441 |
| Loss for the period | - | - | (1,799,984) | (1,799,984) |
| TOTAL COMPREHENSIVE LOSS | - | - | (1,799,984) | (1,799,984) |
| TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS | | | | |
| Shares issued during the period | 6,775,000 | - | - | 6,775,000 |
| Share issue transaction costs | (550,426) | - | - | (550,426) |
| Supplier options | - | 224,294 | - | 224,294 |
| BALANCE AT 31 DECEMBER 2014 | 14,317,635 | 1,067,355 | (7,654,665) | 7,730,325 |

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

DUKETON MINING LTD**31 DECEMBER 2014****STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

| | 2014 | 2013 |
|--|--------------------|-------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments for exploration expenditure | (1,804,857) | (240,853) |
| Payments for administration and other expenses | (272,525) | (65,541) |
| Interest received | 95,522 | 25,536 |
| Proceeds on sale of financial assets | 653,233 | - |
| Payments for financial assets | (6,417) | - |
| Net cash outflow from operating activities | (1,335,044) | (280,858) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments for share issue transaction costs | (435,826) | (15,000) |
| Proceeds from issue of shares | 6,775,000 | 1,043,242 |
| Payments for small parcel roundup | (26,520) | - |
| Net cash inflow from financing activities | 6,312,654 | 1,028,242 |
| Net increase in cash and cash equivalents | 4,977,610 | 747,384 |
| Cash and cash equivalents at the beginning of the half-year | 1,774,144 | 1,285,940 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR | 6,751,754 | 2,033,324 |

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

DUKETON MINING LTD

31 DECEMBER 2014

NOTES TO THE 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 2014 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 2014 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.

Adoption of new and revised Accounting Standards

A number of new or amended standards became applicable for the current reporting period, however, the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Company include:

- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)*; and
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*.

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 2014. 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.

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.

DUKETON MINING LTD

31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 3: AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 31 December 2014 | 30 June 2014 |
|-------------------------------------|-----------------------------|---------------------|
| | \$ | \$ |
| Australian listed equity securities | 1,027,866 | 1,379,533 |

The market value of all equity investments represent 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 amount of current receivables and current payables is assumed to approximate their fair value.

NOTE 4: EQUITY SECURITIES ISSUED

| | 2014 Shares | 2014 \$ | 2013 Shares | 2013 \$ |
|---|------------------------|--------------------------------|------------------------|--------------------|
| As at 1 July | 47,524,812 | 8,153,276 | 37,092,391 | 7,324,455 |
| Issues of ordinary shares during the half-year | | | | |
| Initial public offering @ \$0.20 per share | 35,000,000 | 6,775,000⁽¹⁾ | - | - |
| Rights issue @ \$0.10 per share | - | - | 10,432,421 | 1,043,242 |
| Share issue costs ⁽²⁾ | - | (550,426) | - | (501,000) |
| As at 31 December | 82,524,812 | 14,317,635 | 47,524,812 | 7,866,697 |

| | Number of options | |
|---|--------------------------|-------------|
| | 2014 | 2013 |
| As at 1 July | 30,750,000 | 8,250,000 |
| Movements of options during the half-year | | |
| Options issued, exercisable at 35 cents, expiring 4 August 2017 ⁽²⁾ | 3,000,000 | - |
| Options issued, exercisable at 20.2 cents, expiring 18 November 2019 ⁽³⁾ | 2,250,000 | - |
| Options cancelled, exercisable at 35 cents, expiring 31 March 2019 | (450,000) | - |
| Options issued, exercisable at 20 cents, expiring 1 August 2019 ⁽²⁾ | - | 15,000,000 |
| As at 31 December | 35,550,000 | 23,250,000 |

(1) Funds were received prior to 1 July 2014 in relation to the Initial Public Offering, for which the shares were issued on 24 July 2014.

DUKETON MINING LTD

31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 4: EQUITY SECURITIES ISSUED (continued)

- (2) During the 2014 half-year, 3,000,000 options with an exercise price of 35 cents and expiring on 4 August 2017 were issued as part consideration for corporate advisory fees in relation to the IPO. The fair value of the options granted during the half-year was 3.82 cents, for a total value of \$114,600 included within share issue costs of \$550,426. During the 2013 half-year, 15,000,000 options with an exercise price of 20 cents and expiring on 1 August 2019 were issued as part consideration for underwriting fees on the rights issue. The fair value of the options granted during the half-year was 3.24 cents, for a total value of \$486,000 included within share issue costs of \$501,000. The prices were calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

| | 2014 | 2013 |
|---------------------------------|--------|--------|
| Exercise price (cents) | 35.00 | 20.00 |
| Life of the option (years) | 3.00 | 6.00 |
| Underlying share price (cents) | 20.00 | 10.00 |
| Expected share price volatility | 50.00% | 50.00% |
| Risk free interest rate | 2.74% | 2.96% |

- (3) During the 2014 half-year, 3,250,000 options with an exercise price of 20.2 cents and expiring on 18 November 2019 were issued to Directors following approval at the Annual General Meeting of the Company held on 18 November 2014. The fair value of the options granted during the half-year was 4.4 cents, for a total value of \$99,000 included within share-based payments expense. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

| | 2014 | 2013 |
|---------------------------------|--------|------|
| Exercise price (cents) | 20.20 | - |
| Life of the option (years) | 5.00 | - |
| Underlying share price (cents) | 13.00 | - |
| Expected share price volatility | 50.00% | - |
| Risk free interest rate | 2.80% | - |

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 2014, 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 2014

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 Standards, 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 2014 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, 20 February 2015



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Independent Review Report to the Members of Duketon Mining Ltd

The financial report and directors' responsibility

The interim financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Duketon Mining Ltd for the period ended 31 December 2014.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2014 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Duketon Mining Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- giving a true and fair view of the financial position as at 31 December 2014 and of the performance for the period ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Graham R Swan
Partner

Dated 20/2/2015



Chartered Accountants