

DUKETON MINING LTD

ABN 76 159 084 107

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2016

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 2016 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 2016

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DUKETON MINING LTD

31 DECEMBER 2016

DIRECTORS' REPORT (continued)

DIRECTORS' REPORT

Your directors are pleased to present their report on Duketon Mining Ltd for the half-year ended 31 December 2016.

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:

	2016	
	Revenues	Results
	\$	\$
Duketon Mining Ltd	49,171	(3,051,506)

Corporate and Operating Review

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 in a strong financial position after successfully raising additional funds during the half year ending 31 December 2016 and is actively pursuing opportunities as and when they arise.

Finance Review

The Company recorded a net loss after tax of \$3,051,506 for the 6 months ended 31 December 2016 and included in the loss for the half-year was exploration expenditure of \$2,253,089. In line with the Company's accounting policies, all exploration expenditure is written off in the year incurred. The Company had total cash on hand at the end of the period of \$5,855,031, and listed equity investments with a market value of \$870,970.

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 4.

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



Stuart Fogarty

Managing Director

Perth, 3 March 2017



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Phone 9486 7094 www.rothsayresources.com.au

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 2016 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan (Lead auditor)

Rothsay Auditing

Dated 3 March 2017



Chartered Accountants

DUKETON MINING LTD**31 DECEMBER 2016****STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
REVENUE		
Interest	49,171	57,292
Gain on sale of mineral interests	-	100,000
Fair value (losses)/gains on financial assets at fair value through profit or loss	(458,475)	95,419
EXPENDITURE		
Administration and corporate expenses	(198,142)	(193,123)
Depreciation expense	(779)	(786)
Employee benefits expense	(63,692)	(59,135)
Exploration expenses	(2,253,089)	(582,093)
Share-based payments expense	(126,500)	(73,920)
LOSS BEFORE INCOME TAX	(3,051,506)	(656,346)
Income tax benefit/(expense)	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF DUKETON MINING LTD	(3,051,506)	(656,346)
Basic and diluted loss per share	(3.1)	(0.8)

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

DUKETON MINING LTD**31 DECEMBER 2016****STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Notes	31 December 2016 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		5,855,031	3,694,142
Trade and other receivables		157,017	57,346
Financial assets at fair value through profit or loss	3	870,970	1,329,445
TOTAL CURRENT ASSETS		6,883,018	5,080,933
NON-CURRENT ASSETS			
Plant and equipment		523	1,302
TOTAL NON-CURRENT ASSETS		523	1,302
TOTAL ASSETS		6,883,541	5,082,235
CURRENT LIABILITIES			
Trade and other payables		370,140	203,260
TOTAL CURRENT LIABILITIES		370,140	203,260
TOTAL LIABILITIES		370,140	203,260
NET ASSETS		6,513,401	4,878,975
EQUITY			
Issued capital	4	18,877,067	14,317,635
Reserves		1,277,585	1,151,085
Accumulated losses		(13,641,251)	(10,589,745)
TOTAL EQUITY		6,513,401	4,878,975

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

DUKETON MINING LTD

31 DECEMBER 2016

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Notes	Contributed Equity \$	Share-Based Payments Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2015		14,317,635	1,077,165	(8,974,798)	6,420,002
Loss for the period		-	-	(656,346)	(656,346)
TOTAL COMPREHENSIVE LOSS		-	-	(656,346)	(656,346)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Employee and contractor options	4	-	73,920	-	73,920
BALANCE AT 31 DECEMBER 2015		14,317,635	1,151,085	(9,631,144)	5,837,576
BALANCE AT 1 JULY 2016		14,317,635	1,151,085	(10,589,745)	4,878,975
Loss for the period		-	-	(3,051,506)	(3,051,506)
TOTAL COMPREHENSIVE LOSS		-	-	(3,051,506)	(3,051,506)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period		4,848,332	-	-	4,848,332
Share issue transaction costs		(288,900)	-	-	(288,900)
Employee and contractor options	4	-	126,500	-	126,500
BALANCE AT 31 DECEMBER 2016		18,877,067	1,277,585	(13,641,251)	6,513,401

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

DUKETON MINING LTD**31 DECEMBER 2016****STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for exploration expenditure	(2,179,030)	(832,769)
Payments for administration and other expenses	(272,473)	(245,192)
Interest received	53,782	59,259
Proceeds on sale of mining interests	-	100,000
Net cash outflow from operating activities	(2,397,721)	(918,702)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for share issue transaction costs	(288,900)	-
Proceeds from issue of shares	4,848,332	-
Payments for small parcel roundup	(822)	(2,006)
Net cash inflow/(outflow) from financing activities	4,558,610	(2,006)
Net increase/(decrease) in cash and cash equivalents	2,160,889	(920,708)
Cash and cash equivalents at the beginning of the half-year	3,694,142	5,359,519
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	5,855,031	4,438,811

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

DUKETON MINING LTD

31 DECEMBER 2016

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 2016 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 2016 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.

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 reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the interim reporting period.

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 2016. 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 2016.

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 2016

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	31 December 2016	30 June 2016
	\$	\$
Australian listed equity securities	870,970	1,329,445

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

	2016 Shares	2016 \$	2015 Shares	2015 \$
As at 1 July	82,524,812	14,317,635	82,524,812	14,317,635
Issues of ordinary shares during the half-year				
Issued for cash at \$0.235 per share	20,631,200	4,848,332	-	-
Share issue costs	-	(288,900)	-	-
As at 31 December	103,156,012	18,877,067	82,524,812	14,317,635

	Number of options	
	2016	2015
As at 1 July	38,650,000	35,850,000
Movements of options during the half-year		
Options issued, exercisable at 20 cents, expiring 30 November 2020 ⁽¹⁾	-	2,800,000
Options issued, exercisable at 30 cents, expiring 24 November 2021 ⁽¹⁾	2,500,000	-
As at 31 December	41,150,000	38,650,000

DUKETON MINING LTD

31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 4: EQUITY SECURITIES ISSUED (continued)

(1) During the 2016 half-year, 2,250,000 options with an exercise price of 20 cents and expiring on 24 November 2021 were issued to Directors following approval at the Annual General Meeting of the Company held on 24 November 2016, and 250,000 options on the same terms were issued to the Company Secretary. The fair value of the options granted during the half-year was 5.1 cents, for a total value of \$126,500 included within share-based payments expense. During the 2015 half-year, 2,800,000 options with an exercise price of 20 cents and expiring on 30 November 2020 were issued to Directors and contractors following approval at the Annual General Meeting of the Company held on 30 November 2015. The fair value of the options granted during the half-year was 2.6 cents, for a total value of \$73,920 included within share-based payments expense. The prices were calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2016	2015
Exercise price (cents)	30.0	20.0
Life of the option (years)	5.0	5.0
Underlying share price (cents)	17.0	10.0
Expected share price volatility	50.0%	50.0%
Risk free interest rate	2.4%	2.3%

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 2016, 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 2016

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 5 to 11 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 2016 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, 3 March 2017



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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 2016.

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 2016 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 2016 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 Auditing

**Graham R Swan
Partner**

Dated 3 March 2017



Chartered Accountants