DUKETON MINING LTD

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2013

Corporate Information

DUKETON MINING LTD
ABN 76 159 084 107

Directors
Seamus Ian Cornelius (Non-Executive Chairman)
Mark Campbell Gunther (Executive Director / Chief Executive Officer)
Dennis William Wilkins (Non-Executive Director / Company Secretary)

Company Secretary
Dennis William Wilkins

Registered Office
Ground Floor, 20 Kings Park Road
WEST PERTH WA 6005

Principal Place of Business
Ground Floor, 31 Ventnor Avenue
WEST PERTH WA 6005
Telephone: +61 8 6315 1490
Facsimile: +61 8 9486 7093

Solicitors
Kings Park Corporate Lawyers
Suite 8, 8 Clive Street
WEST PERTH WA 6005

Bankers
National Australia Bank Limited
1232 Hay Street
WEST PERTH WA 6005

Share Register
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Auditors
Rothsay Chartered Accountants
Level 1, Lincoln House
4 Ventnor Avenue
WEST PERTH WA 6005

Internet Address
www.duketonmining.com.au

Contents

Directors' Report

The directors present their report together with the financial report of Duketon Mining Ltd ("Duketon" or "the Company") for the year ended 30 June 2013.

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 Ian Cornelius
Non-Executive Chairman, LLB, LLM, (Age 47), appointed 8 February 2013 to date

Mr Cornelius is a corporate lawyer and former partner of one of Australia's leading international law firms. He specialised in cross-border transactions, particularly in the resources sector.

Mr Cornelius has been based in Shanghai and Beijing since 1993 and brings more than 20 years of corporate experience in legal and commercial negotiations. He has also advised global companies on their investments in China and in recent years advised Chinese State-owned entities on their investments in overseas resource projects.

Mr Cornelius is currently the Chairman of Buxton Resources Ltd since 29 November 2010, Montezuma Mining Company Ltd since 30 June 2011 and South Boulder Mines Ltd since 15 July 2013.

Mark Campbell Gunther
Executive Director, Gunther BSc (Hons) MSc, MAIG (Age 55), appointed 15 April 2013 to date

Mr Gunther has over 25 years' technical and corporate experience in the resource industry. His technical experience covers a range of commodities within a variety of Australian and overseas geological terranes. Experience ranges from grassroots exploration through to resource definition and development including 10 years within the Eastern Goldfields, Western Australia. He has held senior technical positions with small and mid-tier sized listed mining & exploration companies and ran a successful geological consultancy. He held the position of managing director with publicly listed company TPL Corporation between mid-2010 to 2012 actively exploring for coal in Australia & overseas. Prior to TLP he was exploration manager for Atlas Iron Limited and played an integral part in the discovery and development of resources which underpinned Atlas's phenomenal growth from a $6 million float to a large market capital company (ASX 100 index).

Dennis William Wilkins
B.Bus, MAICD, ACIS (Age 50), appointed 28 November 2013 to date

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 Limited at the time of Atlas' initial public offering in 2006.

Since July 2001 Mr Wilkins has been a running DWCorporate Pty Ltd where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

COMPANY SECRETARY

Dennis William Wilkins
B.Bus, MAICD, ACIS (Age 50), appointed 28 November 2012 to date

Refer to the Directors section above.

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.

Directors' Report (Cont'd)

REVIEW OF OPERATIONS

Corporate and Operating Review

The Company was incorporated on 20 June 2012 in the State of Western Australia as a wholly owned subsidiary of South Boulder Mines Ltd. On 30 November 2012, South Boulder Mines Ltd obtained South Boulder's shareholders approval to demerge its Australian assets now held through Duketon Mining Ltd by undertaking an in-specie distribution of 31,683,208 Duketon Mining shares to eligible South Boulder shareholders, with the record date being 12 April 2013. The in-specie distribution was effected on 15 April 2013.

Duketon's strategy is to grow shareholder value through the successful identification exploration and subsequent definition and development of significant mineral resources. The Duketon Project is a large strategic tenement holding over a greenstone belt within the Eastern Yilgarn Mineral Province in Western Australia. The immediate exploration focus will be on gold and nickel within the tenement holding and during the year, the Company continued in exploration and evaluation activities on its tenements.

Finance Review

The Company recorded a net loss after tax of $5.1 million for the financial year ended 30 June 2013 and included in the loss for the year was exploration expenditure of $3.6 million. 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 $1.3 million.

On 20 May 2013, the Company lodged a Prospectus for a non-renounceable pro-rata rights issue for an offer of 1 new share for every 2 shares held by Duketon shareholders at a price of $0.10 each to raise up to $1,584,160 before costs. As at 30 June 2013, at total of $540,918 was received for 5,409,183 shares under the Prospectus. On 2 August 2013, the Company announced the successful completion of the non-renounceable pro rata rights issue which raised the full $1,584,160 before costs through the issue of 15,841,604 new ordinary shares at $0.10 each. The funds raised will be used for exploration activities on the gold and nickel targets within the Duketon Project and working capital purposes.

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.

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.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2013 and the number of meetings attended by each Director were:

	Total Directors Meetings Available	Directors Meetings Attended
S I Cornelius	3	3
M C Gunther	3	3
D W Wilkins	3	3

The Audit Committee and Remuneration Committee is comprised of the full Board and did not hold any meeting during the year.

Directors' Report (Cont'd)

SHARES UNDER OPTION

At the date of this report, unissued ordinary shares in respect of which options are outstanding are as follows:

	Number of options
Balance at the beginning of the year	Nil
Movements of share options during the year	
Issued, exercisable at $0.35 each on or before 14 May 2019	8,250,000
Issued, exercisable at $0.20 each on or before 2 August 2019	15,000,000
Total number of options outstanding as at the date of this report	**23,250,000**

The balance is comprised of the following:

Expiry date	Exercise price	Number of options
14 May 2019	$0.35	8,250,000
1 August 2019	$0.20	15,000,000
Total number of options outstanding at the date of this report		**23,250,000**

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

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*.

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

During the year, Rothsay Chartered Accountants, the Company's auditors, performed no other services in addition to their statutory duties.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to financial year end, the Company completed a non-renounceable rights pro-rata issue raising $1.59 million before costs. A total of 15,841,604 new ordinary shares were issued at $0.10 each and completion took place on 2 August 2013.

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 separately in this report.

Signed in accordance with a resolution of the directors.

Seamus Cornelius
CHAIRMAN

Perth, 27 September 2013

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA
6005 P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 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 30 June 2013 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 27th September 2013

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2013	Notes	Company 2013 $	Company 2012 $
REVENUE			
Interest	4	**6,942**	-
Other income		**100**	-
EXPENDITURE			
Administration expenses		**(162,717)**	-
Exploration expenditure		**(3,579,456)**	-
Share based payment expense	22	**(197,175)**	-
Fair value movement of financial assets through the profit and loss		**(1,182,383)**	-
LOSS BEFORE INCOME TAX		**(5,114,689)**	
INCOME TAX	6	**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF DUKETON MINING LIMITED		**(5,114,689)**	-
Basic earnings per share (cents per share)	21	**(16.1)**	-
Diluted earnings per share (cents per share)	21	**(16.1)**	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 JUNE 2013	Notes	Company 2013 $	Company 2012 $
CURRENT ASSETS			
Cash and cash equivalents	7	**1,285,940**	2
Trade and other receivables	8	**14,063**	-
Financial assets at fair value through profit or loss	9	**1,123,152**	-
TOTAL CURRENT ASSETS		**2,423,155**	2
TOTAL ASSETS		**2,423,155**	2
CURRENT LIABILITIES			
Trade and other payables	10	**16,214**	-
TOTAL CURRENT LIABILITIES		**16,214**	-
TOTAL LIABILITIES		**16,214**	-
NET ASSETS		**2,406,941**	2
EQUITY			
Issued capital	11	**7,324,455**	2
Reserves	12(a)	**197,175**	-
Accumulated losses	12(b)	**(5,114,689)**	-
TOTAL EQUITY		**2,406,941**	2

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 2013 Company	Notes	Contributed Equity $	Options Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2011		2	-	-	2
Loss for the year		-	-	-	-
TOTAL COMPREHENSIVE LOSS		2	-	-	2
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	-	-
Shares issued during the year	11	-	-	-	-
Employee and contractor options	12(a)	-	-	-	-
BALANCE AT 30 JUNE 2012		2	-	-	2
BALANCE AT 1 JULY 2012		**2**	**-**	**-**	**2**
TOTAL COMPREHENSIVE LOSS		**-**	**-**	**(5,114,689)**	**(5,114,689)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	11	**7,324,453**	**-**	**-**	**7,324,453**
Employee and contractor options	12(a)	**-**	**197,175**	**-**	**197,175**
In-specie distribution			**-**	**-**	
BALANCE AT 30 JUNE 2013		**7,324,455**	**197,175**	**(5,114,689)**	**2,406,941**

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 2013	Notes	Company 2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**5,546**	-
Payments to suppliers and employees		**(159,070)**	-
Expenditure on mining interests		**(101,456)**	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20	**(254,980)**	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		**-**	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**540,918**	-
Payment from Duketon Mining Ltd on in-specie distribution		**1,000,000**	
NET CASH INFLOW FROM FINANCING ACTIVITIES		**1,540,918**	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,285,938**	
Cash and cash equivalents at the beginning of the financial year		**2**	2
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	**1,285,940**	2

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 Ltd. The financial statements are presented in the Australian currency. Duketon Mining Ltd is a company limited by shares, domiciled and incorporated in Australia. 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, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Duketon Mining Ltd ("Company" or "parent entity") as at 30 June 2013 and the results of all subsidiaries for the year then ended (if any). Duketon Mining Ltd is referred to in this financial report as the Company.

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Company.

Intercompany transactions, balances and unrealised gains on transactions between Company companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Duketon Mining Ltd.

(ii) Changes in ownership interests

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Duketon Mining Ltd.

When the Company ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Notes to the Financial Statements (Cont'd)

(c) 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 full Board of Directors.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Duketon Mining Ltd's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(e) Revenue recognition

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

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period'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's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 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 substantially 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 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.

(g) Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and 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 property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Notes to the Financial Statements (Cont'd)

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 consolidated at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) 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, 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.

(j) Trade and other receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(k) Investments and other financial assets

Classification

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial assets - reclassification

The Company may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale

categories if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. 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.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within revenue from continuing operations or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Company's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in note 2.

Impairment

The Company assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

If there is evidence of impairment for any of the Company's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

(l) Plant and equipment

All plant and equipment is 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 reducing balance 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 vary between 20% and 40% per annum.

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

Notes to the Financial Statements (Cont'd)

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(h)).

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.

(m) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred.

(n) 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. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(o) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) 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.

(p) 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.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit 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)

(r) 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.

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Company does not expect to adopt these new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014. The Company's assessment of the impact of these new standards and interpretations is set out below.

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in other Entities, revised AASB 127 Separate Financial Statements and AASB 12B Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013). AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements,* and Interpretation 12 *Consolidation – Special Purpose Entities.* The core principle remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence its returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. While the Company does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionally consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. The Company is yet to assess the full impact of AASB 11.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the Company will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Company's investments. Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a 'partial disposal' concept. The Company is still assessing the impact of these amendments.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013). AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Company has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Company does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013). In July 2011 the AASB decided to remove the individual key management personnel disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2011.* While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The

Notes to the Financial Statements (Cont'd)

Corporations Act requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

AASB 2012-5 Amendments to Australian Accounting Standard arising from Annual Improvements 2009-2011 cycle (effective for annual periods beginning on or after 1 January 2013). In June 2012, the AASB approved a number of amendments to Australian Accounting Standards as a result of the 2009-2011 annual improvements project. The Company will apply the amendments from 1 July 2013. On initial application, the Company will need to include operating segment disclosure in interim financial reports and make adjustments to the accounting treatment of spare parts and servicing equipment previously included in inventory and reclassify them to property, plant and equipment.

AASB 2012-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective 1 July 2014). The AASB has made small changes to some of the disclosures that are required under AASB 136 *Impairment of Assets.* These may result in additional disclosures if the Company recognises an impairment loss or the reversal of an impairment loss during the period. They will not affect any of the amounts recognised in the financial statements. The Company intends to apply the amendment from 1 July 2014.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(t) 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:

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.

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

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Company has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements. The Company does not have 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 and loss. At 30 June 2013, if the value of the equity investments held had increased/decreased by 15% with all other variables held constant, post tax loss for the Company would have been $177,357 lower/higher (2012: Nil) 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

Notes to the Financial Statements (Cont'd)

and the interest rate return. The entire balance of cash and cash equivalents for the Companys $1,285,940 (2012: $2) 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 4.2% (2012: Nil).

Sensitivity analysis

At 30 June 2013, if interest rates had changed by -/+ 80 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 $55 lower/higher (2012: Nil) as a result of lower/higher 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.

(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.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

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 chief executive decision maker uses to make strategic decisions regarding resources. The Chief Executive Officer 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.

	Company	
	2013	**2012**
	$	**$**
4. REVENUE		
From continuing operations		
Interest from financial institutions	**6,942**	-

Notes to the Financial Statements (Cont'd)

5. EXPENSES

Profit / (loss) before income tax includes the following specific expenses:

Consulting fees	**87,729**	-
Legal Fes	**3,052**	-

6. INCOME TAX

(a) Income tax expense/(benefit)

Current tax	**-**	-
Deferred tax	**-**	-
	-	-

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

Loss from continuing operations before income tax expense	**(5,114,689)**	-
Prima facie tax benefit at the Australian tax rate of 30% (2012: 30%)	**(1,534,407)**	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**59,153**	-
Non deductable opening exploration expenditure	**1,043,400**	-
Movements in unrecognised temporary differences	**(354,715)**	-
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**786,569**	-
Income tax expense/(benefit)	**-**	-

(c) Deferred tax liabilities (at 30%)

Financial assets at fair value through profit or loss	**(150,127)**	-
Deferred tax liabilities offset by deferred tax assets	**150,127**	-
	-	-

(d) Deferred Tax Assets (at 30%)

On Income Tax Account

Tax losses		
Deferred tax assets offset against deferred tax liabilities	**150,127**	-
Deferred tax assets not brought to account	**(150,127)**	-
	-	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

	Consolidated	
	2013	**2012**
	$	**$**
7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	**242,288**	2
Short-term deposits	**1,043,652**	-
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**1,285,940**	2

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.

Notes to the Financial Statements (Cont'd)

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Trade and other receivables	**14,063**	-

9. CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Australian listed equity securities	**1,123,152**	-

Changes in fair values of financial assets at fair value through profit or loss are recorded in other income or other expenses in the statement of comprehensive income.

10. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	**11,214**	-
Other payables and accruals	**5,000**	-
	16,214	-

11. ISSUED CAPITAL

(a) Share capital

	Notes	2013 Number of shares	2013 $	2012 Number of shares	2012 $
Ordinary shares fully paid	11(b), 11(d)	**31,683,208**	**7,324,455**	2	2
Total issued capital		**31,683,208**	**7,324,455**	2	2

	2013 Number of shares	2013 $	2012 Number of shares	2012 $
(b) Movements in ordinary share capital				
Beginning of the financial year	**2**	**2**	2	2
Issued during the year:				
• Issue of 31,683,206 shares @ $0.221 each (i)	**31,683,206**	**6,783,535**	-	-
• 5,409,183 shares @ $0.10 each (ii)	**5,409,183**	**540,918**	-	-
End of the financial year	**37,092,391**	**7,324,455**	2	2

(i) In-specie distribution of shares held by South Boulder Mines Ltd.
(ii) Non-renounceable rights issue proceeds as at 30 June 2013.

(c) Movements in options on issue

	Number of options 2013	Number of options 2012
Beginning of the financial year	**-**	-
Issued during the year:		
• Exercisable at $0.35 on or before 14 May 2019	**8,250,000**	-
End of the financial year	**8,250,000**	-

Notes to the Financial Statements (Cont'd)

11. ISSUED CAPITAL (Cont'd)

(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 2013 and 30 June 2012 are as follows:

	Company	
	2013	**2012**
	$	**$**
Cash and cash equivalents	**1,285,940**	2
Trade and other receivables	**14,063**	-
Financial assets at fair value through profit or loss	**1,123,152**	-
Trade and other payables	**(16,214)**	-
Working capital position	**2,406,941**	2

12. RESERVES AND ACCUMULATED LOSSES

	Company	
	2013	**2012**
	$	**$**
(a) Reserves		
Share-based payments reserve		
Balance at beginning of year	**-**	-
Employees and contractors share options (note 25)	**197,175**	-
Balance at end of year	**197,175**	-
(b) Accumulated losses		
Balance at beginning of year	**-**	-
Net loss for the year	**(5,114,689)**	-
Balance at end of year	**(5,114,689)**	-

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

Notes to the Financial Statements (Cont'd)

13. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel

The Key Management Personnel of Duketon Mining Ltd during the year included:

Directors

S I Cornelius	Non-Executive Chairman (appointed 8 February 2012)
M Gunther	Executive Director (appointed 15 April 2013)
D W Wilkins	Non-Executive Director (appointed 28 November 2012)

(b) Key management personnel compensation

	Company	
	2013	**2012**
	$	**$**
Short-term benefits	**88,581**	-
Post employment benefits	**-**	-
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**119,500**	-
	208,081	-

(c) Equity instrument disclosures relating to key management personnel

(i) Option holdings

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

2013	**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							
S I Cornelius (a)	**-**	**1,000,000**	**-**	**-**	**1,000,000**	**1,000,000**	**-**
M Gunther (b)	**-**	**3,000,000**	**-**	**-**	**3,000,000**	**3,000,000**	**-**
D W Wilkins (c)	**-**	**1,000,000**	**-**	**-**	**1,000,000**	**1,000,000**	**-**

(a) Appointed on 8 February 2013
(b) Appointed 15 April 2013
(c) Appointed 28 November 2012

All vested options are exercisable at the end of the year.

2012	*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							
S I Cornelius	-	-	-	-	-	-	-
M Gunther	-	-	-	-	-	-	-
D W Wilkins	-	-	-	-	-	-	-

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each director of Duketon Mining Ltd 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.

Notes to the Financial Statements (Cont'd)

13. KEY MANAGEMENT PERSONNEL DISCLOSURES (Cont'd)

2013 **Ordinary shares**	**Balance at start of the year**	**Received during the year on the exercise of options**	**Other changes during the year**	**Balance at end of the year**
Directors of Duketon Mining Ltd				
S I Cornelius	-	-	-	-
M Gunther	-	-	-	-
D W Wilkins	-	-	-	-

2012 *Ordinary shares*	*Balance at start of the year*	*Received during the year on the exercise of options*	*Other changes during the year*	*Balance at end of the year*
Directors of Duketon Mining Ltd				
S I Cornelius	-	-	-	-
M Gunther	-	-	-	-
D W Wilkins	-	-	-	-

(d) Loans to key management personnel

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

(e) Other transactions with key management personnel

DWCorporate Pty Ltd, a business of which Mr Wilkins is principal, provided company secretarial and other corporate services to Duketon Mining Ltd during the year. The amounts paid were at arms-length and are included as part of Mr Wilkins' compensation.

14. REMUNERATION OF AUDITORS

	Company	
	2013	**2012**
	$	**$**
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) Audit services		
Rothsay Chartered Accountants - audit and review of financial reports	**10,000**	-
(b) Non-audit services		
Rothsay Chartered Accountants – tax compliance services	**-**	-

15 CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Company at balance date.

Notes to the Financial Statements (Cont'd)

16. COMMITMENTS

	Company	
	2013	2012
	$	$
(a) 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	**922,560**	-
later than one year but not later than five years	**-**	-
	922,560	-
(b) Lease commitments: Company as lessee		
Operating leases (non-cancellable):		
Minimum lease payments		
within one year	**5,458**	**-**
later than one year but not later than five years	**16,375**	**-**
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	**21,833**	**-**

17. RELATED PARTY TRANSACTIONS

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 16.

18. EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Subsequent to financial year end, the Company completed a non-renounceable rights pro-rata issue raising $1.59 million before costs. A total of 15,841,604 new ordinary shares were issued at $0.10 each and completion took place in 2 August 2013.

Notes to the Financial Statements (Cont'd)

	Company 2013 $	2012 $
20. STATEMENT OF CASH FLOWS		
(a) Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(5,114,689)**	-
Non-Cash Items		
Share-based payment expense	**197,175**	-
Fair value (gains)/losses on financial assets at fair value through profit and loss	**1,182,383**	-
Exploration written off	**3,478,000**	-
Change in operating assets and liabilities		
(Increase) in trade and other receivables	**(14,063)**	-
(Increase)/decrease in financial assets at fair value through profit or loss	**-**	-
Increase/(decrease) in trade and other payables	**16,214**	-
Increase/(decrease) in provisions		-
Net cash outflow from operating activities	**(254,980)**	-

21. LOSS PER SHARE

	Company 2013 $	2012 $
(a) Reconciliation of earnings used in calculating earnings per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(5,114,689)**	-

(b) Weighted average number of shares used as the denominator

	No. of Shares	No. of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	**31,683,206**	2
Weighted average number of ordinary shares used as the denominator in calculating diluted loss per share	**31,683,206**	2

22. SHARE-BASED PAYMENTS

a) Option Plans

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. All options issued have an exercise price of $0.35 each and an expiry date of 14 May 2019.

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.

Set out below are summaries of the options granted:

Notes to the Financial Statements (Cont'd)

	Company			
	2013		2012	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	-	-	-	-
Granted	**8,250,000**	**$0.35**	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year-end	**8,250,000**	-	-	-
Exercisable at year-end	**8,250,000**	-	-	-

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 6 years (2012: Nil), with an exercise prices of $0.35 each.

The weighted average fair value of the options granted during the year was $0.12 (2012: $0.34). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2013	2012
Weighted average exercise price	**$0.35**	-
Weighted average life of the option (years)	**6.0**	-
Weighted average underlying share price	**$0.23**	-
Expected share price volatility	**50%**	-
Risk free interest rate	**2.54%**	-

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future.

c) Expenses arising from share-based payment transactions

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

	Company	
	2013	2012
	$	$
Options issued to employees and contractors	**197,175**	-

23. DIVIDENDS

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

24. INTERESTS IN JOINT VENTURES

The Company had no material interest in joint ventures.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 22 to 47 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 2013 and of their 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.

Seamus Cornelius

CHAIRMAN

Perth, 27 September 2013

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA
6005 P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF DUKETON MINING LIMITED

Report on the financial report

We have audited the accompanying financial report of Duketon Mining Limited ("the Company") which comprises the statement of financial position as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) 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. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

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

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.

Audit opinion

In our opinion the financial report of Duketon Mining Limited is in accordance with the *Corporations Act 2001*, including:

a) (i) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Rothsay

Rothsay

Graham Swan
Partner

Dated 27th September 2013