DUKETON MINING LTD

ABN 76 159 084 107

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2018

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 2018 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*.

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DIRECTORS' REPORT

Your directors are pleased to present their report on Duketon Mining Ltd for the half-year ended 31 December 2018.

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:

	2018	
	Revenues	**Results**
	$	**$**
Duketon Mining Ltd	46,819	(2,147,799)

Corporate and Operating Review

During the half-year ended 31 December 2018, the Company has actively explored existing projects and continues to seek potential new gold deposit discoveries.

The Company remains well positioned to extract value from the following:

- Potential new gold deposit discoveries on 100% owned tenure;
- Joint venture opportunities on Company owned tenements for gold only;
- Expanding the Company's nickel deposits through targeted extensions to Rosie, C2 and Nariz on 100% owned Duketon tenure; and
- Discovering new nickel deposits through regional work in the Bulge area and other new areas on 100% owned tenure.

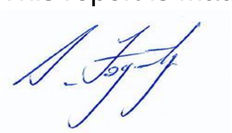
Review

The Company recorded a net loss after tax of $2,147,799 for the 6 months ended 31 December 2018 and included in the loss for the half-year was exploration expenditure of $1,681,536. In line with the Company's accounting policies, all exploration expenditure is written off as incurred. The Company had total cash on hand at the end of the period of $3,043,865, and listed equity investments with a market value of $996,955.

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, 11 March 2019

ROTHSAY
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The Directors
Duketon Mining Ltd
45 Richardson 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 2018 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Rolf Garda FCA (Lead auditor)

Rothsay Auditing

Dated 11 March 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	2018 $	2017 $
REVENUE		
Interest	**46,819**	41,347
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(161,892)**	571,594
EXPENDITURE		
Administration and corporate expenses	**(138,184)**	(121,328)
Depreciation expense	**(10,334)**	(7,752)
Employee benefits expense	**(90,272)**	(117,006)
Exploration expenses	**(1,681,536)**	(1,619,422)
Share-based payments expense	**(112,400)**	(22,963)
LOSS BEFORE INCOME TAX	**(2,147,799)**	(1,275,530)
Income tax benefit/(expense)	**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF DUKETON MINING LTD	**(2,147,799)**	(1,275,530)
Basic and diluted loss per share	**(1.8)**	(1.2)

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	31 December 2018 $	30 June 2018 $
CURRENT ASSETS			
Cash and cash equivalents		**3,043,865**	5,083,699
Trade and other receivables		**67,004**	96,748
Financial assets at fair value through profit or loss	3	**996,955**	1,158,847
TOTAL CURRENT ASSETS		**4,107,824**	6,339,294
NON-CURRENT ASSETS			
Plant and equipment		**57,130**	57,009
TOTAL NON-CURRENT ASSETS		**57,130**	57,009
TOTAL ASSETS		**4,164,954**	6,396,303
CURRENT LIABILITIES			
Trade and other payables		**223,134**	428,516
TOTAL CURRENT LIABILITIES		**223,134**	428,516
NON-CURRENT LIABILITIES			
Employee benefit obligations		**9,432**	-
TOTAL NON-CURRENT LIABILITIES		**9,432**	-
TOTAL LIABILITIES		**232,566**	428,516
NET ASSETS		**3,932,388**	5,967,787
EQUITY			
Issued capital	4	**22,900,030**	22,900,030
Reserves		**1,275,825**	1,163,425
Accumulated losses		**(20,243,467)**	(18,095,668)
TOTAL EQUITY		**3,932,388**	5,967,787

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

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	Contributed Equity	Share-Based Payments Reserve	Accumulated Losses	Total
		$	$	$	$
BALANCE AT 1 JULY 2017		18,877,067	1,287,835	(15,059,966)	5,104,936
Loss for the period		-	-	(1,275,530)	(1,275,530)
TOTAL COMPREHENSIVE LOSS		-	-	(1,275,530)	(1,275,530)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period		22,963	-	-	22,963
BALANCE AT 31 DECEMBER 2017		18,900,030	1,287,835	(16,335,496)	3,852,369
BALANCE AT 1 JULY 2018		**22,900,030**	**1,163,425**	**(18,095,668)**	**5,967,787**
Loss for the period		**-**	**-**	**(2,147,799)**	**(2,147,799)**
TOTAL COMPREHENSIVE LOSS		**-**	**-**	**(2,147,799)**	**(2,147,799)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Employee options		**-**	**112,400**	**-**	**112,400**
BALANCE AT 31 DECEMBER 2018		**22,900,030**	**1,275,825**	**(20,243,467)**	**3,932,388**

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

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for exploration expenditure	**(1,818,238)**	(1,669,867)
Payments for administration and other expenses	**(255,644)**	(237,137)
Interest received	**56,912**	46,428
Proceeds on sale of financial assets at fair value through profit or loss	**-**	222,635
Net cash outflow from operating activities	**(2,016,970)**	(1,637,941)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	**(22,864)**	-
Net cash outflow from investing activities	**(22,864)**	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for small parcel roundup	**-**	(12)
Net cash outflow from financing activities	**-**	(12)
Net decrease in cash and cash equivalents	**(2,039,834)**	(1,637,953)
Cash and cash equivalents at the beginning of the half-year	**5,083,699**	4,244,963
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	**3,043,865**	2,607,010

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

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 2018 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 2018 and any public announcements made by Duketon Mining Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

New and amended standards adopted by the Group

In the half-year ended 31 December 2018, the Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2018.

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

- AASB 9 *Financial Instruments and related amending Standards*;
- AASB 15 *Revenue from Contracts with Customers and related amending Standards*; and
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*.

AASB 9 Financial Instruments and related amending Standards

In the current year, the Group has applied AASB 9 *Financial Instruments* (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives however there was no material impact on adoption of the standard.

Additionally, the Group adopted consequential amendments to AASB 7 *Financial Instruments: Disclosures*.

In summary AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets; and
- General hedge accounting.

AASB 15 Revenue from Contracts with Customers and related amending Standards

In the current year, the Group has applied AASB 15 *Revenue from Contracts with Customers* (as amended) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios.

There was no material impact on adoption of the standard and no adjustment made to current or prior period amounts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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 2018. 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 2018.

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.

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

	31 December 2018 $	30 June 2018 $
Australian listed equity securities	**996,955**	1,158,847

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 4: EQUITY SECURITIES ISSUED

	2018 Shares	2018 $	2017 Shares	2017 $
As at 1 July	**117,849,615**	**22,900,030**	103,156,012	18,877,067
Issues of ordinary shares during the half-year				
Issued as part of employee remuneration(1)	**-**	**-**	148,148	22,963
As at 31 December	**117,849,615**	**22,900,030**	103,304,160	18,900,030

(1) On 18 October 2017 the Company issued 148,148 ordinary shares to an employee as a reward and incentive. The closing price of $0.155 on the date of issue was the grant date fair value of the shares issued.

	Number of options	
	2018	**2017**
As at 1 July	**38,100,000**	41,400,000
Movements of options during the half-year		
Options expired on 4 August 2017, exercisable at 35 cents	**-**	(3,000,000)
Options issued, exercisable at 20 cents, expiring 28 November 2023	**2,000,000**	-
As at 31 December	**40,100,000**	38,400,000

During the 2018 half-year, 2,000,000 options with an exercise price of 20 cents and expiring on 28 November 2023 were issued to the Managing Director after approval at the 2018 annual general meeting. These options vested on the date of issue. The fair value of the options granted during the half-year was 5.6 cents. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2018
Exercise price (cents)	20.0
Life of the options (years)	5.0
Underlying share price (cents)	15.0
Expected share price volatility	50%
Risk free interest rate	2.29%

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

During January 2019 the Company issued 166,666 ordinary shares, at a deemed value of $20,000, to an employee as a reward and incentive.

No other matter or circumstance has arisen since 31 December 2018, 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.

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 2018 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, 11 March 2019

ROTHSAY

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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 2018.

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 2018 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 2018 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

Rothsay Auditing

Garda

Rolf Garda FCA
Partner

Dated 11 March 2019