DUKETON MINING LIMITED

ANNUAL FINANCIAL REPORT

2015

Corporate Information

DUKETON MINING LTD
ABN 76 159 084 107

Directors

Seamus Cornelius (Non-Executive Chairman)
Stuart Fogarty (Managing Director)
Heath Hellewell (Non-Executive Director)

Company Secretary

Dennis 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
Level 2, 45 Richardson Street
WEST PERTH WA 6005

Bankers

National Australia Bank Limited
1232 Hay Street
WEST PERTH WA 6005

Share Registry

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

Stock Exchange Listing

Duketon Mining Ltd shares are listed on the Australian Securities Exchange (ASX code: DKM)

Contents

Letter from the Chairman

Dear fellow shareholders,

On behalf of the board, management and staff of Duketon Mining Limited it is my pleasure to thank you again for your support over the past year. Once again during the past year as has been the case for several years, market conditions were tough for junior explorers and emerging producers. Fortunately Duketon Mining is very well lead by our MD, Stuart Fogarty, and is in the enviable position of having both capital to deploy and an excellent suite of nickel and gold projects.

After a successful IPO in 2014 which raised $7M Duketon Mining had a successful year of exploration and resource delineation with the highlight being the discovery of the Nariz Nickel, Copper and PGE prospect and the declaration of the nickel, copper and PGE JORC resource at C2.

The Company also commenced a joint venture with Regis Resources Limited over four of our tenements exploring only for gold on terms favourable to DKM.

The Company plans to progress these opportunities and others in 2016. While the market remains tough for junior explorers there is always a strong appetite for successful nickel and gold exploration in WA.

The entire team at Duketon Mining remains committed to maximising shareholder value from our available resources.

Yours sincerely

Seamus Cornelius

Chairman

Review of Operations

1. Review of Operations

1.1 Strategy and Objectives

The Company's primary objective continues to be achieving returns for shareholders through focused proactive exploration in the Duketon Belt whilst maintaining a watch over potential acquisitions outside of this area.

We have 4 pillars of growth within our strategy:

1. Expanding our known nickel deposits through adding extensions to Rosie, C2 and Nariz;
2. Discovering new nickel deposits around the Bulge area and other new belts;
3. Joint venturing four tenements for gold; and
4. Discovering new gold deposits on 100% owned Duketon tenure.

We are uniquely de-risked technically with respect to both nickel and gold.

Economic nickel sulphides have already been found in the area at Rosie and C2, and the Nariz discovery shows the further upside potential of the tenement package that the Company controls. The total Mineral Resource for the Duketon project, comprising C2 and the Rosie deposit (see below), is now **71,000t of nickel plus associated copper, platinum and palladium.**

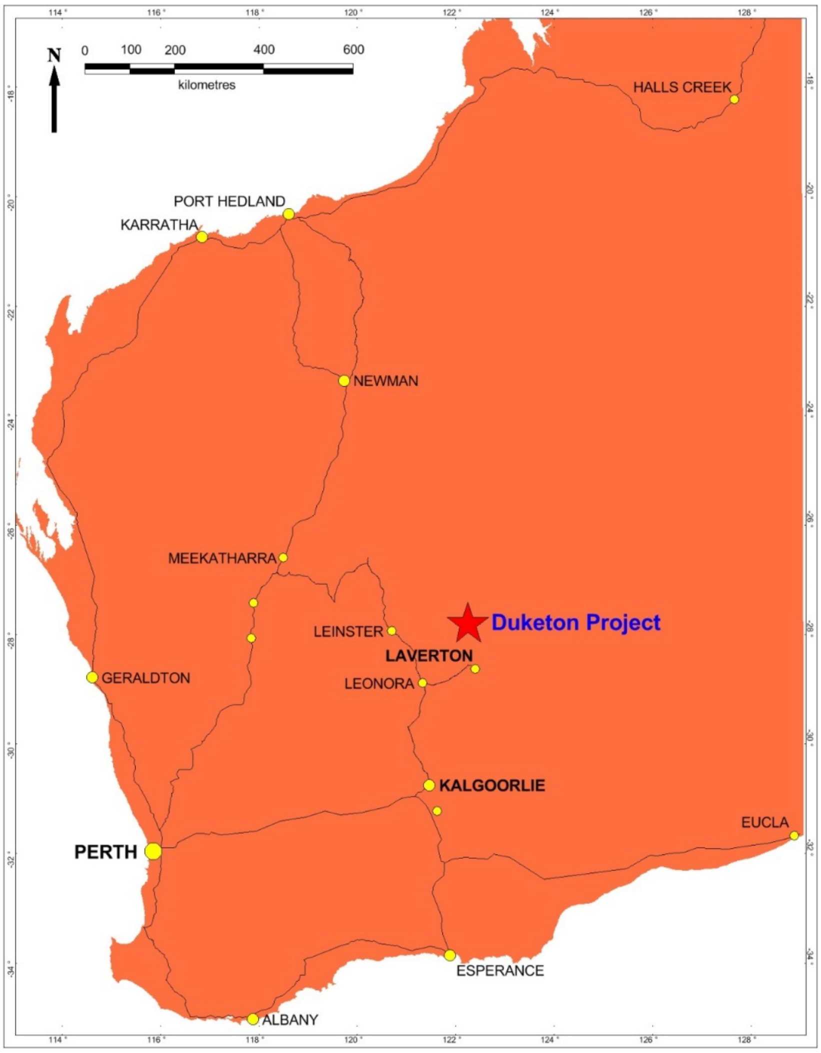

Figure 1: Location of the Duketon Project

Review of Operations (Cont'd)

The Company's tenement package is intercalated with Regis Resources Limited's tenements which host up to 8Moz of gold (see figure 2). The Company believes that there is considerable upside in the Duketon tenements and continues to review the tenements to further understand the geological potential and controls to unlock additional value from within the Company's current asset base.

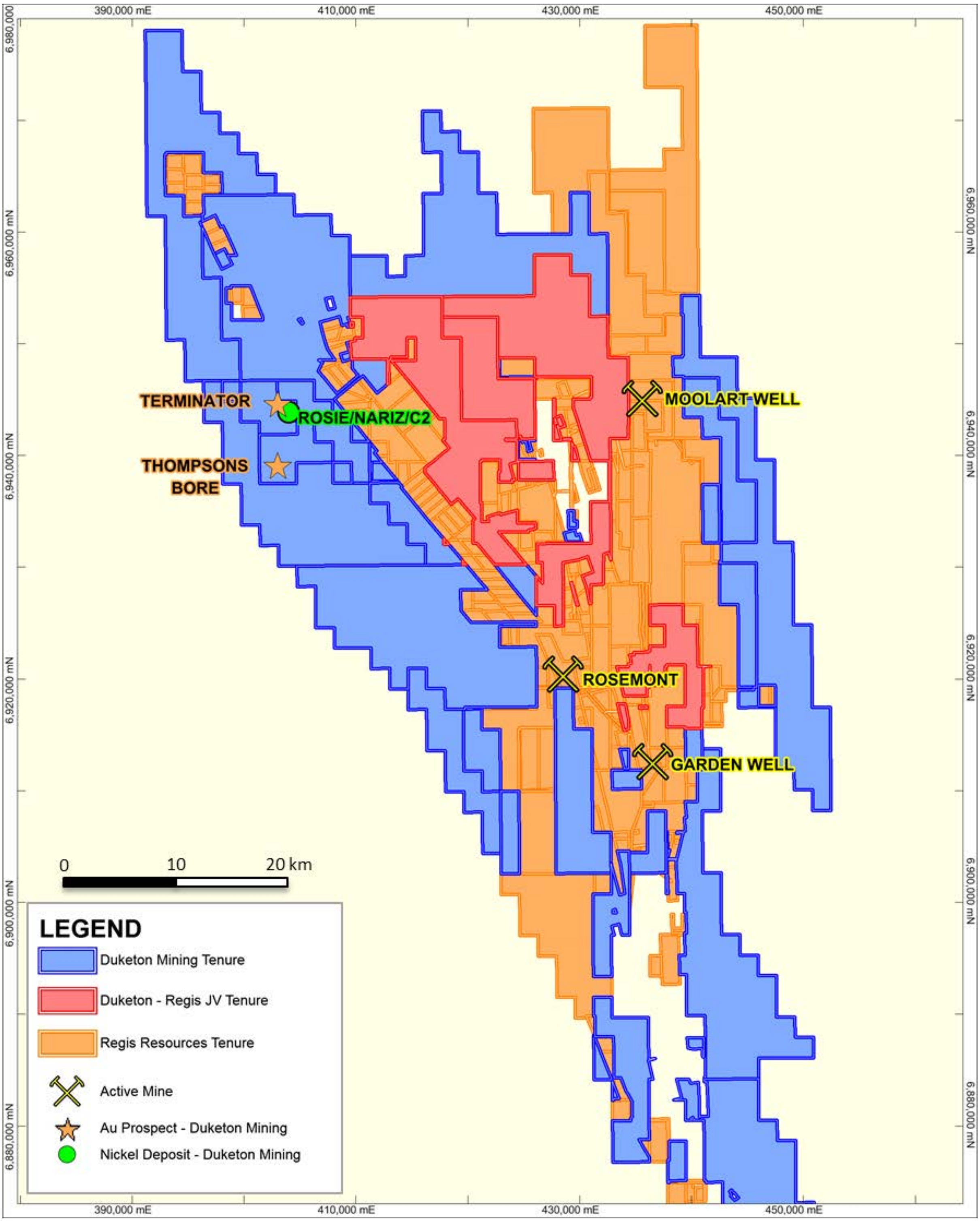

Figure 2: Plan of Duketon Mining and Regis Resources Tenements.

Review of Operations (Cont'd)

1.2 Exploration

1.2.1 Rosie (DKM 100%)

The Rosie deposit is situated approximately 110km north of Laverton, Western Australia. The project can be accessed via sealed and formed gravel roads from either Leonora or Laverton.

Mineralisation at Rosie consists of disseminated, matrix, stringer and brecciated massive Ni-Cu-PGE sulphides at, or adjacent to the contact of the Bulge ultramafic complex interpreted to be a classic komatiitic lava channel style nickel sulphide mineralisation.

Drilling throughout the year continued to extend mineralisation to the north and the south of the current resource boundary (see figure 3).

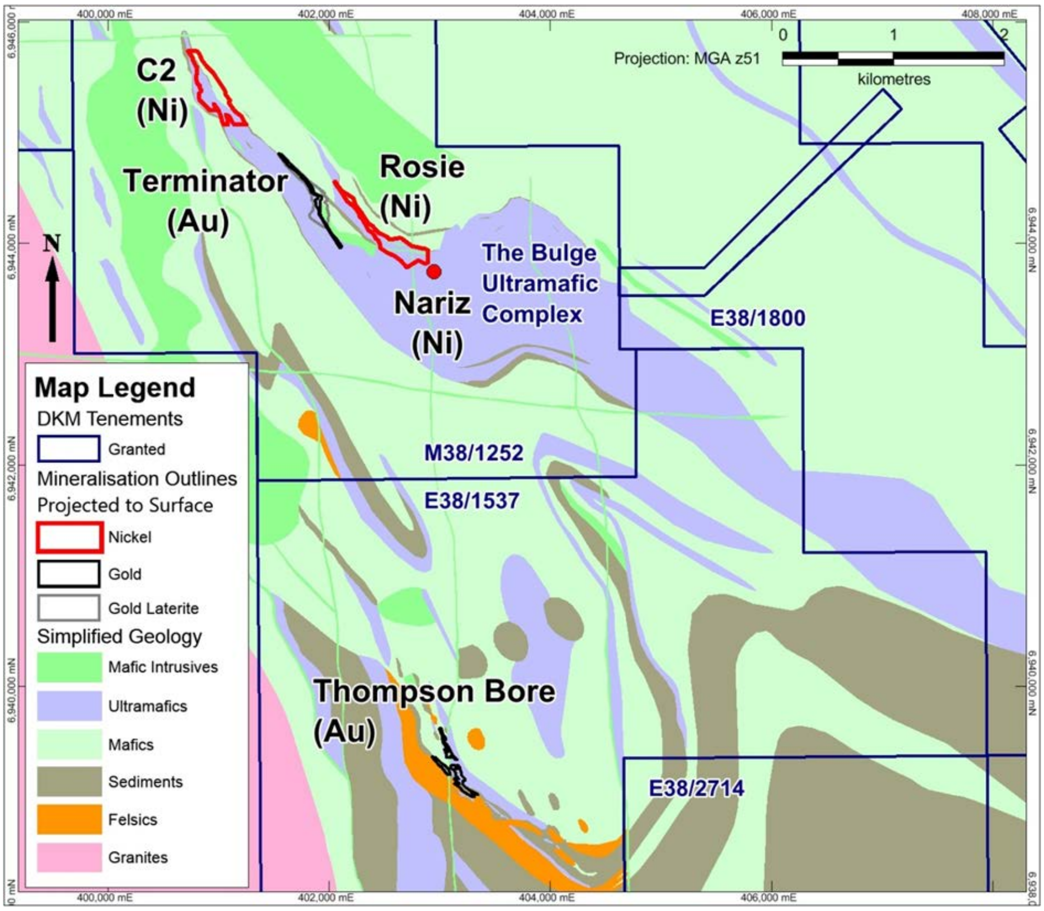

Figure 3: Location Plan of C2, Rosie, Nariz and Thompsons Bore.

Rosie Nickel Resource >1.0%Ni (as at 30 June 2015)				
Classification	**Oxidation**	**Tonnes**	**Ni (%)**	**Ni (t)**
Inferred	Fresh	1,380,000	1.7	23,700
	Transitional	30,000	1.2	400
	Sub-Total	**1,410,000**	**1.7**	**24,100**
Indicated	Fresh	520,000	1.6	8,400
	Transitional	10,000	1.3	200
	Sub-Total	**530,000**	**1.6**	**8,600**
Total		**1,940,000**	**1.7**	**32,700**

Table 1: Rosie Nickel Resource > 1.0% Ni

Review of Operations (Cont'd)

Rosie Nickel Resource >1.0%Ni (as at 30 June 2015)								
Classification	**Oxidation**	**Tonnes**	**Ni%**	**Ni tonnes**	**Cu%**	**Pt (g/t)**	**Pd (g/t)**	**Pt+Pd (g/t)**
Indicated	Fresh	1,380,000	1.7	23,700	0.4	0.8	1.0	1.8
	Transitional	30,000	1.2	400	0.4	0.7	0.9	1.6
	Sub-Total	**1,410,000**	**1.7**	**24,100**	**0.4**	**0.8**	**1.0**	**1.8**
Inferred	Fresh	520,00	1.6	8,400	0.4	0.9	1.3	2.2
	Transitional	10,000	1.3	200	0.4	0.7	1.1	1.8
	Sub-Total	**530,000**	**1.6**	**8,600**	**0.4**	**0.9**	**1.3**	**2.2**
Total		**1,940,000**	**1.7**	**32,700**	**0.4**	**0.8**	**1.1**	**1.9**

Table 2: Rosie Nickel Resource > 1.0% Ni with Auxiliary Attributes

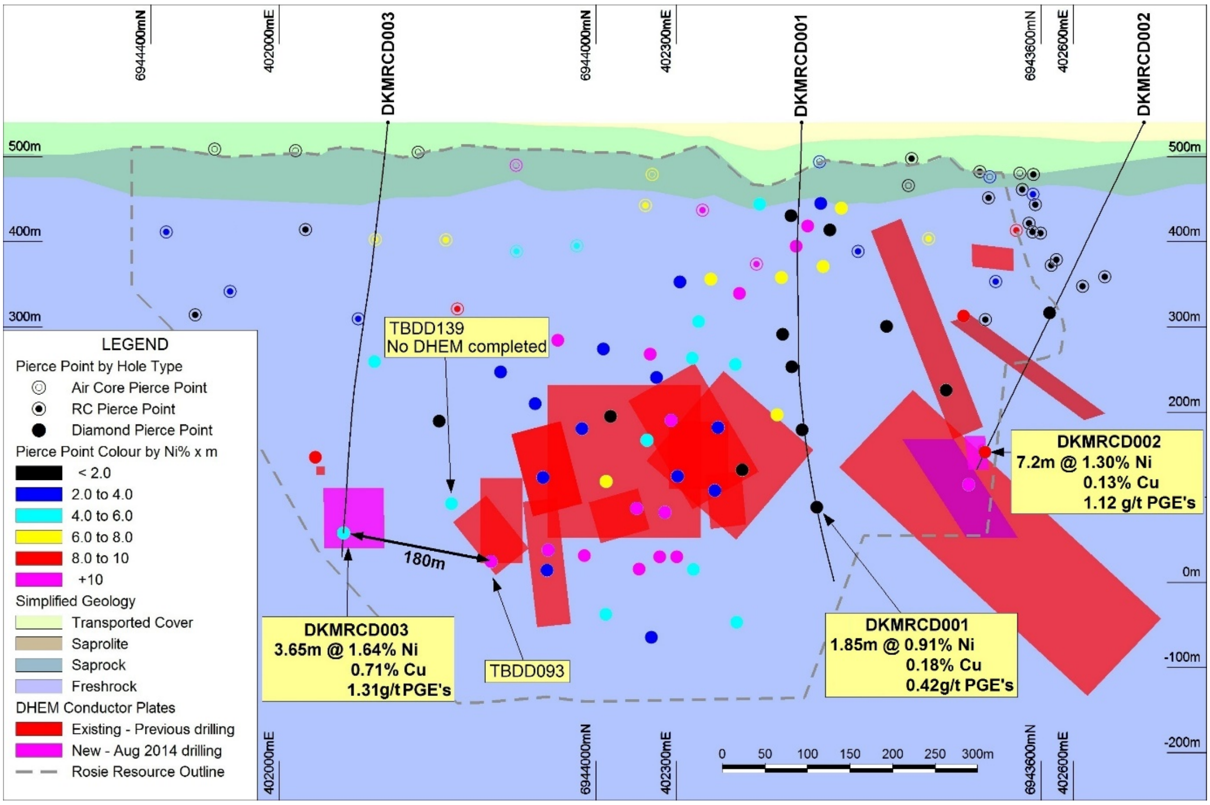

Figure 4. Long section of Rosie looking toward the east showing significant intercepts and relevant DHEM plates.

1.2.2 C2 (DKM 100%)

The C2 deposit is situated approximately 2km to the north of Rosie and is a komatiite-hosted nickel sulphide deposit. The mineralisation is characterised by accumulations of massive, matrix, breccia and disseminated nickel, copper magmatic sulphides and platinum group elements at the basal contact of a komatiite ultramafic rock, overlying a mafic pillow basalt footwall with some fine grained siltstone sediments which may also contain sulphides.

During the year DKM was able to publish the initial mineral resource estimate for the C2 resource. This Inferred Mineral Resource estimate at C2 is 5.7 million tonnes averaging 0.7% nickel, 0.04% copper and 0.14g/t platinum and palladium for a contained **38,000 tonnes of nickel and associated copper, platinum and palladium** (see Table 3 and 4). This represents the in-situ undiluted Mineral Resource at 0.5% nickel cut-off (see Table 5 and Figure 6). Nickel mineralisation is robust and continuous.

The total Mineral Resource for the Duketon project, comprising C2 and the Rosie deposit (see ASX Announcement 1 & 12 August 2014), is now **71,000t of nickel and associated copper, platinum and palladium.**

Review of Operations (Cont'd)

C2 Nickel Resource >0.5%Ni (as at 30 June 2015)				
Classification	**Oxidation**	**Tonnes**	**Ni (%)**	**Ni (t)**
Inferred	Fresh	5,100,000	0.7	34,200
	Transitional	600,000	0.6	3,800
Total		**5,700,000**	**0.7**	**38,000**

Table 3: C2 Nickel Resource > 0.5% Ni

C2 Nickel Resource >0.5%Ni (as at 30 June 2015)							
Classification	**Oxidation**	**Tonnes**	**Ni (%)**	**Cu (%)**	**Pt (ppb)**	**Pd (ppb)**	**S (%)**
Inferred	Fresh	5,100,000	0.7	0.04	60	79	3.3
	Transitional	600,000	0.6	0.04	72	105	0.9
Total		**5,700,000**	**0.7**	**0.04**	**61**	**82**	**3.1**

Table 4: C2 Resource > 0.5% Ni with Auxiliary Attributes

Cut-Off (Ni %)	Tonnes	Grade (Ni %)	Ni (t)
0.3	18,775,665	0.5	88,902
0.4	10,776,805	0.6	60,356
0.5	5,721,787	0.7	37,967
0.6	3,008,201	0.8	23,249
0.7	2,019,653	0.8	16,940
0.8	1,018,985	0.9	9,503
0.9	641,066	1.0	6,265
1	148,053	1.1	1,577
1.1	62,461	1.1	694

Table 5: C2 Deposit Grade Tonnage Table for different Ni cut-offs

Review of Operations (Cont'd)

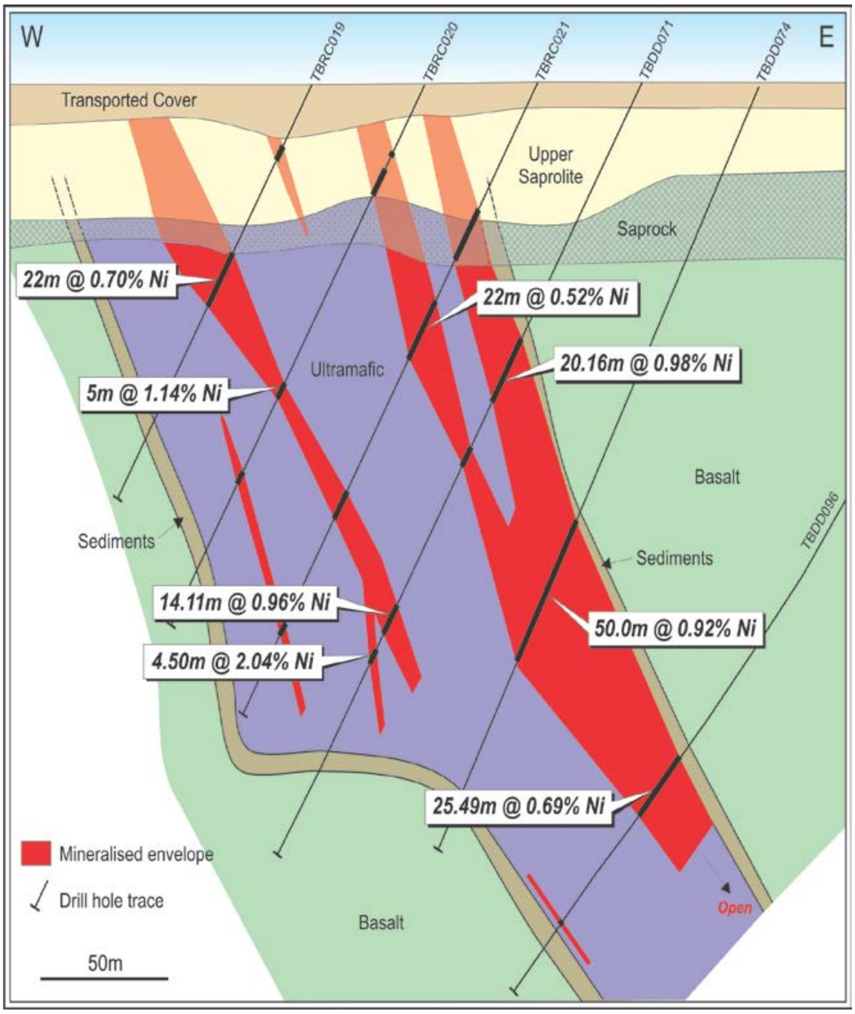

Figure 5: C2 Cross Section

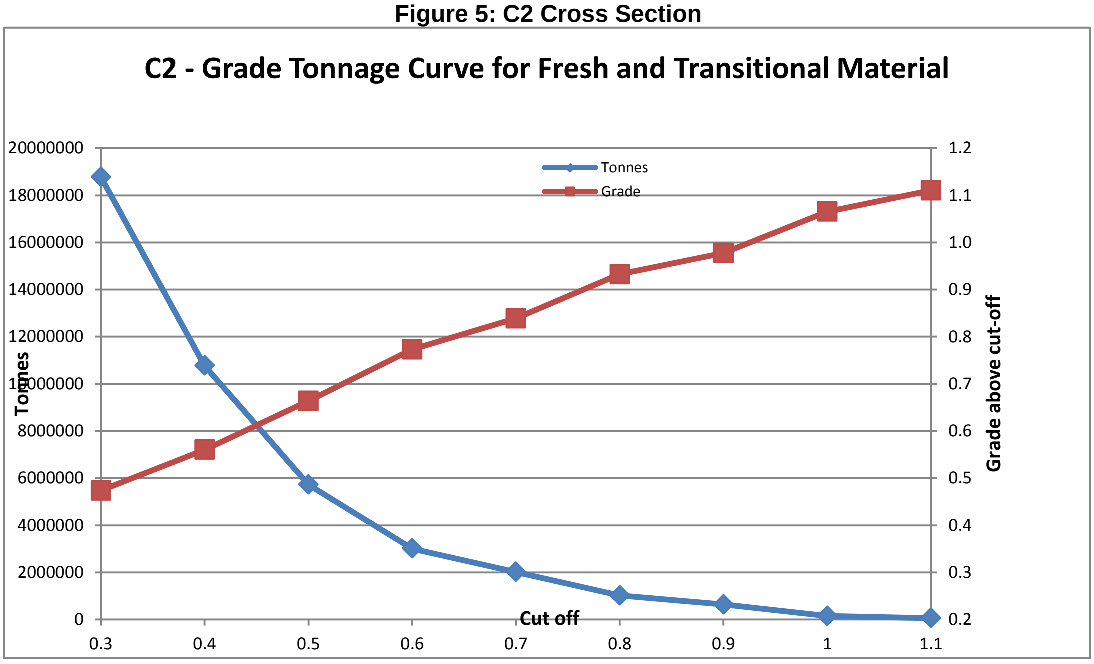

Figure 6: Grade Tonnage Curve at Ni cut-offs.

Review of Operations (Cont'd)

1.2.3 Nariz (DKM 100%)

The Nariz prospect was drilled this year and is highlighted by the discovery hole DKMDD005 that returned grades of 7.09% nickel, 0.50% copper and 3.76g/t combined platinum and palladium over 5.65m from 438.41 metres, within a broader zone of massive and stringer mineralisation of 9.22m @ 4.96% nickel, 0.41% copper and 2.41g/t combined platinum and palladium (see Figure 7 and ASX announcement 2 December 2014). Nariz is situated approximately 500m to the south east of Rosie and is a komatiite-hosted nickel sulphide deposit. The mineralisation is characterised by accumulations of massive, matrix, breccia and blebby to disseminated nickel, copper magmatic sulphides and platinum group elements. These are predominantly located at the basal contact of a komatiite ultramafic rock, overlying a mafic pillow basalt footwall with some fine grained siltstone sediments which can also contain sulphides.

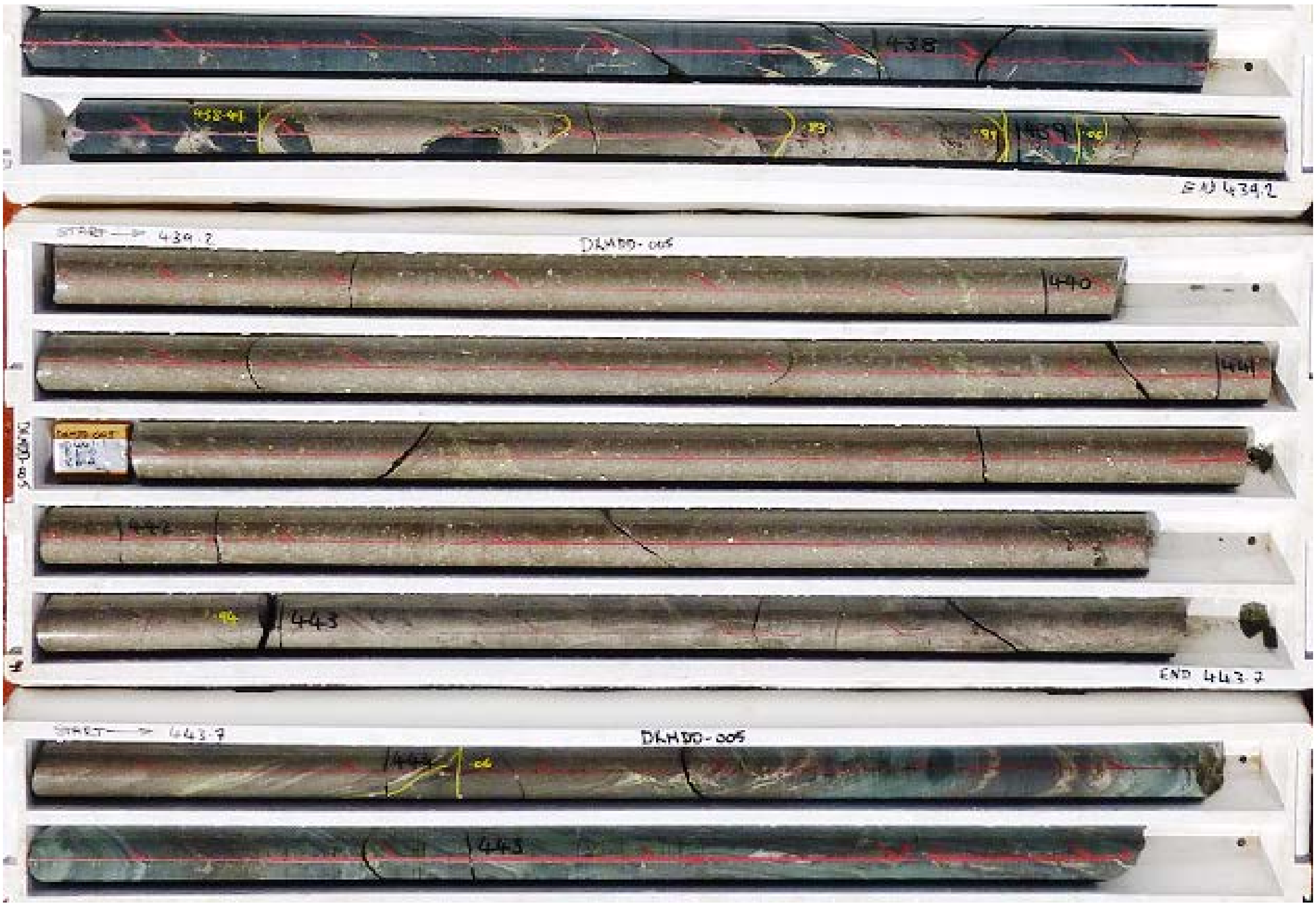

Figure 7: Photo of massive sulphide zone from hole DKMDD005

Review of Operations (Cont'd)

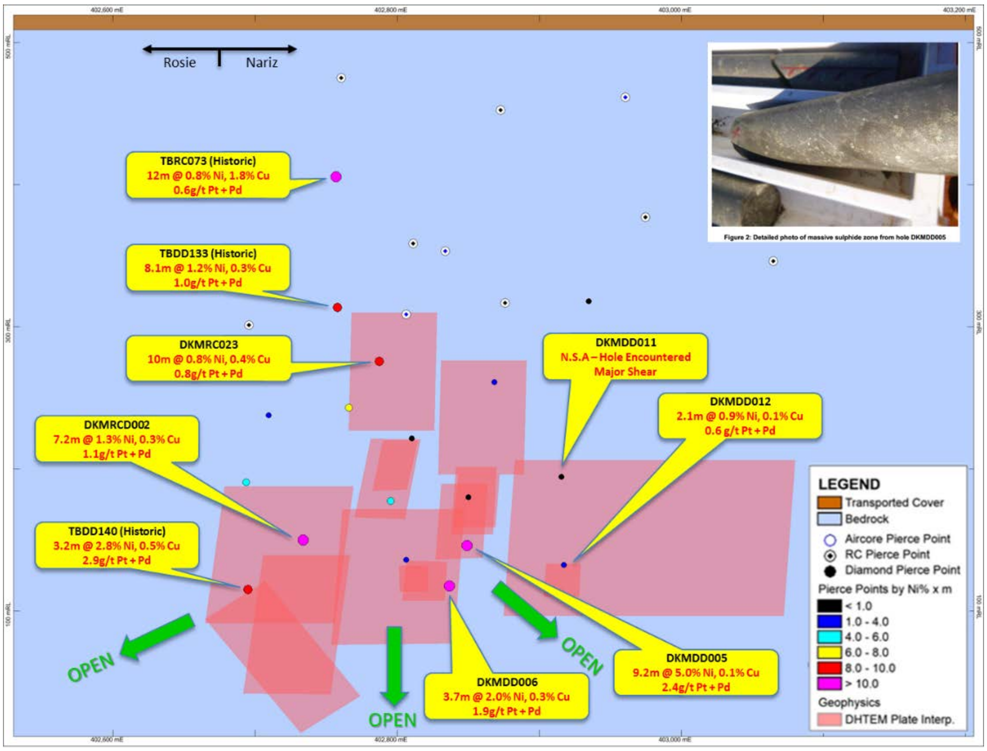

Figure 8: Longsection of Nariz

1.2.4 Gold JV (RRL earning 75%)

A formal joint venture between the Company and Regis Resources Limited has been formed to explore for gold over 4 of Duketon Mining's tenements as announced to ASX on 14 July 2015.

The joint venture tenure covers approximately 373 square kilometres and hosts a number of shear zones prospective for gold (see Figure 2). These include the northern strike continuation of the shear zone hosting Regis' Petra gold deposit and part of the shear zone extending north of the Garden Well gold deposit.

The Joint venture is structured as follows:

- RRL can earn a 75% interest on specific project areas upon achieving the following:
  - An up-front initial payment of $100,000;
  - $1 million minimum expenditure (within the 2 year term);
  - Tenements to be kept in good standing at Regis' expense; and
  - Confirming to Duketon a decision to mine;
- On decision to mine, Duketon may contribute (in respect of its 25% interest) to the mining project, sell its 25% interest for $850,000 or convert its 25% interest to a 2% net smelter royalty on all gold produced from the mining project; and
- RRL to fund 100% of the initial $4 million of capital on each project where Duketon elects to contribute.

All non-gold mineral rights remain with Duketon. If Regis does not confirm a decision to mine within 2 years, gold rights revert back to Duketon.

DKM believes that this joint venture is a sensible collaboration in the Duketon district given the proximity of these areas to Regis' Moolart Well gold processing plant and the higher prospectivity of this part of Duketon's extensive tenure holdings for gold rather than nickel. This allows Duketon to continue its focus on its core nickel and gold exploration efforts over 100% owned tenements whilst Regis explores the joint venture area for gold.

1.2.5 Regional Exploration (DKM 100%)

Regional exploration has been ongoing throughout the quarter. Multiple new targets in both nickel and gold have been generated creating a significant and robust pipeline of organic opportunities.

Review of Operations (Cont'd)

2. Corporate

2.1 Montezuma Mining Company Limited

The Company has held an equity position in Montezuma Mining Company Limited as part of the original assets in the IPO. This holding has not changed during the year.

For further details, please refer to the Montezuma Mining Company Limited website at www.montezumamining.com.au.

2.2 Buxton Resources Limited

The Company has held an equity position in Buxton Resources Limited as part of the original assets in the IPO. During the current year a portion of the shareholding has been sold to generate funds without diluting existing shareholders.

For further details, please refer to the Buxton Resources Limited website at www.buxtonresources.com.au.

2.3 Other Equities

The Company continues to hold some minor equity positions in a number of other listed and unlisted companies that were all part of the assets in the original IPO. None of these holdings have changed during the year.

For further details please refer to the Company website.

Appendix 1 – Summary of JORC Resources

Project	Measured			Indicated			Inferred			Total		
	Tonnes ('000)	Ni (%)	Ni Tonnes	Tonnes ('000)	Ni (%)	Ni Tonnes	Tonnes ('000)	Ni (%)	Ni Tonnes	Tonnes ('000)	Ni (%)	Ni Tonnes
Rosie				1,410	1.7	24,100	530	1.6	8,600	1,940	1.7	32,700
C2							5,700	0.7	38,000	5,700	0.7	38,000
TOTAL				**1,410**	**1.7**	**24,100**	**6,230**	**1.3**	**46,600**	**7,640**	**1.08**	**70,700**

Table 1: Total Mineral Resources as at 30 June 2015

Project	Measured			Indicated			Inferred			Total		
	Tonnes ('000)	Ni (%)	Ni Tonnes	Tonnes ('000)	Ni (%)	Ni Tonnes	Tonnes ('000)	Ni (%)	Ni Tonnes	Tonnes ('000)	Ni (%)	Ni Tonnes
Rosie				1,410	1.7	24,100	530	1.6	8,600	1,940	1.7	32,700
C2												
TOTAL				**1,410**	**1.7**	**24,100**	**530**	**1.6**	**8,600**	**1,940**	**1.7**	**32,700**

Table 2: Total Mineral Resources as at 30 June 2014

Mineral Resources

Attached as Appendix 1 are two tables comparing the Company's Mineral Resources as at 30 June 2015 (Table 1) against those at 30 June 2014 (Table 2). No ore reserves have been estimated.

Review of material changes

The changes in the Company's Mineral Resources arise from the maiden reporting of the C2 mineral resources during the year. The company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Governance controls

All Mineral Resource estimates are prepared by qualified professionals following JORC Code compliant procedures and follow standard industry methodology for drilling, sampling, assaying, geological interpretation, 3 dimensional modelling and grade interpolation techniques.

The Mineral Resource estimates have been calculated by a suitably qualified consultant and overseen by suitably qualified Duketon Mining Limited employee and/or consultant.

Competent Persons Statements

The information in this report that relates to exploration results is based on information compiled by Mr Brad Drabsch, Member of the Australian Institute of Geoscientists ("AIG") and an employee of Duketon Mining Limited. Mr Drabsch has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a competent person as defined in the JORC Code 2012. Mr Drabsch consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Review of Operations (Cont'd)

The information in the announcement that relates to Mineral Resources for Rosie is extracted from the report entitled "Duketon Mining Prospectus" dated 19 June 2014 and is available to view on the Company's website (www.duketonmining.com.au). The information in the announcement that relates to Mineral Resources for C2 is extracted from ASX announcement 29 January 2015. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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 2015.

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 Cornelius
Non-Executive Chairman, LLB, LLM, (Age 49)

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 Danakali Ltd (formerly South Boulder Mines Ltd) since 15 July 2014.

Stuart Fogarty
Managing Director B.Sc (Geology) (Hons) (Age 43)

Mr Fogarty has over 20 years of exploration experience with BHP Billiton and Western Mining Corporation. Until recently, he was BHP's Senior Exploration Manager for North and South America. Mr Fogarty has a very strong background in nickel and gold exploration, having commenced his career at Kambalda Nickel Operations in 1994. He has held senior roles with BHP including Senior Geoscientist for nickel exploration in the Leinster and Mt Keith region, Project Manager WA Nickel Brownfields and Regional Manager Australia – Asia where he was responsible for a $100 million per annum exploration budget.

Mr Fogarty is currently a non-executive director of Windward Resources Ltd since 25 June 2015. Mr Fogarty is a former non-executive director of Buxton Resources Ltd (resigned 30 June 2015).

Heath Hellewell
B.Sc (Hons), MAIG (Age 45), appointed 18 November 2014

Mr Hellewell is an exploration geologist with over 20 years of experience in gold, base metals and diamond exploration predominantly in Australia and West Africa. Most recently, Mr Hellewell was the co-founding Executive Director of Doray Minerals Limited (Doray), where he was responsible for the company's exploration and new business activities. Following the discovery of its Andy Well gold deposits in 2010, Doray was named "Gold Explorer of the Year" in 2011 by The Gold Mining Journal. In 2014 Mr Hellewell was the co-winner of the prestigious "Prospector of the Year" award, presented by the Association of Mining and Exploration Companies.

Mr Hellewell was also part of the Independence Group NL team that identified and acquired the Tropicana project area, eventually leading to the discovery of the Tropicana and Havana gold deposits.

Mr Hellewell is currently an independent Non-Executive Director of Core Exploration Ltd since 15 September 2014. Within the last three years, Mr Hellewell has been a former director of ASX listed company Doray Minerals Ltd (resigned 30 June 2014).

Dennis Wilkins was a director from the beginning of the financial year until his resignation on 18 November 2014.

COMPANY SECRETARY

Dennis Wilkins
B.Bus, MAICD, ACIS (Age 52)

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.

Directors' Report (Cont'd)

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. Mr Wilkins is currently a non-executive director of Key Petroleum Ltd since 5 July 2006, Shaw River Manganese Ltd since 30 June 2015, TSX listed Mawson West Ltd since 3 August 2015, and an alternate director of Middle Island Resources Ltd since 1 May 2010. Within the last three years, Mr Wilkins has been a former director of ASX listed companies Minemakers Ltd (resigned 4 December 2012), Duketon Mining Ltd (resigned 18 November 2014) and A1 Consolidated Gold Ltd (resigned 11 May 2015).

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Duketon Mining Limited were:

	Ordinary Shares	Options over Ordinary Shares
Seamus Cornelius	3,092,282	2,500,000
Stuart Fogarty	400,000	6,050,000
Heath Hellewell	100,000	500,000

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.

FINANCE REVIEW

The Company began the year with cash reserves of $1,774,144. On 19 June 2014 the Company lodged a prospectus for the Initial Public Offering of its securities, which included an offer of up to 40 million ordinary shares at a price of $0.20 to raise up to $8 million before costs. As at 30 June 2014 a total of $285,215 had been received in relation to the offer. The offer closed in July 2014 with acceptances for 35 million ordinary shares, being a total of $7 million raised, before costs, and the Company was admitted to the Official List of ASX on 1 August 2014. The funds raised will be used for exploration activities on the gold and nickel targets within the Duketon Project and working capital purposes.

The Company recorded a net loss after tax of $3,120,117 (2014: $739,992) for the financial year ended 30 June 2015 and included in the loss for the year was exploration expenditure of $3,348,863 (2014: $599,393). In line with the Company's accounting policies, all exploration expenditure is written off in the year incurred. The Company had total cash on hand at the end of the year of $5,359,519, and listed equity investments with a market value of $1,421,305.

Operating Results for the Year

Summarised operating results are as follows:

	2015	
	Revenues $	Results $
Revenues and loss from ordinary activities before income tax expense	**879,053**	**(3,120,117)**

Shareholder Returns

	2015	2014
Basic loss per share (cents)	**(3.9)**	(1.6)

Directors' Report (Cont'd)

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

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.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No matters or circumstances, besides those disclosed at note 19, have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

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.

REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Duketon Mining Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board of Duketon Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company.

The board's policy for determining the nature and amount of remuneration for board members and senior executives (if any) of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors, was developed by the board. All executives receive a base salary (which is based on factors such as length of service, performance and experience) and superannuation. The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The directors and executives (if any) receive a superannuation guarantee contribution required by the government, which was 9.5% for the 2015 financial year. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

Directors' Report (Cont'd)

All remuneration paid to key management personnel is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is (currently $300,000) and set in accordance with the constitution of the Company. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

Performance based remuneration

The Company currently has no performance based remuneration component built into key management personnel remuneration packages.

Company performance, shareholder wealth and key management personnel remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and key management personnel performance. Currently, this is facilitated through the issue of options to the majority of key management personnel to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced. For details of key management personnel interests in options at year end, refer to the 'Option holdings' section later in the Remuneration Report.

Use of remuneration consultants

The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2015.

Voting and comments made at the Company's 2014 Annual General Meeting

The Company received approximately 99.6% of "yes" votes on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

Details of remuneration

Details of the remuneration of the key management personnel of the Company are set out in the following table.

The key management personnel of the Company include the directors as per page 15 above.

Key management personnel of the Company

	Short-Term		**Post Employment**		**Share-based Payments**	**Total**
	Salary & Fees	Non-Monetary	Super-annuation	Retirement benefits	Options	
	$	**$**	**$**	**$**	**$**	**$**
Directors						
Seamus Cornelius						
2015	**45,516**	**-**	**-**	**-**	**22,000**	**67,516**
2014	-	-	-	-	28,100	28,100
Stuart Fogarty						
2015	**225,385**	**-**	**21,412**	**-**	**54,694**	**301,491**
2014	76,154	-	7,044	-	103,686	186,884
Heath Hellewell (appointed 18 November 2014)						
2015	**20,000**	**-**	**-**	**-**	**22,000**	**42,000**
Dennis Wilkins (resigned 18 November 2014)						
2015	**36,118**(1)	**-**	**-**	**-**	**11,000**	**47,118**
2014	-	-	-	-	28,100	28,100
Mark Gunther (resigned 31 October 2013)						
2014	52,230	-	-	-	-	52,230
Total key management personnel compensation						
2015	**327,019**	**-**	**21,412**	**-**	**109,694**	**458,125**
2014	128,384	-	7,044	-	159,886	295,314

Directors' Report (Cont'd)

(1) Following his resignation as a director, Mr Wilkins is no longer classified as a key management person. The remuneration included above is for the period that he was classified as a key management person (1 July 2014 to 18 November 2014), and includes all payments to DWCorporate Pty Ltd (refer to information below on service agreements).

Service agreements

Stuart Fogarty, Managing Director:

- From commencement, paid an annual salary of $218,500 (including statutory superannuation) pro rata for 2.5 days a week as Executive Director. From quotation of the Company's shares on ASX Mr Fogarty will be paid $256,737 per annum (including statutory superannuation) on a full-time basis as Managing Director.
- The Company or the Executive may terminate, without cause, the Executive's employment at any time by giving three calendar months' written notice.
- In the event the Managing Director is terminated as result of one of the following circumstances the Company will make a six calendar months Redundancy Payment to the Executive at the base salary:
  - o the Executive's position is made redundant by the Board;
  - o there is a material diminution in the responsibilities or powers assigned to the Executive by the Board; or
  - o there is a material reduction in the remuneration payable to the Executive as determined by the Board.

Dennis Wilkins, Non-Executive Director (resigned 18 November 2014):

- Term of agreement – Ongoing, with 3 months' notice of termination required.
- Mr Wilkins' firm, DWCorporate Pty Ltd, is engaged to provide accounting and company secretarial services. The agreement provides for a monthly fee of $5,000 with provision for additional fees charged on an hourly basis for work outside scope, and all amounts are included in Mr Wilkins' remuneration. There are no benefits payable on termination other than entitlements accrued to the date of termination.

Share-based compensation

Options are issued at no cost to key management personnel as part of their remuneration. The options are not issued based on performance criteria, but are issued to the key management personnel of Duketon Mining Limited to increase goal congruence between key management personnel and shareholders. The following options over ordinary shares of the Company were granted to or vesting with key management personnel during the year:

	Grant Date	Granted Number	Vesting Date	Expiry Date	Exercise Price (cents)	Value per Option at Grant Date (cents)	Exercised Number	% of Remuneration
Directors								
Seamus Cornelius	18/11/2014	500,000	18/11/2014	18/11/2019	20.2	4.40	-	32.6
Stuart Fogarty	18/11/2014	1,000,000	18/11/2014	18/11/2019	20.2	4.40	-	14.6
Stuart Fogarty	17/03/2014	1,000,000	01/08/2014	31/03/2019	30.0	1.86	-	1.4
Stuart Fogarty	17/03/2014	1,550,000	01/08/2014(1)	31/03/2019	35.0	1.56	-	2.1
Heath Hellewell	18/11/2014	500,000	18/11/2014	18/11/2019	20.2	4.40	-	52.4
Dennis Wilkins	18/11/2014	250,000	18/11/2014	18/11/2019	20.2	4.40	-	23.3

(1) A total of 2,000,000 options were granted to Mr Fogarty, of which 1,000,000 vested upon admission of the company's securities to the Official List of ASX, the remaining 1,000,000 were also to vest upon admission of the Company's securities to the Official List of ASX but pro rata calculated with reference to the amount of capital raised, with 400,000 Options to be issued if the Company successfully completed a capital raising of at least $6,000,000, plus 150,000 options for every $1,000,000 in excess of $6,000,000 up to a maximum of 600,000 Options. A total of 1,550,000 options vested on following completion of the IPO and admission to the Official List of ASX.

In respect of share options granted, the (theoretical) fair value is recognised over the vesting period as an employee benefit expense with a corresponding increase in equity. The theoretical fair value of the options is calculated at the date of grant taking into account the terms and conditions upon which the options were granted, the effects of non-transferability, exercise restrictions and behavioural considerations. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

Directors' Report (Cont'd)

The Directors do not consider the resultant value as determined by the Black-Scholes Option Pricing Model is in anyway representative of the market value of the share options issued, however, in the absence of reliable measure of the goods or services received, AASB 2: Share-based Payment prescribes the measurement of the fair value of the equity instruments granted. The Black-Scholes European Option Pricing Model is an industry accepted method of valuing equity instruments, at the date of grant.

Equity instruments held by key management personnel

Share holdings

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

2015	**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 Limited				
Ordinary shares				
Seamus Cornelius	**2,060,958**	**-**	**1,046,912**	**3,107,870**
Stuart Fogarty	**400,000**	**-**	**-**	**400,000**
Heath Hellewell	**100,000**(1)	**-**	**-**	**100,000**
Dennis Wilkins	**-**	**-**	**-**	**-**(2)

(1) Balance held at date of appointment (18 November 2014).

(2) Balance held at date of resignation (18 November 2014).

Option holdings

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

2015	**Balance at start of the year**	**Granted as compen-sation**	**Exercised**	**Other changes**	**Balance at end of the year**	**Vested and exercisable**	**Unvested**
Directors of Duketon Mining Limited							
Seamus Cornelius	**2,000,000**	**500,000**	**-**	**-**	**2,500,000**	**2,500,000**	**-**
Stuart Fogarty	**5,500,000**	**1,000,000**	**-**	**(450,000)**	**6,050,000**	**6,050,000**	**-**
Heath Hellewell	**-**	**500,000**	**-**	**-**	**500,000**	**500,000**	**-**
Dennis Wilkins	**2,000,000**	**250,000**	**-**	**-**	**2,250,000**(1)	**2,250,000**	**-**

(1) Balance held at date of resignation (18 November 2014).

Loans to key management personnel

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

Other transactions with key management personnel

Services

A total of $79,095 (2014: $102,328) was paid to DWCorporate Pty Ltd, a business of which Mr Wilkins is the principal. DWCorporate Pty Ltd provided company secretarial, bookkeeping and other corporate services to the Company during the year. The amounts paid were at usual commercial rates with fees charged at a set monthly rate with provision for additional fees charged on an hourly basis for work outside scope. At 30 June 2015 there was nil outstanding to DWCorporate Pty Ltd (2014: nil).

End of audited Remuneration Report

Directors' Report (Cont'd)

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2015 and the number of meetings attended by each Director were:

	Directors Meetings		Audit Committee Meetings	
	Total Available	Attended	Total Available	Attended
Seamus Cornelius	4	4	1	1
Stuart Fogarty	4	4	1	1
Heath Hellewell (appointed 18 November 2014)	2	2	-	-
Dennis Wilkins (resigned 18 November 2014)	2	2	1	1

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

SHARES UNDER OPTION

Unissued ordinary shares of Duketon Mining Ltd under option at the date of this report are as follows:

Date options issued	Expiry date	Exercise price (cents)	Number of options
14 May 2013	14 May 2019	35.0	8,250,000
1 August 2013	1 August 2019	20.0	15,000,000
17 March 2014	31 March 2019	20.0	3,000,000
17 March 2014	31 March 2019	25.0	1,500,000
17 March 2014	31 March 2019	30.0	1,000,000
17 March 2014	31 March 2019	35.0	1,550,000
4 August 2014	4 August 2017	35.0	3,000,000
18 November 2014	18 November 2019	20.2	2,250,000
17 February 2015	31 January 2018	30.0	300,000
Total number of options outstanding at the date of this report			**35,850,000**

No option holder has any right under the options to participate in any other 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.

Directors' Report (Cont'd)

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Rothsay Chartered Accountants or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Rothsay Chartered Accountants received or are due to receive the following amounts for the provision of non-audit services:

	2015 $	2014 $
Investigating Accountants Report	-	11,000

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 23.

Signed in accordance with a resolution of the directors.

Stuart Fogarty
Managing Director

Perth, 24 September 2015

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 2015 financial statements; and

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

GRSwan

Graham R Swan (Lead auditor)

Rothsay

Dated 24 September 2015

Corporate Governance Statement

Duketon Mining Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Duketon Mining Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2015 Corporate Governance Statement was approved by the Board on 17 September 2015 and is current as at 24 September 2015. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.exterraresources.com.au.

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015	Notes	Company 2015 $	Company 2014 $
REVENUE			
Interest	4	**190,465**	62,121
Fair value gain on financial assets at fair value through the profit or loss		**688,588**	256,381
EXPENDITURE			
Administration expenses		**(415,812)**	(294,732)
Depreciation expense		**(1,572)**	(262)
Employee benefits expenses		**(113,419)**	(4,221)
Exploration expenditure		**(3,348,863)**	(599,393)
Share based payment expense	22	**(119,504)**	(159,886)
LOSS BEFORE INCOME TAX		**(3,120,117)**	(739,992)
INCOME TAX	6	**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF DUKETON MINING LIMITED		**(3,120,117)**	(739,992)
Basic and diluted earnings per share (cents per share)	21	**(3.9)**	(1.6)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 JUNE 2015

	Notes	Company 2015 $	Company 2014 $
CURRENT ASSETS			
Cash and cash equivalents	7	**5,359,519**	1,774,144
Trade and other receivables	8	**114,539**	39,428
Financial assets at fair value through profit or loss	9	**1,421,305**	1,379,533
TOTAL CURRENT ASSETS		**6,895,363**	3,193,105
NON-CURRENT ASSETS			
Plant and equipment	10	**2,874**	4,446
TOTAL NON-CURRENT ASSETS		**2,874**	4,446
TOTAL ASSETS		**6,898,237**	3,197,551
CURRENT LIABILITIES			
Trade and other payables	11	**478,235**	116,110
TOTAL CURRENT LIABILITIES		**478,235**	116,110
TOTAL LIABILITIES		**478,235**	116,110
NET ASSETS		**6,420,002**	3,081,441
EQUITY			
Issued capital	12	**14,317,635**	8,093,061
Reserves	13(a)	**1,077,165**	843,061
Accumulated losses	13(b)	**(8,974,798)**	(5,854,681)
TOTAL EQUITY		**6,420,002**	3,081,441

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 2015 Company	Notes	Contributed Equity $	Options Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2013		7,324,455	197,175	(5,114,689)	2,406,941
Loss for the year		-	-	(739,992)	(739,992)
TOTAL COMPREHENSIVE LOSS		-	-	(739,992)	(739,992)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	12	1,268,242	-	-	1,268,242
Share issue transaction costs		(499,636)	486,000	-	(13,636)
Employee and contractor options	13(a)	-	159,886	-	159,886
BALANCE AT 30 JUNE 2014		8,093,061	843,061	(5,854,681)	3,081,441
Loss for the year		**-**	**-**	**(3,120,117)**	**(3,120,117)**
TOTAL COMPREHENSIVE LOSS		**-**	**-**	**(3,120,117)**	**(3,120,117)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	12	**6,775,000**	**-**	**-**	**6,775,000**
Share issue transaction costs		**(550,426)**	**114,600**	**-**	**(435,826)**
Employee and contractor options	13(a)	**-**	**119,504**	**-**	**119,504**
BALANCE AT 30 JUNE 2015		**14,317,635**	**1,077,165**	**(8,974,798)**	**6,420,002**

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 2015	Notes	Company 2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**181,833**	56,502
Payments to suppliers and employees		**(480,583)**	(268,312)
Expenditure on mining interests		**(3,070,586)**	(610,099)
Proceeds from disposal of financial assets at fair value through profit or loss		**653,233**	-
Payments for financial assets at fair value through profit or loss		**(6,417)**	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20	**(2,722,520)**	(821,909)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**-**	(4,708)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**-**	(4,708)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**6,775,000**	1,328,457
Payments for share issue transaction costs		**(435,826)**	(13,636)
Payments for small parcel roundup		**(31,279)**	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		**6,307,895**	1,314,821
NET INCREASE IN CASH AND CASH EQUIVALENTS		**3,585,375**	488,204
Cash and cash equivalents at the beginning of the financial year		**1,774,144**	1,285,940
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	**5,359,519**	1,774,144

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 financial statements were authorised for issue by the directors on 24 September 2015. 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*.

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Company

The Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the first time for the annual reporting period commencing 1 July 2014 that are relevant to the Company include:

- AASB 2013-3 *Amendment to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*; and
- AASB 2014-1 *Amendments to Australian Accounting Standards*.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior years. However, the above standards have affected the disclosures in the notes to the financial statements.

(iii) Early adoption of standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

(iv) 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) 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.

(c) Revenue recognition

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

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Income tax

The income tax expense or revenue for the year is the tax payable on the current year'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 and associated 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 consolidated 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 liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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.

(e) 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.

(f) 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 grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) 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.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) 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.

(i) 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.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

(j) 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 straight-line 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 rate used was 33% per annum.

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

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(f)).

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.

(k) Exploration and evaluation costs

Exploration and evaluation costs are expensed as they are incurred.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

(q) New accounting standards and interpretations

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Company does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019

(r) 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:

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

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.

Notes to the Financial Statements (Cont'd)

2. FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Market risk

(i) Foreign exchange risk

As all operations are currently within Australia, the Company is not exposed to 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 or loss. At 30 June 2015, 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 $213,196 lower/higher (2014: $206,930 lower/higher) 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 and the interest rate return. The entire balance of cash and cash equivalents for the Company $5,359,519 (2014: $1,774,144) 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 2.9% (2014: 3.0%).

Sensitivity analysis

At 30 June 2015, if interest rates had changed by -/+ 100 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 $65,253 lower/higher (2014: $20,666 lower/higher) 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.

Notes to the Financial Statements (Cont'd)

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 Managing Director 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.

4. REVENUE

	Company 2015 $	Company 2014 $
From continuing operations		
Interest from financial institutions	**190,465**	62,121

5. EXPENSES

	2015 $	2014 $
Loss before income tax includes the following specific expenses:		
Superannuation expense	**31,939**	7,128

6. INCOME TAX

	2015 $	2014 $
(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	**(3,120,117)**	(739,992)
Prima facie tax benefit at the Australian tax rate of 30% (2014: 30%)	**(936,035)**	(221,998)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**35,851**	47,966
Other	**52**	-
	(900,132)	(174,032)
Movements in unrecognised temporary differences	**(326,666)**	(77,732)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**1,226,798**	251,764
Income tax expense/(benefit)	**-**	-

Notes to the Financial Statements (Cont'd)

	Company	
	2015	2014
	$	$
6. INCOME TAX (Cont'd)		
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
On Income Tax Account		
Capital raising costs	**104,598**	3,273
Financial assets at fair value through profit or loss	**24,194**	277,801
Carry forward tax losses	**2,657,437**	1,431,456
	2,786,229	1,712,530
Set off of deferred tax liabilities	**-**	-
Net deferred tax assets	**2,786,229**	1,712,530
Less deferred tax assets not recognised	**(2,786,229)**	(1,712,530)
	-	-

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.

The Company's ability to use losses in the future is subject to the Company satisfying the relevant tax authority's criteria for using these losses.

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2015	2014
Cash at bank and in hand	**433,922**	444,144
Short-term deposits	**4,925,597**	1,330,000
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**5,359,519**	1,774,144

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.

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2015	2014
Trade and other receivables	**114,539**	39,428

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

	2015	2014
Australian listed equity securities	**1,421,305**	1,379,533

The market value of all equity investments represent the fair value based on quoted prices on active markets (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.

Changes in fair values of financial assets at fair value through profit or loss are disclosed directly on the face of the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements (Cont'd)

	Company 2015 $	Company 2014 $
10. NON-CURRENT ASSETS - PLANT AND EQUIPMENT		
Plant and equipment		
Cost	**4,708**	4,708
Accumulated depreciation	**(1,834)**	(262)
Net book amount	**2,874**	4,446
Plant and equipment		
Opening net book amount	**4,446**	-
Additions	**-**	4,708
Depreciation charge	**(1,572)**	(262)
Closing net book amount	**2,874**	4,446
11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Trade payables	**346,620**	39,905
Other payables and accruals	**102,679**	15,990
Funds held on trust for unmarketable parcel roundup	**28,936**	60,215
	478,235	116,110

12. ISSUED CAPITAL

(a) Share capital

	Notes	2015 Number of shares	2015 $	2014 Number of shares	2014 $
Ordinary shares fully paid	12(b), 12(d)	**82,524,812**	**14,317,635**	47,524,812	8,093,061
Total issued capital		**82,524,812**	**14,317,635**	47,524,812	8,093,061

	2015 Number of shares	2015 $	2014 Number of shares	2014 $
(b) Movements in ordinary share capital				
Beginning of the financial year	**47,524,812**	**8,093,061**	31,683,208	7,324,455
Issued during the year:				
• Issued for cash @ $0.20 each (i)	**35,000,000**	**6,775,000**	-	225,000
• Issued for cash @ $0.10 each (ii)	**-**	**-**	15,841,604	1,043,242
Transaction costs	**-**	**(550,426)**	-	(499,636)
End of the financial year	**82,524,812**	**14,317,635**	47,524,812	8,093,061

(i) Initial Public Offering with shares issued in the 2015 financial year, with part proceeds received during the 2014 financial year.

(ii) Non-renounceable rights issue with shares issued in the 2014 financial year, with part proceeds received during the 2013 financial year.

Notes to the Financial Statements (Cont'd)

12. ISSUED CAPITAL (Cont'd)

(c) Movements in options on issue

	Number of options 2015	Number of options 2014
Beginning of the financial year	**30,750,000**	8,250,000
Issued, exercisable at $0.20 on or before 31 March 2019	**-**	3,000,000
Issued, exercisable at $0.20 on or before 1 August 2019	**-**	15,000,000
Issued, exercisable at $0.202 on or before 18 November 2019	**2,250,000**	-
Issued, exercisable at $0.25 on or before 31 March 2019	**-**	1,500,000
Issued, exercisable at $0.30 on or before 31 January 2018	**300,000**	-
Issued, exercisable at $0.30 on or before 31 March 2019	**-**	1,000,000
Issued, exercisable at $0.35 on or before 4 August 2017	**3,000,000**	-
(Cancelled)/Issued, exercisable at $0.35 on or before 31 March 2019	**(450,000)**	2,000,000
End of the financial year	**35,850,000**	30,750,000

(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 2015 and 30 June 2014 are as follows:

	Company 2015 $	Company 2014 $
Cash and cash equivalents	**5,359,519**	1,774,144
Trade and other receivables	**114,539**	39,428
Financial assets at fair value through profit or loss	**1,421,305**	1,379,533
Trade and other payables	**(478,235)**	(116,110)
Working capital position	**6,417,128**	3,076,995

13. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

	2015	2014
Share-based payments reserve		
Balance at beginning of year	**843,061**	197,175
Supplier options	**114,600**	486,000
Employees and contractors options	**119,504**	159,886
Balance at end of year	**1,077,165**	843,061

Notes to the Financial Statements (Cont'd)

	Company	
	2015	2014
	$	$
13. RESERVES AND ACCUMULATED LOSSES (Cont'd)		
(b) Accumulated losses		
Balance at beginning of year	**(5,854,681)**	(5,114,689)
Net loss for the year	**(3,120,117)**	(739,992)
Balance at end of year	**(8,974,798)**	(5,854,681)

(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.

14. DIVIDENDS

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

15. RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

	2015	2014
Short-term benefits	**327,019**	128,384
Post-employment benefits	**21,412**	7,044
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**109,694**	159,886
	458,125	295,314

Detailed remuneration disclosures are provided in the remuneration report on pages 17 to 20.

(b) Loans to related parties

There were no loans to related parties, including key management personnel, during the year.

(c) Transactions and balances with other related parties

Services

A total of $79,095 (2014: $102,328) was paid to DWCorporate Pty Ltd, a business of which Mr Wilkins is the principal. DWCorporate Pty Ltd provided company secretarial, bookkeeping and other corporate services to the Company during the year. The amounts paid were at usual commercial rates with fees charged at a set monthly rate with provision for additional fees charged on an hourly basis for work outside scope. At 30 June 2015 there was nil outstanding to DWCorporate Pty Ltd (2014: nil).

16. REMUNERATION OF AUDITORS

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:

	2015	2014
(a) Audit services		
Rothsay Chartered Accountants - audit and review of financial reports	**36,500**	28,000
(b) Non-audit services		
Rothsay Chartered Accountants – Investigating Accountants Report	**-**	11,000

Notes to the Financial Statements (Cont'd)

17. CONTINGENCIES

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

18. COMMITMENTS

	Company	
	2015	2014
	$	$
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	**1,225,600**	998,880
later than one year but not later than five years	**4,902,400**	3,995,520
	6,128,000	4,994,400

19. EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

20. CASH FLOW INFORMATION

	2015	2014
Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(3,120,117)**	(739,992)
Non-Cash Items		
Share-based payment expense	**119,504**	159,886
Depreciation expense	**1,572**	262
Change in operating assets and liabilities		
(Increase) in trade and other receivables	**(75,111)**	(25,365)
(Increase) in financial assets at fair value through profit or loss	**(41,772)**	(256,381)
Increase in trade and other payables	**393,404**	39,681
Net cash outflow from operating activities	**(2,722,520)**	(821,909)

Notes to the Financial Statements (Cont'd)

	Company	
	2015	2014
	$	$
21. LOSS PER SHARE		
(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	**(3,120,117)**	(739,992)

(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 and diluted loss per share	**80,223,442**	46,562,979

(c) Information on the classification of options

As the Company has made a loss for the year ended 30 June 2015, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

22. SHARE-BASED PAYMENTS

a) Employee and Consultant Options

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. The options issued have exercise prices ranging from $0.20 to $0.35 and expiry dates ranging from 31 January 2018 to 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.

The weighted average fair value of the options granted during the year was 4.3 cents (2014: 2.2 cents). The fair value was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2015	2014
Weighted average exercise price (cents)	**21.4**	26.3
Weighted average life of the option (years)	**4.8**	5.0
Weighted average underlying share price (cents)	**13.5**	10.0
Expected share price volatility	**50.0%**	50.0%
Risk free interest rate	**2.69%**	3.38%

Notes to the Financial Statements (Cont'd)

22. SHARE-BASED PAYMENTS (Cont'd)

b) Supplier Options

Suppliers have been granted options in accordance with the terms of the non-renounceable pro-rata rights issue prospectus issued in May 2013, and the Initial Public Offering issued in August 2014. The options issued have exercise prices ranging from $0.20 to $0.35 and expiry dates ranging from 4 August 2017 to 1 August 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.

The weighted average fair value of the options granted during the year was 2.9 cents (2014: 3.2 cents). The fair value was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2015	**2014**
Weighted average exercise price (cents)	**35.0**	20.0
Weighted average life of the option (years)	**3.4**	6.0
Weighted average underlying share price (cents)	**20.0**	10.0
Expected share price volatility	**50.0%**	50.0%
Risk free interest rate	**2.74%**	2.96%

Set out below are summaries of the share-based payment options granted per (a) and (b):

	Company			
	2015		**2014**	
	Number of options	**Weighted average exercise price cents**	**Number of options**	**Weighted average exercise price cents**
Outstanding at the beginning of the year	**30,750,000**	**25.6**	8,250,000	35.0
Granted	**5,550,000**	**28.7**	22,500,000	22.1
Forfeited	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Expired	**(450,000)**	**35.0**	-	-
Outstanding at year-end	**35,850,000**	**25.9**	30,750,000	25.6
Exercisable at year-end	**35,850,000**	**25.9**	27,750,000	24.7

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 3.8 years (2014: 5.0 years), with exercise prices ranging from $0.20 to $0.35.

c) Expenses arising from share-based payment transactions

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

	Company	
	2015	**2014**
	$	**$**
Options issued to employees and contractors shown as share-based payments	**119,504**	159,886
Options issued to suppliers as part of share issue transaction costs	**114,600**	486,000
	234,104	645,886

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 25 to 43 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 2015 and of its 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.

Stuart Fogarty
Managing Director

Perth, 24 September 2015

ROTHSAY

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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 2015 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 2015 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.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of Duketon Mining Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Rothsay

Graham R Swan FCA
Partner

Dated 24 September 2015

DUKETON MINING

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 22 September 2015.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary Shares	
			Number of holders	Number of shares
1	-	1,000	214	82,938
1,001	-	5,000	198	533,419
5,001	-	10,000	238	1,776,929
10,001	-	100,000	391	15,216,621
100,001		and over	120	64,914,905
			1,161	82,524,812
The number of equity security holders holding less than a marketable parcel of securities are:			393	523,432

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Liam Raymond Cornelius	4,139,377	5.02
2	HSBC Custody Nominees Australia Ltd	3,837,014	4.65
3	Citicorp Nominees Pty Ltd	3,356,882	4.07
4	Ranguta Ltd	2,698,547	3.27
5	Inc Atoc	2,282,853	2.77
6	Cheung Shun Resources Ltd	2,158,709	2.62
7	J P Morgan Nominees Australia Ltd	2,089,684	2.53
8	BT Portfolio Services Ltd <Warrell Holdings S/F>	1,750,000	2.12
9	Stockwork Kal Pty Ltd <Stockwork Inv A/C>	1,700,000	2.06
10	Alpha Boxer Ltd	1,617,986	1.96
11	National Nominees Ltd	1,511,854	1.83
12	Harmanis Holdings Pty Ltd <Harman Fam A/C>	1,500,000	1.82
13	Montezuma Mining Company Ltd	1,250,000	1.51
14	Lomacott Pty Ltd <Keogh S/F A/C>	1,200,000	1.45
15	Pennock Pty Ltd	1,000,000	1.21
16	Perth Select Seafoods Pty Ltd	1,000,000	1.21
17	Seamus Cornelius	1,000,000	1.21
18	Li Yingzhi	1,000,000	1.21
19	Kongming Investments Ltd	969,888	1.18
20	Qing Mi	905,788	1.10
		36,968,582	44.80

(c) Escrowed securities

Class	Number of securities	Escrow expiry
Ordinary fully paid shares	5,132,766	4 August 2016
Unlisted options exercisable at $0.20 expiring on 31 March 2019	3,000,000	4 August 2016
Unlisted options exercisable at $0.25 expiring on 31 March 2019	1,500,000	4 August 2016
Unlisted options exercisable at $0.30 expiring on 31 March 2019	1,000,000	4 August 2016
Unlisted options exercisable at $0.35 expiring on 31 March 2019	2,000,000	4 August 2016
Unlisted options exercisable at $0.35 expiring on 14 May 2019	3,000,000	4 August 2016

ASX Additional Information (Cont'd)

(d) Substantial shareholders

The Company has not received any notifications of substantial shareholding in accordance with section 671B of the *Corporations Act 2001*.

(e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(f) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning
Duketon	E38/1537	100
Duketon	E38/1800	100
Duketon	E38/2231	100
Duketon	E38/2661	100
Duketon	E38/2666	100
Duketon	E38/2699	100
Duketon	E38/2714	100
Duketon	E38/2717	100
Duketon	E38/2737	100
Duketon	E38/2738	100
Duketon	E38/2781	100
Duketon	E38/2805	100
Duketon	E38/2811	100
Duketon	E38/2819	100
Duketon	E38/2834	100
Duketon	E38/2866	100
Duketon	E38/2892	100
Duketon	E38/2898	100
Duketon	E38/2916	100
Duketon	E38/2919	100
Duketon	E38/2960	100
Duketon	E38/2976	100
Duketon	E38/2983	100
Duketon	E38/3002	100
Duketon	E38/3004	100
Duketon	E38/3011	100
Duketon	E38/3012	100
Duketon	E38/3017	100
Duketon	E38/3022	100
Duketon	E38/3026	100
Duketon	E38/3061	100
Duketon	E38/3083	100
Duketon	E38/3085	100
Duketon	L38/174	100
Duketon	M38/330	100
Duketon	M38/1252	100
Duketon	P38/3893	100
Duketon	P38/3984	100
Duketon	P38/4028	100
Duketon	P38/4033	100
Duketon	P38/4034	100
Duketon	P38/4092	100
Diorite Hill	E38/2891	100
Western Shaw	E45/2768	100 Tin only

ASX Additional Information (Cont'd)

(g) Unquoted securities

Class	Number of Securities	Number of Holders	Holders of 20% or more of the class: Holder Name	Holders of 20% or more of the class: Number of Securities
20 cent Options, Expiry 31 March 2019	3,000,000	3	DWCorporate Pty Ltd	1,000,000
			Seamus Cornelius	1,000,000
			Pato Negro	1,000,000
20 cent Options, Expiry 1 August 2019	15,000,000	1	Silver Sino Holdings	15,000,000
20.2 cent Options, Expiry 18 November 2019	2,250,000	4	Pato Negro	1,000,000
			Seamus Cornelius	500,000
			Nedlands Nominees	500,000
25 cent Options, Expiry 31 March 2019	1,500,000	1	Pato Negro	1,500,000
30 cent Options, Expiry 31 January 2018	300,000	2	Bradley Drabsch	150,000
			Trevor Saul	150,000
30 cent Options, Expiry 31 March 2019	1,000,000	1	Pato Negro	1,000,000
35 cent Options, Expiry 4 August 2017	3,000,000	1	Hartley Limited	3,000,000
35 cent Options, Expiry 31 March 2019	1,550,000	1	Pato Negro	1,550,000
35 cent Options, Expiry 14 May 2019	8,250,000	7	Mark Gunther	3,000,000

(h) Use of funds

The Company has, during the period from admission to the Official List of the ASX, used the funds in a way consistent with its initial business objectives.