



ABN 28 119 421 868

# *Annual Report 2022*

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*For the year ended  
30 June 2022*

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## **CORPORATE DIRECTORY**

### **DIRECTORS**

Toko Kapea (Non-executive Chairman)  
Philip Condon (Managing Director)  
Paul Frederiks (CFO & Company Secretary)  
Ian McAleese (Non-executive Director)

### **COMPANY SECRETARY**

Paul Frederiks FCPA FGIA FAICD

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## MANAGING DIRECTOR'S REVIEW

Dear Fellow Shareholder

It gives me great pleasure to present the Duke Exploration Limited 2022 Annual Report, its second as a listed company.

It is a little over 12 months since the last report and it has been quite an extraordinary year for the world as well as the Company.

In my last Annual Report letter, I described the general business and market circumstances the Company was experiencing as being generally very buoyant. At the time we had equity markets with:

- Record funds available for exploration investment;
- Record numbers of exploration IPO's; and
- Copper price at record highs of around US\$4.70/lb.

As a result, the Company was able to raise sufficient funds to carry out a full Bundarra Intrusive Complex (BIC) wide exploration program. A BIC-wide program would ensure a large scale comprehensive and structured approach to understand what mineralisation potential the full BIC has to offer and therefore the potential location of economic concentrations of mineralisation. In addition, the Company also undertook some successful and important initial confirmation drilling on the Company's Prairie Creek gold prospect confirming follow up work is justified and how to effectively go about that work.

After a period of extensive consultation with leading and/or significant industry and market participants and consultants, the Company settled on a strategy that it felt gave the best chance of a successful outcome which was a path to production. After examining Mt Flora closely, it was clear that the Company had to prioritise the identification of further resource development locations over Mt Flora development. The Mt Flora tonnage/grade and strip ratio at a copper price assumption consistent with that acceptable to project development debt lenders such as banks for example, made it clear significant additional copper resource was required to be added. Debt finance is critical in successful project funding and as such this effectively determines the copper price and other assumptions for construction finance. In addition, it is reasonably estimated that further resource drilling at Mt Flora will have limited upside and is therefore best carried out in the context of the full knowledge of what additional the BIC has to offer.

The Company was also very aware that in the medium to longer term the market ebbs and flows in cycles and if a severe market downturn were to occur the Company needed to make sure it was in a strong cash position to endure such. Market crashes come sooner and faster than expected (by definition), and typically exploration companies with no cash generation will be negatively impacted the most and quickest, in such downturns when compared to producers. Indeed, we have seen that this year, particularly the last 6 months. However often such market downturns can provide market opportunities that the Company can naturally take advantage of provided the Company is in a strong cash position to take advantage of any opportunities that such a market might turn up in such circumstances.

The Company decided on a carefully structured and phased BIC wide exploration program that provided the best opportunity for success but also ensured that a conservative approach to cash preservation and Company longevity was taken. The Company could undertake a program that conserved cash but at the same time fully explored the BIC, a very large copper system.

The previous exploration work the Company had undertaken was successful through taking an initial geochemical soils sampling approach. This was a reliable way to cover the vast 150km pluton rapidly and cost effectively but at the same time provide our best and most consistent indication of the presence of copper mineralisation. This method was most effective with areas that have a relatively thin soil thickness that is reflective of the underlying rock, which was primarily around the rim of the BIC. The centre of the BIC is covered in transported material of varying thickness up to +30m in some areas that has been eroded, mixed, transported and deposited to varying degrees from another location. The rim of the pluton was also where the previous old-timer mining had been conducted and outcropping could be observed. The Company immediately undertook a BIC wide soils survey in October 2021 and this was completed in February 2022.

In parallel the Company undertook a geophysical VTEM inversion study utilizing data from a previous airborne geophysical study conducted in 2011 but with updated 2022 data complex data analytics techniques applied. This was to assist with the soils results in further understanding underlying structures

and relationships and ultimately areas of enhanced interest. The VTEM inversion study was completed in December 2021.

The completion of the geochemical and geophysical surveys as described above, combined with other available data and field observation allowed the identification and/or confirmation of a number of areas for follow up drill testing. A drill program with a number of phases and locations was undertaken in parallel with the above to test those areas identified the results of which have all been reported progressively throughout the year. These areas included Lone Hand, Cloorocorn, Seafood, Cattle Creek, Browns South, Absolon, Isens, Sunny Corner, Poison Gully, Quorn and Rogers.

As the program progressed in the SW area, the results became more interesting. Soils and geophysics had clearly identified the area for follow up drill testing and that resulted in brecciated areas around the Quorn prospect showing up with excellent copper grades but lacking consistency/continuity. Further deep drilling at Quorn showed indications of potential proximity to an Iron Oxide Copper Gold (IOCG) system which in itself is for specific follow up.

The Rogers location has similarly emerged as an area of particular interest. It was investigated because it was determined that in addition to the geochemical and geophysics indications there were other instances of previous mining and outcropping mineralisation justifying drill testing. Drilling in and around Rogers showed:

1. The copper lodes and structures present seemed to intensify at the intersection of the EW and NE/SW structures coincident in the area; and
2. Gold mineralisation had begun to present in potentially economic grades along with the presence of copper mineralisation.

In parallel with the above somewhat "bottom-up" exploration approach, a "top-down" was also undertaken. A BIC wide geological structural reinterpretation was carried out (the 'Rankin Report') which could provide the first possible overall BIC structural understanding and perspective but also the beginnings of an understanding of the potential pathways of copper mineralisation from source/s to areas such as Mt Flora for example. A 'road map' if you will.

The Rankin structural interpretation was put to the test in up to +30m of transported soil cover with a small/shallow and intense 'fence line' RC drill campaign in the centre of the BIC approx. 3 km to the south of Mt Flora, known as Valkyrie. The result was low-level copper mineralisation intercepted in the locations the Rankin report had predicted. This was a very significant development given that:

1. For the first time we can reliably estimate locations of these pathways below up to 30m soil cover;
2. For the first time we can now begin to reliably understand the potential source vectors and pathways the mineralised fluids have taken; and
3. For the first time, the location of the pathways are located in the inner/middle area of the BIC, away from the contact rim where historical exploration has focused.

In other words we have a roadmap of potential mineral pathways to provide very specific locations for efficient follow up tracking the pathways for concentrations and sources of mineralisation. This is a very significant outcome.

Metallurgical studies were undertaken on Mt Flora diamond core samples earlier in this calendar year with the outcomes being as anticipated with excellent recoveries and concentrate grade, and silver content at payable levels in the concentrate. In addition, it was confirmed there are no processing deleterious elements present or known contaminants in the concentrate. A relatively coarse grind is also a positive, slightly offset by a higher grinding index. A good outcome and bodes well from an operations perspective.

Throughout the last 12 months the Company has also carried out some follow up drilling at Prairie Creek confirming the presence of gold mineralisation as reported from historic drilling and also providing a clearer path forward to project development and justification for such.

The Company also took the decision to relinquish the Red Hill tenement permits given the lack of interest by any potential farm-in partners and no foreseeable realistic ability to carry out exploration on the tenement.

The Company has completed a very significant amount of work in the last year. This includes an extensive exploration program that has been undertaken and completed during the year:

- 5991 soil samples over 150 sq km of the BIC for a total of 22,700 samples taken to date);
- 78 RC drill holes for 11,910m for a total of 198 RC holes to date of which 109 holes at Mt Flora);
- 9 diamond drill bore holes for 1,612 m for a total of 12 DD holes to date);
- VTEM Inversion study;
- Ranking structural reinterpretation report; and
- Soil sample at Waitara and Duania.

The above is quite an extraordinary amount of work conducted and completed safely and efficiently by our exploration team, including our support team of consultants and contractors. Their efforts have been very much appreciated and they have a lot to be proud of.

The above work has resulted in two areas of the BIC program emerging as being of the greatest interest thus far for the next phase of BIC development.

1. The SW Rogers/Quorn/Sunny Corner/Isens area is extremely complex but prospective, particularly with the emergence of gold mineralisation along with copper and other strong indications of a large copper and gold system; and
2. The Rankin structures now provide a clear and increasingly reliable and specific road map of possible mineralisation pathways for tracking of both copper fluids source/s and also the downstream potential areas of accumulated mineralisation. This is a very powerful and focused tool, especially now after uncovering mineralisation pathways under significant thickness of transported soil cover.

The Company has now reached a natural pause with the above work being completed, and a clear value add path forward for further Bundarra development into the future has emerged for implementation at the right time.

The current circumstances are significantly different to those of just twelve months ago where now we have:

- A severe global economic market downturn and outlook;
- Depressed and/or volatile commodity prices;
- Significant capital markets correction and negative outlook;
- Increasing interest and inflation rates; and
- Little or no funds available in the market nor interest in early-stage exploration.

The Company has approximately \$4 million in cash and is in a strong position to take advantage of well-priced nearer-term production opportunities that may come up in the market. Any such opportunity would be consistent with the Company direction of copper and gold production in eastern Australia, with a focus in Queensland. It is envisioned that such opportunities would not only provide a real pathway to nearer term cash generation but would also be consistent with leveraging the extensive work completed by the Company at Bundarra in particular for future resource growth along with cash generating production to sustain and generate future business growth and expansion. This will be the immediate focus of the Company and into the year ahead, whilst the Bundarra development program is paused.

The Company directors and employees are all very proud of the work we have done on behalf of all of our shareholders. To those shareholders who have stayed with us throughout the last 12 months we thank you all sincerely, very much for your loyalty and support. It is difficult to provide any certainty in such times other than to assure all shareholders we will be working towards ensuring the best possible outcome for all shareholders, despite the turbulent times we now face.

I look forward to bigger and better results and future for Duke Exploration over the year ahead.

Yours faithfully

Philip Condon  
Managing Director  
24<sup>th</sup> October 2022

## DIRECTORS' REPORT

Your Directors present their report together with the financial report of Duke Exploration Limited ("Duke Exploration" or the "Company") for the year ended 30 June 2022 and the auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

### 1. DIRECTORS

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

#### **Toko Kapea, Independent Non-Executive Chairman**

**Age: 55**

**Appointed: 11 July 2017**

**Qualifications: BA, LLB**

Mr Toko Kapea is a Wellington (New Zealand) based director, commercial lawyer and consultant. Toko is a director of Tuia Group Limited and a partner in Tuia Legal. He is a director of Television New Zealand (the state-owned broadcaster). He was previously chairman of Bathurst Resources Ltd (NZ's largest coal mining company and also ASX listed) from May 2013 to June 2021. He has held legal roles in-house at Meridian Energy, Bank of New Zealand, St. George Bank NZ and ANZ. Mr Kapea was also an independent committee member of the Banjima Direct Benefits Trust in Perth, Western Australia.

#### **Philip Condon, Managing Director**

**Age: 57**

**Appointed: 26 April 2021**

**Qualifications: BE (mech), MBA**

Philip Condon's career of 35 years spans across primary, secondary, and tertiary industry, from hands on site-based roles through to the corporate board rooms of several private and public listed (Toronto, London, Australia) companies.

Philip's past roles and responsibilities have included precious metals and base metals mining operations, mine project development/construction and mineral exploration at senior corporate management (CEO, President, Non-Exec Directorships), project management, engineering, and operations management, in Australia, Asia, Middle East and Africa.

#### **Paul Frederiks, CFO and Company Secretary**

**Age: 61**

**Appointed: 11 July 2017**

**Qualifications: B.Bus. (Acc), FCPA, FGIA, FAICD**

Paul Frederiks has extensive experience in public company financial and secretarial management with more than 35 years' experience in the Australian resources sector. He held the position of Company Secretary and Chief Financial Officer of Ross Mining NL for over eight years until 2000 and Company Secretary and Chief Financial officer of Geodynamics Limited for 10 years until 2012 and Company Secretary and CFO of Auzex Resources Limited, then Auzex Exploration Limited and then Explaurum Limited from 2005 until 2019. He also has expertise in ASX listed public company reporting, financial modelling and forecasting, treasury management and hedging, project financing and corporate governance.

Paul established his own consultancy in 2000 providing company financial and secretarial services to both listed and unlisted public companies. In addition to the positions outlined above, he was formerly Company Secretary of Billabong International Limited from 2000 to 2004 and CFO and Company Secretary of Discovery Metals Limited from October 2012 to August 2014.

## DIRECTORS' REPORT (Continued)

### 1. DIRECTORS (Continued)

Ian McAleese, Independent Non-Executive Director

Age: 69

Appointed: 22 June 2020

Qualifications: B.Sc, GAICD, MAusIMM

Mr Ian McAleese is an Investor Relations specialist with a geological background and professional investment experience. He has a broad range of experience in the mining industry having recently worked for Whitehaven Coal as GM Investor Relations for over six years. Previously he worked for Queensland Investment Corporation as a Portfolio Manager responsible for the mining section of the portfolio.

### 2. CORPORATE STRUCTURE

Duke Exploration Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office is Level 27, 111 Eagle Street, Brisbane QLD 4000. It was incorporated on 26 April 2006.

### 3. PRINCIPAL ACTIVITIES

Duke Exploration Limited is an active mineral exploration company with land holdings in Queensland. The Company currently holds four exploration tenements for copper, gold and silver and also has a 10% free carried interest (to bankable feasibility study) in four New South Wales Cu-Au porphyry tenements currently operated by Lachlan Resources Limited.

### 4. OPERATING RESULTS

The loss of the Company for the financial year, after providing for income tax amounted to \$1,714,725 (2021: \$1,373,381).

### 5. EARNINGS PER SHARE

Basic loss per share for the year was 1.64 cents (2021: 2.15 cents).



## DIRECTORS' REPORT (Continued)

### 6. REVIEW OF OPERATIONS / OPERATING AND FINANCIAL REVIEW

During the year, the Company was engaged in mineral exploration for metals in Australia. A review of the Company's operations, including information on exploration activity and results thereof, financial position, strategies and projects of the Company during the year ended 30 June 2022 is provided in this Financial Report. The Company's financial position, financial performance and use of funds information for the financial year is provided in the financial statements that follow this Directors' Report.

As an exploration entity, the Company has no operating revenue or earnings and consequently the Company's performance cannot be gauged by reference to those measures. Instead, the Directors' consider the Company's performance based on the success of exploration activity, acquisition of additional prospective mineral interests and, in general, the value added to the Company's mineral portfolio during the course of the financial year.

Whilst performance can be gauged by reference to market capitalisation, that measure is also subject to numerous external factors. These external factors can be specific to the Company, generic to the mining industry and generic to the stock market as a whole and the Board and management would only be able to control a small number of these factors.

The Company's business strategy for the financial year ahead and, in the foreseeable future, is to continue exploration, evaluation and development activity on the Company's existing Bundarra Project, identify and assess new mineral project opportunities and review development strategies where individual projects have reached a stage that allows for such an assessment. Due to the inherently risky nature of the Company's activities, the Directors are unable to comment on the likely results or success of these strategies.

In the 12 months to June 2022, Duke Exploration Limited has made considerable progress. The key achievements and progress made during the period were as follows:

#### Corporate

- Successfully completed tranche 2 of the June 2021 share placement in July 2021 of which the total placement raised \$8,000,000. Tranche 2 raised a total of \$3,900,000.
- The annual general meeting was held virtually on 29 October 2021 with all resolutions passed on a poll.
- The Company recorded a loss for the year of \$1,714,725 which was in line with budget. This included non cash expenditure comprised share based payment expense of \$448,629 and depreciation of \$57,168.
- The Company experienced net operating and investing cash outflows of \$6,935,966 of which \$6,202,926 related to exploration expenditure and \$2,989 was for the purchase of property, plant and equipment. As at 30 June 2022, the Company has net current assets of \$5,362,925 including cash and cash equivalents of \$5,793,432.

#### Exploration and Development

- During Q2 2022 a further thirty-eight Scout Reverse Circulation (RC) drill holes were completed, totalling 7,230m.

Duke Exploration Q2 2022 Drilling Statistics	
Number drill holes	38
Total metres	7,230
Total samples dispatched for assay	8,405
Total samples assayed, results received	7,474

- Encouraging copper (+/- Ag, Au) assays were received for the Rogers, Quorn and Lonehand Prospects.
- The geological and structural framework of the BIC was advanced through a synthesis of the geophysical database.
- Further scout drilling is planned during Q3 2022 testing a combination of geophysical (high magnetic anomalies that may be concealed intrusives), structural and intrusive targets.
- This drilling will complete the scout drilling phase of the exploration program, from which the next phases will be a combination of follow up drilling on scout hole targets and prioritisation of mineral resource delineation targets.

## DIRECTORS' REPORT (Continued)

### 7. MATERIAL BUSINESS RISKS

The Company's activities are subject to numerous risks, mostly outside the Board's and management's control. These risks can be specific to the Company, generic to the mining industry and generic to the stock market as a whole. The key risks, expressed in summary form, affecting the Company and its future performance include but are not limited to:

- Exploration Risk
- Future Funding Risk
- Regulatory Risk
- Resource Estimate Risk
- Availability of Equipment and Contractors
- Key Personnel Risk
- Metal Market Conditions and Currency Risk
- Limited Operating History of the Company
- Macro-Economic Risk

This is not an exhaustive list of risks faced by the Company or an investment in it. A discussion on each of these named risk factors is outlined below:

#### Exploration Risk

The success of the Company depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration on the Company's existing tenements may be unsuccessful, resulting in a reduction in the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the tenements. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability. If the level of operating expenditure required is higher than expected, the financial position of the Company may be adversely affected. The Company may also experience unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

#### Future Funding Risk

The Company's ongoing activities are expected to require further equity funding in the future and any additional equity funding may be dilutive to shareholders, may be undertaken at lower prices than the current market price. Although the Directors believe that additional capital can be obtained, no assurances can be made, especially given the impact of the COVID-19 pandemic, that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its exploration activities and this could have a material adverse effect on the Group's activities and could affect the Group's ability to continue as a going concern.

## DIRECTORS' REPORT (Continued)

### 7. MATERIAL BUSINESS RISKS (Continued)

#### Regulatory Risk

The Company's operations are subject to various Commonwealth, State and local laws and plans, including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health. Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials. No assurance can be given that the Company will be successful in maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, the Company may be curtailed or prohibited from continuing or proceeding with exploration. The Company's business and results of operations could be adversely affected if applications lodged for exploration licences are not granted. Mining and exploration tenements are subject to periodic renewal. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company. It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest in, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected. The Company may also be unable to obtain land access from landowners due to an inability to negotiate an agreed Conduct and Compensation Agreement.

#### Resource Estimate Risk

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value. Copper and gold price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render resources containing relatively lower grades uneconomic and may materially affect resource estimations.

#### Availability of Equipment and Contractors

In the past two years various equipment and consumables, including drill rigs and drill bits, was in short supply. There was also high demand for contractors providing other services to the mining industry. The COVID-19 pandemic has only served to exacerbate these issues. Consequently, there is a risk that the Company may not be able to source all the equipment and contractors required to fulfil its proposed activities. There is also a risk that hired contractors may underperform or that equipment may malfunction, either of which may affect the progress of the Company's activities.

#### Key Personnel Risk

In formulating its exploration programs and business development strategies, the Company relies to a significant extent upon the experience and expertise of the Directors and management. A number of key personnel are important to attaining the business goals of the Company. One or more of these key employees could leave their employment, and this may adversely affect the ability of the Company to conduct its business and, accordingly, affect the financial performance of the Company and its share price. Recruiting and retaining qualified personnel are important to the Company's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong.

## DIRECTORS' REPORT (Continued)

### 7. MATERIAL BUSINESS RISKS (Continued)

#### Metal Market Conditions and Currency Risk

The copper and gold mining industries are competitive. There can be no assurance that copper and gold prices will be such that the Company's existing resource and any future resources can be converted to an economic reserve and mined at a profit. Copper and gold prices fluctuate due to a variety of factors including supply and demand fundamentals, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns and speculative activities. These fluctuations were exacerbated by the worldwide spread of the COVID-19 virus and at this stage, forecast recoveries from the impact of the virus are speculative. Similarly, demand and supply of capital and currencies, forward trading activities, relative interest rates and exchange rates and relative economic conditions can impact exchange rates.

#### Limited Operating History of the Company

The Company has limited operating history on which it can base an evaluation of its future prospects. If the Company's business model does not prove to be profitable, investors may lose their investment. The Company's historical financial information is of limited value because of the Company's lack of operating history and the emerging nature of its business. The prospects of the Company must be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.

#### Macro-Economic Risk

At the present time, the world continues to remain in a pandemic phase of COVID-19, with global supply chains, labour and equipment shortages still being materially affected, though this is being slowly abated by re-opening of world economies. Inflationary pressures for appropriately skilled labour and capital items are being seen across many industries, including mining. Australia is continuing to open its interstate and international borders for fully vaccinated persons, however there clearly remains a skills shortage and further disruptions may be experienced as the pandemic moves into the endemic phase.

## **DIRECTORS' REPORT (Continued)**

### **8. SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

Significant changes in the state of affairs of the Company during the financial year were as follows:

- Shareholders' contributed equity increased from \$17,742,338 to \$21,270,032, an increase of \$3,527,694. The movement was as a result completion of tranche 2 of a share placement in July 2021.
- Deferred Exploration and evaluation costs increased from \$7,136,972 to \$12,510,158 as a result of the capitalisation of expenses incurred on the Company's Bundarra and Prairie Creek projects.

### **9. SUBSEQUENT EVENTS**

There were no matters or circumstances which 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 years.

### **10. LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

The activities of the Company will be focussed on progressing the Bundarra Copper Project in Central Queensland during the 2023 financial year. The exploration effort will continue to be directed towards establishing the scale and scope of the project which is currently open in all directions. Some additional resources will be directed to the Prairie Creek gold project, also in Central Queensland, where target evaluation drilling and follow up evaluation work may be undertaken. The Company continues to monitor market conditions and respond to significant changes in circumstances as and when they may arise such as reduced scope of works, pausing part/all drilling, etc. In addition the Company will be strategically opportunistic in assessing new opportunities which are presented to the Company or which it becomes aware of in its own right. An advancement of any opportunity could be via outright purchase, farm-in, takeover, merger etc.

The Directors are unable to comment on the likely results from the Company's planned activities on Bundarra due to the speculative nature of such activities.

### **11. ENVIRONMENTAL ISSUES**

Duke Exploration Limited is committed to the effective environmental management of all its exploration and development activities. The Company recognises that its field exploration is a temporary land use, and is associated with a range of potential environmental impacts. Prior to commencement of operations, site planning must recognise these potential impacts and lead to the development of effective strategies for their control. During operations, the successful implementation of these strategies is a principal objective of site management. Following decommissioning, the site must be left in a safe and stable state, with all disturbed land successfully rehabilitated to an agreed standard.

The Company has an Environmental Policy in place that explains the site requirements to achieve these objectives including operating in accordance with a site environmental management plan and identification and management of environmental risk and liability. The Company's activities are subject to compliance with various laws including State and Commonwealth laws relating to the protection of the environment and aboriginal culture and heritage, native title and exploration for minerals. At the time of writing, the Company was not in breach of any environmental regulations regarding any field work undertaken on its exploration tenements.

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

**DIRECTORS' REPORT (Continued)****12. DIVIDENDS PAID OR RECOMMENDED**

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

**13. DIRECTORS' MEETINGS**

The number of directors' meetings held during the financial year and the number of meetings attended by each director are:

Director	Directors' Meetings	
	Meetings Attended	Number Eligible to Attend
Toko Kapea	11	11
Philip Condon	11	11
Paul Frederiks	11	11
Ian McAleese	11	11

## DIRECTORS' REPORT (Continued)

### 14. REMUNERATION REPORT (AUDITED)

#### Remuneration Policy

This remuneration report for the financial year ended 30 June 2022 outlines the Director and Executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this report, key management personnel (KMP) of the company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly and indirectly, including any director (whether executive or otherwise) of the Company, and includes the five executives in the Company receiving the highest remuneration. For the purposes of this report, the term 'executive' encompasses the Non-Executive Chairman, Managing Director, General Manager Operations, Non-Executive Directors and Company Secretary of the Company. The information provided in this remuneration report has been audited as required by Section 308 (3C) of the Corporations Act 2001.

#### Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive salaries to attract high calibre executives;
- Links executive rewards to shareholder value through the issue of share options or performance shares;
- Establishes appropriate performance hurdles under its share option scheme through key corporate milestones that are integral to the Company successfully completing its business plan.

The Board collectively develops and assesses the remuneration policy and practices of the Directors, Managing Director (MD) and Senior Executives who report directly to the MD.

Such assessment will incorporate the development of remuneration policies and practices which will enable the Company to attract and retain executives who will create value for shareholders. Executives will be fairly and responsibly rewarded having regard to the performance of the Company, the performance of the executive and the general market environment.

The Board undertakes its own self-evaluation annually and considers attributes such as the qualitative and quantitative nature of the review, and the mix between total Board review and individual Director review.

#### Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-executive Director and Senior Executive remuneration is separate and distinct.

#### Non-executive Director Remuneration

**Objective** - The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

**Structure** - The Constitution of Duke Exploration Limited specifies that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the General Meeting held on 14 September 2020 when shareholders approved a maximum aggregate amount of \$170,000 per annum.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice when required from external consultants as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process. No external consultants were engaged during the financial year. The amounts are set at a level that compensates the Directors for their significant time commitment in overseeing the progression of the Group's business plan.

## DIRECTORS' REPORT (Continued)

### REMUNERATION REPORT (Audited) (Continued)

#### Non-executive Director Remuneration (continued)

Each Non-executive Director receives a fee for being a Director of the Company. No additional committee fees are paid to any Director. The current fee structure is to pay Non-executive Directors a base annual remuneration of \$50,000 p.a. including superannuation with the Chairman being paid a 50% loading or remuneration of \$75,000 p.a. There are no retirement benefits offered to Non-executive Directors other than statutory superannuation.

Non-executive independent Directors are also encouraged by the Board to hold shares in the Company. It is considered good governance for Directors to have a stake in the Company on whose Board he or she sits. The remuneration of Non-executive Directors for the period ending 30 June 2022 is detailed in this report.

#### Variable Remuneration – Share Options

**Objective** - The objective of the Duke Exploration Option Plan is to retain, motivate and reward Non-Executive Directors in a manner which aligns this element of remuneration with the creation of shareholder wealth.

**Structure** – Variable remuneration is delivered to Non-Executive Directors in the form of share options – the grant of options to Non-Executive Directors is considered from time to time to be prudent due to the small size of the board and their consequent increased responsibilities.

The Company intends to use milestone driven achievements in conjunction with share price growth as performances hurdle for the Duke Exploration Option Plan. The Company believes this will ensure an alignment between comparative shareholder return and reward for the Non-executive Directors. The Board considers at this stage in the Company's development, that share price growth itself is an adequate measure of TSR.

A performance hurdle against profit is considered inappropriate as the Company is not generating revenue and will not do so until a project is advanced to a production phase. Due to the long lead times in resource development, the Company considers that shareholder wealth in its current phase is created through share price growth.

The number of share options granted to Non-executive Directors was calculated assuming a target share price annual growth rate of 20% with the benefit over 3 years to be 40% of base directors fees if this target was achieved.

#### Executive Director and Senior Management Remuneration

**Objective** - The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward Executives for Company, business division and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of Executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

**Structure** - The Executive Directors' and key Executives' emoluments are structured to retain and motivate Executives by offering a competitive base salary together with performance incentives through share options which allow Executives to share in the success of Duke Exploration Limited.

The Company's Managing Director, Operations Manager and Exploration Manager remuneration packages are formalised in service agreements. The Company's CFO & Company Secretary engagement is formalised in service contracts with their consulting company.



## DIRECTORS' REPORT (Continued)

### REMUNERATION REPORT (Audited) (Continued)

#### Executive Director and Senior Management Remuneration (continued)

Remuneration consists of the following key elements:

- Fixed Remuneration – Base salary and superannuation;
- Variable Remuneration – Share Options and milestone driven cash bonuses.

#### Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board and the process consists of a review of Company and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices. The Board has access to external advice independent of management. No external advice was obtained by the Board during the financial year.

#### Variable Remuneration – Share Options and Cash Bonus

**Objective** - The objective of the Duke Exploration Option Plan is to retain, motivate and reward senior Executives and staff in a manner which aligns this element of remuneration with the creation of shareholder wealth.

**Structure** – Variable remuneration is delivered to executives in the form of share options

The Company intends to use milestone driven achievements in conjunction with share price growth as performances hurdle for the Duke Exploration Option Plan. The Company believes this will ensure an alignment between comparative shareholder return and reward for executives. The Board considers at this stage in the Company's development, that share price growth itself is an adequate measure of TSR.

A performance hurdle against profit is considered inappropriate as the Company is not generating revenue and will not do so until a project is advanced to a production phase. Due to the long lead times in resource development, the Company considers that shareholder wealth in its current phase is created through share price growth.

The number of share options granted to Senior Executives and staff was calculated assuming a target share price annual growth rate of 20% with the benefit over 3 years to be as follows:

- 40% of the base remuneration for the Managing Director and Senior Executives if this target was achieved as well as performance milestones being met;
- 10% of the base remuneration for general staff if this target was achieved as well as performance milestones being met;

## DIRECTORS' REPORT (Continued)

### REMUNERATION REPORT (Audited) (Continued)

#### (a) Details of Key Management Personnel

##### (i) Specified Directors

Toko Kapea	Non-Executive Chairman - appointed 11 July 2017
Philip Condon	Managing Director - appointed 26 April 2021
Paul Frederiks	CFO & Company Secretary – appointed 11 July 2017
Ian McAleese	Non-Executive Director – appointed 22 June 2020
Eugene Iliescu	Managing Director – resigned 30 June 2021

##### (ii) Specified Executives

Phil Bentley	Operations Manager – appointed 25 March 2022
Thomas Dwight	Exploration Manager - appointed 1 March 2020
Greg Partington	General Manager Operations – resigned 31 December 2021

Executive Directors' remuneration and other terms of employment are reviewed annually by the Non-Executive Directors having regard to performance against goals set at the start of the year, relative comparative information and independent expert advice.

Except as detailed in the Remuneration Report, no Director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and shown in the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Company.

**DIRECTORS' REPORT (Continued)****REMUNERATION REPORT (Audited) (Continued)****(b) Remuneration of Key Management Personnel****Details of Remuneration for the years ended 30 June 2022 and 30 June 2021**

	Base Salary and Fees \$	Short-term benefits Bonus Payment	Termination payment	Equity Compensation Value of Options \$	Post- employ- ment Super- annuation Contribution \$	TOTAL \$	Performance based %
<b>Directors</b>							
Toko Kapea							
2022	75,000	-	-	20,714	-	95,714	21.6
2021	66,667	-	-	13,166	-	79,833	16.5
Philip Condon							
2022	218,655	22,727	-	69,940	23,898	335,220	20.9
2021	34,400	-	-	-	3,226	37,626	-
Paul Frederiks							
2022	150,000	-	-	41,428	-	191,428	21.6
2021	141,667	-	-	26,332	-	167,999	15.7
Ian McAleese							
2022	45,662	-	-	10,357	4,566	60,585	17.1
2021	39,243	-	-	6,583	3,728	49,554	13.3
Eugene Iliescu							
2022	-	-	18,968 <sup>1</sup>	65,957	-	94,925	69.5
2021	183,850	-	-	43,887	17,352	245,089	17.9
<b>Total 2022</b>	<b>489,317</b>	<b>22,727</b>	<b>18,968</b>	<b>208,396</b>	<b>28,464</b>	<b>767,872</b>	<b>27.1</b>
<b>Total 2021</b>	<b>465,827</b>	<b>-</b>	<b>-</b>	<b>89,968</b>	<b>24,306</b>	<b>580,101</b>	<b>15.5</b>
<b>Specified Executives</b>							
Phil Bentley							
2022	55,049	-	-	-	5,468	60,517	-
2021	-	-	-	-	-	-	-
Greg Partington							
2022	83,334	-	83,333 <sup>2</sup>	158,297	-	324,964	48.7
2021	183,697	-	-	35,110	-	218,807	16.1
Thomas Dwight							
2022	159,035	10,000	-	35,904	16,783	221,722	16.2
2021	130,576	-	-	22,821	12,291	165,688	13.8
<b>Total 2022</b>	<b>297,418</b>	<b>10,000</b>	<b>83,333</b>	<b>194,201</b>	<b>22,251</b>	<b>607,203</b>	<b>31.9</b>
<b>Total 2021</b>	<b>314,273</b>	<b>-</b>	<b>-</b>	<b>57,931</b>	<b>12,291</b>	<b>384,495</b>	<b>15.1</b>

<sup>1</sup> Termination annual leave paid out from previous financial year<sup>2</sup> Notice period paid out

**DIRECTORS' REPORT (Continued)****REMUNERATION REPORT (Audited) (Continued)****(c) Number of Shares held by Key Management Personnel****Year from 1 July 2021 to 30 June 2022****Directors**

	<b>Balance at beginning of year</b>	<b>Purchased on-market</b>	<b>Sold on- market</b>	<b>Cessation of employment</b>	<b>Balance at end of year</b>
Toko Kapea	2,904,056	160,000	-	-	3,064,056
Philip Condon	113,334	-	-	-	113,334
Paul Frederiks	1,668,334	60,000	-	-	1,728,334
Ian McAleese	158,681	60,000	-	-	218,681
Eugene Iliescu	3,713,334	-	-	(3,713,334)	-
	<b>8,557,739</b>	<b>280,000</b>	<b>-</b>	<b>(3,713,334)</b>	<b>5,124,405</b>

**Specified Executives**

	<b>Balance at beginning of year</b>	<b>Purchased on-market</b>	<b>Sold on- market</b>	<b>Cessation of employment</b>	<b>Balance at end of year</b>
Greg Partington	7,690,384	-	-	(7,690,384)	-
Phil Bentley	-	-	-	-	-
Thomas Dwight	115,334	-	-	-	115,334
	<b>7,805,718</b>	<b>-</b>	<b>-</b>	<b>(7,690,384)</b>	<b>115,334</b>

**Year from 1 July 2020 to 30 June 2021****Directors**

	<b>Balance at beginning of year</b>	<b>Purchased in IPO or on- market</b>	<b>Purchased via Share Purchase Plan</b>	<b>Conversion of Performance Rights</b>	<b>Balance at end of year</b>
Toko Kapea	2,786,000	-	55,556	62,500	2,904,056
Philip Condon	-	30,000	83,334	-	113,334
Paul Frederiks	1,460,000	-	83,334	125,000	1,668,334
Ian McAleese	-	100,000	55,556	3,125	158,681
Eugene Iliescu	3,380,000	-	83,334	250,000	3,713,334
	<b>7,626,000</b>	<b>130,000</b>	<b>361,114</b>	<b>440,625</b>	<b>8,557,739</b>

**Specified Executives**

	<b>Balance at beginning of year</b>	<b>Purchased in IPO</b>	<b>Purchased via Share Purchase Plan</b>	<b>Conversion of Performance Rights</b>	<b>Balance at end of year</b>
Greg Partington	7,357,050	-	83,334	250,000	7,690,384
Thomas Dwight	-	32,000	83,334	-	115,334
	<b>7,357,050</b>	<b>32,000</b>	<b>166,668</b>	<b>250,000</b>	<b>7,805,718</b>

**DIRECTORS' REPORT (Continued)****REMUNERATION REPORT (Audited) (Continued)****(d) Number of Performance Rights held by Key Management Personnel****Year from 1 July 2021 to 30 June 2022**

There were no performance rights granted to any director or executive during the year.

**Year from 1 July 2020 to 30 June 2021****Directors**

	<b>Balance at beginning of year</b>	<b>Granted during year</b>	<b>Vested / Exercised</b>	<b>Balance at end of year</b>
Toko Kapea	-	62,500	(62,500)	-
Eugene Iliescu	-	250,000	(250,000)	-
Paul Frederiks	-	125,000	(125,000)	-
Ian McAleese	-	3,125	(3,125)	-
	-	<b>440,625</b>	<b>(440,625)</b>	-

**Specified Executives**

	<b>Balance at beginning of year</b>	<b>Granted during year</b>	<b>Vested / Exercised</b>	<b>Balance at end of year</b>
Greg Partington	-	250,000	(250,000)	-
	-	<b>250,000</b>	<b>(250,000)</b>	-

**DIRECTORS' REPORT (Continued)****REMUNERATION REPORT (Audited) (Continued)****(e) Number of Options held by Key Management Personnel****Year from 1 July 2021 to 30 June 2022****Directors**

	Balance at beginning of year	Granted during year	Options Exercised /cessation of employment	Balance at end of year
Toko Kapea	494,505	-	-	494,505
Philip Condon	-	1,250,000	-	1,250,000
Paul Frederiks	989,011	-	-	989,011
Ian McAleese	247,253	-	-	247,253
Eugene Iliescu	1,648,352	-	(1,648,352)	-
	<b>3,379,121</b>	<b>1,250,000</b>	<b>(1,648,352)</b>	<b>2,980,769</b>

**Specified Executives**

	Balance at beginning of year	Granted during year	Options Exercised/ces sation of employment	Balance at end of year
Greg Partington	1,318,682	-	(1,318,682)	-
Phil Bentley	-	-	-	-
Thomas Dwight	857,143	-	-	857,143
	<b>2,175,825</b>	<b>-</b>	<b>(1,318,682)</b>	<b>857,143</b>

The above table shows nil options at the end of the year for Messrs Iliescu and Partington as they were no longer KMP at the end of the financial year due to their respective cessations of employment and key consultant with the Company. In consideration however of their contributions to the Company, the Board resolved to exercise its discretion under the Option Plan Rules that Eugene Iliescu could keep tranche 1 of his option package totalling 549,451 options and Greg Partington could keep all three tranches of his option package totalling 1,318,682 options. These options will remain subject to the same conditions and vesting criteria of the other KMP options that were issued in November 2020.

**Year from 1 July 2020 to 30 June 2021****Directors**

	Balance at beginning of year	Granted during year	Options Exercised /other	Balance at end of year
Toko Kapea	-	494,505	-	494,505
Philip Condon	-	-	-	-
Paul Frederiks	-	989,011	-	989,011
Ian McAleese	-	247,253	-	247,253
Eugene Iliescu	-	1,648,352	-	1,648,352
	<b>-</b>	<b>3,379,121</b>	<b>-</b>	<b>3,379,121</b>

**Specified Executives**

	Balance at beginning of year	Granted during year	Options Exercised	Balance at end of year
Greg Partington	-	1,318,682	-	1,318,682
Thomas Dwight	-	857,143	-	857,143
	<b>-</b>	<b>2,175,825</b>	<b>-</b>	<b>2,175,825</b>

## REMUNERATION REPORT (Audited) (Continued)

### Exercise period for options issued to Managing Director

One third of the options will vest upon the announcement of a completed Scoping Study for the Bundarra Project (which includes the Mt Flora prospect) demonstrating the economics of the project can justify proceeding toward a pre-feasibility study in accordance with listing rule requirements and the JORC Code OR one third of the options will vest upon announcement of an inferred resource at the Prairie Creek prospect as defined under JORC 2012 that is equal to or better than 4 million tonnes @1.5 g/t Au that equates to 200,000 oz of gold AND the satisfaction of a 15% per annum compound share price increase from the date of grant.

One third of the options will vest upon the announcement of a completed Feasibility Study for the Bundarra Project demonstrating that developing an open pit mine is economically viable for the project in accordance with listing rule requirements and the JORC Code OR one third of the options will vest upon the announcement of a completed Scoping Study for the Prairie Creek prospect demonstrating the economics of the prospect can justify proceeding toward a pre-feasibility study in accordance with listing rule requirements and the JORC Code AND the satisfaction of a 15% per annum compound share price increase from the date of grant.

One third of the options will vest upon the announcement of the achievement of all material consents and approvals to enable mine development to proceed at the Bundarra Project OR one third of the options will vest upon the announcement of a completed Feasibility Study for the Prairie Creek prospect demonstrating the economics of the prospect can justify proceeding toward a pre-feasibility study in accordance with listing rule requirements and the JORC Code AND the satisfaction of a 15% per annum compound share price increase from the date of grant.

### Exercise period for options issued to Non-Executive Directors and Senior Management

One third of the options will vest upon the announcement of The announcement of an inferred resource at the Mt Flora prospect as defined under JORC 2012 that is equal to or better than 5.5 million tonnes at 0.5% Cu and 5 g/t Ag that equates to 27,500 tonnes of copper and 880,000 ounces of silver AND the satisfaction of a 15% per annum compound share price increase from the date of grant;

One third of the options will vest upon the announcement of a completed Scoping Study for the Bundarra Project (which includes the Mt Flora prospect) demonstrating the economics of the project can justify proceeding toward a pre-feasibility study in accordance with listing rule requirements and the JORC Code OR the announcement of an inferred resource at the Prairie Creek prospect as defined under JORC 2012 that is equal to or better than 4 million tonnes @1.5 g/t Au that equates to 200,000 oz of gold AND the satisfaction of a 15% per annum compound share price increase from the date of grant;

One third of the options will vest upon the announcement of a completed Feasibility Study for the Bundarra Project demonstrating that developing an open pit mine is economically viable for the project OR a completed Scoping Study for the Prairie Creek prospect demonstrating the economics of the prospect can justify proceeding toward a pre-feasibility study in accordance with listing rule requirements and the JORC Code AND the satisfaction of a 15% per annum compound share price increase from the date of grant.

### (f) Employment Contracts of Directors and Senior Executives

The Company's remuneration packages for the Managing Director (Mr Philip Condon), the CFO and Company Secretary (Paul Frederiks), the Operations Manager (Mr Philip Bentley) and the Exploration Manager (Thomas Dwight) are formalised in service agreements.

The Managing Director has a permanent employment contract with the Company with effect from 26 April 2021 to perform the role of Managing Director subject to an annual remuneration review. Under that contract, Philip Condon is entitled to receive annual remuneration including superannuation of \$270,000.

A cash incentive is offered if the Board of the Company recommends to shareholders acceptance of a takeover bid or scheme of arrangement and the value of the offer is at a premium of at least 20% above the listing price of 25 cents. This cash incentive is equal to 12 months' salary.

## DIRECTORS' REPORT (Continued)

### REMUNERATION REPORT (Audited) (Continued)

#### (f) Employment Contracts of Directors and Senior Executives (Continued)

The Managing Director may terminate the agreement by three months' written notice. The Company may at any time terminate the employment contract of the Managing Director by paying six months salary provided the Managing Director has been employed by the Company for no less than 6 months or by giving six months' notice. In the case of misconduct, no notice is required and in the case of non-performance under the contract then one months' notice is required.

The Operations Manager has a six month fixed term employment contract with the Company with effect from 29 March 2022. Under that contract, Phil Bentley is entitled to receive annual remuneration including superannuation of \$230,000.

The Operations Manager may terminate the agreement by one months' written notice. The Company may at any time terminate the employment contract of the Operations Manager by paying one months salary. In the case of misconduct, no notice is required and in the case of non-performance under the contract then one months' notice is required.

The Exploration Manager has a permanent employment contract with the Company with effect from 1 March 2020 to perform the role of Exploration Manager subject to an annual remuneration review. Under that contract, Thomas Dwight is entitled to receive annual remuneration including superannuation of \$190,000.

A cash incentive is offered if the Board of the Company recommends to shareholders acceptance of a takeover bid or scheme of arrangement and the value of the offer is at a premium of at least 20% above the listing price of 25 cents. This cash incentive is equal to 12 months' salary.

The Exploration Manager may terminate the agreement by one months' written notice. The Company may at any time terminate the employment contract of the Exploration Manager by paying one months salary provided the Exploration Manager has been employed by the Company for no less than 3 months or by giving one months' notice. In the case of misconduct, no notice is required and in the case of non-performance under the contract then one months' notice is required.

The CFO and Company Secretary operates a consultancy business named Blanckensee Consulting Pty Ltd. The Company entered into a Services contract with Blanckensee Consulting Pty Ltd for 24 months with effect from 1 January 2020 for the provision of the services of Paul Frederiks. Under that contract, Blanckensee Consulting is entitled to receive annual fee of \$150,000.

A cash incentive is offered to Blanckensee Consulting Pty Ltd if the Board of the Company recommends to shareholders acceptance of a takeover bid or scheme of arrangement and the value of the offer is at a premium of at least 20% above the Company's listing price of 25 cents. This cash incentive is equal to \$150,000.

#### End of Remuneration Report (audited)

### 15. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company's Constitution requires it to indemnify Directors and officers of any entity within the Company against liabilities incurred with third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. Directors and officers of the Company have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premium, amounting to \$24,018 (2021 \$23,061 excluding GST) relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome.
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.



## 16. OPTIONS

As at the date of this report, there were 8,303,043 options on issue.

	Number	Exercise Price	Expiry Date
Unlisted Options	5,555,946	25 cents	10 November 2027
Unlisted Options	1,250,000	33 cents	20 July 2028
Unlisted Options	1,497,097	50 cents	10 November 2022

There were 1,250,000 (2021 – 7,053,043) options issued during the year ended 30 June 2022. There were no options issued after 30 June 2022 and up to the date of this report. During or since the end of the financial year, the Company issued no (2021 - nil) ordinary shares as a result of the exercise of options.

## 17. PERFORMANCE RIGHTS

As at the date of this report, there were no Performance Rights on issue.

There were no (2021 – 690,625) Performance Rights issued during the year ended 30 June 2022. There were no Performance Rights issued after 30 June 2022 and up to the date of this report.

## 18. AUDITOR'S INDEPENDENCE DECLARATION

The auditor, BDO Audit Pty Ltd, has provided the Board of Directors with an Independence Declaration in accordance with section 307C of the Corporations Act 2001. The Independence Declaration is located on page 32 and forms part of this Directors' Report for the year ended 30 June 2022.

## 19. NON - AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company are important.

The Board of Directors is satisfied that the provision of the 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 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 Board to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors.



Toko Kapea  
Chairman  
31 August 2022

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of Directors of Duke Exploration Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Duke Exploration Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company's governance approach aims to achieve exploration, development and financial success while meeting stakeholders' expectations of sound corporate governance practices by proactively determining and adopting the most appropriate corporate governance arrangements.

ASX Listing Rule 4.10.3 requires listed companies to disclose in their Annual Report the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. A description of the Company's main corporate governance practices is set out below. The Corporate Governance Statement is current as at 30 June 2022 and has been approved by the Board of Directors. All these practices, unless otherwise stated, were in place for the entire year. They comply with the *ASX Corporate Governance Principles and Recommendations (4<sup>th</sup> edition – February 2019)*.

The Company's website at [www.duke-exploration.com.au](http://www.duke-exploration.com.au) contains a corporate governance section that includes copies of the Company's corporate governance policies.

### Principle 1: Lay solid foundations for management and oversight

#### Recommendation 1.1:

*AA listed entity should have and disclose a board charter setting out:*

- (a) the respective roles and responsibilities of its board and management; and*
- (b) those matters expressly reserved to the board and those delegated to management*

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of the senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board is responsible for:

- Determining the vision and objectives of the Company;
- Overseeing and fostering an appropriate culture for the Company that is directly aligned to its values, strategies and objectives;
- Reviewing and approving the Company's financial position, systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Identifying all areas where written board policy is required, detailing the policies, and overseeing the implementation and monitoring of compliance;
- Formulating short term and long-term strategies to enable the Company to achieve its objectives, and ensuring adequate resources are available to meet strategic objectives;
- Approving and monitoring the progress of major expenditure and acquisitions and divestments;
- Approving the annual budgets, and ensuring these are aligned with the Company's strategic objectives;
- Being responsible for the Company's senior management and personnel including appointing and, where appropriate, removing the Chairman;
- Ratifying the appointment, and where appropriate, the removal of the Executive Directors and the Company Secretary;
- Evaluating the performance of the senior management team and determining their remuneration;
- Delegating appropriate powers to senior management to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;
- Ensuring that policies and procedures are in place consistent with the Company's objectives, and that the Company and its officers act legally, ethically and responsibly in all matters.
- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy.

The Managing Director is responsible for the attainment of the Company's goals and vision for the future, in accordance with the strategies, policies, programs and performance requirements approved by the Board.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

The Managing Director's specific responsibilities include:

- Responsibility for the achievement of corporate goals and objectives;
- Development of short, medium and long term corporate strategies and planning to achieve the Company's vision and overall business objectives;
- Implementing and monitoring strategy and reporting/presenting to the Board on current and future initiatives;
- Assessment of business opportunities of potential benefit to the Company;
- Establish and maintain effective and positive relationships with Board members, shareholders, the investment community and other government and business liaisons;
- Undertake the role of key company spokesperson;
- Ensure statutory, legal and regulatory compliance and comply with corporate policies and standards;
- Ensure appropriate risk management practices and policies are in place; and
- Select and appoint staff.

This statement of matters reserved for the Board and areas of delegated authority to the Managing Director and senior executives is contained in the Board Charter posted on the Company's website.

### **Recommendation 1.2:**

*A listed entity should:*

- (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and*
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Company undertakes checks on any person who is being considered as a director. These checks may include character, experience, education and financial history and background.

All security holder releases will contain material information about any candidate to enable an informed decision to be made on whether or not to elect or re-elect a director.

### **Recommendation 1.3:**

*A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

The Managing Director has a formal employment contract and the non-executive directors have a letter of appointment including a director's interest agreement with respect to disclosure of security interests. The other senior executives also have formal written agreements setting out their terms of appointment.

### **Recommendation 1.4:**

*The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board*

The Company Secretary has a direct reporting line to the Board, through the Chair.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

### Recommendation 1.5:

*A listed entity should*

- (a) have and disclose a diversity policy;*
- (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and*
- (c) disclose in relation to each reporting period:*
  - 1. the measurable objectives set for that period to achieve gender diversity;*
  - 2. the entity's progress towards achieving those objectives; and*
  - 3. either:*
    - A. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or*
    - B. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act*

The Company recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to developing a workplace that promotes diversity. The Company's policy is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. The Diversity Policy can be viewed on the Company's website.

The Company has six staff (excluding the Non-executive directors), of which one is a woman. There are no women in senior executive positions or on the board but a number of women are used as technical consultants.

### Recommendation 1.6:

*A listed entity should:*

- a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and*
- b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.*

Due to the size of the Board and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of individuals. The Chairman conducts an informal review during the financial year whereby the performance of the Board as a whole and the individual contributions of each Director are discussed. The board considers that at this stage of the Company's development an informal process is appropriate.

### Recommendation 1.7:

*A listed entity should:*

- a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and*
- b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.*

The Board undertakes a review of the senior executives' performance, at least annually, including setting the goals for the coming year and reviewing the achievement of these goals.

Performance has been measured to date by the efficiency and effectiveness of the enhancement of the Company's mineral interest portfolio, the designing and implementation of the exploration and development programme and the securing of ongoing funding so as to continue its exploration and development activities. This performance evaluation is not based on specific financial indicators such as earnings or dividends as the Company is at the exploration stage and during this period is expected to incur operating losses.

Due to the size of the Company and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of senior executives. The Chairman conducts an informal review process whereby he discusses with the Managing Director and Exploration Manager the approach toward meeting the short and long term objectives of the Company. The board considers that at this stage of the Company's development an informal process is appropriate.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

### Principle 2: Structure the board to be effective and add value

#### Recommendation 2.1:

*The board of a listed entity should:*

- a) *have a nomination committee which:*
  1. *has at least three members, a majority of whom are independent directors; and*
  2. *is chaired by an independent director,**and disclose:*
  3. *the charter of the committee;*
  4. *the members of the committee; and*
  5. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

The Company does not have a nomination committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

Directors are appointed under the terms of the Company's Constitution. Appointments to the Board are based upon merit and against criteria that serves to maintain an appropriate balance of skills, expertise, and experience of the board. The categories considered necessary for this purpose are a blend of accounting and finance, business, technical and administration skills. Casual appointments must stand for election at the next annual general meeting of the Company.

Retirement and rotation of Directors are governed by the Corporations Act 2001 and the Constitution of the Company. All Directors, with the exception of the Managing Director (if appointed), serve for a period of three years before they are requested to retire and if eligible offer themselves for re-election.

#### Recommendation 2.2:

*A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.*

	P. Condon	T Kapea	P. Frederiks	I. McAleese
Strategy	X	X	X	X
Communication	X	X	X	X
Fundraising	X		X	X
Mining Industry	X	X	X	X
Risk	X	X	X	X
Governance	X	X	X	
OH&S	X			
Environmental	X	X		
Accounting & Legal		X	X	

Each director has the right of access to all relevant company information and to the Company's employees and, subject to prior consultation with the Chairperson, may seek independent professional advice from a suitably qualified adviser at the Company's expense. The director must consult with an advisor suitably qualified in the relevant field and obtain the Chairperson's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other members of the board.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

### Recommendation 2.3:

*A listed entity should disclose:*

- a) *the names of the directors considered by the board to be independent directors;*
- b) *if a director has an interest, position or relationship of the type described in Box 2.3 of the Principles (factors relevant to assessing the independence of a director) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and*
- c) *the length of service of each director.*

The names, experience and responsibilities of Directors of the Company in office at the date of this statement are set out in the Directors Report (including names of the directors considered to be independent directors and length of service of each director).

### Recommendation 2.4:

*A majority of the Board of a listed entity should be independent directors.*

In assessing whether a director is classified as independent, the Board considers the independence criteria set out in the ASX Corporate Governance Council Recommendation 2.3 and other facts, information and circumstances deemed by the Board to be relevant. Using the ASX Best Practice Recommendations on the assessment of the independence of Directors, the Board considers that of a total of four Directors, Mr Kapea and Mr McAleese are independent and therefore the Company does not have a majority of independent directors. The Company considers that each of the directors possesses the skills and experience suitable for building the Company and that the current composition of the Board is appropriate for the Company's current size and operations.

The Board takes the responsibilities of best practice in corporate governance seriously. It is the Board's intention to review its composition on a continual basis as the Company's expands its activities and greater demands and skills amongst Directors become necessary.

### Recommendation 2.5:

*The Chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.*

The Chairman is considered the "lead" Director and utilises his experience, skills and leadership abilities to facilitate the governance processes. The Board considers that the Chairman, Mr Toko Kapea, is an independent Director.

### Recommendation 2.6:

*A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.*

A new Director is provided an induction pack that outlines the expectation of the director and provides a portfolio of the Company's significant policies and procedures. The Company encourages appropriate professional development of its directors and will pay for relevant courses and seminars that enable the director to develop and maintain the skills and knowledge needed to perform their role.

Mr Paul Frederiks has previously completed the Australian Institute of Company Directors (AICD) course and is a fellow of the AICD. Mr McAleese has also completed the AICD course and is a GAICD.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

### Principle 3: Instil a culture of acting lawfully, ethically and responsibly

#### Recommendation 3.1:

*A listed entity should articulate and disclose its values.*

The Company has developed a Statement of Values which has been endorsed by the Board and applies to all employees, Directors and officers. New employees are trained on these values which are continually reinforced by senior management. A copy of the Statement of Values is available on the Company's website.

#### Recommendation 3.2:

*A listed entity should:*

- (a) have and disclose a code of conduct for its directors, senior executives and employees; and*
- (b) ensure that the board or a committee of the board is informed of any material breaches of that code.*

The Company has developed a Code of Conduct (the Code) which has been endorsed by the Board and applies to all employees, Directors and officers. The Code may be amended from time to time as necessary to ensure it reflects the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders. The Code outlines the responsibility and accountability of Company personnel to report and investigate reports of unethical practices. A copy of the Code is available on the Company's website.

Trading in Company securities is regulated by the Corporations Act and the ASX Listing Rules. The Board makes all Directors, officers and employees aware on appointment that it is prohibited to trade in the Company's securities whilst that Director, officer or employee is in the possession of price sensitive information.

For details of shares held by Directors and officers please refer to the Directors Report. Directors are required to report to the Company Secretary any movements in their holdings of Company securities, which are reported to ASX in the required timeframe prescribed by the ASX Listing Rules.

#### Recommendation 3.3:

*A listed entity should:*

- (a) have and disclose a whistle-blower policy; and*
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.*

The Company has a Whistle-blower policy in place which has been endorsed by the Board and applies to all employees, Directors and officers. The induction process for new employees and directors encompasses an overview of this policy. A copy of the Whistle-blower policy is available on the Company's website.

#### Recommendation 3.4:

*A listed entity should:*

- (a) have and disclose an anti-bribery and corruption policy; and*
- (b) ensure that the board or a committee of the board is informed of any material breaches of that policy.*

The Company has an Anti-bribery and Corruption policy in place which has been endorsed by the Board and applies to all employees, Directors and officers. The induction process for new employees and directors encompasses an overview of this policy. A copy of the Anti-bribery and Corruption policy is available on the Company's website.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

### Principle 4: Safeguard the Integrity of corporate reports

#### Recommendation 4.1

*The board of a listed entity should:*

- (a) *have an audit committee which:*
  1. *Has at least three members, all of whom are non- executive directors and a majority of whom are independent directors; and*
  2. *Is chaired by an independent director, who is not the chair of the board,*
- and disclose:*
  3. *the charter of the committee;*
  4. *the relevant qualifications and experience of the members of the committee; and*
  5. *in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The Company does not have an audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of an audit committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee.

The Company requires external auditors to demonstrate quality and independence. The performance of the external auditor is reviewed and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

It is auditor's policy to rotate audit engagement partners on listed companies at least every 5 years.

#### Recommendation 4.2

*The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

The Managing Director and the Company Secretary have declared in writing to the Board that the Company's financial statements for the year ended 30 June 2022 present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards, that this is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively. This representation is made by the Managing Director and Company Secretary prior to the Director's approval of the release of the annual and half yearly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

#### Recommendation 4.3

*A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.*

The Company has a stringent check off procedure for all periodic corporate reports released to market which involves signoff by at least three officers including the Managing Director and Company Secretary.



## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

### Principle 5 – Make timely and balanced disclosure

**Recommendation 5.1:**

*A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1*

The Company has developed a Continuous Disclosure Policy which has been endorsed by the Board. The Continuous Disclosure Policy ensures compliance with ASX Listing Rules and Corporations Act obligations to keep the market fully informed of information which may have a material effect on the price or value of its securities and outlines accountability at a senior executive level for that compliance. All ASX announcements are automatically posted to the Company's website immediately after confirmation of receipt is received from ASX, including all financial reports.

**Recommendation 5.2:**

*A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.*

All Directors receive a copy of all announcements immediately they are made – this is achieved by adding their names to the ASX Online platform to automatically receive all announcements.

**Recommendation 5.3:**

*A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.*

The Company always releases new and substantive investor or analyst presentations to market ahead of making the presentation.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

### Principle 6 – Respect the rights of security holders

#### Recommendation 6.1:

*A listed entity should provide information about itself and its governance to investors via its website.*

The Company is committed to maintaining a Company website with general information about the Company and its operations, information about governance and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by the ASX, the following are posted to the Company's website:

- relevant announcements made to the market via the ASX;
- notices of meetings;
- investment updates;
- company presentations and media releases;
- copies of press releases and announcements for (at least) the preceding three years; and
- copies of annual, half-yearly and quarterly reports including financial statements for (at least) the preceding three years.

#### Recommendations 6.2 and 6.3:

*A listed entity should have an investor relations program that facilitates effective two-way communication with investors*

*A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.*

The Managing Director makes himself available to meet shareholders and regularly responds to enquiries made via telephone or email. The Managing Director also completes periodic investor presentations to facilitate engagement with investors and other financial market participants.

The Board encourages full participation of shareholders at the Annual General Meeting. In preparing for general meetings of the Company, the Company drafts the notice of meeting and related explanatory information so that shareholders are provided with all of the information that is relevant to shareholders in making decisions on matters to be voted on by them at the meeting. The Company allows shareholders a reasonable opportunity to ask questions of the Board of Directors and to otherwise participate in the meeting. The external auditor of the Company is asked to attend each annual general meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. Important issues are presented to the shareholders as single resolutions. The shareholders are also responsible for voting on the appointment of Directors.

#### Recommendations 6.4:

*A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.*

It is the Company's policy to have all substantive resolutions at a meeting of security holders decided by poll.

#### Recommendation 6.5:

*A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically*

Information about the Company is regularly emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses and on submitting information requests with the Company is available on the Company's website. Shareholders can receive communications from, and send communications to, the Company's security registry electronically.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

### Principle 7 – Recognise and manage risk

#### Recommendation 7.1:

*The board of a listed entity should:*

*(a) have a committee or committees to oversee risk, each of which:*

- 1. has at least three members, a majority of whom are independent directors; and*
- 2. is chaired by an independent director,*

*and disclose:*

- 3. the charter of the committee;*
- 4. the members of the committee; and*
- 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

*(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Company is not currently of a size to require the formation of committees to oversee risk. The full Board has the responsibility for the risk management, compliance and internal controls systems of the Company.

The Board is responsible for identifying, monitoring and reducing the significant areas of potential business and legal risk of the Company. The Board continually reviews the risks associated with its exploration activities and also reviews and monitors the parameters under which such risks will be managed.

Management, through the Managing Director, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Board on the Company's key risks and the extent to which it believes these risks are being managed. This is performed on an annual basis or more frequently as required by the Board.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. It reviews strategic, operational and technical risks in conjunction with, and as a key input to an annual corporate strategy workshop attended by the Board and senior management. This workshop reviews the Company's strategic direction in detail and includes specific focus on the identification of business risks which could prevent the Company from achieving its objectives. Management are required to ensure that appropriate controls and mitigation strategies are in place to effectively manage those risks. Compliance and reporting risks and reviewed on an ongoing basis. The Board oversees the adequacy and comprehensiveness of risk reporting from management.

#### Recommendation 7.2:

*The board or a committee of the board should:*

- a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and*
- b) disclose, in relation to each reporting period, whether such a review has taken place.*

The Board considers risks and discusses risk management at each Board meeting. As outlined above, management reports to the Board on the Company's key risks and the extent to which it believes these risks are being managed. This is performed on an annual basis or more frequently as required by the Board. A review has taken place in the reporting period.

The Company's main areas of risk include:

- Geological and technical risk posed to exploration and commercial exploitation success;
- Sovereign risk, change in government policy, change in mining and fiscal legislation;
- Prevention of access by reason of inability to obtain regulatory or landowner consents or approvals, or native title issues;
- Retention of key staff;
- Change in metal market conditions;
- Mineral title tenure and renewal risks; and
- Capital requirement and lack of future funding.

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)****Recommendation 7.3:**

*A listed entity should disclose:*

- a) if it has an internal audit function, how the function is structured and what role it performs; or*
- b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.*

The Company does not have an internal audit function. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of an internal audit function at this time. The Board as a whole regularly evaluates and improves the effectiveness of its risk management (refer above) and internal control processes.

**Recommendation 7.4:**

*A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.*

The Company is of the view that it has adequately disclosed the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. Other than general risks associated with the mineral exploration industry, the Company does not currently have material exposure to environmental and social sustainability risks.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

### Principle 8 – Remunerate fairly and responsibly

#### Recommendation 8.1:

*The board of a listed entity should:*

(a) *have a remuneration committee which:*

1. *has at least three members, a majority of whom are independent directors; and*
2. *is chaired by an independent director, and disclose:*
  3. *the charter of the committee;*
  4. *the members of the committee; and*
  5. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

(b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Company does not have a remuneration committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a remuneration committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate remuneration committee.

#### Recommendation 8.2:

*A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

The Company provides disclosure of all Directors and executives remuneration in its annual report.

The remuneration policy of Duke Exploration has been designed to align Director's objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of Duke Exploration believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company. Directors remuneration is approved by resolutions of the Board. The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

#### *Non-Executive Directors*

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Payments to the Non-Executive Directors are reviewed annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. 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. Non-Executive Directors are entitled to receive incentive options and or performance rights (subject to shareholder approval) as it is considered an appropriate method of providing sufficient reward whilst maintaining cash reserves. There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

### Executives

The senior executives of the Company are the Managing Director, the Operations Manager, the Exploration Manager and Company Secretary/CFO. The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, the remuneration of senior executives may be comprised of the following:

- fixed salary or fee that is determined from a review of the market and reflects core performance requirements and expectations;
- participation in any equity incentive scheme with thresholds approved by shareholders;
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration, the Company aims to align the interests of senior executives with those of shareholders and increase performance. The value of shares and incentive options were they to be granted to senior executives would be calculated using the Black-Scholes-Merton option pricing model.

The objective behind using this remuneration structure is to drive improved performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, incentive share options and other incentive payments.

For details of remuneration paid to Directors and officers for the financial year please refer to the Annual Report of the Company.

### Recommendation 8.3:

*A listed entity which has an equity-based remuneration scheme should:*

- a) *have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- b) *disclose that policy or a summary of it.*

The Company does not have an equity-based remuneration scheme which is affected by this recommendation. Recipients of equity-based remuneration (e.g. incentives options) are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

## DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF DUKE EXPLORATION LIMITED

As lead auditor of Duke Exploration Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



**R M Swaby**  
Director

**BDO Audit Pty Ltd**

Brisbane, 31 August 2022

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended 30 June 2022**

	NOTE	30 June 2022 \$	30 June 2021 \$
<b>REVENUES</b>			
Interest income		15,422	11,233
Total revenue		15,422	11,233
<b>EXPENSES</b>			
Travel costs		(30,559)	(19,723)
Superannuation expense		(38,754)	(24,673)
Employee benefits expense		(518,275)	(294,695)
Share based payment expense		(448,629)	(147,900)
Foreign exchange gain / (loss)		(761)	50
Consultants fees		(150,668)	(266,344)
Auditor fees		(37,580)	(65,599)
Legal fees		(13,605)	(125,189)
Marketing and Public Relations		(28,869)	(86,534)
Other expenses		(242,660)	(190,406)
Capital raising costs		(20,932)	(130,554)
Depreciation	7	(57,168)	(33,047)
Exploration written off	8	(141,687)	-
<b>Loss before income tax</b>		<b>(1,714,725)</b>	<b>(1,373,381)</b>
Income tax benefit / (expense)	2	-	-
<b>Net loss for the year</b>		<b>(1,714,725)</b>	<b>(1,373,381)</b>
<b>Other Comprehensive income/(loss)</b>			
<b>Other Comprehensive income/(loss) for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Loss for the year</b>		<b>(1,714,725)</b>	<b>(1,373,381)</b>
Basic and Diluted loss per share (cents per share)			
		<b>(1.64)</b>	<b>(2.15)</b>

*The accompanying notes form part of these financial statements.*



**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2022**

	NOTE	30 June 2022 \$	30 June 2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	5,793,432	6,449,225
Trade and other receivables	5	367,658	3,122,288
<b>TOTAL CURRENT ASSETS</b>		<b>6,161,090</b>	<b>9,571,513</b>
<b>NON CURRENT ASSETS</b>			
Other assets	6	39,000	39,000
Property, Plant & Equipment	7	139,069	193,248
Deferred exploration & evaluation costs	8	12,510,158	7,136,972
<b>TOTAL NON CURRENT ASSETS</b>		<b>12,688,227</b>	<b>7,369,220</b>
<b>TOTAL ASSETS</b>		<b>18,849,317</b>	<b>16,940,733</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	725,076	1,114,256
Provision for employee benefits		73,089	36,923
<b>TOTAL CURRENT LIABILITIES</b>		<b>798,165</b>	<b>1,151,179</b>
<b>TOTAL LIABILITIES</b>		<b>798,165</b>	<b>1,151,179</b>
<b>NET ASSETS</b>		<b>18,051,152</b>	<b>15,789,554</b>
<b>EQUITY</b>			
Issued capital	10	21,270,032	17,742,338
Reserves	11	754,173	305,544
Accumulated losses		(3,973,053)	(2,258,328)
<b>TOTAL EQUITY</b>		<b>18,051,152</b>	<b>15,789,554</b>

*The accompanying notes form part of these financial statements.*

**STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2022**

	NOTE	30 June 2022 \$	30 June 2021 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(1,683,429)	(1,928,385)
GST Received		697,286	476,614
Interest received		15,422	11,233
<b>Net cash flows used in operating activities</b>	12	<b>(970,721)</b>	<b>(1,440,538)</b>
<b>Cash flows from investing activities</b>			
Payments for Property, Plant & Equipment		(2,989)	(226,297)
R&D Refund		240,670	211,346
Payments for exploration expenditure		(6,202,926)	(5,184,014)
<b>Net cash flows used in investing activities</b>		<b>(5,965,245)</b>	<b>(5,198,965)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		6,587,773	12,166,869
Issue costs - shares		(307,600)	(722,530)
<b>Net cash flows from financing activities</b>		<b>6,280,173</b>	<b>11,444,339</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(655,793)</b>	<b>4,804,836</b>
Cash and cash equivalents at beginning of year		6,449,225	1,644,389
<b>Cash and cash equivalents at end of year</b>	4	<b>5,793,432</b>	<b>6,449,225</b>

*The accompanying notes form part of these financial statements.*

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2022**

	Issued Capital	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
<b>Balance as at 1 July 2021</b>	<b>17,742,338</b>	<b>(2,258,328)</b>	<b>305,544</b>	<b>15,789,554</b>
Loss for the year	-	(1,714,725)	-	(1,714,725)
Other comprehensive income / (loss)	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	<b>(1,714,725)</b>	-	<b>(1,714,725)</b>
Transactions with owners in their capacity as owners				
Shares issued during the year (net) (Refer to Note 10)	3,527,694	-	-	3,527,694
Options issued during the period as approved by shareholders	-	-	448,629	448,629
Total transactions with owners in their capacity as owners	3,527,694	-	448,629	3,976,323
<b>Balance at 30 June 2022</b>	<b>21,270,032</b>	<b>(3,973,053)</b>	<b>754,173</b>	<b>18,051,152</b>

	Issued Capital	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
<b>Balance as at 1 July 2020</b>	<b>3,565,039</b>	<b>(884,947)</b>	-	<b>2,680,092</b>
Loss for the year	-	(1,373,381)	-	(1,373,381)
Other comprehensive income / (loss)	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	<b>(1,373,381)</b>	-	<b>(1,373,381)</b>
Transactions with owners in their capacity as owners				
Shares issued during the year (net)	14,039,174	-	-	
Performance Rights issued during the period as approved by shareholders	-	-	138,125	138,125
Performance Rights vested during the period	138,125	-	(138,125)	-
Options issued during the period as approved by shareholders	-	-	305,544	305,544
Total transactions with owners in their capacity as owners	14,039,174	-	305,544	14,482,843
<b>Balance at 30 June 2021</b>	<b>17,742,338</b>	<b>(2,258,328)</b>	<b>305,544</b>	<b>15,789,554</b>

*The accompanying notes form part of these financial statements*

## **NOTES TO THE FINANCIAL STATEMENTS**

### **For The Year Ended 30 June 2022**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **(a) Basis of Preparation**

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Company consisting of Duke Exploration Limited.

The financial statements have been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for assets.

The financial statements are presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operated in Australia during the year ended 30 June 2022. The Company's principal activity is mineral exploration. The Company is a for-profit entity.

##### *Going concern*

The 30 June 2022 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and discharge of its liabilities as and when they fall due, in the ordinary course of business.

The Company incurred an operating loss after income tax of \$1,714,725 for the year ended 30 June 2022, whilst cash balances as at 30 June 2022 were \$5,793,432. In addition, the net cash outflows from operating and investing activities was \$6,935,966 while net cash inflows from financing activities was \$6,280,173.

The ability of the Company to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Company to raise capital as and when necessary; and / or
- the successful exploration and subsequent exploitation of the Company's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

The Directors believe that the going concern basis of preparation is appropriate as they believe there is sufficient cash available for the Company to continue operating until it can raise sufficient further capital to fund its ongoing activities.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Adoption of new and revised standards**

Certain Australian Accounting Standards and interpretations became effective during the period. These has an immaterial effect on the Company for the annual reporting period ended 30 June 2022.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Company. The Company has assessed that none of the new accounting standards and interpretations are likely to have a material impact on the Company.

**(c) Statement of compliance**

The financial report was authorised for issue in accordance with a resolution of the directors on 31 August 2022.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

**(d) Income Tax**

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity, not in the statement of profit and loss.

**(e) Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure in relation to each separate area of interest is recognised as an exploration and evaluation asset in the year in which it is incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
  - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
  - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of nine months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(g) Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**(h) Trade and other Payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

**(i) Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Impairment of non-financial asset**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(k) Earnings per share**

Basic earnings per share is calculated as net profit / loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

**(l) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

**Financial assets at fair value through profit or loss**

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

**Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

**(n) Plant and Equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Plant and equipment – 3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

**(o) Issued Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) 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 Board of Directors of Duke Exploration Limited.

**(q) Derecognition of financial assets and financial liabilities**

*(i) Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

*(ii) Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**(r) Share-based payment transactions**

*Equity settled transactions*

The Company can provide benefits to employees and consultants of the Company in the form of share-based payments, whereby the recipients render services in exchange for shares or rights over shares (equity-settled transactions).

There is a formal Employee Option Plan in place at present and options are issued when necessary in order to provide these benefits to employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model for Performance Rights and a Hull-White model for Options. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Duke Exploration Limited (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

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 Company's best estimate of the number of equity instruments that will ultimately vest. 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.

The statement of profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

If 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, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings / loss per share.

**(s) Critical accounting estimates and judgement**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

*Exploration and evaluation expenditure*

The Company's accounting policy for exploration and evaluation expenditure is set out in Note 1 (e). The application of this policy necessarily requires the Board to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, it is concluded that the expenditures are unlikely to be recoverable by future exploitation or sale, then the relevant capitalised amount will be written off to the profit or loss. Management have performed an assessment for triggers of impairment and have not identified any significant indicators of impairment of exploration and evaluation assets.

The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves. Refer to Note 8 for amount written-off during the year.

**(t) Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is offset against the underlying asset being constructed. The Company received an R&D Grant during the financial year. Refer to Note 8 for amount of R&D grant received during the year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**2. INCOME TAX**

	30 June 2022 \$	30 June 2021 \$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Accounting loss before tax	<b>1,714,725</b>	<b>1,373,381</b>
Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2021: 26%)	428,681	357,079
Less tax effect of:		
- Other non-allowable items	(137,458)	(59,690)
Less tax effect of:		
- Other deferred tax balances	(291,223)	(297,389)
Income tax benefit	-	-
(c) Deferred tax assets at 25% (2021 – 26%):		
- Carry forward revenue losses <sup>1</sup>	3,692,364	2,174,940
- Offset Net deferred tax liabilities	(3,098,032)	(1,856,594)
Deferred tax assets not recognised	<b>594,332</b>	<b>318,346</b>
The tax benefits of the above deferred tax assets will only be obtained if:		
• the company derive future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;		
• the company continues to comply with the conditions for deductibility imposed by law: and		
• no changes in income tax legislation adversely affect the company and its subsidiaries in utilising benefits.		
(d) Deferred tax liabilities:		
Deferred exploration and evaluation expenditure and other assets	3,127,539	1,855,613
Other Deferred tax liabilities/(Deferred Tax assets)	(29,507)	981
	<b>3,098,032</b>	<b>1,856,594</b>

Deferred tax assets arising from tax losses and temporary differences are only brought to account to the extent that it offsets the Company's deferred tax liabilities arising from temporary differences. As the Company does not have a history of taxable profits and is not revenue generating, the deferred tax assets associated with tax losses and temporary differences, in excess of the Company's deferred tax liabilities arising from temporary differences, is not yet regarded as probable of recovery at 30 June 2022.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

### 3. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate remuneration of key management personnel is set out below.

	30 June 2022 \$	30 June 2021 \$
Short-term employee benefits	921,763	780,100
Equity Compensation value of options	402,597	147,900
Post-employment benefits	50,715	36,596
	<b>1,375,075</b>	<b>964,596</b>

### 4. CASH AND CASH EQUIVALENTS

Term Deposits	4,500,000	3,000,000
Cash at bank and on hand	1,293,432	3,449,225
	<b>5,793,432</b>	<b>6,449,225</b>

Cash at bank earns interest at floating rates based on a daily bank deposit rates. Bank deposit rates are currently circa 1%.

Deposits at call are made for varying periods of between one day and nine months, depending on the immediate cash requirements of the Company, and earn interest at the respective deposits at call rates.

	30 June 2022 \$	30 June 2021 \$
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>CURRENT</b>		
Share Purchase Plan Funds Receivable	-	2,752,479
GST receivable	213,911	314,485
Term Deposits (secured)	90,000	10,000
Prepayments	51,634	45,204
Other Receivables	12,113	120
	<b>367,658</b>	<b>3,122,288</b>

No significant expected credit loss was noted on trade and other receivables at 30 June 2022 or 30 June 2021. Share Purchase Plan Funds were received from the Company's Share Registry on 2 July 2021.

### 6. OTHER ASSETS

Security deposits on tenements	39,000	39,000
	<b>39,000</b>	<b>39,000</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

	30 June 2022 \$	30 June 2021 \$
<b>7. PLANT AND EQUIPMENT</b>		
At cost	229,284	226,295
Accumulated depreciation	(90,215)	(33,047)
	<b>139,069</b>	<b>193,248</b>
<b>Reconciliation</b>		
Carrying amounts at the beginning of the year	193,248	-
Additions	2,989	226,295
Depreciation expense	(57,168)	(33,047)
Carrying amount at the end of the year	<b>139,069</b>	<b>193,248</b>
	<b>30 June 2022 \$</b>	<b>30 June 2021 \$</b>

**8. DEFERRED EXPLORATION EXPENDITURE**

**NON –CURRENT**

Exploration and evaluation costs carried forward in respect of exploration areas of interest

Exploration and evaluation phases	<b>12,510,158</b>	<b>7,136,972</b>
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**Movement in carrying amounts**

Opening balance	7,136,972	1,301,154
Expenditure incurred	5,755,543	6,047,164
R&D Tax Refund	(240,670)	(211,346)
Expenditure written off	(141,687)	-
<b>Closing balance</b>	<b>12,510,158</b>	<b>7,136,972</b>

At 30 June 2022, the balance of deferred exploration expenditure is in respect of the Company's Bundarra and Prairie Creek projects in Queensland. During the year the Red Hill tenement was relinquished. The recoupment of costs carried forward in relation to this area of interest is dependent on the successful development and commercial exploitation or sale of the area.

**9. TRADE AND OTHER PAYABLES**

	30 June 2022 \$	30 June 2021 \$
Trade creditors and accruals	725,076	1,114,256
	<b>725,076</b>	<b>1,114,256</b>

**Terms and conditions relating to the above financial instruments**

Trade payables are non-interest bearing and are normally settled on 30 day terms.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**10. ISSUED CAPITAL**

105,419,627 (30 June 2021 – 94,419,627) fully paid ordinary shares

As at 30 June 2022 \$	As at 30 June 2021 \$
21,270,032	17,742,338

	Number of Shares	\$
<b>Movement in ordinary share capital:</b>		
<b>30/06/19</b>	<b>Balance end of financial year</b>	<b>28,594,861</b>
	Share Placement – Equity issued for Services	3,960,000
	Share Placement	10,270,000
	Shares to be issued – Equity for Services	30,000
<b>30/06/20</b>	<b>Balance end of financial year</b>	<b>42,854,861</b>
6/11/20	Share Placement – IPO	32,000,000
	Capital Raising expenses - IPO	(480,000)
	Options Valuation for broker – IPO	(157,644)
17/6/21	Share Placement	11,228,229
	Capital Raising expenses – share placement	(242,530)
29/6/21	Share Purchase Plan	7,645,912
30/6/21	Shares issued on conversion of Performance Rights	690,625
30/6/21	Unissued Equity	124,706
<b>30/06/21</b>	<b>Balance end of financial year</b>	<b>94,419,627</b>
21/7/21	Reverse unissued equity	(124,706)
21/7/21	Share Placement	11,000,000
	Share capital raising expenses	-
<b>30/06/22</b>	<b>Balance end of financial year</b>	<b>105,419,627</b>

**Terms and conditions of issued capital**

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**11. RESERVES**

Total Share-based payment Reserves

<b>CONSOLIDATED</b>	
<b>30 June 2022</b>	<b>30 June 2021</b>
<b>\$</b>	<b>\$</b>
<b>754,173</b>	<b>305,544</b>

**Nature and Purpose of Share-Based Payments Reserve**

The share-based payments reserve is used to recognise the grant date fair value of options and performance rights issued to employees and other service providers.

		<b>Number of Options</b>	<b>\$</b>
<b>Movement in Reserves:</b>			
<b>30 Jun 21</b>	<b>Balance end of financial year</b>	<b>7,053,043</b>	<b>305,544</b>
20 Jul 21	Share Options <sup>1</sup>	1,250,000	448,629
<b>30 Jun 22</b>	<b>Balance end of financial year</b>	<b>8,303,043</b>	<b>754,173</b>

<b>Options/Rights on Issue in Duke Exploration Limited</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Date Vested</b>	<b>Expiry Date</b>
Lead Manager Options	1,497,097	\$0.50	10/11/2021	10/11/2022
Share Options – Tranche 1	1,851,646	\$0.25	29/07/2021	10/11/2027
Share Options – Tranche 2	1,851,649	\$0.25	-	10/11/2027
Share Options – Tranche 3	1,851,651	\$0.25	-	10/11/2027
Share Options – Tranche 1 <sup>1</sup>	416,666	\$0.33	-	20/07/2028
Share Options – Tranche 2 <sup>1</sup>	416,667	\$0.33	-	20/07/2028
Share Options – Tranche 3 <sup>1</sup>	416,667	\$0.33	-	20/07/2028
Total Options/Rights on issue	<b>8,303,043</b>			

**<sup>1</sup>Share Options:**

On 20 July 2021 the Company issued 1,250,000 unlisted options to the Managing Director pursuant to the employee equity incentive plan and as approved at the Company's extraordinary general meeting on 20 July 2021. The options were granted for nil consideration. The options will vest in 3 tranches as outlined in the table below. The options are exercisable at 33 cents and expire on 20 July 2028.

At 30 June 2022, the Company had a total of 8,303,043 options outstanding (2021 – 7,053,043) comprising:

- 1,250,000 options exercisable at 33 cents and expiring 20 July 2028;
- 5,555,000 options exercisable at 25 cents and expiring on 10 November 2027; and
- 1,497,097 options exercisable at 50 cents expiring 10 November 2022.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

There were no options exercised during the year.

During the year, the Board resolved to exercise its discretion under the Option Plan Rules that the former employee Eugene Iliescu could keep tranche 1 of his option package totalling 549,451 options and the former key consultant Greg Partington could keep all three tranches of his option package totalling 1,318,682 options. These options will remain subject to the same conditions and vesting criteria of the other KMP options that were issued in November 2020.

**NOTE 11 – RESERVES (Continued)**

Inputs into pricing model	Share Options – Tranche 1	Share Options – Tranche 2	Share Options – Tranche 3
Grant date	20/07/2021	20/07/2021	20/07/2021
Exercise price	\$0.33	\$0.33	\$0.33
Vesting conditions	<p>Milestone Target 1- The announcement of a completed Scoping Study for the Bundarra Project (which includes the Mt Flora prospect) demonstrating the economics of the project can justify proceeding toward a pre-feasibility study in accordance with listing rule requirements and the JORC Code.</p> <p>Milestone Target 2 - The announcement of an inferred resource at the Prairie Creek prospect as defined under JORC 2012 that is equal to or better than 4 million tonnes @1.5 g/t Au that equates to 200,000 oz of gold</p> <p>AND 15% per annum compound share price increase from date of company listing or at least 33 cents whichever is higher (Share Price Hurdle).</p>	<p>Milestone Target 1 - The announcement of a completed Feasibility Study for the Bundarra Project demonstrating that developing an open pit mine is economically viable for the project in accordance with listing rule requirements and the JORC Code.</p> <p>Milestone Target 2 – The announcement of a completed Scoping Study for the Prairie Creek prospect demonstrating the economics of the prospect can justify proceeding toward a pre-feasibility study in accordance with listing rule requirements and the JORC Code.</p> <p>AND Share Price hurdle met</p>	<p>Milestone Target 1 – The announcement of achievement of all material consents and approvals to enable mine development to proceed at the Bundarra Project.</p> <p>Milestone Target 2 – The announcement of a completed Feasibility Study for the Prairie Creek prospect demonstrating the economics of the prospect can justify proceeding toward a pre-feasibility study in accordance with listing rule requirements and the JORC Code.</p> <p>AND Share Price hurdle met</p>
Share price at grant date	\$0.33	\$0.33	\$0.33
Expiry date	20/07/2028	20/07/2028	20/07/2028
Life of the instruments	7 years	7 years	7 years
Underlying share price volatility	100%	100%	50%
Risk free interest rate	0.9%	0.9%	0.9%
Price model	Hull-White	Hull-White	Hull-White
Fair value at grant date	\$0.20	\$0.20	\$0.22

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**12. STATEMENT OF CASH FLOWS**

<b>(a) Reconciliation of the operating loss after tax to the net cash flows from operations:</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Net loss	(1,714,725)	(1,373,381)
<b>Non-cash flows in operating loss</b>		
Exploration written off	141,687	-
Depreciation	57,168	33,047
Share based payment expense	448,629	286,025
<b>Changes in operating assets and liabilities</b>		
Increase/(decrease) in provision for employee benefits	36,166	25,716
(Increase)/decrease in receivables	2,151	(323,365)
Increase/(decrease) in payables	58,203	(88,581)
<b>Net cash flows (used in) operating activities</b>	<b>(970,721)</b>	<b>(1,440,539)</b>

**(b) Non cash financing activities**

During the year ended 30 June 2022, there were no non- cash financing activities (2021 - nil).

**(c) Non cash investing activities**

During the year ended 30 June 2022, there were no non-cash investing activities (2021: nil).

**(d) Reconciliation of net debt**

During the year ended 30 June 2022, the Company had no debt (2021: nil).

**13. SEGMENT INFORMATION**

The operating segments are identified by management based on the nature of activity undertaken by the Company. The Company operates in one operating business segment being the activity of multi metal exploration and development. Discreet financial information about the operating business is reported to the executive management team on a monthly basis.

	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<b>14. LOSS PER SHARE</b>		
The following reflects the income and share data used in the calculation of basic and diluted loss per share:		
Loss used in calculation of diluted earnings per share	(1,714,725)	(1,373,381)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share	104,786,750	63,935,367

**Effect of Dilutive Securities**

**Share Options**

The Company had 8,303,043 share options on issue at 30 June 2022. Options are considered to be potential ordinary shares. However, in periods of a net loss, share options are anti-dilutive, as their exercise will not result in lower earnings per share.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**15. RELATED PARTY DISCLOSURES**

During the year, services were provided by Kenex Limited (Kenex) which provides technical assistance to the Company to carry out its work program. Dr Greg Partington, who was the General Manager Operations of Duke Exploration (until 31 December 2021), controls Kenex. The Board considers that the Kenex agreement is a commercial arrangement entered into on favourable terms to Duke Exploration. There is no obligation for the Company to acquire services exclusively from Kenex or for Kenex to exclusively provide services to the Company. As the Company is not required to acquire any minimum amount of services from Kenex, there is no minimum payment required under the agreement.

Total amounts paid to Kenex during the year including the provision of services provided by Dr Partington were \$358,230 (excluding GST) (2021 \$475,974). The balance outstanding at 30 June 2022 was \$3,076.

During the year, accounting and certain corporate advisory services were provided by Blanckensee Consulting Pty Ltd (BLC). Mr Paul Frederiks, who is the Company Secretary, controls BLC. The Board considers that the BLC agreement is a commercial arrangement entered into on reasonable arm's length terms. There is no obligation for the Company to acquire services exclusively from BLC or for BLC to exclusively provide services to the Company. Directors note that P. Frederiks provides these services due to his extensive expertise in secretarial and financial administration in the resources sector. Directors believe this arrangement enhances the corporate governance of the Company.

Total amounts paid to BLC during the year including the provision of services and expenses provided by Mr Paul Frederiks was \$151,936 (excluding GST) (2021 - \$134,048). The balance outstanding at 30 June 2022 was \$13,978.

**16. AUDITORS' REMUNERATION**

Amounts received or due and receivable by BDO Audit Pty Ltd for (excluding GST):

	30 June 2022 \$	30 June 2021 \$
- Audit and review of the financial report of the Company	50,400	56,199
- Other assurance services - Investigating Accountants Report	-	9,400
	<b>50,400</b>	<b>65,599</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risks. 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 business. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk. Risk management is carried out by the Board of Directors.

**(a) Market risk**

**(i) Foreign exchange risk**

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the Company's functional currency. The risk is measured using sensitivity analysis as appropriate. The Australian dollar is the reporting and functional currency for the Company. At 30 June 2022, the Company did not have any exposure to foreign exchange risk.

**(ii) Interest rate risk**

The Company is exposed to movements in market interest rates on short term deposits.

The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

**2022**

	Floating interest rate \$	Fixed interest maturing in			Non- Interest bearing \$	Total \$
		1 year or less \$	over 1 year less than 5 \$	more than 5 years \$		
<b>Financial Assets</b>						
Cash at bank	1,293,432	4,500,000	-	-	-	5,793,432
Term Deposit (Secured)	-	90,000	-	-	-	90,000
Security deposits	-	-	-	-	39,000	39,000
Trade & other receivables	-	-	-	-	367,658	367,658
	1,293,432	4,590,000	-	-	406,658	6,290,090
Weighted Average Interest Rate	0.18%					
<b>Financial Liabilities</b>						
Trade & other creditors	-	-	-	-	(725,076)	(725,076)
	-	-	-	-	(725,076)	(725,076)
Net financial assets (liabilities)	1,293,432	4,590,000	-	-	(318,418)	5,565,014

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**

**2021**

	Floating interest rate \$	Fixed interest maturing in			Non- Interest bearing \$	Total \$
		1 year or less \$	over 1 year less than 5 \$	more than 5 years \$		
<b>Financial Assets</b>						
Cash at bank	3,449,225	3,000,000	-	-	-	6,449,225
Term Deposit (Secured)	-	10,000	-	-	-	10,000
Security deposits	-	-	-	-	39,000	39,000
Trade & other receivables	-	-	-	-	3,112,288	3,112,288
	3,449,225	3,010,000	-	-	3,151,288	9,610,513
<b>Weighted Average Interest Rate</b>	0.2%	-	-	-	-	=
<b>Financial Liabilities</b>						
Trade & other creditors	-	-	-	-	(1,114,256)	(1,114,256)
	-	-	-	-	(1,114,256)	(1,114,256)
<b>Net financial assets (liabilities)</b>	3,449,225	3,010,000	-	-	2,037,032	8,496,257

**Financial assets and Liabilities**

Financial assets and liabilities carried at amortised cost are measured by taking into account any discount or premium on acquisition, and fees or costs associated with the asset or liability. Due to the short-term nature of these assets and liabilities, their carrying value is assumed to approximate their fair value.

Trade receivables from other entities are carried at nominal amounts less any allowance for doubtful debts. Other receivables are carried at nominal amounts due. Interest is recorded as income on an accruals basis. Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. The carrying amounts of these assets and liabilities approximate their fair value.

**Fair value of financial assets and liabilities**

The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their fair values because of their short-term nature.

**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**

**(c) Liquidity and capital risk**

The Company's total capital is defined as the shareholders' net equity plus any net debt. The objectives when managing the Company's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The Company does not have a target debt /equity ratio, but has a policy of maintaining a flexible financing structure so as to be able to take advantage of investment opportunities when they arise. There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

If the Company anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities, then the decision on how the Company will raise future capital will depend on market conditions existing at that time.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

**18. EVENTS AFTER REPORTING DATE**

There were no matters or circumstances which 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 years.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 30 June 2022**

**19. CONTINGENT LIABILITIES**

There are no contingent liabilities as at 30 June 2022.

**20. COMMITMENTS**

The Company is required to fund exploration expenditures in order to maintain current rights of tenure. These commitments are minimum expenditure requirements, determined by the relevant Government body on an individual tenement basis for each year of tenure from the date of grant, to maintain the tenements in good standing. The commitment remains only for as long as the tenement is held, and may be subject to negotiation or renegotiation before the end of the annual period based on merit. The expenditure commitments listed below and which are not provided for in the financial report represent an estimate of the sum of all Queensland annual expenditure requirements of tenements. At 30 June 2022 the Company had the following commitments with respect to the licences:

Project	Tenement Reference	Total Project Commitment \$
Bundarra Project	EPM 26499, EPM 27474 & EPM 27609	1,374,500
Prairie Creek	EPM 26852	321,500
<b>Total</b>		<b>1,696,000</b>

Period	Total Project Commitment \$
Less than 1 year	398,500
1 to 2 years	507,500
2 to 5 years	790,000
<b>Total</b>	<b>1,696,000</b>

**21. COVID-19 IMPACTS**

The Company's two active projects are in Queensland (Bundarra and Prairie Creek), and they have not been impacted materially with project delays as a result of Covid-19 – future intrastate regional lockdowns could however impact these two projects.

**Directors' Declaration**

In the opinion of the Directors:

- (a) The accompanying financial statements and the notes and the additional disclosures included in the Directors' Report designated as audited, of the Company are in accordance with the Corporations Act 2001, including:
- (i) Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended that date; and
  - (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (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.
- (c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
- (e) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

Signed in accordance with a resolution of the Directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors



**Toko Kapea**  
Chairman  
31 August 2022



## INDEPENDENT AUDITOR'S REPORT

To the members of Duke Exploration Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Duke Exploration Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Duke Exploration Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Carrying value of exploration and evaluation assets

Key audit matter	How the matter was addressed in our audit
There is a risk that the carrying value of exploration and evaluation assets is overstated and that there are some assets carried which did not meet the criteria prescribed in AASB 6 to be capitalised.	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Selected a sample of capitalised exploration expenditure during the year to ensure it met the recognition criteria under AASB 6;</li> <li>Ensured that the Group had the rights to tenure and maintains the tenements in good standing;</li> <li>Assessed the entities ability to carry forward exploration and expenditure assets under AASB 6 in respect of its tenements; and</li> <li>Reviewed the management's assessment of impairment of exploration assets and considered the reasonableness of the key judgments and assumptions used.</li> </ul>

## **Other information**

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

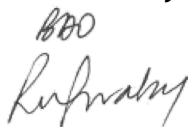
We have audited the Remuneration Report included in pages 11 to 20 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Duke Exploration Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'R M Swaby', is written over the printed name.

**R M Swaby**

Director

Brisbane, 31 August 2022

## ADDITIONAL SHAREHOLDER INFORMATION

### A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period is contained within this Annual Report.

### B. SHAREHOLDINGS

#### 1. Substantial Shareholders

An extract of the Company's register of substantial shareholders is set out below.

Shareholder	Number of Shares
Eugene Stephen Iliescu and Gapmas Holdings Pty Ltd	11,235,449
Mr Keiran James Slee	9,000,000
Misty Grange Pty Ltd	8,173,264

#### 2. Number of holders in each class of equity securities and the voting rights attached

There are 889 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

On a show of hands every shareholder 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. There are no voting rights attached to options.

#### 3. Distribution schedule of the number of holders in each class of equity security as at 19 October 2022.

##### Ordinary Shares

By Class	Holders of Ordinary Shares	No. Of Ordinary Shares	%
1 to 1,000	33	3,064	0.00
1,001 to 5,000	151	426,390	0.40
5,001 to 10,000	122	954,924	0.91
10,001 to 100,000	434	16,538,439	15.69
100,001 and over	149	87,496,810	83.00
	889	105,419,627	100.00

##### Options

By Class	Holders of Options	No. Of Options	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	8	8,303,043	100.00
	8	8,303,043	100.00

#### 4. Marketable Parcel

As at 19 October 2022 there were 275 shareholders with unmarketable parcel of shares totalling 1,082,436 shares representing 1.03% of issued capital.

**ADDITIONAL SHAREHOLDER INFORMATION (CONT.)****5. Twenty largest holders of each class of quoted equity security**

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds as at 19 October 2022 is as follows:

**Ordinary Shares**

<b>Name</b>	<b>No. of Ordinary Shares</b>	<b>%</b>
MR KEIRAN JAMES SLEE	9,000,000	8.54%
MISTY GRANGE PTY LTD	7,575,264	7.19%
GAPMAS HOLDINGS PTY LTD	4,439,999	4.21%
MR TERRY LESLIE GALLAGHER	3,700,000	3.51%
MR EUGENE STEPHEN ILIESCU & MRS JENNIFER MARGARET ILIESCU <ES & JM ILIESCU S/FUND A/C>	3,002,378	2.85%
AURORA VENTURES PTY LIMITED	2,583,334	2.45%
ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	2,524,615	2.39%
MR KENNETH JOSEPH HALL <HALL PARK A/C>	2,300,000	2.18%
ALISTAIR MALLETT	2,203,334	2.09%
KENEX KNOWLEDGE SYSTEMS LTD	2,038,998	1.93%
TOM HADLEY ENTERPRISES PTY LTD	2,000,000	1.90%
MR DAVID MARK GARNHAM	1,900,234	1.80%
TUIA GROUP SERVICES LIMITED	1,636,000	1.55%
PAUL MICHAEL FREDERIKS	1,485,000	1.41%
TOKORANGI THOMAS KAPEA	1,268,056	1.20%
ROBERT TREVOR DICKINSON	1,200,000	1.14%
GDKANOFSKI PTY LTD <KANGA SUPER FUND A/C>	1,100,000	1.04%
MRS MARISA ACKLEY <ACKLEY INVESTMENT A/C>	1,000,000	0.95%
MR DARRYL LEONARD GOODE & MRS LYNETTE EVELYN GOODE <THE GOODE SUPER FUND A/C>	1,000,000	0.95%
WEST TRADE ENTERPRISES PTY LTD	1,000,000	0.95%
<b>TOTAL</b>	<b>54,468,157</b>	<b>51.67%</b>

**6. Unquoted equity securities**

Unquoted equity securities on issue at 19 October 2022 were as follows:

**Fully Paid Ordinary Shares**

There are 15,208,475 restricted fully paid ordinary shares on issue with restriction ending on 10 November 2022.

**Options**

There are 8,303,043 options on issue as follows:

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Exercise Periods/ Expiry Dates</b>	<b>Number of Holders</b>
5,555,946	25 cents	On or before 10 November 2027	6
1,250,000	33 cents	On or before 20 July 2028	1
1,497,097	50 cents	On or before 10 November 2022	1

Refer to the Remuneration Report for vesting conditions relating to these options.

**C. STATEMENT ON USE OF FUNDS**

The Company has used its cash at the time of admission in a manner consistent with its business objectives.

**D. OTHER DETAILS****TENEMENT DIRECTORY**

Mineral tenements held at 19 October 2022 are as follows:

Project	Tenement Reference	Company Interest %
Bundarra Project	EPM 26499, EPM 27474 & EPM 27609	100
Prairie Creek	EPM 26852	91