

GODOLPHIN RESOURCES LIMITED

ABN 13 633 779 950

Interim Financial Report

**for the interim period from 1 July 2020 to
31 December 2020**

**(previous period for the interim period
from incorporation on 19 June 2019 to 31
December 2019)**



Corporate Directory

Directors

Jeremy Read– Non-Executive Chairman

Ian Buchhorn – Non-Executive Director

Douglas Menzies – Non-Executive Director

Chief Executive Officer

David Greenwood

Company Secretary

Ian Morgan

Registered and Business Office

Unit 13

11-19 William Street

Orange

NSW 2800

Postal Address

PO Box 9497

Orange East NSW 2800

Telephone

+61 431 477145

Email

info@godolphinresources.com.au

Website

www.godolphinresources.com.au

Securities Exchange

Australian Securities Exchange (ASX)

ASX Code: GRL

Securities Registry

Automic Pty Ltd

Level 2, 267 St Georges Terrace

Perth WA 6000

Telephone

(within Australia): 1 300 288 664

(outside Australia): +61 2 9698 5414

Auditor

Butler Settineri (Audit) Pty Ltd

Unit 16, First Floor Spectrum,

100 Railway Rd,

Subiaco WA 6008

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DIRECTORS' REPORT

The directors of Godolphin Resources Limited (**Company** or **Godolphin**) and its subsidiaries (together referred to as the **Group**) present their report together with the consolidated financial report for the interim period 1 July 2020 to 31 December 2020 and the auditor's review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Jeremy Read	Non-Executive Chairman	Appointed 1 May 2020
Ian Buchhorn	Non-Executive Director	Appointed 19 June 2019
Doug Menzies	Non-Executive Director	Appointed 1 May 2020

REVIEW OF OPERATIONS

Principal Activities

Godolphin is an Australian mineral exploration company which listed on the ASX on 18 December 2019 and has 100%-controlled Australian-based projects in the Lachlan Fold Belt (LFB) region of NSW, a world-class gold-copper province. Godolphin has drill ready targets at all its projects.

There were no significant changes in the nature of the activities of the Group during the interim period.

Operations

Godolphin recorded a net loss attributable to members for the interim period ended 31 December 2020 of \$506,255 (2019 \$270,174).

Godolphin's corporate strategy is to explore and develop its large tenement holding within the LFB, a leading province for bulk tonnage, low operating cost gold-base metal mines.

Godolphin has JORC-compliant mineral resources which includes 519,000 ounces of gold in three deposits (Mt Aubrey, Lewis Ponds and Yeoval), all with exploration programmes including planned drilling.

During the interim period ended 31 December 2020, Godolphin undertook key activities across its portfolio of assets including:

- Godolphin undertook drilling programmes at Copper Hill East and Mt Aubrey and final planning undertaken for drilling programmes at Lewis Ponds and Gundagai North & South.
- At Copper Hill East four RC drill holes at the Turrawonga Prospect tested magnetic anomalies with strong coincident gold-copper in soil anomalies. Two RC drill holes CHERC012 & CHERC013 had significant results with CHERC012 intersecting 32m @ 0.29g/t gold & 0.13% copper from 210m and CHERC013 intersecting 30m @ 0.64g/t gold and 0.13% copper from 178m. Results indicate potential proximity to porphyry-related copper-gold mineralisation.
- A Phase 2 RC drilling programme completed at Mt Aubrey confirmed that the mineralised quartz veins extend for more than 350 metres east of the main historical pit mined by BHP in the early 1990's. Broad zones of gold mineralisation were intersected, which correlate with the intersected quartz

veins. The best assay results received were in drill hole MAGRC016 which intersected multiple zones of 8m @ 0.60g/t gold from 56m, 2m @ 1.22g/t gold from 84m and 2m @ 1.01g/t gold from 96m.

- At Lewis Ponds Godolphin undertook an extensive review of historical data, which highlighted substantial gold and silver potential at the Lewis Ponds project, formerly explored predominantly for base metals. The review included remodelling of the existing Mineral Resource at Lewis Ponds in order to provide a better understanding of the distribution of the higher-grade gold and silver portions of the sulphide lenses. In February 2021 a revised Mineral Resource Estimate was announced at Lewis Ponds and in January 2021 a 1,000m RC and 3,300m Diamond drill programme commenced at Lewis Ponds.
- Godolphin executed binding Term Sheets for Farm-In Joint Venture Agreements on its Calarie, Wiseman's Creek and Ophir Projects with Orange Minerals Pty Ltd in order to accelerate explorations on these projects, while Godolphin focusses on its highest priority projects at Lewis Ponds and Copper Hill East.
- Capital Raising during the interim period to 31 December 2020, \$3.5 million was raised by way of a 2-tranche equity placement. Godolphin's cash balance at 31 December 2020 was \$6.9 million. Further details of capital raisings are reported in the [the Company's ASX announcement dated 6 November 2020 and titled "Placement to Raise \\$3.5 million"](#), and are set out in Note A.6.

SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the interim period and the date of this Financial Report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, excepting as announced on 23 February 2021 the Company's Chief Executive Officer (CEO) position is being made redundant. The Company has agreed to pay the CEO a redundancy payment of one (1) month salary plus an ex-gratia payment of three (3) months salary, totalling \$91,667. The CEO retains his employee options (750,000 options with an exercise price of \$0.25 each, expiring 5 December 2022 and vesting 1 November 2021).

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 23 and forms part of the Directors' Report for the interim period ended 31 December 2020.

ROUNDING OFF

The Company is not of a kind referred to in *ASIC Corporations Instrument 2016/191* dated 1 April 2016 and as such, amounts in the interim financial statements and directors' report have been reported to the nearest dollar, unless otherwise stated.

COMPETENT PERSON'S STATEMENT

The Information in this report relating to Mineral Resources and Exploration Results is extracted from reports lodged as market announcements and available to view on the Company's web-site <https://godolphinresources.com.au/>

The Company confirms that it is not aware of any new information that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially

changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Signed in accordance with a resolution of the Board of directors:



Jeremy Read
Chairman

Brisbane
4 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
INTERIM PERIOD ENDED 31 DECEMBER 2020

	Note	2020	2019
Income:		\$	\$
Australian Government Grant		100,000	-
Farm-in income		30,000	-
Total income		130,000	-
Employee expenses		(215,333)	(64,231)
Non-cash employee expense from granting of options to:			
Directors	C.1	-	(70,550)
Employees		(35,565)	(2,513)
Other expenses	A.5	(397,403)	(133,064)
Loss before interest and income tax		(518,301)	(270,358)
Less: Financial income - interest		12,046	184
Loss before income tax		(506,255)	(270,174)
Income tax benefit		-	-
Net loss attributable to members of the parent		(506,255)	(270,174)
Other comprehensive income for the interim period, net of income tax		-	-
Total comprehensive income for the interim period		(506,255)	(270,174)
		Cents	Cents
Loss per share – basic	D.1	(7.1)	(3.0)
Loss per share – diluted	D.1	(7.1)	(3.0)

The condensed notes on pages 11 to 21 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM PERIOD ENDED 31 DECEMBER 2020

	Note	Ordinary fully paid shares \$	Share option reserve \$	Accumulated losses \$	Total Equity \$
Balance at 19 June 2019		100	-	-	100
Issue of shares to Ardea shareholders 4 December 2019	A.6	6,000,000	-	-	6,000,000
Issue of shares (IPO) 5 December 2019	A.6	7,480,500	-	-	7,480,500
Capital raising costs	A.6	(741,682)	-	-	(741,682)
Total comprehensive income for the interim period		-	-	(270,174)	(270,174)
Equity settled share-based payments for the interim period	A.8	-	1,272,413	-	1,272,413
Balance at 31 December 2019		12,738,918	1,272,413	(270,174)	13,741,157
Balance at 1 July 2020		12,816,766	1,310,563	(801,362)	13,325,967
Issue of shares with conversion of loyalty options	A.6	309,162	-	-	309,162
Cash placement 16 November 2020 (Tranche 1)	A.6	2,488,800	-	-	2,488,800
Cash placement 24 December 2020 (Tranche 2)	A.6	1,011,202	-	-	1,011,202
Capital raising costs	A.6	(488,241)	276,954	-	(211,287)
Total comprehensive income for the interim period		-	-	(506,255)	(506,255)
Equity settled share-based payments for the interim period	A.8	-	35,565	-	35,565
Balance at 31 December 2020		16,137,689	1,623,082	(1,307,617)	16,453,154

The condensed notes on pages 11 to 21 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	31 December 2020	30 June 2020
		\$	\$
Current assets			
Cash and cash equivalents		6,898,682	4,861,593
Prepayments and other receivables		297,335	82,881
Total current assets		7,196,017	4,944,474
Non-current assets			
Property, plant and equipment	A.9	438,205	422,921
Right of use asset	A.10	377,669	-
Exploration and evaluation costs	A.11	9,146,665	8,227,967
Total non-current assets		9,962,539	8,650,888
Total assets		17,158,556	13,595,362
Current liabilities			
Trade and other payables		206,122	173,100
Lease liability		54,726	-
Employee benefits		69,149	40,295
Total current liabilities		329,997	213,395
Non-current liabilities			
Lease liability		319,405	-
Provision		56,000	56,000
Total non-current liabilities		375,405	56,000
Total liabilities		705,402	269,395
Net assets		16,453,154	13,325,967
Equity			
Issued capital	A.6	16,137,689	12,816,766
Reserve	A.8	1,623,082	1,310,563
Accumulated losses		(1,307,617)	(801,362)
Equity		16,453,154	13,325,967

The condensed notes on pages 11 to 21 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

INTERIM PERIOD ENDED 31 DECEMBER 2020

	Note	2020	2019
		\$	\$
Cash flows used in operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(696,377)	(71,166)
Interest received		24,882	184
Net cash used in operating activities		(671,495)	(70,982)
Cash flows used in investing activities			
Payments for property, plant and equipment		(24,074)	-
Payments for exploration and evaluation costs		(867,140)	(172,000)
Net cash used in investing activities		(891,214)	(172,000)
Cash flows from financing activities			
Proceeds from capital raisings	A.6	3,809,164	7,480,500
Payments for capital raising costs		(209,366)	(159,698)
Repayment of loan for capital raising costs		-	(935,062)
Receipt from other loan		-	200,000
Repayment of other loan		-	(200,000)
Net cash generated from financing activities		3,599,798	6,385,740
Net increase in cash and cash equivalents		2,037,089	6,142,758
Cash and cash equivalents at 1 July 2020/19 June 2019		4,861,593	-
Cash and cash equivalents at 31 December 2020 / 31 December 2019		6,898,682	6,142,758

The condensed notes on pages 11 to 21 are an integral part of these interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

NOTES TO THE INTERIM FINANCIAL STATEMENTS

SECTION A KEY FINANCIAL INFORMATION AND PREPARATION BASIS

A.1 REPORTING ENTITY

Godolphin Resources Limited (**Company**) is a company domiciled in Australia. These condensed consolidated interim financial statements (“interim financial statements”) as at and for the interim period ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the “Group”).

The Company is a gold and base metal focused explorer with a clear strategy of fast-tracking the development of its projects in the Lachlan Fold Belt of NSW (**LFB**), which includes 519,000 ounces of gold in JORC compliant mineral resources.

A.2 BASIS OF PREPARATION

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

They do not include all of the information required for a full annual financial report. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated annual financial report of the Group as at and for the year ended 30 June 2020.

These interim financial statements were approved by the Board of Directors on 4 March 2021. The Company is not of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016 and, in accordance with the Class Order, amounts in these interim financial statements and directors’ report have been rounded to the nearest dollar, unless otherwise stated.

A.3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, the Company’s management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

The significant judgements made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated annual financial report of the Group as at and for the year ended 30 June 2020, excepting during the interim period ended 31 December 2020 the Company has leased a building that has been reported as a right of use asset and lease liability. Refer Notes A.10 and D.2 for more details.

A.4 GOING CONCERN

During the interim period to 31 December 2020, the Company incurred a loss of \$506,255(2019 \$270,174) and net cash outflows from operating activities of \$671,495 (2019 \$70,982). At 31 December 2020, cash and cash equivalents were \$6,898,682 and there were net assets of \$16,453,154. The financial report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Management believes that forecast cash levels are sufficient to fund ongoing administration and budgeted exploration. The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Group to raise additional capital in the form of equity;
- the continued support of current shareholders; and
- the ability to successfully develop and extract value from its projects that are under development.

Directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To-date, the Group has funded its activities through issuance of equity securities;
- It is expected that the Group will be able to fund its future activities through further issuances of equity securities; and
- Directors believe there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities.

A.5 OTHER EXPENSES

	Note	2020 \$	2019 \$
Accounting / secretarial expenses		120,630	-
Compliance: ASX/Share Registry fees/meetings expenses		72,492	5,000
Consulting fees		24,592	25,200
Depreciation expense		14,109	-
Directors' fees and superannuation	C.1	83,194	3,952
Insurances expense		25,380	5,673
Legal expenses		3,642	3,310
Office lease and rental expenses		6,829	5,400
Other expenses		39,219	27,297
Recruitment fees		-	41,104
Travel and accommodation expenses		7,316	16,128
		397,403	133,064

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A.6 ORDINARY FULLY PAID SHARES

	Number	\$
Balance on incorporation 19 June 2019	100	100
Issue of shares to Ardea shareholders 4 December 2019	30,000,000	6,000,000
Issue of shares (IPO) 5 December 2019	37,402,500	7,480,500
	<u>67,402,600</u>	<u>13,480,600</u>
Less: Capital raising costs	-	(741,682)
Balance at 31 December 2019	<u>67,402,600</u>	<u>12,738,918</u>
Balance at 1 July 2020	67,957,151	12,816,766
Issue of shares with conversion of loyalty options	1,545,810	309,162
Cash placement 16 November 2020 (Tranche 1)	10,370,000	2,488,800
Cash placement 24 December 2020 (Tranche 2)	4,213,340	1,011,202
Capital raising costs	-	(488,241)
	<u>84,086,301</u>	<u>16,137,689</u>
Balance at 31 December 2020	<u>84,086,301</u>	<u>16,137,689</u>

A.7 UNQUOTED OPTIONS

Exercise Price per Share	Expiry Date	Number			Balance 31 December
		Balance 19 June / 1 July	Issued during the interim period	Exercised during the interim period	
2019					
25 cents	5-Dec-22	-	20,000,000	-	<u>20,000,000</u>
2020					
20 cents	15-Jun-22	29,278,461	-	(1,545,810)	<u>27,732,651</u>
25 cents	5-Dec-22	20,000,000	-	-	<u>20,000,000</u>
40 cents	24-Dec-22	-	3,000,000	-	<u>3,000,000</u>
		<u>49,278,461</u>	<u>3,000,000</u>	<u>(1,545,810)</u>	<u>50,732,651</u>

A.8 SHARE OPTIONS RESERVE

	\$
Balance on incorporation 19 June 2019	-
Equity settled share-based costs for the interim period	1,272,413
Balance at 31 December 2019	<u>1,272,413</u>
Balance at 1 July 2020	1,310,563
Equity settled share-based costs for the interim period	312,519
Balance at 31 December 2020	<u>1,623,082</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A.9 PROPERTY, PLANT AND EQUIPMENT

	Land	Plant and Equipment	Total
	\$	\$	\$
Balance on incorporation 19 June 2019	-	-	-
Additions during the interim period	367,000	9,485	376,485
Depreciation and amortisation during the interim period	-	-	-
Balance at 31 December 2019	367,000	9,485	376,485
Balance at 1 July 2020	367,000	55,921	422,921
Additions during the interim period	-	24,074	24,074
Depreciation and amortisation during the interim period	-	(8,790)	(8,790)
Balance at 31 December 2020	367,000	71,205	438,205

A.10 RIGHT OF USE ASSET

	\$
Balance at 1 July 2020	-
Additions during the interim period	382,988
Depreciation and amortisation during the interim period	(5,319)
Balance at 31 December 2020	377,669

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A.11 EXPLORATION AND EVALUATION COSTS

	\$
Balance on incorporation 19 June 2019	-
Additions during the interim period	7,498,601
Balance at 31 December 2019	7,498,601
Balance 1 July 2020	8,227,967
Additions during the interim period	918,698
Balance at 31 December 2020	9,146,665

A.12 DIVIDENDS

No dividends were paid by the Company during the interim period to 31 December 2020.

A.13 COMMITMENTS

Exploration

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements.

Details of mining tenements held at 31 December 2020 and their location are:

Tenement reference	Details	Expiry date	Location	Interest	Expenditure commitments
				%	\$
EL8532	Mt Aubrey	7-Mar-26	35km NE of Parkes NSW	100	425,000
EL8538	Yeoval	19-Mar-26	Around the town of Yeoval NSW	100	510,000
EL8554	Wiseman's Creek	4-May-23	Around the town of Oberon NSW	100	200,000
EL8555	Calarie	5-May-23	Between Parkes and Forbes NSW	100	225,000
EL8556	Copper Hill East	5-May-26	30km North of Molong NSW	100	530,000
EL 8586	Gundagai North	20-Jun-23	North of Gundagai NSW	100	285,000
EL8323	Ophir	27-Nov-22	15km NE of Orange NSW	100	270,000
EL8061	Gundagai South	13-Mar-23	South of Gundagai NSW	100	360,000
EL 8580	Calarie Central	26-May-23	Between Parkes and Forbes NSW	100	300,000
EL8890	Cumnock	26-Aug-24	Around the town of Cumnock NSW	100	180,000
EL8889	Gundagai	26-Aug-24	Around the town of Gundagai NSW	100	150,000
ML739	Calarie Lachlan Mine	22-May-21	North of Forbes NSW	100	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Tenement reference	Details	Expiry date	Location	Interest	Expenditure commitments
EL5583	Lewis Ponds	25-Jun-22	Near Orange NSW	100	80,000
EL8962	Obley North	6-Apr-25	12km N of Yeoval NSW	100	225,000
EL 8963	Obley West	6-Apr-25	15km W of Yeoval NSW	100	225,000
EL8964	Yallundry	6-Apr-25	12km S of Yeoval NSW	100	225,000
EL8966	Mt Bulga	9-Apr-25	Near Orange NSW	100	75,000
EL8901	Caledonian	21-Oct-24	Stuart Town NSW	100	200,000
EL8998	Gadara	9-Sep-23	South of Gundagai NSW	100	50,000
					4,515,000

Expenditure requirements for tenements	31 December 2020	30 June 2020
	\$	\$
Within one year	1,050,000	950,000
One year or later and not later than five years	3,220,000	3,035,000
Later than five years	245,000	245,000
Total	4,515,000	4,230,000

All the Group's licences are in good standing at the date of this report.

A.14 SEGMENT REPORTING

Business and geographical segments

The results and financial position of the Group's single operating segment are prepared on a basis consistent with Australian Accounting Standards and thus no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made. Entity-wide disclosures in relation to the Group's product and services and geographical areas are detailed below.

Products and services

The Company is gold and base metal focused explorer with a clear strategy of fast-tracking the development of its projects in the Lachlan Fold Belt of NSW (LFB), which includes 519,000 ounces of gold in JORC compliant mineral resources.

Geographical Areas

The Group's exploration activities are located solely in Australia.

A.15 CONTINGENT LIABILITIES

Details of contingent liabilities where the probability of future payments/receipts is not considered remote are set out below:

On 25 July 1991, Tri Origin Exploration Limited and Mr David Timms (a geologist and unrelated party) entered into to a finder's fee agreement (**Finder's Fee Agreement**) pursuant to which Mr Timms' estate is eligible to receive a finder's fee in relation to a mineral property in

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Australia, comprising 2.56 km², and designated as EL 1049 in New South Wales, Australia (**Property**).

The mining tenement designated as EL 1049 was cancelled in a broader process of replacing a number of licences in the area with a single new licence, EL 5583 (**EL 5583**). TriAusMin Pty Ltd (an entity that is the Company's wholly owned subsidiary), is the registered holder of EL 5583.

The area referred to as the Property in the Finder's Fee Agreement is now located within the boundaries of EL 5583.

On this basis, a portion of EL 5583 (being the 2.56km² Property) is subject to a finder's fee, payable to Mr David Timms' estate, following commencement of production, or sale of EL5583, capped at A\$2,000,000. The fee is payable in respect of:

- (a) 1/3 proceeds from the sale of EL 5583; or
- (b) 1/3 of net profits from production from the Property; or
- (c) 30% of any royalties received from production from the Property.

A.16 SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the interim period and the date of this Financial Report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, excepting as announced on 23 February 2021 the Company's Chief Executive Officer (CEO) position is being made redundant. The Company has agreed to pay the CEO a redundancy payment of one (1) month salary plus an ex-gratia payment of three (3) months salary, totalling \$91,667. The CEO retains his employee options (750,000 options with an exercise price of \$0.25 each, expiring 5 December 2022 and vesting 1 November 2021).

SECTION B RISK AND JUDGEMENT

FAIR VALUES

Certain of the Group's accounting policies and disclosures require the measurement of fair values for share based payment arrangements, and financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

SECTION C KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

C.1 RELATED PARTY TRANSACTIONS

The following related party transaction charges for Directors' fees, consulting fees and loan advanced to the Group were made with the Group on normal terms and conditions and in the ordinary course of business:

	Transaction Value for interim period ended 31 December \$	Balance Outstanding as at 31 December \$	Terms
As at 31 December 2019			
Cash Remuneration			
Directors' Fees	3,952	3,952	Payable on demand
Consulting Fees	53,332	19,875	
	<u>57,284</u>	<u>23,872</u>	
Non-cash Remuneration			
Share based payments	70,550	-	Refer Note C.2
	<u>70,550</u>	<u>-</u>	
As at 31 December 2020			
Cash Remuneration			
Directors' fees and superannuation	83,194	4,106	Payable on demand
Consulting Fees	13,700	-	
	<u>96,894</u>	<u>4,106</u>	
Non-cash Remuneration			
Share based payments	-	-	
	<u>-</u>	<u>-</u>	

C.2 DIRECTORS' EQUITY SECURITIES

Incentive Options

On 5 December 2019, a total of 1,000,000 incentive options were granted to Directors. Details relating to the options are below.

The options were granted at no cost to the recipient. The fair value of the options at the Grant Date is determined using the Black Scholes model. The options expense for the interim period to 31 December 2019 totals \$70,550.

No terms of equity settled share-based payment transactions (including options granted as compensation to key management persons) have been altered or modified by the issuing entity during the interim period.

There are no entitlements for the Company's option holders to participate in new issues of capital which may be offered to the Company's existing ordinary shareholders.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

The Group prohibits those that are granted share-based payments as part of their remuneration from entering other arrangements that limit their exposure to losses that would result from share price decreases. Entering such arrangement is prohibited by law.

Loyalty Options

On 15 June 2020, one Loyalty Option was granted for every three Incentive Options and Shares held at the record date (5 June 2020). A total of 2,316,622 rounded up Loyalty Options were granted to Ian Buchhorn. Details relating to the Shares, Incentive Options and Loyalty Options are below.

Details of the total equity securities held by directors in the Company are shown in the following table.

Director	Quoted Shares Number	Unquoted Options	
		Incentive Options ¹ Number	Loyalty Options ² Number
As at 31 December 2019			
Ian Buchhorn	6,699,849	250,000	-
Mark Sykes (resigned 30 April 2020)	150,000	500,000	-
Andrew Stewart (resigned 30 April 2020)	50,000	250,000	-
As at 31 December 2020			
Jeremy Read (appointed 1 May 2020)	-	-	-
Ian Buchhorn	6,699,849	250,000	2,316,622
Douglas Menzies (appointed 1 May 2020)	19,529	-	-

SECTION D OTHER DISCLOSURES

D.1 LOSS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit or loss attributable to members of the parent entity for the interim period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue. Diluted EPS is calculated by dividing the basic EPS earnings, adjusted

¹ Exercise price 25 cents per share expiring 5 December 2022.

² Exercise price 20 cents per share expiring 15 June 2022.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

by the after-tax effect of financial costs associated with dilutive ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary and dilutive potential ordinary shares adjusted for any bonus issue.

The calculation of basic and diluted losses per share for the interim period ended 31 December 2020 was based on the net loss attributable to ordinary shareholders of \$506,255 (2019: loss \$270,174) and a weighted average number of ordinary shares outstanding during the interim period ended 31 December 2020 of 71,161,374 (2019: 9,094,09), calculated as follows:

	2020	2019
	\$	\$
Loss for the interim period attributable to ordinary shareholders	506,255	270,174

Weighted average number of ordinary shares

	Number	Number
Undiluted Number of Shares		
Issued ordinary shares at opening	67,957,151	100
Effect of shares issued 4 December 2019	-	4,132,653
Effect of shares issued 5 December 2019	-	4,961,556
Effect of shares issued 22 July 2020	16,066	-
Effect of shares issued 18 August 2020	88,465	-
Effect of shares issued 22 October 2020	87,237	-
Effect of shares issued 3 November 2020	263,022	-
Effect of shares issued 16 November 2020	2,536,141	-
Effect of shares issued 24 November 2020	47,066	-
Effect of shares issued 21 December 2020	5,935	-
Effect of shares issued 24 December 2020	160,291	-
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	71,161,374	9,094,309

5,639,193 potential shares (2019: Nil) were excluded from the calculation of diluted earnings per share because they are antidilutive for the interim period ended 31 December 2020 as the Company is in a loss position.

D.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the financial report are consistent with those adopted and disclosed in in the Group's consolidated financial statements as at and for the year ended 30 June 2020.

Right-of-use asset and a lease liability

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset

NOTES TO THE INTERIM FINANCIAL STATEMENTS

reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and 'lease liability' in the consolidated statement of financial position.

DIRECTORS' DECLARATION

In the opinion of the directors of Godolphin Resources Limited:

- (a) the condensed consolidated financial statements and notes set out on pages 7 to 21 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the interim period 1 July 2020 to 31 December 2020; and
 - ii. complying with Australian Accounting Standards *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Jeremy Read
Chairman

Brisbane
4 March 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Godolphin Resources Limited for the half year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Godolphin Resources Limited and the entities it controlled during the period.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth

Date: 4 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GODOLPHIN RESOURCES LIMITED

Conclusion

We have reviewed the accompanying half year financial report of Godolphin Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the half year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

Directors' responsibilities for the half year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half year financial report in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the half year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether in order to state whether anything has come to our attention that causes us to believe that the half year financial report is not in accordance with the *Corporations Act 2001* including; giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance and its cash flows for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth

Date: 4 March 2021