



GODOLPHIN RESOURCES LIMITED

ABN 13 633 779 950

Interim Financial Statements

for the period from 1 July 2021 to 31 December 2021

Corporate Directory

Directors

Jeremy Read– Non-Executive Chair

Jeneta Owens – Managing Director

Ian Buchhorn – Non-Executive Director

Douglas Menzies – Non-Executive Director

Company Secretary and Chief Financial Officer

Ian Morgan

Registered and Business Office

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Securities Exchange

Australian Securities Exchange (ASX)

ASX Code: GRL

Securities Registry

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Auditor

Butler Settineri (Audit) Pty Ltd

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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 2021 to 31 December 2021 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 Chair | Appointed 1 May 2020 |
| Jeneta Owens | Managing Director | Appointed 7 June 2021 |
| 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 2021 of \$766,324 (2020: \$506,255).

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 in three deposits (Mt Aubrey, Lewis Ponds and Yeoval), all with exploration programmes and including planned drilling at Lewis Ponds and Yeoval.

During the interim period ended 31 December 2021, Godolphin undertook key activities across its portfolio of assets including:

- Godolphin undertook drilling programmes at Lewis Ponds, two prospects at Gundagai North and one at Gundagai South and final planning undertaken for continued drilling programmes at Gundagai South and a new drilling program at Yeoval.
- Targeted 4-hole reverse circulation (RC) percussion drilling program at Lewis Ponds intersects sulphides in all holes. The four RC holes testing the Quarry Lode mineralisation near surface and to the northwest of the current MRE at Lewis Ponds revealed all four holes intersected gold, silver and base metal

DIRECTORS' REPORT

mineralisation. Occurrences of chalcopyrite, galena and sphalerite observed with further narrow zones of stringer veins containing lead and zinc sulphides and gold mineralisation also occurred across all four holes drilled in the program. (Refer Table 1 for a summary of the drill result highlights).

| HoleID | From | To | Interval (m) | Au g/t | Ag ppm | Pb % | Pb ppm | Zn % | Zn ppm | Au Eq g/t |
|----------|------|----|--------------|--------|--------|-------|--------|------|--------|-----------|
| GLPRC008 | 14 | 15 | 1 | 0.12 | 38.2 | 0.57 | 5680 | 0.96 | 9580 | 1.99 |
| | 59 | 60 | 1 | 0.08 | 29.3 | 0.34 | 3380 | 1.06 | 10610 | 2.04 |
| | 66 | 67 | 1 | 0.66 | 32.1 | 0.50 | 5030 | 1.37 | 13700 | 2.68 |
| | 70 | 78 | 8 | 1.07 | 42.6 | 0.49 | 4868 | 1.09 | 10880 | 3.07 |
| incl. | 70 | 71 | 1 | 6.5 | 172 | 1.38 | 13800 | 0.28 | 2800 | 12.85 |
| GLPRC009 | 50 | 51 | 1 | 0.07 | 22 | 0.52 | 5240 | 1.02 | 10200 | 1.60 |
| | 54 | 55 | 1 | 0.07 | 25.2 | 0.91 | 9130 | 1.01 | 10100 | 2.03 |
| | 66 | 73 | 7 | 0.65 | 22.74 | 0.37 | 3708 | 0.78 | 7798 | 1.95 |
| incl. | 69 | 70 | 1 | 0.08 | 36.2 | 0.75 | 7450 | 1.47 | 14700 | 2.37 |
| and | 72 | 73 | 1 | 4.09 | 12 | 0.14 | 1410 | 0.33 | 3260 | 4.71 |
| GLPRC010 | 35 | 37 | 1 | 0.43 | 93.9 | 1.42 | 14240 | 2.36 | 23600 | 4.93 |
| incl. | 35 | 36 | | 0.75 | 154 | 2.31 | 23100 | 3.55 | 35500 | 7.80 |
| GLPRC011 | 1 | 2 | 1 | 0.09 | 39.8 | 0.687 | 6870 | 1.42 | 14200 | 2.29 |
| | 52 | 53 | 1 | 1.75 | 32.4 | 0.594 | 5940 | 1.01 | 10100 | 2.23161 |

Table 1: Summary of drill result highlights from the quarry drilling program.

- A review of historic data at Lewis Ponds reveals highly prospective multi-element anomalies – strong potential for mineralisation to extend outside previously estimated Mineral Resource: 6.2Mt @ 2.0g/t gold, 80g/t silver, 2.7% zinc, 1.6% lead & 0.2% copper. Re-interpretation of the 2020 100m x 50m soil sampling program at Lewis Ponds identified zones of gold (Au) mineralisation coincident with anomalous copper-barium-bismuth-molybdenum-lead-tellurium (Cu-Ba-Bi-Mo-Pb-Te) to the south of the resource.
- Leading consultant engaged to review trace element geochemical data reported from soil samples collected at Turrawonga prospect within the Copper Hill East Project. Concluded that the alteration is consistent with typical sodic style alteration zone in a porphyry district.
- Planning for drilling at Yeoval and Cyclops prospects completed following comprehensive assessment of historical exploration data.
- Drilling commenced at Gundagai gold projects – 9 RC holes completed for a total of 1,139m, 4 holes completed at historic Emu Gold Mine, another 4 holes completed at the Mantons prospect, the first drill holes into the prospect and a final one hole completed at the Big Ben prospect, south of Gundagai.
- Two new strategic Exploration Licenses granted. EL9337 Sebastopol, south of Temora in the Southern Lachlan Fold Belt and EL9333 Kinross adjacent to the highly prospective Lewis Ponds tenement near Orange NSW, providing Godolphin with significantly strengthened landholding.

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

DIRECTORS' REPORT

those operations, or the state of affairs of the Group; excepting on 2 March 2022 the Company entered a two-tranche farm-in and joint venture agreement to earn up to a 75% interest in the Narraburra Rare Earth Element Project located 15km north of Temora in central west NSW (**Project**). The counterparty is EX9 Pty Ltd (**EX9**), a private exploration company.

Under the first tranche, the Company will contribute \$1,000,000 in expenditure towards the Project within two years, allowing the Company to earn a 51% interest in the Project. Subject to the Corporations Act and ASX Listing Rules and following completion of the initial earn in requirement, The Company would also issue EX9 with \$1,000,000 in new fully paid ordinary shares (**New Shares**), calculated at the 30-day volume weighted average share price prior to the date of issue of the Company's New Shares (**30-day VWAP**).

As a working example, to issue EX9 with \$1,000,000 in New Shares, the Company's present 30-day VWAP (approximately \$0.1316 per Share) would result in the issue of 7.6 million first tranche New Shares to EX9.

Under the second tranche, to earn a total of 75% in the Project the Company has agreed to contribute a further \$2,000,000 within 4 years in exploration and development expenditure.

Following the Company expending the second tranche of \$2,000,000, and subject to the Corporations Act and ASX Listing Rules, an additional \$1,000,000 in New Shares also calculated at the 30-day VWAP would be issued to EX9.

To issue EX9 with an additional \$1,000,000 in New Shares, the Company's present 30-day VWAP would result in the issue of an additional 7.6 million second tranche New Shares to EX9.

The Company's present ASX Listing Rule 7.1 capacity to issue equity securities in a 12-month period without Company members' approval is 12.6 million equity securities. The issue of first and second tranche New Shares, estimated to total 15.2 million New Shares, will require Company members' approval.

All New Shares issued will be subject to a 12-month voluntary escrow from the date of issue.

Effective from the farm-in date, the Company and EX9 will associate in an unincorporated joint venture for the purpose of exploring and developing the tenements.

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

The lead auditor's independence declaration is set out on page 27 and forms part of the Directors' Report for the interim period ended 31 December 2021.

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/>

DIRECTORS' REPORT

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
Chair

Brisbane
10 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
INTERIM PERIOD ENDED 31 DECEMBER 2021

| | Note | 2021 | 2020 |
|--|------|------------------|------------------|
| Income: | | \$ | \$ |
| Australian Government Grant | | - | 100,000 |
| Farm-in income | | - | 30,000 |
| Total income | | - | 130,000 |
| Employee expenses | | (293,705) | (215,333) |
| Non-cash employee expense from granting of options | A.8 | (4,941) | (35,565) |
| Other expenses | A.5 | (470,325) | (397,403) |
| Loss before interest and income tax | | (768,971) | (518,301) |
| Less: Financial income - interest | | 2,647 | 12,046 |
| Loss before income tax | | (766,324) | (506,255) |
| Income tax benefit | | - | - |
| Net loss attributable to members of the parent | | (766,324) | (506,255) |
| Other comprehensive income for the interim period, net of income tax | | - | - |
| Total comprehensive income for the interim period | | (766,324) | (506,255) |
| | | Cents | Cents |
| Loss per share – basic | D.1 | (0.9) | (7.1) |
| Loss per share – diluted | D.1 | (0.9) | (7.1) |

The condensed notes on pages 12 to 25 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

INTERIM PERIOD ENDED 31 DECEMBER 2021

| | Note | Ordinary fully paid shares \$ | Share option reserve \$ | Accumulated losses \$ | Total Equity \$ |
|--|-------------|--|----------------------------------|-----------------------------|----------------------------|
| 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 and A.8 | (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 |
| Balance at 1 July 2021 | | 16,132,958 | 1,683,013 | (2,214,148) | 15,601,823 |
| Issue of shares with conversion of loyalty options | A.6 and A.8 | 170 | - | - | 170 |
| Cash placement 16 November 2020 (Tranche 1) | | - | - | - | - |
| Cash placement 24 December 2020 (Tranche 2) | | - | - | - | - |
| Capital raising costs | | (1,250) | - | - | (1,250) |
| Total comprehensive income for the interim period | | - | - | (766,324) | (766,324) |
| Equity settled share-based payments for the interim period | | - | 4,941 | - | 4,941 |
| Balance at 31 December 2021 | | 16,131,878 | 1,687,954 | (2,980,472) | 14,839,360 |

The condensed notes on pages 12 to 25 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

| | Note | 31 December 2021 | 30 June 2021 |
|-----------------------------------|------|--------------------|--------------|
| Current assets | | \$ | \$ |
| Cash and cash equivalents | | 3,246,831 | 4,729,025 |
| Prepayments and other receivables | | 150,440 | 117,933 |
| Total current assets | | 3,397,271 | 4,846,958 |
| Non-current assets | | | |
| Property, plant and equipment | A.9 | 420,297 | 429,323 |
| Right of use asset | A.10 | 313,837 | 345,753 |
| Exploration and evaluation costs | A.11 | 11,422,581 | 10,663,740 |
| Total non-current assets | | 12,156,715 | 11,438,816 |
| Total assets | | 15,553,986 | 16,285,774 |
| Current liabilities | | | |
| Trade and other payables | | 219,338 | 197,812 |
| Lease liability | | 56,495 | 56,495 |
| Employee benefits | | 37,314 | - |
| Total current liabilities | | 313,147 | 254,307 |
| Non-current liabilities | | | |
| Lease liability | | 262,501 | 290,666 |
| Provision | | 138,978 | 138,978 |
| Total non-current liabilities | | 401,479 | 429,644 |
| Total liabilities | | 714,626 | 683,951 |
| Net assets | | 14,839,360 | 15,601,823 |
| Equity | | | |
| Issued capital | A.6 | 16,131,878 | 16,132,958 |
| Reserve | A.8 | 1,687,954 | 1,683,013 |
| Accumulated losses | | (2,980,472) | (2,214,148) |
| Equity | | 14,839,360 | 15,601,823 |

The condensed notes on pages 12 to 25 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

INTERIM PERIOD ENDED 31 DECEMBER 2021

| | Note | 2021 | 2020 |
|--|------|--------------------|-----------|
| | | \$ | \$ |
| Cash flows used in operating activities | | | |
| Receipts from customers | | - | - |
| Payments to suppliers and employees | | (794,129) | (696,377) |
| Interest received | | 8,296 | 24,882 |
| Net cash used in operating activities | | (785,833) | (671,495) |
| Cash flows used in investing activities | | | |
| Payments for property, plant and equipment | | (2,769) | (24,074) |
| Payments for exploration and evaluation costs | | (692,342) | (867,140) |
| Net cash used in investing activities | | (695,111) | (891,214) |
| Cash flows from financing activities | | | |
| Proceeds from capital raisings | A.6 | - | 3,809,164 |
| Payments for capital raising costs | | (1,250) | (209,366) |
| Net cash (used in) / generated from financing activities | | (1,250) | 3,599,798 |
| Net (decrease) / increase in cash and cash equivalents | | (1,482,194) | 2,037,089 |
| Cash and cash equivalents at 1 July 2021 / 1 July 2020 | | 4,729,025 | 4,861,593 |
| Cash and cash equivalents at 31 December 2021 / 31 December 2020 | | 3,246,831 | 6,898,682 |

The condensed notes on pages 12 to 25 are an integral part of these 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 2021 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**).

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 2021.

These interim financial statements were approved by the Board of Directors on 10 March 2022.

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 2021.

A.4 GOING CONCERN

During the interim period to 31 December 2021, the Company incurred a loss of \$766,324 (2020: \$506,255) and net cash outflows from operating activities of \$785,833 (2020: \$671,495). At 31 December 2021, cash and cash equivalents were \$3,246,831 and there were net assets of \$14,839,360. 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

| | 2021 | 2020 |
|---|----------------|----------------|
| | \$ | \$ |
| Accounting / secretarial expenses | 47,400 | 120,630 |
| Advertising expense | 23,280 | 4,772 |
| Audit expense | 11,278 | 114 |
| Compliance: ASX/Share Registry fees/meetings expenses | 36,296 | 72,492 |
| Consulting fees | 91,685 | 24,592 |
| Depreciation expense | 43,711 | 14,109 |
| Directors' fees and superannuation | 82,138 | 83,194 |
| Insurance expense | 28,110 | 25,380 |
| Legal expenses | - | 3,642 |
| Office lease and rental expenses | 7,520 | 6,829 |
| Other expenses | 40,513 | 30,076 |
| Software expense | 20,451 | 3,666 |
| Training expense | 36,414 | 591 |
| Travel and accommodation expenses | 1,529 | 7,316 |
| | 470,325 | 397,403 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A.6 ORDINARY FULLY PAID SHARES

| | Number | \$ |
|--|-------------------|-------------------|
| 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) |
| Balance at 31 December 2020 | 84,086,301 | 16,137,689 |
| Balance at 1 July 2021 | 84,110,522 | 16,132,958 |
| Issue of shares with conversion of loyalty options | 849 | 170 |
| Capital raising costs | - | (1,250) |
| Balance at 31 December 2021 | 84,111,371 | 16,131,878 |

A.7 UNQUOTED OPTIONS

| Exercise Price per Share | Expiry Date | Number | | | |
|-----------------------------|----------------|-------------------|---|--|------------------------|
| | | Balance 1 July | Issued during the interim period | Exercised during the interim period | Balance 31 December |
| 2020 | | | | | |
| 20 cents | 15-Jun-22 | 29,278,461 | - | (1,545,810) | 27,732,651 |
| 25 cents | 5-Dec-22 | 20,000,000 | - | - | 20,000,000 |
| 40 cents | 24-Dec-22 | - | 3,000,000 | - | 3,000,000 |
| | | <u>49,278,461</u> | <u>3,000,000</u> | <u>(1,545,810)</u> | <u>50,732,651</u> |
| 2021 | | | | | |
| 20 cents | 15-Jun-22 | 27,708,430 | - | (849) | 27,707,581 |
| 25 cents | 5-Dec-22 | 20,000,000 | - | - | 20,000,000 |
| 40 cents | 24-Dec-22 | 3,000,000 | - | - | 3,000,000 |
| | | <u>50,708,430</u> | <u>-</u> | <u>(849)</u> | <u>50,707,581</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A.8 SHARE OPTIONS RESERVE

| | |
|--|-------------------------|
| | \$ |
| Balance at 1 July 2020 | 1,310,563 |
| Equity settled share-based costs for the interim period: | |
| Employee expense | 35,565 |
| Capital raising costs | 276,954 |
| | <u>312,519</u> |
| Balance at 31 December 2020 | <u>1,623,082</u> |
| Balance at 1 July 2021 | 1,683,013 |
| Equity settled share-based costs for the interim period: | |
| Employee expense | 4,941 |
| Capital raising costs | - |
| | <u>4,941</u> |
| Balance at 31 December 2021 | <u>1,687,954</u> |

A.9 PROPERTY, PLANT AND EQUIPMENT

| | Land | Plant and Equipment | Total |
|---|-----------------------|----------------------|-----------------------|
| | \$ | \$ | \$ |
| 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 | <u>367,000</u> | <u>71,205</u> | <u>438,205</u> |
| Balance at 1 July 2021 | 367,000 | 62,323 | 429,323 |
| Additions during the interim period | - | 2,769 | 2,769 |
| Depreciation and amortisation during the interim period | - | (11,795) | (11,795) |
| Balance at 31 December 2021 | <u>367,000</u> | <u>53,297</u> | <u>420,297</u> |

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 | <u>377,669</u> |
| Balance at 1 July 2021 | 345,753 |
| Additions during the interim period | - |
| Depreciation and amortisation during the interim period | (31,916) |
| Balance at 31 December 2021 | <u>313,837</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A.11 EXPLORATION AND EVALUATION COSTS

| | |
|-------------------------------------|-------------------|
| | \$ |
| Balance at 1 July 2020 | 8,227,967 |
| Additions during the interim period | 918,698 |
| Balance at 31 December 2020 | <u>9,146,665</u> |
| Balance at 1 July 2021 | 10,663,740 |
| Additions during the interim period | 758,841 |
| Balance at 31 December 2021 | <u>11,422,581</u> |

A.12 DIVIDENDS

No dividends were paid by the Company during the interim period to 31 December 2021.

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 2021 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 | 47,489 |
| EL8538 | Yeoval | 19-Mar-26 | Around the town of Yeoval NSW | 100 | 437,179 |
| EL8554 | Wiseman's Creek | 4-May-23 | Around the town of Oberon NSW | 100 | 188,450 |
| EL8555 | Calarie | 5-May-23 | Between Parkes and Forbes NSW | 100 | 218,564 |
| EL8556 | Copper Hill East | 5-May-26 | 30km North of Molong NSW | 100 | - |
| EL 8586 | Gundagai North | 20-Jun-23 | North of Gundagai NSW | 100 | - |
| EL8323 | Ophir | 27-Nov-22 | 15km NE of Orange NSW | 100 | 425,572 |
| EL8061 | Gundagai South | 13-Mar-23 | South of Gundagai NSW | 100 | 249,229 |
| EL 8580 | Calarie Central | 26-May-23 | Between Parkes and Forbes NSW | 100 | 486,320 |
| EL8890 | Cumnock | 26-Aug-24 | Around the town of Cumnock NSW | 100 | 152,377 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS

| Tenement reference | Details | Expiry date | Location | Interest | Expenditure commitments |
|--------------------|----------------------|-------------|---------------------------------|----------|-------------------------|
| EL8889 | Gundagai | 26-Aug-24 | Around the town of Gundagai NSW | 100 | 160,553 |
| ML739 | Calarie Lachlan Mine | 22-May-31 | North of Forbes NSW | 100 | - |
| EL5583 | Lewis Ponds | 25-Jun-22 | Near Orange NSW | 100 | - |
| EL9243 | Goodrich | 5-Jun-26 | Near the town of Yeoval NSW | 100 | 119,900 |
| EL8962 | Obley North | 6-Apr-25 | 12km N of Yeoval NSW | 100 | 218,835 |
| EL8963 | Obley West | 6-Apr-25 | 15km W of Yeoval NSW | 100 | 217,780 |
| EL8964 | Yallundry | 6-Apr-25 | 12km S of Yeoval NSW | 100 | 209,510 |
| EL8966 | Mt Bulga | 9-Apr-25 | Near Orange NSW | 100 | 72,810 |
| EL8901 | Caledonian | 21-Oct-24 | Stuart Town NSW | 100 | 187,804 |
| EL8998 | Gadara | 9-Sep-23 | South of Gundagai NSW | 100 | 44,950 |
| EL9333 | Kinross | 31-Oct-24 | Near Orange NSW | 100 | 97,395 |
| EL9337 | Sebastopol | 31-Oct-26 | Near Temora NSW | 100 | 248,980 |
| | | | | | 3,783,697 |

| Expenditure requirements for tenements | 31 December 2021 | 30 June 2021 |
|---|------------------|--------------|
| | \$ | \$ |
| Within one year | 1,064,000 | 858,595 |
| One year or later and not later than five years | 2,720,000 | 1,533,810 |
| Later than five years | - | - |
| Total | 3,784,000 | 2,392,405 |

Timing of expenditure requirements for tenements are based on the Company's estimates of timing of work to be done and expenditure to be incurred over the life of each tenement, based on each tenement's agreed work programme.

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

EL8323, EL8554, EL8555, EL8580 & ML0739 are subject to farm in agreements between the Company & Orange Minerals Limited (ASX: OMX), as announced on 18 December 2020. At the date of this report the Company's interest in the tenements remains at 100%.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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).

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 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 on 2 March 2022 the Company entered a two-tranche farm-in and joint venture agreement to earn up to a 75% interest in the Narraburra Rare Earth Element Project located 15km north of Temora in central west NSW (**Project**). The counterparty is EX9 Pty Ltd (**EX9**), a private exploration company.

Under the first tranche, the Company will contribute \$1,000,000 in expenditure towards the Project within two years, allowing the Company to earn a 51% interest in

NOTES TO THE INTERIM FINANCIAL STATEMENTS

the Project. Subject to the Corporations Act and ASX Listing Rules and following completion of the initial earn in requirement, The Company would also issue EX9 with \$1,000,000 in new fully paid ordinary shares (**New Shares**), calculated at the 30-day volume weighted average share price prior to the date of issue of the Company's New Shares (**30-day VWAP**).

As a working example, to issue EX9 with \$1,000,000 in New Shares, the Company's present 30-day VWAP (approximately \$0.1316 per Share) would result in the issue of 7.6 million first tranche New Shares to EX9.

Under the second tranche, to earn a total of 75% in the Project the Company has agreed to contribute a further \$2,000,000 within 4 years in exploration and development expenditure.

Following the Company expending the second tranche of \$2,000,000, and subject to the Corporations Act and ASX Listing Rules, an additional \$1,000,000 in New Shares also calculated at the 30-day VWAP would be issued to EX9.

To issue EX9 with an additional \$1,000,000 in New Shares, the Company's present 30-day VWAP would result in the issue of an additional 7.6 million second tranche New Shares to EX9.

The Company's present ASX Listing Rule 7.1 capacity to issue equity securities in a 12-month period without Company members' approval is 12.6 million equity securities. The issue of first and second tranche New Shares, estimated to total 15.2 million New Shares, will require Company members' approval.

All New Shares issued will be subject to a 12-month voluntary escrow from the date of issue.

Effective from the farm-in date, the Company and EX9 will associate in an unincorporated joint venture for the purpose of exploring and developing the tenements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 |
|---|--|---|----------------------|
| 31 December 2020 | | | |
| Directors' fees, salaries and superannuation | 83,194 | 4,106 | Payable on demand |
| Consulting Fees | 13,700 | - | |
| | <u>96,894</u> | <u>4,106</u> | |
| 31 December 2021 | | | |
| Directors' fees, salaries and superannuation | 249,415 | 4,106 | Payable on demand |
| Consulting Fees | - | - | |
| | <u>249,415</u> | <u>4,106</u> | |

NOTES TO THE INTERIM FINANCIAL STATEMENTS

C.2 DIRECTORS' EQUITY SECURITIES

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 2020 | | | |
| Jeremy Read | | | |
| As at 1 July 2020 | - | - | - |
| On market trades during the period | - | - | - |
| As at 31 December 2020 | - | - | - |
| Ian Buchhorn | | | |
| As at 1 July 2020 | 6,699,849 | 250,000 | 2,316,622 |
| On market trades during the period | - | - | - |
| As at 31 December 2020 | 6,699,849 | 250,000 | 2,316,622 |
| Douglas Menzies | | | |
| As at 1 July 2020 | - | - | - |
| On market trades during the period | 19,529 | - | - |
| As at 31 December 2020 | 19,529 | - | - |
| Jeneta Owens | | | |
| As at 1 July 2020 | - | - | - |
| On market trades during the period | - | - | - |
| As at 31 December 2020 | - | - | - |
| As at 31 December 2021 | | | |
| Jeremy Read | | | |
| As at 1 July 2021 | - | - | - |
| On market trades during the period | - | - | - |
| As at 31 December 2021 | - | - | - |
| Ian Buchhorn | | | |
| As at 1 July 2021 | 6,699,849 | 250,000 | 2,316,622 |
| On market trades during the period | 60,000 | - | - |
| As at 31 December 2021 | 6,759,849 | 250,000 | 2,316,622 |
| Douglas Menzies | | | |
| As at 1 July 2021 | 19,529 | - | - |
| On market trades during the period | - | - | - |

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

| Director | Quoted | Unquoted Options | |
|------------------------------------|---------------|-----------------------------------|---------------------------------|
| | Shares | Incentive Options ¹ | Loyalty Options ² |
| | Number | Number | Number |
| As at 31 December 2021 | 19,529 | - | - |
| Jeneta Owens | - | - | - |
| As at 1 July 2021 | - | - | - |
| On market trades during the period | - | - | - |
| As at 31 December 2021 | - | - | - |

SECTION D OTHER DISCLOSURES

D.1 LOSS PER SHARE

Basic earnings or loss 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 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 2021 was based on the net loss attributable to ordinary shareholders of \$766,324 (2020: loss \$506,255) and a weighted average number of ordinary shares outstanding during the interim period ended 31 December 2021 of 84,111,154 (2020: 71,161,374), calculated as follows:

| | 2021 | 2020 |
|---|----------------|---------|
| | \$ | \$ |
| Loss for the interim period attributable to ordinary shareholders | 766,324 | 506,255 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Weighted average number of ordinary shares

| Undiluted Number of Shares | Number | Number |
|---|-------------------|------------|
| Issued ordinary shares at opening | 84,110,522 | 67,957,151 |
| Effect of shares issued 16 August 2021 | 632 | - |
| 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 | 84,111,154 | 71,161,374 |

Depending on the Company's share price, up to 50,707,798 potential shares (2020: 48,884,701) were excluded from the calculation of diluted earnings per share because they are antidilutive for the interim period ended 31 December 2021 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 2021.

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 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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 8 to 25 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 2021 and of its performance for the interim period 1 July 2021 to 31 December 2021; 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
Chair

Brisbane
10 March 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Godolphin Resources Limited for the half year ended 31 December 2021, 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: 10 March 2022

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 2021 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 2021 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 2021 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: 10 March 2022