

GODOLPHIN RESOURCES LIMITED

ABN 13 633 779 950

Interim Financial Statements

for the period from 1 July 2022 to 31 December 2022

Corporate Directory

Directors

Mr Jeremy Read	Non-Executive Chair
Ms Jeneta Owens	Managing Director
Mr Ian Buchhorn	Non-Executive Director
Dr Christopher Hartley	Non-Executive Director

Company Secretary and Chief Financial Officer

Ian Morgan

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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 2022 to 31 December 2022 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:

Mr Jeremy Read	Non-Executive Chair	Appointed 1 May 2020
Ms Jeneta Owens	Managing Director	Appointed 7 June 2021
Mr Ian Buchhorn	Non-Executive Director	Appointed 19 June 2019
Dr Christopher Hartley	Non-Executive Director	Appointed 9 January 2023
Mr Doug Menzies	Non-Executive Director	Appointed 1 May 2020 Resigned 9 January 2023

REVIEW OF OPERATIONS

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 and REE 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 2022 of \$700,987 (2021: \$766,324).

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

Throughout its extensive tenement package, the Company has three JORC-compliant mineral resources at the Mt Aubrey, Lewis Ponds and Yeoval deposits, all with exploration programs and planned drilling at Yeoval. Godolphin is also actively progressing a JORC-compliant mineral resource upgrade to the existing Mineral Resource Estimate (MRE) at the Narraburra Rare Earths (REE) and (RM) project (Narraburra) to identify and screen options to develop the resource.

During the interim period ended 31 December 2022, Godolphin undertook the following key activities across its portfolio of assets:

- The Company successfully mobilised a drill rig to the Narraburra REE and RM project, to commence a four-hole diamond cored (DD) program (phase 1) to confirm rare earth and rare metal mineralisation. The drill program was completed shortly after mobilisation and covered 285.6m. Samples from the program will be used for bench-scale metallurgical test work, mineralogical studies and confirmatory assays for holes drilled within previously identified mineralisation.
- A strategic placement to fund drilling at Narraburra was completed. The Company secured firm commitments to raise \$1.6m at \$0.085 per share from sophisticated and professional investors. A

share purchase plan offer to eligible shareholders was also undertaken on the same terms which allowed the Company to raise ~\$2.9m (before costs).

- Godolphin considerably advanced operations at Narraburra with the design and subsequent approval from the New South Wales Resources regulator for a 25-hole diamond cored drill program. The program was designed to allow for reclassification of the existing MRE to JORC 2012 standards.
- The Company completed a second diamond drill program at Narraburra, which totalled 27 holes for a total of 1,111.5m (phase 2). Sampling commenced shortly after each hole was completed. The Company made the strategic decision to increase the program by two holes, with the additional drilling designed to test historic mineralisation identified by previous explorers, by twinning two historic holes with new drill holes.
- The Company received initial assay results from its phase 1, four-hole drilling program at Narraburra. All drillholes intersected broad zones of REE mineralisation in both weathered surficial material and underlying fresh rock. Intercepts within the extent of the previously identified mineralisation included:
 - GNBDD001 72.3m @ 687 ppm Total Rare Earth Oxides (“TREO”) from 27m, including:
 - 19m @ 528 ppm TREO from 27m (weathered zone)
 - 10m @ 1027 ppm TREO from 46m (weathered zone) and
 - 43m @ 679 ppm TREO from 56m (fresh rock zone, to end of hole)
 - GNBDD002 14m @ 648 ppm TREO from 34m, including
 - 5m @ 671 ppm TREO from 34m (weathered zone) and
 - 9m @ 635 ppm TREO from 39m (fresh rock zone)
- Assay results also identified intercepts outside of the extent of previously identified mineralisation, including:
 - GNBDD003 17m @ 508 ppm TREO from 34m (weathered zone)
 - GNBDD004 14m @ 525 ppm TREO from 35m (weathered zone)
- Godolphin received assays results from its 27-hole diamond core program (phase 2) at Narraburra late in the half. The initial batch of results including five drillholes, four of which intersected significant REE suggesting a larger REE system occurs at the project. Significant interceptions included:
 - GNBDD005 - 7.1m @ 1218 ppm TREO from 38.9m
 - GNBDD006 - 1m @ 668 ppm TREO from 3m, and 2m @ 727 ppm TREO from 22m, and 21m @ 695 ppm TREO from 51m
 - GNBDD007 - 1.25m @ 582 ppm TREO from 3m, and 2.2 m @ 907 ppm TREO from 36m, and 22m @ 524 ppm TREO from 54m
 - GNBDD009 - 2m @ 1238 ppm TREO from 15m
- Godolphin also strengthened its overall REE portfolio, following the grant of an Exploration Licence (EL) from the NSW Government, Department of Mining, Exploration and Geoscience and has also been allotted an Exploration Permit for Minerals (EPM) by the QLD Government, Department of Resources. Both tenements are located over areas considered highly prospective for REE mineralisation and boosts Godolphin’s overall portfolio of REE projects.

- Godolphin identified extensive copper mineralisation coincident with gold, silver and molybdenum anomalism at its Yeoval South prospect. The mineralisation was highlighted following the receipt of assay results from a diamond drill hole (GYDD002), which was part of a 900m two-hole program at the prospect.
- Multiple shallow, high-grade zones of copper mineralisation coincident with gold, silver and molybdenum were also identified at the Cyclops project, Yeoval. The results were from the Company's maiden drillhole (GYD001) at the prospect, located around 2km north of the existing Yeoval MRE.
- A review of historical drill core from the Yeoval and Goodrich prospects held at the Department of Regional NSW Core Library was undertaken by the Company, which highlighted numerous zones of unsampled copper sulphide mineralisation. These findings significantly enhanced exploration and resource potential at the projects.
- At the Company's 100%-owned Burra Road prospect, situated on the Gundagai North project, a soil and rock chip sample program detected a 2.2km long pathfinder barium anomaly with associated elevated gold-in-soil. The Company will follow up these results with additional exploration initiatives in the coming months.
- Mr Douglas Menzies advised Godolphin that he would resign as a non-executive Director. With the progression of the Company's Narraburra Rare Earth Element ("REE") Project, Godolphin have made a strategic decision to acquire further metallurgical and study management skills at the board level. Doug offered his resignation to help accommodate this focus on critical minerals and renewable energy metals. It was agreed that the Company make a smooth transition and appoint Chris Hartley a non-executive Director to replace Doug. We wish to thank Doug for his valuable inputs during his time as a non-executive Director of Godolphin Resources
- Chris Hartley has a strong background in process metallurgy, with significant worldwide experience in the development of critical minerals and base metal projects including Global Practice Leader – Processing at BHP Billiton based in London. In his subsequent roles, Chris as Technical Director Strategic Materials led a team to provide secure supply of specialty materials for a lower carbon energy provider based in California USA. The role included developing process technologies which are particularly applicable to the commercialisation of ionic clay REE mineralisation.

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.

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

The lead auditor's independence declaration is set out on page 299 and forms part of the Directors' Report for the interim period ended 31 December 2022.

ROUNDING OFF

The Company is 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
Chair

Hideaway Bay, Queensland
9 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
INTERIM PERIOD ENDED 31 DECEMBER 2022

	Note	2022	2021
		\$	\$
Income		-	-
Employee expenses		(209,775)	(293,705)
Non-cash employee expense from granting of options	A.8	(1,669)	(4,941)
Other expenses	A.5	(509,696)	(470,325)
Loss before interest and income tax		(721,140)	(768,971)
Less: Financial income - interest		20,153	2,647
Loss before income tax		(700,987)	(766,324)
Income tax benefit		-	-
Net loss attributable to members of the parent		(700,987)	(766,324)
Other comprehensive income for the interim period, net of income tax		-	-
Total comprehensive income for the interim period		(700,987)	(766,324)
		Cents	Cents
Loss per share – basic	D.1	(0.6)	(0.9)
Loss per share – diluted	D.1	(0.6)	(0.9)

The condensed notes on pages 12 to 27 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM PERIOD ENDED 31 DECEMBER 2022

	Note	Ordinary fully paid shares \$	Share option reserve \$	Accumulated losses \$	Total Equity \$
Balance at 1 July 2021		16,132,958	1,683,013	(2,214,148)	15,601,823
Issue of ordinary fully paid shares	A.6	170	-	-	170
Capital raising costs	A.6	(1,250)	-	-	(1,250)
Equity settled share-based payments for the interim period	A.8	-	4,941	-	4,941
		(1,250)	4,941		3,691
Total comprehensive income for the interim period		-	-	(766,324)	(766,324)
Expiry of options not exercised		-	-	-	-
Balance at 31 December 2021		16,131,878	1,687,954	(2,980,472)	14,839,360
Balance at 1 July 2022		16,126,839	1,687,954	(3,494,835)	14,319,958
Issue of ordinary fully paid shares	A.6	2,908,849	-	-	2,908,849
Capital raising costs		(99,046)	-	-	(99,046)
Equity settled share-based payments for the interim period	A.8	(1,194)	2,863	-	1,669
	A.6	(100,240)	2,863		(97,377)
Total comprehensive income for the interim period		-	-	(700,987)	(700,987)
Expiry of options not exercised	A.8	-	(1,687,954)	1,687,954	-
Balance at 31 December 2022		18,935,448	2,863	(2,507,868)	16,430,443

The condensed notes on pages 12 to 27 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December	30 June
		2022	2022
		\$	\$
Current assets			
Cash and cash equivalents		2,407,495	1,620,561
Prepayments and other receivables		193,169	169,809
Total current assets		2,600,664	1,790,370
Non-current assets			
Financial Asset	A.9	157,438	188,914
Property, plant and equipment	A.10	399,156	398,832
Right of use asset	A.11	263,286	277,865
Exploration and evaluation costs	A.12	13,584,804	12,263,593
Total non-current assets		14,404,684	13,129,204
Total assets		17,005,348	14,919,574
Current liabilities			
Trade and other payables		137,130	175,844
Lease liability		66,470	60,755
Employee benefits		39,771	23,387
Total current liabilities		243,371	259,986
Non-current liabilities			
Lease liability		205,306	223,307
Provision		126,228	116,323
Total non-current liabilities		331,534	339,630
Total liabilities		574,905	599,616
Net assets		16,430,443	14,319,958
Equity			
Issued capital	A.6	18,935,448	16,126,839
Reserve	A.8	2,863	1,687,954
Accumulated losses		(2,507,868)	(3,494,835)
Equity		16,430,443	14,319,958

The condensed notes on pages 12 to 27 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM PERIOD ENDED 31 DECEMBER 2022

	Note	2022	2021
		\$	\$
Cash flows used in operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(665,732)	(794,129)
Interest received		16,351	8,296
Net cash used in operating activities		(649,381)	(785,833)
Cash flows used in investing activities			
Proceeds from refund of tenement bond		20,000	-
Payments for property, plant and equipment	A.10	(10,921)	(2,769)
Payments for exploration and evaluation costs		(1,382,567)	(692,342)
Net cash used in investing activities		(1,373,488)	(695,111)
Cash flows from financing activities			
Proceeds from capital raisings	A.6	2,908,849	-
Payments for capital raising costs		(99,046)	(1,250)
Net cash generated from / (used in) financing activities		2,809,803	(1,250)
Net increase / (decrease) in cash and cash equivalents		786,934	(1,482,194)
Cash and cash equivalents at 1 July		1,620,561	4,729,025
Cash and cash equivalents at 31 December		2,407,495	3,246,831

The condensed notes on pages 12 to 27 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 2022 comprise the Company and its subsidiaries (together referred to as the “Group”).

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 and REE 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.

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 2022.

These interim financial statements were approved by the Board of Directors on 9 March 2023.

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 2022.

A.4 GOING CONCERN

During the interim period to 31 December 2022, the Company incurred a loss of \$700,987 (2021: \$766,324) and net cash outflows from operating activities of \$649,381 (2021: \$785,833). At 31 December 2022, cash and cash equivalents were \$2,407,495 and there were net assets of \$16,430,443. 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.

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

	2022	2021
	\$	\$
Accounting / secretarial expenses	108,150	47,400
Advertising expense	28,749	23,280
Audit expense	5,812	11,278
Compliance: ASX/Share Registry fees/meetings expenses	35,774	36,296
Consulting fees	57,059	91,685
Depreciation expense	42,055	43,711
Directors' fees and superannuation	77,138	82,138
Insurance expense	28,750	28,110
Legal expenses	4,965	-
Office lease and rental expenses	7,377	7,520
Other expenses	63,873	40,513
Recruitment	10,000	-
Software expense	19,945	20,451
Training expense	6,741	36,414
Travel and accommodation expenses	13,308	1,529
	509,696	470,325

A.6 ORDINARY FULLY PAID SHARES

	Number	\$
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	<u>84,111,371</u>	<u>16,131,878</u>
Balance at 1 July 2022	84,147,701	16,126,839
Placement share issue 9 August 2022	18,915,586	1,607,825
Share purchase plan share issue 9 September 2022	15,306,160	1,301,024
	<u>34,221,746</u>	<u>2,908,849</u>
Capital raising costs	-	(100,240)
Balance at 31 December 2022	<u>118,369,447</u>	<u>18,935,448</u>

A.7 UNQUOTED OPTIONS

Exercise Price per Share	Expiry Date	Number				
		Balance 1 July	Expired during the period	Issued during the interim period	Exercised during the interim period	Balance 31 December
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>-</u>	<u>(849)</u>	<u>50,707,581</u>
2022						
25 cents	5 Dec 22	20,000,000	(20,000,000)	-	-	-
40 cents	24 Dec 22	3,000,000	(3,000,000)	-	-	-
25 cents	6 Dec 24	-	-	1,000,000	-	1,000,000
35 cents	6 Dec 25	-	-	1,000,000	-	1,000,000
30 cents	30 Jun 23	-	-	250,000	-	250,000
		<u>23,000,000</u>	<u>(23,000,000)</u>	<u>2,250,000</u>	<u>-</u>	<u>2,250,000</u>

A.8 SHARE OPTIONS RESERVE

	\$
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>
Expiry of options not exercised	<u>-</u>
Balance at 31 December 2021	<u>1,687,954</u>
Balance at 1 July 2022	1,687,954
Equity settled share-based costs for the interim period:	
Employee expense	1,669
Capital raising costs	1,194
	<u>2,863</u>
Expiry of options not exercised	<u>(1,687,954)</u>
Balance at 31 December 2022	2,863

A.9 FINANCIAL ASSET

	2022		2021	
	Number of Shares	\$	Number of Shares	\$
Investment in Orange Minerals NL (ASX: OMX)				
Balance at 1 July	2,099,047	188,914	-	-
Unrealised loss	-	(31,476)	-	-
Balance 31 December	<u>2,099,047</u>	<u>157,438</u>	-	-

A.10 PROPERTY, PLANT AND EQUIPMENT

	Land	Plant and Equipment	Total
	\$	\$	\$
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>
Balance at 1 July 2022	367,000	31,832	398,832
Additions during the interim period	-	10,921	10,921
Depreciation and amortisation during the interim period	-	(10,597)	(10,597)
Balance at 31 December 2022	367,000	32,156	399,156

A.11 RIGHT OF USE ASSET

	\$
Balance at 1 July 2021	345,753
Adjustment due to adjusting the present value of lease payments to be made over the lease term	-
Depreciation and amortisation during the interim period	<u>(31,916)</u>
Balance at 31 December 2021	<u>313,837</u>
Balance at 1 July 2022	277,865
Adjustment due to adjusting the present value of lease payments to be made over the lease term	16,879
Depreciation and amortisation during the interim period	<u>(31,458)</u>
Balance at 31 December 2022	<u>263,286</u>

A.12 EXPLORATION AND EVALUATION COSTS

	\$
Balance at 1 July 2021	10,663,740
Additions during the interim period	<u>758,841</u>
Balance at 31 December 2021	<u>11,422,581</u>
Balance at 1 July 2022	12,263,593
Additions during the interim period	<u>1,321,211</u>
Balance at 31 December 2022	<u>13,584,804</u>

A.13 DIVIDENDS

No dividends were paid by the Company during the interim period to 31 December 2022.

A.14 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 2022 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	37,495
EL8538	Yeoval	19-Mar-26	Around the town of Yeoval NSW	100	-
EL8555	Calarie	5-May-23	Between Parkes and Forbes NSW	100	-
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	-
EL8061	Gundagai South	13-Mar-23	South of Gundagai NSW	100	-
EL 8580	Calarie Central	26-May-23	Between Parkes and Forbes NSW	100	-
EL8890	Cumnock	26-Aug-24	Around the town of Cumnock NSW	100	122,987
EL8889	Gundagai	26-Aug-24	Around the town of Gundagai NSW	100	154,854
ML739	Calarie Lachlan Mine	22-May-31	North of Forbes NSW	100	-
EL5583	Lewis Ponds	25-Jun-28	Near Orange NSW	100	452,186
EL9243	Goodrich	5-Jun-26	Near the town of Yeoval NSW	100	90,086
EL8962	Obley North	6-Apr-25	12km N of Yeoval NSW	100	200,993
EL8963	Obley West	6-Apr-25	15km W of Yeoval NSW	100	191,798
EL8964	Yallundry	6-Apr-25	12km S of Yeoval NSW	100	183,968
EL8966	Mt Bulga	9-Apr-25	Near Orange NSW	100	63,588
EL8901	Caledonian	21-Oct-24	Stuart Town NSW	100	171,958
EL8998	Gadara	9-Sep-23	South of Gundagai NSW	100	38,888
EL9333	Kinross	3-Dec-24	Near Orange NSW	100	92,613
EL9337	Sebastopol	10-Dec-26	Near Temora NSW	100	241,790
EL9370	Gurrundah	10-Mar-28	West of Goulburn NSW	100	115,152
EL9371	Kingsburgh	11-Mar-28	Near Queanbeyan NSW	100	151,548
EL9506	Bingara	16-Dec-28	North of Tamworth NSW	100	77,985
					2,387,889

Expenditure requirements for tenements	31 December 2022	30 June 2022
	\$	\$
Within one year	512,886	424,931
One year or later and not later than five years	1,875,003	1,993,987
Later than five years	-	104,071
Total	2,387,889	2,522,989

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.

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.15 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

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 and REE 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.

Geographical Areas

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

A.16 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.17 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.

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.

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 2021			
Directors' fees, salaries and superannuation	249,415	4,106	Payable on demand
	<u>249,415</u>	<u>4,106</u>	
31 December 2022			
Directors' fees, salaries and superannuation	278,675	14,863	Payable on demand
	<u>278,675</u>	<u>14,863</u>	

C.2 DIRECTORS' EQUITY SECURITIES

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

Equity	Exercise Price	Expiry Date	Balance 1 July or date of appointment, as applicable	Purchased on market	Issued	Expired unexercised	Balance 31 December or date of resignation, as applicable
2021							
Jeremy Read							
Quoted Shares	-	-	-	-	-	-	-
Incentive Options	25 cents	5 Dec 22	-	-	-	-	-
Loyalty Options	20 cents	15 Jun 22	-	-	-	-	-
Employee Options	25 cents	6 Dec 24	-	-	-	-	-
Employee Options	35 cents	6 Dec 25	-	-	-	-	-
Ian Buchhorn							
Quoted Shares	-	-	6,699,849	60,000	-	-	6,759,849
Incentive Options	25 cents	5 Dec 22	250,000	-	-	-	250,000
Loyalty Options	20 cents	15 Jun 22	2,316,622	-	-	-	2,316,622
Employee Options	25 cents	6 Dec 24	-	-	-	-	-
Employee Options	35 cents	6 Dec 25	-	-	-	-	-
Jeneta Owens							
Quoted Shares	-	-	-	-	-	-	-
Incentive Options	25 cents	5 Dec 22	-	-	-	-	-
Loyalty Options	20 cents	15 Jun 22	-	-	-	-	-
Employee Options	25 cents	6 Dec 24	-	-	-	-	-
Employee Options	35 cents	6 Dec 25	-	-	-	-	-

Equity	Exercise Price	Expiry Date	Balance 1 July or date of appointment, as applicable	Purchased on market	Issued	Expired unexercised	Balance 31 December or date of resignation, as applicable
Christopher Hartley (appointed 9 January 2023)							
Quoted Shares	-	-	-	-	-	-	-
Incentive Options	25 cents	5 Dec 22	-	-	-	-	-
Loyalty Options	20 cents	15 Jun 22	-	-	-	-	-
Employee Options	25 cents	6 Dec 24	-	-	-	-	-
Employee Options	35 cents	6 Dec 25	-	-	-	-	-
Doug Menzies (resigned 9 January 2023)							
Quoted Shares	-	-	-	19,529	-	-	19,529
Incentive Options	25 cents	5 Dec 22	-	-	-	-	-
Loyalty Options	20 cents	15 Jun 22	-	-	-	-	-
Employee Options	25 cents	6 Dec 24	-	-	-	-	-
Employee Options	35 cents	6 Dec 25	-	-	-	-	-
2022							
Jeremy Read							
Quoted Shares	-	-	-	-	-	-	-
Incentive Options	25 cents	5 Dec 22	-	-	-	-	-
Loyalty Options	20 cents	15 Jun 22	-	-	-	-	-
Employee Options	25 cents	6 Dec 24	-	-	-	-	-
Employee Options	35 cents	6 Dec 25	-	-	-	-	-
Ian Buchhorn							
Quoted Shares	-	-	6,759,849	1,764,710	-	-	8,524,559
Incentive Options	25 cents	5 Dec 22	250,000	-	-	(250,000)	-
Loyalty Options	20 cents	15 Jun 22	-	-	-	-	-

Equity	Exercise Price	Expiry Date	Balance 1 July or date of appointment, as applicable	Purchased on market	Issued	Expired unexercised	Balance 31 December or date of resignation, as applicable
Employee Options	25 cents	6 Dec 24	-	-	-	-	-
Employee Options	35 cents	6 Dec 25	-	-	-	-	-
Jeneta Owens							
Quoted Shares	-	-	-	131,375	-	-	131,375
Incentive Options	25 cents	5 Dec 22	-	-	-	-	-
Loyalty Options	20 cents	15 Jun 22	-	-	-	-	-
Employee Options	25 cents	6 Dec 24	-	-	1,000,000	-	1,000,000
Employee Options	35 cents	6 Dec 25	-	-	1,000,000	-	1,000,000
Christopher Hartley (appointed 9 January 2023)							
Quoted Shares	-	-	-	-	-	-	-
Incentive Options	25 cents	5 Dec 22	-	-	-	-	-
Loyalty Options	20 cents	15 Jun 22	-	-	-	-	-
Employee Options	25 cents	6 Dec 24	-	-	-	-	-
Employee Options	35 cents	6 Dec 25	-	-	-	-	-
Doug Menzies (resigned 9 January 2023)							
Quoted Shares	-	-	19,529	-	-	-	19,529
Incentive Options	25 cents	5 Dec 22	-	-	-	-	-
Loyalty Options	20 cents	15 Jun 22	-	-	-	-	-
Employee Options	25 cents	6 Dec 24	-	-	-	-	-
Employee Options	35 cents	6 Dec 25	-	-	-	-	-

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 2022 was based on the net loss attributable to ordinary shareholders of \$700,987 (2021: loss \$766,324) and a weighted average number of ordinary shares outstanding during the interim period ended 31 December 2022 of 108,351,182 (2021: 84,111,154), calculated as follows:

	2022	2021
	\$	\$
Loss for the interim period attributable to ordinary shareholders	700,987	766,324
<hr/>		
Weighted average number of ordinary shares		
Undiluted Number of Shares	Number	Number
Issued ordinary shares at opening	84,147,701	84,110,522
Effect of shares issued 16 August 2021	-	632
Effect of shares issued 9 August 2022	14,803,502	-
Effect of shares issued 9 September 2022	9,399,979	-
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	108,351,182	84,111,154

Depending on the Company's share price, up to 20,055,707 potential shares (2021: 50,707,798) were excluded from the calculation of diluted earnings per share because they are antidilutive for the interim period ended 31 December 2022 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 2022.

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 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 27 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 2022 and of its performance for the interim period 1 July 2022 to 31 December 2022; 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

Hideaway Bay, Queensland
9 March 2023

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Godolphin Resources Limited for the half year ended 31 December 2022, 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.

DRY KIRKNESS (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth

Date: 9 March 2023

**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 2022 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 2022 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 2022 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.

DRY KIRKNESS (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth

Date: 9 March 2023