ANNUAL REPORT

2019

ALKANE
RESOURCES LTD

Competent Persons

The **Mineral Resources and Ore Reserves Statement as a whole** has been approved by Mr D Ian Chalmers, FAusIMM, FAIG, (Executive Director of the Company), who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Chalmers has provided his prior written consent to the inclusion in this report of the Mineral Resources and Ore Reserves Statement in the form and context in which it appears.

The information in this report that relates to the **TGO Mineral Resource and Ore Reserve** estimates (other than the TGO Underground Ore Reserve) is based on, and fairly represents, information which has been compiled by Mr Craig Pridmore, Geology Superintendent Tomingley Gold Operations, who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of Alkane Resources Ltd. Mr Pridmore has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to the **TGO Underground Ore Reserve** estimate (fully reported 4 and 11 June 2018) is based on, and fairly represents, information which has been compiled by Mr Christopher Hiller (Hiller Enterprises Pty Ltd), an independent consultant, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Hiller has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to the **PHGP Mineral Resource** estimate is based on, and fairly represents, information which has been compiled by Mr Craig Pridmore, Geology Superintendent Tomingley Gold Operations, who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of Alkane Resources Ltd. Mr Pridmore has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to the **Dubbo Project Mineral Resource** estimates is based on, and fairly represents, information which has been compiled by Mr Stuart Hutchin, MIAG, and an employee of Mining One Pty Ltd. Mr Hutchin has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to the **Dubbo Project Ore Reserve** estimate is based on, and fairly represents, information which has been compiled by Mr Ievan Ludjio MAusIMM (CP) and Mr Mark Van Leuven FAusIMM (CP), employees of Mining One Pty Ltd. Mr Ludjio and Mr Van Leuven have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to **Exploration Targets** is extracted from the Company's ASX announcement dated 11 August 2019. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Contents

Company Information

ACN 000 689 216
ABN 35 000 689 216

Directors

I J Gandel	(Non-Executive Chairman)
N Earner	(Managing Director)
D I Chalmers	(Technical Director)
A D Lethlean	(Non-Executive Director)
G Smith	(Non-Executive Director)

Company Secretary

D Wilkins

Registered office and principal place of business

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Facsimile: 61 8 9227 8178

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Nedlands WA 6009
Telephone: 61 8 9389 8033
Facsimile: 61 8 9262 3723

Auditor

PricewaterhouseCoopers
Brookfield Place,
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Perth WA 6000

Securities exchange listings

Australian Securities Exchange (Perth)
Ordinary fully paid shares
Code: ALK

OTCMarkets – OTCQX International
American Depositary Receipts (ADR)
Code: ANLKY

Level 1 ADR Sponsor
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BUSINESS REVIEW

Chairman's message

As we celebrate 50 years, it is with great pleasure I present Alkane Resources' 2019 Annual Report. The year has seen the execution of our enhanced gold strategy and a significant investment in downstream metal processing technologies to support the Dubbo Project.

Alkane was incorporated as an Australian company in 1969. It thus seems fitting that in our golden anniversary year, we sharpened our focus on gold exploration, production and investment. This enhanced gold strategy was driven by the high price for Australian gold and our commitment to creating value for shareholders.

We've centred our gold activities around one of Alkane's key assets, the gold processing facility at Tomingley Gold Operations (TGO), which transitioned from open cut to underground mining in the past year. We are pleased to report the underground development is progressing on schedule and on budget. Thanks must go to our new skilled underground development team, who have been performing exceptionally well, yet keeping safety as a high priority. In parallel, we ramped up our nearby gold exploration activities with the view to defining additional ore resources for processing at TGO. Promising prospects include an identified Exploration Target in the gold corridor between Tomingley and Peak Hill, and the Peak Hill deposit originally mined by Alkane 1996-2005, which we are re-evaluating using the latest metallurgical technologies.

The third facet of our enhanced gold strategy is strategic investment in advanced junior gold mining companies and high-potential projects, where Alkane can contribute additional capital, expertise and operating capability. This led Alkane to invest, in October 2018, in gold exploration company Calidus Resources, due to its excellent prospects in Western Australia and its highly feasible development path.

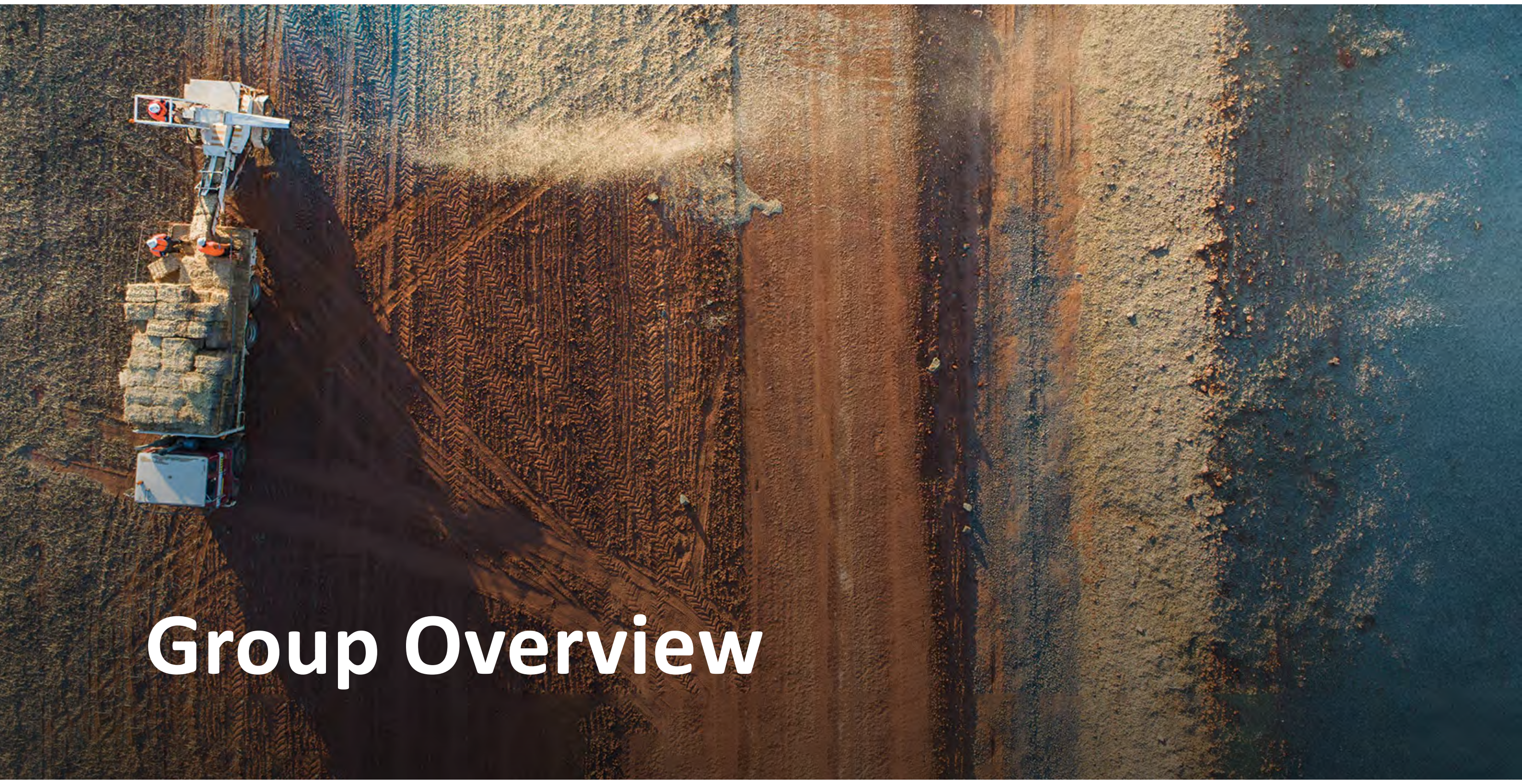
Alkane has continued to seek ways to develop the Dubbo Project (rare earths, niobium, zirconium and hafnium), which is permitted and construction-ready, pending financing. We're closely monitoring the world environment, which continues to change, mainly resulting from developments in China. In a global market where diversification of supply is becoming increasingly important, the Dubbo Project represents an alternative, sustainable and long-term reliable source of these materials that are in escalating demand.

A notable development in the past year was the significant investment in Zirconium Technology Corporation (Ziron Tech), a South Korean company, to fund the final stages of research and feasibility of a new metallisation technology. We believe this technology, which is both more environmentally sustainable and cost-effective than conventional processes, potentially represents the best processing route for converting Dubbo Project materials into highly marketable, high-purity metals.

I will add finally that, given the changing market environment, a demerger of the Dubbo Project is under contemplation by the Board. A demerger would deliver shareholders a new technology metals company with its own ore source (Dubbo Project) and, with appropriate funding, its own production facilities utilising developed and emerging intellectual property. The Board will provide an update for shareholders at an appropriate time.

Once again, I extend my thanks to the entire Alkane team, including our strategic partners and consultants, along with our many shareholders, for their ongoing support of Alkane.

Ian Gandel
Chairman
Alkane Resources



Group Overview

> In 2019 Alkane Resources is celebrating its 50th anniversary of incorporation as an Australian company. It has been a golden year in more ways than one, with a sharpened focus on gold exploration, production and investment.

About Alkane

Alkane Resources is a gold production company with a multi-commodity exploration and development portfolio. It is the parent entity of the Alkane Group, which also comprises Tomingley Gold Operations, Australian Strategic Materials and Toongi Pastoral Company. The Group's projects and operations are primarily located in Central Western New South Wales in eastern Australia.

This year marks the golden anniversary of Alkane's incorporation as an Australian company. Alkane is now listed on both the ASX and OTCQX (US) and owned by around 6,400 shareholders – including many local investors interested in regional development.

Alkane has a major focus on gold exploration and production through its subsidiary Tomingley Gold Operations (TGO), which is an operating underground mine that transitioned from open cut during the last year. The Company is also undertaking major gold exploration activities in the TGO vicinity, including at Peak Hill Gold Mine, with the view to identifying additional resources for processing at TGO.

The Group's other significant development is the construction-ready Dubbo Project, which is based on a large in-ground resource of zirconium, hafnium, niobium and rare earth elements. With a potential mine life of 70+ years, the Dubbo Project has the

potential to become a significant global producer of these critical materials used in many future industries and sustainable technologies. The project is owned by Alkane subsidiary Australian Strategic Materials (ASM), which is monitoring market demand and will seek further investment for this project when the time is right.

The wellbeing and resilience of local communities is extremely important to Alkane, which strives to leave a positive legacy by creating permanent infrastructure, offering training and employment, preferring local service providers and supporting local causes and events. As the first link in a sustainable supply chain, Alkane upholds stringent social and environmental standards for the mining and processing of its products. Through the Toongi Pastoral Company, Alkane is proud to demonstrate that mining, farming, land management and nature conservation can co-exist in harmony with the local community.

Strategic Priorities and Investments

In a strong market for Australian gold, Alkane focused on gold production, exploration and partnerships during the 2018-2019 financial year. This emphasis on gold has been driven by the Company's commitment to creating value for shareholders and the need to wait for market conditions that will support progress of the Dubbo Project.

Alkane's gold strategy is soundly based on existing gold assets, established projects, promising prospects, and demonstrated experience in gold exploration and production. The strategy is largely centred around maximising the value of the gold processing facility at Tomingley Gold Operations (TGO) and includes:

- Progression of underground mining at TGO
- Regional gold exploration to define additional ore resources for processing at TGO, and
- Re-evaluation of the Peak Hill deposit to determine whether it is feasible to access defined ore resources as another source of ore for the TGO processing plant.

Our gold focus has been driven by high Australian gold prices and Alkane's commitment to creating value for shareholders while waiting for the right market conditions to support the Dubbo Project.

The Company is also seeking strategic investments in junior gold mining companies and high-potential projects, where Alkane can contribute additional capital, expertise and operating capability, for mutual benefit. In October 2018, Alkane invested in gold exploration company Calidus Resources Limited (ASX:CAI), due to its excellent prospects in Western Australia and its highly feasible development path.

Alkane continues to seek ways to develop the Dubbo Project, which is construction-ready pending financing. Australian Strategic Materials (ASM) is monitoring market demand for these critical materials and will seek further investment for the project when the market conditions are right.

Major Projects and Operations

It was a pivotal year at Alkane's Tomingley Gold Operations, where open cut mining stopped and underground development started, continuing the life of the gold processing operation. Alkane also continues to seek funding to develop the multi-commodity Dubbo Project, which stands ready for construction when the time is right.

Tomingley Gold Operations

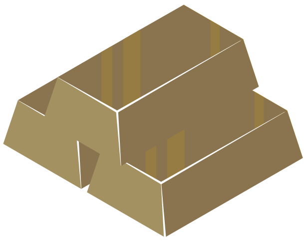
Tomingley Gold Operations (TGO) is a wholly owned subsidiary of Alkane, located near the village of Tomingley, approximately 50 kilometres southwest of Dubbo in Central Western New South Wales. The gold processing plant was commissioned in January 2014 and has been operating at the design capacity of 1Mtpa since late May 2014.

Open cut mining at TGO commenced in 2014, based on four gold deposits: Wyoming One, Wyoming Three, Caloma One and Caloma Two.

Following the completion of the Wyoming Three and Caloma One open cuts in 2015 and 2017 respectively, mining in the Wyoming One and Caloma Two open cuts ceased in the 2019 financial year. An underground mine is under development at the Wyoming One deposit, with stope ore extraction anticipated later in 2019.

Alkane is also undertaking major gold exploration activities in the gold corridor between Tomingley and Peak Hill as part of a project to identify additional resources for processing at TGO.

Total gold poured in FY2019



48,969 ounces

at an All in Sustaining Cost (AISC)* of **A$947/oz**

Total gold sold in FY2019

52,068 ounces

at an average of **A$1,777** per ounce

**All in Sustaining Cost (AISC) comprises all site operating costs, royalties, mine exploration, sustaining capex and mine development and an allocation of corporate costs, presented on the basis of ounces produced.*

Production

The operation continued to perform very well as open cut mining wound to a close: mining in the Wyoming One open cut finished in December 2018 and in Caloma Two in January 2019. Medium and low-grade ore stockpiles were then processed for the balance of the financial year, enabling gold production to continue at the design feed rate of 1Mtpa. Once processing of low-grade stockpiles is finished, gold production will revert to underground ore, most likely in early 2020.

Underground mining development

Alkane's Board approved the development of underground operations in September 2018. These works commenced in January 2019 and continue on schedule and on budget. The main portal is located at the base of the Wyoming One open cut, with the decline spiralling down outside the ore zone past several ore levels. Production of ore from the first underground stope is scheduled before the end of calendar year 2019. TGO has recruited a team of experienced personnel in preparation for underground ore production. The original mine plan is to extract 1.24Mt of ore with grading 2.7g/t gold, for a resultant 108,000 ounces of gold. Alkane is optimistic about the potential to extend this further.

Mineral Resources and Ore Reserves

The Company reports Ore Reserves and Mineral Resources for TGO as at 30 June 2019 in accordance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012). These estimates take into account ore depleted by mining during the 2019 financial year and were reported to the ASX on 23 September 2019. Any differences to those tables are corrections to typographical errors; the assumptions and parameters detailed in that report are unchanged. Mineral Resources are wholly inclusive of Ore Reserves.

TGO Mineral Resources (as at 30 June 2019)

Deposit	Measured		Indicated		Inferred		Total		Total Gold (Koz)
	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	
Open Pittable Resources (cut off 0.50g/t Au)									
Wyoming One	*184*	*1.5*	*982*	*1.7*	*137*	*0.7*	*1,303*	*1.6*	*60*
Wyoming Three	*86*	*2.0*	*16*	*1.3*	*33*	*1.4*	*135*	*1.7*	*8*
Caloma	*895*	*1.6*	*1,016*	*1.2*	*824*	*1.2*	*2,735*	*1.3*	*116*
Caloma Two	*64*	*2.3*	*812*	*2.0*	*26*	*1.4*	*902*	*2.0*	*58*
Sub Total	*1,229*	*1.6*	*2,826*	*1.6*	*1,020*	*1.2*	*5,075*	*1.5*	*242*
Underground Resources (cut off 2.50g/t Au)									
Wyoming One	*0*	*0*	*787*	*4.0*	*109*	*3.2*	*896*	*3.9*	*113*
Wyoming Three	*10*	*3.6*	*6*	*3.1*	*4*	*3.1*	*20*	*3.4*	*2*
Caloma	*78*	*3.8*	*32*	*3.4*	*44*	*3.0*	*154*	*3.5*	*17*
Caloma Two	*-*	*0*	*218*	*3.6*	*76*	*3.2*	*294*	*3.5*	*33*
Sub Total	*88*	*3.8*	*1,043*	*3.9*	*233*	*3.2*	*1,364*	*3.8*	*165*
Total	***1,317***	***1.8***	***3,869***	***2.2***	***1,253***	***1.5***	***6,439***	***2.0***	***407***

Apparent arithmetic inconsistencies are due to rounding.

TGO Ore Reserves (as at 30 June 2019)

Deposit	Proved		Probable		Total		Total Gold (Koz)
	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	
Open Pittable Resources (cut off 0.50g/t Au)							
Wyoming One	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Wyoming Three	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Caloma	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Caloma Two	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Stockpiles	*677*	*0.7*	*0*	*0*	*677*	*0.7*	*15*
Sub Total	*677*	*0.7*	*0*	*1.7*	*677*	*0.7*	*15*
Underground Resources (cut off 2.50g/t Au)							
TGO underground	*45*	*2.7*	*688*	*3.2*	*732*	*3.1*	*74*
Sub Total	*45*	*2.7*	*688*	*3.2*	*732*	*3.1*	*74*
Total	***722***	***1.8***	***688***	***1.9***	***1,409***	***2.0***	***89***

Apparent arithmetic inconsistencies are due to rounding.

The tables below compare the total TGO Mineral Resources and Ore Reserves as at 30 June 2019 year on year with 30 June 2018.

TGO Comparative Mineral Resources (30 June 2018 to 30 June 2019)

Deposit	2018			2019		
	Tonnage (Kt)	Grade (g/t Au)	Gold (koz)	Tonnage (Kt)	Grade (g/t Au)	Gold (koz)
Open Pittable						
Wyoming One	*1,538*	*1.60*	*79*	*1,303*	*1.6*	*60*
Wyoming Three	*135*	*1.74*	*8*	*135*	*1.7*	*8*
Caloma	*2,735*	*1.32*	*116*	*2,735*	*1.3*	*116*
Caloma Two	*921*	*1.98*	*59*	*902*	*2.0*	*58*
Total	***5,329***	***1.5***	***262***	***5,075***	***1.5***	***242***
Underground						
Wyoming One	*976*	*3.9*	*122*	*896*	*3.9*	*113*
Wyoming Three	*20*	*3.4*	*2*	*20*	*3.4*	*2*
Caloma	*164*	*3.5*	*18*	*154*	*3.5*	*17*
Caloma Two	*294*	*3.5*	*33*	*294*	*3.5*	*33*
Total	***1,454***	***3.8***	***175***	***1,364***	***3.8***	***165***

Apparent arithmetic inconsistencies are due to rounding.

TGO Comparative Ore Reserves (30 June 2018 to 30 June 2019)

Deposit	2018			2019		
	Tonnage (Kt)	Grade (g/t Au)	Gold (koz)	Tonnage (Kt)	Grade (g/t Au)	Gold (koz)
Open Pittable						
Wyoming One	*197*	*1.7*	*11*	*0*	*0.0*	*0*
Wyoming Three	*0*	*0.0*	*0*	*0*	*0.0*	*0*
Caloma	*0*	*0.0*	*0*	*0*	*0.0*	*0*
Caloma Two	*20*	*1.8*	*2*	*0*	*0.0*	*0*
Stockpiles	*1,257*	*1.0*	*39*	*677*	*0.7*	*15*
Total	***1,474***	***1.1***	***52***	***677***	***0.7***	***15***
Underground						
TGO Underground	*732*	*3.1*	*74*	*732*	*3.1*	*74*
Total	***732***	***3.1***	***74***	***732***	***3.1***	***74***

Apparent arithmetic inconsistencies are due to rounding.

The primary differences from 2018 to 2019 are:

- Ore mined from Caloma Two and Wyoming One during the period
- Open pit mining now complete

Dubbo Project

The Dubbo Project is a large in-ground polymetallic resource of the metals zirconium, hafnium, niobium, tantalum, yttrium and rare earth elements. It is located near the village of Toongi, 25 kilometres south of Dubbo in Central Western New South Wales.

Australian Strategic Materials (ASM), a wholly owned subsidiary of Alkane, intends to develop the Dubbo Project to supply globally significant quantities of zirconium and rare earth materials, as well as contribute to the niobium and emerging hafnium industries. These materials are in high demand for a range of existing and future technologies – in particular clean energy and transportation, where they are used in high volumes.

In a global market where diversification of supply is becoming increasingly important, the Dubbo Project represents an alternative, sustainable and reliable source of these critical materials.

Global companies using these materials are actively seeking alternative sources to combat growing tariffs and supply uncertainties from China, which currently produces more than 75 per cent of the world's zirconium and over 90 per cent of high-value rare earth elements. Supply of hafnium, meanwhile, is limited in volume and highly dependent on a few manufacturers in the nuclear industry. With a mine life potential of 75+ years, the Dubbo Project is gaining interest as an important potential source of supply to meet escalating demand and decrease supply chain risks.

Project status

The Dubbo Project is ready for construction, subject to financing. Australian Strategic Materials owns 3,456 hectares of land at Toongi, encompassing the mineral deposit and land required for materials processing. All other major state and federal approvals and licences are in place, along with an established process flowsheet and a solid business case. A substantial body of engineering and process development work has given Alkane and ASM a high degree of confidence for project execution, with either a staged or full build feasible, depending on the level of offtake contracts obtained.

The Dubbo Project will produce a suite of high-value downstream zirconium, hafnium, rare earth and niobium products used in a range of advanced technologies worldwide. The initial product range will be complemented by the progressive development of further high-value products in response to customer and market demands. In the past year, ASM and its sales and marketing partners have continued to engage with interested companies across the world, seeking to convert existing Memoranda of Understanding and Letters of Intent into offtake agreements.

Market conditions

Zirconium

The Dubbo Project will produce a mix of 'base' and 'premium' zirconium products, including zirconium oxychloride (ZOC), zirconium basic carbonate (ZBC) and zirconium oxide (zirconia) at a range of purities. Market prices for zirconium products remained relatively stable in the 2019 financial year, after rapid rises the previous year driven primarily by supply disruptions from China. Prices for ZOC, being the primary precursor for high-value downstream zirconium products, remained in the range US$2,350-2,500/t FOB China (US$6.7 – 6.9/kg ZrO_2 equivalent). The price of zircon, being the primary raw material for zirconium products, levelled out at around US$1,500-1,650/t, after essentially doubling over the preceding two years. However, uncertain zircon supply is expected to drive up ZOC prices over the next financial year.

Hafnium

Current global supply of hafnium is limited to approximately 70tpa and lies in the hands of a few companies producing nuclear-grade zirconium metal. This makes the hafnium market one of the smallest markets for minor metals, but demand is poised to outstrip production, primarily driven by its growing use in superalloys. Prices for hafnium metal (max 1% Zr) rose by more than 10 per cent over the year, caused by both increased demand and the implementation of higher US tariffs on products from China. ASM intends to produce hafnium according to market demand, but the Dubbo Project will have the capability to supply in excess of 100tpa.

Rare Earths

Rare earth permanent magnets (REPM) are the main driver for the global rare earths industry at present, accounting for 30 per cent of the market by volume – but 80 per cent by value. This is largely due to the rapid growth in global demand for electric vehicles that, coupled with reduced supply from China, could lead to global shortages. The market for magnet rare earths materials (neodymium, praseodymium, samarium, dysprosium and terbium) was also affected over the past year by USA-China trade tensions. Prices for praseodymium/neodymium mischmetal initially weakened, before bouncing back in June 2019. However, prices for the heavy rare earth metals dysprosium and terbium strengthened. It is anticipated that strong growth in demand for neodymium, praseodymium, dysprosium and terbium oxides will drive strong prices over the first 20 years of the Dubbo Project.

Niobium

The Dubbo Project will produce ferro-niobium via a joint venture with Treibacher Industrie AG (TIAG). The global steel industry is the main driver for niobium consumption, where 90 per cent of all niobium is used as ferro-niobium for high strength low alloy (HSLA) steels for the construction and automotive sectors. The market is dominated by Brazil's Companhia Brasileira de Metalurgia e Mineração (CBMM), with approximately 80 per cent of ferro-niobium supply. The niobium market has historically been stable, but in the 2019 financial year prices rose substantially as steel manufacturers sought to use niobium in place of vanadium, which is facing short supply. However, by the end of June 2019 niobium prices slipped back in response to a large fall in vanadium prices and are likely to continue levelling out.

Investment in clean metal processing technology

Several of the Dubbo Project elements – including hafnium and the high-value rare earth magnet metals neodymium and praseodymium – are highly marketable in metallic form. ASM has been exploring potential downstream metal conversion technologies for the past several years and recently announced a significant step towards establishing a processing route for converting Dubbo Project materials into high-purity metals.

In June 2019, the Company entered into a binding agreement with Zirconium Technology Corporation (Ziron Tech), a South Korean company, to fund the final stages of research and feasibility of a new metallisation technology developed by scientists at Chungnam National University (CNU) in Daejon, South Korea. The innovative technology promises to replace highly energy-intensive conventional processes, in wide use since the 1940s, with a more environmentally sustainable and cost-effective alternative.

Under the agreement, ASM invested US$1.2m towards a pilot plant located at CNU and will supply Dubbo Project metallic oxide samples for processing. The Company has exclusive global rights to commercialise the technology for zirconium and hafnium under licence. A secondary objective is to work collaboratively with Ziron Tech to commercialise and maintain exclusive rights over the technology for other elements, ultimately creating passive income streams through licensing and royalty arrangements.

Commercial plants based on this technology would enable ASM to bypass traditional supply chains and market high-purity rare earth metals, nuclear and industrial-grade zirconium metal, and high-purity hafnium metal directly to global customers. The technology is theoretically applicable to all 18 elements produced by the Dubbo Project, with potentially up to 75 per cent of revenue from metals.

This investment represents the final significant outlay expected by ASM prior to project financing being achieved and has facilitated offtake discussions with a number of South Korean industrial companies.

Mineral Resources and Ore Reserves

As at 30 June 2019, the Mineral Resources and Ore Reserves for the Toongi deposit, which is the basis of the Dubbo Project, are the same as those stated at 30 June 2018. These estimates were provided by independent industry consultants Mining One Pty Ltd and are reported by Alkane in accordance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012). Mineral Resources are wholly inclusive of Ore Reserves, which are based on economic parameters applied to the Mineral Resources, reflecting an initial project horizon of 20 years.

Dubbo Project Mineral Resources (as at 30 June 2019)

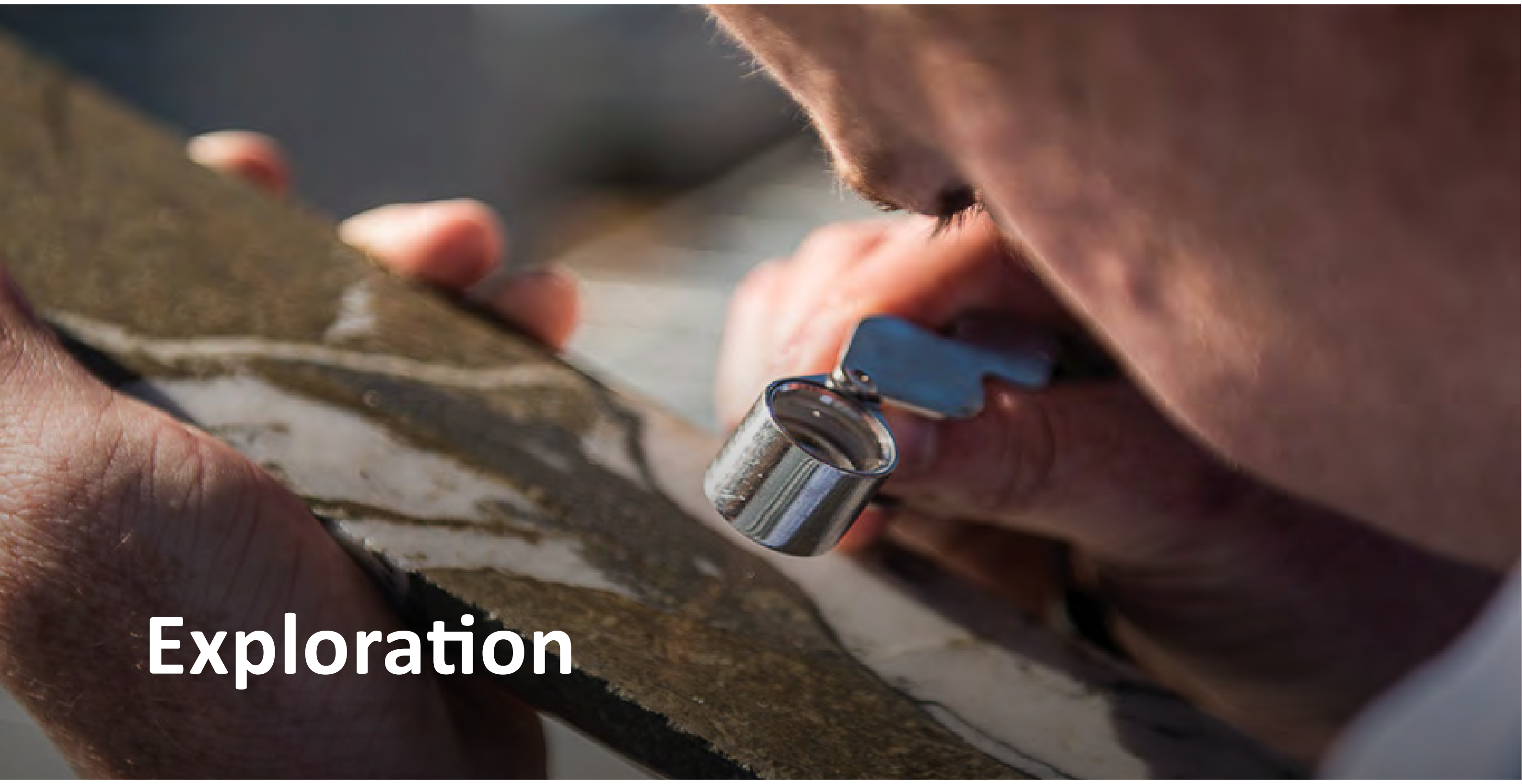
Resource Category	Tonnes (Mt)	ZrO_2 (%)	HfO_2 (%)	Nb_2O_5 (%)	Ta_2O_5 (%)	Y_2O_3 (%)	TREO*(%)
Measured	*42.81*	*1.89*	*0.04*	*0.45*	*0.03*	*0.14*	*0.74*
Inferred	*32.37*	*1.90*	*0.04*	*0.44*	*0.03*	*0.14*	*0.74*
Total	***75.18***	***1.89***	***0.04***	***0.44***	***0.03***	***0.14***	***0.74***

**TREO% is the sum of all rare earth oxides excluding ZrO_2, HfO_2, Nb_2O_5, Ta_2O_5, Y_2O_3*

Dubbo Project Ore Reserves (as at 30 June 2019)

Reserve Category	Tonnes (Mt)	ZrO_2 (%)	HfO_2 (%)	Nb_2O_5 (%)	Ta_2O_5 (%)	Y_2O_3 (%)	TREO*(%)
Proved	*18.90*	*1.85*	*0.04*	*0.440*	*0.029*	*0.136*	*0.735*
Total	***18.90***	***1.85***	***0.04***	***0.440***	***0.029***	***0.136***	***0.735***

**TREO% is the sum of all rare earth oxides excluding ZrO_2, HfO_2, Nb_2O_5, Ta_2O_5, Y_2O_3*



Exploration

Alkane maintained its multi-commodity exploration and evaluation effort in the Central West of New South Wales. Given the strong Australian gold price, the Company focused on gold exploration adjacent to its Tomingley Gold Operations, which transitioned from open pit to underground mining during the year. An Exploration Target was identified within the Tomingley Gold Project, leading to the commencement of an extensive resource definition drilling program.

Tomingley Gold Project (gold)

Alkane Resources Ltd 100%

Alkane's Tomingley Gold Project covers an area of approximately 440 square kilometres, stretching 60 kilometres north-south along the Newell Highway in Central Western New South Wales. The prospective belt extends from near the village of Tomingley in the north (about 50 kilometres southwest of Dubbo), through Peak Hill and almost to Parkes in the south. The project incorporates the Company's currently active Tomingley Gold Operations (TGO) and the inactive Peak Hill Gold Mine.

Exploration Target defined

Over the past year, Alkane has conducted an extensive regional exploration program, with the objective of defining additional resources that have the potential to be mined via either open pit or underground operations and supplied to the processing centre at TGO.

The results of the 2018-2019 drilling program, which comprised 76 holes for 16,376 metres of reverse circulation (RC) drilling and three holes for 1,143 metres of diamond core drilling, were released in a series of ASX announcements (11 July 2018, 19 October 2018, 1 February 2019, 29 March 2019, 17 May 2019, 12 June 2019). The drilling, focused on the Roswell, El Paso and San Antonio prospects, yielded broad, shallow, high-grade intercepts that demonstrate potential for mine development, pending resource confirmation, landholder agreement and regulatory approvals.

Alkane announced in July 2019 that it has defined an Exploration Target of approximately 15.8 to 23.8 million tonnes at a grade ranging between 1.7 to 2.2g/t gold across the three primary prospects – Roswell, El Paso and San Antonio. The potential quantity and grade of the Exploration Target is conceptual in nature and therefore is an approximation. There has as yet been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been prepared and reported in accordance with the 2012 edition of the JORC Code.

Resource definition drilling commenced in early July 2019 and Alkane has commenced preliminary investigations to establish a conceptual overview of open cut and underground options for the project, should an adequate resource be defined. Since the Exploration Target lies within eight kilometres of Alkane's existing operations at TGO, this close proximity, coupled with similar geology to the Caloma and Wyoming deposits, highlights the potential to significantly increase the resource around TGO and extend the life of the operation.

Peak Hill Gold Project

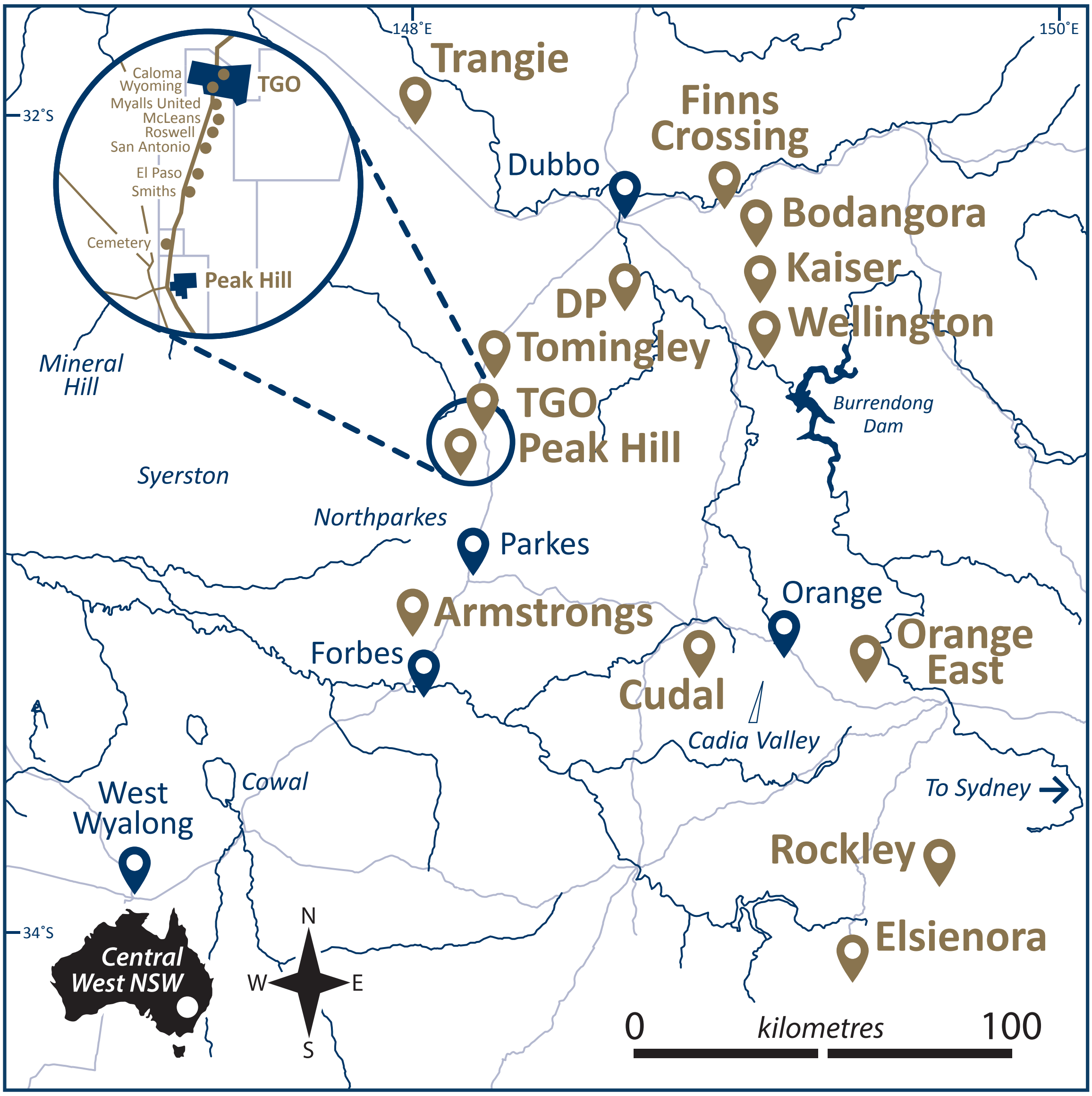
Alkane is also exploring the potential for a mining operation at the Peak Hill Gold Mine, which the Company operated 1996-2005. Technological advances and gold price increases in the last two decades have made the economics of further development worth re-evaluating as additional feedstock for the nearby TGO processing facility. A revised Mineral Resource (JORC 2012), completed in October 2018, identified an initial Inferred Resource of 108,000 ounces of gold.

In January 2019, 10 diamond cores were extracted from the western edge of the rehabilitated Proprietary open cut, angled below historic underground workings. Advanced metallurgical testing is underway to establish whether the ore can be pre-treated to allow processing at TGO. Alkane retains its Mining Lease and Environment Protection Licence for Peak Hill Gold Mine, but any further mine development would require further environmental assessment and government approval.

Peak Hill Mineral Resources (as at 30 June 2019)

Deposit	Resource Category	Cut-Off	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (Koz)	Copper Metal (%)
Proprietary Underground	*Inferred*	*2g/t Au*	*1.02*	*3.29*	*108*	*0.15*
Total			***1.02***	***3.29***	***108***	***0.15***

The Mineral Resource estimate was initially completed in October 2018, so the Peak Hill Mineral Resources as at June 2018 were nil.



The Alkane Group's projects and operations are primarily located in the vicinity of Dubbo in Central Western New South Wales. Of particular note is the gold corridor running north-south between Tomingley and Peak Hill (see inset), which includes the key primary prospects of Roswell, El Paso and San Antonio.

Mineral Resource and Ore Reserve Governance and Internal Controls

The Alkane Group has put governance arrangements and internal controls with respect to its estimates of Mineral Resources and Ore Reserves and the estimation process within the Tomingley Gold Operations, Dubbo Project and exploration and evaluation projects such as the Peak Hill Gold Project, including:

- oversight and approval of each annual statement by the Technical Director;
- establishment of internal procedures and controls to meet JORC Code 2012 compliance in all external reporting;
- independent review of new and materially changed estimates;
- annual reconciliation with internal planning to validate reserve estimates for operating mines; and
- Board approval of new and materially changed estimates.

Northern Molong Porphyry Project (gold-copper)

Alkane Resources Ltd 100%

Encompassing three exploration licences (Bodangora, Kaiser and Finns Crossing), the Northern Molong Porphyry Project covers an area of 110 square kilometres, centred about 20 kilometres north of Wellington and about 35 kilometres east of Dubbo. The project covers a large portion of the northern Molong Volcanic Belt, which is highly prospective for alkali porphyry-related mineralisation similar to the Cadia Valley deposits near Orange.

A drill program comprising several diamond core and RC drill holes took place at the Glen Hollow, Kaiser and Boda porphyry gold-copper prospects in May-August 2019. The results were announced to the ASX 9 September 2019.

Rockley (gold)

Alkane Resources Ltd 100%

The Rockley Project, located 35 kilometres southeast of Blayney, is considered prospective for McPhillamys style gold mineralisation. Geological mapping, a high-resolution ground magnetic survey and a soil chemistry survey highlighted a gold multi-element anomaly around the historic Rosedale workings. A drilling program is being considered.

Cudal (gold-zinc)

Alkane Resources Ltd 100%

Cudal is located 20 kilometres northwest of the Cadia Valley Operations of Newcrest Mining Ltd. Preliminary geological mapping and high-resolution ground magnetics were completed to assist with drilling target definition. The Company continues actively seeking joint venture partners for this tenement.

Elsienora (gold)

Alkane Resources Ltd 100%

The Elsienora tenements are located 75 kilometres south of Blayney and are considered prospective for orogenic style gold mineralisation and volcanic hosted gold and base metal mineralisation. No field activity took place during the year.

Wellington (gold-copper)

Alkane Resources Ltd 100%

The Wellington Project hosts Galwadgere, a small copper-gold deposit with volcanogenic massive sulphide-type characteristics. No field activity took place during the year.

Orange East Project (gold-copper)

Alkane Resources Ltd earning 80%

The Orange East Project is located approximately 15 kilometres east-southeast of Orange and consists of one exploration licence covering approximately 45 square kilometres. The project area hosts the historic Carangara copper workings at Byng (1850 to 1875); however, the most compelling exploration target is at the Gunnarbee prospect, where a multi-element soil geochemical anomaly, with a similar elemental suite to the surface anomaly at McPhillamys, has been outlined over an area of 1000 metres by 500 metres. No field activity took place during the year with land access arrangements under discussion.

Armstrongs (gold)

Alkane Resources Ltd 100%

Located west of Parkes, this prospect has similar geology to the TGO site and historic drilling has identified low-grade gold mineralisation over a 400 metre strike length. The available historic data is being reviewed and evaluated for economic potential.

Trangie (nickel-copper, cobalt, titanium and rare earths)

Alkane Resources Ltd 100%

The exploration licence targets a geophysical anomaly discovered by state aerial and ground surveys, featuring geology atypical for the region, located approximately five kilometres east of Trangie township. It is considered a prospect for a number of metals, including nickel, copper, cobalt, titanium and rare earths.

A drilling program of 45 aircore holes, totalling 3,242 metres, was undertaken in a 'cross' pattern over the magnetic anomaly. Confirmation of the bedrock is still to be determined. The results have been received, with analysis and interpretation still underway.

Leinster Region Joint Venture (nickel-gold)

Alkane Resources Ltd 19.4% diluting

Alkane has a diluting 19.4 per cent interest in this Western Australian nickel-gold exploration venture (Miranda and McDonough tenements). The remaining share is held by Australian Nickel Investments Pty Ltd (ANI, a subsidiary of Western Areas Ltd). ANI reported no ground exploration completed during the year.

Integrity

Alkane strives to deliver strong environmental and social performance across all activities, with the aim of leaving a lasting positive legacy for local communities and the land alike. The Company is committed to safe environmental practices and improving biodiversity, assisting regional communities to flourish and become more resilient, and providing a safe and rewarding working environment for employees.

Sustainable Supply Chain

Alkane understands the importance placed on the sustainable and ethical sourcing of raw materials. As the first link in a sustainable supply chain, Alkane upholds stringent social and environmental standards for all its activities.

Alkane is diligent about ensuring the conditions for its workforce meet international occupational health and safety standards, with no exploitation or child labour. This includes the employees of marketing and offtake partners in Australia and overseas. The Company has comprehensive systems of control and accountability and administers corporate governance with openness and integrity based on the principles and recommendations of the ASX Corporate Governance Council.

Environmental Management

Alkane's exploration, mining, processing and rehabilitation activities are carefully designed with the smallest practical environmental footprint in mind. The Company also focuses on protecting, nurturing and enhancing local biodiversity, as well as progressive land rehabilitation to ensure sites are returned to stable and productive ecosystems once mining is finished.

Sensitive design and rehabilitation

Before any soil is turned on site, Alkane is already thinking about rehabilitation. The Company aims to restore sites to stable functioning and productive ecosystems. This is achieved through sensitive design, creation of biodiversity offset areas, progressive rehabilitation, monitoring and management actions.

Sensitive design involves designing (and redesigning) for small physical footprint, low volumes of power, water and other consumables, water recycling, and rigorous waste residue treatment and storage to minimise impact to the environment. Progressive rehabilitation of mining landforms commences in the early days of operation and continues for the life of the mine and beyond.

At Peak Hill Gold Mine (in operation 1996 to 2005), a natural bushland setting frames the five rehabilitated mining voids, which are now open to the public as part of a Tourist Mine. Progressive rehabilitation of the waste rock landforms at Tomingley Gold Operations has been underway since mining commenced, with final shaping and revegetation near to completion in 2019.

Encouraging biodiversity

The establishment and care of biodiversity offset areas forms an important part of Alkane's commitment to the environment and the community. These designated areas are earmarked for the restoration and creation of new native habitats for animal species, especially those that are threatened and endangered.

At both Tomingley Gold Operations and the Dubbo Project, these biodiversity offset areas are protected by binding Conservation Property Vegetation Plans, signed in agreement with regional Local Land Services organisations. Activities include re-vegetation and protection of native species from introduced predators. At Peak Hill Gold Mine, the Company's rehabilitation efforts have resulted in an increasingly species-rich site, with several native bird and mammal species, not present pre-mining, now thriving.

Most of Alkane's products from the Dubbo Project will be manufactured to customer specifications at Australian Strategic Materials' planned operations in Australia or via an exclusive toll processing partner. This simplified and direct supply chain will bypass China, making it highly sustainable, cost-effective and easily traceable.

Integrated farming and conservation

Alkane has taken a unique approach towards conservation and land management with the establishment of the wholly owned Toongi Pastoral Company in 2016. Operating as a productive mixed farm, Toongi Pastoral Company manages the agricultural land, farm assets and biodiversity offset areas associated with the Dubbo Project – a total of approximately 3500 hectares. This integrated approach to farming and conservation ensures effective and efficient land management, and provides the foundation for positive social, environmental and financial outcomes. Alkane is proud to demonstrate that mining, farming and nature conservation can co-exist in harmony with the local community.

Community

Alkane is an active and engaged member of the communities in which it operates – in particular the Narromine Shire, Parkes Shire and Dubbo Regional Council local government areas in Central Western New South Wales. The Company aims to support the development of more resilient regional communities through the establishment of permanent infrastructure, sponsorship of local events and organisations, provision of training and career opportunities to local students and residents, and the creation of local economic opportunities for service providers.

Alkane maintains strong relationships with local communities through clear and regular communications about its operations and development activities, and actively participates on Community Consultative Committees. The Company encourages community engagement and participates regularly at regional events to discuss the Group's projects. Several groups visited Alkane's sites in Central Western New South Wales during the year, including potential foreign investors and university students looking at environmental management and mine site rehabilitation.

Employees

Alkane is committed to employing members of the local community where possible. Since the Company does not support a 'fly-in/fly-out' scheme, the majority of employees live in the local area. The 2019 financial year saw a fluctuation of employees at Tomingley Gold Operations due to the winding down and ultimate cessation of open cut mining, followed by the ramp-up of underground operations and employment of an associated skilled underground workforce.

At financial year end, the Group had 105 personnel on the payroll, with 16 per cent being female. A total of 85.4 full-time equivalent contractors were on site at TGO in June 2019. Achieving a good gender balance in such an historically male-dominated industry is a challenge essential to maintaining a culture of equal opportunity.

Work Health and Safety Review

Alkane complies with all laws and regulations in relation to the environment and work health and safety (WHS). The Company strives for continuous improvement of its standards for Tomingley Gold Operations, the Peak Hill Gold Mine decommissioning and closure, and for ongoing exploration and mine development.

Risk management

Alkane is committed to the active management of risks to its operations and has a Risk Management Committee composed of directors and management to assist the Managing Director to identify, assess, monitor and manage the Company's risks. The Company's Risk Management Coordinator is tasked with the responsibility of keeping the risk management policy, framework and registers updated, subject to formal approval of policy amendments by the Board.

TGO continues to monitor and audit critical controls as part of its ongoing risk management process. A specialised software package assists with the management of the complexities for the high-level risks. Risk workshops have been held to identify risks that need to be addressed in the design stage of the Dubbo Project.

Work health and safety

Alkane's personnel are distributed across several office locations and operations across Central Western New South Wales (Orange, Dubbo, Peak Hill and Tomingley), Sydney and Perth. The largest concentration of employees is at TGO, located at Tomingley, southwest of Dubbo.

The TGO Mine Safety Management and Operations Management systems are in place, with both subjected to a rigorous auditing and inspection regime to ensure their integrity. A thorough employee safety induction program is used to on-board all employees and contractors at the TGO site to ensure safe operations at all times.

As for Alkane's other sites, a full-time site supervisor maintains the Peak Hill Gold Mine leases and infrastructure during decommissioning. The facilities at the mine site also provide support for exploration activities at the nearby Tomingley Gold Project, which encompasses TGO. Alkane also maintains exploration offices in Dubbo and Orange to service the Group's other tenements in Central Western New South Wales.

During the reporting period, one injury resulting in lost time occurred at TGO, and two injuries required restricted work. There were no injuries requiring medical treatment. For the 2019 financial year, TGO had a total recordable injury frequency rate (TRIFR) of 2.49 per 200,000 hours worked and a TRIFR of 12.45 per 1,000,000 hours worked.

TGO reported no dust exceedances that were attributable to mine operations during the year. However, due to the ongoing drought conditions in Central Western New South Wales, dust levels in the region have often exceeded the approved limits. TGO informs the NSW Environment Protection Agency (EPA) and other government agencies when this situation occurs and provides supporting weather data and field observations as required. No noise exceedances were recorded during the year.

Alkane reported two incidents to the New South Wales EPA in October and December 2018. Both incidents involved a minor failure of the separation wall between the external (clean) and internal water drains, resulting in small volumes of silt-laden water being discharged from site. TGO received an official caution from the EPA and completed extensive remediation and repair activities to prevent this reoccurring. No environmental harm was identified.

FINANCIAL REPORT

Alkane's Board of Directors (left to right): *Anthony Dean Lethlean (Non-Executive Director), Ian Jeffrey Gandel (Chairman), Gavin Smith (Non-Executive Director), Nicholas Paul Earner (Managing Director), David Ian Chalmers (Technical Director), Dennis Wilkins (Company Secretary).*

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group') consisting of Alkane Resources Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

The following persons were Directors of Alkane Resources Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

I J Gandel
N P Earner
D I Chalmers
A D Lethlean
G M Smith

The Board continues its efforts to seek to appoint additional independent members who will bring complementary skill sets and diversity to the Group's leadership.

Information on Directors

Ian Jeffrey Gandel – Non-Executive Chairman
LLB, BEc, FCPA, FAICD

Appointed Director 24 July 2006 and Chairman 1 September 2017.

Mr Gandel is a successful Melbourne-based businessman with extensive experience in retail management and retail property. He has been a director of the Gandel Retail Trust and has had an involvement in the construction and leasing of Gandel shopping centres. He has previously been involved in the Priceline retail chain and the CEO chain of serviced offices.

Mr Gandel has been an investor in the mining industry since 1994. Mr Gandel is currently a substantial holder in a number of publicly listed Australian companies and, through his private investment vehicles, now holds and explores tenements in his own right in Western Australia. Mr Gandel is currently non-executive chairman of Alliance Resources Ltd (appointed as a director on 15 October 2003 and in June 2016 was appointed non-executive chairman). He is also non-executive chairman of Octagonal Resources Ltd (appointed 10 November 2010). (This company sought delisting from the ASX in February 2016 and converted to Pty Ltd status in April 2016.)

Mr Gandel is a member of the Audit Committee and Chairman of the Remuneration and Nomination Committees.

Nicholas Paul Earner – Managing Director
BEng (hons)

Appointed Managing Director 1 September 2017.

Mr Earner is a chemical engineer and a graduate of the University of Queensland with 25 years' experience in technical and operational optimisation and management, and has held a number of executive roles in mining and processing.

Mr Earner joined the Alkane Group as Chief Operations Officer in August 2013 with responsibility for the safe and efficient management of the Company's operations at Tomingley Gold Operations (TGO) and Dubbo (Dubbo Project). Under his supervision, the successful development of TGO transitioned to profitable and efficient operations. His guidance also drives the engineering and metallurgical aspects of the Dubbo Project, overseeing optimisation of plant design and product and marketing development.

Prior to his appointment as the Group's Chief Operations Officer in August 2013 he spent four years at Straits Resources Ltd including two years as executive general manager - operations, supervising up to 1,000 employees in open cut and underground gold mines and an underground copper mine. During the 11 years before that he had various roles at Rio Tinto Coal Australia's Mount Thorley Warkworth coal mine and BHP/WMC Olympic Dam copper-uranium-gold operations. His eight years at Olympic Dam included roles managing the Concentrator and Hydromet functions which included substantial milling, leaching and solvent extraction circuits. His other positions included production superintendent - smelting and senior engineer - process control, instrumentation and communications.

David Ian Chalmers – Technical Director
MSc, FAusIMM, FAIG, FIMM, FSEG, MSGA, MGSA, FAICD

Appointed Technical Director 1 September 2017. Resigned as Managing Director 31 August 2017.

After almost 11 years as Managing Director Mr Chalmers stepped down to make way for the appointment of Mr Earner in his place. Mr Chalmers continues on the Board to provide ongoing technical and commercial knowledge and support for the Dubbo Project and exploration activities.

Mr Chalmers is a geologist and graduate of the Western Australia Institute of Technology (Curtin University) and has a Master of Science degree from the University of Leicester in the United Kingdom. He has worked in the mining and exploration industry for over 40 years, and has gained experience in all facets of exploration and mining through feasibility and development to the production phase. Mr Chalmers was Technical Director until his appointment as Managing Director in 2006, overseeing the Group's minerals exploration efforts across Australia (New South Wales and Western Australia), Indonesia and New Zealand and the development and operations of the Peak Hill Gold Mine (NSW). During his time as chief executive he steered the Company through construction and development of the now fully operational Tomingley Gold Operations and to the threshold of development of the world class Dubbo Project.

Mr Chalmers is a member of the Nomination Committee.

Anthony Dean Lethlean – Non-Executive Director
BAppSc (Geology)

Appointed Director 30 May 2002.

Mr Lethlean is a geologist with over 10 years mining experience, including four years underground on the Golden Mile in Kalgoorlie. In later years, he has worked as a resource analyst with various stockbrokers and investment banks including CIBC World Markets. He was a founding director of Helmsec Global Capital Limited which seeded, listed and funded a number of companies in a range of commodities. He retired from the group in 2014. He is also a non-executive director of Alliance Resources Ltd (appointed 15 October 2003).

Mr Lethlean is the senior independent Director, Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

Gavin Murray Smith – Non-Executive Director
B.Com, MBA, MAICD

Appointed Director 29 November 2017.

Mr Smith is an accomplished senior executive and non-executive director within multinational business environments. He has more than 35 years' experience in Information Technology, Business Development, and General Management in a wide range of industries and sectors. Mr Smith has worked for the Bosch group for the past 29 years in Australia and Germany and is current chair and president of Robert Bosch Australia. In this role Mr Smith has led the restructuring and transformation of the local Bosch subsidiary. Concurrent with this role, he is a non-executive director of the various Bosch subsidiaries, joint ventures, and direct investment companies in Australia and New Zealand. In addition, Mr Smith is the chair of the Internet of Things Alliance Australia (IoTAA), the peak body for organisations with an interest in the IoT.

Mr Smith is a member of the Audit Committee, Remuneration and Nomination Committees.

Dennis Wilkins – Company Secretary
B.Bus, ACIS, AICD

Appointed Company Secretary 29 March 2018.

Prior to joining Alkane Resources Ltd, Mr Wilkins has been a director, or involved in executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa.

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- mining operations at the Tomingley Gold Operations;
- evaluation activities in relation to the Dubbo Project;
- exploration and evaluation activities on tenements held by the Group; and
- pursuing strategic investments in gold exploration companies.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Result for the year

The profit for the consolidated entity after providing for income tax amounted to $23,293,000 (30 June 2018: $24,471,000).

This result included a profit before tax of $31,930,000 (30 June 2018: $38,591,000) in relation to Tomingley Gold Operations.

Review of Operations

Tomingley Gold Operations (TGO)

The gold operations at Tomingley are located approximately 50 kilometres southwest of Dubbo in the Central West of NSW. The operations are based on four gold deposits: Wyoming One, Wyoming Three (mining completed October 2015), Caloma One (mining completed August 2017) and Caloma Two. Mining occurred in two pits during the year: Wyoming One (mining completed in December 2018) and Caloma Two (mining completed January 2019). Underground development commenced from Wyoming One pit during the period.

Total material movements for the period of 804,016bcm comprised 657,648bcm of waste and 146,368bcm of ore. The average stripping ratio of 4.5 represented a decrease from the corresponding period as a result of overburden having been previously removed from the main operating pits Wyoming One and Caloma Two.

Milling for the period was in line with design capacity at 998,702 tonnes. Gold recovery of 91.7% for the year was in line with expectations and consistent with recovery from the prior year ended 30 June 2018 of 91.9% as operations continued to benefit from the increased oxide ore available for processing from the Wyoming One and Caloma Two pits. Average grade milled declined to 1.66g/t in the current year as a result of processing both medium and low grade stockpiles as the operation transitions from open cut to underground.

Production for the period was 48,969 ounces of gold (2018: 78,533 ounces of gold) with All in Sustaining Costs of $947 per ounce (2018: $1,002 per ounce). The average sales price achieved for the period increased to $1,777 per ounce compared to $1,706 in the prior year. Gold sales of 52,068 ounces (2018: 75,507 ounces) resulted in sales revenue of $92,513,000 (2018: $128,799,000).

Bullion on hand reduced by 3,109 ounces from 30 June 2018 to 1,727 ounces (fair value of $3,467,000 at period end).

The table below summarises the key operational information:

TGO Production	Unit	September Quarter 2018	December Quarter 2018	March Quarter 2019	June Quarter 2019	FY 2019	FY 2018
Waste mined	*BCM's*	*234,281*	*336,812*	*86,555*	*-*	*657,648*	*3,165,414*
Ore mined	*BCM's*	*92,615*	*38,431*	*15,322*	*-*	*146,368*	*589,851*
Ore mined	*Tonnes*	*258,108*	*103,488*	*29,745*	*8,846*	*400,187*	*1,589,811*
Stripping Ratio	*Ratio*	*2.5*	*8.8*	*5.6*	*-*	*4.5*	*5.4*
Grade mined (2)	*g/t*	*1.79*	*1.67*	*0.99*	*1.12*	*1.68*	*1.99*
Ore milled	*Tonnes*	*240,797*	*239,687*	*245,216*	*273,002*	*998,702*	*1,092,602*
Head grade	*g/t*	*2.29*	*1.62*	*1.57*	*1.22*	*1.66*	*2.42*
Gold recovery	*%*	*92.4*	*93.1*	*91.7*	*89.1*	*91.7*	*91.9*
Gold poured (3)	*Ounces*	*15,634*	*11,111*	*10,669*	*11,555*	*48,969*	*78,533*
Revenue summary							
Gold sold	*Ounces*	*6,656*	*23,841*	*10,791*	*10,780*	*52,068*	*75,507*
Average price realised	*A$/Oz*	*1,720*	*1,716*	*1,841*	*1,883*	*1,777*	*1,706*
Gold revenue	*A$000's*	*11,450*	*40,902*	*19,867*	*20,294*	*92,513*	*128,799*
Cost Summary							
Mining	*A$/Oz*	*384*	*338*	*175*	*71*	*254*	*475*
Processing	*A$/Oz*	*309*	*410*	*464*	*461*	*401*	*236*
Site support	*A$/Oz*	*70*	*98*	*160*	*57*	*93*	*56*
C1 Cash Cost	*A$/Oz*	***763***	***846***	***799***	***589***	***748***	***767***
Royalties	*A$/Oz*	*49*	*47*	*50*	*52*	*49*	*52*
Sustaining capital	*A$/Oz*	*23*	*72*	*11*	*69*	*42*	*32*
Rehabilitation	*A$/Oz*	*101*	*24*	*35*	*30*	*52*	*117*
Corporate	*A$/Oz*	*36*	*61*	*60*	*68*	*55*	*34*
All-in Sustaining Cost (1)	*A$/Oz*	***972***	***1,050***	***955***	***808***	***946***	***1,002***
Bullion on hand	*Ounces*	*13,811*	*1,077*	*952*	*1,727*	*1,727*	*4,836*
Stockpiles							
Ore for immediate milling	*Tonnes*	*1,266,911*	*1,132,562*	*915,085*	*677,029*	*677,029*	*1,256,823*
Stockpile grade (2)	*g/t*	*0.89*	*0.83*	*0.75*	*0.71*	*0.71*	*0.97*
Contained gold	*Ounces*	*36,335*	*29,992*	*22,077*	*15,368*	*15,368*	*39,338*

(1) All in Sustaining Cost (AISC) comprises all site operating costs, royalties, mine exploration, sustaining capex, mine development and an allocation of corporate costs on the basis of ounces produced. AISC does not include share-based payments, production incentives or net realisable value provision for product inventory.

(2) Based on the resource models.

(3) Represents gold poured at site, not adjusted for refining adjustments which results in minor differences between the movements in bull-ion on hand and the difference between production and sales.

Ore over the year was mainly sourced from the Wyoming One and Caloma Two pits. On 24 September 2018, the Board approved the commencement of underground mining at Tomingley Gold Operations, and mining subsequently finished in the Wyoming One pit in December 2018 and Caloma Two pit in January 2019. Underground development from the base of the Wyoming One pit continues and is both on schedule and on budget. The operation has continued to process medium and low grade stockpiles for the remainder of the financial year.

An extensive exploration program focused on the immediate area to the south of the Tomingley mine has continued as part of the plan to source additional ore feed, either at surface or underground. RC and core drilling was completed across several adjoining tenements with subsequent analysis showing significant mineralisation across three tenements. The exploration target has now been identified and further resource definition drilling commenced during the period and will continue for approximately the next 10-12 months.

Dubbo Project

The Dubbo Project remains ready for construction, subject to financing, with the mineral deposit and surrounding land wholly owned, all major state and federal approvals in place, an established flowsheet and a solid business case. Efforts during the period focused on product development and marketing with potential customers with a focus on establishing offtake contracts.

The continued focus on product development has led to the execution of a binding agreement with Ziron Tech (a South Korean company) to fund the final stage of research and feasibility into a clean process for converting metal oxide, including Dubbo Project metals, to metals of a highly marketable purity. Several conditions precedent that remained outstanding at 30 June 2019 have now been satisfied, and an investment of US$1.2m has been made for the final stage of research which will include construction of a commercial scale equipment unit for testing. The new technology should allow the Company to bypass traditional supply chains and sell products direct to the consumer.

After more than five years of downward pressures, prices for zirconium materials rose rapidly during the previous financial year, with zirconium oxychloride (ZOC) prices increasing by more than 80%. Prices have subsequently remained stable throughout the 2019 financial year. ZOC is the base product for the downstream zirconium industry. Price increases have historically been driven by reduced ZOC supply from China due to Chinese government environmental inspections and subsequent shutdowns to upgrade processing facilities to reduce pollution, and restricted supply of zircon. The Dubbo Project therefore presents as an attractive option for those companies seeking to reduce China's supply risks.

The higher price and uncertain supply of zircon is expected to give rise to both price volatility and drive ZOC prices up further in financial year 2020. Australian Strategic Materials (ASM) continues to engage with customers looking to convert letters of intent to offtake agreements. Offtake discussions have advanced on all Dubbo Project products during the financial year to reduce financial dependence on China which supplies approximately 95% of zirconium and 80% of rare earths supply.

Tensions between Japan and South Korea have arisen most recently due to Japan imposing restrictions on three classes of materials which are essential to semi-conductor manufacturing and latest generation screens. This issue has highlighted South Korea's vulnerability caused by their reliance on other countries to supply crucial materials to their advanced manufacturing industries, particularly considering South Korea's two leading semi-conductor companies account for 60% of the world's memory chip-making capacity. The Dubbo Project therefore presents as an attractive option for these companies as they seek to reduce supply risks.

Rare earth permanent magnets (NdFeB - neodymium) continued to be the main driver for the rare earths market during the 2019 financial year due to the rapid growth in demand for electric vehicles worldwide. Despite some price fluctuation in the March 2019 quarter, prices for several rare earths including neodymium and praseodymium experienced a resurgence up to June 2019. The widespread environmental crackdown across China has also included the rare earths industry, putting illegal mining under the spotlight and imposing strict enforcement of the quota system. This crackdown in China is another factor in maintaining strong commodity prices for these minerals.

The hafnium market experienced further tightening of supply during the current year, while demand continued to increase for traditional and new applications. Hafnium metal for superalloys used in industrial gas turbines and jet engines remains the main market, while other applications continue to grow for this niche element.

The niobium market continues to be stable with minimal price fluctuations over the 2019 financial year. Niobium is used by steel manufacturers as a substitute for vanadium due to vanadium's historically high price and limited supply. However, following the significant fall in vanadium prices during the second half of the 2019 financial year, demand for niobium has softened causing a relatively minor decline in niobium prices.

ASM's foremost objective is the commercialisation of the technology for Dubbo Project products, through exclusive rights to commercialise zirconium and hafnium metals both domestically and overseas. The second key objective is to work collaboratively with Ziron Tech to commercialise and maintain exclusive rights over the technology for other elements, ultimately creating passive income streams through licensing and royalty arrangements.

ASM continues to work with its financial advisors to pursue the funding strategy for the project. The changing market dynamics and improved pricing for several key products is expected to assist in discussions with customers to secure long term product offtake and investment in the project. The ability of the Dubbo Project to provide long term sustainable security of supply of a diverse range of over 15 critical metals and oxides is one of the strong themes which is increasingly being recognised both in Australia and overseas.

Exploration

The Company has continued its extensive exploration program focused on securing additional ore feed for the Tomingley Gold Operations. Exploration focused on the immediate area to the south of the existing mine to identify potential ore feed resources either at surface or underground. The exploration target area has a combined strike length exceeding 2,500 metres comprising the Roswell, San Antonio and El Paso prospects with significant mineralisation identified in all three tenements. As potential quantity and grade of the exploration target is currently an approximation, the Company intends to complete a program of resource drilling over the next 12 months. Resource definition drilling at the San Antonio and Roswell prospects commenced during the period and is intended to comprise over 60,000 metres of predominantly RC drilling.

An additional exploration drilling program has been completed this year as part of the re-evaluation of the potential for Peak Hill to be developed underground to provide additional ore feed for TGO.

The Company has also maintained a focused multi-commodity exploration program in the Central West of NSW.

Significant changes in the state of affairs

On 24 September 2018, the Board approved the commencement of underground mining at Tomingley Gold Operations. Underground development from the base of the Wyoming One pit continues and is both on schedule and on budget. Open pit mining finished in January 2019.

Alkane has pursued a strategic investment into ASX listed gold producer Calidus Resources Ltd (ASX: CAI), and has been involved in several strategic placements of Calidus shares during the 2019 financial year in addition to completing multiple on-market purchases.

Alkane did not progress with its proposed investment into gold exploration company Explaurum Limited (ASX: EXU), and a break fee of $400,000 was paid to the company.

In December 2018, the Group commenced entering into gold forward sales contracts in order to hedge a portion of future gold sales. Subsequently, the Company secured a term hedging facility with Macquarie Bank Limited into which contract positions are rolled.

At the end of the period the Company held the following forward sales contracts:

Quarter Ending	Average forward price $A/oz.	Delivery ounces
December 2019	*1,878*	*2,990*
March 2020	*1,867*	*4,900*
June 2020	*1,827*	*5,090*
September 2020	*1,818*	*4,130*
December 2020	*1,847*	*5,640*
March 2021	*1,890*	*5,000*
Total	***1,854***	***27,750***

The Group also held 10,400oz of put options priced at A$1,800 to manage expected revenue from low-grade ore processing to December 2019. An additional 18,000oz of put options at A$1,800 were entered into to cover a portion of production for delivery in 2021.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

Following execution of a binding agreement between Alkane's wholly owned subsidiary Australian Strategic Materials (ASM) and South Korean technology company Zirconium Technology Corporation ('Ziron Tech'), ASM has made a payment of US$1.2m to Ziron Tech in July 2019. This payment will fund the final stage of research and feasibility into an environmentally superior and cost effective method of producing high-purity metals compared to existing methods. Refer to the 'Dubbo Project' section of the Review of Operations for additional details.

On 2 August 2019, the Company executed a subscription agreement and an underwriting agreement with Genesis Minerals Ltd (ASX: GMD) ('Genesis') whereby the Company may invest up to $6m in Genesis by subscribing for shares under an initial placement, participating in and underwriting an entitlement offer, and potentially by subscribing for additional shares in a secondary placement that is conditional on Genesis shareholder approval. Genesis is an Australian gold exploration and mine development company with high-quality projects located in Western Australia's premier gold districts.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Group intends to continue evaluation activities in relation to the Dubbo Project in line with details provided in the Review of Operations. Efforts at TGO continue to be focused on development of the underground mine, and exploration and evaluation of several of its other tenements to secure additional ore feed. Exploration and evaluation activities will continue on existing tenements and opportunities to expand the Group's tenement portfolio will be pursued with a view to ensuring there is a pipeline of development opportunities for consideration.

Refer to the Review of Operations for further detail on planned developments.

Environmental regulation

The Group is subject to significant environmental regulation in respect of its exploration and evaluation, development and mining activities.

The Group aspires to the highest standards of environmental management and insists its staff and contractors maintain that standard. A significant environmental incident is considered to be one that causes a major impact or impacts to land biodiversity, ecosystem services, water resources or air, with effects lasting greater than one year. There were no significant environmental incidents reported at any of the Group's operations.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	Full meetings of Directors		Meetings of committees							
			Audit		Nomination		Remuneration		Risk	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
I J Gandel	*13*	*13*	*4*	*4*	*2*	*2*	*2*	*2*	*3**	*4**
A D Lethlean	*13*	*13*	*4*	*4*	*2*	*2*	*2*	*2*	*4*	*4*
D I Chalmers	*13*	*13*	*4**	*4**	*2*	*2*	*2**	*2**	*4**	*4**
G M Smith	*13*	*13*	*4*	*4*	*2*	*2*	*2*	*2*	*2**	*4**
N P Earner	*13*	*13*	*4**	*4**	*2**	*2**	*2**	*2**	*4*	*4*

Held: represents the number of meetings held during the time the Director held office or was a member of the committee during the year.

** Not a member of this committee. D I Chalmers and N P Earner may attend the relevant committee meetings by invitation.*

Remuneration report

The Directors are pleased to present Alkane Resources Ltd's remuneration report which sets out remuneration information for the Company's Non-Executive Directors, Executive Directors and other Key Management Personnel ('KMP').

The report contains the following sections:

(a) Key Management Personnel disclosed in this report
(b) Remuneration governance
(c) Use of remuneration consultants
(d) Executive remuneration policy and framework
(e) Statutory performance indicators
(f) Non-Executive Director remuneration policy
(g) Voting and comments made at the Company's 2018 Annual General Meeting
(h) Details of remuneration
(i) Service agreements
(j) Details of share-based payments and performance against key metrics
(k) Shareholdings and share rights held by Key Management Personnel
(l) Other transactions with Key Management Personnel

(a) Key Management Personnel disclosed in this report

Non-Executive and Executive Directors

I J Gandel
N P Earner
A D Lethlean
D I Chalmers
G M Smith

Other Key Management Personnel

J Carter	Chief Financial Officer (appointed 1 October 2018)
A MacDonald	General Manager – Marketing
D Wilkins	Company Secretary

There have been no changes to Directors or KMP since the end of the reporting period.

(b) Remuneration governance

The Company has established a Remuneration Committee to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations to the Board on:

- the overall remuneration strategy and framework for the Company;
- the operation of the incentive plans which apply to the executive team, including the appropriateness of key performance indicators and performance hurdles; and
- the assessment of performance and remuneration of the Executive Directors, Non-Executive Directors and other KMP.

The Remuneration Committee is a committee of the Board and at the date of this report the members were independent Non-Executive Directors and included I J Gandel, A D Lethlean and G M Smith.

Their objective is to ensure that remuneration policies and structures are fair, competitive and aligned with the long-term interests of the Company and its shareholders.

The Company's annual Corporate Governance Statement provides further information on the role of this committee, and the full statement is available at URL: www.alkane.com.au/company/governance

(c) Use of remuneration consultants

No remuneration consultants were engaged in the financial year to provide remuneration advice.

(d) Executive remuneration policy and framework

In determining executive remuneration, the Board (or the Remuneration Committee as its delegate) aims to ensure that remuneration practices:

- are competitive and reasonable, enabling the Company to attract and retain key talent while building a diverse, sustainable and high-achieving workforce;
- are aligned to the Company's strategic and business objectives and the creation of shareholder value;
- promote a high performance culture recognising that leadership at all levels is a critical element in this regard;
- are transparent; and
- are acceptable to shareholders.

The executive remuneration framework has three components:

- Total Fixed Remuneration (TFR);
- Short-term Incentives (STI); and
- Long-term Incentives (LTI).

(i) Executive remuneration mix

The Company has in place executive incentive programs which provide the mechanism to place a material portion of executive pay "at risk".

(ii) Total fixed remuneration

A review is conducted of remuneration for all employees and executives on an annual basis, or as required. The Remuneration Committee is responsible for determining executive TFR.

(iii) Incentive arrangements

The Company may utilise both short-term and long-term incentive programs to balance the short- and long-term aspects of business performance, to reflect market practice, to attract and retain key talent and to ensure a strong alignment between the incentive arrangements of executives and the creation and delivery of shareholder return.

In prior periods, the Company has used both performance rights and share appreciation rights as the mechanisms for executive incentives. All share appreciation rights expired in the prior period, and only performance rights have been used in the current period to incentivise the Company's executive and KMP. The performance rights plan was approved by shareholders at the 2016 Annual General Meeting and the share appreciation rights plan was approved by shareholders at the 2014 Annual General Meeting.

Long-term incentives (LTI)

The LTI is designed to focus executives on delivering long-term shareholder returns. Eligibility for the plan is restricted to executives and nominated senior managers, being the employees who are most able to influence shareholder value. Under the plan, participants have an opportunity to earn up to 100% of their total fixed remuneration (calculated at the time of approval by the Remuneration Committee) comprised of performance rights. Performance rights are granted in two tranches each year. Each tranche of performance rights has separate vesting conditions being share price growth and company milestone events, with the executives' LTI weighted more heavily to the share price growth tranche. The LTI vesting period is three years.

The performance rights will be provided in the form of rights to ordinary shares in Alkane Resources Ltd that will vest at the end of the three year vesting period provided the predefined targets are met. On vesting, the rights automatically convert into one ordinary share each. Participants do not receive any dividends and are not entitled to vote in relation to the rights to shares prior to the vesting period. If a participant ceases to be employed by the Group within this period, the rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

Under the share appreciation rights plan, participants are granted rights to receive fully paid ordinary shares in the Company. Rights will only vest if the predefined Total Shareholder Return (TSR) performance condition is met. If a participant ceases to be employed by the Group within this period, the rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis. All share appreciation rights expired in the prior financial year.

Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan.

Targets are generally reviewed annually and set for a forward three year period. Targets reflect factors such as the expectations of the Group's business plans, the stage of development of the Group's projects and the industry business cycle. The most appropriate target benchmark will be reviewed each year prior to the granting of rights.

The Remuneration Committee is responsible for determining the LTI to vest based on an assessment of whether the predefined targets are met. To assist in this assessment, the committee receives detailed reports on performance from management. The committee has the discretion to adjust LTI's downwards in light of unexpected or unintended circumstances.

(iv) Clawback policy for incentives

Under the terms and conditions of the Company's incentive plan offer and the plan rules, the Board (or the Remuneration Committee as its delegate) has discretion to determine forfeiture of unvested equity awards in certain circumstances (e.g. unlawful, fraudulent or dishonest behaviour or serious breach of obligations to the Company). All incentive offers and final outcomes are subject to the full discretion of the Board (or the Remuneration Committee as its delegate).

(v) Share trading policy

The trading of shares issued to participants under any of the Company's employee share plans is subject to, and conditional upon, compliance with the Company's employee share trading policy. Executives are prohibited from entering into any hedging arrangements over unvested rights under the Company's employee incentive plans. The Company would consider a breach of this policy as gross misconduct which may lead to disciplinary action and potentially dismissal.

(e) Statutory performance indicators

The Company aims to align executive remuneration to the Company's strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last five years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the specific measures in determining the variable amounts of remuneration to be awarded to KMP. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration rewarded.

	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Revenue ($'000)	*93,994*	*129,974*	*117,792*	*109,624*	*102,467*
Profit/(loss) for the year attributable to owners ($'000)	*23,293*	*24,471*	*(28,937)*	*4,695*	*(4,086)*
Basic earnings /(loss) per share (cents)	*4.6*	*4.8*	*(5.8)*	*1.1*	*(1.0)*
Dividend payments ($'000)	-	-	-	-	-
Share price at period end (cents)	*0.46*	*0.23*	*0.24*	*0.20*	*0.28*
Total KMP incentives as a percentage of profit/(loss) for the year (%)	*3.3%*	*3.0%*	*0.3%*	*3.0%*	*0.0%*

(f) Non-Executive Director remuneration policy

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of Director.

Non-Executive Directors receive a Board fee and fees for chairing or participating on Board committees. Non-Executive Directors appointed do not receive retirement allowances. Fees provided are inclusive of superannuation and the Non-Executive Directors do not receive performance-based pay.

Fees are reviewed annually by the Remuneration Committee taking into account comparable roles and market data obtained from independent data providers. The base fees of Non-Executive Directors for the period ending 30 June 2019 had not changed since 1 January 2013.

The maximum annual aggregate Directors' fee pool limit (inclusive of applicable superannuation) is $700,000 and was approved by shareholders at the Annual General Meeting on 16 May 2013.

Details of Non-Executive Director fees in the year ended 30 June 2019 are as follows:

	$ per annum
Base fees	
Chair	*125,000*
Other Non-Executive Directors	*75,000*
Additional fees	
Audit committee - chair	*7,500*
Audit committee - member	*5,000*
Remuneration committee - chair	*7,500*
Remuneration committee - member	*5,000*

For services in addition to ordinary services, Non-Executive Directors may charge per diem consulting fees at the rate specified by the Board from time to time for a maximum of four days per month over a 12 month rolling basis. Any fees in excess of this limit are to be approved by the Board.

(g) Voting and comments made at the Company's 2018 Annual General Meeting

The Company received more than 87% of "yes" votes on its remuneration report for the last financial period ended 30 June 2018. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(h) Details of remuneration

The following table shows details of the remuneration expense recognised for the Directors and the KMP of the Group for the current and previous financial year measured in accordance with the requirements of the accounting standards.

30 June 2019	Fixed remuneration				Variable remuneration	Total	Perform rel.
	Cash salary (a)	Annual and long service leave (b)	Post employment benefits (c)	Total	Rights to deferred shares (d)		
	$	$	$	$	$	$	
Executive Directors							
N Earner (e)	*466,943*	*16,178*	*23,058*	***506,179***	*542,845*	***1,049,024***	***52%***
D I Chalmers	*178,082*	*(10,775)*	*16,918*	***184,225***	*64,897*	***249,122***	***26%***
Other KMP							
A MacDonald	*360,000*	*18,445*	*33,250*	***411,695***	*114,132*	***525,827***	***22%***
D Wilkins (f)	*169,438*	-	-	***169,438***	-	***169,438***	***0%***
J Carter (e)	*228,750*	*10,792*	*18,750*	***258,292***	*50,688*	***308,980***	***16%***
Total Executive Directors and other KMP	*1,403,213*	*34,640*	*91,976*	***1,529,829***	*772,562*	***2,302,391***	***34%***
Total NED remuneration (h)	*299,993*	-	*20,424*	***320,417***	-	***320,417***	***0%***
Total KMP remuneration expense	*1,703,206*	*34,640*	*112,400*	***1,850,246***	*772,562*	***772,562***	***29%***

30 June 2018	Fixed remuneration						Variable remuneration	Total	Perform rel.
	Cash salary (a)	Non monetary benefits (a)	Annual and long service leave (b)	Post employment benefits (c)	Other (b)	Total	Rights to deferred shares (d)		
	$	$	$	$	$	$	$	$	
Executive Directors									
N Earner	*457,545*	-	*25,045*	*23,059*	-	***505,649***	*623,905*	***1,129,554***	***55%***
D I Chalmers	*208,402*	*32,726*	*149,596*	*19,798*	-	***410,522***	*133,010*	***543,532***	***24%***
Other KMP									
M Ball (g)	*331,938*	-	*11,228*	*21,845*	-	***365,011***	*(117,000)*	***248,011***	***0%***
A MacDonald	*360,000*	*69,300*	*25,670*	*33,250*	-	***488,220***	*99,176*	***587,396***	***17%***
J Carter	-	-	-	-	-	-	-	-	
D Wilkins (f)	*43,177*	-	-	-	-	***43,177***	-	***43,177***	***0%***
K E Brown (f)	*152,500*	*33,000*	-	-	-	***185,500***	-	***185,500***	***0%***
Total Executive Directors and other KMP	*1,553,562*	*135,026*	*211,539*	*97,952*	-	***1,998,079***	*739,091*	***2,737,170***	***27%***
Total NED remuneration (h)	*258,487*	-	-	*19,845*	*125,000*	***403,332***	-	***403,332***	***0%***
Total KMP remuneration expense	*1,812,049*	*135,026*	*211,539*	*117,797*	*125,000*	***2,401,411***	*739,091*	***3,140,502***	***24%***

(a) Short-term benefits as per Corporations Regulation 2M.3.03(1) Item 6.

(b) Other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8. The amounts disclosed in this column represent the movements in the associated provisions. They may be negative where a KMP has taken more leave than accrued during the year.

(c) Post-employment benefits are provided through superannuation contributions.

(d) Rights to deferred shares granted under the executive STI and LTI schemes are expensed over the performance period, which includes the year to which the incentive relates and the subsequent vesting period of the rights.
Rights to deferred shares are equity-settled share-based payments as per the Corporations Regulations 2M.3.03(1) Item11. These include negative amounts for the rights forfeited during the year.
Details of each grant of share right are provided in the table in section (j). Shareholder approval was received in advance to the grant of share rights where required.

(e) J Carter was appointed Chief Financial Officer on 1 October 2018.
N Earner was appointed Managing Director in the prior year, having previously been the Group's Chief Operations Officer.

(f) K E Brown retired as Company Secretary in the prior year.
Company Secretarial services were paid to DWCorporate Pty Ltd, a company associated with Mr Wilkins.

(g) M Ball resigned as Chief Financial Officer in the prior year.

(h) Refer below for details of Non-Executive Directors' (NED) remuneration.

30 June 2019	**Cash salary and fees $**	**Other $**	**Superannuation $**	**Total $**
Non-Executive Directors				
I J Gandel [1]	*135,084*	*-*	*12,833*	*147,917*
A D Lethlean	*79,909*	*-*	*7,591*	*87,500*
G M Smith	*85,000*	*-*	*-*	*85,000*
Total Non-Executive Directors	***299,993***	***-***	***20,424***	***320,417***

[1] Remuneration details for I J Gandel include unpaid committee fees relating to the current and prior financial periods. The amount of unpaid fees for the period ending 30 June 2019 is $12,500 (2018: $10,417).

30 June 2018	**Cash salary and fees $**	**Other $**	**Superannuation $**	**Total $**
Non-Executive Directors				
I J Gandel	*108,067*	*-*	*10,266*	*118,333*
A D Leathlean	*79,909*	*-*	*7,591*	*87,500*
G Smith	*49,583*	*-*	*-*	*49,583*
J S F Dunlop [1]	*20,928*	*125,000*	*1,988*	*147,916*
Total Non-Executive Directors	***258,487***	***125,000***	***19,845***	***403,332***

[1] Other benefits include an ex gratia payment paid to Mr Dunlop upon resignation.

The relative proportions of remuneration expense recognised during the year that are linked to performance and those that are fixed are as follows:

	Fixed remuneration		At risk - LTI	
	2019 %	2018 %	2019 %	2018 %
Executive Directors of Alkane Resources Ltd				
D I Chalmers	*74*	*76*	*26*	*24*
N P Earner	*48*	*45*	*52*	*55*
Other Key Management Personnel				
J Carter	*84*	-	*16*	-
A MacDonald	*78*	*83*	*22*	*17*
D Wilkins	*100*	*100*	-	-
K E Brown	-	*100*	-	-
M Ball	-	*100*	-	-

- N P Earner was appointed Managing Director 1 September 2017, the entitlements prior to this relate to his role as Chief Operations Officer.
- J Carter was appointed Chief Financial Officer on 1 October 2018.
- K E Brown retired as Company Secretary in the prior year.
- D Wilkins was appointed Company Secretary in the prior year.
- K E Brown and D Wilkins were not employees of the Company and therefore not eligible to participate in incentive programs. Instead a fee for services is paid as set out previously.
- M Ball resigned as Chief Financial Officer in the prior year.

(i) Service agreements

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

Name and position	Term of agreement	TFR (1)	Termination payment(2)
D I Chalmers - Technical Director	*On-going commencing 1 September 2017*	*$120,000*	*6 months*
N Earner - Managing Director	*On-going commencing 1 September 2017*	*$490,000*	*see note 2 below*
J Carter - Chief Financial Officer	*On-going commencing 1 October 2018*	*$330,000*	*3 months*
A MacDonald - General Manager - Marketing	*On-going commencing 1 February 2017*	*$393,250*	*6 months*
D Wilkins - Company Secretary (3)	*On-going commencing 29 March 2018*	*see note 3 below*	*see note 3 below*

(1) Total Fixed Remuneration (TFR) is for the year ended 30 June 2019 and is inclusive of superannuation but does not include long service leave accruals. TFR is reviewed annually by the Remuneration Committee. Mr Chalmers' TFR represents his role as Technical Director and does not include other Director fees.

(2) Specified termination payments are within the limits set by the Corporations Act 2001. The termination benefit provision for the Managing Director was approved at the Annual General Meeting on 29 November 2017.
Mr Earner may resign with three months' notice; or
Alkane may terminate the executive employment agreement with three months' notice; or
Where Mr Earner resigns as a result of a material diminution in the position, Mr Earner will be entitled to payment in lieu of 12 months' notice and short-term incentives and long-term incentives granted or issued but not yet vested.

(3) *Mr Wilkins' firm, DW Corporate Pty Ltd, is engaged to provide Company secretarial and corporate advisory services. Fees are charged on an hourly basis, and all amounts are disclosed in the remuneration table in section (h).*

Mr Wilkins' agreement commenced 29 March 2018 until terminated in writing by either party, a four month notice period of termination is required and no monies are payable consequent to termination.

(j) Details of share-based payments and performance against key metrics

Details of each grant of share rights affecting remuneration in the current or future reporting period are set out below.

Name	Date of grant	Number of rights granted	Fair value of share rights at date of grant $	Share rights at fair value $	Performance period end $	Share based payment expense current year $
Executive Directors						
I Chalmers						
FY2018 LTI - Performance Rights - Tranche 1	*4/12/17*	*710,960*	*0.240*	*170,630*	*30/6/20*	*56,877*
FY2018 LTI - Performance Rights - Tranche 2	*4/12/17*	*152,348*	*0.340*	*51,798*	*30/6/20*	*576*
FY2019 LTI - Performance Rights - Tranche 1	*21/11/18*	*305,785*	*0.050*	*15,289*	*30/6/21*	*5,096*
FY2019 LTI - Performance Rights - Tranche 2	*21/11/18*	*65,525*	*0.215*	*14,088*	*30/6/21*	*2,348*
N Earner						
FY2018 LTI - Performance Rights - Tranche 1	*4/12/17*	*5,965,251*	*0.240*	*1,431,660*	*30/6/20*	*477,220*
FY2018 LTI - Performance Rights - Tranche 2	*4/12/17*	*1,278,268*	*0.340*	*434,611*	*30/6/20*	*4,829*
FY2019 LTI - Performance Rights - Tranche 1	*21/11/18*	*2,497,245*	*0.050*	*124,862*	*30/6/21*	*41,621*
FY2019 LTI - Performance Rights - Tranche 2	*21/11/18*	*535,124*	*0.215*	*115,052*	*30/6/21*	*19,175*
Other Key Management Personnel						
J Carter						
FY2019 LTI - Performance Rights - Tranche 1	*18/10/18*	*1,841,591*	*0.059*	*108,654*	*30/6/21*	*36,218*
FY2019 LTI - Performance Rights - Tranche 2	*18/10/18*	*394,626*	*0.220*	*86,818*	*30/6/21*	*14,470*
A MacDonald						
FY2018 LTI - Performance Rights - Tranche 1	*11/10/17*	*1,036,817*	*0.250*	*259,204*	*30/6/20*	*86,401*
FY2018 LTI - Performance Rights - Tranche 2	*11/10/17*	*222,175*	*0.345*	*76,650*	*30/6/20*	*852*
FY2019 LTI - Performance Rights - Tranche 1	*18/10/18*	*976,601*	*0.059*	*57,619*	*30/6/21*	*19,206*
FY2019 LTI - Performance Rights - Tranche 2	*18/10/18*	*209,271*	*0.220*	*46,040*	*30/6/21*	*7,673*

(a) The value at grant date for share rights granted during the year as part of remuneration is calculated in accordance with AASB 2 Share Based Payments. Differences will arise between the number of share rights at fair value in the table above and the STI and LTI percentages mentioned in section (d) due to different timing of valuation of rights as approved by the Remuneration Committee and at grant. Refer to note 35 for details of the valuation techniques used for the rights plan.

(b) Share rights only vest if performance and service targets are achieved. The determination is usually made at the conclusion of the statutory audit.

(c) FY2018 LTI – Performance Rights – Tranche 2: amounts expensed for the year have reduced due to the downwards revision of probabilities ascribed to the relevant milestone targets.

The determination of the number of rights that are to vest or be forfeited during a financial year is made by the Remuneration Committee after the statutory audit has been substantially completed. As such, the actual determination is made after the balance date. Where there are rights that have vested or been forfeited, details will be included in the Remuneration Report as the relevant performance period will conclude at the end of the relevant financial year.

There was no vesting or forfeiting of share rights relating to a performance period which ended during the current financial year.

Performance against key metrics

No short-term incentives were issued to executives during the year.

The LTI consisted of Tranche 1 ('T1') and Tranche 2 ('T2') performance rights, being the reward vehicle for targets that are milestone-based. The tables below provide details of the performance milestone targets, weighting and vesting for both 2018 and 2019 performance rights granted to Directors and other KMPs.

LTI reward vehicle	Performance metrics	Weighting	Vested	Outcome
Performance Rights (T1)	*Share price performance growth**	*82%*	*0%*	*Vesting periods ends 30 June 2020 (FY18) and 2021 (FY19)*
Performance Rights (T2)	*Financing obtained and development commenced at Dubbo Project by the end of the LTI period*	*6%*	*0%*	*Vesting periods ends 30 June 2020 (FY18) and 2021 (FY19)*
	Commissioning of the Dubbo Project commenced by the end of the LTI period	*6%*	*0%*	*Vesting periods ends 30 June 2020 (FY18) and 2021 (FY19)*
	Production of the Dubbo Project at modelled rates of 65% capacity (which is end of production year one target)	*6%*	*0%*	*Vesting periods ends 30 June 2020 (FY18) and 2021 (FY19)*

** Share price performance growth targets for performance rights (T1) above are as follows:*

Annual growth rate (CAGR)	% Performance rights vesting (T1)
Less than 10% CAGR	*Nil*
Above 10% CAGR up to 15% CAGR	*Pro rata vesting from 0% - 50%*
At 15% CAGR	*50%*
Above 15% CAGR up to 30% CAGR	*Pro rata vesting from 50% - 100%*
At 30% CAGR	*100%*

(k) Shareholdings and share rights held by Key Management Personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of the remuneration	Additions	Disposals/other	Balance at the end of the year
Ordinary shares					
*I J Gandel **	*111,261,217*	*-*	*13,786,059*	*(13,786,059)*	*111,261,217*
A D Lethlean	*520,076*	*-*	*120,000*	*-*	*640,076*
D I Chalmers	*4,152,124*	*-*	*-*	*-*	*4,152,124*
N Earner	*146,666*	*-*	*-*	*-*	*146,666*
G Smith	*142,000*	*-*	*-*	*-*	*142,000*
A MacDonald	*710,000*	*-*	*1,100,000*	*-*	*1,810,000*
	116,932,083	***-***	***15,006,059***	***(13,786,059)***	***118,152,083***

* *The changes in Mr Gandel's interest in shares noted above arose due to an incorrect perception about Alkane shares acquired by Chapelgreen Pty Ltd ('Chapelgreen'). The uncertainties giving rise to this perception have been resolved. In the interests of transparency, disclosure was made via the ASX announcement platform on 13 November 2018. Notwithstanding the disclosure, neither Alkane nor Mr Gandel considered that Mr Gandel had a relevant interest in the shares mentioned.*

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/other	Balance at the end of the year
Performance rights over ordinary shares					
D I Chalmers - Performance rights	*863,308*	*371,310*	*-*	*-*	*1,234,618*
N Earner - Performance rights	*7,243,519*	*3,032,369*	*-*	*-*	*10,275,888*
J Carter - Performance rights	*-*	*2,236,217*	*-*	*-*	*2,236,217*
A MacDonald - Performance rights	*1,258,992*	*1,185,872*	*-*	*-*	*2,444,864*
	9,365,819	***6,825,768***	***-***	***-***	***16,191,587***

The determination of the number of rights that are to vest or be forfeited is made by the Remuneration Committee after the statutory audit has been substantially completed. As such, the actual determination was made after the balance date however details have been included in the current Remuneration Report as the relevant performance period is the current financial year.

(l) Other transactions with Key Management Personnel

There were no other transactions with KMP's during the financial year ended 30 June 2019.

There were no unissued ordinary shares of Alkane Resources Ltd under performance rights outstanding at the date of this report.

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers

Alkane Resources Ltd has entered into deeds of indemnity, access and insurance with each of the Directors. These deeds remain in effect as at the date of this report. Under the deeds, the Company indemnifies each Director to the maximum extent permitted by law against legal proceedings or claims made against or incurred by the Directors in connection with being a Director of the Company, or breach by the Group of its obligations under the deed.

The liability insured is the indemnification of the Group against any legal liability to third parties arising out of any Directors' or officers' duties in their capacity as a Director or officer other than indemnification not permitted by law.

No liability has arisen under this indemnity as at the date of this report.

The Group has not otherwise, during or since the financial year, indemnified nor agreed to indemnify an officer of the Group or of any related body corporate, against a liability incurred as such by an officer.

During the year the Company has paid premiums in respect of Directors' and executive officers' insurance. The contracts contain prohibitions on disclosure of the amount of the premiums and the nature of the liabilities under the policies.

Proceedings on behalf of the Company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

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

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding-off' of amounts in the Directors' Report and Financial Report. Amounts in this report have been rounded off in accordance with that ASIC Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors,

N Earner
Managing Director
Alkane Resources

30 August 2019
Perth

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Alkane Resources Limited for the year ended 30 June 2019, 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 audit; and

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

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

Helen Bathurst

Helen Bathurst	Perth
Partner	30 August 2019
PricewaterhouseCoopers	

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Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
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Financial Statements

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

These financial statements are consolidated financial statements for the Group consisting of Alkane Resources Ltd and its subsidiaries. A list of major subsidiaries are included in note 39.

The financial statements are presented in the Australian currency.

Alkane Resources Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Alkane Resources Ltd
89 Burswood Road
Burswood WA 6100

The financial statements were authorised for issue by Directors on 30 August 2019. The Directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available at the Shareholders' Centre on our website: www.alkane.com.au

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Continuing operations			
Revenue	2	93,994	129,974
Cost of sales	3	(60,912)	(89,323)
Gross profit		**33,082**	**40,651**
Other net income	4	1,856	1,548
Expenses			
Other expenses	3	(8,887)	(10,280)
Finance costs		(419)	(603)
Total expenses		**(9,306)**	**(10,883)**
Profit before income tax expense		**25,632**	**31,316**
Income tax expense	5	(2,339)	(6,845)
Profit after income tax expense for the year attributable to the owners of Alkane Resources Ltd	**24**	**23,293**	**24,471**
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income		151	-
Items that may be reclassified subsequently to profit or loss			
Losses on cash flow hedges		(780)	-
Other comprehensive loss for the year, net of tax		(629)	-
Total comprehensive income for the year attributable to the owners of Alkane Resources Ltd		**22,664**	**24,471**
		Cents	***Cents***
Basic earnings per share	36	4.6	4.8
Diluted earnings per share	36	4.5	4.8

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

For the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Assets			
Current assets			
Cash and cash equivalents	6	69,582	72,003
Trade and other receivables	7	1,998	2,030
Inventories	8	4,816	19,153
Derivative financial instruments	9	25	-
Biological assets	10	80	12
Total current assets		**76,501**	**93,198**
Non-current assets			
Exploration and evaluation	13	103,894	93,136
Property, plant and equipment	14	51,038	36,266
Financial assets at fair value through other comprehensive income	11	7,767	-
Biological assets	15	402	526
Derivative financial instruments	12	678	-
Other financial assets	17	8,417	8,347
Total non-current assets		**172,196**	**138,275**
Total assets		**248,697**	**231,473**
Liabilities			
Current liabilities			
Trade and other payables	18	8,007	9,299
Income tax provision	19	-	6,929
Provisions	20	4,438	11,202
Total current liabilities		**12,445**	**27,430**
Non-current liabilities			
Provisions	21	13,059	13,647
Deferred tax liabilities	5	9,317	-
Total non-current liabilities		**22,376**	**13,647**
Total liabilities		**34,821**	**41,077**
Net assets		**213,876**	**190,396**
Equity			
Issued capital	22	220,111	220,160
Reserves	23	2,352	2,116
Accumulated losses	24	(8,587)	(31,880)
Total equity		**213,876**	**190,396**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Share capital $'000	Share-based payments reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2017	*219,948*	*1,330*	*(56,351)*	*164,927*
Profit after income tax expense for the year	-	-	*24,471*	*24,471*
Total comprehensive income for the year	-	-	***24,471***	***24,471***
Share issue transaction costs (Note 22)	*(5)*	-	-	*(5)*
Share based payments (Note 35)	*301*	*786*	-	*1,087*
Deferred tax recognised in equity (Note 22)	*(84)*	-	-	*(84)*
Balance at 30 June 2018	***220,160***	***2,116***	***(31,880)***	***190,396***

	Share capital $'000	Share-based payments reserve $'000	Other reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2018	*220,160*	*2,116*	-	*(31,880)*	*190,396*
Profit after income tax expense for the year	-	-	-	*23,293*	*23,293*
Other comprehensive loss for the year, net of tax	-	-	*(629)*	-	*(629)*
Total comprehensive income for the year	-	-	***(629)***	***23,293***	***22,664***
Share based payments (Note 35)	-	*865*	-	-	*865*
Deferred tax recognised in equity (Note 22)	*(49)*	-	-	-	*(49)*
Balance at 30 June 2019	***220,111***	***2,981***	***(629)***	***(8,587)***	***213,876***

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		*92,513*	*128,801*
Payments to suppliers (inclusive of GST)		*(55,944)*	*(72,240)*
		36,569	***56,561***
Interest received		*1,477*	*1,175*
Finance costs paid		*(138)*	*(110)*
Royalties and selling costs		*(2,864)*	*(4,649)*
Other receipts		*1,172*	*1,556*
Net cash from operating activities	***40***	***36,216***	***54,533***
Cash flows from investing activities			
Payments for property, plant and equipment		*(19,621)*	*(9,224)*
Proceeds from disposal of property, plant and equipment		*4*	*-*
Payments for exploration expenditure		*(11,578)*	*(10,969)*
Payments for financial assets at fair value through other comprehensive income		*(7,616)*	*-*
Payments for security deposits		*(80)*	*(4,114)*
Refund of security deposits		*10*	*-*
Purchase of biological assets		*(195)*	*(203)*
Proceeds from the sale of biological assets		*439*	*-*
Net cash used in investing activities		***(38,637)***	***(24,510)***
Cash flows from financing activities			
Cost of share issue	*22*	*-*	*(5)*
Proceeds from borrowings		*988*	*993*
Repayment of borrowings		*(988)*	*(977)*
Net cash from financing activities		***-***	***11***
Net (decrease)/increase in cash and cash equivalents		***(2,421)***	***30,034***
Cash and cash equivalents at the beginning of the financial year		*72,003*	*41,969*
Cash and cash equivalents at the end of the financial year	***6***	***69,582***	***72,003***

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Segment information

The consolidated entity is organised into two operating segments: gold operations and the exploration, evaluation and development of rare metals. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

Costs that do not relate to either of the operating segments have been identified as unallocated costs. Corporate assets and liabilities that do not relate to either of the operating segments have been identified as unallocated. The Group has formed a tax consolidation group and therefore tax balances are disclosed under the unallocated grouping. The Group utilises a central treasury function resulting in cash balances being included in the unallocated segment.

	Gold Operations $'000	Rare Metals $'000	Unallocated $'000	Total $'000
30 June 2019				
Gold sales to external customers	*92,513*	*-*	*-*	*92,513*
Interest income	*-*	*-*	*1,481*	*1,481*
	92,513	***-***	***1,481***	***93,994***
Segment net profit/(loss) before income tax	*31,930*	*812*	*(7,110)*	*25,632*
Segment net profit includes the following non-cash adjustments:				
Depreciation and amortisation	*(7,165)*	*(12)*	*(150)*	*(7,327)*
Exploration expenditure written off or provided for	*-*	*(444)*	*(138)*	*(582)*
Inventory product movement and provision	*(14,669)*	*-*	*-*	*(14,669)*
Restructuring provision	*104*	*-*	*-*	*104*
Income tax expense	*-*	*-*	*(2,339)*	*(2,339)*
Total adjustments	***(21,730)***	***(456)***	***(2,627)***	***(24,813)***
Total segment assets	*38,035*	*115,478*	*95,184*	*248,697*
Total segment liabilities	*(22,982)*	*(262)*	*(11,577)*	*(34,821)*
Net segment assets	***15,053***	***115,216***	***83,607***	***213,876***

	Gold Operations $'000	Rare Metals $'000	Unallocated $'000	Total $'000
30 June 2018				
Gold sales to external customers	*128,799*	*-*	*-*	*128,799*
Interest income	*-*	*-*	*1,175*	*1,175*
	128,799	***-***	***1,175***	***129,974***
Segment net profit/(loss) before income tax	*38,591*	*(108)*	*(7,167)*	*31,316*
Segment net loss includes the following non-cash adjustments:				
Depreciation and amortisation	*(38,019)*	*(4)*	*(260)*	*(38,283)*
Deferred stripping costs capitalised	*4,280*	*-*	*-*	*4,280*
Exploration expenditure written off or provided for	*-*	*-*	*(181)*	*(181)*
Inventory product movement and provision	*9,884*	*-*	*-*	*9,884*
Restructuring provision	*(496)*	*-*	*-*	*(496)*
Total adjustments	***(24,351)***	***(4)***	***(441)***	***(24,796)***
Total segment assets	*37,180*	*109,902*	*84,391*	*231,473*
Total segment liabilities	*(31,120)*	*(1,268)*	*(8,689)*	*(41,077)*
Net segment assets	***6,060***	***108,634***	***75,702***	***190,396***

Note 2. Revenue

	2019 $'000	2018 $'000
Revenue from continuing operations		
Gold sales	*92,513*	*128,799*
Interest income	*1,481*	*1,175*
	93,994	***129,974***

(a) Revenue

Revenue is recognised when control of a good or service transfers to a customer. Control is generally determined to be when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service.

(b) Gold sales

Revenue from the sale of goods is recognised when the Group satisfies its performance obligations under its contract with the customer by transferring such goods to the customer's control. Control is generally determined to be when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good.

(c) Interest income

Interest is recognised as it is accrued using the effective interest method.

Note 3. Expenses

	2019 $'000	2018 $'000
Cost of sales		
Cash costs of production	*36,662*	*61,288*
Deferred stripping costs capitalised	*-*	*(4,280)*
Inventory product movement	*14,669*	*(9,884)*
Depreciation and amortisation	*7,165*	*38,019*
Royalties and selling costs	*2,416*	*4,180*
	60,912	***89,323***

(a) Cash costs of production

Cash costs of production include ore and waste mining costs, processing costs and site administration and support costs. Cash costs of production include $10,281,000 of employee remuneration benefits (2018: $15,889,000).

(b) Deferred stripping costs capitalised

Stripping costs capitalised represents costs incurred in the development and production phase of a mine and are capitalised as part of the cost of constructing the mine and subsequently amortised over the useful life of the ore body that access is provided to on a units-of-production basis.

(c) Inventory product movement

Inventory product movement represents the movement in the balance sheet inventory ore stockpile, gold in circuit and bullion on hand.

Refer to note 8 for further details on the Group's accounting policy for inventory.

(d) Inventory product provision for net realisable value

Inventory must be carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to complete processing and to make a sale. The net realisable value provision equals the decrement between the net realisable value and the carrying value before provision.

Refer to note 8 for further details on the Group's accounting policy for inventory.

	2019 $'000	2018 $'000
Other expenses		
Corporate administration	*2,288*	*2,225*
Employee remuneration and benefits expensed	*1,570*	*1,829*
Share based payments	*865*	*1,087*
Professional fees and consulting services	*1,633*	*1,467*
Restructuring provision	*(104)*	*496*
Exploration expenditure provided for or written off	*582*	*188*
Directors' fees and salaries expensed	*614*	*726*
Depreciation	*162*	*264*
Dubbo project expenses not capitalised	*(80)*	*945*
Non-core project expenses	*1,357*	*1,053*
	8,887	***10,280***

Note 4. Other net income

	2019 $'000	2018 $'000
Net foreign exchange gains	*(7)*	*5*
Loss on disposal of non-current assets	*(7)*	*(2)*
Other income	*1,870*	*1,545*
	1,856	***1,548***

The other income includes agistment and livestock sales of $697,000 (2018: $612,000) from farming activity, sale of water available under certain owned water licences of $320,000 (2018: $234,000), and revenue of $400,000 (2018: Nil) in relation to a share subscription agreement between Australian Strategic Materials (ASM) and Explaurum Ltd that was subsequently terminated thereby entitling ASM to a break fee.

Note 5. Income tax

(a) Income tax expense

	30 June 2019 $'000	30 June 2018 $'000
Current tax		
Current tax on profits for the year	*-*	*6,929*
Adjustments for current tax of prior periods	*(6,929)*	*-*
Total current tax expense	***(6,929)***	***6,929***
Deferred income tax		
Decrease/(increase) in deferred tax asset	*5,914*	*(84)*
Increase in deferred tax liabilities	*3,354*	*-*
Total deferred tax expense/(benefit)	***9,268***	***(84)***
Income tax expense	***2,339***	***6,845***

(b) Reconciliation of income tax expense to prima facie tax payable

	30 June 2019 $'000	30 June 2018 $'000
Profit before income tax expense	***25,003***	***31,316***
Tax at the Australian tax rate of 30.0% (2018 - 30%)	*7,501*	*9,395*
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Tax benefits of deductible equity raising costs	*(49)*	*(85)*
Research and development tax incentive	*-*	*(146)*
Non-deductible share based payments	*259*	*326*
Other items	*8*	*16*
Subtotal	***7,719***	***9,506***
Movement in temporary differences	*(6,533)*	*(1,076)*
Under provision for prior year	*1,226*	*-*
Utilisation of previously unrecognised tax losses	*(73)*	*(1,585)*
Income tax expense	***2,339***	***6,845***

(c) Deferred tax assets

Movements	Tax losses $'000	Rehabilitation Provision and assets $'000	Property, plant and equipment $'000	R&D Tax incentive credits $'000	Other $'000	Total $'000
At 1 July 2017 *Charged/(credited)*	*1,066*	*4,114*	*21,587*	*3,870*	*2,162*	*32,799*
- profit or loss	*(1,066)*	*505*	*5,745*	*(3,870)*	*822*	*2,136*
- direct to equity	-	-	-	-	*(84)*	*(84)*
At 30 June 2018	**-**	***4,619***	***27,332***	**-**	***2,900***	***34,851***

De-recognition of deferred tax asset charged to profit or loss	*(6,489)*
Net recognised deferred tax asset available for offset against deferred tax liabilities	***28,362***

Movements	Tax losses $'000	Rehabilitation Provision and assets $'000	Property, plant and equipment $'000	R&D Tax incentive credits $'000	Other $'000	Total $'000
At 1 July 2018	-	*4,619*	*20,843*	-	*2,900*	*28,362*
- to profit or loss	-	*(1,002)*	*(4,491)*	*1,072*	*(1,493)*	*(5,914)*
- direct to equity	-	-	-	-	*(49)*	*(49)*
As at 30 June 2019	**-**	***3,617***	***16,352***	***1,072***	***1,358***	***22,399***

(d) Deferred tax liabilities

	2019 $'000	2018 $'000
The balance comprises temporary differences attributable to:		
Exploration expenditure	*(31,168)*	*(27,941)*
Other	*(548)*	*(421)*
Total deferred tax liabilities	***(31,716)***	***(28,362)***
Set-off of deferred tax assets	*22,399*	*28,362*
Net recognised deferred tax liabilities	***(9,317)***	-

Movements	Exploration Expenditure $'000	Other $'000	Total $'000
At 1 July 2017	*24,932*	*302*	*25,234*
- *to profit or loss*	*3,009*	*119*	*3,128*
At 30 June 2018	***27,941***	***421***	***28,362***
At 1 July 2018	*27,941*	*421*	*28,362*
- *to profit or loss*	*3,227*	*127*	*3,354*
At 30 June 2019	***31,168***	***548***	***31,716***

(e) Deferred tax recognised directly in equity

	2019 $'000	2018 $'000
Relating to equity raising costs	*(49)*	*(84)*

(f) Unrecognised temporary differences and tax losses

	2019 $'000	2018 $'000
Unrecognised tax losses	*18,315*	*14,472*
Potential tax benefit at 30% (2018: 30%)	***5,495***	***4,342***

The potential benefit of carried forward tax losses will only be obtained if taxable income is derived of a nature and amount sufficient to enable the benefit from the deductions to be realised. In accordance with the Group's policies for deferred taxes, a deferred tax asset is recognised only if it is probable that sufficient future taxable income will be generated to offset against the asset.

Determination of future taxable profits requires estimates and assumptions as to future events and circumstances including commodity prices, ore resources, exchange rates, future capital requirements, future operational performance, the timing of estimated cash flows, and the ability to successfully develop and commercially exploit resources.

Tax legislation prescribes the rate at which tax losses transferred from entities joining a tax consolidation group can be applied to taxable incomes and this rate is diluted by changes in ownership, including capital raisings. As a result the reduction in the rate at which the losses can be applied to future taxable incomes, the period of time over which it is forecast that these losses may be utilised has extended beyond that which management considers prudent to support their continued recognition for accounting purposes. Accordingly, no deferred tax asset has been recognised for certain tax losses. Recognition for accounting purposes does not impact the ability of the Group to utilise the losses to reduce future taxable profits.

Alkane Resources Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

	2019 $'000	2018 $'000
Unrecognised temporary differences	-	*21,630*
Potential tax benefit at 30% (2018: 30%)	**-**	***6,489***

Deferred tax assets relating to deductible temporary differences can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. The deferred tax asset relating to impairment expense in the prior year has not been recognised at this time as it is not probable that sufficient future taxable profits will be available against which to offset the deductible temporary differences. Recognition for accounting purposes does not impact the ability of the Group to utilise the deductible temporary differences to reduce future taxable profits.

	2019 $'000	2018 $'000
Provision for income tax	-	*6,929*

Note 6. Current assets – cash and cash equivalents

	2019 $'000	2018 $'000
Cash at bank	*69,582*	*72,003*

Cash at bank at balance date weighted average interest rate was 2.1% (2018: 1.6%).

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 7. Current assets – trade and other receivables

	2019 $'000	2018 $'000
Trade receivables	*348*	*13*
Prepayments	*890*	*1,073*
GST and fuel tax credit receivable	*760*	*944*
	1,998	***2,030***

(a) Classification as receivables

Receivables are recognised initially at fair value and then subsequently measured at amortised cost, less provision for credit losses. As at 30 June 2019 the Group has determined that the expected provision for credit losses is not material.

In determining the recoverability of a trade or other receivable using the expected credit loss model, the group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

(b) Fair value of receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

(c) Impairment and risk exposure

Information about the impairment of receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 26.

Note 8. Current assets – inventories

	2019 $'000	2018 $'000
Ore stockpiles	*704*	*11,229*
Gold in circuit	*834*	*1,184*
Bullion on hand	*1,539*	*5,333*
Consumable stores	*1,739*	*1,407*
	4,816	***19,153***

(a) Assigning costs to inventories

Costs are assigned to ore stockpiles, gold in circuit and bullion on hand on the basis of weighted average costs. Inventories must be carried at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. At balance date ore stockpiles, gold in circuit, bullion on hand and consumable stores were carried at cost.

No provision was recorded at 30 June 2019 to write down inventories to their recoverable value (2018: $nil). The movement in the provision was nil (2018: $nil).

Consumable stores include diesel, explosives and other consumables items. These items are carried at cost.

(b) Amounts recognised in profit or loss

Consumable inventories recognised as an expense during the year ended 30 June 2019 amounted to $12,499,000 (2018: $16,819,000). These were included in costs of production.

Product inventory movement during the year ended 30 June 2019 amounted to an expense of $14,669,000 (2018: credit $9,884,000) and is disclosed as part of cost of sales in Note 3.

Note 9. Current assets – derivative financial instruments

	2019 $'000	2018 $'000
Derivative financial instruments		
Commodity put options – cash flow hedges	*25*	*-*

During the period subsidiary company Tomingley Gold Operations Pty Ltd (TGO) entered into several commodity put option contracts to hedge a portion of its future gold sales. Movements in the options' fair value are reflected through other comprehensive income.

Note 10. Current assets – biological assets

Biological assets comprise livestock which were acquired by Toongi Pastoral Company Pty Ltd as part of farming operations on the surrounding land to the Dubbo Project mining lease.

	2019 $'000	2018 $'000
Biological assets	*80*	*12*

Note 11. Non-current assets – financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) are comprised of equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Equity investments designed as held for sale are excluded from the table below and are disclosed as current assets – available for sale.

	2019 $'000	2018 $'000
Listed securities	*7,767*	-

During the period the Company secured a substantial investment in Calidus Resources Ltd (ASX: CAI), in addition to acquiring shares in Genesis Minerals Ltd (ASX: GMD) as part of the Company's growth strategy of investing in junior gold mining companies and projects that have high exploration potential and/or require near term development funding.

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

Note 12. Non-current assets – derivative financial instruments

	2019 $'000	2018 $'000
Commodity put options - cash flow hedges	*678*	-

During the period subsidiary company Tomingley Gold Operations Pty Ltd (TGO) entered into several commodity put option contracts to hedge a portion of its future gold sales. Movements in the options' fair value are reflected through other comprehensive income. The fair value of put options with an expiry greater than 12 months are disclosed above.

The total movement in fair value of commodity put options recognised in other comprehensive income for the year ended 30 June 2019 was $780,000 (2018: $nil).

Note 13. Non-current assets – exploration and evaluation

	2019 $'000	2018 $'000
Opening balance	*93,136*	*83,107*
Expenditure during the year	*11,166*	*10,210*
Amounts provided for or written off	*(408)*	*(181)*
	103,894	***93,136***

(a) Amounts recognised in profit or loss

Exploration and evaluation costs are carried forward on an area of interest basis. Costs are recognised and carried forward where rights to tenure of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant exploration and evaluation activities in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts or circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets fair value less costs of disposal and their value in use.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine properties under development. No amortisation is charged during the exploration and evaluation phase.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

There may exist, on the Group's exploration properties, areas subject to claim under native title or containing sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within tenements may be subject to exploration or mining restrictions.

Note 14. Non-current assets – property, plant and equipment

	Land and buildings $'000	Plant and equipment $'000	Capital WIP $'000	Mine properties $'000	Total $'000
Year ended 30 June 2019					
Opening cost	*39,743*	*73,590*	*630*	*162,518*	*276,481*
Additions	*-*	*-*	*13,247*	*9,885*	*23,132*
Transfers between classes	*636*	*7,437*	*(10,149)*	*2,076*	*-*
Disposals	*-*	*(579)*	*-*	*-*	*(579)*
Net movement	***636***	***6,858***	***3,098***	***11,961***	***22,553***
Closing cost	***40,379***	***80,448***	***3,728***	***174,479***	***299,034***
Opening accumulated depreciation and impairment	*(12,483)*	*(71,651)*	*-*	*(156,081)*	*(240,215)*
Depreciation charge:					
- to profit or loss	*(191)*	*(1,217)*	*-*	*(5,919)*	*(7,327)*
- capitalised to Mine properties	*-*	*(1,021)*	*-*	*-*	*(1,021)*
Disposals	*-*	*567*	*-*	*-*	*567*
Net movement	***(191)***	***(1,671)***	***-***	***(5,919)***	***(7,781)***
Closing accumulated depreciation and impairment	***(12,674)***	***(73,322)***	***-***	***(162,000)***	***(247,996)***
Closing net carrying value	***27,705***	***7,126***	***3,728***	***12,479***	***51,038***

	Land and buildings $'000	Plant and equipment $'000	Capital WIP $'000	Mine properties $'000	Total $'000
Year ended 30 June 2018					
Opening cost	*39,713*	*72,863*	*396*	*149,712*	*262,684*
Additions	*-*	*-*	*3,207*	*10,717*	*13,924*
Transfers between classes	*30*	*854*	*(2,973)*	*2,089*	*-*
Disposals	*-*	*(127)*	*-*	*-*	*(127)*
Net movement	***30***	***727***	***234***	***12,806***	***13,797***
Closing cost	***39,743***	***73,590***	***630***	***162,518***	***276,481***
Opening accumulated depreciation and impairment	*(11,549)*	*(65,532)*	*-*	*(124,976)*	*(202,057)*
Depreciation charge	*(934)*	*(6,244)*	*-*	*(31,105)*	*(38,283)*
Disposals	*-*	*125*	*-*	*-*	*125*
Net movement	***(934)***	***(6,119)***	***-***	***(31,105)***	***(38,158)***
Closing accumulated depreciation and impairment	***(12,483)***	***(71,651)***	***-***	***(156,081)***	***(240,215)***
Closing net carrying value	***27,260***	***1,939***	***630***	***6,437***	***36,266***

All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment charges. Historical cost includes:

- expenditure that is directly attributable to the acquisition of the items;
- direct costs associated with the commissioning of plant and equipment including pre-commissioning costs in testing the processing plant;
- where the asset has been constructed by the Group, the cost of all materials used in construction, direct labour on the project and project management costs associated with the asset; and
- the present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance is charged to profit or loss during the reporting period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

Buildings	units of production
Plant and equipment	units of production
Mining properties	units of production
Office equipment	3-5 years
Furniture and fittings	4 years
Motor vehicles	4-5 years
Software	2-3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

(a) Deferred stripping costs capitalised

Overburden and other mine waste materials removed during the initial development of an open pit mine in order to access the mineral deposit is referred to as development stripping. Costs directly attributable to development stripping inclusive of an allocation of relevant overhead expenditure, are capitalised as a non-current asset in mine properties. Capitalisation of development stripping costs cease at the time that ore begins to be extracted from the mine. Development stripping costs are amortised over the useful life of the ore body that access has been provided to on a units of production basis.

Production stripping commences at the time that ore begins to be extracted from the mine and normally continues throughout the life of a mine. The costs of production stripping are charged to the income statement as operating costs, when the current ratio of waste material to ore extracted for a component of the ore body is below the expected stripping ratio of that component. When the ratio of waste to ore is not expected to be constant, production stripping costs are accounted for as follows:

- all costs are initially charged to profit or loss and classified as operating costs;
- when the current ratio of waste to ore is greater than the estimated ratio of a component of the ore body, a portion of the stripping costs, inclusive of an allocation of relevant overhead expenditure, is capitalised to mine properties; and
- the capitalised stripping asset is amortised over the useful life of the ore body to which access has been improved.

The amount of production stripping costs capitalised or charged in a reporting period is determined so that the stripping expense for the period reflects the estimated strip ratio of the ore component. Changes to the estimated waste to ore ratio of a component of the ore body are accounted for prospectively from the date of change. Deferred stripping capitalised is included in mine properties.

(b) Mine properties

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred by the Group in relation to areas of interest for which the technical feasibility and commercial viability of the extraction of mineral resources are demonstrable.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when it is probable that the additional future economic benefits associated with the expenditure will flow to the Group. Otherwise such expenditure is classified as part of the cost of production. Mine properties are amortised on a units of production basis over the economically recoverable resources of the mine concerned.

Underground development commenced in January 2019 and continued up to 30 June 2019. As commercial production had not been achieved at period end, underground development expenditures continued being capitalised. Capitalised costs included depreciation expenses related to assets being used in underground development operations.

Refer to note 16 for the Group's accounting policy in relation to impairment of non-current assets.

Note 15. Non-current assets – biological assets

Biological assets comprise livestock acquired by Toongi Pastoral Company Pty Ltd as part of farming operations on the surrounding land to the Dubbo Project mining lease.

	2019 $'000	2018 $'000
Biological assets	*402*	*526*

Note 16. Non-current assets – Impairment of non-current assets

At each balance date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have been subject to an impairment charge or reversal of impairment charge. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment charge or reversal. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. The Group considers the relationship between its market capitalisation and its book value among other factors, when reviewing for indicators for impairment. During the year and as at 30 June 2019, the market capitalisation of the Company was below the book value of its net assets indicating a potential trigger for impairment of assets.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment charge is recognised immediately in the statement of comprehensive income.

Where an impairment charge subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment charge been recognised for the asset or CGU in prior years. A reversal of an impairment charge is recognised immediately in the statement of comprehensive income.

The recoverable amount of a CGU is the higher of its fair value less costs of disposing (FVLCD) and its value in use (VIU). FVLCD is the best estimate of the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable willing parties, less the costs of disposal. This estimate is determined on the basis of best available market information taking into account specific conditions.

Gold cash generating unit

The key assumptions which are used by the Directors in determining the recoverable amount for the gold cash generating unit were as follows as at 30 June 2019:

Assumptions	***Life of Mine***
Gold price $A	$1,700
Post-tax real discount rate	8%

Commodity prices are estimated with reference to analysis performed by an external party and are updated at least once every six months, in-line with the Group's reporting dates.

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the Tomingley CGU to exceed its recoverable amount.

The operational performance for the year was strong and above budget. Management are confident based on the strong geological understanding of the deposit that there is significant value for underground operations. The final investment decision on developing underground operations was made in September 2018, whilst open cut activities ceased in January 2019. Underground development has progressed well during the current period and remains on budget.

Note 17. Non-current assets – other financial assets

	2019 $'000	2018 $'000
Security deposits	*8,417*	*8,347*

The above deposits are held by financial institutions or regulatory bodies as security for rehabilitation obligations as required under the respective exploration and mining leases or as required under agreement totalling $8,417,000 for the current period (2018: $8,347,000 backed by security deposits).

All interest bearing deposits are held in Australian dollars and therefore there is no exposure to foreign currency risk. Please refer to note 26 for the Group's exposure to interest rate risk. The fair value of other financial assets is equal to its carrying value.

Note 18. Current liabilities – trade and other payables

	2019 $'000	2018 $'000
Trade payables	*3,710*	*3,953*
Other payables	*4,297*	*5,346*
	8,007	***9,299***

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. Current trade and other payables are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented in current liabilities unless payment is not due within 12 months from the reporting date.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Note 19. Current liabilities – income tax provision

	2019 $'000	2018 $'000
Provision for income tax	-	*6,929*

Note 20. Current liabilities – provisions

	2019 $'000	2018 $'000
Employee benefits	*2,202*	*3,302*
Rehabilitation	*1,591*	*5,249*
Restructuring	*645*	*2,651*
	4,438	***11,202***

(a) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised in finance charges.

(b) Information about individual provisions and significant estimates

Employee benefits

The provision for employee benefits relates to the Group's liability for long service leave and annual leave.

The current portion of this liability includes all of the accrued annual leave. The entire amount of the provision of $1,301,000 (2018: $1,803,000) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2019 $'000	2018 $'000
Current leave obligations expected to be settled after 12 months	*646*	*257*

The liability for long service leave not expected to vest within 12 months after the end of the period in which the employees render the related service is recognised in the non-current provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms and currencies that match as closely as possible, the estimated future cash outflows. Where the Group does not have an unconditional right to defer settlement for any annual or long service leave owed, it is classified as a current provision regardless of when the Group expects to realise the provision.

Restructuring provision

The provision for restructuring relates to the Group's liability for severance payments for the current open cut gold mining operations.

The current provision represents restructuring amounts that are expected to be settled within 12 months of the end of the period in which the employees render the related service in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for restructuring benefits not expected to vest within 12 months after the end of the period is recognised in the non-current provision. Consideration is given to the expected employee turnover and other factors in determining the value of the restructuring benefits. The non-current provision has not been discounted to present value as the impact of discounting is not material.

Rehabilitation and mine closure

The Group has obligations to dismantle and remove certain items of property, plant and equipment and to restore and rehabilitate the land on which they sit.

A provision is raised for the estimated cost of settling the rehabilitation and restoration obligations existing at balance date, discounted to present value using an appropriate pre-tax discount rate.

Where the obligation is related to an item of property, plant and equipment, its cost includes the present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located. Costs that relate to obligations arising from waste created by the production process are recognised as production costs in the period in which they arise.

The discounted value reflects a combination of management's assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of cash flows and the discount rate. The increase in the provision due to the passage of time of $330,000 (2018: $460,000) was recognised in finance charges in the statement of comprehensive income.

The provisions are reassessed at least annually. A change in any of the assumptions used to determine the provisions could have a material impact on the carrying value of the provision.

(c) Movements in provisions

Movements in rehabilitation and mine closure provision during the financial year are set out below:

	2019 $'000	2018 $'000
Rehabilitation and mine closure		
Opening balance	*18,535*	*21,035*
Additional provision incurred	*1,338*	*1,800*
Expenditure during the year	*(5,909)*	*(7,517)*
Unwinding of discount	*330*	*460*
Change in estimate	*162*	*2,757*
	14,456	***18,535***

Movements in restructuring provision during the financial year are set out below:

	2019 $'000	2018 $'000
Restructuring provision		
Opening balance	*2,694*	*2,965*
Additional provision incurred	*321*	*142*
Redundancies paid	*(2,370)*	*(413)*
	645	***2,694***

Movements in employee benefits provision during the financial year are set out below:

	2019 $'000	2018 $'000
Employee benefits provision		
Opening balance	*3,620*	*2,610*
Additional provision incurred	*1,698*	*2,438*
Employee benefits paid	*(2,922)*	*(1,428)*
	2,396	***3,620***

Note 21. Non-current liabilities – provisions

	2019 $'000	2018 $'000
Employee benefits	*194*	*318*
Rehabilitation	*12,865*	*13,286*
Restructuring	*-*	*43*
	13,059	***13,647***

Refer to note 20 for accounting policy on provisions.

Note 22. Equity – issued capital

	2019 Shares	2018 Shares	2019 $'000	2018 $'000
Ordinary shares – fully paid	*506,096,222*	*506,096,222*	*220,111*	*220,160*

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	*1 July 2017*	*505,215,669*	*219,948*
*Shares issued on vesting of performance rights **		*570,553*	*199*
*Share issue ***		*310,000*	*102*
Less: Transaction costs arising on share issues		*-*	*(5)*
Deferred tax credit recognised directly into equity		*-*	*(84)*
Balance	*30 June 2018*	*506,096,222*	*220,160*
Less: Deferred tax credit recognised directly into equity		*-*	*(49)*
Balance	***30 June 2019***	***506,096,222***	***220,111***

* *During the year no shares were issued (2018: 570,553 shares were issued on vesting of employee performance rights in relation to long term incentives issued by the Company).*

** *During the year no shares were issued to key consultants of the Company (2018: 310,000 shares were issued).*

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 23. Equity – reserves

The following table shows a breakdown of the balance sheet line item 'Reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	2019 $'000	2018 $'000
Financial assets at fair value through other comprehensive income reserve	*151*	*-*
Hedging reserve - cash flow hedges	*(780)*	*-*
Share-based payments reserve	*2,981*	*2,116*
	2,352	***2,116***

Financial assets at fair value through other comprehensive income reserve

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 12. Amounts are subsequently either transferred to the initial cost of inventory or reclassified to profit or loss as appropriate.

Hedging reserve – cash flow hedges

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve

The reserve is used to recognise the grant date fair value of shares issued to Directors and KMP, as well as the grant date fair value of deferred rights granted but not yet vested.

Note 24. Equity – accumulated losses

	2019 $'000	2018 $'000
Accumulated losses at the beginning of the financial year	*(31,880)*	*(56,351)*
Profit after income tax expense for the year	*23,293*	*24,471*
Accumulated losses at the end of the financial year	***(8,587)***	***(31,880)***

Note 25. Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Carrying value of non-current assets

Non-current assets include capitalised exploration and evaluation expenditures and mine properties. The Group has capitalised significant exploration and evaluation expenditure on the basis either that such expenditure is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped and activities are planned to enable that determination.

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration asset through sale. The future recoverability of mine properties is dependent on the generation of sufficient future cash flows from operations (or alternately sale). Factors that could impact the future recoverability of exploration and evaluation and mine properties include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices and exchange rates.

Estimates of recoverable quantities of resources and reserves also include assumptions requiring significant judgment as detailed in the resource and reserve statements.

An impairment review is undertaken to determine whether any indicators of impairment are present. The Group has not recorded an impairment charge or reversal against either the gold operations or rare metals cash generating units in the current financial year. Refer to note 16 for details.

Depreciation of property, plant and equipment

Non-current assets include property, plant and equipment. The Group reviews the useful lives of depreciable assets at each reporting date or when there is a change in the pattern in which the asset's future economic benefits are expected to be consumed, based on the expected utilisation of the assets. Depreciation and amortisation are calculated using the units of production method based on ounces of gold produced.

Rehabilitation and mine closure provisions

These provisions represent the discounted value of the present obligation to restore, dismantle and rehabilitate certain items of property, plant and equipment and to rehabilitate exploration and mining leases. The discounted value reflects a combination of management's assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of cash flows and the discount rate. Changes to one or more of these assumptions is likely to result in a change to the carrying value of the provision and the related asset or a change to profit and loss in accordance with the Group's accounting policy stated in note 20.

Net realisable value and classification of inventory

The Group's assessment of the net realisable value and classification of its inventory requires the use of estimates, including the estimation of the relevant future commodity or product price, future processing costs and the likely timing of sale.

Share-based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value for share appreciation rights and performance rights component tranche 1 is determined with the assistance of an external valuer. The number of performance rights issued under the long-term incentive plan tranche 2 component are adjusted to reflect management's assessment of the probability of meeting the targets and service condition. The related assumptions are set out in note 35. The accounting estimates and assumptions relating to equity settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Provision for restructuring costs

Restructuring costs are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises restructuring costs when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Significant judgement is required in determining the probability of retention of employees. Refer note 20.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

In addition, the Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. Utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. Refer to note 5 for the current recognition of tax losses.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices.

Where economic recoverable reserves for an area of interest have been identified, and a decision to develop has occurred, capitalised expenditure is classified as mine development.

To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which the determination is made.

Note 26. Financial risk management

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The Group uses derivative financial instruments including gold forward and gold put option contracts to mitigate certain risk exposures.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks and mitigating strategies.

(a) Market risk

(i) Foreign currency risk

The Group's sales revenue for gold are largely denominated in US dollars and the majority of operating costs are denominated in Australian dollars, hence the Group's cash flow is significantly exposed to movement in the A$:US$ exchange rate. The Group mitigates this risk through the use of derivative instruments, including but not limited to a combination of Australian dollar denominated gold forward contracts and put options to hedge a portion of future gold sales.

The Australian dollar denominated gold forward contracts are entered into and continue to be held for the purpose of physical delivery of gold bullion. As a result, the contracts are not recorded in the financial statements. Refer to notes 30 to 32 for further information.

(ii) Commodity price risk

The Group's sales revenues are generated from the sale of gold. Accordingly, the Group's revenues are exposed to commodity price fluctuations, primarily gold. The Group mitigates this risk through the use of derivative instruments, including but not limited to Australian dollar denominated gold forward contracts.

(iii) Interest rate risk

The Group's main interest rate risk arises through its cash and cash equivalents and other financial assets held within financial institutions. The Group minimises this risk by utilising fixed rate instruments where appropriate.

Summarised market risk sensitivity analysis:

	Interest rate risk					
	Impact on profit/(loss) after tax					
	30 June 2019			30 June 2018		
	Carrying amount $'000	+100BP $'000	-100BP $'000	Carrying amount $'000	+100BP $'000	-100BP $'000
Financial assets						
Cash and cash equivalents	*69,582*	*487*	*(487)*	*72,003*	*504*	*(504)*
*Receivables**	*348*	*-*	*-*	*13*	*-*	*-*
Other financial assets	*8,417*	*59*	*(59)*	*8,347*	*58*	*(58)*
Financial liabilities						
Trade and other payables	*(8,007)*	*-*	*-*	*(9,299)*	*-*	*-*
Total increase/(decrease)		***546***	***(546)***		***562***	***(562)***

* *The receivables balance excludes prepayments and tax balances which do not meet the definition of financial assets and liabilities.*

There is no exposure to foreign exchange risk or commodity price risk for the above financial assets and liabilities.

(b) Credit risk

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

In determining the recoverability of a trade or other receivable using the expected credit loss model, the Group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

(i) Risk management

The Group limits its exposure to credit risk in relation to cash and cash equivalents and other financial assets by only utilising banks and financial institutions with acceptable credit ratings.

(ii) Credit quality

Tax receivables and prepayments do not meet the definition of financial assets. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

(c) Liquidity risk

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

The Group's financial liabilities generally mature within three months, therefore the carrying amount equals the cash flow required to settle the liability.

Note 27. Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, pay dividends to shareholders, issue new shares or sell assets.

Note 28. Key management personnel disclosures

The aggregate compensation made to Directors and other members of KMP of the consolidated entity is set out below:

	2019 $'000	2018 $'000
Short-term employee benefits	*1,703,206*	*1,947,075*
Post-employment benefits	*112,400*	*117,797*
Long-term benefits	*34,640*	*211,539*
Termination benefits	*-*	*125,000*
Share-based payments	*772,562*	*739,091*
	2,622,808	***3,140,502***

Mr Wilkins is associated with DWCorporate, a company which provided company secretarial services to the Group throughout the financial year ended 30 June 2019. This fee is disclosed as short-term employee benefits in the remuneration report.

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company:

	2019 $'000	2018 $'000
Audit services - PricewaterhouseCoopers		
Audit or review of the financial statements	*174*	*195*
Other services - PricewaterhouseCoopers		
Other advisory services	*61*	*222*
	235	***417***

As part of final audit and review of the financial statements for the year ended 30 June 2018, a one off additional fee of $28,500 (2018: $33,920) was approved by the Audit Committee and paid in the current financial year.

Note 30. Contingent assets

The Group has entered into forward gold sales contracts which are not accounted for on the balance sheet. A contingent asset of $nil (2018: $233,000) existed at the balance date in the event that the contracts are not settled by the physical delivery of gold. Refer to the contingent liability disclosure note 31 for more information.

Note 31. Contingent liabilities

The Group has entered into forward gold sales contracts which are not accounted for on the balance sheet. A contingent liability of $4,939,000 (2018: contingent asset of $233,000) existed at the balance date in the event the contracts are not settled by the physical delivery of gold. The movement from contingent asset to contingent liability is due to the significant increase in the AUD gold price during the latter part of the 2019 financial year.

The Group has contingent liabilities estimated up to the value of $5,650,000 for the potential acquisition of several parcels of land surrounding the Dubbo Project (30 June 2018: $5,650,000). The landholders have the right to require subsidiary Australian Strategic Materials Ltd to acquire their property as provided for in the development consent conditions for the Dubbo Project or under agreement with Australian Strategic Materials Ltd.

An additional contingent liability of $1,710,000 (US$1.2m contingency converted at 30 June 2019 spot rate of 0.7015) existed at balance date relating to an agreement with South Korean company Ziron Technology to fund final stage research and feasibility relating to a clean metal process for the conversion of metal oxide to metals of high marketable purity. Several conditions precedent were outstanding at balance date and not fully under ASM's control, resulting in a possible future obligation. Subsequent to 30 June 2019 these conditions were satisfied and the payment has been made.

Note 32. Commitments

(a) Exploration and mining lease commitments

In order to maintain current rights of tenure to exploration and mining tenements, the Group will be required to outlay the amounts disclosed in the below table. These amounts are discretionary, however if the expenditure commitments are not met then the associated exploration and mining leases may be relinquished.

	2019 $'000	2018 $'000
Within one year	*2,377*	*1,677*

(b) Non-cancellable operating leases

The Group leases various premises under operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	2019 $'000	2018 $'000
Within one year	*289*	*413*

(c) Physical gold delivery commitments

As part of its risk management policy, the Group enters into derivatives including gold forward contracts and gold put options to manage the gold price of a proportion of anticipated gold sales.

The gold forward sales contracts disclosed below did not meet the criteria of financial instruments for accounting purposes on the basis that they met the normal purchase/sale exemption because physical gold would be delivered into the contract. Accordingly, the contracts were accounted for as sale contracts with revenue recognised in the period in which the gold commitment was met. The balances in the table below relate to the value of the contracts to be delivered into by transfer of physical gold.

	Gold for physical delivery Ounces	Crontracted gold sale price per ounce ($)	Value of commited sales $'000
30 June 2019			
Fixed forward contracts			
Within one year	*12,980*	*1,854*	*24,065*
One to five years	*14,770*	*1,853*	*27,374*
30 June 2018			
Fixed forward contracts			
Within one year	*4,000*	*1,750*	*6,999*

(d) Capital commitments

Capital commitments committed for the year at the end of the reporting period but not recognised as liabilities amounted to $833,000 (2018: $281,000).

Note 33. Events after the reporting period

Following execution of a binding agreement between Alkane's wholly owned subsidiary Australian Strategic Materials (ASM) and South Korean technology company Zirconium Technology Corporation (Ziron Tech), ASM has made a payment of US$1.2m to Ziron Tech in July 2019. This payment will fund the final stage of research and feasibility into an environmentally superior and cost effective method of producing high purity metals compared to existing methods. Refer to the 'Dubbo Project' section of the Review of operations for additional details.

On 2 August 2019, the Company executed a subscription agreement and an underwriting agreement with Genesis Minerals Ltd (ASX: GMD) (Genesis) whereby the Company may invest up to $6m in Genesis by subscribing for shares under an initial placement, participating in and underwriting an entitlement offer, and potentially by subscribing for additional shares in a secondary placement that is conditional on Genesis shareholder approval. Genesis is an Australian gold exploration and mine development company with high-quality projects located in Western Australia's premier gold districts.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 34. Related party transactions

Parent entity

Alkane Resources Ltd is the parent entity of the Group.

Subsidiaries

Interests in subsidiaries are set out in note 39.

Key management personnel

Disclosures relating to KMP are set out in note 28 and the remuneration report included in the Directors' Report.

Transactions with other related parties

Nuclear IT, a Director related entity, provides information technology consulting services to the Group which includes the coordination of the purchase of information technology hardware and software totalling $65,400 for the current period (2018: $28,200). These terms are documented in a service level agreement and represent normal commercial terms.

During the period nil fees (2018: $152,500) were paid to Mineral Administration Services (MAS) in which the former Company Secretary of the Group, Ms K E Brown had a substantial financial interest.

During the period fees amounting to $169,400 (2018: $43,000) were paid to DWCorporate Pty Ltd in which the current Company Secretary of the Group, Mr D Wilkins has a substantial financial interest. DWCorporate Pty Ltd provides secretarial services to the group. Mr D Wilkins was appointed Company Secretary of the Group on 29 March 2018.

Related party payables

As at 30 June 2019, committee fees totalling $22,917 remained payable to the Group's Chairman, Mr I J Gandel (2018: $10,417).

Invoices totalling $16,500 were outstanding at the end of the reporting period in relation to transactions with related party DWCorporate Pty Ltd, a company which provided company secretarial services to the Group during the current period (2018: nil).

Note 35. Share-based payments

Share-based compensation benefits are provided to employees via the Group's incentive plans. The incentive plans consist of short-term and long-term incentive plans for Executive Directors and other executives and the employee share scheme for all other employees. Information relating to these plans is set out in the remuneration report and below.

The fair value of rights granted under the short-term and long-term incentive plans is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions and the impact of service conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

The initial estimate of fair value for market-based and non-vesting conditions is not subsequently adjusted for differences between the number of rights granted and number of rights that vest.

When the rights are exercised, the appropriate amount of shares are transferred to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

Under the employee share scheme, shares issued by the Group to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

The fair value of deferred shares granted to employees for nil consideration under the employee share scheme is recognised as an expense over the relevant service period, being the year to which the incentive relates and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

Executive Directors and other executives

The Company's remuneration framework is set out in the remuneration report, including all details of the performance rights and share appreciation rights plans, the associated performance hurdles and vesting criteria.

Participation in the plans is at the discretion of the Board of Directors and no individual has a contractual right to participate in the plans or to receive any guaranteed benefits. Participation is currently restricted to senior executives within the Group.

The determination of the number of rights that are to vest or be forfeited is made by the Remuneration Committee after the statutory audit has been substantially completed. As such, the actual determination was made after the balance date however details have been included in the tables below as the relevant performance period is the current financial year.

The following tables illustrate the number and weighted average fair value of, and movements in, share rights during the year.

	2019		2018	
	Number of share rights	**Weighted average fair value $**	**Number of share rights**	**Weighted average fair value $**
Performance Rights				
Outstanding at the beginning of the year	*10,236,883*	*$0.26*	*2,866,795*	*$0.23*
Issued during the year	*8,239,178*	*$0.08*	*11,395,156*	*$0.26*
Lapsed during the year	*-*	*$0.00*	*(4,025,068)*	*$0.24*
Outstanding at the end of the year	***18,476,061***	***$0.18***	***10,236,883***	***$0.26***

The number of performance rights to be granted is determined by the Remuneration Committee with reference to the fair value of each performance right which is generally the volume weighted average price for the month preceding the start of the performance period. This will differ from the fair value reported in the table above which is determined at the time of grant.

	2019		2018	
	Number of share rights	**Weighted average fair value $**	**Number of share rights**	**Weighted average fair value $**
Share Appreciation Rights				
Outstanding at the beginning of the year	*-*	*$0.00*	*11,467,187*	*$0.08*
Lapsed during the year	*-*	*$0.00*	*(11,467,187)*	*$0.08*
Outstanding at the end of the year	***-***	***$0.00***	***-***	***$0.00***

The number of Share Appreciation Rights (SAR) to be granted is determined by the Remuneration Committee with reference to the fair value of each SAR at the time performance targets are set. This will differ from the fair value reported in the table above which is determined at the time of grant. All SARs lapsed in the prior period.

The performance rights which have non-market-based hurdle conditions have been valued using the Black-Scholes-Merton model to estimate the fair value at valuation date.

The performance rights which have market-based hurdle conditions have been valued using a Monte Carlo simulation-based model to test the likelihood of attaining the Total Shareholder Return hurdle. The Monte Carlo model incorporates the impact of this market based condition on the fair value of the rights.

The following table lists the inputs to the models used.

Grant date	Performance hurdle	Dividend yield %	Expected stock volatility %	Risk free rate %	Expected life years	Weighted average share price at grant date $
11/10/2017	*Service condition and market condition*	-	*70%*	*2.08%*	*2.90*	*0.25*
04/12/2017	*Service condition and market condition*	-	*70%*	*1.84%*	*2.75*	*0.24*
18/10/2018	*Service condition and market condition*	-	*66%*	*2.14%*	*2.95*	*0.22*
21/11/2018	*Service condition and market condition*	-	*65%*	*2.14%*	*2.86*	*0.22*

Expenses arising from share-based payment transactions.

	2019 $'000	2018 $'000
Performance rights	*864,965*	*984,410*
Other share issues to KMP	-	*102,300*
	864,965	***1,086,710***

Note 36. Earnings per share

	2019 $'000	2018 $'000
Profit after income tax attributable to the owners of Alkane Resources Ltd	*23,293*	*24,471*

	Cents	Cents
Basic earnings per share	*4.6*	*4.8*
Diluted earnings per share	*4.5*	*4.8*

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	*506,096,222*	*505,916,516*
Adjustments for calculation of diluted earnings per share:		
Performance rights	*13,287,556*	*6,949,594*
Weighted average number of ordinary shares used in calculating diluted earnings per share	***519,383,778***	***512,866,110***

Note 37. Assets pledged as security

As at the date of this report $8,417,000 (2018: $8,347,000) in deposits have been provided as security. Refer note 17 for details.

On 21 December 2018, the working capital facility with Macquarie Bank Ltd was executed including the following securities:

- a security agreement requiring Alkane Resources Ltd and Tomingley Gold Operations Pty Ltd to maintain minimum cash deposit balances of A$3,000,000 and A$5,000,000 respectively; and
- a parental guarantee provided by Alkane Resources Ltd and Tomingley Holdings Pty Ltd.

No other assets were pledged as security in the year ended 30 June 2019 (2018: $nil).

Note 38. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent	
	2019 $'000	2018 $'000
Profit after income tax expense	***22,513***	***8,346***
Total comprehensive income	***22,664***	***8,346***

Balance sheet

	Parent	
	2019 $'000	2018 $'000
Total current assets	***11,655***	***13,844***
Total assets	***202,024***	***184,326***
Total current liabilities	***2,108***	***8,554***
Total liabilities	***5,203***	***10,985***
Equity		
Issued capital	*220,111*	*220,160*
Financial assets at fair value through other comprehensive income reserve	*151*	*-*
Share-based payments reserve	*2,981*	*2,116*
Accumulated losses	*(26,422)*	*(48,935)*
Total equity	*196,821*	*173,341*

Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Tax consolidation legislation

Alkane Resources Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. Refer to note 5 for further details.

(ii) Share-based payments rights

The grant by the Company of rights to equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(iii) Investment in subsidiaries

Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 (2018: $nil).

Note 39. Interests in subsidiaries

The Group's subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The state of incorporation or registration is also their principal place of business.

		Ownership interest	
Name	**Principal place of business / State of incorporation**	**2019 %**	**2018 %**
Australian Zirconia Holdings Pty Ltd	*Western Australia*	*100.00%*	*100.00%*
Australian Strategic Materials Ltd	*Western Australia*	*100.00%*	*100.00%*
Tomingley Holdings Pty Ltd	*New South Wales*	*100.00%*	*100.00%*
Tomingley Gold Operations Pty Ltd	*New South Wales*	*100.00%*	*100.00%*
Toongi Pastoral Company Pty Ltd	*New South Wales*	*100.00%*	*100.00%*

Note 40. Reconciliation of profit after income tax to net cash from operating activities

	2019 $'000	2018 $'000
Profit after income tax expense for the year	*23,293*	*24,471*
Adjustments for:		
Depreciation and amortisation	*7,327*	*38,283*
Net loss on disposal of property, plant and equipment	*7*	*2*
Share-based payments	*865*	*1,087*
Non-cash finance charges	*330*	*460*
Exploration costs provided for or written off	*582*	*188*
Fair value adjustments to derivatives	*(1,481)*	*-*
Change in operating assets and liabilities:		
Decrease in trade and other receivables	*287*	*194*
Decrease/(increase) in inventories	*14,392*	*(9,322)*
(Decrease)/increase in provision for income tax	*(6,929)*	*6,845*
(Decrease) in trade and other payables	*(2,452)*	*(8,725)*
Increase in deferred tax liabilities	*9,314*	*-*
(Decrease)/increase in other provisions	*(9,075)*	*847*
(Increase)/decrease in fair value of biological assets	*(244)*	*203*
Net cash from operating activities	***36,216***	***54,533***

Note 41. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

The adoption of these accounting standards and interpretations did not have any impact on the amounts recognised in prior periods and will also not affect the current or future periods.

(i) AASB 9 Financial Instruments

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and new impairment model for financial assets. The standard applies from 1 July 2018.

The Group has entered into gold forward and gold put option contracts to manage the gold price of a proportion of anticipated sales of gold. The put options contracts meet the definition of a derivative financial instrument, however the gold forward contracts do not meet the criteria of financial instruments for accounting purposes on the basis that they qualify for the normal purchase/sale exemption because physical gold would be delivered into the contract. Accordingly, the Group has concluded that the new guidance does not affect the classification and measurement of these gold forward contracts.

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the cash flows. For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income (FVOCI). The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(ii) Trade receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Other current receivables and prepayments were previously presented together with trade receivables but are now presented as other financial assets at amortised cost (receivables) and other current assets (prepayments) in the balance sheet, to reflect their different nature.

The Group completed a detailed assessment of its financial assets as at 1 July 2018. Most of the requirements in AASB 139 for classification and measurement of the group's financial assets were carried forward in AASB 9. Hence, the Group's accounting policy for financial assets did not change except for the application of new impairment rules.

In determining the recoverability of a trade or other receivable using the expected credit loss model, the Group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

The Group has applied the new rules retrospectively from 1 July 2018, and no material provision for credit losses was required to be recognised in the current period ending 30 June 2019.

(iii) AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This replaces AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so a notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of application (1 July 2018) without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

Adoption of the new standard has had neither an impact on the timing of recognition, nor on the measurement of revenue in respect of the sale of goods.

Revenue from the sale of goods is recognised when the Group satisfies its performance obligations under its contract with the customer, by transferring such goods to the customer's control. Control is generally determined to be when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good.

Bullion revenue is recognised at a point in time upon transfer of control to the customer.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Accordingly, the Group does not adjust transaction prices for the time value of money.

(b) New or amended Accounting Standards and Interpretations not yet adopted

(i) AASB 16 Leases

The Group will adopt AASB 16 Leases from 1 July 2019. The standard replaces AASB 117 Leases and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, while the lease liability is reduced by an allocation of each lease payment. In the earlier periods of the lease, the expense associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Group has elected to use the simplified transition approach as allowed under AASB 16 as well as apply the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term less than 12 months as at 1 July 2019 as short-term leases;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has reviewed its contracts that were in place at 1 July 2019 or have been entered into since and determined that there are no long term operating leases. As a result, no impact on the current or prior reporting periods is expected upon adoption of AASB 16.

There are no other standards that are yet effective and that would be expected to have a material impact on the entity in its current or future reporting periods and on foreseeable future transactions.

(c) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

(i) Historical cost convention

The financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities which are measured at fair value.

(ii) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 25.

(d) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 38.

(e) Tax consolidated legislation

Alkane Resources Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Alkane Resources Ltd, and the controlled entities in the Tax Consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the Tax Consolidated Group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Alkane Resources Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the Tax Consolidated Group.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Alkane Resources Ltd for any current tax payable assumed and are compensated by Alkane Resources Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Alkane Resources Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities financial statements.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

(f) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Alkane Resources Ltd ('Company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Alkane Resources Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or the 'Group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(g) Foreign currency translation

The financial statements are presented in Australian dollars, which is Alkane Resources Ltd.'s functional and presentation currency.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(h) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

(i) Investments and other financial assets

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

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(i) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

(ii) Impairment of financial assets

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

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

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

(j) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(k) Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(l) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; by
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the profit attributable to owners of the Company, excluding any costs of servicing equity; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(m) Rounding of amounts

The Company is of a kind referred to in *Corporations Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

In the Directors' opinion:

- the financial statements and notes set out on pages 49 to 90 are in accordance with the *Corporations Act 2001* including:
  - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date;
- the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 41 to the financial statements;
- there are reasonable grounds to believe that Alkane Resources Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors.

On behalf of the Directors

N Earner
Managing Director
Alkane Resources

30 August 2019
Perth

Independent auditor's report

To the members of Alkane Resources Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Alkane Resources Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

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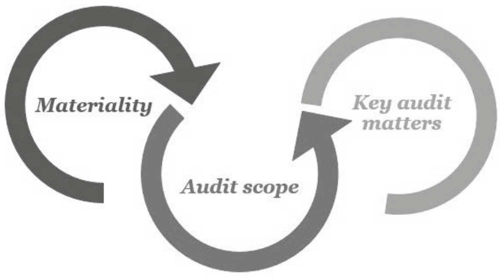
individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The Group produces gold from its Tomingley Gold operations, located in New South Wales. The Group is also currently undertaking exploration and evaluation activities at its Dubbo Project in New South Wales, and other smaller exploration projects outside of the Tomingley Gold and Dubbo operations. The accounting processes are structured around a group finance function at its head office in Perth. Our audit procedures were mostly performed at Group head office, along with visiting the Tomingley Gold operations.



Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of $2.4m, which represents approximately 1% of the Group's total assets. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group total assets because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We selected 1% based on our professional judgement noting that it is also within the range of commonly acceptable asset related thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • During the audit the engagement team undertook the majority of its audit work at the Group's head office in Perth as well as visiting the Tomingley Gold operations.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Estimate of rehabilitation and mine closure provision – Carrying value of property, plant and equipment • These are further described in the *Key audit matters* section of our report.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
Estimate of rehabilitation and mine closure provision *(Refer to rehabilitation and mine closure provision in notes 20, 21 and Critical accounting judgements, estimates and assumptions in note 25 to the financial statements) [Current $1.6m; Non Current $12.9m]* As a result of its mining and processing activities at Tomingley Gold, the Group incurs obligations to restore and rehabilitate the environment disturbed by its operations. Rehabilitation activities are governed by a combination of legislative requirements and the Group's policies. We focussed on this matter as determining the provision for rehabilitation and mine closure requires the use of significant estimates and judgements by the Group in assessing the magnitude, nature and extent of rehabilitation work to be performed, and in determining: ● the expected future cost of performing the work ● the timing of when the rehabilitation activities are expected to take place, and ● economic assumptions such as the discount rate used to discount this estimate to net present value.	We performed the following procedures, amongst others: ● Evaluated the Group's rehabilitation and restoration cost forecasts including the process by which they were developed and tested the mathematical accuracy of the calculation of the discounted cash flows prepared by the Group. ● Evaluated the competence of experts used by the Group in calculating the nature and extent of rehabilitation work required. ● Compared prior year planned rehabilitation activities and estimated cost to the actual activity and cost incurred for rehabilitation work performed during the year and investigated significant differences. ● Benchmarked key market related assumptions including inflation rates and discount rates against external market data. ● Evaluated the basis for cost estimations made by management, in light of the budgets and forecasts approved by the Board, and tested on a sample basis the provision amount to comparable data sourced from external parties and management's experts.

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Key audit matter	*How our audit addressed the key audit matter*
Carrying value of property, plant and equipment *(Refer to Impairment of non-current assets in note 16 to the financial statements)* The Group has two cash generating units (CGUs), with impairment indicators existing at the Tomingley Gold CGU at 30 June 2019. An impairment assessment was therefore performed for this CGU. We focused on this matter because: ● the valuation techniques used to assess impairment are complex and involve a large number of inputs into the valuation models ● calculating the value of the CGU involves significant judgement in estimating: - forecast gold prices, production quantities and production costs, and - the discount rate used.	We performed the following procedures, amongst others: ● Tested the logical integrity and mathematical accuracy of the model used for calculation of value of the CGU. ● Compared forecast production, operating and capital cash outflows used in the valuation model to the most up-to-date budgets and business plans formally approved by the Board. ● Evaluated the Group's historical ability to forecast future cash flows by comparing budgets with reported actual results for the past three years. ● Compared total forecast production quantities over the remaining life of the mine to the Group's latest published mineral reserves and resources statement. ● Evaluated the competence and qualifications of experts engaged to determine mineral reserves and resources of the Group. We also performed a reconciliation of reserves and resources from 30 June 2018 to 30 June 2019 taking into account production in the period. ● Compared the forecast gold price and discount rates used by the Group to those based on independent market data. ● Assessed the Group's consideration of the sensitivity to a change in key assumptions that either individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising. ● Evaluated the adequacy of the financial statement disclosures, including those regarding the key estimates and assumptions, in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' report and the Corporate directory. We expect the remaining other information to be made available to us after the date of this auditor's report.

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

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

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

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 33 to 43 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Alkane Resources Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Alkane Resources Limited for the year ended 30 June 2019 included on Alkane Resources Limited's web site. The directors of the Company are responsible for the integrity of Alkane Resources Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
30 August 2019

Shareholder Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 11 September 2019.

Distribution of Equity Securities

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

	Ordinary shares	
	Number of holders	Number of shares
1-1000	*718*	*280,211*
1,001 - 5,000	*2,096*	*6,235,473*
5,001 - 10,000	*1,172*	*9,236,568*
10,001 - 100,000	*2,289*	*77,164,547*
100,001 - and over	*457*	*413,179,423*
	6,732	***506,096,222***
The number of equity security holders holding less than a marketable parcel of securities are:	***603***	***165,348***

Twenty Largest Shareholders

The names of the 20 largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	*ABBOTSLEIGH PTY LTD*	*71,720,477*	*14.17*
2	*HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED*	*36,043,858*	*7.12*
3	*CITICORP NOMINEES PTY LIMITED*	*31,763,916*	*6.28*
4	*J P MORGAN NOMINEES AUSTRALIA PTY LIMITED*	*18,881,795*	*3.73*
5	*ABBOTSLEIGH PTY LTD*	*18,295,094*	*3.61*
6	*CHAPELGREEN PTY LTD <CHAPELGREEN A/C>*	*13,786,059*	*2.72*
7	*NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>*	*7,329,561*	*1.45*
8	*ABBOTSLEIGH PTY LTD <ABBOTSLEIGH S/F A/C>*	*6,480,000*	*1.28*
9	*ABBOTSLEIGH PTY LTD*	*6,000,000*	*1.19*
10	*BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>*	*5,746,712*	*1.14*
11	*MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>*	*5,374,804*	*1.06*
12	*BNP PARIBAS NOMS PTY LTD <DRP>*	*4,490,968*	*0.89*
13	*MR PATRICK JOHN MCHALE*	*4,100,000*	*0.81*
14	*MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED*	*3,906,912*	*0.77*
15	*LEEFAB PTY LTD*	*3,752,456*	*0.74*
16	*MANDEL PTY LTD <MANDEL SUPER FUND A/C>*	*3,740,090*	*0.74*
17	*MILFORD PARK SUPERANNUATION PTY LTD <MILFORD GROVE SUPERFUND A/C>*	*3,300,000*	*0.65*
18	*COMSEC NOMINEES PTY LIMITED*	*3,019,611*	*0.60*
19	*PEBADORE PTY LTD <WELLER FAMILY S/FUND A/C>*	*2,840,000*	*0.56*
20	*MR DAVID HANBURY EDMONDS <DAVID EDMONDS S/F A/C>*	*2,836,764*	*0.56*
		253,409,077	***50.07***

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares
Abbotsleigh Pty Ltd	*111,261,217*

Voting Rights

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

Unquoted Securities

At 27 September 2019, the Company had the following unlisted securities on issue:

			Holders of 20% or more of the class	
Class	Number of Securities	Number of Holders	Holder Name	Number of Securities
Employee Performance Rights LTI FY2018	*10,236,883*	*5*	*Nicholas Earner*	*7,243,519*
Employee Performance Rights LTI FY2019	*8,239,178*	*7*	*Nicholas Earner*	*3,032,369*
			James Carter	*2,236,217*
Employee Performance Rights LTI FY2020	*1,642,638*	*4*	*James Carter*	*733,606*
			Simon Parsons	*372,119*

Corporate Governance Statement

The Company's annual Corporate Governance Statement has been published and released to the ASX separately. It is available on the Company's website at alkane.com.au/company/governance

Tenement schedule

Project/Location	Tenement	Interest	Nature of interest
Peak Hill, NSW	*GL 5884 (Act 1904)*	*100%*	*Equity*
	ML 6036	*100%*	*Equity*
	ML 6042	*100%*	*Equity*
	ML 6277	*100%*	*Equity*
	ML 6310	*100%*	*Equity*
	ML 6389	*100%*	*Equity*
	ML 6406	*100%*	*Equity*
	ML 1351	*100%*	*Equity*
	ML 1364	*100%*	*Equity*
	ML 1479	*100%*	*Equity*
	EL 6319	*100%*	*Equity*
Dubbo, NSW	*EL 5548*	*100%*	*Equity through subsidiary*
	EL 7631	*100%*	*Equity through subsidiary*
	ML 1724	*100%*	*Equity through subsidiary*
Wellington, NSW	*EL 6320*	*100%*	*Equity*
Tomingley, NSW	*ML 1684*	*100%*	*Equity through subsidiary*
	EL 5675	*100%*	*Equity*
	EL 5830	*100%*	*Equity*
	EL 5942	*100%*	*Equity*
	EL 6085	*100%*	*Equity*
	EL 8676	*100%*	*Equity*
	EL 8794	*100%*	*Equity*
Cudal, NSW	*EL 7020*	*100%*	*Equity*
Rockley NSW	*EL 8194*	*100%*	*Equity*
	EL 8527	*100%*	*Equity*
Northern Molong Porphyry Project			
Bodangora, NSW	*EL 4022*	*100%*	*Equity*
Kaiser, NSW	*EL 6209*	*100%*	*Equity (subject to royalty of 2% net smelter return)*
Finns Crossing, NSW	*EL 8261*	*100%*	*Equity*
Elsienora, NSW	*EL 8550*	*100%*	*Equity*
Orange East, NSW	*EL 8442*	*0%*	*Right to earn 60% to 80%*
Trangie, NSW	*EL 8765*	*100%*	*Equity*
Armstrongs (near Parkes), NSW	*EL8784*	*100%*	*Granted*
Nullagine, WA	*E 46/522-I & 523-I*	*0%*	*60% retained interest in diamond potential - FMGN*
	M 46/515, 522 & 523	*0%*	*60% retained interest in diamond potential - FMGN*
Miranda Well, WA	*M 36/303*	*19.4%*	*Equity - ANI holds 80.6%*
McDonough Lookout, WA	*M 36/329 & 330*	*19.4%*	*Equity - ANI holds 80.6%*

ANI Australian Nickel Investments Pty Limited

FMGN FMG Nullagine Pty Ltd