ANNUAL REPORT

2020

ALKANE
RESOURCES LTD

Competent Persons

This ***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*** estimates is based on, and fairly represents, information which has been compiled by Mr Craig Pridmore, Geology Manager 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 Open Pit Ore Reserve*** estimate is based on, and fairly represents, information which has been compiled by Mr John Millbank (Proactive Mining Solutions), an independent consultant, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Millbank 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 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 ***Roswell and San Antonio Mineral Resource*** estimate is based on, and fairly represents, information compiled by Mr David Meates MAIG, (Alkane Exploration Manager NSW), 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.

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 Manager 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'.

Previously reported information

The information in this report that relates to:

- ***TGO Mineral Resource*** estimates is extracted from the Company's ASX announcement dated 18 August 2020;
- ***TGO Open Pit Ore Reserve*** estimate is extracted from the Company's ASX announcements dated 18 August 2020 and 23 September 2019;
- ***TGO Underground Ore Reserve*** estimate is extracted from the Company's ASX announcements dated 18 August 2020, 4 June 2018 and 11 June 2018;
- ***Roswell and San Antonio Mineral Resource*** estimate is extracted from the Company's ASX announcement dated 20 April 2020;
- ***PHGP Mineral Resource*** estimate is extracted from the Company's ASX announcement dated 18 October 2018;
- exploration results (Northern Molong Porphyry Project) are extracted from the Company's ASX announcements noted in the text of the report;

and are available to view on the Company's website. The Company confirms that, other than mining depletion, it is not aware of any new information or data that materially affects the information included in the relevant market announcement(s); in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed; and that the form and context in which the Competent Person's findings are presented have not been materially altered.

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 M Smith	(Non-Executive Director)

Joint Company Secretaries

D Wilkins
J Carter

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Auditor

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Perth WA 6000

Securities exchange listings

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

OTCMarkets – OTCQX International
Code: ALKEF

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BUSINESS REVIEW

Chairman's Message

It is with great pleasure that, on behalf of your Board of Directors, I present the Alkane Resources 2020 Annual Report. It has been a year in which our enhanced gold strategy has yielded an extremely promising discovery and laid foundations for extending our gold operations at Tomingley.

The past year has been an exciting one for Alkane. In a strong market for Australian gold, we continued to drive the gold strategy that underpins our vision of becoming a multi-mine gold producer. While our gold operations at Tomingley continued to perform reliably and productively, our exploration teams ramped up their activities on our two major projects in New South Wales.

After a scheduled summer maintenance closure, the gold processing facility at Tomingley Gold Operations (TGO) began processing underground stope ore in February. My thanks go to the whole team at TGO for the smooth recommencement of gold mining activities and for their commitment to the new levels of safe working practices due to the pandemic. To date there has been no disruption to mining or production outputs.

Over the past year, we have continued to search for avenues to prolong the operating life of the TGO processing facility, which is one of Alkane's key assets. A major step forward came from our exploration efforts in the gold corridor to the south of the mine at Roswell, San Antonio and El Paso. After confirming the economic potential of the San Antonio and Roswell deposits, we have now commenced the approval application process to develop these as an extension of the existing operation. This will be a consolidated State Significant Development that has the potential to extend the operation for another seven or more years.

The most significant exploration outcome in the past year has been the landmark discovery of extensive gold-porphyry mineralisation at our Boda prospect in the northern Molong Volcanic Belt. An initial drilling program has indicated the presence of large-scale gold-copper mineralisation with a higher-grade core. These early results indicate Boda is a genuine prospect for a large-tonnage gold-copper development, similar to Newcrest's Cadia Valley Mine. We look forward to sharing the results of a large drilling program that is now underway to test the controls and dimensions of the Boda discovery.

The final significant focus of the past year was preparation for the demerger and separate ASX listing of Australian Strategic Materials Ltd (ASM), formerly Alkane's holding company for the multi-commodity Dubbo Project and clean metal joint venture in South Korea. Shareholders voted for this action at an Extraordinary General Meeting on 16 July 2020, and the demerger of ASM was finalised on 29 July. The Dubbo Project has been an exciting project for Alkane for around two decades, but the time is now right for ASM to move forward independently under the expert leadership of a new executive team. I am truly pleased that Alkane shareholders have benefited financially from this demerger.

Once again, I extend my thanks to our Managing Director, Nic Earner, and the entire Alkane team, including our strategic partners and consultants, along with our many shareholders and stakeholders for their ongoing support of Alkane. I look forward to building value in our company over the coming year.

Ian Gandel
Chairman
Alkane Resources Ltd

Group Overview

Alkane has maintained a strong focus on gold exploration, production and investment in the past year, making significant advances towards its vision of becoming a multi-mine gold producer.

About Alkane

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

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 in 2019. The Company has commenced the approval process to develop two gold deposits in the near vicinity of TGO, which will feed the processing plant and extend the life of the operation.

The Company is also undertaking major gold exploration activities in the northern Molong Volcanic Belt, east of Dubbo, where extensive gold-copper porphyry mineralisation has been discovered.

Former subsidiary Australian Strategic Materials Ltd (ASM) demerged from Alkane in July 2020. ASM will continue to develop the Dubbo Project, a large in-ground polymetallic resource of the metals zirconium, hafnium, niobium and rare earth elements.

Alkane also owns stakes in gold exploration and development companies Calidus Resources Ltd (ASX: CAI) and Genesis Minerals Ltd (ASX: GMD). Alkane is listed on both the ASX (code ALK) and US OTCQX (code ALKEF) securities exchanges.

Exploration drilling at the San Antonio and Roswell deposits

Strategic priorities and investments

In a strong market for Australian gold, Alkane focused on gold production, exploration and partnerships during the 2019-2020 financial year. In parallel, the Company prepared for the demerger and separate listing of Australian Strategic Materials Ltd (ASM), which proceeded in July 2020.

Alkane's vision is to become a multi-mine Australian gold producer, founded on existing gold assets, established projects, promising prospects and demonstrated experience in gold exploration and production. The gold operation at Tomingley is well positioned to anchor this strategy, based on the current underground development and prospective accelerated development of the extended Tomingley gold corridor.

Additional facets of the Company's gold strategy include:

- Strong regional NSW exploration portfolio – in particular the extensive gold-copper porphyry mineralisation identified at Alkane's Boda prospect in the northern Molong Volcanic Belt
- Potential growth via strategic investment and future acquisitions.

The Company continues to seek strategic investments in junior gold mining companies and high-potential projects, where Alkane can contribute additional capital, expertise and operating capability for mutual benefit.

> *Alkane's vision is to become a multi-mine Australian gold producer, founded on existing gold assets, established projects and promising prospects.*

Operations and Development

As underground production at Tomingley Gold Operations commenced, the Company continued to explore opportunities for extending the life of the operation. This included starting the approval application process for developing the nearby Roswell and San Antonio deposits.

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. Mining is based on four gold deposits: Wyoming One, Wyoming Three, Caloma One and Caloma Two.

Open cut mining from the four deposits occurred from late 2013 until early 2019. During that time 6,271,000 tonnes of ore averaging 1.95g/t gold were mined, resulting in 369,000 ounces of poured gold after processing (to 31 December 2019).

Development of the underground mine at the Wyoming One deposit commenced in late 2018, with the first stope ore production in late 2019. The plan is to extract the identified Ore Reserves over a 40-month period, while potentially growing the reserve base over the life of the development.

Production

The operation processed predominantly low-grade stockpiles for the second half of 2019, before a planned shutdown in December for extended maintenance of the plant. Prior to this pause, the first underground stope material was processed to confirm grade and recovery performance. The processing plant was successfully restarted in mid-February 2020, primarily processing underground stope material. The operation continues to perform very well, with recovery performing as expected.

Mine life extension

With the underground development on schedule and on budget, TGO continued to explore opportunities to extend the life of the mine and processing plant. This included commencement of an extensional drilling program inside the resource base to identify additional economic ore loads. The Wyoming One, Caloma One and Caloma Two deposits are open at depth, making mine life extensions highly likely.

A cut-off grade review in the context of the current gold price led to the inclusion of additional underground stope ore in the mine schedule (approximately 33,000 ounces of gold). The current gold price also makes development of a previously approved cut-back of the Caloma One open cut an economic prospect. TGO has released a tender for open cut mining contracts, intending to mine approximately 570,000 tonnes of ore at 1.61g/t gold, containing 29,500 ounces. The establishment work is scheduled to commence in September 2020.

Total gold **poured** in FY2020:

33,507 ounces at an All in Sustaining Cost (AISC)* of **A$1,357 per ounce**

Total gold **sold** in FY2020:

32,995 ounces at an average of **A$2,199 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.*

San Antonio and Roswell development

Alkane also continued major exploration activities in the gold corridor between Tomingley and Peak Hill, with the view to identifying additional resources for processing at TGO. This focused on the Roswell and San Antonio deposits, which are within eight kilometres of TGO to the south and have similar geology to the Caloma and Wyoming deposits. Inferred Resources were announced for the Roswell deposit on 28 January 2020 and for the San Antonio deposit on 20 April 2020. (Refer to the Exploration section of this report for more detail.)

With the intention of developing the Roswell and San Antonio deposits via open cut and underground mining, Alkane commenced the approval application process during the reporting period. Consultation with regulators, landholders and other stakeholders, as well as on-ground assessments needed for the Environmental Impact Statement, are underway.

The Company expects to release preliminary mine plans for Roswell and San Antonio in the December quarter of 2020.

In support of this development, Alkane received approval from the NSW Resources Regulator in May 2020 for development of an underground exploration drive from the existing Wyoming One underground operations to the Roswell and San Antonio deposits. The NSW Department of Planning, Industry and Environment also consented to approval modifications allowing the capacity of TGO's residue storage facility to be increased and the mine site and associated infrastructure to be used in support of underground exploration operations.

With the addition of the Roswell and San Antonio Inferred Resources, the total resources at TGO and the exploration tenements to the immediate south are now in excess of one million ounces of contained gold.

Mineral Resources and Ore Reserves

Alkane reports Ore Reserves and Mineral Resources for TGO (excluding the Roswell and San Antonio deposits) as at 30 June 2020 in accordance with 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 2020 financial year and were reported to the ASX on 18 August 2020. 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 2020)

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	624	1.8	428	1.3	107	0.7	1,159	1.5	57
Wyoming Three	86	2.0	16	1.3	33	1.4	135	1.7	8
Caloma	879	1.6	1,016	1.2	824	1.2	2,719	1.3	115
Caloma Two	64	2.3	812	2.0	26	1.4	902	2.0	58
Sub Total	1,653	1.6	2,272	1.6	990	1.2	4,915	1.5	238
Underground Resources (cut-off 1.3g/t Au)									
Wyoming One	664	2.8	1,390	2.9	427	2.8	2,481	2.9	228
Wyoming Three	46	2.2	24	2.0	20	1.9	90	2.1	6
Caloma	158	2.6	129	2.0	465	1.9	752	2.0	50
Caloma Two	-	0.0	785	2.4	426	2.0	1,211	2.3	88
Sub Total	868	2.8	2,328	2.7	1,338	2.2	4,534	2.6	372
TOTAL	**2,521**	**1.8**	**4,600**	**2.2**	**2,328**	**1.5**	**9,449**	**1.9**	**610**

Apparent arithmetic inconsistencies are due to rounding.

TGO Ore Reserves (as at 30 June 2020)

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 Reserves (cut-off 0.50g/t Au)							
Wyoming One	0	0.0	0	0.0	0	0.0	0
Wyoming Three	0	0.0	0	0.0	0	0.0	0
Caloma	450	1.7	119	1.2	569	1.6	30
Caloma Two	0	0.0	0	0.0	0	0.0	0
Stockpiles	207	0.8	0	0.0	207	0.8	6
Sub Total	657	1.1	119	1.2	776	1.4	36
Underground Reserves (cut-off 1.3g/t Au)							
TGO underground	573	1.9	1,618	2.0	2,191	2.0	140
Sub Total	573	1.9	1,618	2.0	2,191	2.0	140
TOTAL	**1,230**	**1.8**	**1,737**	**1.9**	**2,967**	**1.8**	**176**

Apparent arithmetic inconsistencies are due to rounding. This table corrects some typographical errors in the original statement.

The tables below compare the total TGO Mineral Resources and Ore Reserves as at 30 June 2020 year on year with 30 June 2019.

TGO Comparative Mineral Resources (30 June 2019 to 30 June 2020)

DEPOSIT	2019			2020		
	Tonnage (kt)	Grade (g/t Au)	Gold (koz)	Tonnage (kt)	Grade (g/t Au)	Gold (koz)
Open Pittable						
Wyoming One	1,303	1.6	60	1,159	1.5	57
Wyoming Three	135	1.7	8	135	1.7	8
Caloma	2,735	1.3	116	2,719	1.3	115
Caloma Two	902	2.0	58	902	2.0	58
Sub Total	5,075	1.5	242	4,915	1.5	238
Underground						
Wyoming One	896	3.9	113	2,481	2.9	228
Wyoming Three	20	3.4	2	90	2.1	6
Caloma	154	3.5	17	752	2.0	50
Caloma Two	294	3.5	33	1,211	2.3	88
Sub Total	1,364	3.8	165	4,534	2.6	372
TOTAL	**6,439**	**2**	**407**	**9,449**	**1.9**	**610**

Apparent arithmetic inconsistencies are due to rounding.

TGO Comparative Ore Reserves (30 June 2019 to 30 June 2020)

DEPOSIT	2019			2020		
	Tonnage (kt)	Grade (g/t Au)	Gold (koz)	Tonnage (kt)	Grade (g/t Au)	Gold (koz)
Open Pittable						
Wyoming One	0	0.0	0	0	0.0	0
Wyoming Three	0	0.0	0	0	0.0	0
Caloma	0	0.0	0	569	1.6	30
Caloma Two	0	0.0	0	0	0.0	0
Stockpiles	677	0.7	15	207	0.8	6
TOTAL	**677**	**0.7**	**15**	**776**	**1.4**	**36**
Underground						
Proven	45	2.7	4	573	1.9	34
Probable	688	3.2	70	1,618	2.0	106
TOTAL	**732**	**3.1**	**74**	**2,191**	**2.0**	**140**

Apparent arithmetic inconsistencies are due to rounding.

The primary differences from 2019 to 2020 are:

- Caloma One cut-back placed into the Reserves
- Underground cut-off grade reduced from +2.5g/t to +1.3g/t, and
- Underground mining commenced 2019, with ore extraction occurring mid-2019.

Peak Hill Gold Project

Located 15 kilometres south of Tomingley Gold Operations, Alkane's Peak Hill Gold Mine (PHGM) operated from 1996 to 2005 as an open cut heap leach. While the site is substantially rehabilitated, it remains an active Mining Lease.

Technological advances and gold price increases in the last two decades have made the economics of further development of PHGM worth re-evaluating. A revised Mineral Resource (JORC 2012), completed in October 2018, identified an initial Inferred Resource of 108,000 ounces of gold.

Drilling at the Peak Hill Proprietary deposit (photo: Mitchell Services)

Peak Hill Mineral Resource (as at 30 June 2020)

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	**Inferred**	**2g/t Au**	**1.02**	**3.29**	**108**	**0.15**

This Mineral Resource estimate is unchanged since 30 June 2019.

Unlike the prospects between TGO and PHGM, the Proprietary deposit is moderately refractory in nature at depth, requiring different recovery methods. The Company completed a ten-hole core diamond drilling program to provide mineralised samples to test modern gold recovery techniques. The metallurgical test program has so far explored flotation and leaching options.

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.

Mineral Resource and Ore Reserve Governance and Internal Controls

The Alkane Group has 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.

Dubbo Project

Located 25 kilometres south of Dubbo in Central Western New South Wales, the Dubbo Project is a large in-ground polymetallic resource of the metals zirconium, hafnium, niobium, tantalum, yttrium and rare earth elements. The project is owned by Australian Strategic Materials Ltd (ASM), a wholly owned subsidiary of Alkane until July 2020. ASM demerged from Alkane early in the 2021 financial year.

A major focus over the past year was preparation for the demerger and separate listing of ASM. After extensive regulator consultation and implementation planning, the Board committed to this action on 20 May 2020 and shareholders voted to demerge at an Extraordinary General Meeting on 16 July 2020. ASM also appointed experienced mining executive David Woodall as Managing Director on 10 February 2020.

For more detail about ASM and the Dubbo Project, refer to the 2020 ASM Annual Report.

Mineral Resources and Ore Reserves

As at 30 June 2020, 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 2019. These estimates were provided by independent industry consultants Mining One Pty Ltd and are reported by Alkane in accordance with 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 2020)

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_3, Ta_2O_5, Y_2O_3*

Dubbo Project Ore Reserves (as at 30 June 2020)

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_3, Ta_2O_5, Y_2O_3*

Exploration

Alkane's gold exploration activities in Central Western New South Wales escalated in the past year, primarily focused on two major projects. Resource definition drilling commenced at the Roswell and San Antonio prospects within the Tomingley Gold Project, leading to the release of Inferred Resources for both deposits. Elsewhere, a diamond core drilling program at the Boda prospect within the Northern Molong Porphyry Project revealed extensive gold-copper porphyry mineralisation.

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.

Resource drilling at Roswell and San Antonio deposits

Over the past year, Alkane continued its extensive exploration program focused on the immediate area to the south of the TGO mine, with the objective of sourcing additional ore feed for the processing plant, either at surface or underground.

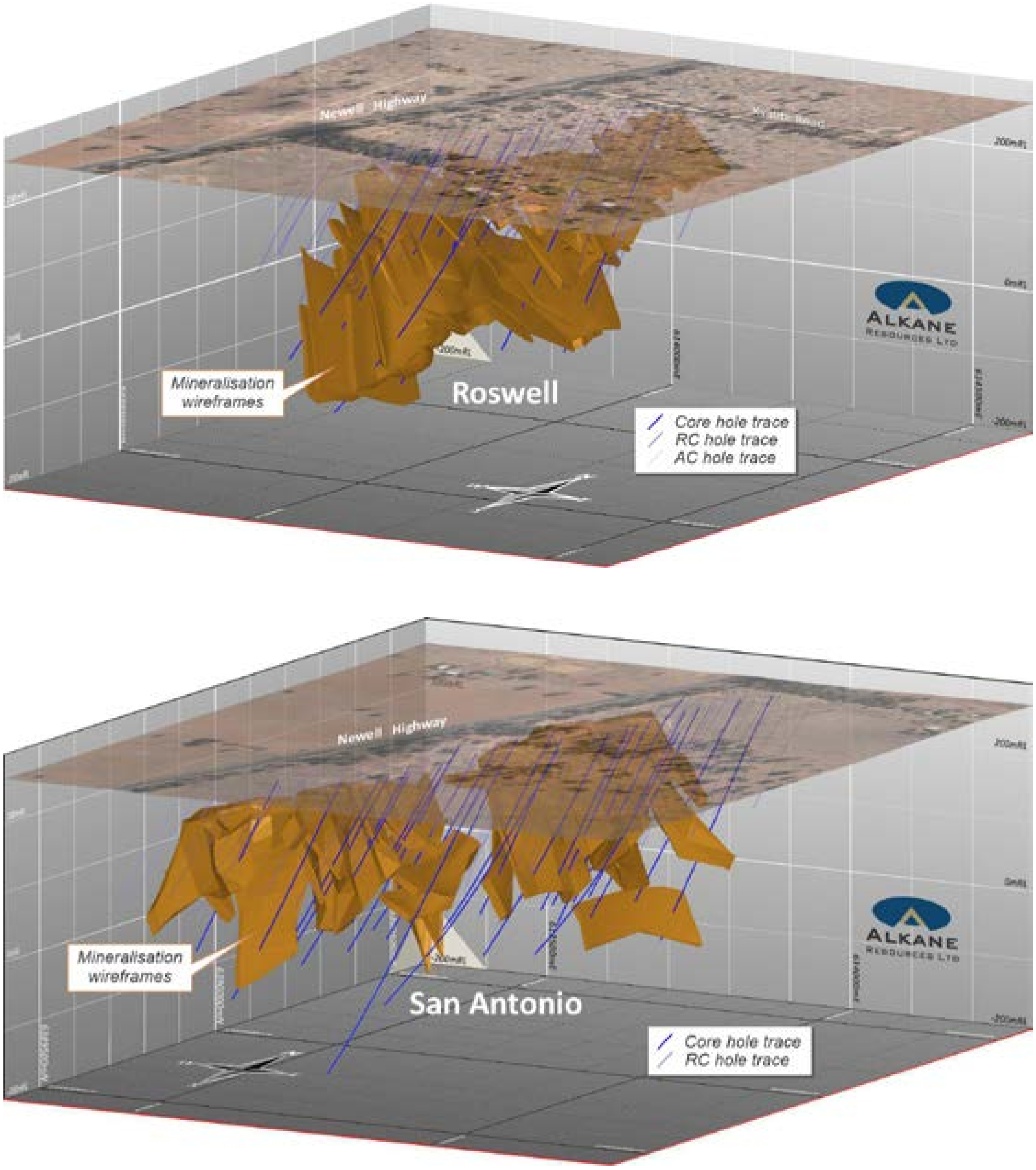
In July 2019 the Company defined an Exploration Target across the three primary prospects – Roswell, El Paso and San Antonio. An intensive resource drilling program followed for the balance of the financial year, focused on increasing the drilling density within the Roswell and San Antonio prospects, as well as testing strike extensions. The initial Inferred Resource for the Roswell deposit was announced on 28 January 2020 and for the San Antonio deposit 20 April 2020, both in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012).

Roswell and San Antonio Mineral Resources (as at 30 June 2020)

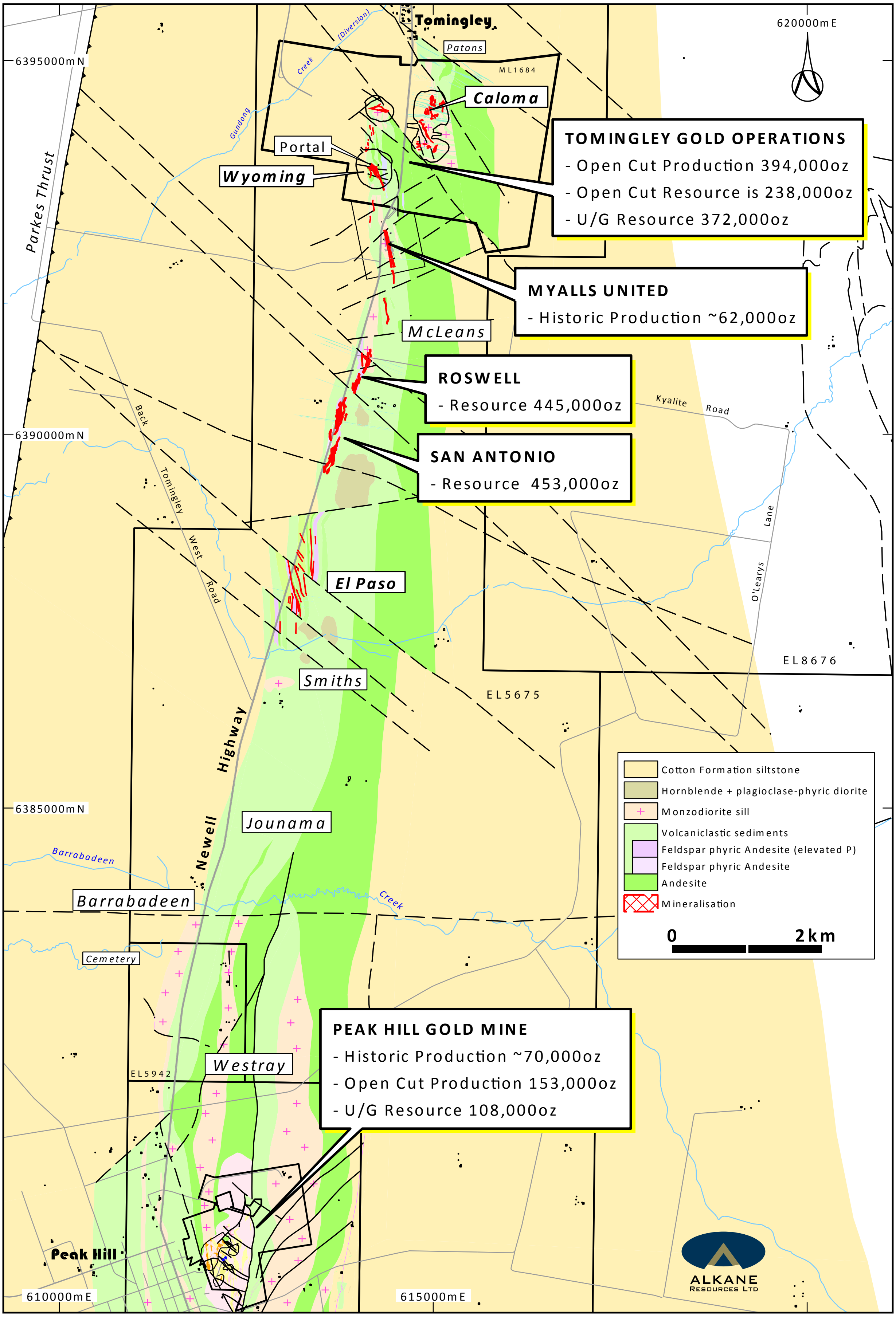
Deposit	Resource Category	Cut-off	Tonnes (Mt)	Gold grade (g/t)	Gold metal (koz)
Roswell	Inferred	0.5g/t Au	7.02	1.97	445
San Antonio	Inferred	0.5g/t Au	7.92	1.78	453
TOTAL	**Inferred**	**0.5g/t Au**	**14.94**	**1.87**	**898**

The Mineral Resource estimates were initially completed in January and April 2020, so the Mineral Resources as at June 2019 were nil.

Further infill and extension drilling continued on both deposits to define the continuity of the mineralisation to the north and higher-grade zones at depth, as well as facilitate definition of Indicated and Measured Resources. To 30 June 2020, 288 holes had been drilled for a total of 69,424 metres. This largely completed the Roswell infill drilling, and modelling commenced to define Indicated Resources within the initial Inferred Resource envelope. Updated resource calculations for Roswell and San Antonio are anticipated to be released in the December quarter of 2020. Drilling also continued further south around the El Paso deposit during the reporting period.



Three-dimensional models of the Roswell and Antonio Resources.



Map of the gold corridor between Tomingley and Peak Hill.

Northern Molong Porphyry Project (gold-copper)

Alkane Resources Ltd 100%

Encompassing four exploration licences (Bodangora, Boda South, Kaiser and Finns Crossing), the Northern Molong Porphyry Project covers an area of 115 square kilometres, centred about 20 kilometres north of Wellington and about 35 kilometres east of Dubbo. (Alkane acquired the fourth 'one block' Boda South exploration licence from Impact Resources in 2019, extending the Boda target corridor about 1.8 kilometres to the south.)

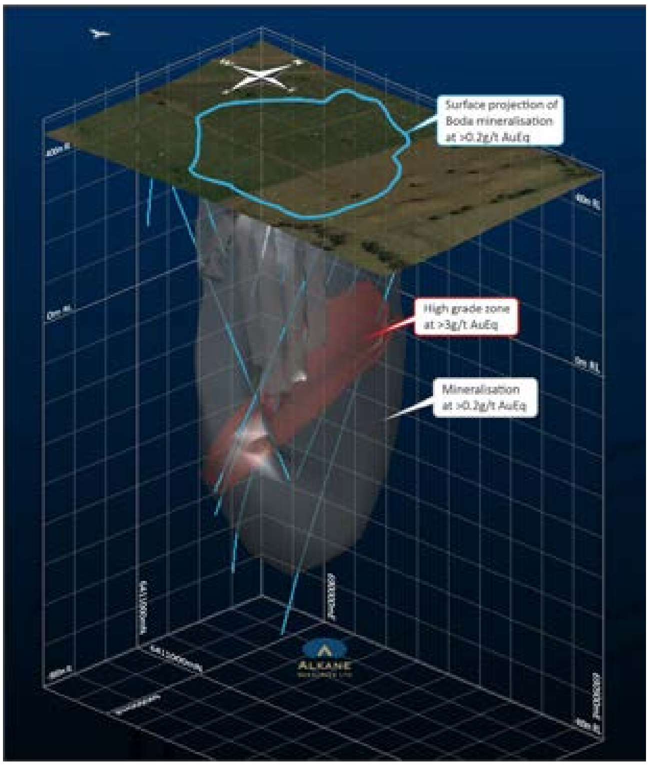
The project covers a section of the northern Molong Volcanic Belt, which is highly prospective for large-scale porphyry gold-copper deposits similar to the Cadia Valley deposits near Orange. Alkane's exploration activity over the past several years has established a geological framework for the project area and demonstrated the existence of stratigraphic and intrusive rock sequences very similar to that at Cadia. The work also shows that gold-copper mineralisation is hosted by very similar rock types at similar stratigraphic positions – notably the margins of major magnetic/intrusive complexes.

Alkane has a number of exploration prospects located at the intersections of five identified magnetic complexes (Kaiser, Boda, Comobella, Driell Creek and Finns Crossing) within a 15-kilometre northwest trending corridor.

Boda prospect

The Boda prospect is positioned at the western margin of the Boda Intrusive Complex. A drilling program undertaken during May-August 2019 included one diamond core hole (KSDD003) at Boda, drilled to test the depth of gold mineralisation identified in 2016 RC drilling. The assay results of KSDD003 indicated an increase in thickness and grade of porphyry gold-copper mineralisation at depth. This led to a drilling program comprising five additional diamond core holes to test the north-south strike and depth extensions of the mineralisation, and the discovery of significant high-grade gold and copper mineralisation in KSDD007 (which included 96.8m @ 3.97g/t gold, 1.52% copper from 768m – see table on the next page).

The results of the six diamond core holes have been modelled* to indicate a subvertical elliptical zone of significant gold-copper mineralisation of about 500 metres strike length, 400 metres wide and more than 1100 metres vertically (ASX announcement 19 May 2020). The model further suggests a high-grade pod with approximate dimensions of 150 metres long, 100 metres wide and more than 500 metres vertically. The mineralisation is open to the north, south and at depth, making Boda a genuine prospect for a large tonnage gold-copper alkalic porphyry development. (The model's AuEq cut-off was used to assist in the visualisation of a mineralised envelope and is not an estimation of a Mineral Resource envelope.)



Preliminary 3D model of the Boda mineralised envelope with high-grade core.

** The drilling results were modelled using a +0.2g/t AuEq cut-off (for the mineralisation envelope) and +3.0g/t AuEq cut-off (high-grade pod). The calculation formula is AuEq(g/t) = Au(g/t) + Cu%/100 X 31.1035 X CuPrice($/t)/AuPrice($/oz). The prices used were US$1,550/oz gold and US$5,000/t copper.*

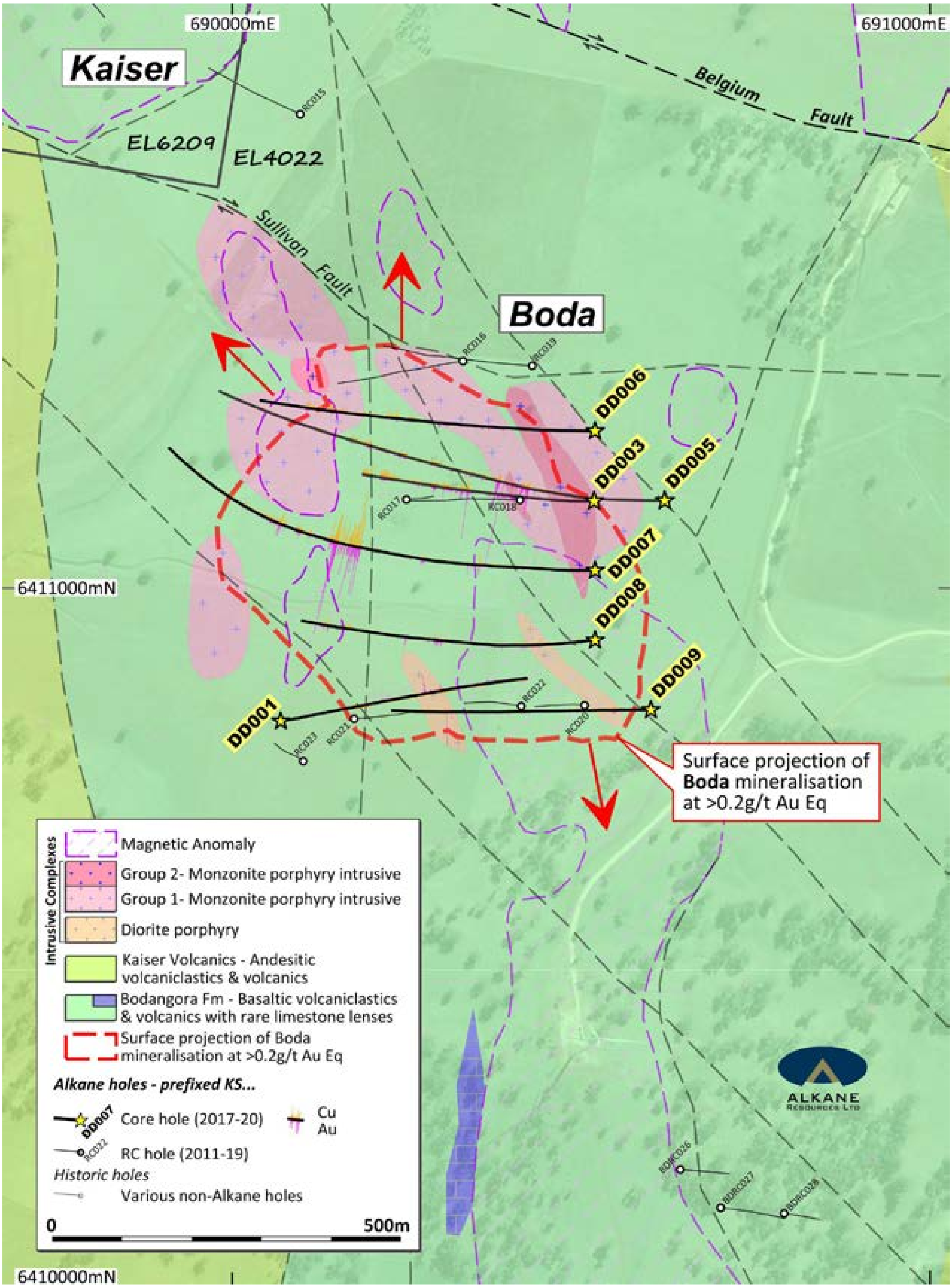
In the coming year, Alkane is undertaking a drilling program to test the controls and dimensions to the high-grade pod and extensions to the large low-grade mineralised envelope. This major RC and diamond core drilling program, totalling approximately 30,000 metres, commenced in July 2020.

To aid further discoveries in the Boda region, Alkane completed a 70-line kilometre 3D induced polarisation (IP) geophysical survey over the six-kilometre strike extensions of the Boda Intrusive Complex. This identified five anomalies that may represent alteration associated with new porphyry intrusion centres. The 3D-IP survey results will be confirmed with geological field mapping, and tested for additional porphyry systems when drilling at Boda recommences.

Boda diamond hole intercepts

KSDD003 (770.8m)	507m @ 0.48g/t gold, 0.20% copper from 211m; including 313m @ 0.62g/t gold, 0.17% copper from 228m; **which includes 108m @ 1.06g/t gold**, 0.41% copper from 408m ASX Announcement 9 September 2019
KSDD005 (1539.6m)	689m @ 0.46g/t gold, 0.19% copper from 402m; including 312m @ 0.70g/t gold, 0.19% copper from 402m; **which includes 119m @ 1.47g/t gold**, 0.29% copper from 463m ASX Announcement 13 February 2020
KSDD006 (1092.8m)	267m @ 0.29g/t gold from 268m; AND 341m @ 0.20g/t gold, 0.21% copper from 607m; which includes 12m @ 0.39g/t gold, 0.32% copper from 607m; and 14m @ 0.56g/t gold, 0.54% copper from 934m ASX Announcement 23 March 2020
KSDD007 (1392.9m)	1,167m @ 0.55g/t gold, 0.25% copper from 75m; including 512m @ 1.00g/t gold, 0.44% copper from 688m; **which includes 376m @ 1.30g/t gold**, 0.56% copper from 768m; **which includes 96.8m @ 3.97g/t gold**, 1.52% copper from 768m ASX Announcement 23 March 2020
KSDD008 (1035.8m)	965.7m @ 0.21g/t gold, 0.11% copper from 7.3m; including 153m @ 0.40g/t gold, 0.13% copper from 480m; which includes 29m @ 0.99g/t gold, 0.22% copper from 548m ASX Announcement 22 April 2020
KSDD009 (885.9m)	152.1m grading 0.18g/t gold, 0.12% copper from 692m; including 19.0m grading 0.82g/t gold, 0.25% copper from 692m; and 28.0m grading 0.30g/t gold, 0.13% copper from 418m ASX Announcement 19 May 2020

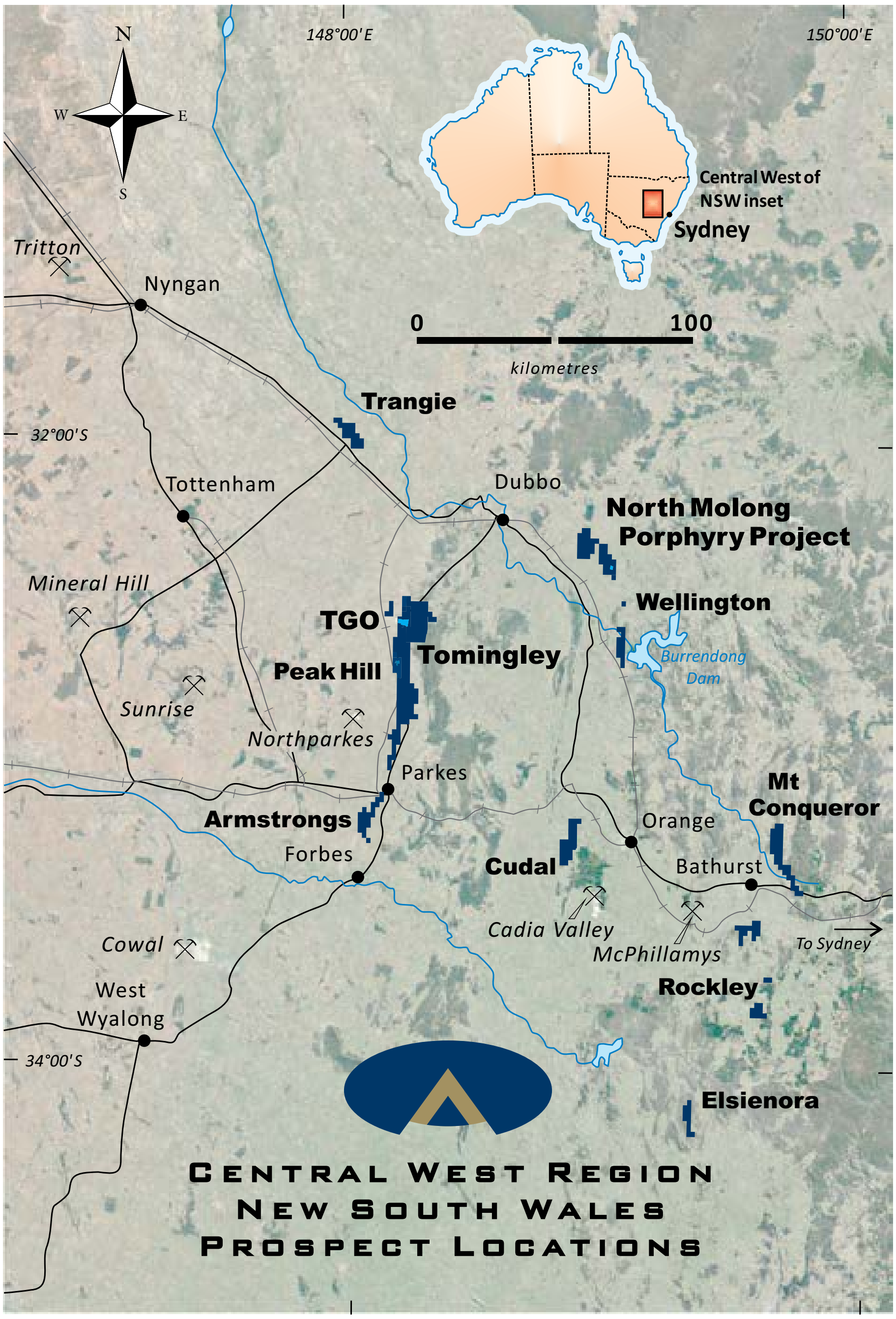
Exploration drilling at the Boda prospect



Geological drilling map, showing diamond holes KSDD003 to 009 at the Boda prospect.

Other projects

Due to the extensive effort on the Tomingley Gold and Northern Molong Porphyry Projects, exploration activity on other projects was largely limited to data review for target definition. An aeromagnetic survey was completed over the Glen Isla and Gundong tenements and an induced polarisation (IP) survey was undertaken at Glen Isla.



The Alkane Group's projects and operations are primarily located in the vicinity of Dubbo in Central Western New South Wales.

Integrity

Alkane strives to deliver strong environmental and social performance, with the aim of leaving a lasting positive legacy for both local communities and the environment. The Company is committed to providing a safe and rewarding working environment for employees.

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.

Project 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.

Rehabilitated waste rock emplacement at TGO

Community

Alkane actively supports the communities in which it operates through regular communications about activities, support of local businesses, provision of training and career opportunities, and sponsorship of local infrastructure projects and events. The Company is most active in the Narromine Shire, Parkes Shire and Dubbo Regional Council local government areas in Central Western New South Wales.

Employees

Alkane is committed to employing members of the local community where possible, with most employees living locally. 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 Tomingley Gold Operations.

Risk Management

Alkane's risk management policy (including framework and registers) is managed by the Risk Management Coordinator and subject to formal approval of policy amendments by the Risk Management Committee and the Board. Details of the Company's Risk Management process and plans can be found on the Company's website.

Environment and WHS

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. Details of the Company's Environment and WHS performance can be found on the Company's website.

FINANCIAL REPORT

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 2020.

Directors and Company Secretary

The following persons were directors of Alkane Resources Ltd (Alkane) 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). Mr Gandel is currently non-executive chairman of Australian Strategic Materials Limited (appointed 18 March 2014). (This company was demerged from the Group effective 16 July 2020 and was admitted to the ASX on 29 July 2020.) 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.

Nicolas 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 over 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 Alkane Resources Ltd 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.

Mr Earner is currently a non-executive director of Genesis Minerals Limited (appointed 24 October 2019) and Australian Strategic Materials Limited (appointed 1 September 2017). (The latter company was demerged from the Group effective 16 July 2020 and listed on the ASX on 29 July 2020.)

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.

Mr Chalmers, Alkane Resources Ltd's Technical Director, 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 50 years, during which time he has had experience in all facets of exploration and mining through feasibility and development to the production phase. Mr Chalmers was Technical Director of Alkane until his appointment as Managing Director in 2006, overseeing the Group's minerals exploration efforts across Australia and the development and operations of the Peak Hill Gold Mine (NSW). During his time as chief executive he steered Alkane through the discovery, feasibility, construction and development of the now fully operational Tomingley Gold Operations; the discovery and ultimate sale of the McPhillamys gold deposit; the recent discovery of the gold deposits immediately south of Tomingley and the porphyry gold-copper discovery at Boda. Mr Chalmers also managed the process development and global marketing effort for the Dubbo Project, advancing it to the threshold of development.

Mr Chalmers is currently a non-executive director of Australian Strategic Materials Limited (appointed 18 March 2014). (This company was demerged from the Group effective 16 July 2020 and was admitted to the ASX on 29 July 2020.)

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 Helmsec group in 2014. He is also a director of corporate advisory Rawson Lewis and 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 currently a non-executive director of Australian Strategic Materials Limited (appointed 12 December 2017). (This company was demerged from the Group effective 16 July 2020 and was admitted to the ASX on 29 July 2020.)

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

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

Appointed Company Secretary 29 March 2018.

Mr Wilkins is the founder and principal of DWCorporate Pty Ltd, a corporate advisory firm servicing the natural resources industry.

Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. Since July 2001, Mr Wilkins has been running DWCorporate Pty Ltd, where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

Mr Wilkins is currently a director of Key Petroleum Limited.

James Carter – Joint Company Secretary

Appointed Company Secretary 20 May 2020.

Mr Carter is a CPA and Chartered Company Secretary with over 20 years' international experience in the resources industry. He has held senior finance positions across listed resources companies since 2001.

Principal activities

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

- mining operations at the Tomingley Gold Operations;
- evaluation activities in relation to the Dubbo Project and demerger of the ASM business;
- 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 $12,762,000 (30 June 2019: $23,293,000).

This result included a profit before tax of $30,362,000 (30 June 2019: $31,930,000) 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 gold processing plant was commissioned in January 2014 and has been operating at the design capacity of 1Mtpa since late May 2014. Mining is based on four gold deposits (Wyoming One, Wyoming Three, Caloma One and Caloma Two).

TGO continues to perform well and is processing underground stope material with recovery as expected. The ore feed is supplemented by low grade stockpiles whenever capacity permits. TGO continues to maintain high vigilance around COVID-19.

Gold recovery of 88.1% for the period was in line with the expectations of processing lower grade stockpiles (2019: 91.7%). Average grade milled declined to 1.45g/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 33,507 ounces of gold (2019: 48,969 ounces of gold) with all in sustaining costs of $1,357 per ounce (2019: $947 per ounce). The average sales price achieved for the period increased to $2,199 per ounce (2019: $1,777 per ounce). Gold sales of 32,995 ounces (2019: 52,068 ounces) resulted in sales revenue of $72,549,000 (2019: $92,513,000).

Bullion on hand increased by 504 ounces from 30 June 2019 to 2,231 ounces (fair value of $5,776,000 at period end).

Alkane has commenced the approval process for the Roswell and San Antonio development deposits located to the immediate south of TGO. Consultations with regulators, landholders and other stakeholders, as well as on-ground assessments needed for the Environmental Impact Statement, are underway.

Purchasing of an additional underground fleet has occurred, as well as a farm property to the immediate south of Tomingley.

The table below summarises the key operational information:

TGO Production	Unit	September Quarter 2019	December Quarter 2019	March Quarter 2020	June Quarter 2020	FY 2020	FY 2019
Waste mined	BCM's	-	-	-	50,473	50,473	657,647
Ore mined	BCM's	-	-	-	5,331	5,331	146,368
Ore mined	Tonnes	26,392	50,612	107,060	151,815	335,879	400,186
Stripping Ratio	Ratio	-	-	-	9.50	9.50	4.50
Grade mined (2)	g/t	1.73	2.36	1.94	2.79	2.37	1.68
Ore milled	Tonnes	289,282	231,493	113,699	204,269	838,743	998,703
Head grade	g/t	0.96	1.21	1.83	2.20	1.45	1.66
Gold recovery	%	87.40	88.60	85.90	89.20	88.10	91.70
Gold poured (3)	Ounces	7,497	6,929	5,723	13,358	33,507	48,969
Revenue summary							
Gold sold	Ounces	6,997	9,143	3,864	12,992	32,995	52,068
Average price realised	A$/oz	2,151	2,084	2,126	2,327	2,199	1,777
Gold revenue	A$000's	15,048	19,050	8,215	30,236	72,549	92,513
Cost Summary							
Surface works	A$/oz	31	44	20	77	50	254
Underground	A$/oz	-	-	499	468	272	-
Processing	A$/oz	768	749	365	320	517	401
Site support	A$/oz	201	231	110	116	158	93
C1 Cash Cost (1)	**A$/oz**	**1,000**	**1,024**	**995**	**981**	**997**	**749**
Royalties	A$/oz	47	38	48	74	56	49
Sustaining capital	A$/oz	70	228	262	245	205	42
Rehabilitation	A$/oz	30	26	14	29	26	52
Corporate	A$/oz	122	125	28	39	73	55
All-in Sustaining Cost (1)	**A$/oz**	**1,268**	**1,441**	**1,346**	**1,368**	**1,357**	**947**
Bullion on hand	Ounces	2,226	10	1,868	2,231	2,231	1,727
Stockpiles							
Ore for immediate milling	Tonnes	430,227	275,733	261,445	207,414	207,414	677,029
Stockpile grade (2)	g/t	0.77	0.75	0.76	0.83	0.83	0.71
Contained gold	Ounces	10,583	6,655	6,370	5,566	5,566	15,368

(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 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 bullion on hand and the difference between production and sales.*

Dubbo Project

The Dubbo Project remains construction ready, with the mineral deposit and surrounding land wholly owned, all material state and federal approvals in place, an established flowsheet and a solid business case.

Alkane's shareholders approved the demerger of Australian Strategic Materials Limited (ASM), with relevant resolutions tabled at the Extraordinary General Meeting (EGM) passed on 16th July 2020.

ASM continues the execution of its integrated business plan for the Dubbo Project, which aims to deliver value-adding clean metals, and the optimisation of the June 2018 FEED Study, with flotation testwork currently being advanced with a view to inserting a flotation circuit to the Dubbo Project design, targeting lower overall capital and operating costs.

During the year RMR Tech Corporation (RMR), which is a joint venture investment by ASM, completed the construction and commissioning of the commercial pilot plant in Daejeon, South Korea. The plant, designed to produce low emission, high-purity metals, was completed on time and budget. Initially the joint venture with RMR is focused on metal production of zirconium, titanium and rare earths for permanent magnet alloys.

Exploration

The extensive exploration program focused on the immediate area to the south of the TGO mine has continued as part of the plan to source additional ore feed, either at surface or underground. During the year the program continued to focus on both increasing the drilling density within the Roswell and San Antonio prospects as well as testing strike and depth extensions.

Roswell infill drilling is largely complete and modelling will commence to enable definition of Indicated Resource. Deeper core drilling is proceeding to determine continuity of the mineralisation at depth to confirm the longer term underground mining potential.

At San Antonio, infill drilling within the initial Inferred Resource is proceeding. Approximately 7,500 metres of the infill program remain to be completed to expedite compilation of an Indicated Resource for this deposit.

Regional drilling of the San Antonio to Peak Hill corridor focused on stratigraphy south of the El Paso target where earlier exploration had returned encouraging results.

The metallurgical program continued and was focused on various leaching tests to recover gold from recently generated flotation concentrate from the sulphide mineralisation. Final results are anticipated in the first quarter of FY21.

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

Northern Molong Porphyry Project (gold-copper)

Initial drill testing of the Boda prospect was completed during the year and results demonstrated continuity to the south of the broad gold-copper mineralised alteration envelope.

A major RC and diamond core drilling program totalling approximately 30,000 metres has commenced. This program will test the controls and dimensions to the high-grade pod and extensions to the large low grade mineralised envelope.

Corporate

The Alkane Board resolved to progress with the demerger transaction to separately list Australian Strategic Materials Limited (ASM) on the Australian Securities Exchange (ASX). The shareholder approval and ASX approval for listing was obtained in July 2020. The demerger was implemented and ASM was admitted to the ASX on 29 July 2020.

Significant changes in the state of affairs

During November 2019, the Group announced a capital placement and a one for eight share entitlement issue raising $40,665,000 (before costs) to fund an accelerated exploration and development program in the Tomingley corridor (NSW) in 2020.

During the year Alkane executed a subscription and an underwriting agreement with Genesis Minerals Ltd (Genesis) to invest up to a further $6,000,000 in Genesis. Alkane's holding in Genesis at 30 June 2020 is 15.5% of their share capital. Alkane was a sub-underwriter in the rights issue component of that fundraising and as result has potential to own 19.9% of Genesis on completion of the rights issue. The investment is consistent with Alkane's strategic objective to grow its gold business, both organically through its Tomingley gold operations in NSW, and through investment in junior Australian gold companies with projects that meet Alkane's investment criteria.

In June 2019, Australian Strategic Materials Ltd executed a binding agreement with Zirconium Technology Corporation (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 were satisfied in July 2019, 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.

In early 2020 with the outbreak of Coronavirus Disease 2019 ('COVID-19' or 'the coronavirus'), unprecedented measures put in place by the Australian Government, as well as governments across the globe, to contain the coronavirus have had a significant impact on the economy. Management continues to consider the potential implications of coronavirus, which may include delaying the construction and commissioning of the pilot modification plant for the Dubbo Project, and other Dubbo Project optimisation work in progress focused on further improving the project economics. As at the date these financial statements were authorised, Management was not aware of any material adverse effects on the financial statements as a result of the coronavirus.

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

In July 2020, ASM was demerged with its cash reserves and no bank debt. Net assets equating to $112,973,000 at 30 June 2020 have been demerged at 29 July 2020. All interests in the Dubbo Project and associated assets (including land and water rights), together with ASM’s investment in South Korean metals technology company RMR Tech Corporation (subsidiary of Ziron Tech), will be 100% owned by ASM following the demerger. ASM will have a focused Board and management team, a strategy to pursue the advancement of the 'Clean Metal' metallisation technology, potential value-enhancing opportunities in relation to the Dubbo Project, and will continue to be involved in offtake and financing discussions, including those already underway in relation to the Dubbo Project.

Following the demerger, Alkane will be an Australian focused gold company, with existing production from its Tomingley operations and the opportunity to grow its production base through organic exploration and discovery (including the Boda discovery) and through further strategic acquisitions.

As at the date of the shareholder meeting to vote on the demerger on 16 July 2020, Alkane had 580,033,307 ordinary shares on issue. Following the approval of the early vesting of the Alkane Performance Rights, the number of ordinary shares on issue in Alkane will be 595,248,891, immediately following the demerger, and Alkane will have a capital structure as follows:

Capital structure	Pre-demerger Number	Post-demerger Number
Alkane shares on issue	530,033,307	595,248,891
Alkane Performance Rights	22,329,762	3,173,638

On 17 July 2020, Alkane Resources Ltd, and Australian Strategic Materials Ltd entered into a restructure deed as part of the demerger to capitalise $113,000,000 and forgive $4,730,991 of the related party loans to Australian Strategic Materials Ltd.

No other matter or circumstance has arisen since 30 June 2020 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's shareholders approved the demerger of Australian Strategic Materials Limited (ASM). ASM continues the execution of its integrated business plan for the Dubbo Project, which aims to deliver value-adding clean metals, and the optimisation of the June 2018 FEED Study, with flotation testwork currently being advanced with a view to inserting a flotation circuit to the Dubbo Project design, targeting lower overall capital and operating costs.

The Group intends to continue efforts at TGO 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 2020, 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	16	16	4	4	1	1	1	1	2*	2*
A D Lethlean	16	16	4	4	1	1	1	1	2	2
D I Chalmers	16	16	4*	4*	1	1	1*	1*	2*	2*
G M Smith	16	16	4	4	1	1	1	1	2*	2*
N P Earner	16	16	4*	4*	1*	1*	1*	1*	2	2

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. Non-members 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 2019 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
D I Chalmers
A D Lethlean
G M Smith

Other Key Management Personnel

J Carter	Chief Financial Officer / Joint Company Secretary
D Woodall (appointed 12 February 2020)	Managing Director – Australian Strategic Materials
A MacDonald	General Manager – Marketing
D Wilkins	Joint Company Secretary

(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 Key Management Personnel.

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: http://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.

Performance rights have been used in the current period to incentivise the Company’s executives and KMP. The performance rights plan was approved by shareholders at the 2016 Annual General Meeting.

Long-term incentives

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.

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 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Revenue ($'000)	74,397	95,852	129,974	117,792	109,624
Profit/(loss) for the year attributable to owners ($'000)	12,762	23,293	24,471	(28,937)	4,695
Basic earnings /(loss) per share (cents)	2.40	4.60	4.80	(5.80)	1.10
Dividend payments ($'000)	-	-	-	-	-
Share price at period end (cents)	1.21	0.46	0.23	0.24	0.20
Total KMP incentives as a percentage of profit/(loss) for the year (%)	8.3%	3.3%	3.0%	0.3%	3.0%

(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 2020 were increased on 1 July 2019 and prior to that 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 2020 are as follows:

	$ per annum
Base fees	
Chair	129,400
Other Non-Executive Directors	77,600
Additional fees	
Audit Committee – chair	7,800
Audit Committee – member	5,200
Remuneration Committee – chair	7,800
Remuneration Committee – member	5,200

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 2019 Annual General Meeting

The Company received more than 87% of 'yes' votes on its remuneration report for the last financial period ended 30 June 2019. 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 2020	Fixed remuneration			Variable remuneration	Total	Performance related pay
	Cash salary [a]	Annual and long service leave [b]	Post-employment benefits [c]	Rights to deferred shares [d]		
	$	$	$	$	$	%
Executive Directors						
N P Earner	484,142	28,214	23,058	748,241	1,283,655	58%
D I Chalmers	244,645	29,443	19,255	90,312	383,655	24%
Other KMP						
D Woodall [e]	121,180	10,720	11,512	-	143,412	0%
A MacDonald	359,136	15,566	23,023	104,770	502,495	21%
D Wilkins [f]	309,049	-	-	-	309,049	0%
J Carter [e]	345,000	17,792	25,000	119,548	507,340	24%
Total Executive Directors and other KMP	**1,863,152**	**101,735**	**101,848**	**1,062,871**	**3,129,606**	**34%**
Total NED remuneration [g]	**300,419**	**-**	**20,589**	**-**	**321,008**	**0%**
Total KMP remuneration expense	**2,163,571**	**101,735**	**122,437**	**1,062,871**	**3,450,614**	**31%**

30 June 2019	Fixed remuneration			Variable remuneration	Total	Performance related pay
	Cash salary [a]	Annual and long service leave [b]	Post-employment benefits [c]	Rights to deferred shares [d]		
	$	$	$	$	$	%
Executive Directors						
N P Earner	466,943	16,178	23,058	542,845	1,049,024	52%
D I Chalmers	178,082	(10,775)	16,918	64,897	249,122	26%
Other KMP						
A MacDonald	360,000	18,445	33,250	114,132	525,827	22%
D Wilkins [f]	169,438	-	-	-	169,438	0%
J Carter [e]	228,750	10,792	18,750	50,688	308,980	16%
Total Executive Directors and other KMP	**1,403,213**	**34,640**	**91,976**	**772,562**	**2,302,391**	**34%**
Total NED remuneration [g]	**299,993**	**-**	**20,424**	**-**		**0%**
Total KMP remuneration expense	**1,703,206**	**34,640**	**112,400**	**772,562**	**2,622,808**	**29%**

(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.
D Woodall was appointed Managing Director - Australian Strategic Materials Ltd on 12 February 2020.

(f) Company secretarial services were paid to DWCorporate Pty Ltd, a company associated with Mr Wilkins.

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

30 June 2020	Cash salary and fees $	Superannuation $	Total $
Non-Executive Directors			
I J Gandel	130,045	12,355	142,400
A D Lethlean	82,366	8,234	90,600
G M Smith	88,008	-	88,008
Total Non-Executive Directors	**300,419**	**20,589**	**321,008**

30 June 2019	Cash salary and fees $	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 prior financial period. The amount of unpaid fees for the period ending 30 June 2020 is nil (2019: $12,500)

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	
	2020 %	2019 %	2020 %	2019 %
Executive Directors of Alkane Resources Ltd				
D I Chalmers	76	74	24	26
N P Earner	42	48	58	52
Other Key Management Personnel				
D Woodall (1)	100	-	-	-
J Carter	76	84	24	16
A MacDonald	79	78	21	22
D Wilkins (2)	100	100	-	-

(1) D Woodall was appointed Managing Director – Australian Strategic Materials Ltd on 12 February 2020.

(2) D Wilkins is not an employee of the Company and therefore not eligible to participate in incentive programs. Instead a fee for services is paid as set out previously.

(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	$248,400	6 months
N P Earner – Managing Director	On-going commencing 1 September 2017	$507,200	see note 2 below
D Woodall – Managing Director ASM	On-going commencing 10 February 2020	$375,000	3 months
J Carter – Chief Financial Officer	On-going commencing 1 October 2018	$370,000	3 months
A MacDonald – General Manager - Marketing	On-going commencing 1 February 2017	$384,900	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 2020 and is inclusive of superannuation but does not include long service leave accruals. TFR is reviewed annually by the Remuneration Committee. Mr Chalmer's 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 3 months' notice; or
Alkane may terminate the Executive Employment agreement with 3 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						
D I Chalmers						
FY2018 LTI - Performance Rights - Tranche 1	4/12/2017	710,960	0.240	170,630	30/06/2020	56,877
FY2018 LTI - Performance Rights - Tranche 2	4/12/2017	152,348	0.340	51,798	30/06/2020	(9,209)
FY2019 LTI - Performance Rights - Tranche 1	21/11/2018	305,785	0.050	15,289	30/06/2021	5,096
FY2019 LTI - Performance Rights - Tranche 2	21/11/2018	65,525	0.215	14,088	30/06/2021	3,913
FY2020 LTI - Performance Rights - Tranche 1	22/11/2019	198,624	0.419	83,223	30/06/2022	27,741
FY2020 LTI - Performance Rights - Tranche 2	22/11/2019	42,562	0.623	26,519	30/06/2022	5,893
N P Earner						
FY2018 LTI - Performance Rights - Tranche 1	4/12/2017	5,965,251	0.240	1,431,660	30/06/2020	477,220
FY2018 LTI - Performance Rights - Tranche 2	4/12/2017	1,278,268	0.340	434,611	30/06/2020	(77,264)
FY2019 LTI - Performance Rights - Tranche 1	21/11/2018	2,497,245	0.050	124,862	30/06/2021	41,621
FY2019 LTI - Performance Rights - Tranche 2	21/11/2018	535,124	0.215	115,052	30/06/2021	31,959
FY2020 LTI - Performance Rights - Tranche 1	22/11/2019	1,622,252	0.419	679,724	30/06/2022	226,575
FY2020 LTI - Performance Rights - Tranche 2	22/11/2019	347,625	0.623	216,590	30/06/2022	48,131
Other Key Management Personnel						
J Carter						
FY2019 LTI - Performance Rights - Tranche 1	18/10/2018	1,841,591	0.059	108,654	30/06/2021	36,218
FY2019 LTI - Performance Rights - Tranche 2	18/10/2018	394,626	0.220	86,818	30/06/2021	24,116
FY2020 LTI - Performance Rights - Tranche 1	2/09/2019	604,146	0.236	142,578	30/06/2022	47,526
FY2020 LTI - Performance Rights - Tranche 2	2/09/2019	129,460	0.406	52,596	30/06/2022	11,688
A MacDonald						
FY2018 LTI - Performance Rights - Tranche 1	11/10/2017	1,036,817	0.250	259,204	30/06/2020	86,401
FY2018 LTI - Performance Rights - Tranche 2	11/10/2017	222,175	0.345	76,650	30/06/2020	(13,627)
FY2019 LTI - Performance Rights - Tranche 1	18/10/2018	976,601	0.059	57,619	30/06/2021	19,206
FY2019 LTI - Performance Rights - Tranche 2	18/10/2018	209,271	0.220	46,040	30/06/2021	12,789

(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 30 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.

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.

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 2018, 2019 and 2020 performance rights granted to Directors and other KMP's.

LTI reward vehicle	Performance metrics	Weighting	Vested	Outcome
Performance Rights (T1)	Share price performance growth*	82%	100% 0% 0%	Vesting periods ends: 30 June 2020, 2021 and 2022
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, 2021 and 2022
	Commissioning of the Dubbo Project commenced by the end of the LTI period	6%	0%	Vesting periods ends 30 June 2020, 2021 and 2022
	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, 2021 and 2022

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

TSR compound 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 Key Management Personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
I J Gandel	111,261,217	-	24,759,926	-	136,021,143
A D Lethlean	640,076	-	80,010	-	720,086
D I Chalmers	4,152,124	-	519,016	-	4,671,140
N P Earner	146,666	-	18,334	-	165,000
G Smith	142,000	-	189,875	-	331,875
D Woodall *	-	-	35,000	-	35,000
A MacDonald	1,810,000	-	191,250	(541,250)	1,460,000
	118,152,083	**-**	**25,793,411**	**(541,250)**	**143,404,244**

**Balance held at the date of appointment (12 February 2020) was nil.*

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 Key Management Personnel 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	1,234,618	241,186	(710,960)	(152,348)	612,496
N P Earner – Performance rights	10,275,888	1,969,877	(5,965,251)	(1,278,268)	5,002,246
J Carter – Performance rights	2,236,217	733,606	-	-	2,969,823
A MacDonald – Performance rights	2,444,864	-	(1,036,817)	(222,175)	1,185,872
	16,191,587	**2,944,669**	**(7,713,028)**	**(1,652,791)**	**9,770,437**

The determination of the number of rights that are to vest or be forfeited in relation to the FY2018 performance rights 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.

On 16th July 2020 at the Extraordinary General Meeting in relation to the demerger to the ASM business, the shareholders also voted for early vesting of the FY2019 Tranche 1, the cancellation of the FY2019 Tranche 2 performance rights, and the cancellation of the FY2020 Tranche 2 performance rights.

(l) Other transactions with Key Management Personnel

There were no other transactions with KMP during the financial year ended 30 June 2020.

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 25 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 P Earner
Managing Director

24 August 2020
Perth

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Alkane Resources Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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
Partner
PricewaterhouseCoopers

Perth
24 August 2020

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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.

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 24 August 2020. 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 profit or loss and other comprehensive income

For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Continuing operations			
Revenue	2	72,549	92,513
Cost of sales	3	(41,940)	(60,912)
Gross profit		30,609	31,601
Other net income	4	150	736
Interest income		625	837
Total revenue		73,324	94,086
Expenses			
Other expenses	3	(10,677)	(7,386)
Finance costs		(236)	(399)
Net loss on disposal of derivatives		(317)	-
Share of loss of associates accounted for using the equity method	15	(240)	-
Total expenses		(11,470)	(7,785)
Profit before income tax expense from continuing operations		**19,914**	**25,389**
Income tax expense	5	(6,569)	(2,266)
Profit after income tax expense from continuing operations		13,345	23,123
(Loss)/Profit after income tax benefit/(expense) from discontinued operations	6	(583)	170
Profit after income tax expense for the year attributable to the owners of Alkane Resources Ltd	**20**	**12,762**	**23,293**
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		(251)	151
Items that may be reclassified subsequently to profit or loss Losses on cash flow hedges		(209)	(780)
Other comprehensive loss for the year, net of tax		(460)	(629)
Total comprehensive income for the year attributable to the owners of Alkane Resources Ltd		**12,302**	**22,664**
Total comprehensive income for the year is attributable to:			
Continuing operations		12,886	22,489
Discontinued operations		(584)	175
		12,302	**22,664**

		Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Alkane Resources Ltd			
Basic earnings per share	31	2.44	4.57
Diluted earnings per share	31	2.37	4.45
Earnings per share for profit attributable to the owners of Alkane Resources Ltd			
Basic earnings per share	31	2.33	4.60
Diluted earnings per share	31	2.26	4.48

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at 30 June 2020

	Note	2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	7	48,337	69,582
Trade and other receivables	8	2,940	1,998
Inventories	9	7,647	4,816
Derivative financial instruments	10	172	25
Biological assets	11	-	80
		59,096	**76,501**
Assets of disposal group classified as held for distribution to owners	6	139,538	-
Total current assets		**198,634**	**76,501**
Non-current assets			
Property, plant and equipment	13	62,322	51,038
Exploration and evaluation	14	32,745	103,894
Investments accounted for using the equity method	15	14,385	7,767
Biological assets	11	-	402
Deferred tax	5	10,947	-
Derivative financial instruments	10	64	678
Other financial assets	12	8,614	8,417
Total non-current assets		**129,077**	**172,196**
Total assets		**327,711**	**248,697**
Liabilities			
Current liabilities			
Trade and other payables	16	9,425	8,007
External borrowings	32	2,090	-
Provisions	17	2,659	4,438
Other liabilities		64	-
		14,238	**12,445**
Liabilities directly associated with assets classified as held for distribution to owners	6	26,565	-
Total current liabilities		**40,803**	**12,445**
Non-current liabilities			
External borrowings	32	4,515	-
Provisions	17	14,873	13,059
Deferred tax	5	-	9,317
Other liabilities		134	-
Total non-current liabilities		**19,522**	**22,376**
Total liabilities		**60,325**	**34,821**
Net assets		**267,386**	**213,876**
Equity			
Issued capital	18	258,876	220,111
Reserves	19	3,413	2,352
Retained profits/(accumulated losses)	20	5,097	(8,587)
Total equity		**267,386**	**213,876**

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 2020

	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/(loss) for the year	**-**	**-**	**(629)**	**23,293**	**22,664**
Share based payments (note 30)	-	865	-	-	865
Deferred tax recognised in equity	(49)	-	-	-	(49)
Balance at 30 June 2019	**220,111**	**2,981**	**(629)**	**(8,587)**	**213,876**

	Share capital $'000	Share-based payments reserve $'000	Other reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2019	**220,111**	**2,981**	**(629)**	**(8,587)**	**213,876**
Adjustment for reclassification	(922)	-	-	922	-
Balance at 1 July 2019 - restated	**219,189**	**2,981**	**(629)**	**(7,665)**	**213,876**
Profit after income tax expense for the year	-	-	-	12,762	12,762
Profit after income tax expense for the year	-	-	(460)	-	(460)
Total comprehensive income/(loss) for the year	**-**	**-**	**(460)**	**12,762**	**12,302**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 18)	39,442	-	-	-	39,442
Share-based payments (note 30)	-	1,225	-	-	1,225
Deferred tax recognised in equity	245	-	296	-	541
Balance at 30 June 2020	**258,876**	**4,206**	**(793)**	**5,097**	**267,386**

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 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		72,347	92,513
Payments to suppliers (inclusive of GST)		(44,059)	(55,944)
		28,288	**36,569**
Interest received		986	1,477
Finance costs paid		(127)	(138)
Royalties and selling costs		(1,490)	(2,864)
Other receipts		879	1,172
Net cash from operating activities	**35**	**28,536**	**36,216**
Cash flows from investing activities			
Payments for investments		(8,966)	(7,616)
Payments for property, plant and equipment and development expenditure		(46,122)	(19,621)
Proceeds from disposal of property, plant and equipment		1	4
Payments for exploration expenditure		(20,132)	(11,578)
Payments for security deposits		(217)	(70)
Purchase of biological assets		(457)	(195)
Proceeds from the sale of biological assets		118	439
Transaction costs relating to ASM demerger		(1,525)	-
Net cash used in investing activities		**(77,300)**	**(38,637)**
Cash flows from financing activities			
Proceeds from issue of shares	18	40,665	-
Cost of share issue	18	(1,223)	-
Proceeds from borrowings		7,885	988
Repayment of borrowings		(1,264)	(988)
Net cash from financing activities		**46,063**	**-**
Net decrease in cash and cash equivalents		(2,701)	(2,421)
Cash and cash equivalents at the beginning of the financial year		69,582	72,003
Cash and cash equivalents at the end of the financial year	**7**	**66,881**	**69,582**

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 critical 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.

The ASM business has been accounted for as Discontinued Operations that was previously reported in the Critical Metals segment. Information about this discontinued segment is provided in note 6.

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	Critical Metals $'000	Unallocated $'000	Total $'000
30 JUNE 2020				
Gold sales to external customers	72,549	-	-	72,549
Interest income	-	-	625	625
	72,549	**-**	**625**	**73,174**
Segment net profit /(loss) before income tax	30,362	-	(10,448)	19,914
Segment net profit includes the following non-cash adjustments:				
Depreciation and amortisation	(9,072)	-	(79)	(9,151)
Exploration expenditure written off or provided for	-	-	(329)	(329)
Inventory product movement and provision	2,203	-	-	2,203
Restructuring provision	(147)	-	-	(147)
Income tax expense	-	-	(6,569)	(6,569)
Total adjustments	**(7,016)**	**-**	**(6,977)**	**(13,993)**
Total segment assets	77,834	-	110,339	188,173
Total segment liabilities	(30,890)	-	(2,870)	(33,760)
Net segment assets	**46,944**	**-**	**107,469**	**154,413**

	Gold Operations $'000	Critical Metals $'000	Unallocated $'000	Total $'000
30 JUNE 2019				
Gold sales to external customers	92,513	-	-	92,513
Interest income	-	-	837	837
	92,513	**-**	**837**	**93,350**
Segment net profit /(loss) before income tax	31,930	812	(7,110)	25,632
Segment net loss 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**

Note 2. Revenue

	2020 $'000	2019 $'000
Revenue from continuing operations		
Gold sales	72,549	92,513

(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 and obtain substantially all of the remaining benefits from that good.

Note 3. Expenses

	2020 $'000	2019 $'000
Cost of sales		
Cash costs of production	33,137	36,662
Inventory product movement	(2,203)	14,669
Depreciation and amortisation	9,072	7,165
Royalties and selling costs	1,934	2,416
	41,940	**60,912**

(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 $13,085,000 of employee remuneration benefits (2019: $10,281,000).

(b) 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 9 for further details on the Group's accounting policy for inventory.

(c) 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 9 for further details on the Group's accounting policy for inventory.

	2020 $'000	2019 $'000
Other expenses		
Corporate administration	3,387	2,580
Employee remuneration and benefits expensed	2,361	1,570
Share based payments	1,225	865
Professional fees and consulting services	2,321	1,633
Restructuring provision	147	(104)
Exploration expenditure provided for or written off	329	138
Directors' fees and salaries expensed	660	614
Depreciation	79	90
Non-core project expenses	168	-
	10,677	**7,386**

Note 4. Other net income

	2020 $'000	2019 $'000
Net foreign exchange gain	(4)	(4)
Net gain/(loss) on disposal of property, plant and equipment	9	(7)
Other income	145	747
Other net income	**150**	**736**

Note 5. Income tax

(a) Income tax expense

	2020 $'000	2019 $'000
Current tax		
Adjustments for current tax of prior periods	-	(6,929)
Total current tax expense	**-**	**(6,929)**
Deferred income tax		
(Increase)/Decrease in deferred tax asset	(4,210)	5,914
Increase in deferred tax liabilities	10,531	3,354
Total deferred tax expense/(benefit)	**6,321**	**9,268**
Income tax expense	**6,321**	**2,339**
Income tax expense is attributable to:		
Profit from continuing operations	6,569	2,266
(Loss)/Profit from discontinued operations	(248)	73
	6,321	**2,339**

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

	2020 $'000	2019 $'000
Profit from continued operations before income tax expense	19,914	24,761
(Loss)/Profit from discontinued operations before income tax expense	(831)	243
Profit before income tax expense	**19,083**	**25,004**
Tax at the Australian tax rate of 30% (2019 - 30%)	5,725	7,501
Tax benefits of deductible equity raising costs	(123)	(49)
Non-deductible share based payments	367	259
Other items	112	8
Movement in temporary differences	-	(6,533)
Under provision for prior year	240	1,226
Utilisation of previously unrecognised tax losses	-	(73)
	6,321	**2,339**

(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 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)
At 30 June 2019	**-**	**3,617**	**16,352**	**1,072**	**1,358**	**22,399**

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 2019	-	3,617	16,352	1,072	1,358	22,399
- profit or loss	7,065	(296)	(2,888)	179	150	4,210
- directly to equity	-	-	-	-	541	541
As at 30 June 2020	**7,065**	**3,321**	**13,464**	**1,251**	**2,049**	**27,150**

Recognised deferred tax assets are attributable to:						
Losses and temporary differences carried forward for continued operations	7,065	3,321	12,420	1,251	1,934	25,991
Losses and temporary differences carried forward for discontinued operations	-	-	1,044	-	115	1,159
	7,065	**3,321**	**13,464**	**1,251**	**2,049**	**27,150**

(d) Deferred tax liabilities

	2020 $'000	2019 $'000
The balance comprises temporary differences attributable to:		
Exploration expenditure	(36,995)	(31,168)
Property, plant & equipment	(4,744)	-
Other	(507)	(548)
Gross recognised deferred tax liabilities	**(42,246)**	**(31,716)**
Set-off of deferred tax assets	27,150	22,399
	(15,096)	**(9,317)**

Net recognised deferred tax assets/(liabilities) are attributable to:		
Losses and temporary differences carried forward for continued operations	10,947	-
Losses and temporary differences carried forward for discontinued operations	(26,043)	-
	(15,096)	**-**

Movements	Exploration Expenditure $'000	Property, plant and equipment $'000	Other $'000	Total $'000
At 1 July 2018	27,941	-	421	28,362
Charged/(credit)	-	-	-	-
- to profit or loss	3,227	-	127	3,354
At 30 June 2019	**31,168**	**-**	**548**	**31,716**
At 1 July 2019	31,168	-	548	31,716
Charged/(credited)	-	-	-	-
- to profit or loss	5,827	4,744	(41)	10,530
At 30 June 2020	**36,995**	**4,744**	**507**	**42,246**

Recognised deferred tax liabilities are attributable to:				
Temporary differences in respect of continued operations	9,795	4,744	505	15,044
Temporary differences in respect of discontinued operations	27,200	-	2	27,202
	36,995	**4,744**	**507**	**42,246**

(e) Deferred tax recognised directly in equity

	2020 $'000	2019 $'000
Relating to equity raising costs	(245)	(49)
Relating to revaluations of investments/financial instruments	(296)	-
	(541)	**(49)**

(f) Unrecognised temporary differences and tax losses

	2020 $'000	2019 $'000
Unrecognised tax losses	18,378	18,315
Deductible temporary differences	513	-
	18,891	**18,315**
Potential tax benefit at 30% (2019: 30%)	**5,667**	**5,495**

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.

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. Recognition for accounting purposes does not impact the ability of the Group to utilise the deductible temporary differences to reduce future taxable profits.

Note 6. Discontinued operations

ASM Group

On 17 June 2020, the Group publicly announced the demerger of Alkane's critical metals and materials business and assets (the ASM Business) from the remainder of Alkane's business.

Australian Strategic Materials Ltd (ASM) was admitted to the ASX on 29 July 2020 and will operate the ASM Business; and Alkane will continue to own and operate the remainder of Alkane's business being, principally, its Australian gold business.

Following the demerger, Alkane will be an Australian focused gold company, with existing production from its Tomingley Operations and the opportunity to grow its production base through organic exploration and discovery (including the Boda discovery) and through further strategic acquisitions. Corporately, Alkane will continue to have an experienced Board and management team, the remainder of its cash position.

ASM was demerged with its cash reserves and no bank debt. All interests in the Dubbo Project and associated assets (including land and water rights), together with ASM's investment in South Korean metals technology company RMR Tech Corporation, will be 100% owned by ASM following the demerger. ASM will have a focused Board and management team, a strategy to pursue the advancement of the 'Clean Metal' metallisation technology, potential value-enhancing opportunities in relation to the Dubbo Project and will continue to be involved in offtake and financing discussions, including those already underway in relation to the Dubbo Project.

The net assets of ASM were measured at the lower of carrying amount and fair value. The ASM businesses were included in the Critical Metals segment until 30 June 2019.

Financial performance information

	2020 $'000	2019 $'000
Discontinued other income	1,073	1,766
Share of loss of Joint Venture	(10)	-
Professional fees and consulting services	(624)	216
General and administration expenses	(381)	57
Pastoral company expenses	(848)	(1,782)
Audit fees	(41)	(11)
Finance costs	-	(3)
Total expenses	**(1,904)**	**(1,523)**
(Loss)/profit before income tax expense	(831)	243
Income tax benefit/(expense)	248	(73)
(Loss)/profit after income tax (expense)/benefit from discontinued operations	**(583)**	**170**

Carrying amounts of assets and liabilities held for distribution to the owners

	2020 $'000	2019 $'000
Cash and cash equivalents	18,544	-
Trade and other receivables	233	-
Consumables	5	-
Biological assets	783	-
Investments accounted for using the equity method	1,721	-
Property, plant and equipment	27,567	-
Exploration and evaluation assets	90,665	-
Other non-current assets	20	-
Total assets	**139,538**	**-**
Trade and other payables	344	-
Provisions	178	-
Deferred tax	26,043	-
Total liabilities	**26,565**	**-**
Net assets	**112,973**	**-**

Cash flows of ASM businesses

	2020 $'000	2019 $'000
Operating	(222)	(165)
Investing	(4,894)	(6,211)
Financing	(3,308)	7,027
Cash at the beginning of the period	26,968	26,317
Net cash at the end of the period	**18,544**	**26,968**

Accounting policy for discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for distribution to owners and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss.

Note 7. Cash and cash equivalents

	2020 $'000	2019 $'000
Current assets		
Cash at bank	48,337	69,582

Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	48,337	69,582
Cash and cash equivalents - classified as held for distribution by owners - classified as held for sale	18,544	-
Balance as per statement of cash flows	**66,881**	**69,582**

Cash at bank at balance date weighted average interest rate was 0.67% (2019: 2.1%).

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 8. Trade and other receivables

	2020 $'000	2019 $'000
Current assets		
Trade receivables	1,057	348
Prepayments	922	890
GST and fuel tax credit receivable	961	760
	2,940	**1,998**

(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 2020 the Group has determined that the expected provision for credit losses is not material.

In determining the recoverability of a trade or other receivables using the expected credit loss model, the Group performs a risk analysis considering the type and age of 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 22.

Note 9. Inventories

	2020 $'000	2019 $'000
Current assets		
Ore stockpiles	934	704
Gold in circuit	1,940	834
Bullion on hand	2,407	1,539
Consumable stores	2,366	1,739
	7,647	**4,816**

(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 2020 to write down inventories to their recoverable value (2019: $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 2020 amounted to $6,920,000 (2019: $12,499,000). These were included in costs of production.

Product inventory movement during the year ended 30 June 2020 amounted to an expense of $2,203,000 (2019: expense of $14,669,000) and is disclosed as part of cost of sales in note 3.

Note 10. Derivative financial instruments

	2020 $'000	2019 $'000
Current assets		
Derivative financial instruments		
Commodity options - cash flow hedges	172	25
Non-current assets		
Derivative financial instruments		
Commodity put options - cash flow hedges	64	678
Total non-current Derivative financial instruments	64	678
	236	**703**

During the 2019 financial year subsidiary company Tomingley Gold Operations Pty Ltd ('TGO') entered into several commodity put option contracts to hedge a portion of its future gold sales.

On 12 May 2020 Alkane entered into a fixed price Singapore Gasoil 10ppm cash-settled swap transaction contract with Macquarie for a total of 1,665,151 litres of diesel, effective 01 July 2020 until 30 June 2021 at a fixed forward price of AUD 0.4105 per litre.

Movements in the options' fair value are reflected through other comprehensive income.

Accounting policy for 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.

Note 11. 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. They are assets of disposal groups classified as held for distribution to owners in the current financial year.

	2020 $'000	2019 $'000
Current assets		
Biological assets	-	80
Non-current assets		
Biological assets	-	402

Note 12. Other financial assets

	2020 $'000	2019 $'000
Non-current assets		
Security deposits	8,614	8,417

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 $8,614,000 for the current period (2019: $8,417,000 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 22 for the Group's exposure to interest rate risk. The fair value of other financial assets is equal to its carrying value.

Note 13. Property, plant and equipment

	Land and buildings $'000	Plant and equipment $'000	Capital WIP $'000	Mine properties $'000	Total $'000
Year ended 30 June 2020					
Opening cost	40,379	80,448	3,728	174,479	299,034
Additions	-	-	18,873	30,257	49,130
Transfers between classes	8,403	11,445	(20,794)	946	-
Assets classified as held for distribution to owners and other disposals	(26,456)	(1,833)	(120)	-	(28,409)
Net movement	**(18,053)**	**9,612**	**(2,041)**	**31,203**	**20,721**
Closing cost	**22,326**	**90,060**	**1,687**	**205,682**	**319,755**
Opening accumulated depreciation and impairment	(12,674)	(73,322)	-	(162,000)	(247,996)
- to profit or loss	(121)	(3,306)	-	(6,738)	(10,165)
Assets classified as held for distribution to owners and other disposals	8	720	-	-	728
Net movement	**(113)**	**(2,586)**	**-**	**(6,738)**	**(9,437)**
Closing accumulated depreciation and impairment	**(12,787)**	**(75,908)**	**-**	**(168,738)**	**(257,433)**
Closing net carrying value	**9,539**	**14,152**	**1,687**	**36,944**	**62,322**

	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)
- 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**

All property, plant and equipment are 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 are 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) 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 2020. Commercial production was declared in February 2020. Amortisation of mine properties commenced with commercial production and is being charged using units of production method.

Note 14. Exploration and evaluation

	2020 $'000	2019 $'000
Opening balance	103,894	93,136
Expenditure during the year	17,964	11,166
Amounts provided for or written off	(329)	(408)
Exploration and evaluation classified as available for distribution to owners	(88,784)	-
	32,745	**103,894**

(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 15. Investments accounted for using the equity method

	2020 $'000	2019 $'000
Non-current assets		
Investment in associates	14,385	7,767

	2020 $'000	2019 $'000
Share of profit / loss of equity accounted for investments		
Share of losses - associates	(240)	-

Interests in associates

Interests in associates and joint venture are accounted for using the equity method of accounting. Information relating to the investments that are material to the consolidated entity are set out below:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2020 %**	**2019 %**
Calidus Resources Ltd (CAI)	Australia	12.99%	15.78%
Genesis Minerals Ltd (GMD)	Australia	15.51%	2.38%

Alkane's percentage of holding in Calidus exceeds 10%, which gives Alkane the right to appoint one Nominated Director (out of five) to the Board. Alkane's right to a 20% presentation on the Board of Directors entitles the Company significant influence in policy-making processes including participation in decisions about dividends and other distributions.

On 24 October 2019, Nic Earner (Alkane's Managing Director) was appointed as a Non-Executive Director to the Genesis Board. The appointment of Nic Earner entitles Alkane a 20% voting right at the Directors' meeting. Alkane's 20% representing on the Board out of five directors entitles the Company significant influence in policy-making processes including participation in decisions about dividends and other distributions.

Note 16. Trade and other payables

	2020 $'000	2019 $'000
Current liabilities		
Trade payables	4,588	3,710
Other payables	4,837	4,297
	9,425	**8,007**

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 17. Provisions

	2020 $'000	2019 $'000
Current liabilities		
Employee benefits	2,659	2,202
Rehabilitation	-	1,591
Restructuring	-	645
	2,659	**4,438**

Non-current liabilities		
Employee benefits	122	194
Rehabilitation	14,751	12,865
	14,873	**13,059**

(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 $1,833,000 (2019: $1,301,000) 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.

	2020 $'000	2019 $'000
Current leave obligations expected to be settled after 12 months	595	646

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 in the prior year related to the Group's liability for severance payments for the open cut gold mining operations, which has been settled during the current financial year.

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 $127,000 (2019: $330,000) 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:

	2020 $'000	2019 $'000
Rehabilitation and mine closure		
Opening balance	14,456	18,535
Additional provision incurred	1,276	1,338
Expenditure during the year	(1,881)	(5,909)
Unwinding of discount	127	330
Change in estimate	773	162
	14,751	**14,456**

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

	2020 $'000	2019 $'000
Restructuring provision		
Opening balance	645	2,694
Additional provision incurred	-	321
Redundancies paid	(792)	(2,370)
Change in estimates	147	-
	-	**645**

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

	2020 $'000	2019 $'000
Employee benefits provision		
Opening balance	2,396	3,620
Additional provision incurred	1,921	1,698
Employee benefits paid	(1,518)	(2,922)
Employee benefits provision classified as held for distribution to owners	(18)	-
	2,781	**2,396**

Note 18. Issued capital

	2020 Shares	2019 Shares	2020 $'000	2019 $'000
Ordinary shares - fully paid	580,033,307	506,096,222	258,876	220,111

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2018	506,096,222	220,160
Less: Deferred tax credit recognised directly into equity		-	(49)
Balance	30 June 2019	506,096,222	220,111
Adjustment for reclassification		-	(922)
Share issue*		73,937,085	40,665
Share issue costs		-	(1,223)
Less: Deferred tax credit recognised directly into equity		-	245
Balance	**30 June 2020**	**580,033,307**	**258,876**

**During the year 73,937,085 shares were issued for capital raising (2019: nil).*

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 19. 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.

	2020 $'000	2019 $'000
Financial assets at fair value through other comprehensive income reserve	(101)	151
Hedging reserve - cash flow hedges	(989)	-
Share-based payments reserve	4,206	2,981
Other reserves	297	(780)
	3,413	**2,352**

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 10. 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 20. Retained profits/(accumulated losses)

	2020 $'000	2019 $'000
Accumulated losses at the beginning of the financial year	(8,587)	(31,880)
Adjustment for reclassification	922	-
Accumulated losses at the beginning of the financial year - restated	(7,665)	(31,880)
Profit after income tax benefit for the year	12,762	23,293
Retained profits/(accumulated losses) at the end of the financial year	**5,097**	**(8,587)**

Note 21. 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 critical metals cash generating units in the current financial year. Refer to note 14 for details.

Depreciation of property, plant and equipment

Non-current assets include property, plant and equipment. The Group reviews the useful lives of depreciable asset 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 17.

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 30. 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.

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 22. 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 note 27 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 2020			30 June 2020		
	Carrying amount $'000	+100BP $'000	-100BP $'000	Carrying amount $'000	+100BP $'000	-100BP $'000
Financial assets						
Cash and cash equivalents	48,337	338	(338)	69,582	487	(487)
Receivables*	2,028	-	-	348	-	-
Other financial assets	8,614	60	(60)	8,417	59	(59)
Financial liabilities						
Trade and other payables	(9,425)	-	-	(8,745)	-	-
Total increase / (decrease) in profit	**-**	**399**	**(399)**	**-**	**546**	**(546)**

**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 3 months, therefore the carrying amount equals the cash flow required to settle the liability.

Note 23. 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 24. Key Management Personnel disclosures

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

	2020 $'000	2019 $'000
Short-term employee benefits	2,163,571	1,703,206
Post-employment benefits	122,437	112,400
Long-term benefits	101,735	34,640
Share-based payments	1,062,871	772,562
	3,450,614	**2,622,808**

Mr Wilkins is associated with DWCorporate Pty Ltd, a company which provided company secretarial services to the Group throughout the financial year ended 30 June 2020. This fee is disclosed as short-term employee benefits in the remuneration report.

Note 25. Remuneration of auditors

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

	2020 $'000	2019 $'000
Audit services - PricewaterhouseCoopers Audit or review of the financial statements	115	174
Other services - PricewaterhouseCoopers Other advisory services	175	61
	290	**235**

Note 26. Contingent liabilities

The Group has entered into forward gold sales contracts which are not accounted for on the balance sheet. A contingent liability of $14,178,000 (2019: contingent liability of $4,939,000) existed at the balance date in the event the contracts are not settled by the physical delivery of gold.

The Group has contingent liabilities estimated up to the value of $8,330,000 (30 June 2019: $5,650,000) for the potential acquisition of several parcels, including amount of $3,670,000 related to land acquisition surrounding the Dubbo Project. 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.

Note 27. 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.

	2020 $'000	2019 $'000
Within one year	1,505	2,377

(b) 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.

Alkane purchased gold forward sales and put options as part of a risk mitigation strategy on any potential downward price pressure while Tomingley was processing the low grade stockpiles during the year.

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.

30 June 2020	Gold for physical delivery Ounces	Contracted gold sale price per ounce ($)	Value of committed sales $'000
30 June 2020			
Fixed forward contracts			
Within one year	17,770	1,836	32,619
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

(c) Capital commitments

Capital commitments committed for the year at the end of the reporting period but not recognised as liabilities amounted to $8,787,000 (2019: $833,000). The amount related to the discontinued operation was $3,200,000.

Note 28. Events after the reporting period

On 16 July 2020, the Group publicly announced the shareholders' approval of the demerger of Alkane's critical metals and materials business and assets (the ASM Business) from the remainder of Alkane's business.

Australian Strategic Materials Ltd (ASM) listed on the ASX in July 2020 and will operate the ASM Business; and Alkane will continue to own and operate the remainder of Alkane's business being, principally, its Australian gold business.

In July 2020 ASM was demerged with its cash reserves and no bank debt. Net assets equating to $112,973,000 at 30 June 2020 have demerged at 29 July 2020. All interests in the Dubbo Project and associated assets (including land and water rights), together with ASM's investment in South Korean metals technology company RMR Tech Corporation (subsidiary of Ziron Tech), will be 100% owned by ASM following the demerger. ASM will have a focused Board and management team, a strategy to pursue the advancement of the 'Clean Metal' metallisation technology, potential value-enhancing opportunities in relation to the Dubbo Project and will continue to be involved in offtake and financing discussions, including those already underway in relation to the Dubbo Project.

Following the demerger, Alkane will be an Australian focused gold company, with existing production from its Tomingley Operations and the opportunity to grow its production base through organic exploration and discovery (including the Boda discovery) and through further strategic acquisitions.

As at the date of the shareholder meeting to vote on the demerger on 16 July 2020, Alkane had 580,033,307 ordinary shares on issue. Following the approval of the early vesting of the Alkane Performance Rights, the number of ordinary shares on issue in Alkane will be 595,248,891, immediately following the demerger, and Alkane will have a capital structure as follows:

Capital Structure	Pre-Demerger Number	Post-Demerger Number
Alkane Shares on issue:	580,033,307	595,248,891
Alkane Performance Rights:	22,329,762	3,173,638

On 17 July 2020, Alkane Resources Ltd and Australian Strategic Materials Ltd entered into a restructure deed as part of the demerger to capitalise $113,000,000 and forgive $4,730,991 of the related party loans to Australian Strategic Materials Ltd.

No other matter or circumstance has arisen since 30 June 2020 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 29. Related party transactions

Parent entity

Alkane Resources Ltd is the parent entity of the Group.

Associates

Interests in associates are set out in note 15.

Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 24 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 $397,677 for the current period (2019: $65,400). These terms are documented in a service level agreement and represent normal commercial terms.

During the period fees amounting to $309,000 (2019: $169,400) 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 2020, there were no committee fees payable to the Group's Chairman, Mr I J Gandel (2019: $22,917, including unpaid fees in 2018).

Invoices totalling $6,297 were outstanding at the end of the reporting period in relation to transactions with related party DWCorporate Pty Ltd (2019: $16,500).

Note 30. 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 number 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.

	2020		2019	
Performance Rights	Number of performance rights	Weighted average fair value $	Number of performance rights	Weighted average fair value $
Outstanding at the beginning of the year	18,476,061	$0.18	10,236,883	$0.26
Issued during the year	3,853,701	$0.37	8,239,178	$0.08
Vested during the year	(8,430,376)	$0.24	-	$0.00
Lapsed during the year	(1,806,507)	$0.34	-	$0.00
Outstanding at the end of the year	12,092,879	$0.18	18,476,061	$0.18

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.

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	-	70.00%	2.08%	2.9	$0.25
04/12/2017	Service condition and market condition	-	70.00%	1.84%	2.8	$0.24
18/10/2018	Services condition and market condition	-	66.00%	2.14%	3.0	$0.22
21/11/2018	Service condition and market condition	-	65.00%	2.14%	2.9	$0.22
02/09/2019	Service condition and market condition	-	67.00%	0.69%	2.8	$0.40
22/11/2019	Service condition and market condition	-	65.00%	0.73%	2.6	$0.63

Expenses arising from share-based payment transactions:

	2020 $'000	2019 $'000
Performance rights	1,225	865

Note 31. Earnings per share

	2020 $'000	2019 $'000
Earnings per share for profit from continuing operations		
Profit after income tax attributable to the owners of Alkane Resources Ltd	13,345	23,123

	Cents	Cents
Basic earnings per share	2.44	4.57
Diluted earnings per share	2.37	4.45

	2020 $'000	2019 $'000
Earnings per share for profit/(loss) from discontinued operations		
(Loss)/profit after income tax attributable to the owners of Alkane Resources Ltd	(583)	170

	Cents	Cents
Basic earnings per share	(0.11)	0.03
Diluted earnings per share	(0.10)	0.03

	2020 $'000	2019 $'000
Earnings per share for profit		
Profit after income tax attributable to the owners of Alkane Resources Ltd	12,762	23,293

	Cents	Cents
Basic earnings per share	2.33	4.60
Diluted earnings per share	2.26	4.48

	Number	Number
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	547,023,712	506,096,222
Adjustments for calculation of diluted earnings per share:		
Performance rights	17,141,368	13,287,556
Weighted average number of ordinary shares used in calculating diluted earnings per share	**564,165,080**	**519,383,778**

Note 32. External borrowings and assets pledged as security

Security deposits

As at the date of this report $8,614,000 (2019: $8,417,000) in deposits have been provided as security. Refer note 12 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 $3,000,000 and $5,000,000 respectively; and
- a parental guarantee provided by Alkane Resources Ltd and Tomingley Holdings Pty Ltd.

External borrowings

The external borrowings are secured by National Australia Bank (NAB) over the company's plant and equipment. The details of the facilities are as following:

- On 17 January 2020, a NAB equipment finance loan of $702,500 was secured to finance a used Cat loader over a 60 month term. The interest rate of the facility is 4.0733% per annum. The security to be put in place is limited to the equipment being financed.
- On 05 May 2020, another NAB equipment finance loan of $6,100,000 has been secured to finance the existing underground earthmoving equipment. The term of the loan is for 36 months with an interest rate of 4.2968% per annum. The security to be put in place is limited to the equipment being financed.

The external borrowings are secured over the assets to which they relate, the carrying value of which exceeds the value of the liability. The Group holds title to the equipment under the facilities pledged as security.

The table below represents the carrying value of assets pledged as security:

	2020 $'000	2019 $'000
Non-current		
Plant and equipment	6,803	-

No other assets were pledged as security in the year ended 30 June 2020 (2019: $nil).

Note 33. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2020 $'000	2019 $'000
Profit after income tax	14,091	22,513
Total comprehensive income	14,091	22,664

Balance sheet

	Parent	
	2020 $'000	2019 $'000
Total current assets	203,910	11,655
Total assets	254,611	202,024
Total current liabilities	2,801	2,108
Total liabilities	3,040	5,203
Equity		
Issued capital	258,876	220,111
Financial assets at fair value through other comprehensive income reserve	(101)	151
Share-based payments reserve	4,206	2,981
Accumulated losses	(11,410)	(26,422)
Total equity	**251,571**	**196,821**

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 2020 (2019: $nil).

Note 34. Deed of cross-guarantee

The following Group entities have entered into a deed of cross-guarantee. Under the deed of cross-guarantee, each body has guaranteed that the debts to each creditor of each other body which is a party to the deed will be paid in full in accordance with the deed:

- Alkane Resources Limited (the Holding Entity)
- Tomingley Holdings Pty Ltd and Tomingley Gold Operations Pty Ltd (the wholly owned subsidiaries, which are eligible for the benefit of the ASIC Instrument)

By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare financial statements and Directors' Report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross-guarantee that are controlled by Alkane Resources Ltd, they also represent the 'Extended Closed Group'.

The statement of profit or loss and other comprehensive income and balance sheet (excluding ASM business, which is separately disclosed in note 6) are substantially the same as the consolidated entity as stated in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and therefore have not been separately disclosed.

Note 35. Reconciliation of profit after income tax to net cash from operating activities

	2020 $'000	2019 $'000
Profit after income tax (expense)/benefit for the year	12,762	23,293
Adjustments for:		
Depreciation and amortisation	9,231	7,327
Net (gain)/loss on disposal of property, plant and equipment	(9)	7
Share of loss - associates	250	-
Share-based payments	1,225	865
Non-cash finance charges	-	330
Exploration costs provided for or written off	329	582
Fair value adjustments to derivatives	-	(1,481)
Finance charges	126	-
Realised loss on expiry put option derivatives	258	-
Demerger costs reclassified	1,525	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(749)	287
(Increase)/decrease in inventories	(3,134)	14,392
Decrease in provision for income tax	-	(6,929)
Increase/(Decrease) in trade and other payables	143	(2,452)
Increase in deferred tax liabilities	6,320	9,314
Decrease in other provisions	(81)	(9,075)
Increase/(Decrease) in fair value of biological assets	340	(244)
Net cash from operating activities	**28,536**	**36,216**

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2020 $'000	2019 $'000
Cash and cash equivalents	48,337	69,582
Borrowings - repayable within one year	(2,659)	-
Borrowings - repayable after one year	(4,515)	-
Net cash	**41,163**	**69,582**

	Cash $	Borrowings repayable within one year $	Borrowings repayable after one year $	
Opening net cash	69,582	-	-	69,582
Cash flows	(21,245)	(2,659)	(4,515)	(14,071)
Closing net cash	**48,337**	**(2,659)**	**(4,515)**	**41,163**

Note 36. 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.

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.

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.

AASB 16 Leases

The Group adopted 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 2020 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, there was no impact on the current or prior financial period upon adoption of AASB 16.

There are no other standards that are not 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.

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').

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.

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 21.

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 33.

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.

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 2020 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.

Foreign currency translation

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

Foreign currency transactions

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.

Non-current assets or disposal groups classified as held for distribution to owners

Non-current assets and assets of disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset (or disposal group) to the owners. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for distribution to owners, they must be available for immediate distribution in their present condition and their distribution must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for distribution to owners. Interest and other expenses attributable to the liabilities of assets held for distribution continue to be recognised.

Non-current assets classified as held for distribution to owners and the assets of disposal groups classified as held for distribution to owners are presented separately on the face of the balance sheet, in current assets. The liabilities of disposal groups classified as held for distribution to owners are presented separately on the face of the balance sheet, in current liabilities.

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.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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.

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.

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 48 to 91 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 2020 and of its performance for the financial year ended on that date; and

- the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 36 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.
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 34 to the financial statements.

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 P Earner
Managing Director

24 August 2020
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 2020 and of its financial performance for the year then ended, and

(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 2020
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies, and
- 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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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 exploration projects outside of Tomingley Gold and Dubbo operations. The accounting processes are structured around a Group finance function at its head office in Perth.

Materiality

- For the purpose of our audit we used overall Group materiality of $3,277,000, 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.

Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The accounting processes are structured around a Group finance function at its head office in Perth.

Key audit matters

- Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee:
  - Estimate of rehabilitation and mine closure provision, and
  - Carrying value of exploration and evaluation assets.
- 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 note 17 and Critical accounting estimates and judgements in note 21 to the financial statements)* 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. This was a key audit 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, and • Evaluated the basis for cost estimations made by the Group, 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.
Carrying value of exploration and evaluation assets *(Refer to Exploration and evaluation in note 14 and Critical accounting estimates and judgements in note 21 to the financial statements)* The Group's exploration assets are subject to the impairment indicators assessment required by AASB 6 *Exploration for and Evaluation of Mineral Resources* (AASB 6). Due to the relative size of this balance in the consolidated balance sheet as well as the judgemental application of AASB 6 this was a key audit matter. Judgement was required by the Group to assess whether there were indicators of impairment of the	We performed the following procedures: • Assessed whether the Group retained right of tenure for all of its exploration licence areas by obtaining licence status records from relevant government on-line databases. • For a sample of additions to exploration and evaluation assets during the year inspected relevant supporting documentation, such as invoices, and compared the amounts to accounting records. • For a sample of additions to exploration and evaluation assets during the year tested the nature of the expense being capitalised and whether this is in accordance with AASB 6. • Inquired of management and directors as to the

Key audit matter	*How our audit addressed the key audit matter*
capitalised exploration and evaluation assets due to the need to make estimates and assumptions about future events and circumstances, such as whether the mineral resources may be economically viable to mine in the future.	future plans for the capitalised exploration and evaluation assets and assessed plans for future expenditure to meet minimum licence requirements.

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 2020, 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 Corporate directory and the Directors' report. 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.

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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: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 32 to 43 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Alkane Resources Limited for the year ended 30 June 2020 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
24 August 2020

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 1 September 2020.

Distribution of Equity Securities

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

	Ordinary shares	
	Number of holders	Number of shares
1 - 1,000	1,376	776,356
1,001 - 5,000	2,863	8,292,907
5,001 - 10,000	1,574	12,278,670
10,001 - 100,000	2,755	90,369,074
100,001 - and over	503	483,531,884
	9,071	**595,248,891**
The number of equity security holders holding less than a marketable parcel of securities are:	**465**	**56,217**

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	88,469,628	14.86
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	57,659,638	9.69
3	ABBOTSLEIGH PTY LTD	34,203,344	5.75
4	CITICORP NOMINEES PTY LIMITED	30,705,162	5.16
5	CHAPELGREEN PTY LTD <CHAPELGREEN A/C>	28,500,000	4.79
6	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	21,193,143	3.56
7	ABBOTSLEIGH PTY LTD <ABBOTSLEIGH S/F A/C>	8,108,182	1.36
8	ABBOTSLEIGH PTY LTD	6,750,000	1.13
9	FYVIE PTY LTD <UTHMEYER FAMILY NO 2 A/C>	6,314,795	1.06
10	LEEFAB PTY LTD	5,238,258	0.88
11	MR PATRICK JOHN MCHALE	4,612,500	0.77
12	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,247,436	0.71
13	KALE CAPITAL CORPORATION LTD	3,718,770	0.62
14	NICHOLAS EARNER	3,627,496	0.61
15	GARRETT SMYTHE LTD	2,793,125	0.47
16	S MAAS HOLDINGS PTY LIMITED <SHAWN MAAS FAMILY A/C>	2,776,232	0.47
17	MR DAVID HANBURY EDMONDS <DAVID EDMONDS S/F A/C>	2,720,191	0.46
18	BNP PARIBAS NOMS PTY LTD <DRP>	2,532,170	0.43
19	MANDEL PTY LTD <MANDEL SUPER FUND A/C>	2,530,000	0.43
20	MILFORD PARK SUPERANNUATION PTY LTD <MILFORD GROVE SUPERFUND A/C>	2,344,204	0.39
		319,044,274	**53.60**

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
Ian Jeffrey Gandel	147,392,506

Voting Rights

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

Unquoted Securities

At 1 September 2020, 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 FY2020	3,173,638	6	Nicholas Paul Earner	1,622,252

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 www.alkane.com.au/company/governance

Schedule of mining tenements – as at 30 June 2020

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 (up to 16 July 2020)
	EL 7631	100%	Equity through subsidiary (up to 16 July 2020)
	ML 1724	100%	Equity through subsidiary (up to 16 July 2020)
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
Trangie, NSW	EL 8765	100%	Equity
Armstrongs (near Parkes), NSW	EL8784	100%	Equity
Mt Conqueror, NSW	EL8940	100%	Equity
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