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Alkane Resources Ltd

ACN 000 689 216

Interim Financial Statements

for the

Half-Year Ended 30 June 2012

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, the financial statements are to be read in conjunction with the Annual Financial Statements for the year ended 31 December 2011 and any public announcements made by Alkane Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Alkane Resources Ltd

ACN 000 689 216

Directors' Report

Your directors present their report on the consolidated entity consisting of Alkane Resources Ltd ('the Company') and the entities it controlled at the end of, or during, the half-year ended 30 June 2012.

Directors

The names of directors of the Company in office during the whole of the half-year and up to the date of this report are:

John S F Dunlop	Non-Executive Chairman
D Ian Chalmers	Managing Director
Anthony D (Tony) Lethlean	Non-Executive Director
Ian J Gandel	Non-Executive Director

Results of Operations

The consolidated loss of the economic entity for the period was \$544,280 (2011 loss of \$1,715,297).

Review of Operations

The Company continues to be actively involved in mineral exploration and development, focussing primarily on the Tomingley Gold Project (TGP), the Dubbo Zirconia Project (DZP) and various other exploration projects in New South Wales.

During the half year the Company successfully raised \$106,923,676 (before costs) through a two stage placement and a partially underwritten pro rata entitlement offer to all shareholders:

- \$29,593,676 million through a partially underwritten 1 for 10 non-renounceable entitlement offer of fully paid ordinary shares in Alkane at \$1.10 per new share;
- \$44,330,000 from a placement of 40.3 million Alkane shares at \$1.10 per new share to professional and sophisticated investors within Alkane's 15% placement capacity; and
- \$33,000,000, subject to shareholder approval (obtained at a general meeting held on 16 April 2012), from a placement of 30 million Alkane shares at \$1.10 per share to professional and sophisticated investors.

A further 6 million fully paid ordinary shares were issued to Compass Resources Ltd together with 4 million options exercisable at \$1.50 expiring 15 May 2013 as consideration for the surrender of their production royalty relating to the Tomingley Gold Project.

Tomingley Gold Project

The TGP is based on three gold deposits (Wyoming One, Wyoming Three and Caloma) located 14 kilometres north of the Company's Peak Hill Gold Mine, approximately 50 kilometres south west of Dubbo. A Definitive Feasibility Study (DFS) was completed late in 2010 for operations comprised of 1 million tpa open cut and 0.25 million tpa underground. During the half year drilling continued to upgrade and extend the TGP's resources.

Subsequent to balance date approval for development of the project was received from the NSW Department of Planning & Infrastructure. A number of operational and environmental management plans have been finalised or are being prepared for lodgement and approval of the site Mining Lease from the Division of Resources and Energy is anticipated. This final step should enable construction work to commence. In the meantime detailed design by the EPCM contractors, Mintrex Pty Ltd, is well advanced and some long-lead items such as the ball mill were ordered last year to minimise construction delays. As at the end of the half year \$9.37 million had been expended on development and capital costs, including \$2.11 million for EPCM expenditure. Since completion of the DFS in 2010 both capital and operating costs have increased and a recent review of the TGP has seen capital costs rise to A\$107 million (\$116 million with contingencies). An update of operating costs is nearing completion and these will be incorporated into the financial model to ensure the Project maintains adequate returns.

During the half year the Company agreed to extend to 31 December 2012 the mandate to Credit Suisse to provide a project financing facility. This financing comprises a Project Loan Facility of up to A\$45 million and a Gold Hedging Facility of up to 163,000 ounces. In 2011 the Company entered into an initial 90,000 ounce gold forward sale that will underwrite a minimum price of approximately A\$1,600 per ounce for the first two and a half years of production from the Project. This contract has been extended to 28 September 2012 and is expected to be rolled forward further in the normal course of business.

Alkane Resources Ltd

Directors' Report (continued)

Dubbo Zirconia Project

The Dubbo Zirconia Project, located in the Central West Region of New South Wales, is based upon a large in-ground resource of the metals zirconium, hafnium, niobium, tantalum, yttrium, and rare earth elements. In May 2008 the Company commenced operation of the Demonstration Pilot Plant (**DPP**) at the laboratory facilities of ANSTO Minerals at Lucas Heights south of Sydney. Process development at this facility has continued focussing on optimisation and recovery improvement with the rare earth circuits, optimising water consumption and recycling and other engineering innovations. Laboratory scale work had shown encouraging results, including higher heavy rare earth recoveries, and DPP testing of these improvements and innovations is in progress. Even small improvements in the recoveries can have a positive impact on product revenues.

A number of memoranda of understanding have previously been entered into in regard to potential zirconium and niobium products from the DZP. Subsequent to balance date the Company announced entering into a further memorandum of understanding with regard to the production of rare earths (both light and heavy rare earths).

The definitive feasibility study (**DFS**) was completed by TZ Minerals International (TZMI) in September 2011. This study focused on the 400,000 tonne per annum project but an estimate was included for the expanded 1 million tonne per annum concept. The project was shown to be financially robust based on an initial 20 year mine life (expected to be in excess of 50 years), and a revised financial assessment of the DZP to confirm the 1 Mtpa model is being compiled.

During the half year a diamond hole was drilled at the Toongi deposit to test the thickness of the mineralised trachyte and a reconnaissance RC drilling program was completed at the Railway Prospect (located 4 kilometres north-west of the main Toongi orebody) to assess the thickness and nature of trachyte at that location.

Other exploration projects

The Company's other exploration interests include the Orange District Exploration Joint Venture (**ODEJV**) in which Newmont Australia Limited ("NAL") (who are managers and operators) have earned a 51% interest, the Wellington Copper-Gold Project, the Bodangora and Cudal Gold-Copper projects, the Peak Hill Gold Project and the Calula and Diamond Creek Gold-Base Metals projects.

The ODEJV is comprised of the Molong and Moorilda tenements located near the city of Orange in the Central West of New South Wales, adjacent to Newcrest Mining Ltd's Cadia Valley Operations. Newmont Australia Limited (**Newmont**) earned a 51% interest in the ODEJV in August 2009 and in March 2010 Newmont elected to proceed to 75% by completing a Bankable Feasibility Study (BFS) on the McPhillamys Project (within the Moorilda tenements).

Subsequent to balance date the joint venturers accepted an offer from Regis Resources Ltd (**Regis**) for their respective interests in the ODEJV. The Company will receive \$73.5 million for its 49% interest, to be settled by the issue of fully paid ordinary shares in Regis. The Company's interests in the ODEJV are held in its wholly owned subsidiary, LFB Resources NL (**LFB**), which company will be transferred to Regis subject to NSW Ministerial approval of the change of ownership of LFB.

During the half year a drill program was carried out at Glen Hollow within the Bodangora project focussed on testing a series of geophysical and geological targets. Critical 3D geological information was also acquired through the drilling activity which will guide future exploration activity. Exploratory drilling was also conducted at the Bowen Park One prospect within the Cudal project and at the Galwadgere prospect within the Wellington project.

Drilling planned to test beneath the high sulphidation epithermal gold mineralised lithocap for the gold-copper porphyry source at Peak Hill Gold Mine was abandoned due to extremely adverse drilling conditions, but further regional exploration including mapping and soil geochemistry is scheduled to generate new targets within the project area.

Dividends

No dividends have been provided for or paid by the Company during the half-year.

Changes in State of Affairs

During the half year there was no significant change in the Company's state of affairs other than that referred to in the half-year financial statements or notes thereto.

Alkane Resources Ltd

Directors' Report (continued)

AUDITORS' INDEPENDENCE DECLARATION

The following is a copy of a letter received from the Company's auditors:

Lead auditor's independence declaration under Section 307C of the Corporations Act

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the Act") I hereby declare that to the best of my knowledge and belief there have been:

- no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 30 June 2012 interim financial statements; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Frank Vrachas (Lead auditor)
Rothsay Chartered Accountants
Dated 7 September 2012

This report is made in accordance with a resolution of the directors.

Dated this 7th day of September 2012.

On behalf of the Directors



D Ian Chalmers
Director

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ROTHSAY

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Independent Review Report to the Members of Alkane Resources Ltd

The financial report and directors' responsibility

The interim consolidated financial report comprises the balance sheet, income statement, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Alkane Resources Ltd for the half-year ended 30 June 2012.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 30 June 2012 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Alkane Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Alkane Resources Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 30 June 2012 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Frank Vrachas
Partner

Dated

7/9/2012



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

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Alkane Resources Ltd

Directors' Declaration

For the half-year ended 30 June 2012

The directors declare that:

- (a) In the directors' opinion, the attached half year financial statements are in accordance with the Corporations Act 2001; and
- (b) The attached financial statements comply with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (c) The attached financial statements give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the half year ended on that date; and
- (d) In the directors' opinion there are reasonable grounds to believe that Alkane Resources Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



D Ian Chalmers
Director

PERTH, 7th September 2012

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Alkane Resources Ltd

Consolidated Statement of Comprehensive Income

For the half-year ended 30 June 2012

	Note	Half-year ended 30 Jun 2012 \$'000	Half-year ended 30 Jun 2011 \$'000
Revenue from continuing operations		1,354	221
R & D tax refund received		709	-
Consulting fees		(400)	(184)
Depreciation expense		(35)	(24)
Directors' salaries and consulting fees		(256)	(194)
Exploration written off		(128)	(169)
Exploration provision		(681)	(421)
Legal fees		(69)	(140)
Insurance		(75)	(18)
IT costs		(76)	-
Share registry		(75)	(61)
Employee remuneration		(233)	(10)
Public relations		(211)	(152)
Rent		(86)	(53)
Other expenses from continuing operations		(282)	(510)
Profit (loss) before income tax		(544)	(1,715)
Income tax expense		-	-
Profit (loss) for half-year		(544)	(1,715)
Other comprehensive income			
Changes in the fair value of quoted shares		-	-
Changes in reserves due to sale of shares		-	-
Tax effect of other comprehensive income		-	-
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		(544)	(1,715)
Profit (loss) attributable to minority interests		-	-
Profit (loss) attributable to members of Alkane Resources Ltd		(544)	(1,715)
Profit (loss) for half-year		(544)	(1,715)
Total comprehensive income attributable to minority interests		-	-
Total comprehensive income attributable to members of Alkane Resources Ltd		(544)	(1,715)
		(544)	(1,715)
		\$	\$
Basic and diluted earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company	2	(0.0017)	(0.0065)

The above consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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Alkane Resources Ltd

Consolidated Statement of Financial Position

As at 30 June 2012

	Note	Half-year 30 Jun 2012 \$'000	Annual Report 31 Dec 2011 \$'000
Current Assets			
Cash and cash equivalents	3	100,167	9,805
Receivables		1,781	686
Available for sale financial assets		1	2
Other financial assets		-	-
Total Current Assets		101,949	10,493
Non-Current Assets			
Property, plant & equipment		2,878	2,355
Other – tenements exploration and development	5	70,066	51,783
Other financial assets		500	519
Total Non-Current Assets		73,444	54,657
Total Assets		175,393	65,150
Current Liabilities			
Payables		3,465	2,102
Provisions		182	134
Total Current Liabilities		3,647	2,236
Non-Current Liabilities			
Provisions		229	211
Total Non-Current Liabilities		229	211
Total Liabilities		3,876	2,447
Net Assets		171,517	62,703
Equity			
Contributed equity	4	190,442	82,002
Reserves		918	-
Accumulated losses		(19,843)	(19,299)
Total Equity		171,517	62,703

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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Alkane Resources Ltd

Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2012

Attributable to members of Alkane Resources Ltd						
Consolidated	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Minority Interest \$'000	Total equity \$'000
Balance at 1 January 2011		62,080	-	(16,512)	-	45,568
Total comprehensive income for the half year		-	-	(1,715)	-	(1,715)
Transactions with owners in their capacity as owners:						
Share options expenses		-	-	-	-	-
Shares issued on exercise of options		19,922	-	-	-	19,922
Balance at 30 June 2011		82,002	-	(18,227)	-	63,775
Consolidated						
Consolidated	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Minority Interest \$'000	Total equity \$'000
Balance at 1 January 2012		82,002	-	(19,299)	-	62,703
Total comprehensive income for the half year		-	-	(544)	-	(544)
Transactions with owners in their capacity as owners:						
Share options expenses		-	918	-	-	918
Shares issued net of costs		108,440	-	-	-	108,440
Balance at 30 June 2012		190,442	918	(19,843)	-	171,517

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows

For the half-year ended 30 June 2012

	Note	Half-year ended 30 Jun 2012 \$'000	Half-year ended 30 Jun 2011 \$'000
Cash Flows from Operating Activities			
Rent received		15	10
Other income		-	-
Interest received		610	241
R & D tax refund received		709	-
Payments to suppliers and contractors		(2,006)	(1,292)
Net cash (outflow) from operating activities		(672)	(1,041)
Cash Flows from Investing Activities			
Outflow for purchases of property, plant & equipment		(558)	(123)
Outflow for exploration expenditure		(5,433)	(4,728)
Outflow for development expenditure		(5,014)	(20)
Proceeds from sale of assets		-	3
Proceeds from security deposits refunded		22	-
Outflows from term and security deposits		(3)	(5)
Net cash (outflow) from investing activities		(10,986)	(4,873)
Cash Flows from Financing Activities			
Grant received		-	-
Proceeds from issue of shares		106,924	21,000
Cost of share issue		(4,904)	(1,077)
Net cash inflow from financing activities		102,020	19,923
Net Increase (Decrease) in cash and cash equivalents		90,362	14,009
Cash and cash equivalents at the beginning of the half- year		9,805	4,555
Cash and cash equivalents at the end of the half-year		100,167	18,564

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements

For the Half-year Ended 30 June 2012

1. a. Basis of preparation of half-year report

These general purpose financial statements for the interim half-year reporting period ended 30 June 2012 have been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: *Interim Financial Reporting*.

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2011 and any public announcements made by Alkane Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial report is presented in Australian Dollars, which is the Group's presentation currency, and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated. The Group is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that class order to the nearest thousand dollars.

The accounting policies are consistent with those of the previous financial year.

b. Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

iii) Held-to-maturity investments

While the company does not currently hold any Held-to-maturity investments, the accounting policy for these investments is as follows: Held-to-Maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Notes to the Financial Statements

For the Half-year Ended 30 June 2012

b. Investments and other financial assets (continued)

Recognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are no longer recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise.

Derivative financial instruments

Derivative financial instruments are used by the Group to protect against the Group's Australian dollar gold price risk exposures. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

c. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

d. New Accounting Standards and UIG Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period.

The Group has assessed the impact of these new standards and interpretations not to be material to the Group's Financial Statements.

Alkane Resources Ltd

Notes to the Financial Statements

For the Half-Year ended 30 June 2012

2. Earnings per share

	Half-year ended 30 Jun 2012	Half-year ended 30 Jun 2011
Basic earnings/(loss) per share - dollars	(\$0.0017)	(\$0.0065)
Diluted earnings per share is not materially different from Basic earnings per share		
The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	318,380,287	263,724,291

3. Reconciliation of cash

For the purposes of this statement of cash flows, cash includes

	Half-year 30 Jun 2012 \$'000	Annual Report 31 Dec 2011 \$'000
Cash at the end of the half-year as shown in the statement of cash flows is reconciled to the related items in the accounts as follows:		
Cash on hand and at bank	647	9,520
Deposits at call	99,520	285
	100,167	9,805

4. Equity securities at the end of and issued during the current half-year

	Half-year ended 30 Jun 2012 Number	Half-year ended 30 Jun 2011 Number	Half-year ended 30 Jun 2012 \$'000	Half-year ended 30 Jun 2011 \$'000
Movements in issued capital				
Opening balance	269,028,158	249,028,158	82,002	63,215
Placement shares issued	76,300,000	20,000,000	83,750	21,000
Rights issue	26,903,342	-	29,594	-
Closing balance at end of half year	372,231,500	269,028,158	195,346	84,215
Less: Cost of issue			(4,904)	(2,213)
As per Consolidated Statement of Financial Position	372,231,500	269,028,158	190,442	82,002

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Notes to the Financial Statements

For the Half-Year ended 30 June 2012

5. Exploration, evaluation and development expenditure

	Half year ended 30 June 2012 \$'000	Half year ended 30 June 2011 \$'000
Exploration and evaluation expenditures brought forward in respect of areas of interest	49,003	39,139
Expenditure during financial period	12,498	4,858
Less expensed to profit or loss	(809)	(590)
Balance as at 30 June	<u>60,692</u>	<u>43,407</u>
Development expenditure brought forward in respect of areas of interest	2,780	127
Expenditure during the period	6,594	20
Balance as at 30 June	<u>9,374</u>	<u>147</u>
Total exploration, evaluation and development expenditure	<u><u>70,066</u></u>	<u><u>43,554</u></u>

6. Commitments for expenditure

Mineral tenement leases

In order to maintain current rights of tenure to mineral tenements, the Company will be required to outlay in 2012/2013 amounts of approximately \$1,027,864 (2011 \$994,000) in respect of tenement lease rentals, exploration expenditures and mining lease work commitments to meet the minimum expenditure requirements of the New South Wales Department of Trade and Investment, Regional Infrastructure and Services. These obligations will be fulfilled in the normal course of operations.

Physical gold delivery commitments

The Group is exposed to movements in the gold price. As part of the risk management policy of the Group and in compliance with the conditions required by the Group's financier, the Group enters into gold forward contracts to manage the gold price of a proportion of anticipated sales of gold. It is management's intention to settle each contract through physical delivery of gold.

The gold forward sale contracts disclosed below do not meet the criteria of financial instruments for accounting purposes on the basis that they meet the normal purchase/sale exemption because physical gold will be delivered into the contract. Accordingly, the contracts will be accounted for as sale contracts with revenue recognised once the gold has been delivered or the contracts are rolled over.

30 June 2012	Gold for physical delivery ounces	Contracted gold sale price – average cost in \$	Value of committed sales \$'000
Within one year:			
Fixed forward contracts	90,000	1,453.20	130,788
30 June 2011			
Within one year:			
Fixed forward contracts	90,000	1,435.60	129,204

The Group has no other gold sale commitments.

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Notes to the Financial Statements

For the Half-Year ended 30 June 2012

6. Commitments for expenditure (continued)

The Group has a contingent liability of the difference between the hedge price and the spot price of gold if the Tomingley project does not receive development approval from the NSW government.

7. Events occurring after the balance date

On the 12th July 2012, the Company issued 307,500 shares to employees and consultants. These shares are issued for no consideration.

On 1st August 2012, the Company received approval from the NSW Department of Planning and Infrastructure for the Tomingley Gold Project.

On 9th August 2012, the Company accepted an offer from Regis Resources Ltd for the sale of the Company's 49% interest in the Orange District Exploration JV for \$73.5million (to be settled by the issue of shares in Regis Resources Ltd at \$4.20 a share)

No other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the half-year ended 30 June 2012.

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