

**Alkane Resources Ltd**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Alkane Resources Ltd
ABN:	35 000 689 216
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

**2. Results for announcement to the market**

		<b>\$'000</b>
Revenue from ordinary activities	up 22% to	93,465
Profit after tax attributable to the owners of Alkane Resources Ltd from continuing operations	down (49%) to	24,693

**Explanation of Revenue**

Revenue from ordinary activities was \$93.47 million, an increase of 22% over the corresponding period.

The revenue increase was as a result of increased gold production and increased gold price during the half-year period.

**Explanation of profit from ordinary activities after tax**

Net statutory profit after tax attributable to the owners of Alkane Resources Ltd was \$24.69 million, a decrease of 49% over the corresponding period.

The prior period included a net gain of \$48,334,000 with the reclassification of Alkane's investment in Genesis to financial assets at fair value through other comprehensive income.

**Explanation of Net profit**

Please refer above.

**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>26.90</u>	<u>29.08</u>

**4. Dividends**

**Current period**

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

**Previous period**

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

**5. Audit qualification or review**

***Details of audit/review dispute or qualification (if any):***

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report for the half-year ended 31 December 2022.

---

**6. Attachments**

***Details of attachments (if any):***

The Interim Financial Report of Alkane Resources Ltd for the half-year ended 31 December 2022 is attached.

---

**7. Signed**

Signed 

Date: 22 February 2023

N P Earner  
Managing Director  
Perth

For personal use



**ALKANE**  
RESOURCES LTD

For personal use only



# Alkane Resources Ltd

ABN 35 000 689 216

**Interim Financial Report**  
for the half year ended 31 December 2022

**Alkane Resources Ltd**  
**Corporate directory**  
**31 December 2022**

Directors

I J Gandel (Non-Executive Chairman)  
N P 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

Registered office and principal  
place of business

Level 4, 66 Kings Park Road, West Perth WA 6005  
Telephone: 61 8 9227 5677 Facsimile: 61 8 9227 8178

Share register

Automic Pty Ltd  
Level 5, 126 Phillip Street, Sydney NSW 2000

Auditor

PricewaterhouseCoopers  
Brookfield Place, 125 St Georges Terrace, Perth WA 6000

Stock exchange listing

Alkane Resources Ltd shares are listed on the Australian Securities Exchange (Perth)  
(ASX code: ALK) and the OTCQX International (OTCQX code: ALKEF)  
Ordinary fully paid shares

Website

<http://www.alkane.com.au>

E-mail address

[mail@alkane.com.au](mailto:mail@alkane.com.au)

**Alkane Resources Ltd**  
**Directors' report**  
**31 December 2022**

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 half-year ended 31 December 2022.

**Directors**

The following persons were directors of Alkane Resources Ltd during the whole of the financial half-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

**Review of operations**

The profit for the Consolidated Entity after providing for income tax amounted to \$24,693,000 (31 December 2021: \$48,495,000).

The prior period included a net gain of \$48,334,000 with the reclassification of Alkane's investment in Genesis to financial assets at fair value through other comprehensive income.

***Tomingley Gold Operations***

Tomingley Gold Operations (TGO) is a wholly owned subsidiary of Alkane, located near the village of Tomingley, approximately 50km 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).

Both the underground and open cut operations at Tomingley performed well during the period. Wet weather impacted open cut production and other surface activities; production was also affected by a mechanical failure in the milling circuit in November. This was more than offset by above forecast mined grade.

Gold recovery of 85.9% for the period was in line with the expectations (30 June 2022: 83.7%). Average grade milled increased to 2.66g/t in the current half-year.

Production for the period was 37,790 ounces of gold (Dec 2021: 29,076 ounces of gold) with all in sustaining costs of \$1,256 per ounce (Dec 2021: \$1,606 per ounce). The average sales price achieved for the period increased to \$2,582 per ounce (Dec 2021: \$2,472 per ounce). Gold sales of 36,199 ounces (Dec 2021: 31,113 ounces) resulted in sales revenue of \$93,465,000 (Dec 2021: \$76,911,000).

Bullion on hand increased by 1,583 ounces from 30 June 2022 to 4,732 ounces.

***Tomingley Gold Extension Project***

An extensive exploration program focussed on the immediate area to the south of the Tomingley mine has continued as part of the plan to source additional ore feed, either at surface or underground. On the back of strong results from exploration and resource drilling to the immediate south of Tomingley, the Company is expediting the process to move to mine development.

Project Approval was not received for the Tomingley Gold Extension Project (TGEP) by the end of December. All information requested of the Company has been provided and the Project remains under consideration by the Department of Planning and Environment, with approval now expected in February.

**Alkane Resources Ltd**  
**Directors' report**  
**31 December 2022**

The table below summaries the key operational information:

<b>TGO Production</b>	<b>Unit</b>	<b>6 months ended 31 December 2022</b>	<b>6 months ended 31 December 2021</b>
<b>Open cut</b>			
Waste mined	BCM	190,904	524,308
Ore mined	Tonnes	150,815	184,303
Strip Ratio	Ratio	3.6	8.0
Grade mined	g/t	1.81	0.73
<b>Underground</b>			
Ore mined	Tonnes	470,386	434,588
Grade mined	g/t	2.57	2.29
Ore milled	Tonnes	509,696	505,268
Head grade	g/t	2.66	2.11
Gold recovery	%	85.9	85.2
Gold poured <sup>(3)</sup>	Ounces	37,790	29,076
<b>Revenue summary</b>			
Gold sold	Ounces	36,199	31,113
Average price realised	A\$/oz	2,582	2,472
Gold revenue	A\$000's	93,465	76,911
<b>All-in Sustaining Cost<sup>(1)</sup></b>	A\$/oz	1,256	1,606
Bullion on hand	Ounces	4,732	1,203
<b>Stockpiles</b>			
Ore for immediate milling	Tonnes	495,068	185,869
Stockpile grades <sup>(2)</sup>	g/t	1.28	0.85

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

(2) Based on the resource models.

(3) Represents gold sold 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.

### **Regional Exploration**

Near-mine exploration continued at Tomingley targeting additional mineralisation outside the existing resource models at Roswell and San Antonio, as well as Macleans, El Paso and the Plains prospect to the east of Roswell.

Macleans Prospect is positioned 500 metres northeast of the Roswell Deposit and adjacent to the exploration drive from Wyoming One. The recent drilling has confirmed significant gold mineralisation over 200 metres of strike, 500 metres down dip and remains open along strike and down dip. Drilling is planned to commence from the surface and underground from the exploration drive in the current quarter for the purpose of extending the known strike of the mineralised andesite and to estimate a maiden underground Inferred Mineral Resource.

The Boda gold-copper porphyry system is a series of near vertical, northwest striking, intrusive related breccias hosted within a thick sequence of shallowly east dipping andesite lavas.

The Boda Two prospect is defined by coincident magnetic high and gold-copper soil anomaly with an estimated north-south 1,100m x 500m footprint.

The drilling continues to identify extensive and continuous zones of low-grade gold-copper porphyry mineralisation, with internal high-grade zones associated with weakly developed hydrothermal breccias of magnetite ± pyrite ± chalcopyrite.

The Kaiser prospect, centred about 1km northwest of Boda, comprises a thick sequence of basaltic to andesitic volcanics and volcanoclastics that have been intruded by a series of dykes and stocks that range in composition from diorite and monzodiorite to monzonite. Results received show a copper rich zone near surface at Kaiser.

**Corporate**

In accordance with its strategy of investing part of its cash balance in junior gold mining companies and projects that meet its investment criteria, namely potential investments that have high exploration potential and/or require near term development funding, the Company continues to hold its investment in gold exploration and development companies Calidus Resources Ltd (ASX:CAI) and Genesis Minerals Ltd (ASX:GMD).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

**Matters subsequent to the end of the financial half-year**

Tomingley Gold Extension Project was approved by the New South Wales Minister of Planning on the 21 February 2023. The Company will now progress its Environmental Protection Licence and Mining Lease applications, which cannot be refused following the Minister's Planning Approval.

Debt funding of \$50 million for the extension project has also been secured from Macquarie Bank together with 100,000 ounces of gold hedging with a weighted average price of A\$2,825 per ounce. First debt draw down is permitted on the approval of the Mining Lease, expected mid-2023.

No other matter or circumstance has arisen since 31 December 2022 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.

**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, the nearest dollar.

**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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



---

N P Earner  
Managing Director

22 February 2023  
Perth





## Auditor's Independence Declaration

As lead auditor for the review of Alkane Resources Ltd for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink that reads 'Helen Bathurst'.

Helen Bathurst  
Partner  
PricewaterhouseCoopers

Perth  
22 February 2023

For personal use only



**Alkane Resources Ltd**

**Contents**

**31 December 2022**

Condensed consolidated statement of comprehensive income	7
Condensed consolidated balance sheet	8
Condensed consolidated statement of changes in equity	9
Condensed consolidated statement of cash flows	10
Notes to the consolidated financial statements	11
Directors' declaration	18
Independent auditor's review report to the members of Alkane Resources Ltd	19

**General information**

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2023.

For personal use only

**Alkane Resources Ltd**  
**Condensed consolidated statement of comprehensive income**  
**For the half-year ended 31 December 2022**

	Note	31 Dec 2022 \$'000	Restated (note 2) 31 Dec 2021 \$'000
<b>Continuing operations</b>			
Revenue	4	93,465	76,911
Cost of sales	5	(52,263)	(49,391)
Gross profit		<u>41,202</u>	<u>27,520</u>
Other income		216	808
Interest income		753	10
Net gain on derecognition of equity accounted investments		-	48,334
Other gains/(losses) (restated)	2	-	-
<b>Expenses</b>			
Other expenses	5	(6,830)	(5,707)
Finance costs		(517)	(1,328)
Share of loss of associates		-	(20)
Total expenses		<u>(7,347)</u>	<u>(7,055)</u>
<b>Profit before income tax expense</b>		34,824	69,617
Income tax expense (restated)	6	(10,131)	(21,122)
<b>Profit after income tax expense for the half-year attributable to the owners of Alkane Resources Ltd (restated)</b>		24,693	48,495
<b>Other comprehensive loss</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in fair value of financial assets at fair value through other comprehensive income (restated)	2	(10,075)	8,395
<i>Items that may be reclassified subsequently to profit or loss</i>			
Cash flow hedges transferred to profit or loss, net of tax		-	134
Other comprehensive loss for the half-year, net of tax (restated)		<u>(10,075)</u>	<u>8,529</u>
<b>Total comprehensive income for the half-year attributable to the owners of Alkane Resources Ltd (restated)</b>		<u><u>14,618</u></u>	<u><u>57,024</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		4.14	8.14
Diluted earnings per share		4.09	8.04

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

**Alkane Resources Ltd**  
**Condensed consolidated balance sheet**  
**As at 31 December 2022**

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		86,072	77,894
Trade and other receivables		4,273	2,344
Inventories		29,102	17,952
<b>Total current assets</b>		<u>119,447</u>	<u>98,190</u>
<b>Non-current assets</b>			
Property, plant and equipment		102,493	107,386
Exploration and evaluation		124,596	98,498
Financial assets at fair value through other comprehensive income	7	20,863	38,116
Other financial assets		13,590	13,497
<b>Total non-current assets</b>		<u>261,542</u>	<u>257,497</u>
<b>Total assets</b>		<u>380,989</u>	<u>355,687</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	15,089	13,708
External borrowings	9	7,716	5,930
Income tax provision	6	7,953	1,001
Provisions		5,093	4,457
Other liabilities		210	201
<b>Total current liabilities</b>		<u>36,061</u>	<u>25,297</u>
<b>Non-current liabilities</b>			
Provisions		16,274	15,806
External borrowings	9	7,736	9,116
Deferred tax	6	35,084	36,189
Other liabilities		301	405
<b>Total non-current liabilities</b>		<u>59,395</u>	<u>61,516</u>
<b>Total liabilities</b>		<u>95,456</u>	<u>86,813</u>
<b>Net assets</b>		<u>285,533</u>	<u>268,874</u>
<b>Equity</b>			
Issued capital		220,368	218,185
Reserves		(70,060)	(60,640)
Retained profits		135,225	111,329
<b>Total equity</b>		<u>285,533</u>	<u>268,874</u>

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

**Alkane Resources Ltd**  
**Condensed consolidated statement of changes in equity**  
**For the half-year ended 31 December 2022**

	Contributed equity \$'000	Share based payment reserve \$'000	Other reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2021	218,079	3,313	(68,491)	38,664	191,565
Profit after income tax expense for the half-year	-	-	-	48,495	48,495
Other comprehensive loss for the half-year, net of tax (restated)	-	-	8,529	-	8,529
<b>Total comprehensive income/(loss) for the half-year (restated)</b>	<b>-</b>	<b>-</b>	<b>8,529</b>	<b>48,495</b>	<b>57,024</b>
Share issue transaction costs	(4)	-	-	-	(4)
Share based payments	185	1,234	-	-	1,419
Deferred tax recognised in equity	(37)	-	-	-	(37)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings (restated)	-	-	359	(359)	-
<b>Balance at 31 December 2021 (restated)</b>	<b>218,223</b>	<b>4,547</b>	<b>(59,603)</b>	<b>86,800</b>	<b>249,967</b>

	Contributed equity \$'000	Share based payment reserve \$'000	Other reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022	218,185	5,229	(65,869)	111,329	268,874
Profit after income tax expense for the half-year	-	-	-	24,693	24,693
Other comprehensive loss for the half-year, net of tax	-	-	(10,075)	-	(10,075)
<b>Total comprehensive income/(loss) for the half-year</b>	<b>-</b>	<b>-</b>	<b>(10,075)</b>	<b>24,693</b>	<b>14,618</b>
Share issue transaction costs	(12)	-	-	-	(12)
Equity settled share-based payment transactions	197	1,890	-	-	2,087
Deferred tax recognised in equity	(34)	-	-	-	(34)
Employee share awards vested	2,032	(2,032)	-	-	-
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	797	(797)	-
<b>Balance at 31 December 2022</b>	<b>220,368</b>	<b>5,087</b>	<b>(75,147)</b>	<b>135,225</b>	<b>285,533</b>

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

**Alkane Resources Ltd**  
**Condensed consolidated statement of cash flows**  
**For the half-year ended 31 December 2022**

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	93,465	76,911
Payments to suppliers and employees (inclusive of GST)	<u>(46,512)</u>	<u>(36,609)</u>
	46,953	40,302
Interest received	741	69
Other income received	-	343
Finance costs paid	(296)	(860)
Royalties paid	<u>(3,578)</u>	<u>(1,922)</u>
Net cash from operating activities	<u>43,820</u>	<u>37,932</u>
<b>Cash flows from investing activities</b>		
Payments for investments	(3,000)	(1,420)
Payments for property, plant and equipment	(13,368)	(28,300)
Payments for exploration and evaluation	(25,349)	(19,671)
Proceeds from disposal of investments	5,859	18,806
Payments for security deposits	(93)	(113)
Proceeds from release of security deposits	<u>-</u>	<u>253</u>
Net cash used in investing activities	<u>(35,951)</u>	<u>(30,445)</u>
<b>Cash flows from financing activities</b>		
Share issue transaction costs	(12)	(4)
Proceeds from borrowings	4,138	34,778
Repayment of borrowings	(3,720)	(23,228)
Principal element of lease payment	<u>(97)</u>	<u>(68)</u>
Net cash from financing activities	<u>309</u>	<u>11,478</u>
Net increase in cash and cash equivalents	8,178	18,965
Cash and cash equivalents at the beginning of the financial half-year	<u>77,894</u>	<u>18,991</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>86,072</u></u>	<u><u>37,956</u></u>

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

**Note 1. Significant accounting policies**

**Basis of preparation**

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This condensed consolidated interim financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

**New or amended standards adopted by the Group**

The Group has adopted all of the new or amended accounting standards or interpretations issued by the Australian Accounting Standards Board 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 significant impact on the financial performance or position of the Consolidated Entity.

**Note 2. Restatement of comparatives**

Genesis Minerals Ltd was reclassified from investments accounted for using the equity method to financial assets at fair value through other comprehensive income during the prior period.

Subsequently in November 2021, the company sold 126,000,000 shares in Genesis Minerals Limited for sale proceeds of \$18,806,000 (after costs).

During the process of preparing the 30 June 2022 annual report, the Group identified that the accounting for this transaction reflected in the interim financial statements for the 6-month period ended 31 December 2021 was incorrect. The error was corrected in the second half of the financial year ended 30 June 2022. Comparative figures in the 31 December 2022 interim financial report were corrected by restating each of the affected financial statement line items as set out in the table below.

Note 2. Restatement of comparatives (continued)

	Consolidated 31 December 2021 (As reported) \$	Increase/ (Decrease)	Consolidated 31 December 2021 (Restated) \$
<b>Condensed consolidated statement of comprehensive income (extract)</b>			
Other gains/(losses)	13,909	(13,909)	-
<b>Profit before income tax expense</b>	<b>83,526</b>	<b>(13,909)</b>	<b>69,617</b>
Income tax expense	(25,295)	4,173	(21,122)
<b>Profit after income tax expense for the half-year</b>	<b>58,231</b>	<b>(9,736)</b>	<b>48,495</b>
Changes in fair value of financial assets at fair value through other comprehensive income	(1,341)	9,736	8,395
<b>Other comprehensive gain for the half-year, net of tax (restated)</b>	<b>(1,207)</b>	<b>9,736</b>	<b>8,529</b>
<b>Total comprehensive income for the half-year attributable to the owners of Alkane Resources Ltd</b>	<b>57,024</b>	-	<b>57,024</b>
<b>Condensed consolidated balance sheet (extract)</b>			
Reserves	(65,151)	10,095	(55,056)
Retained profits	96,895	(10,095)	86,800
<b>Total equity</b>	<b>249,967</b>	-	<b>249,967</b>

Basic and diluted earnings per share for the prior year have been also restated. The amount of the correction for basic and diluted earnings per share was a decrease of 1.64 cents and 1.62 cents per share respectively.

**Note 3. Operating segments**

The Consolidated Entity is currently with one operating segment: gold operations. The operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

Costs that do not relate to the gold operating segment have been identified as unallocated costs. Corporate assets and liabilities that do not relate to the gold 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	Unallocated \$'000	Total \$'000
<b>Half-year ended 31 December 2022</b>			
Gold sales to external customers	93,465	-	93,465
Segment profit before income tax expense	41,011	(6,187)	34,824
<b>Segment profit includes the following non-cash adjustments:</b>			
Depreciation and amortisation	(17,474)	(241)	(17,715)
Exploration expenditure written off or provided for	-	(8)	(8)
Inventory product movement and provision	10,772	-	10,772
Income tax expense	-	(10,131)	(10,131)
Total adjustments	<u>(6,702)</u>	<u>(10,380)</u>	<u>(17,082)</u>



**Note 3. Operating segments (continued)**

	<b>Gold Operations \$'000</b>	<b>Unallocated \$'000</b>	<b>Total \$'000</b>
<b>As at 31 December 2022</b>			
Total segment assets	180,519	200,470	380,989
Total segment liabilities	(47,637)	(47,819)	(95,456)
Net segment assets	<u>132,882</u>	<u>152,651</u>	<u>285,533</u>
<b>Half- year ended 31 December 2021</b>			
Gold sales to external customers	<u>76,911</u>	<u>-</u>	<u>76,911</u>
Segment profit before income tax expense	26,782	42,835	69,617
<b>Segment net profit includes the following non-cash adjustments</b>			
Depreciation and amortisation	(13,968)	(203)	(14,171)
Exploration expenditure written off or provided for	-	(3)	(3)
inventory product movement	(104)	-	(104)
Income tax expense	-	(21,122)	(21,122)
Total adjustments	<u>(14,072)</u>	<u>(21,328)</u>	<u>(35,400)</u>
<b>As at 30 June 2022</b>			
Segment assets	157,894	197,793	355,687
Segment liabilities	(45,140)	(41,673)	(86,813)
Net segment assets	<u>112,754</u>	<u>156,120</u>	<u>268,874</u>

**Note 4. Revenue**

	<b>31 Dec</b>	
	<b>2022 \$'000</b>	<b>2021 \$'000</b>
<b>Revenue from continuing operations</b>		
Gold sales	<u>93,465</u>	<u>76,911</u>

Revenue from the sale of gold 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.

Alkane Resources Ltd  
Notes to the consolidated financial statements  
31 December 2022

**Note 5. Expenses**

	31 Dec	
	2022 \$'000	2021 \$'000
<b>Cost of sales</b>		
Cash costs of production	41,896	33,027
Inventory product movement	(10,772)	104
Depreciation and amortisation	17,474	13,968
Royalties and selling costs	3,665	2,292
	<u>52,263</u>	<u>49,391</u>

**(a) Inventory product movement**

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

	31 Dec	
	2022 \$'000	2021 \$'000
<b>Other expenses</b>		
Corporate administration	1,444	1,394
Employee remuneration and benefits	1,721	1,597
Professional fees and consulting services	817	608
Share based payments	2,087	1,428
Directors' fees and salaries expensed	396	406
Depreciation	241	203
Non-core project expenses	116	68
Exploration expenditure provided for or written off	8	3
	<u>6,830</u>	<u>5,707</u>

**Note 6. Income tax**

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, 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.

**Note 6. Income tax (continued)**

Deferred tax assets relating to tax losses and deductible temporary differences can only be recognised to the extent that it is probable that future taxable profits will be available against which the tax losses and deductible temporary difference can be utilised. Deferred tax assets have been recognised only to the extent that they offset deferred tax liabilities as at this time it is not probable that sufficient future taxable profits will be available against which to offset the tax losses and deductible temporary differences. Recognition for accounting purposes does not impact the ability of the Group to utilise the deductible temporary differences to reduce future taxable profits.

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.

**Note 7. Financial assets at fair value through other comprehensive income**

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Non-current assets</i>		
Listed securities		
Calidus Resources Ltd (ASX: CAI)	11,551	22,790
Sky Metals Ltd (ASX: SKY)	349	436
Genesis Minerals Ltd (ASX: GMD)	8,963	14,890
	<u>20,863</u>	<u>38,116</u>

In August 2022, the company purchased 4,477,612 shares in Calidus Resources Ltd for consideration of \$3,000,000.

In December 2022, the company sold 4,600,000 shares in Genesis Minerals Ltd for sale proceeds of \$5,859,000 (after cost).

**Note 8. Trade and other payables**

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Current liabilities</i>		
Trade payables	4,995	1,111
Other payables	10,094	12,597
	<u>15,089</u>	<u>13,708</u>

**Note 9. External borrowings**

Hire purchase liabilities are secured over the assets to which they relate, the carrying value of which exceeds the value of the hire purchase liability. The Group does not hold title to the equipment under the hire purchase pledged as security.

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Current liabilities</i>		
External borrowings	<u>7,716</u>	<u>5,930</u>
<i>Non-current liabilities</i>		
External borrowings	<u>7,736</u>	<u>9,116</u>

**Alkane Resources Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 10. Contingent assets**

The group has entered into forward gold sales contracts which are not accounted for on the balance sheet. A contingent asset of \$1,292,000 (30 June 2022: contingent asset of \$1,076,000) existed at the balance date in the event that the contracts are not settled by the physical delivery of gold.

**Note 11. Contingent liabilities**

The group has contingent liabilities estimated up to the value of \$nil (30 June 2022: \$nil).

**Note 12. 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.

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Within one year	5,729	1,314

**(b) Physical gold delivery commitments**

As part of its risk management policy, the group enters into derivatives including gold forward contracts and gold collar options to manage the gold price of a proportion of anticipated gold sales. The purchases are as part of a risk mitigation strategy on any potential downward price pressure while Tomingley was processing the low-grade stockpiles and further developing the mine.

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

	Gold for physical delivery Ounces	Contracted gold sale price per ounce (\$)	Value of committed sales \$'000
<b>31 December 2022</b>			
Fixed forward contracts			
Within one year	24,500	2,778	68,061
<b>30 June 2022</b>			
Fixed forward contracts			
Within one year	36,800	2,716	99,949

**(c) Capital commitments**

Capital commitments for the period at the end of the reporting period but not recognised as liabilities amounted to \$11,835,000 (30 June 2022: \$11,830,000).

**Note 13. 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 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 14. Events after the reporting period**

Tomingley Gold Extension Project was approved by the New South Wales Minister of Planning on the 21 February 2023. The Company will now progress its Environmental Protection Licence and Mining Lease applications, which cannot be refused following the Minister's Planning Approval.

Debt funding of \$50 million for the extension project has also been secured from Macquarie Bank together with 100,000 ounces of gold hedging with a weighted average price of A\$2,825 per ounce. First debt draw down is permitted on the approval of the Mining Lease, expected mid-2023.

No matter or circumstance has arisen since 31 December 2022 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.

**Alkane Resources Ltd**  
**Directors' declaration**  
**31 December 2022**

In the directors' opinion:

- the financial statements and notes set out on pages 7 to 17 are in accordance with the Corporations Act 2001 including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date and
- there are reasonable grounds to believe that the Alkane Resources Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



---

N P Earner  
Managing Director

22 February 2023  
Perth



## ***Independent auditor's review report to the members of Alkane Resources Ltd***

### **Report on the half-year financial report**

#### ***Conclusion***

We have reviewed the half-year financial report of Alkane Resources Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the condensed consolidated balance sheet as at 31 December 2022, the condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and condensed consolidated statement of comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Alkane Resources Ltd does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### ***Basis for conclusion***

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### ***Responsibilities of the directors for the half-year financial report***

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

#### ***Auditor's responsibilities for the review of the half-year financial report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that

For personal use only





the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Helen Bathurst*

Helen Bathurst  
Partner

Perth  
22 February 2023

For personal use only