



Alderan Resources Limited

ABN 55 165 079 201

Consolidated Interim Financial Report
For the Half Year Ended 31 December 2022

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CORPORATE DIRECTORY

Directors

Mr Ernest Thomas Eadie - Non-Executive Chairman

Mr Scott Caithness - Managing Director

Mr Frank 'Bruno' Hegner - Executive Director

Mr Peter Williams - Non-Executive Director

Company Secretary

Mathew O'Hara

Contact Information

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Stock Exchange Listing

Australian Securities Exchange (ASX)

ASX Code: AL8

Australian Business Number

ABN – 55 165 079 201

Share Registry

Automatic Registry Services

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Auditor

RSM Australia Partners

Level 32, Exchange Tower

2 The Esplanade

Perth WA 6000

Bankers

National Australia Bank

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Perth WA 6000

DIRECTORS' REPORT

The Directors of Alderan Resources Limited (**Alderan** or the **Company**) and its consolidated entities (collectively, the **Group**) present their report together with the financial statements of the Group for the half year ended 31 December 2022.

BOARD OF DIRECTORS

The names of the directors who held office during or since the end of the interim period and until the date of this report are as follows. The Directors held office for the full half year unless specified below:

Non-Executive Chairman	Mr Ernest Thomas Eadie	Appointed on 23 January 2017
Managing Director	Mr Scott Caithness	Appointed on 6 April 2021
Executive Director	Mr Frank 'Bruno' Hegner	Appointed on 1 November 2017
Non-Executive Director	Mr Peter Williams	Appointed on 13 May 2019

REVIEW OF OPERATIONS

Alderan Resources Limited's (**Alderan** or the **Company**) principal activity is mineral exploration for copper and gold in USA. Its Detroit, Frisco and White Mountain projects are located in Utah and the Company also executed an option agreement with Kennecott Exploration Company (**KEX**), a Rio Tinto group company, over the Corbin-Wickes project in Montana during January 2023.

Alderan's exploration focus since 2020 has been the Detroit project, where the company carried out District wide exploration for copper and gold before concentrating on the Drum and Mizpah gold prospects (Figure 1). KEX is exploring to earn an interest in Alderan's Frisco copper-gold project and the Company also holds the early-stage White Mountain gold project. Alderan is carrying out due diligence on the Corbin-Wickes project ahead of a decision on proceeding with the option by the end of Q1, 2023.

Exploration Activities

The Detroit Project lies within the Detroit Mining District, approximately 175km southeast of Salt Lake City in Utah and contains numerous historical copper, gold and manganese mines including the Drum gold mine, one of the most economically important sediment hosted gold deposits in the State. The district has been explored historically and by Alderan for copper and gold.

The geology of the area consists primarily of moderately west to southwest-dipping Cambrian age clastic and calcareous sediments that have been intruded by an Eocene poly-phase quartz diorite to quartz monzonite porphyry which has undergone phyllic alteration.

Alderan's exploration activities at the Detroit Project over the second half of 2022, includes:

- Completing a 22-hole reverse circulation drilling programme on the Mizpah prospect and assessing assays;
- Re-drilling abandoned Drum hole 9DD22-007 using a reverse circulation rig and assessing assays;
- Reviewing and interpreting assay results from infill soil samples collected from high priority zones along the prospective 6.5km strike of favourable stratigraphy; and
- Completing preliminary cyanide leach gold recovery testwork on drill hole samples from Drum and Mizpah.

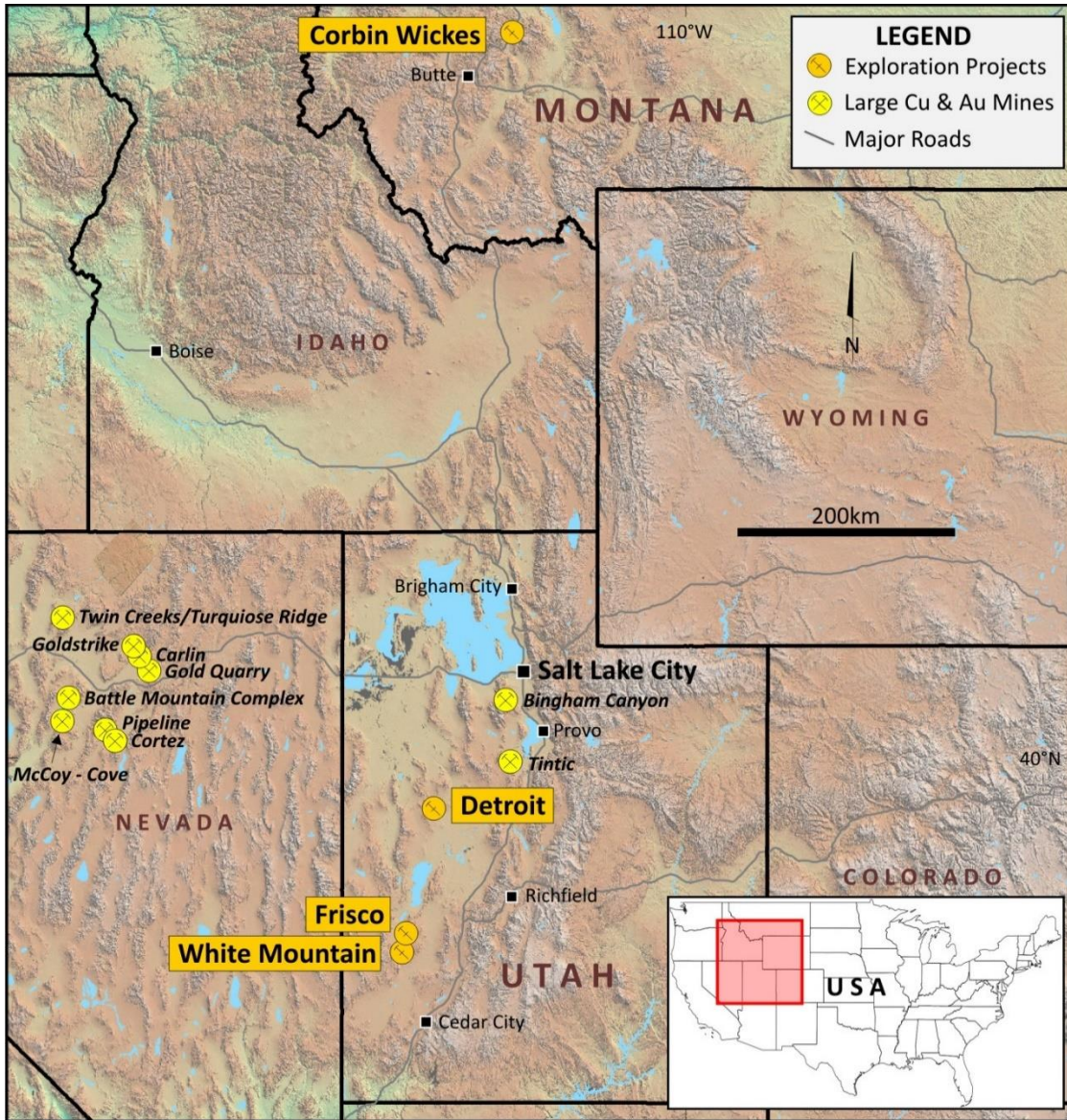


Figure 1: Alderan Resources' project location in western Utah and Montana, USA

Alderan completed a 22-hole (1,797m) reverse circulation (RC) drilling programme at Mizpah in August 2022 targeting high-grade near-surface oxide gold mineralisation (Figure 2).¹ All holes intersected gold mineralisation with samples collected over five-foot (1.52m) intervals sent to ALS in Nevada for gold analysis. Gold grades in Alderan holes are consistent with historical drill holes however intersections are commonly significantly longer than historical holes. Alderan's strategy was to traverse the entire prospective rock sequence consisting of predominantly fine-grained siltstones and sandstones with lesser carbonates and marbles of the host Tatow unit before moving into quartzites of the Lower Pioche Formation.

¹Refer Alderan ASX announcements dated 25 August 2022, 30 September 2022 and 2 November 2022.

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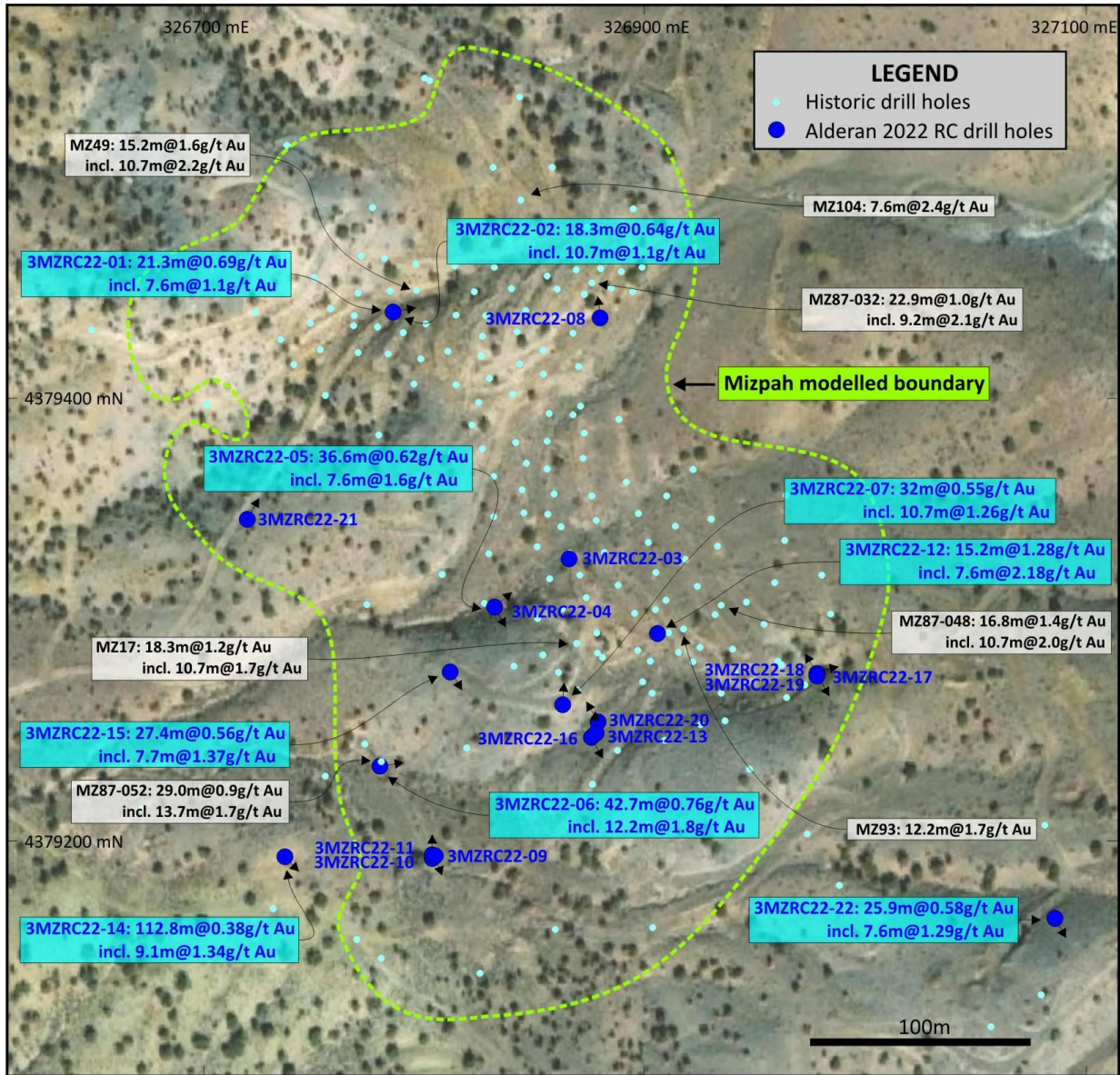


Figure 2: Mizpah prospect showing the location of Alderan RC drill holes, significant Alderan gold intersections and selected historical hole gold intersections

Alderan is now reviewing all drill hole, soil and gold recovery data to determine whether Detroit has the potential to meet its target criteria ahead of finalising its 2023 exploration programme.

The Frisco copper-gold-silver project lies 300km south-southwest of Salt Lake City in Utah. The project is the subject of a farm in agreement with KEX, a subsidiary of Rio Tinto, where KEX can earn up to a 70% interest by spending US\$30 million over 10 years. KEX’s exploration focus at Frisco is the discovery of a large-scale long-life porphyry copper-gold-molybdenum deposit.

Assays for 220 samples were received for KEX’s Copper Gulch hole, SAWM0010, at Frisco Project². The hole was drilled to test a coincident magnetic high modelled to a depth of 500m and anomalous copper geochemistry 500m

² Refer Alderan ASX announcements dated 6 June 2022 and 14 December 2022.

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southwest of the historical Cactus copper mine. The hole traversed Cactus Stock monzonite over its entire 530m length with alteration consisting dominantly of phyllic quartz-sericite-pyrite veins higher in the hole and increasing potassic biotite-magnetite-sulphide±quartz veins at depth.

Mineralisation down the hole was typically low grade with sample intervals ranging from 0.52-3.60m down the hole, but most commonly either two or three metres. Elevated copper assays (>0.1% Cu) are associated with vein controlled potassic and sodic-calcic alteration with the two highest copper assays, 0.41% Cu and 0.51% Cu, occurring in chalcopyrite-pyrite and potassium feldspar-magnetite veins between 414.30 – 414.82m and 505.50 – 507.00m downhole respectively. The highest-grade continuous interval of mineralisation intersected was 22.5m @ 0.15% Cu from 495.0m.

KEX's conclusion is that potassic and phyllic veins and local intervals containing >1% chalcopyrite support being on the periphery of a porphyry system however the low vein density and lack of quartz in potassic-sulphide veins suggests that any potential porphyry would be small, deep and low grade.

KEX hole SAWM0011 testing a prominent IP survey conductivity anomaly with associated metal zoning on the margin of the Cactus stock between the historical Washington and Imperial mines, was drilled to a depth of 304.65m.³ The hole intersected garnet-pyroxene skarn throughout its length with minor monzonite dykes occurring to a depth of 166m. The skarn is mostly un-mineralised with only trace galena-sphalerite-pyrite. Two one metre mineralised intervals with higher contents of pyrite and molybdenite-tennantite-pyrite-galena-sphalerite respectively occur below the monzonite towards the bottom of the hole.

Subsequent to the end of the half year, assays were received for the 113 SAWM0011 samples.⁴ Mineralisation is weak overall with Cu-Ag strongest proximal to the monzonite contact. Maximum assays for key elements include 104.5ppm Cu, 76.7ppm Mo, 753ppm Pb and 1170ppm Zn. KEX's assessment is that mineralisation intersected is likely related to the monzonite stock, rather than an older porphyry system targeted by the drillhole and it is concluded that the phase of the Cactus Stock Monzonite seen in this hole is unlikely to be the causative intrusive for the skarn at Reciprocity.

Corporate Activities

During the half year, the Company completed a placement to raise approximately \$1.5 million (before costs) at a price of \$0.01 per share together with a free attaching option exercisable at \$0.016 and expiring 3 years from issue date (**Placement**). The Placement settled in two Tranches, with Tranche 1 settling on 27 July 2022 through the issue of 106 million shares and Tranche 2 settling on 7 September 2022 through the issue of 31.7 million shares (following shareholder approval received on 2 September 2022). The Company also issued an additional 15 million shares to Directors at a price of \$0.01 per share on 7 September 2022 (following shareholder approval received on 2 September 2022).

In addition to the Shares issued under the Placement, 76.35 million free attaching options were also issued (exercisable at \$0.016 on or before 9 September 2025) and 34.43 million options (exercisable at \$0.016 on or before 9 September 2025) to the lead manager in consideration for services provided under the Placement.

In addition to the Placement, the Company also completed a pro-rata non-renounceable entitlement offer of one New Option for every two Shares held by those Shareholders at the Record Date at an issue price of \$0.001 per New Option to raise up to \$289,133 (**Entitlement Offer**).

On 6 October 2022, the Company announced it had received valid applications, under both the Entitlement Offer and a Shortfall Offer, for a total of 289,133,040 New Options to raise \$289,133 (before costs). The New Options were

³ Refer Alderan ASX announcement dated 28 September 2022.

⁴ Refer Alderan ASX announcement dated 14 February 2023.

issued on the same terms as the options issued under the Placement. All Options issued under the Placement and Entitlement Offer were approved for quotation on the ASX, under the code AL8OA, during October 2022.

On 16 February 2023, the Company announced that it will be undertaking a Share Purchase Plan (SPP) to its existing shareholders to raise up to \$500,000 (before costs). The issue price of the new shares under the SPP will be \$0.007 per share and opened on 21 February 2023 and is expected to close on 24 March 2023. Net proceeds raised from the SPP are currently expected to be used to fund:

- identification of new opportunities to further strengthen the Company's project portfolio;
- completing the due diligence procedures on Corbin Wickes opportunity;
- finalising the review of Detroit exploration data and determining next steps;
- expenses of the SPP; and
- general working capital.

Competent Persons Statement

The information in this report that relates to historical exploration results were reported by the Company in accordance with listing rule 5.7 on 6 June 2022, 25 August 2022, 28 September 2022, 30 September 2022, 2 November 2022, 14 December 2022 and 14 February 2023. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial half year that significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, other than;

- On 10 January 2023, the Company announced it had executed an Option Agreement with Kennecott Exploration Company (KEX), a Rio Tinto group company, to earn up to a 70% interest in historic Corbin-Wickes mining district, Montana, USA. The Company has a 90-day due diligence period before making a decision to commit to the Project in early April 2023: and
- On 16 February 2023, the Company announced that it will be undertaking a Share Purchase Plan (SPP) to its existing shareholders to raise up to \$500,000 (before costs). The issue price of the new shares under the SPP will be \$0.007 per share and opened on 21 February 2023 and is expected to close on 24 March 2023.

OPERATING RESULTS FOR THE PERIOD

The loss after tax of the Group for the financial period, after providing for income tax amounted to \$1,521,590 (31 December 2021: loss of \$769,201).

REVIEW OF FINANCIAL CONDITIONS

The Group had a net bank balance of \$148,861 as at 31 December 2022 (30 June 2022: \$254,732).

AUDITOR'S INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included within this financial report.

Signed in accordance with a resolution of the Board of Directors

A handwritten signature in black ink, appearing to read 'Tom Eadie', written over a horizontal line.

Mr Tom Eadie

Chairman

Dated this day 15th of March 2023

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the interim financial report of Alderan Resources Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



MATTHEW BEEVERS
Partner

Perth, WA
Dated: 15 March 2023

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022 \$	31 December 2021 \$
Continuing operations			
Interest income		1,490	6,572
Consulting and administration expense		(302,686)	(347,849)
Exploration expenditure		(893,814)	-
Employee benefits expense		(307,328)	(210,156)
Share-based payment expense	5	-	(194,944)
Depreciation and amortisation expense		(19,252)	(22,824)
Loss before income tax		(1,521,590)	(769,201)
Income tax		-	-
Loss for the half year after tax		(1,521,590)	(769,201)
Other comprehensive income, net of income tax			
Exchange differences on translation of foreign operations		147,276	422,399
Other comprehensive income for the half year, net of income tax		147,276	422,399
Total comprehensive loss for the half year		(1,374,314)	(346,802)
Basic and diluted loss per share (cents per share)		(0.28)	(0.21)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	31 December 2022 \$	30 June 2022 \$
Assets			
Current Assets			
Cash and cash equivalents		148,861	254,732
Trade and other receivables		139,402	155,820
Total current assets		288,263	410,552
Non-current assets			
Plant and equipment		163,789	179,849
Exploration and evaluation assets	3	7,771,088	7,642,492
Total non-current assets		7,934,877	7,822,341
Total assets		8,223,140	8,232,893
Liabilities			
Current			
Trade and other payables		92,005	376,312
Provisions		60,297	39,724
Total current liabilities		152,302	416,036
Net Assets		8,070,838	7,816,857
Equity			
Issued capital	4	27,857,903	26,651,452
Options reserve	5	7,878,869	7,457,025
Performance rights reserve	5	101,420	101,420
Foreign currency reserve		811,357	664,081
Accumulated losses		(28,578,711)	(27,057,121)
Net Equity		8,070,838	7,816,857

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Note	Issued capital	Option and Perf Rights Reserves	Foreign Currency Reserve	Accumulated Losses	Total Equity
		\$	\$	\$	\$	\$
Balance at 1 July 2021		22,157,574	6,978,734	(144,691)	(16,534,437)	12,457,180
Loss for the half year		-	-	-	(769,201)	(769,201)
Other comprehensive income		-	-	422,399	-	422,399
Total comprehensive loss for the half year		-	-	422,399	(769,201)	(346,802)
Contributions of equity		4,493,878	272,000	-	-	4,765,878
Share based payments		-	194,944	-	-	194,944
Balance at 31 December 2021		26,651,452	7,445,678	277,708	(17,303,638)	17,071,200
Balance at 1 July 2022		26,651,452	7,558,445	664,081	(27,057,121)	7,816,857
Loss for the half year		-	-	-	(1,521,590)	(1,521,590)
Other comprehensive income		-	-	147,276	-	147,276
Total comprehensive loss for the half year		-	-	147,276	(1,521,590)	(1,374,314)
Contribution of equity	4, 5	1,206,451	421,844	-	-	1,628,295
Balance at 31 December 2022		27,857,903	7,980,289	811,357	(28,578,711)	8,070,838

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	31 December 2022 \$	Restated* 31 December 2021 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(760,861)	(723,164)
Interest received	1,379	6,549
Net cash (used in) operating activities	<u>(759,482)</u>	<u>(716,615)</u>
Cash flows from investing activities		
Payments to acquire tenements	-	(136,627)
Payments for exploration and evaluation expenditure	(878,787)	(1,807,167)
Refund of drilling bond	48,471	-
On-payment of royalty previously received	(149,142)	(136,627)
Net cash (used in) investing activities	<u>(979,458)</u>	<u>(2,080,421)</u>
Cash flows from financing activities		
Proceeds from issue of shares (net of capital raising costs)	1,339,163	4,765,878
Proceeds from options issued	289,133	-
Net cash provided by financing activities	<u>1,628,296</u>	<u>4,765,878</u>
Net increase/(decrease) in cash held	(110,644)	1,968,842
Effect of foreign exchange	4,773	8,178
Cash and cash equivalents at the beginning of the half year	254,732	791,510
Cash and cash equivalents at the end of the half year	<u>148,861</u>	<u>2,768,530</u>

*Restated – Refer to Note 10 for further information.

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose interim financial statements of Alderan Resources Limited (**Alderan** or the **Company**) and controlled entities (**Group**) for the half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Alderan Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 31 December 2022

In the period ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group.

Standards and interpretations in issue not yet effective

The directors have also reviewed all of the new and revised standards and interpretations in issue not yet effective for the half-year ended 31 December 2022.

As a result of this review, the directors have determined that there will be no material impact of these standards and interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$1,521,590 and had net cash outflows from operating activities of \$759,482 and investing activities of \$979,458 for the half-year ended 31 December 2022. The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising additional capital from equity markets and managing cash flows in line with available funds.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to expect that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- a) The Directors believe that future funding will be available to meet the Group's objectives and debts as and when they fall due, including through engaging with parties interested in joint venture arrangements and/or raising additional capital through equity placements to existing or new investors. The Group has a demonstrated history of success in this regard including having raised approximately \$1.63 million (after costs) during the half-year ended 31 December 2022 and also undertaking a Share Purchase Plan in February 2023 aiming to raise up to \$500,000 (before costs). The Directors are confident in their ability to continue to raise additional funds on a timely basis, as and when required; and
- b) The Group has the capacity, if necessary, to reduce its operating cost structure in order to reduce its working capital requirements.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial statements do not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

2. SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Directors in order to allocate resources to the segment and to assess its performance. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies. The following tables are an analysis of the Group's revenue and results by reportable segment provided to the Directors for the half years ended 31 December 2022 and 31 December 2021.

	Continuing Operations		Unallocated Items \$	Consolidated \$
	United States of America \$	Australia \$		
31 December 2022				
Segment income	-	1,490	-	1,490
Segment result	(1,155,041)	(366,549)	-	(1,521,590)
Segment assets	8,067,368	155,772	-	8,223,140
Segment liabilities	58,754	93,548	-	152,302
31 December 2021				
Segment income	-	6,572	-	6,572
Segment result	(162,359)	(606,842)	-	(769,201)
Segment assets	14,819,833	2,460,516	-	17,280,349
Segment liabilities	154,984	54,165	-	209,149

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

3. EXPLORATION AND EVALUATION ASSET

	31 December 2022 \$	30 June 2022 \$
Carrying value at the end of the half year/year	<u>7,771,088</u>	<u>7,642,492</u>
<i>Movements during the half year</i>		\$
Balance at 1 July 2022	7,642,492	11,587,899
Expenditure incurred	893,814	4,262,369
Expenditure expensed	(893,814)	-
Expenditure written off	-	(9,011,232)
Foreign exchange differences	128,596	803,456
Balance at 31 December 2022	<u>7,771,088</u>	<u>7,642,492</u>

4. ISSUED CAPITAL

	31 December 2022		30 June 2022	
	Number	\$	Number	\$
Fully paid ordinary shares	<u>578,266,080</u>	<u>27,857,903</u>	<u>425,566,080</u>	<u>26,651,452</u>
<i>Movements in Ordinary Shares</i>			Number	\$
Balance at 1 July 2022	425,566,080	26,651,452	297,941,092	22,157,574
Issue of Placement Shares (Tranche 1) ¹	106,000,000	1,060,000	44,116,163	1,764,647
Issue of Placement Shares (Tranche 2) ²	46,700,000	467,000	83,508,825	3,340,338
Share issue costs ³	-	(320,549)	-	(611,107)
Balance at 31 December 2022	<u>578,266,080</u>	<u>27,857,903</u>	<u>425,566,080</u>	<u>26,651,452</u>

1. 106,000,000 fully paid ordinary shares issued under a Placement (Tranche 1) to professional and sophisticated investors on 27 July 2022 at an issue price of \$0.01 per share.
2. 46,700,000 fully paid ordinary shares issued under a Placement (Tranche 2), to professional and sophisticated investors on 7 September 2022, following shareholder approval, at an issue price of \$0.01 per share.
3. Includes the issue of quoted options to Lead Manager with a fair value of \$132,711, as stated in Note 5.

Fully paid ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

5. RESERVES

	31 December 2022	30 June 2022
	\$	\$
Options reserve	7,878,869	7,457,025
Performance rights reserve	101,420	101,420
Total	<u>7,980,289</u>	<u>7,558,445</u>

<i>Options Reserve</i>	31 December 2022		30 June 2022	
	Number	\$	Number	\$
Options	<u>455,688,694</u>	<u>7,878,869</u>	<u>91,307,292</u>	<u>7,457,025</u>

Movements in Options

Balance at 1 July 2022	91,307,292	7,457,025	76,732,292	6,877,314
Expiry of Unquoted Options ¹	(11,416,667)	-	(5,425,000)	-
Expiry of Unquoted Options ²	(32,890,625)	-	-	-
Issue of Quoted Options under Placement ³	76,350,000	-	-	-
Issue of Quoted Options under Entitlement Offer ⁴	289,133,040	289,133	-	-
Issue of Quoted Options to Lead Manager ⁵	34,425,000	123,930	20,000,000	272,000
Issue of Quoted Options to Lead Manager ⁶	8,780,654	8,781	-	-
Expense for Employee Options issued	-	-	-	53,794
Expense for MD Options issued	-	-	-	253,917
Balance at 31 December 2022	<u>455,688,694</u>	<u>7,878,869</u>	<u>91,307,292</u>	<u>7,457,025</u>

- On 19 July 2022, a total of 11,416,667 unquoted options with various exercise prices lapsed without exercise;
- On 7 August 2022, a total of 32,890,625 unquoted options with various exercise prices lapsed without exercise;
- On 8 September 2022, following shareholder approval, a total of 76,350,000 quoted options were issued to professional and sophisticated investors under the terms of the Placement announced on the ASX on 20 July 2022. These quoted options have an exercise price of \$0.016 each and an expiry date of 8 September 2025;
- On 10 October 2022, a total of 289,133,040 quoted options were issued under an Option Entitlement Offer announced on the ASX on 6 September 2022. The quoted options had an issue price of \$0.001 each, exercise price of \$0.016 each and an expiry date of 10 October 2025;
- On 8 September 2022, 34,425,000 quoted options were issued to the Lead Manager of the Placement as consideration for services provided. The quoted options were issued for nil consideration and have an exercise price of \$0.016 each and an expiry date of 8 September 2025; and
- On 10 October 2022, 8,780,654 quoted options were issued to the Lead Manager of the Option Entitlement Offer as consideration for services provided. The quoted options were issued for nil consideration and have an exercise price of \$0.016 each and an expiry date of 10 October 2025. These quoted options have been valued at \$0.001 each, being the issue price of these quoted options under the Option Entitlement Offer.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

5. RESERVES (CONTINUED)

	Number	Grant date	Expiry date	Exercise Price \$	Fair value at grant date \$	Vesting date	Recognised as share issue cost at 31-Dec-22 \$
Placement Options	76,350,000	8-Sept-22	8-Sept-25	0.016	-	8-Sept-22	-
Entitlement Offer Options*	289,133,040	10-Oct-22	10-Oct-25	0.016	289,133	10-Oct-22	-
Broker Options (Placement)	34,425,000	8-Sept-22	8-Sept-25	0.016	123,930	8-Sept-22	123,930
Broker Options (Entitlement Offer)	8,780,654	10-Oct-22	10-Oct-25	0.016	8,781	10-Oct-22	8,781

* On 10 October 2022, a total of 289,133,040 quoted options were issued under an Option Entitlement Offer announced on the ASX on 6 September 2022. The quoted options had an issue price of \$0.001 each, exercise price of \$0.016 each and an expiry date of 9 September 2025.

The Group has measured the fair value of the options issued during the year by using the Trinomial model with the following inputs:

	Grant date	Expiry date	Vesting date	Share price at grant date	Exercise price	Expected Volatility	Dividend Yield	Interest Rate
Broker Options (Placement)	8-Sept-22	8-Sept-25	8-Sept-22	\$0.011	\$0.016	80%	0%	3.14%

Performance Rights Reserve

	31 December 2022		30 June 2022	
	Number	\$	Number	\$
Performance Rights	-	101,420	200,000	101,420
Movements in Performance Rights	Number	\$	Number	\$
Balance at 1 July 2022	200,000	101,420	400,000	101,420
Class C expired on 24 August 2022	(200,000)	-	(200,000)	-
Balance at 31 December 2022	-	101,420	200,000	101,420

The Group measured the fair value of the performance rights at the date of issue by using the Monte-Carlo pricing model.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

6. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial half year that significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, other than;

- On 10 January 2023, the Company announced it had executed an Option Agreement with Kennecott Exploration Company (**KEX**), a Rio Tinto group company, to earn up to a 70% interest in historic Corbin-Wickes mining district, Montana, USA. The Company has a 90-day due diligence period before making a decision to commit to the Project in early April 2023; and
- On 16 February 2023, the Company announced that it will be undertaking a Share Purchase Plan (SPP) to its existing shareholders to raise up to \$500,000 (before costs). The issue price of the new shares under the SPP will be \$0.007 per share and opened on 21 February 2023 and is expected to close on 24 March 2023.

7. DIVIDENDS

The directors of the Company have not declared any dividend for the half year ended 31 December 2022.

8. CONTINGENT LIABILITIES

On 11 February 2021, the Group announced it had completed several strategic land deals whereby the Group had executed Option Agreements. If the Group decides to exercise the various Option Agreements, additional liabilities will be incurred, as follows:

Option Agreement with Drum Mountain Mineral Properties LLC (DMMP):

- 55% interest for \$3 million in exploration expenditure over 3 years;
- Upon Volantis (100% owned Alderan subsidiary) completing expenditures to earn 55%, DMMP will have a one-time option to contribute at 45%. If the option is not exercised, Volantis may earn 70%;
- 70% interest for an additional \$2 million over 5 years; and
- 1% Net Smelter Royalty (NSR) if a party's interest is reduced to less than 10%.

The option expires on 25 January 2024 and the Group is yet to exercise the option.

Option Agreement with Hartshorn Claim Group:

- Annual payments from acquisition date of \$15,000, \$15,000 and \$30,000; and
- Purchase price \$200,000 in 3 years plus a 2% NSR (with 1% purchasable for \$200,000).

The option expires on 5 February 2024 and the Group is yet to exercise the option.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

8. CONTINGENT LIABILITIES (CONTINUED)

On 30 September 2021, the Company announced it's 100% owned subsidiary, Valyrian Resources Corp, had executed an Option Agreement with North Exploration LLC to purchase 10 State of Utah mining claims totaling 210 acres located in Millard County, Utah. If the Company decides to exercise the Option Agreement, additional liabilities will be incurred, as follows:

- First Anniversary: US\$15,000, plus SITLA, BLM and county fees;
- Second Anniversary: US\$25,000 plus SITLA, BLM and county fees;
- Third Anniversary: Purchase for US\$450,000;
- Option can be terminated at any time by the Company; and
- 2% Net Smelter Return Royalty, with the option to purchase 1% for US\$450,000

Under the Option Agreement, an annual work commitment of US\$20,000, US\$40,000 and US\$60,000 for the first three years respectively is also required.

The option expires on 27 September 2024 and the Group is yet to exercise the option.

On 3 June 2022, the Group announced it had renegotiated the Option Agreement over four leases held by George Miller and Ron Myers. The original Option Agreement was announced on 11 February 2021. If the Group decides to exercise the Option Agreement, additional liabilities will be incurred, as follows:

- Annual non-refundable payments from acquisition date of \$50,000, \$70,000 and \$172,800; and
- Option can be terminated at any time by the Group.

On 27 June 2022, the Group announced it had executed an Option Agreement with the State of Utah School and Institutional Trust Lands Administration (**SITLA**) over 310 acres of land north of the historical Drum gold mine. If the Group decides to exercise the agreement with SITLA, additional liabilities will be incurred as follows:

- US\$200,000 work commitment consisting of:
 - Year 1 is US\$40,000;
 - Year 2 is US\$60,000; and
 - Year 3 is US\$100,000
- Annual fee of US\$1.00/acre (US\$310);
- 10-year lease primary term following completion of work commitments and exercising of option;
- US\$2.00/acre annual lease rental (US\$620 per annum);
- 4% gross value royalty (2% royalty if patented federal mining claims are converted to SITLA lease).

The option expires on 1 August 2025 and the Group is yet to exercise the option.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

9. COMMITMENTS AND CONTINGENCIES

	31 December 2022 \$	30 June 2022 \$
Exploration expenditure and annual lease/claim payments Committed at the reporting date but not recognised as liability:		
Within one year	74,665	170,547
One to five years	-	-
	<u>74,665</u>	<u>170,547</u>

Where the commitments are due in US Dollars, the Group has used the spot rate on 31 December 2022 as a conversion for the commitments into Australian Dollars.

In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to meet the minimum expenditure requirements by the Mineral Resources Authority. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided for in the financial statements.

10. RESTATEMENT OF COMPARATIVES

To achieve greater consistency with industry practice, cash outflows associated with exploration and evaluation expenditure are now included as cash flows from investing activities. As a result of this cash outflows from operating activities in half year ended 31 December 2021 have decreased from \$2,523,782 to \$716,615 by \$1,807,167 and cash outflows from investing activities have increased from \$273,254 to \$2,080,421 by \$1,807,167.

No other amounts or statements are affected by this change.

DIRECTORS' DECLARATION

In the opinion of the Directors of Alderan Resources Limited:

- a. The accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - i. Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
 - ii. Complying with AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- b. There are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution by the Board of Directors made pursuant to section 303(3)(a) of the Corporations Act 2001.



Mr Tom Eadie
Chairman

Dated this day 15th of March 2023



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ALDERAN RESOURCES LIMITED**

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Alderan Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) 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
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *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*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Alderan Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1, which indicates that the consolidated entity incurred a net loss of \$1,521,590 and had net cash outflows from operating and investing activities of \$759,482 and \$979,458 respectively for the half-year ended 31 December 2022. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Other Matter – restatement of comparative balances

We draw attention to Note 10 of the interim financial report which states that the amounts reported in the previously issued 31 December 2021 Interim Financial Report have been restated and disclosed as comparatives in this financial report. Our conclusion is not modified in respect of this matter.

Directors' Responsibility of the Interim Financial Report

The directors of Alderan Resources Limited are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and 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 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.

A handwritten signature in blue ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be 'Matthew Beevers'.

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 15 March 2023

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