# Alderan Resources Limited

ABN 55 165 079 201

## Consolidated Interim Financial Report
## For the Half Year Ended 31 December 2018

## Contents

# CORPORATE INFORMATION

**ABN 55 165 079 201**

**Directors**
Mr. Ernest Thomas Eadie
Mr. Nicolaus Heinen
Mr. Frank “Bruno” David Hegner
Mr. Brett William Tucker

**Company Secretary**
Mr. Brett William Tucker

**Registered Address**
Ground Floor, 16 Ord Street
West Perth WA 6005
Telephone: 08 9482 0560
Fax: 08 9482 0505

**Principal Place of Business**
Ground Floor, 16 Ord Street
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Telephone: 08 9482 0560
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**Solicitors**
Allion Partners Pty Limited
Level 9, 863 Hay Street
Perth WA 6000
Telephone: 08 9216 7100

**Bankers**
National Australia Bank
1232 Hay Street
West Perth WA 6005

**Auditors**
RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000
Telephone: 08 9261 9100

**Share Registry**
Automic Share Registry Pty Ltd
Level 6, 126 Phillip Street
Sydney NSW 2000
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# DIRECTORS' REPORT

The Directors of Alderan Resources Limited ("the Company") present their report on Alderan Resources Limited and its subsidiaries ("the Group") for the half year ended 31 December 2018.

**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.

| | Position | Date appointed / resigned |
|---|---|---|
| Mr. Ernest Thomas Eadie | Executive Chairman | Appointed on 23 January 2017 |
| Mr. Christopher Robert Wanless | CEO & Director | Appointed on 31 July 2013<br>Resigned on 11 February 2019 |
| Mr. Frank David Hegner | Executive Director | Appointed on 1 November 2017 |
| Mr. Nicolaus Heinen | Non-Executive Director | Appointed on 1 March 2015 |
| Mr. Brett William Tucker | Non-Executive Director | Appointed on 11 February 2019 |

**Review of Operations**

***Principal Activities***

The principal activities of Alderan Resources Limited and its controlled subsidiaries ("the Group") are mineral exploration in Utah, USA. The Group is exploring the highly prospective Frisco project located in Beaver County, Utah, for copper, gold, zinc and associated minerals.

The Group secured the mineral rights to the Frisco Project over two years and became the first Group to hold the mineral rights over the entire Frisco complex.

Historical mining activities focused on extensive outcropping copper-silver-gold bearing breccia pipes (Cactus area prospect) and extensive copper-zinc-lead-silver-gold bearing skarns (Accrington and Horn prospect) associated with possible underlying porphyry system(s). The Group focussed exploration efforts on the Accrington Skarn where thick outcropping mineralised skarns indicate potential for a large tonnage deposit.

Historical exploration across the Frisco project has targeted each of the specific styles of mineralisation present – skarn, intrusive breccia, porphyry and carbonate replacement, with exploration often limited to specific areas within the Frisco area due to title constraints.

***Dividends***

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

## DIRECTORS' REPORT (CONTINUED)

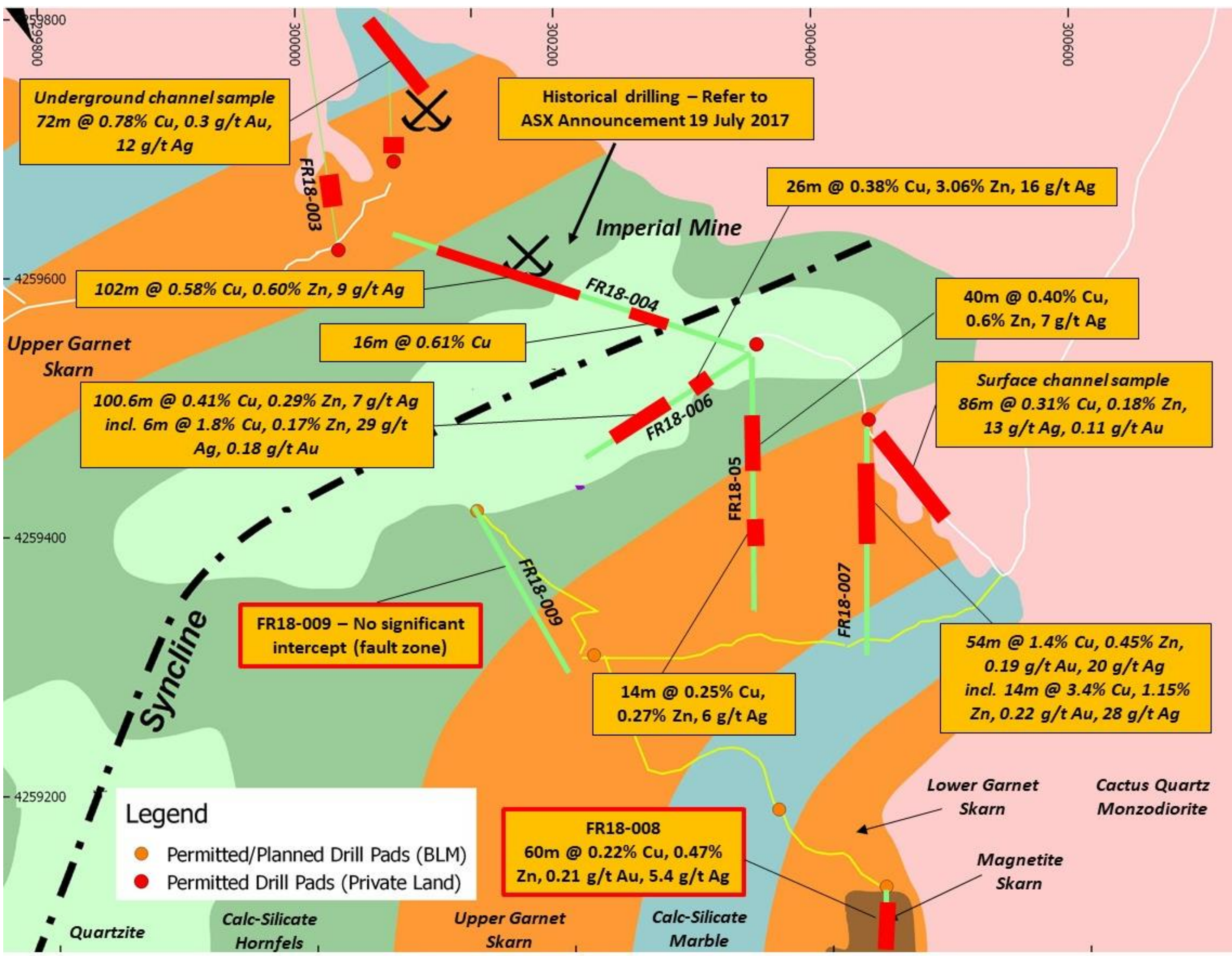
### Significant Events During the Period

During the interim period the Group commenced drilling at Accrington, focussing on copper-zinc-silver bearing garnet-magnetite skarns. In November 2018 due to the onset of winter the Group then moved drilling to lower elevations, due to the risk of access difficulties on elevated roads, and drilled two holes at the Peacock and Washington prospects.

Final assays for FR18-006 were 26m @ 0.38% Cu, 3.06% Zn, 16 g/t Ag from 48m including 10m @ 0.52% Cu, 6.6% Zn, 32 g/t Ag, 0.11 g/t Au from 52m, and 100m @ 0.41% Cu, 0.30% Zn, 7 g/t Ag from 116m to 216.6m including 6m @ 1.8% Cu, 0.17% Zn, 29 g/t Ag, 0.18 g/t Au.

Copper-zinc-silver mineralisation associated with magnetite and garnet skarn was intersected in FR18-007 from 46m to 100m and variably mineralised skarn thereafter with the Cactus stock being intersected at 209m. FR18-007 returned 54m @ 1.4% Cu, 0.45% Zn, 0.19 g/t Au, 20 g/t Ag from 46m, including 14m @ 3.4% Cu, 1.15% Zn, 0.22 g/t Au, 28 g/t Ag from 82m. Associated JORC disclosures for FR18-006 and FR18-007 were announced to the ASX on 14 November 2018.

Drill hole FR18-008 tested for extensions of copper-zinc-silver mineralisation to the south-east returning 60m @ 0.22% Cu, 0.47% Zn, 0.21 g/t Au, 5.4 g/t Ag from 20m. FR18-009, was drilled to the south-west of FR18-004/5 intersecting a fault, indicating that mineralised beds may be faulted off in this location. Full results and JORC disclosures for FR18-008 and FR18-009 were announced to the ASX on 30 January 2019.



# DIRECTORS' REPORT (CONTINUED)

### Significant Events During the Period (Continued)

Results at Accrington confirm thick copper-zinc-silver bearing skarn across more than 800m strike. Drilling has yet to demonstrate the continuity of copper-zinc-silver mineralisation to the south with FR18-009 having intersected a fault, which may indicate that mineralised beds have been faulted off, however copper-zinc-silver mineralisation has been mapped at surface to the south of FR18-008 and FR18-009 indicating a continuation of mineralisation.

From results to date it appears that copper mineralisation at Accrington is strongly related to late stage retrograde alteration and exhibits strong structural controls. Mineralisation is therefore unlikely to be restricted to specific stratigraphic units. Copper mineralisation, associated with magnetite, also occurs approximately 2km to the west at the Cupric Mine, demonstrating that copper may be more widespread.

***Washington & Peacock***

At the Washington Prospect, a total of two holes were drilled. The first hole, FR18-010 was drilled to target stratigraphically and structurally controlled lead-zinc-silver mineralisation, as intersected in historical drilling, along with a zone of increased chargeability (>15 mV/V) at depth, possibly representing a zone of higher sulphide content associated with a several kilometre long structure historically named the Reciprocity Corridor. Results from FR18-010 returned 30m @ 0.89% Pb, 0.25% Zn, 19.5 g/t Ag, 0.12 g/t Au from 6m including 14m @ 1.54% Pb, 0.32% Zn, 36.5 g/t Ag, 0.19 g/t Au. Drilling intersected a broad zone of lead-zinc-silver mineralisation within calc-silicate skarn before intersecting a porphyritic intrusive, fault zone and quartzite with moderate to strong iron oxides along fractures.

FR18-011 was drilled to target a structure hosting mineralisation at the Washington Mine and to test for higher temperature mineralised garnet skarn at depth. FR18-011 intersected variably mineralised calc-silicate skarn to 196m and brown-garnet skarn to 250m. Numerous faults and breccia zones were intersected between 131m and 207m hosting pyrite and sphalerite. Assay results returned several broad intercepts of weak zinc mineralisation including some elevated molybdenum including 50m @ 0.2% Zn from 78m and 16m @ 305 ppm Mo from 160m.

### Corporate Events

- 9 August 2018 – the Company issued 30,000 fully paid ordinary shares upon the exercise of 30,000 unlisted employee incentive options at $0.30 each.
- 24 August 2018 – the Company held an Extraordinary General Meeting of Shareholders. All proposed resolutions were passed by shareholders.
- 11 September 2018 – the Company issued 1,615,000 fully paid ordinary shares upon the exercise of 1,045,000 unlisted director and management options at $0.20 each, and 570,000 unlisted director and management options at $0.30 each. In addition, 600,000 performance rights were issued to Mr. Hegner on the terms and conditions detailed in the Notice of Extraordinary General Meeting dated 26 July 2018.
- In October 2018 – the Company raised $3,000,000 (before share issue costs) from the issue of 15,000,000 fully paid ordinary shares at $0.20 each, to raise funds for ongoing exploration at Accrington and working capital.
- 21 November 2018 – the Company held its Annual General Meeting of Shareholders. All proposed resolutions were passed by shareholders.

### Significant Events After the Reporting Date

On 3 January 2019, the remuneration of Mr. Wanless and Mr. Hegner were reduced to reduce corporate and administrative costs in order to focus on expenditure on exploration at the Frisco project. Mr. Wanless and Mr. Hegner annual remuneration reduced to $189,000 and US$216,000 respectively with effective from 1 January 2019.

On 11 February 2019, Mr. Wanless resigned as CEO and Director. Mr. Eadie was appointed the Executive Chairman and Mr. Mr. Tucker was appointed as a Non-Executive Director. Mr. Eadie annual remuneration increased to $120,000 plus superannuation.

There are no other matters or circumstances that has arisen since 31 December 2018 to the date of this report that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the Group's state of affairs in future financial years.

## DIRECTORS' REPORT (CONTINUED)

**Operating Results for the Period**

The comprehensive loss of the Group for the financial period, after providing for income tax amounted to **$2,848,394 (31 December 2017: loss of $3,057,072).**

**Review of Financial Conditions**

The Group had a net bank balance of $873,218 as at 31 December 2018 (30 June 2018: $1,665,364).

**Auditor Independence**

Section 307C of the Corporations Act 2001 requires our auditors, RSM Australia Partners, to provide the directors of the Group with an Independence Declaration in relation to the review of the half year consolidated financial report. This Independence Declaration is set out on page 8 and forms part of this director's report for the half year ended 31 December 2018.

Signed in accordance with a resolution of the Directors.

**Mr. Thomas Eadie**
**Executive Chairman**
Dated this 13th day of March 2019

**Competent Persons Statement**

The information in this report as it relates to geological, geochemical, geophysical and exploration results was compiled by Mr Tom Eadie, FAusIMM, who is a Director of Alderan Resources Ltd. Mr Eadie has more than 20 years' experience in the activities being reported on and has sufficient expertise which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 edition of the JORC Code . He consents to the inclusion of this information in the form and context in which it appears in this report.

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## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Alderan Resources Limited for the half-year ended 31 December 2018, 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

Perth, WA
Dated: 13 March 2019

TUTU PHONG
Partner

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2018

| | Notes | 31 December 2018 $ | 31 December 2017 $ |
|---|---|---|---|
| ***Continuing operations*** | | | |
| Other income | | 16,545 | 10,000 |
| Interest income | | 1,043 | 15,103 |
| Administration expense | | (839,897) | (1,109,362) |
| Exploration expense | | (68,240) | (308,500) |
| Employee benefits expense | | (539,147) | (412,224) |
| Share-based payment expense | 5 | (1,702,206) | (1,118,478) |
| Depreciation and amortisation expense | | (59,501) | (41,675) |
| Finance costs | | (753) | (1,572) |
| **Loss before income tax** | | **(3,192,156)** | **(2,966,708)** |
| Income tax | | - | - |
| **Loss for the half year after tax** | | **(3,192,156)** | **(2,966,708)** |
| ***Other comprehensive income, net of income tax*** | | | |
| Exchange differences on translation of foreign operations | | 343,762 | (90,364) |
| **Other comprehensive income / (loss) for the half year, net of income tax** | | **343,762** | **(90,364)** |
| **Total comprehensive loss for the half year** | | **(2,848,394)** | **(3,057,072)** |
| Basic and diluted loss per share (cents per share) | | (2.65) | (2.75) |

The accompanying notes form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2018

| | Note | 31 December 2018 $ | 30 June 2018 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | | 873,218 | 1,665,364 |
| Trade and other receivables | | 209,377 | 193,522 |
| **Total Current Assets** | | **1,082,595** | **1,858,886** |
| | | | |
| **Non-Current Assets** | | | |
| Plant and equipment | | 466,329 | 502,693 |
| Exploration and evaluation expenditure | 3 | 9,158,929 | 6,564,208 |
| **Total Non-current Assets** | | **9,625,258** | **7,066,901** |
| **Total Assets** | | **10,707,853** | **8,925,787** |
| | | | |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | | 712,247 | 942,951 |
| Loans payable | | 29,193 | 37,862 |
| **Total Liabilities** | | **741,440** | **980,813** |
| **Net Assets** | | **9,966,413** | **7,944,974** |
| | | | |
| **Equity** | | | |
| Issued capital | 4 | 15,540,433 | 12,372,806 |
| Reserves | 5 | 5,675,747 | 3,973,541 |
| Foreign currency reserve | | 557,672 | 213,910 |
| Accumulated losses | | (11,807,439) | (8,615,283) |
| **Net Equity** | | **9,966,413** | **7,944,974** |

The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE HALF YEAR ENDED 31 DECEMBER 2018

| | Issued Capital $ | Reserves $ | Foreign Currency Reserve $ | Accumulated Losses $ | Total Equity $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2017** | **9,551,762** | **1,225,741** | **-** | **(1,909,065)** | **8,868,438** |
| Loss for the half year | - | - | - | (2,966,708) | (2,966,708) |
| Other comprehensive income | - | - | (90,364) | - | (90,364) |
| Total comprehensive loss for the half year | - | - | (90,364) | (2,966,708) | (3,057,072) |
| Share based payments – options | - | 1,118,478 | - | - | 1,118,478 |
| **Balance at 31 December 2017** | **9,551,762** | **2,344,219** | **(90,364)** | **(4,875,773)** | **6,929,844** |
| **Balance at 1 July 2018** | **12,372,806** | **3,973,541** | **213,910** | **(8,615,283)** | **7,944,974** |
| Loss for the half year | - | - | - | (3,192,156) | (3,192,156) |
| Other comprehensive income | - | - | 343,762 | - | 343,762 |
| Total comprehensive loss for the half year | - | - | 343,762 | (3,192,156) | (2,848,394) |
| Contributions of equity | 2,778,627 | - | - | - | 2,778,627 |
| Equity issued upon exercise of options | 389,000 | - | - | - | 389,000 |
| Share based payments – options | - | 1,600,786 | - | - | 1,600,786 |
| Share based payments – rights | - | 101,420 | - | - | 101,420 |
| **Balance at 31 December 2018** | **15,540,433** | **5,675,747** | **557,672** | **(11,807,439)** | **9,966,413** |

The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE HALF YEAR ENDED 31 DECEMBER 2018

| | 31 December 2018 $ | 31 December 2017 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | - | 225,593 |
| Payments to suppliers and employees | (1,139,544) | (1,421,145) |
| Payments for exploration and evaluation expenditure | (2,826,655) | (2,884,333) |
| Interest received | 1,043 | 15,103 |
| Interest paid | (753) | (1,572) |
| Net cash used in operating activities | (3,965,909) | (4,066,354) |
| | | |
| **Cash flows from investing activities** | | |
| Payments for plant and equipment | - | (489,843) |
| Net cash used in investing activities | - | (489,843) |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from issue of shares (net of capital raising costs) | 2,778,627 | - |
| Proceeds from options exercised | 389,000 | - |
| Repayment of borrowings | (10,532) | (2,500) |
| Net cash provided by / (used in) financing activities | 3,157,095 | (2,500) |
| | | |
| Net decrease in cash held | (808,814) | (4,558,697) |
| Effect of foreign exchange | 16,668 | (90,364) |
| Cash and cash equivalents at the beginning of the half year | 1,665,364 | 7,681,175 |
| **Cash and cash equivalents at the end of the half year** | **873,218** | **3,032,114** |

The accompanying notes form part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

This general purpose consolidated financial report for the half year ending 31 December 2018 have been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This half year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

### Basis of preparation

The half year consolidated financial report has been prepared on a historical cost basis. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

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

### New or Amended Accounting Standards and Interpretations Adopted

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group.

### 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 $3,192,156 and had net cash outflows from operating activities of $3,965,909 for the half-year ended 31 December 2018. 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.

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 believe that the Group will be able to continue as a going concern, it plans to issue additional equity securities, to raise further working capital. The Directors are confident the Group will be successful in sourcing further capital to fund the ongoing operations of the Group.

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 report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

## NOTE 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 year ended 31 December 2018 and 31 December 2017.

| | United States of America $ | Australia $ | Unallocated Items $ | Consolidated $ |
|---|---|---|---|---|
| **31 December 2018** | | | | |
| Segment revenue | - | 17,588 | - | 17,588 |
| Intersegment revenue | - | - | - | - |
| Revenue from external customers | - | 17,588 | - | 17,588 |
| Segment result | (1,133,447) | (2,058,709) | - | (3,192,156) |
| Segment assets | 9,195,440 | 1,512,413 | - | 10,707,853 |
| Segment liabilities | 631,001 | 110,439 | - | 741,440 |
| **31 December 2017** | | | | |
| Segment revenue | - | 25,103 | - | 25,103 |
| Intersegment revenue | - | - | - | - |
| Revenue from external customers | - | 25,103 | - | 25,103 |
| Segment result | (837,482) | (2,129,226) | - | (2,966,708) |
| **30 June 2018** | | | | |
| Segment assets | 7,112,233 | 1,813,554 | - | 8,925,787 |
| Segment liabilities | 900,920 | 79,893 | - | 980,813 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
# FOR THE HALF YEAR ENDED 31 DECEMBER 2018

## NOTE 3: EXPLORATION AND EVALUATION EXPENDITURE

| | 31 December 2018 $ | 30 June 2018 $ |
|---|---|---|
| Carrying value at the end of the half year/year | **9,158,929** | **6,564,208** |

| | |
|---|---|
| *Movements during the half year* | **$** |
| Balance at 1 July 2018 | 6,564,208 |
| Expenditure incurred | 2,212,552 |
| Exchange differences | 382,169 |
| Balance at 31 December 2018 | **9,158,929** |

## NOTE 4: ISSUED CAPITAL

| | 31 December 2018 | | 30 June 2018 | |
|---|---|---|---|---|
| | **No.** | **$** | **No.** | **$** |
| Fully paid ordinary shares | 129,608,908 | 15,540,433 | 112,963,908 | 12,372,806 |

| | | |
|---|---|---|
| ***Movements in Ordinary Shares*** | **No.** | **$** |
| Balance at 1 July 2018 | 112,963,908 | 12,372,806 |
| Options exercised (i) | 1,645,000 | 389,000 |
| Issue of shares (ii) | 15,000,000 | 3,000,000 |
| *Less* share issue costs | - | (221,373) |
| Balance at 31 December 2018 | **129,608,908** | **15,540,433** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

## NOTE 4: ISSUED CAPITAL (CONTINUED)

(i) On 9 August 2018, the Company issued 30,000 fully paid ordinary shares upon the exercise of 30,000 unlisted employee incentive options at $0.30 each. On 11 September 2018, the Company issued 1,615,000 fully paid ordinary shares upon the exercise of 1,045,000 unlisted director and management options at $0.20 each, and 570,000 unlisted director and management options at $0.30 each.

(ii) On 8 October 2018, the Company issued 11,500,000 fully paid ordinary shares at $0.20 each. Subsequently on 22 October 2018, the Company issued 3,500,000 fully paid ordinary shares at $0.20 each, in total raising $3 million for ongoing exploration at Accrington and working capital.

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.

## NOTE 5: RESERVES

| | 31 December 2018 $ | 30 June 2018 $ |
|---|---|---|
| Options reserve | 5,574,327 | 3,973,541 |
| Performance rights reserve | 101,420 | - |
| Total | **5,675,747** | **3,973,541** |

| ***Options Reserve*** | 31 December 2018 | | 30 June 2018 | |
|---|---|---|---|---|
| | **No.** | **$** | **No.** | **$** |
| Options | 16,862,454 | 5,574,327 | 20,707,454 | 3,973,541 |

| ***Movements in Options*** | **No.** | **$** |
|---|---|---|
| Balance at 1 July 2018 | 20,707,454 | 3,973,541 |
| Options exercised (i) | (1,645,000) | - |
| Options cancelled (ii) | (2,200,000) | 1,183,956 |
| Options vested | - | 416,830 |
| Balance at 31 December 2018 | **16,862,454** | **5,574,327** |

(i) On 9 August 2018, 30,000 unlisted employee incentive options were exercised at $0.30 each. On 11 September 2018, 1,045,000 unlisted director and management options were exercised at $0.20 each, and 570,000 unlisted director and management options were exercised at $0.30 each.

(ii) On 24 December 2018, 2,200,000 unlisted director and employee incentive options were cancelled. List of options cancelled were:
- 500,000 unlisted options exercisable at $2.50 expiring on 30 November 2021
- 500,000 unlisted options exercisable at $3.00 expiring on 30 November 2021
- 500,000 unlisted options exercisable at $3.50 expiring on 30 November 2021
- 500,000 unlisted options exercisable at $4.00 expiring on 30 November 2021
- 25,000 unlisted options exercisable at $2.50 expiring on 10 November 2021
- 25,000 unlisted options exercisable at $3.00 expiring on 10 November 2021
- 25,000 unlisted options exercisable at $3.50 expiring on 10 November 2021
- 25,000 unlisted options exercisable at $4.00 expiring on 10 November 2021
- 50,000 unlisted options exercisable at $3.50 expiring on 15 November 2021
- 50,000 unlisted options exercisable at $4.00 expiring on 15 November 2021

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
# FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### NOTE 5: RESERVES (CONTINUED)

| ***Performance Rights Reserve*** | **31 December 2018** | | **30 June 2018** | |
|---|---|---|---|---|
| | **No.** | **$** | **No.** | **$** |
| Performance Rights | 600,000 | 101,420 | - | - |

| ***Movements in Performance Rights*** | **No.** | **$** |
|---|---|---|
| Balance at 1 July 2018 | - | - |
| Issue of performance rights (iii) | 600,000 | 101,420 |
| Balance at 31 December 2018 | **600,000** | **101,420** |

(iii) On 24 August 2018, 600,000 performance rights were issued to Mr. Hegner under the Long-Term Incentive Plan, on the terms and conditions detailed as follows:

| Class | Number | Expiry Date | Vesting Conditions |
|---|---|---|---|
| A | 200,000 | 24 August 2018 | Converting into fully paid ordinary shares once the closing share price as quoted on the ASX is greater than $1.00 for more than a total of 120 trading days within 2 years from grant date. |
| B | 200,000 | 24 August 2018 | Converting into fully paid ordinary shares once the closing share price as quoted on the ASX is greater than $1.50 for more than a total of 120 trading days within 3 years from grant date. |
| C | 200,000 | 24 August 2018 | Converting into fully paid ordinary shares once the closing share price as quoted on the ASX is greater than $2.00 for more than a total of 120 trading days within 4 years from grant date. |

The Group has measured the fair value of the performance rights issued during the half year by using the Monte-Carlo pricing model with the following inputs.

| Class | Grant Date | Expiry Date | Spot Price | Vesting Hurdle (120 days) | Expected Volatility | Dividend Yield | Interest Rate |
|---|---|---|---|---|---|---|---|
| A | 24 Aug 2018 | 24 Aug 2020 | $0.34 | $1.00 | 100% | 0% | 1.98% |
| B | 24 Aug 2018 | 24 Aug 2021 | $0.34 | $1.50 | 100% | 0% | 2.03% |
| C | 24 Aug 2018 | 24 Aug 2022 | $0.34 | $2.00 | 100% | 0% | 2.21% |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
# FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### NOTE 6: SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 3 January 2019, the remuneration of Mr. Wanless and Mr. Hegner were reduced to reduce corporate and administrative costs in order to focus on expenditure on exploration at the Frisco project. Mr. Wanless and Mr. Hegner annual remuneration reduced to $189,000 and US$216,000 respectively with effective from 1 January 2019.

On 11 February 2019, Mr. Wanless resigned as CEO and Director. Mr. Eadie was appointed the Executive Chairman and Mr. Mr. Tucker was appointed as a Non-Executive Director. Mr. Eadie annual remuneration increased to $120,000 plus superannuation.

There are no other matters or circumstances that has arisen since 31 December 2018 to the date of this report that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the Group's state of affairs in future financial years.

### NOTE 7: DIVIDENDS

The directors of the Group have not declared any dividend for the half year ended 31 December 2018.

### NOTE 8: CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 31 December 2018 (30 June 2018: nil).

### NOTE 9: COMMITTMENTS AND CONTINGENCIES

There were no significant changes to commitments from 30 June 2018 to 31 December 2018.

| | 31 December 2018 $ | 30 June 2018 $ |
|---|---|---|
| Exploration expenditure and annual lease/claim payments | | |
| Committed at the reporting date but not recognised as liability: | | |
| Within one year | 609,238 | 465,888 |
| One to five years | 1,204,307 | 1,120,832 |
| | **1,813,545** | **1,586,720** |

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.

## 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 2018 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.

c. The interim financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration is signed in accordance with a resolution of the board of Directors.

**Mr. Thomas Eadie**
**Executive Chairman**
Dated this 13th day of March 2019

**RSM Australia Partners**

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

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Alderan Resources Limited, which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and 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.

*Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year 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 half-year 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 2018 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*. As the auditor of Alderan Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

*Independence*

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

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year 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 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Material Uncertainty Related to Going Concern*

We draw attention to Note 1, which indicates that the consolidated entity incurred a loss of $3,192,156 and had net cash outflows from operating activities of $3,965,909 for the half-year ended 31 December 2018. As stated in Note 1, 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.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 13 March 2019

TUTU PHONG
Partner