



Alderan Resources Limited

ABN 55 165 079 201

**Consolidated Interim Financial Report
For the Half Year Ended 31 December 2019**

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CORPORATE INFORMATION

ABN 55 165 079 201

Directors

Mr. Ernest Thomas Eadie

Mr. Nicolaus Heinen

Mr. Frank "Bruno" David Hegner

Mr. Peter Williams

Dr. Marat Abzalov

Company Secretary

Mr. Brett William Tucker

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Bankers

National Australia Bank

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Auditors

RSM Australia Partners

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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 2019.

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. Peter Williams	Managing Director	Appointed 13 May 2019
Mr. Ernest Thomas Eadie	Non-Executive Chairman	Appointed on 23 January 2017
Mr. Frank David Hegner	Executive Director	Appointed on 1 November 2017
Mr. Nicolaus Heinen	Non-Executive Director	Appointed on 1 March 2015
Mr. Marat Abzalov	Non-Executive Director	Appointed 13 May 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 Frisco and White Mountain projects located in 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 holder of the mineral rights over the entire Frisco complex. Subsequently the Group has entered into an Earn-In Agreement with Kennecott Exploration Company, a member company of the Rio Tinto Group, in order to cost effectively advance exploration at Frisco.

The Group continues to assess exploration and develop options for its White Mountain and other projects, while investigating additional projects to acquire within the US and globally to add to its portfolio, primarily focused on copper and gold.

Dividends

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

DIRECTORS' REPORT (CONTINUED)

Significant Events During the Period

Frisco Project

On 18 November 2019 the Group executed a strategically important agreement for the earn-in and joint venture over its Frisco Project with Kennecott Exploration Company, a member of the Rio Tinto Group. The earn-in agreement provides Kennecott the option to sole fund a three-stage earn-in totalling US\$30 million for up to an undivided 70% interest as follows:-

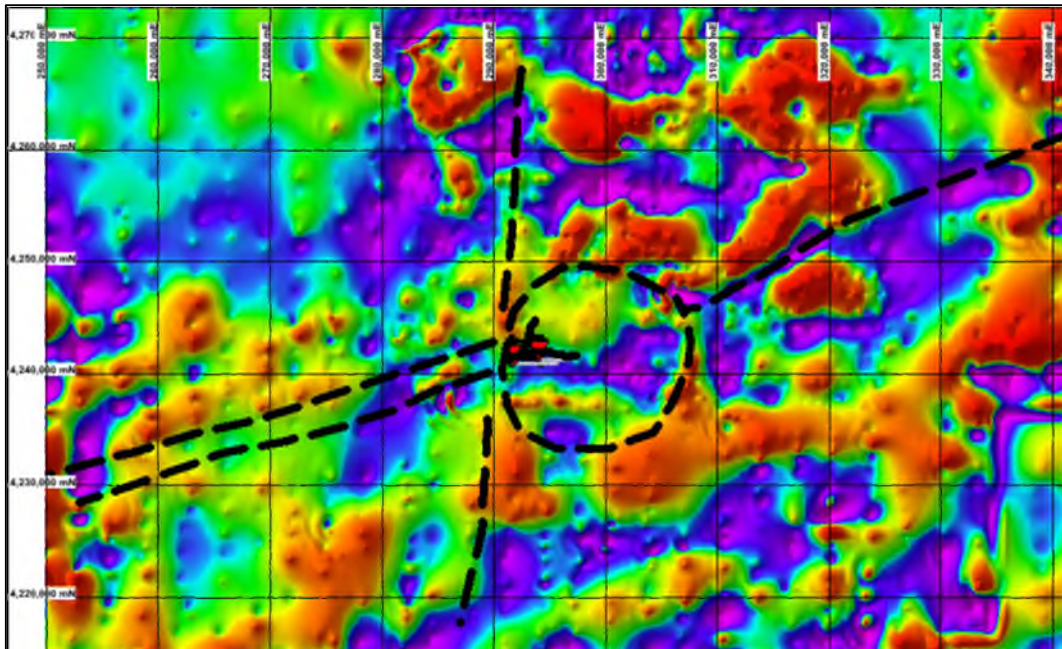
- Option 1 – a 4-year option to acquire a 55% undivided interest in the Project by incurring US\$6 million of expenditure within four years of the anniversary of the Agreement, with a minimum of US\$1 million to be expended within the first 18 months;
- Option 2 – if Kennecott exercises Option 1, a further option to acquire an additional 10% undivided interest (for a total of 65% undivided interest), by incurring an additional US\$9 million in the three year period after Option 1 has been exercised; and
- Option 3 – if Kennecott exercises both Options 1 and 2, a further option to earn an additional 5% undivided interest (for a total of 70% undivided interest) by incurring an additional US\$15 million in the three year period after Option 2 has been exercised.

Kennecott has the right to elect to form a joint venture at any time following the satisfaction of the initial earn-in. Kennecott is required to maintain the Frisco Project in good standing and meet all required annual claim and lease fees, which removes project maintenance costs from the Group.

White Mountain Project

During the half year period a field review at White Mountain was undertaken to investigate the regional setting and project scale geology. The Project occurs on a western edge of a 15 kilometre diameter circular feature defined by regional aeromagnetics. The intersection of major NS and ENE structures coincides with the most intense alteration.

The epithermal system is characterised by approximately 5km strike length of sinter terrace development, with associated development of chalcedony, native sulphur, alunite and massive calcite. The upper level appears to be a preserved epithermal system and similar styles of mineralisation at this level show subdued gold mineralisation at surface.



The above image of the regional aeromagnetics shows White Mountain located at the intersection of a major trending ENE crustal scale structure (black dashed) and a main circular structural feature. The Company is contemplating an IP survey over the most intensely altered portion of the project, to define low sulphidation Au-Ag drill targets.

DIRECTORS' REPORT (CONTINUED)

Significant Events During the Period (Continued)

Corporate Events

- July 2019 – the Company held an Extraordinary General Meeting of Shareholders. All resolutions were passed by shareholders.
- July 2019 – the Company issued 605,989 fully paid ordinary shares with a deemed value of \$30,000 as consideration for the deferral of an acquisition payment due for mineral claims within the Frisco project.
- July 2019 – the Company issued 14,750,000 unlisted options to Directors and to key management personnel pursuant to the Company's long-term incentive plan.
- August 2019 – the Company issued the second tranche of placement shares of 17,597,773 shares and the issue of 8,798,887 free attaching option, to raise \$563,129 for working capital.
- August 2019 – Mr Peter Williams was appointed as Managing Director as Mr Tom Eadie stepped down to a non-executive Chairman role.
- November 2019 – the Company held its Annual General Meeting of Shareholders. All proposed resolutions were passed by shareholders on a poll.

Significant Events After the Reporting Date

There are no matters or circumstances that has arisen since 31 December 2019 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.

Operating Results for the Period

The comprehensive loss of the Group for the financial period, after providing for income tax amounted to \$1,134,708 (31 December 2018: loss of \$2,848,394).

Review of Financial Conditions

The Group had a net bank balance of \$228,676 as at 31 December 2019 (30 June 2019: \$749,162).

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, RSM Australia Partners, to provide the directors of the Company with an Independence Declaration in relation to the review of the half year consolidated financial report. This Independence Declaration is included on the next page and forms part of this director's report for the half year ended 31 December 2019.

Signed in accordance with a resolution of the Directors.



Mr. Peter Williams
Managing Director

Dated this 13th day of March 2020

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr. M. Abzalov, who is a Competent Person according to the JORC 2012 Code. Dr. M. Abzalov is a Fellow of the AusIMM. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and the activity he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Dr. M. Abzalov is employed as a director of Alderan Resources Limited. Dr. M. Abzalov consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.



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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 2019, 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

TUTU PHONG
Partner

Perth, WA
Dated: 13 March 2020

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RSM Australia Partners ABN 36 965 185 036

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME**
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Notes	31 December 2019 \$	31 December 2018 \$
Continuing operations			
Other income		-	16,545
Interest income		60	1,043
Administration expense		(337,389)	(839,897)
Exploration expense		(170,600)	(68,240)
Employee benefits expense		(414,655)	(539,147)
Share-based payment expense	4	(213,740)	(1,702,206)
Depreciation and amortisation expense		(42,457)	(59,501)
Finance costs		(2,050)	(753)
Loss before income tax		(1,180,831)	(3,192,156)
Income tax		-	-
Loss for the half year after tax		(1,180,831)	(3,192,156)
Other comprehensive income, net of income tax			
Exchange differences on translation of foreign operations		46,123	343,762
Other comprehensive income / (loss) for the half year, net of income tax		46,123	343,762
Total comprehensive loss for the half year		(1,134,708)	(2,848,394)
Basic and diluted loss per share (cents per share)		(0.67)	(2.65)

The accompanying notes form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

		31 December 2019	30 June 2019
	Note	\$	\$
Assets			
Current Assets			
Cash and cash equivalents		228,676	749,162
Trade and other receivables		200,643	207,798
Total Current Assets		429,319	956,960
Non-Current Assets			
Plant and equipment		323,485	341,412
Exploration and evaluation expenditure	3	8,892,166	9,330,402
Total Non-current Assets		9,215,651	9,671,814
Total Assets		9,644,970	10,628,774
Liabilities			
Current Liabilities			
Trade and other payables		177,401	771,926
Total Liabilities		177,401	771,926
Net Assets		9,467,569	9,856,848
Equity			
Issued capital	4	16,964,161	16,506,842
Options reserve	5	5,792,857	5,504,747
Performance share reserve		101,420	101,420
Foreign currency reserve		572,703	526,580
Accumulated losses		(13,963,572)	(12,782,741)
Net Equity		9,467,569	9,856,848

The accompanying notes form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Issued Capital \$	Reserves \$	Foreign Currency Reserve \$	Accumulated Losses \$	Total Equity \$
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
Balance at 1 July 2019	16,506,842	5,606,167	526,580	(12,782,741)	9,856,848
Loss for the half year	-	-	-	(1,180,831)	(1,180,831)
Other comprehensive income	-	-	46,123	-	46,123
Total comprehensive loss for the half year	-	-	46,123	(1,180,831)	(1,134,708)
Contribution of equity	457,319	-	-	-	457,319
Share based payments	-	288,110	-	-	288,110
Balance at 31 December 2019	16,964,161	5,894,277	572,703	(13,963,572)	9,467,569

The accompanying notes form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	31 December 2019	31 December 2018
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(645,345)	(1,139,544)
Payments for exploration and evaluation expenditure	(300,470)	(2,826,655)
Interest received	60	1,043
Interest paid	(2,050)	(753)
Net cash (used in) operating activities	<u>(947,805)</u>	<u>(3,965,909)</u>
Cash flows from financing activities		
Proceeds from issue of shares (net of capital raising costs)	427,319	2,778,627
Proceeds from options exercised	-	389,000
Repayment of borrowings	-	(10,532)
Net cash provided by financing activities	<u>427,319</u>	<u>3,157,095</u>
Net decrease in cash held	(520,486)	(808,814)
Effect of foreign exchange	-	16,668
Cash and cash equivalents at the beginning of the half year	749,162	1,665,364
Cash and cash equivalents at the end of the half year	<u>228,676</u>	<u>873,218</u>

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2019 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.

Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the Consolidated Interim Financial Report are consistent with those adopted and disclosed in the Group's 2019 annual financial report for the financial year ended 30 June 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New, revised or amending accounting standards and interpretations adopted

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

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 \$1,180,321 and had net cash outflows from operating activities of \$947,805 for the half-year ended 31 December 2019. 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 they 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 2019**

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 2019 and 31 December 2018.

	United States of America	Australia	Unallocated Items	Consolidated
	\$	\$	\$	\$
31 December 2019				
Segment revenue	-	60	-	60
Intersegment revenue	-	-	-	-
Revenue from external customers	-	60	-	60
Segment result	(745,371)	(435,460)	-	(1,180,831)
Segment assets	8,808,457	836,513	-	9,644,970
Segment liabilities	15,389	162,012	-	177,401
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
30 June 2019				
Segment assets	9,913,554	715,220	-	10,628,774
Segment liabilities	549,861	222,065	-	771,926

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

NOTE 3: EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2019 \$	30 June 2019 \$
Carrying value at the end of the half year/year	<u>8,892,166</u>	<u>9,330,402</u>
<i>Movements during the half year</i>		\$
Balance at 1 July 2019		9,330,402
Expenditure incurred		31,248
Expenditure written off		(499,572)
Foreign exchange differences		30,088
Balance at 31 December 2019		<u><u>8,892,166</u></u>

NOTE 4: ISSUED CAPITAL

	31 December 2019		30 June 2019	
	No.	\$	No.	\$
Fully paid ordinary shares	<u>180,214,897</u>	<u>16,964,161</u>	<u>162,011,135</u>	<u>16,506,842</u>
<i>Movements in Ordinary Shares</i>			No.	\$
Balance at 1 July 2019			162,011,135	16,506,842
Shares as consideration to Shoshone (i)			605,989	30,000
Issue of placement shares (ii)			17,597,773	563,129
Share issue costs			-	(135,810)
Balance at 31 December 2019			<u><u>180,214,897</u></u>	<u><u>16,964,161</u></u>

- (i) 605,989 fully paid ordinary shares issued as consideration for the deferral of acquisition payment for mineral claims within the Frisco project.
- (ii) 17,597,773 fully paid ordinary shares issued to raise capital to continue exploration at the Frisco project.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

NOTE 5: RESERVES

	31 December 2019	30 June 2019
	\$	\$
Options reserve	5,792,857	5,504,747
Performance rights reserve	101,420	101,420
Total	5,894,277	5,606,167

Options Reserve	31 December 2019		30 June 2019	
	No.	\$	No.	\$
Options	66,287,454	5,894,277	15,787,454	5,504,747

Movements in Options	No.	\$
Balance at 1 July 2019	15,787,454	5,504,747
Options issued to Directors and KMP (i)	14,750,000	224,168
Free attaching options (ii)	25,000,000	-
Options issued to Brokers (iii)	10,000,000	74,370
Options issued to employees (iv)	750,000	10,196
Options lapsed	(200,000)	(20,624)
Balance at 31 December 2019	66,087,454	5,792,857

- (i) On 19 July 2019, 14,750,000 unlisted options were issued. List of options issued were:
- 7,000,000 unlisted incentive options to Directors for future performance as detailed in the Notice of Meeting dated 17 June 2019 exercisable at \$0.06 expiring on 19 July 2022.
 - 7,000,000 unlisted incentive options to Directors for future performance as detailed in the Notice of Meeting dated 17 June 2019 exercisable at \$0.10 expiring on 19 July 2022.
 - 750,000 unlisted options to key management personnel pursuant to the Company's long-term incentive plan exercisable at \$0.10 expiring on 19 July 2022.

Series	Number	Grant date	Expiry date	Exercise Price	Fair value at grant date	Vesting date	Recognised as expense in 2019
				\$	\$		\$
Tranche A	7,000,000	19/7/2019	19/7/2022	0.06	118,814	19/7/2019	118,814
Tranche B	7,750,000	19/7/2019	19/7/2022	0.10	105,354	19/7/2019	105,354

- (ii) On 7 August 2019, 25,000,000 unlisted options were issued. List of options were:
- 25,000,000 unlisted free attaching options to placement shares on a 1-for-2 basis exercisable at \$0.10 expiring on 7 August 2022.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

NOTE 5: RESERVES (CONTINUED)

- (iii) On 7 August 2019, 10,000,000 unlisted options were issued. List of options were:
- 5,000,000 unlisted options for consideration of lead manager services in relation to the placement exercisable at \$0.10 expiring on 7 August 2021.
 - 5,000,000 unlisted options for consideration of lead manager services in relation to the placement exercisable at \$0.20 expiring on 7 August 2021.

Series	Number	Grant date	Expiry date	Exercise Price \$	Fair value at grant date \$	Vesting date	Recognised as share issue costs in 2019 \$
Tranche A	5,000,000	7/8/2019	7/8/2022	0.10	47,565	7/8/2019	47,565
Tranche B	5,000,000	7/8/2019	7/8/2022	0.20	26,805	7/8/2019	26,805

- (iv) On 7 August 2019, 750,000 unlisted options were issued. List of options issued were:
- 750,000 unlisted incentive options to key management personnel pursuant to the Company's long-term incentive plan exercisable at \$0.10 expiring on 19 July 2022.

Series	Number	Grant date	Expiry date	Exercise Price \$	Fair value at grant date \$	Vesting date	Recognised as Expense in 2019 \$
Tranche A	750,000	19/7/2019	19/7/2022	0.10	10,196	19/7/2019	10,196

Performance Rights Reserve

	31 December 2019		30 June 2019	
	No.	\$	No.	\$
Performance Rights	600,000	101,420	600,000	101,420

Movements in Performance Rights

	No.	\$
Balance at 1 July 2019	600,000	101,420
Balance at 31 December 2019	600,000	101,420

The current performance rights on issue as at 31 December 2019 are as follows:

Class	Number	Expiry Date	Vesting Conditions
A	200,000	24 August 2020	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 2020	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 2020	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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

NOTE 6: SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There are no other matters or circumstances that has arisen since 31 December 2019 to the date of this report that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or state of affairs in future financial years.

NOTE 7: DIVIDENDS

The directors of the Company have not declared any dividend for the half year ended 31 December 2019.

NOTE 8: CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 31 December 2019 (30 June 2019: nil).

NOTE 9: COMMITMENTS AND CONTINGENCIES

	31 December 2019 \$	30 June 2019 \$
Exploration expenditure and annual lease/claim payments Committed at the reporting date but not recognised as liability:		
Within one year	613,760	655,394
One to five years	1,213,246	369,918
	<u>1,827,006</u>	<u>1,025,312</u>

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 2019 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 Company 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. Peter Williams
Managing Director

Dated this 13th day of March 2020

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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 2019, the statement of profit or loss and other 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 2019 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.

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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 2019 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 \$1,180,831 and had net cash outflows from operating activities of \$947,805 for the half-year ended 31 December 2019. 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 AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 13 March 2020