ALKANE
RESOURCES LTD

ANNUAL REPORT 2015

CONTENTS

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Competent Persons

Unless otherwise advised, the information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr D I Chalmers, FAusIMM, FAIG, (director of the Company) who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC, 2012). Ian Chalmers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Tomingley Gold Project:

- The information in this report that relates to the Mineral Resource estimates for the Tomingley Gold Project (annual update first released to ASX on 21 September 2015) is based on, and fairly represents, information which has been compiled by Mr Terry Ransted, who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of Alkane Resources Ltd. Mr Ransted has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ransted consented to the inclusion in the report on matters based on his information in the form and context in which they appear.
- The information in this report that relates to the Ore Reserve estimate for the Tomingley Gold Project (annual update first released to ASX on 21 September 2015) is based on, and fairly represents, information which has been compiled by Mr John Millbank (Proactive Mining Solutions), an independent consultant, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Millbank has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Millbank consented to the inclusion in the report on matters based on his information in the form and context in which they appear.

Dubbo Zirconia Project:

- The information in this report that relates to Mineral Resources (first released in the 2004 Annual Report) and Ore Reserves (originally released to ASX on 16 November 2011 and updated on 11 April 2013 and 30 October 2013) for the Dubbo Zirconia Project was based upon information compiled by Mr Terry Ransted (MAusIMM), then a principal of Multi-Metal Consultants Pty Ltd, who was a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (JORC, 2004) and is a Competent Person as defined in JORC, 2012. Mr Ransted consented to the inclusion in the report on matters based on information compiled by him in the form and context in which it appeared. This information was prepared and first disclosed under JORC, 2004. It has not been updated since to comply with JORC, 2012 on the basis that the information and underlying assumptions have not materially changed.

Disclaimer

This report contains certain forward looking statements and forecasts, including possible or assumed reserves and resources, production levels and rates, costs, prices, future performance or potential growth of Alkane Resources Ltd, industry growth or other trend projections. Such statements are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors which are beyond the control of Alkane Resources Ltd. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. Nothing in this report should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities.

This document has been prepared in accordance with the requirements of Australian securities laws, which may differ from the requirements of United States and other country securities laws. Unless otherwise indicated, all ore reserve and mineral resource estimates included or incorporated by reference in this document have been, and will be, prepared in accordance with the JORC classification system of the Australasian Institute of Mining, and Metallurgy and Australian Institute of Geosciences.

Alkane Resources is a multi-commodity mining and exploration company with a focus on gold, copper, zirconium, hafnium, niobium and rare earth elements. On the journey to becoming a strategic producer of critical minerals for a range of sustainable technologies, the Company is committed to safe environmental practices and local community wellbeing.

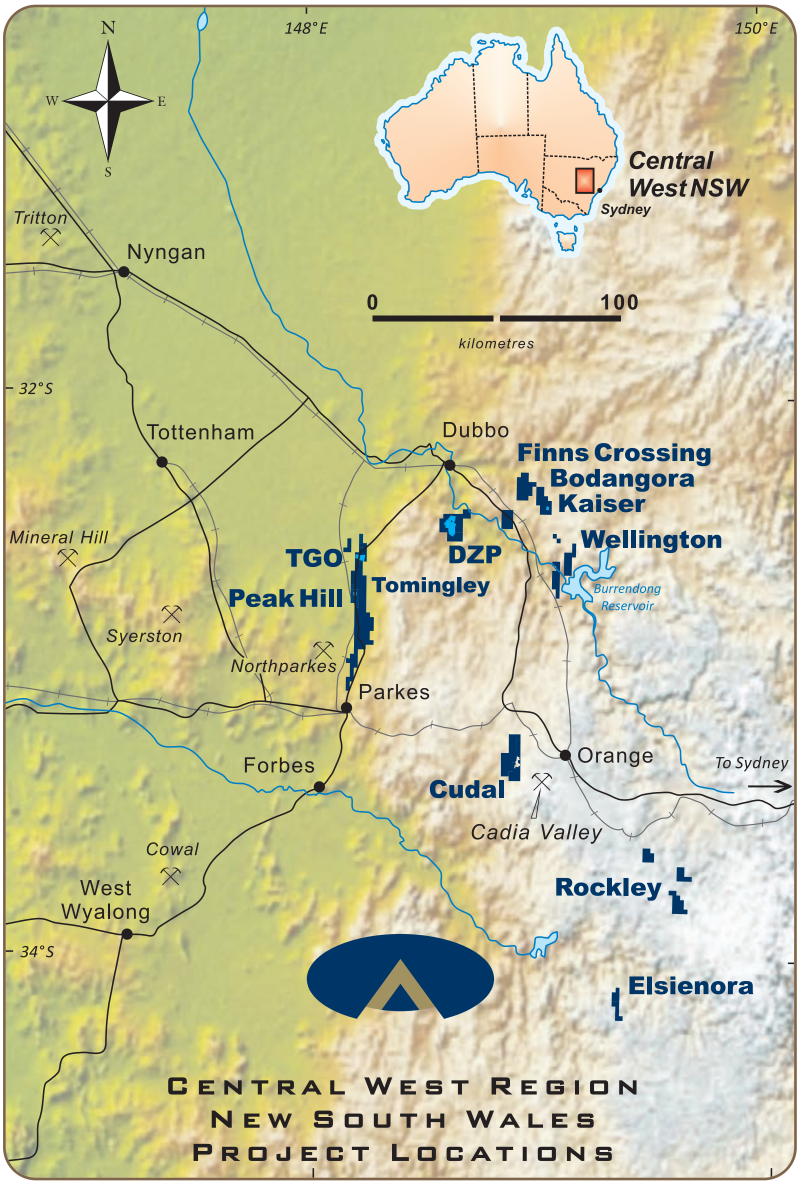
The Alkane Group's projects and operations are located in the Central West of New South Wales (NSW), in eastern Australia. Chief among them are the Tomingley Gold Operations, a medium-sized gold operation near Dubbo that commenced production in February 2014, and the Dubbo Zirconia Project, a major development scheduled to commence production in 2018.

The Dubbo Zirconia Project will position Alkane as a strategic and significant producer of zirconium and hafnium products and heavy rare earths. Several other exploration projects in the region are also being evaluated.

Alkane is committed to safe environmental practices and biodiversity improvement at all its mining and exploration sites. The Company takes care to minimise the environmental impact of its activities, from pre-planning and commencement, through to adopting dedicated site rehabilitation programs upon completion.

The wellbeing of neighbouring local communities is also extremely important. The Company has been an active and contributing member of the Central West NSW community for over 25 years, supporting local education and training, employing locally, engaging with community activities and preferring to purchase local products and services where practicable.

Alkane (ASX and OTCQX (US) listed) is an investment opportunity for investors seeking exposure to an Australian company with Australian projects of international significance.



ALKANE'S PROJECT LOCATIONS IN THE CENTRAL WEST OF NEW SOUTH WALES

MULTI-COMMODITY MINING

Alkane is currently producing gold at Tomingley Gold Operations and developing the Dubbo Zirconia Project, which will produce zirconium, hafnium, niobium and rare earths.

ZIRCONIUM

Zirconium is a hard, grey-white metal with excellent corrosion resistance properties. Traditionally, it has been viewed as a valuable by-product of titania mineral sands operations. Zirconium materials may be classified into three broad categories: fused zirconia, zirconium chemicals and chemical zirconia. Zirconium metal is produced from either fused zirconia or zirconium chemicals.

Zirconium materials are used for a wide variety of engineering, industrial and everyday applications, including the auto exhaust catalyst, electronics, engineering and refractory ceramic, nuclear, optical glass and alloys industries.

HAFNIUM

Hafnium is a lustrous grey metal with growing application in superalloys used in the aerospace industry, allowing them to maintain high strength and stability when operating at very high temperatures. Hafnium also has increasing use in industrial gas turbines, plasma cutting tips, ultra-high temperature ceramics, and advanced materials used in the microelectronics and optoelectronics industries.

Chemically resembling zirconium, hafnium is always found in zirconium minerals, from which it needs to be extracted using advanced metallurgical processing. It is usually traded as hafnium metal in 'crystal bar' form, or as hafnium oxide or hafnium tetrachloride.

To-date, most of the world's hafnium metal has been produced as a by-product of the nuclear industry, which requires hafnium-free zirconium. The Dubbo Zirconia Project represents an opportunity to produce hafnium and high-purity zirconium materials without nuclear industry imperatives.

RARE EARTHS AND YTTRIUM

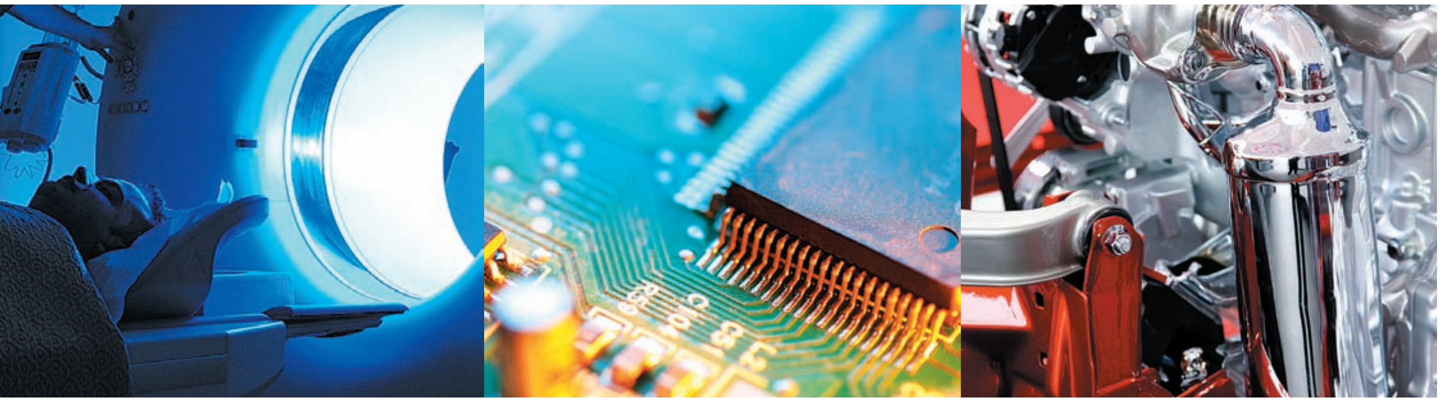
Rare earths, or rare earth elements (REEs), are a group of metallic elements in the periodic table which have diverse chemical, electronic and magnetic properties. These make them ideal for a range of technological and 'green energy' applications – including lightweight high-strength magnets for electric motors, petroleum catalysts, optical glass manufacturing and multi-level electronic components. They are critical materials to many emerging technologies.

Rare earths are arbitrarily divided into heavy rare earth elements (HREEs) and light rare earth elements (LREEs), based on their location on the chemical periodic table. The HREEs are europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium and lutetium. The LREEs are lanthanum, cerium, praseodymium, neodymium and samarium.

Yttrium is a silvery-metallic element and is highly crystalline. Its major applications include automotive appliances, electronics and optical glass, phosphors for energy-efficient compact fluorescent globes, LCDs and LEDs, ceramics and as an alloying element in various steels and magnesium/aluminium alloys.

NIOBIUM

Niobium is a metal with superconductive properties that is used mostly in alloys and superalloys. It is usually sold as niobium pentoxide or ferroniobium; niobium metal is produced in small quantities. Niobium is used widely as an alloying element for steel turbines and other engineering steels, magnets, glass and capacitors for electric motors and mobile electronics.



"Alkane was delighted to receive development consent for the Dubbo Zirconia Project in May 2015, and is moving ahead with steps towards establishing this globally significant operation. Tomingley Gold Operations also successfully marked its first full year of production."

Welcome to the 2015 Annual Report for Alkane Resources Ltd. We are very happy with the progress across our various projects – and were particularly delighted to receive development consent for the Dubbo Zirconia Project (DZP) in May 2015. It is now full steam ahead with preparations for construction.

TOMINGLEY GOLD OPERATIONS

Alkane's Tomingley Gold Operations (TGO) is based on a 687,000 ounce gold resource near Dubbo in the Central West of New South Wales. Following commencement of production in the March quarter of 2014, the 2015 financial year represents the Tomingley mine and processing plant's first complete year of operations at the design capacity of 1Mtpa.

A total of 69,612 ounces of gold was poured in the financial year, within guidance and almost exceeding the original FY15 production estimate of 60,000 – 70,000 ounces. We are pleased to report that average ore reconciliations remain in line with resource modelling, and we continue to monitor this closely as the life of the mine progresses.

Activity proceeded in all three established pits throughout the year; moreover, the recently defined Caloma Two resource has been incorporated into the development schedule. We are currently applying to modify the terms of project approval to allow mining of this additional deposit.

DUBBO ZIRCONIA PROJECT

An undoubted highlight of the year was the achievement of development consent for the Dubbo Zirconia Project – our major development project and an exciting investment asset – on 28 May 2015. The approval to proceed followed a review by the NSW Planning and Assessment Commission and the meeting of certain consent conditions by the Company.

This is an important milestone for the project, which is expected to position Alkane as a strategic and significant world producer of zirconium products and rare earths. We have also been exploring the potential for producing hafnium, a critical component in aerospace superalloys, with promising results and strong market interest.

We are now moving ahead to secure financing arrangements and approvals for the Environment Protection Licence and Mining Lease. The Front End Engineering Design (FEED) was also completed in August 2015, and we are optimistic of commencing site construction by early 2016.

RESOURCE DEVELOPMENT AND EXPLORATION

The Company has continued exploration activities at various projects in the Central West of NSW, with the view to expanding our mining portfolio and creating future development opportunities. Notably, in the past year we have commenced exploration of the Elsienora gold prospect acquired in 2014 and conducted a drilling program at the Kaiser Project at Bodangora, which is considered highly prospective for alkalic porphyry gold-copper mineralisation.

ACKNOWLEDGMENTS

I extend my personal thanks to my fellow directors, our consultants and exploration and operations teams, and our many shareholders for their ongoing support of Alkane. In particular, I sincerely thank all Alkane personnel who played a role in achieving development consent for the DZP, as well as consultants RW Corkery & Co for their management of the EIS and the project team from Hatch for the FEED.

I would also like to note the long service of Lindsay Colless, who passed away in March this year. Lindsay joined Alkane in 1982 as Company Secretary. He also took a position on the Board as Finance Director from 1986 to 2006 overseeing the financial management of the Company as it transitioned from explorer to producer at Peak Hill (NSW) in 1996, and then as it progressed the larger developments at the Tomingley Gold Project and the Dubbo Zirconia Project.

John S F Dunlop

Chairman

The March quarter of 2015 marked the first full year of operations at the Tomingley gold mine. Production targets were met and funds generated applied to the activities underpinning the development of the Dubbo Zirconia Project.

TOMINGLEY GOLD OPERATIONS

The gold operations at Tomingley are based on a 687,000 ounce gold resource approximately 50 kilometres south-west of Dubbo in the Central West of NSW.

Three deposits were initially defined – Wyoming One, Wyoming Three and Caloma – yielding a base case predicted lifespan of 7.5 years. An estimated 350,000 to 400,000 ounces will be recovered from the initial three deposits. In addition, the Caloma Two resource defined in the 2014 financial year has now been incorporated into the open pit development schedule, and is expected to be approved in the pending Mine Operations Plan (MOP) Revision No.3. Options for commencing underground operations on all resources are also being evaluated. The target is to extend the lifespan of the mine to 10 – 12 years.

Operated by Tomingley Gold Operations Pty Ltd (TGO), a wholly owned subsidiary of Alkane, Tomingley gold mine was commissioned in January 2014 and officially opened in March of that same year. The design capacity of 1Mtpa was reached in late May 2014.

The 2015 financial year represents the mine and processing plant's first complete year of operations. Mining activity occurred mainly in the Caloma and Wyoming Three pits, with waste stripping for Stage 1 of the Wyoming One pit having recently commenced. Ore reconciliations remain in line with resource modelling and gold poured was in-line with the production estimate.

Key milestones in the 2015 financial year:

- **One year in operation January 2015**
- **Gold poured 69,612 ounces**
- **Full year sales of 70,734 ounces provided revenues of $101.9M**
- **Operating cash flow of $28.6 million**

MINING AND PROCESSING

Mining activity in the 2015 reporting period occurred mainly in the Caloma and Wyoming Three pits. Work in the longer life Caloma pit was initially focused on waste removal to establish efficient operating faces and reduce wall angles for improved stability. Mining in Wyoming Three increased as the year progressed, with work expected to be completed in the September 2015 quarter. Work commenced in the Wyoming One pit during the June quarter, comprising waste stripping and pit setup, with no ore production.

Since reaching design capacity in May 2014, TGO continues to operate at the 1Mtpa rate. However, extremely dry weather conditions in the summer caused both mining and processing capacity to be temporarily restricted by the scarcity of water. Additional water was sourced during the period, together with longer term solutions for next summer, in the event they are required.

Overall ore reconciliation for the reporting period remains in line with the resource model ounces, having eased back after reconciling at 30% greater than the model after two quarters. Ore reconciliations from the Wyoming Three pit were positive across the year. The Caloma pit showed some variation as it transitioned from oxide to fresh ore, and included a scheduled lower grade ore zone. Caloma ore reconciliations are now improving as the mine continues further into the fresh rock.

Gold poured in the first half of the reporting period was well above budget, which led to a revised FY15 production estimate of 65,000 – 75,000 ounces (up 5,000 ounces). The final year production of 69,612 ounces fell within this revised guidance range. Full year sales of 70,734 ounces provided revenues of $101.9M at an average price of A$1,441/ounce. The Company maintains a hedging program to provide a level of protection against any short term gold price weakness, and at 30 June 2015, A$ gold forward contracts were in place for 24,000 ounces at an average price of $1,577 per ounce.

Other works carried out at TGO during the reporting period include construction of an additional amenity bund between the Caloma pit and the town to further reduce noise impact, and the first wall lift of one of the site's two residue (tailings) storage facilities. A wall lift will also occur in the September 2015 quarter.

The Company has taken full responsibility for two minor environmental incidents in 2014, reported at the time by TGO to the NSW Environment Protection Authority (EPA), and in May 2015 pleaded guilty to the offences. Both incidents took place during the early winter rain period (March – June 2014) and involved soil runoff from the site's earthworks due to extremely heavy downpour and subsequent deposit on the Newell Highway and adjacent property. No chemicals were involved and there has been no evidence of environmental damage. TGO has implemented changes to minimise the chances of this type of incident recurring. The matter is set to be finalised in October 2015.

TOMINGLEY GOLD OPERATIONS – SITE LAYOUT

TGO PRODUCTION FIGURES BY QUARTER

		SEP QUARTER 2014	DEC QUARTER 2014	MAR QUARTER 2015	JUN QUARTER 2015	FY 2015
TGO Production						
Waste mined	BCM	1,653,357	1,414,557	1,308,783	1,353,965	5,730,661
Ore mined	Tonnes	300,493	389,242	308,504	388,052	1,386,291
Grade	g/t	2.03	1.67	1.47	1.50	1.66
Ore milled	Tonnes	296,012	300,971	266,913	276,808	1,140,704
Head grade	g/t	2.47	2.05	1.61	1.88	2.01
Recovery	%	95.4	94.4	93.1	92.0	93.9
Gold poured	Ounces	22,362	19,175	13,947	14,128	69,612
Revenue Summary						
Gold sold	Ounces	23,734	16,500	16,000	14,500	70,734
Average price realised	A$/oz	1,408	1,426	1,472	1,478	1,441
Gold revenue	A$M	33.4	23.5	23.6	21.4	101.9
Cost Summary						
Mining	A$/oz	470	619	893	1,020	707
Processing	A$/oz	246	316	414	352	321
Site Support	A$/oz	70	91	102	135	95
C1 Cash Cost	**A$/oz**	**786**	**1,026**	**1,409**	**1,506**	**1,123**
Royalties	A$/oz	43	39	36	43	40
Sustaining capital	A$/oz	8	5	26	78	25
Rehabilitation	A$/oz	17	19	24	25	20
Corporate	A$/oz	33	30	56	48	40
AISC[1]	**A$/oz**	**886**	**1,119**	**1,552**	**1,700**	**1,249**
Stockpiles						
Ore for immediate milling	Tonnes	192,966	301,326	374,224	468,032	468,032
Bullion on hand	Ounces	2,938	5,611	3,553	3,169	3,169

(1) AISC = All In Sustaining Cost comprises all site operating costs, royalties, mine exploration, sustaining capex and mine development and an allocation of corporate costs, presented on the basis of ounces produced.

COSTS AND FINANCING

The average All In Sustaining Cost (AISC) for the 2015 financial year was A$1,249 per ounce produced. (AISC comprises all site operating costs, royalties, mine exploration, sustaining capex and mine development and an allocation of corporate costs, presented on the basis of ounces produced.) The AISC was significantly higher in the March and June 2015 quarters, owing to the works carried out on the residue storage facility and waste stripping in the Wyoming One pit.

The key cost driver for TGO remains the efficiency of the mining fleet. TGO continues to work collaboratively with its dry hire equipment supplier to lift the payload, utilisation and overall efficiency of the fleet.

The TGO development was fully funded by Alkane without any borrowings or debt. Funds generated by TGO during the reporting period were applied to the activities underpinning the evaluation and development of the Dubbo Zirconia Project – A$15.4M for FY2015.

MINERAL RESOURCES AND ORE RESERVES

The revised TGO mineral resources and ore reserves, including the Caloma Two deposit, were reported to the ASX on 21 September 2015 and are summarised in the following tables.

TOMINGLEY GOLD PROJECT MINERAL RESOURCES (AS AT 30 JUNE 2015)

DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		TOTAL GOLD
	TONNAGE (Kt)	GRADE (g/t Au)	TONNAGE (Kt)	GRADE (g/t Au)	TONNAGE (Kt)	GRADE (g/t Au)	TONNAGE (Kt)	GRADE (g/t Au)	(Koz)
Open Pittable Resources (cut off 0.50g/t Au)									
Wyoming One	2,171	1.7	442	1.5	735	1.1	3,348	1.5	167
Wyoming Three	206	1.7	122	1.7	2	1.1	330	1.7	18
Caloma	2,163	1.8	582	1.7	2,008	1.5	4,753	1.7	254
Caloma Two	-	-	1,085	2.4	704	1.3	1,789	2.0	112
Sub Total	4,540	1.8	2,231	2.0	3,450	1.4	10,220	1.7	551
Underground Resources (cut off 2.50g/t Au)									
Wyoming One	168	4.8	205	4.4	361	4.2	735	4.4	104
Wyoming Three	12	3.6	20	4.5	25	3.3	57	3.8	7
Caloma	0	3.1	4	2.9	81	3.2	84	3.2	9
Caloma Two	-	-	92	3.5	63	3.2	155	3.3	17
Sub Total	180	4.7	321	4.1	530	3.9	1,031	4.1	136
TOTAL	4,720	1.9	2,552	2.3	3,979	1.7	11,251	1.9	687

* *apparent arithmetic inconsistencies are due to rounding*

These Mineral Resources are wholly inclusive of Ore Reserves. Full details are given in the ASX release of 21 September 2015.

TOMINGLEY GOLD PROJECT ORE RESERVES (AS AT 30 JUNE 2015)

DEPOSIT	PROVED		PROBABLE		TOTAL		TOTAL GOLD
	TONNAGE (Kt)	GRADE (g/t Au)	TONNAGE (Kt)	GRADE (g/t Au)	TONNAGE (Kt)	GRADE (g/t Au)	(Koz)
Wyoming One	1,665	1.6	202	1.3	1,867	1.5	94
Wyoming Three	173	1.6	5	1.4	178	1.5	9
Caloma	1,247	1.9	72	1.5	1,319	1.8	80
Caloma Cut Back	222	1.5	66	1.4	288	1.4	14
Caloma Two	-	-	243	3.5	243	3.5	27
Stockpiles	468	0.8	-	-	468	0.8	12
TOTAL	3,775	1.6	588	2.2	4,363	1.6	235

* *apparent arithmetic inconsistencies are due to rounding. Full details are given in the ASX release of 21 September 2015.*

The table below compares the resources and reserves year on year with 2014 as per the current reporting requirements.

COMPARISON OF 2014 / 2015 MINERAL RESOURCES AND ORE RESERVES

DEPOSIT	TOTAL RESOURCES						TOTAL RESERVES					
	2014			2015			2014			2015		
	TONNAGE (Kt)	GRADE (g/t Au)	GOLD (koz)	TONNAGE (Kt)	GRADE (g/t Au)	GOLD (koz)	TONNAGE (Kt)	GRADE (g/t Au)	GOLD (koz)	TONNAGE (Kt)	GRADE (g/t Au)	GOLD (koz)
Wyoming One	4,742	2.1	314	4,083	2.1	271	1,864	1.6	98	1,867	1.5	94
Wyoming Three	649	1.7	36	387	2.0	24	389	1.7	21	178	1.5	9
Caloma	5,909	1.8	336	4,837	1.7	263	1,928	2.2	136	1,319	1.8	80
Caloma Cut Back										288	1.4	14
Caloma Two	2,169	2.1	144	1,944	2.1	129	239	3.6	27	243	3.5	27
Stockpiles							186	1.9	12	468	0.8	12
TOTAL	13,468	1.9	830	11,251	1.9	687	4,606	2.0	295	4,363	1.6	235

* *apparent arithmetic inconsistencies are due to rounding.*

The primary differences from 2014 to 2015 are:

- Ore mined from Caloma and Wyoming Three in 2014-2015 period totals 1,386,291 tonnes grading 1.66 g/t Au (73.8koz);
- Increased cut-off grade for potential underground resources (moved from 1.75g/t to 2.5g/t);
- Caloma resource & reserve includes grade control model between 205m and 185m RLs;
- Caloma reserve based on new pit design, including the Caloma Cut-Back; and
- Wyoming Three resources and reserves based on grade control model to base of V7 pit design.

The achievement of development consent in May 2015 marked a significant milestone for the Dubbo Zirconia Project. This was swiftly followed by federal environmental approval and completion of the front-end engineering design in August, with construction expected to commence in early 2016.

DUBBO ZIRCONIA PROJECT

Wholly owned Alkane subsidiary, Australian Zirconia Limited (AZL), is developing the Dubbo Zirconia Project (DZP), a potential strategic supply of critical minerals for a range of 'high-tech' and sustainable technologies. It is based on large in-ground resources of zirconium, hafnium, niobium, tantalum, yttrium and rare earth elements, located at Toongi, 30 kilometres south of the large regional centre of Dubbo in the Central West of NSW.

The DZP is a unique, long-life ore body with a potential mine life of 70+ years. Unlike many rare earth resources, the DZP hosts an unusually high proportion of heavy rare earths, making it one of the few deposits of its kind outside of China. The size and significance of the DZP is such that the resource is expected to provide up to 4-5% of annual global heavy rare earth supplies, as well as significant quantities of zirconium, hafnium, niobium, and the key rare earth magnetic metals, neodymium and praeseodymium. The products of the DZP are considered both 'strategic' and 'critical' by global economies, due to their economic importance and supply risk.

The project received final development approval from the NSW Planning Assessment Commission (PAC) on 28 May 2015 and federal approval under the Commonwealth Environment Protection and Biodiversity Conservation Act 1999 on 24 August 2015. The Front End Engineering Design (FEED) was completed in August 2015. Mine and plant construction is expected to commence in early 2016, once the Environment Protection Licence (EPL), Mining Lease and other minor permits have been finalised, and project finance has been obtained.

Key project milestones:

- **Planning Assessment Commission (PAC) review announced September 2014**
- **Development approval received 28 May 2015**
- **Front End Engineering Design (FEED) completed in August 2015 delivering a completed capital cost estimate of A$1.3B at an accuracy of ±15%**
- **Federal approval under the Commonwealth Environment Protection and Biodiversity Conservation Act 1999 received 24 August 2015**

DUBBO ZIRCONIA PROJECT – MINERAL RESOURCES

Toongi Deposit	Tonnage (Mt)	ZrO_2 (%)	HfO_2 (%)	Nb_2O_5 (%)	Ta_2O_5 (%)	Y_2O_3 (%)	REO (%)
Measured	35.70	1.96	0.04	0.46	0.03	0.14	0.75
Inferred	37.50	1.96	0.04	0.46	0.03	0.14	0.75
Total	73.20	1.96	0.04	0.46	0.03	0.14	0.75

The full details of methodology were given in the 2004 Annual Report.

DUBBO ZIRCONIA PROJECT – ORE RESERVES

Toongi Deposit	Tonnage (Mt)	ZrO_2 (%)	HfO_2 (%)	Nb_2O_5 (%)	Ta_2O_5 (%)	Y_2O_3 (%)	REO (%)
Proved	8.07	1.91	0.04	0.46	0.03	0.14	0.75
Probable	27.86	1.93	0.04	0.46	0.03	0.14	0.74
Total	35.93	1.93	0.04	0.46	0.03	0.14	0.74

The full details of methodology were given in the ASX announcement of 16 November 2011.

Note: ASX announcements 16 November 2011, 11 April 2013 and 30 October 2013 – The Company confirms that all material assumptions and technical parameters underpinning the estimated Mineral Resources and Ore Reserves, and production targets and the forecast financial information as disclosed, continue to apply and have not materially changed. This was also confirmed with the completion of the front end engineering design (FEED) reported in the ASX announcement 27 August 2015.

PROCESS AND PRODUCT DEVELOPMENT

Over many years, the Company has developed a flow sheet consisting of sulphuric acid leach followed by solvent extraction recovery and refining to produce several products, including high purity zirconium, niobium and rare earth products. During the FY2015 reporting period, the additional production of hafnium has been explored, with a recovery circuit incorporated in the plant design.

Alkane has been working with the Australian Nuclear Science and Technology Organisation (ANSTO) since 2006. A demonstration pilot plant (DPP), located at ANSTO Minerals' Lucas Heights facility in Sydney since 2008, has proved the project's technical viability and provided material for market assessment. Operation of the DPP has also informed the feasibility studies for capital and operating cost estimates.

Over the past 12 months, substantial improvements and optimisation of the flow sheet have been achieved in partnership with ANSTO, TZ Minerals International Pty Ltd and Hatch Pty Ltd. These include improvements for water management and waste treatment, as well as a revamped rare earth circuit to improve recoveries.

ZIRCONIUM

Improvements have been made to the DZP zirconium, zirconium chemicals and zirconia processing streams, including a reduction of impurities in zirconium products and greater flexibility in the production of different downstream products. This includes the successful production of reactive grades of zirconium basic carbonate (ZBC), which is widely used for producing other zirconium chemicals and powders and automotive catalysts. A yttria (Y_2O_3) stabilised zirconia product has also been successfully developed, offering potential for the project to consume some of the yttrium produced from the rare earth processing, and adding value to the zirconium product suite.

RARE EARTH ELEMENTS

Rare earth recoveries have improved by an overall 11.5%, with particularly encouraging increases of 26.7% for dysprosium and 7% for neodymium, and a commensurate increase in revenues.

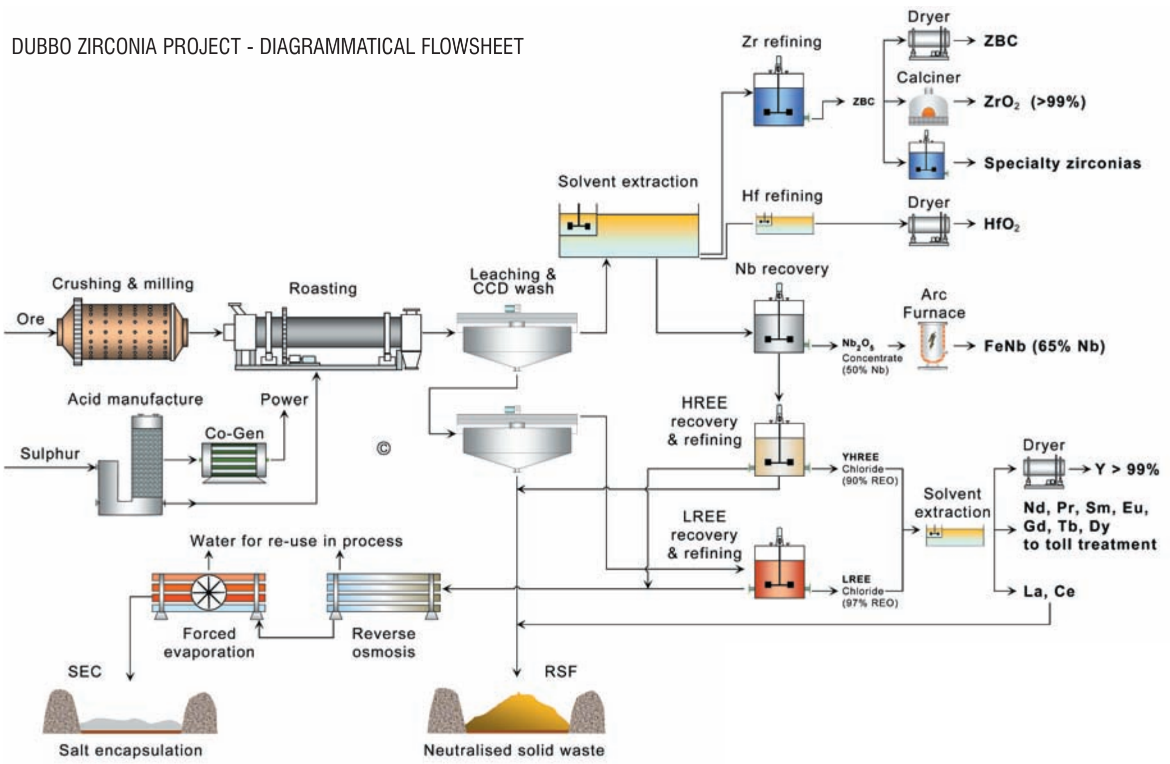
FERRO-NIOBIUM

Commercial grade ferro-niobium (FeNb) has been successfully developed, with technical input from joint-venture partner, Treibacher Industrie AG (TIAG). This flow sheet has been included in the revised capital and operating cost estimates for the project.

HAFNIUM

The Company has developed a process pathway to recover hafnium as an additional product for the DZP, with an extended test program commencing at ANSTO during the September 2015 quarter. The developed hafnium process has little impact on the existing flow sheet, with hafnium extracted from the zirconium refining circuit. Preliminary capital and operating estimates suggest the incorporation of this circuit into the final plant design will add significant value to the project.

DUBBO ZIRCONIA PROJECT - DIAGRAMMATICAL FLOWSHEET



ENGINEERING AND INFRASTRUCTURE

The completed capital cost estimate to bring the project into operation has been determined to be A$1.3B (US$0.97B) at an accuracy of ±15%, including a contingency of A$103M (8%) announced to ASX on 27 August 2015. The estimate was prepared via a Front End Engineering Design (FEED) study on an Engineering, Procurement and Construction Management (EPCM) basis. The majority of inputs were by Hatch Pty Ltd (awarded the contract for the FEED in April 2014) and contained firm pricing for most of the packages from the marketplace. AZL is satisfied with the outcome of this process and the resultant value the project will bring to the Company. The capital estimate includes design, scopes and commercial conditions in greater detail than the Definitive Feasibility Study (DFS) published in April 2013.

Several significant process improvements have been included in the design during the FEED study – including improvements for water management and waste treatment, as well as a revamped rare earth circuit to improve recoveries. Projected water consumption has been reduced from 4 gigalitres per annum to 2Glpa, and the site footprint halved to around 500 hectares. The design has also been modified to provide closer integration and/or more tailored products to downstream customers and toll treatment partners.

Release of tender packages for supply of plant and equipment commenced in the December 2014 quarter. Through this process, AZL identified a supplier able to deliver many of the processing packages, and is now working with that supplier to identify further value opportunities for project execution. The Company intends to move forward on an Engineering, Procurement and Construction (EPC) basis, with the view to fostering key technology and support relationships and capping the execution risk for AZL. This will facilitate the preparation of a bankable study for financing the project.

FINANCING

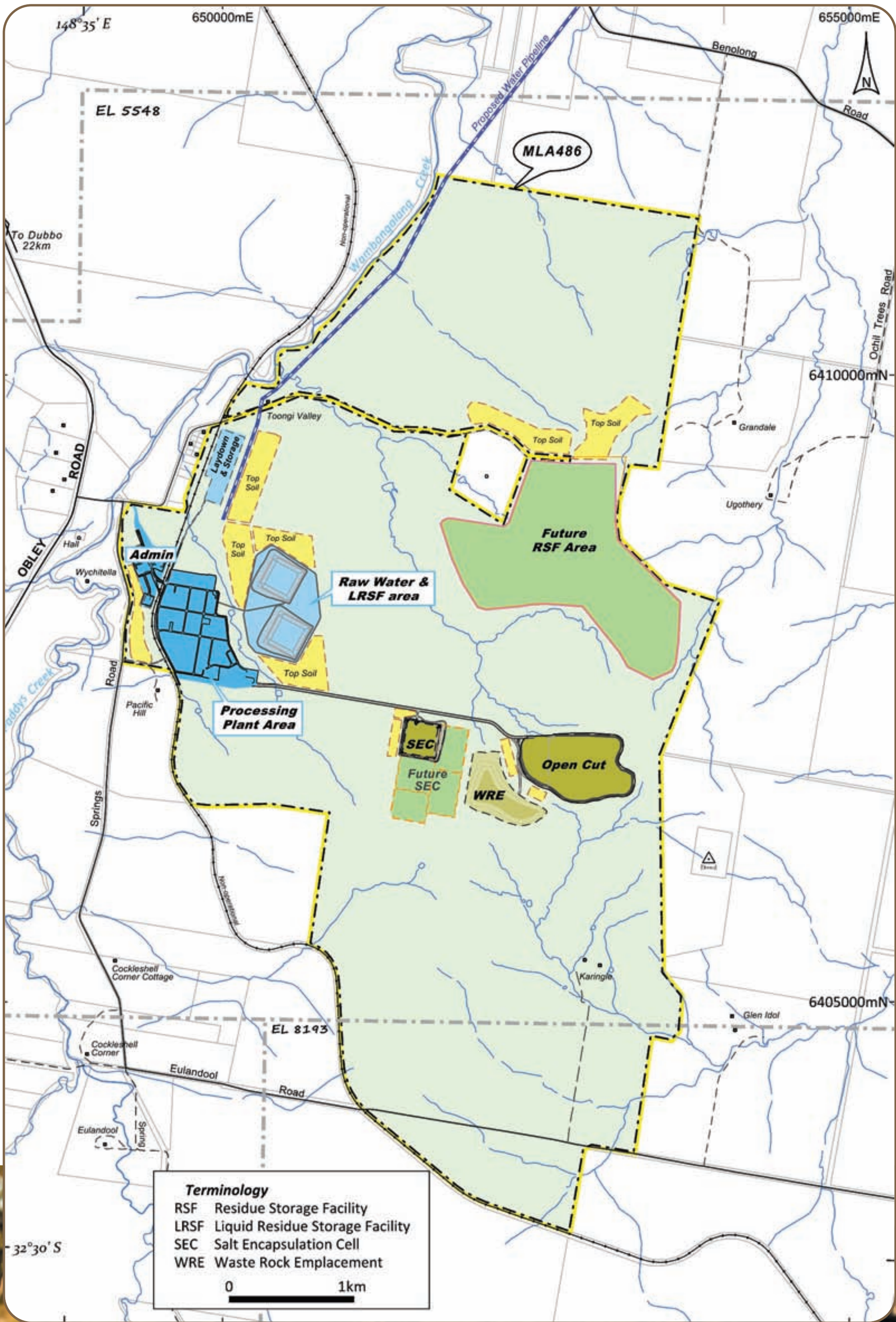
Following the FEED study and analysis of other factors, AZL has estimated DZP steady state operating costs to be A$260 million per annum, generating an average EBITDA of A$320 million per year, a 20-year net present value (NPV) of A$1.22 billion (discount rate of 8% and pre-tax) and an internal rate of return (IRR) of 17.5%. This indicates an overall cost to produce a kilogram of any product would be in the range US$7.50 to US$8.00/kg with revenue averaging US$17.00/kg.

AZL continues to work with its advisors to progress funding of the project. With project development approval received, the Company is redoubling efforts in relation to funding. The broad strategy has not changed, with strategic investment, Export Credit Agency finance and commercial debt remaining as the key components of the envisaged project funding suite.

PROJECT SCHEDULE

Following development consent, granted in May 2015, the Company is now applying for the Environment Protection Licence (EPL) and Mining Lease, as well as other minor permits. Concurrently, the Company is seeking to finalise the first stage of finance. Completion of these activities is expected to occur in time for the first phase of construction to commence in early 2016.

The first stage of construction will involve the detailed design of the processing facility, followed by establishment of site infrastructure (water supply, power line construction, road works) and site earthworks. Construction of the processing plant is expected to occur over a 24 month period.



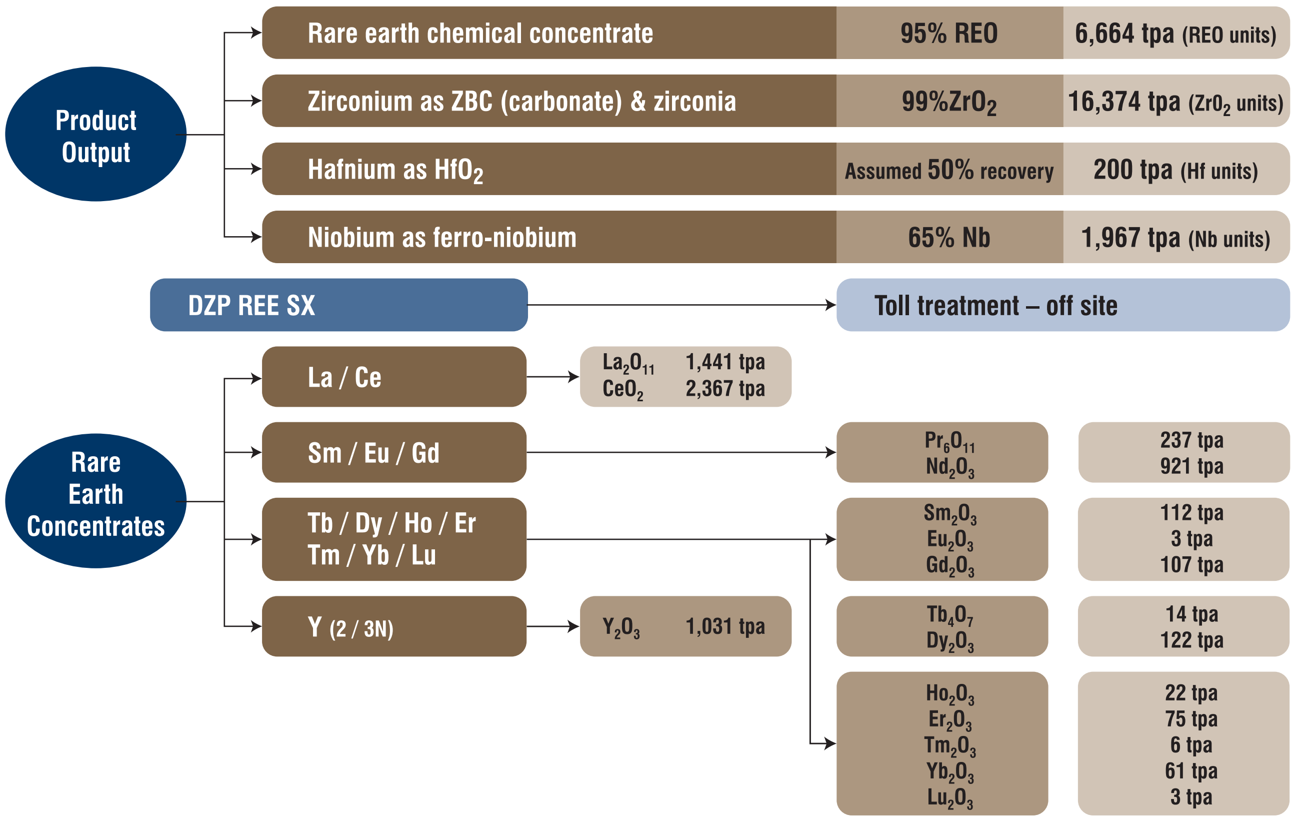
DUBBO ZIRCONIA PROJECT – PROPOSED SITE LAYOUT

MARKET UPDATE

The Company continued its global marketing efforts throughout the year. In addition to meetings with several leading international companies in Australia, dedicated visits were made to prospective customers in Europe, North America and Asia, to discuss the various product outputs from the DZP. Samples of zirconium chemicals and powders have also been dispatched to several potential customers, with follow up requests for larger samples. The Company presented at international conferences and congresses in Germany, USA, Canada, Singapore and China.

The importance of the DZP as a new long-term secure source of critical metals and oxides, that will diversify global supply, continues to gain recognition and support from companies and governments seeking to reduce dependence on current sources, particularly China. Although many of the product prices are at four year lows, the diverse spread of output by the DZP enables a robust revenue stream to be determined as the project ramps up and the specialty metal market stabilises. In 2020 a total of US$467 million pa, or about A$580 million (after royalties, sales and marketing, and off-site refining costs for rare earths) at the A$:US$ exchange rate of 0.75, will provide a substantial margin to anticipated costs.

PROJECTED TONNAGES BASED ON RECOVERIES DEVELOPED FROM MASS BALANCES OF THE DEMONSTRATION PILOT PLANT



ZIRCONIUM

The zircon and downstream zirconium industry has remained flat across FY2015, with overcapacity reported in all markets. Zirconium chemical and zirconia prices are driven by the zircon price, which remains static at around US$1000-1300 per tonne. However, there is a bias towards higher prices for zirconium chemicals, as producers in China look to increase prices.

DZP products will have the potential to replace many common zirconium chemicals and chemical zirconia products on the global market, which is dominated by zirconium oxycholoride-based zirconium chemicals and powders produced in China. Significant demand for zirconium chemicals – such as zirconium basic carbonate (ZBC) – has been identified.

RARE EARTH ELEMENTS

Rare earth elements (REE) prices also remained flat across FY2015. However, there is presently some uncertainty due to a World Trade Organisation (WTO) ruling on Chinese export taxes and quotas. This resulted in the Chinese MIIT and MLR imposing an ad valorem tax on REE mining to replace export taxes. There are still many aspects of this tax to be finalised, but industry observers consider the likely overall impact will be a 10-20% increase on Chinese domestic prices.

Strong growth in demand (estimated 8-10%) for REE for magnetic materials continues, and is expected to underpin demand for neodymium (Nd), dysprosium (Dy), praseodymium (Pr) and terbium (Tb). The DZP remains the most advanced non-Chinese prospective source capable of supplying the full spectrum of rare earth elements and other speciality metals to growing market sectors.

FERRO-NIOBIUM

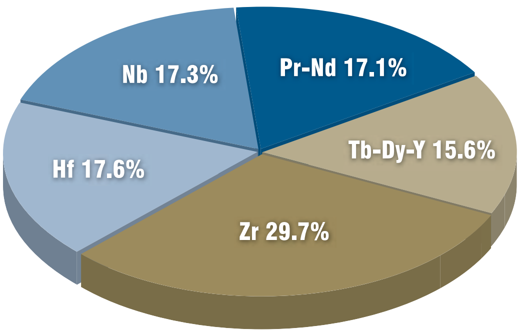
The ferro-niobium (FeNb) market remained flat across the year, with ferro-niobium prices at US$40-43/kg (niobium content). Plans remain for a joint-venture company between AZL and TIAG to process DZP niobium concentrate in Australia using TIAG's proprietary technology, with an expected output of over 3000 tonnes of FeNb per annum. AZL will be the sole producer of FeNb in Australia.

HAFNIUM

After discussions with a number of international companies, the Company confirmed strong interest in the potential supply of hafnium as a dedicated product, rather than as a by-product from zirconium metal produced for the nuclear industry. Hafnium has growing application for making aerospace superalloys and high speed computer microprocessors.

The development of a process pathway for hafnium is a major milestone for hafnium recovery and opens the way for a major new product stream from the DZP for world markets. This will create a significant new source of revenue for the DZP, with combined zirconium and hafnium revenues having the potential to account for up to 50% of total DZP revenues as hafnium demand increases over time. A conservative recovery rate of 50% could result in 200tpa of additional world hafnium supply, positioning the DZP as the major world supplier of this critical metal.

The world market for hafnium metal is currently thought to be around 100tpa, but demand is increasing and prices through 2014 were estimated to be in the range of US$600-800/kg. Recent reports have indicated prices in the US$1200/kg range.



DZP REVENUE SPLIT

The Company has continued exploration activities, although at subdued levels, at various projects in the Central West of NSW. Notably, in the past year exploration of the Elsienora gold project continued and a drilling program was completed at the Kaiser Project at Bodangora.

WELLINGTON (Cu-Au)

The Wellington Project hosts Galwadgere, a small copper-gold deposit with volcanogenic massive sulphide-type characteristics. The Galwadgere deposit was drilled out in 2005 and an economic scoping study identified that additional resources are required to generate acceptable returns. In 2013, results from preliminary exploration at the North Galwadgere prospect suggested generally higher levels of gold, zinc and other trace elements, requiring further drill testing.

Although no exploration took place at Wellington in the 2015 financial year, Alkane will continue to explore for more resources over the next few years.

NORTHERN MOLONG BELT PORPHYRY PROJECT (Cu-Au) (BODANGORA, KAISER & FINNS CROSSING)

This large project area is centred about 15 kilometres north of Wellington, and about 25 kilometres north of Alkane's Wellington (Galwadgere) Project. The tenements include part of the northern end of the Ordovician-aged Molong Volcanic Belt before being covered by younger sediments of the Great Australian Basin. Earlier reconnaissance reverse circulation (RC) and core drilling programs within the Bodangora licence have confirmed the existence of several prospects with porphyry copper-gold affinities.

In the 2015 reporting period, a small RC drilling program of seven holes totalling 1672 metres was completed within the Kaiser tenement, with results announced to the ASX on 21 January 2015. Additional porphyry-style copper-gold mineralisation was intersected in the Duke Prospect.

The Finns Crossing tenement was acquired in 2014, and is considered a key acquisition in the northern Molong Belt, adding to the large ground holding the Company has in this region. No exploration activity took place within this licence during the 2015 reporting period.

A detailed compilation of geological and geophysical data, combined with a litho-geochemical review of historic core samples, has greatly assisted with the structural and stratigraphic interpretation of the Kaiser-Comobella (Bodangora)-Finns Crossing monzonite intrusive complexes, and significantly enhanced the region's prospectivity as a potential alkalic porphyry gold-copper province similar to that at Cadia Valley.

ELSIENORA (Au)

The Company is earning an 80% interest in the Elsienora Project, which is located 75km south of Blayney and is considered prospective for McPhillamys style gold mineralisation. Exploration at Elsienora progressed with a systematic soil sampling program in an area to the south of historic Elsienora workings. Following this, a 1516 metre scout RC drilling program was completed, testing for a number of surface geochemical and geological targets. Six holes were drilled at the Cuddyong Prospect to assess mineralisation, returning results up to 29m at 1.53g/t Au from the surface. Four holes were also completed as single scout holes testing surface geochemical anomalies along the Picker-Barite Trend with interesting gold-silver-barite mineralisation identified. Full results were announced to the ASX on 23 March 2015. The project remains a priority target.

ROCKLEY (Au)

The Rockley Project was also acquired in 2013. Located 35km southeast of Blayney, Rockley is also considered prospective for McPhillamys style gold mineralisation. No exploration activity took place during the 2015 reporting period.

CUDAL (Au-Zn)

Cudal is located 30km west of the Cadia Valley Operations of Newcrest Mining Ltd. No exploration activity took place here in the 2015 year and further work will be dependent upon a thorough reassessment of existing drilling data.

CALULA (Au + base metals)

The Calula Project is located about 25km north of Orange. Following further review of the prospectivity of the tenements, the project was relinquished.

LEINSTER REGION JOINT VENTURE (Ni-Au)

Alkane has a diluting 19.4% interest in this Western Australian nickel-gold exploration venture (Miranda and McDonough Prospects), with Xstrata Nickel Australasia holding the remaining share. In the June 2015 quarter, Xstrata agreed sales terms with Australian Nickel Investments Pty Ltd (Western Areas Ltd) for divestment of its joint venture. Alkane has not exercised its pre-emptive rights.

Alkane Resources strives to deliver leading-practice environmental and social performance in all that we do.

The Company is keen to assist regional communities to flourish and become more resilient, and to provide a safe and rewarding working environment for employees. We are committed to safe environmental practices and to the delivery of biodiversity improvement at all our mining and exploration sites.

Our aim is to leave a positive legacy for local communities and the land alike that long outlasts the life of our activities in the region.

ENVIRONMENTAL MANAGEMENT

Alkane seeks to minimise its environmental footprint at all its mining and exploration sites and restore those sites to be non-polluting and productive.

We work hard to protect the wide variety of native species that live in our mining areas. Our aim is to leave our mining sites as stable functioning ecosystems despite the inevitable change in land form. This is achievable through careful design, creation of biodiversity offsets, progressive rehabilitation, monitoring and management actions.

The process commences when we start preparing land for a mining project – before any soil is turned – and includes the restoration and planting of new native habitats for animal species, especially those which are threatened and endangered, along with other measures to encourage biodiversity in the areas we are mining. After the mining process is over, mine infrastructure is removed and the final landform is rehabilitated to be left in a long-term stable condition.

At Tomingley Gold Operations (TGO), which began construction in the first quarter of 2013, Alkane harvested the seeds from native grey box (eucalyptus) trees and used them to directly seed 35 hectares of native woodland. The biodiversity offsets for TGO are protected by a Conservation Property Vegetation Plan signed in agreement with Local Land Services. A further 4000 tree and shrub seedlings were planted at the TGO site in September 2014, with another 2000 to be planted on the eastern side of the site in September 2015.

TGO complies with leading practice for water recycling and residue management. An effective cyanide destruction circuit, consistent with the International Cyanide Code, is incorporated into the gold processing plant, ensuring the site's residue storage facility is safe for local wildlife.

The Company is also playing an active role in the conservation of the Pink-tailed Worm-lizard, near Toongi. This species is listed as vulnerable under the Threatened Species Conservation Act 1995 and the Environmental Protection and Biodiversity Conservation Act 1999 (EPBC). Alkane has prepared a management plan and budgeted actions to provide artificial habitats to encourage their colonisation of areas away from proposed operations. On 24 August 2015, the Company received notification of approval under the EPBC of the proposed mining of the Toongi deposit.

The Company holds all the required approvals and licences for its mining and processing operations, including Environmental Protection Licences for the Peak Hill Gold Mine (1993) and TGO (2013). The Environmental Impact Statement for the Dubbo Zirconia Project was approved by the independent Planning Assessment Commission and the conditions of consent published on 28 May 2015. Applications for an Environmental Protection Licence and Mining Lease are in progress.

PEAK HILL GOLD MINE

Alkane's Peak Hill Gold Mine (PHGM), located 15km south of Tomingley Gold Operations, operated from 1996 to 2005. Around 153,000 ounces of gold were recovered from a heap leach operation, processing the oxidised ore, which was mined to a depth of 100 metres. A substantial sulphide orebody still exists below the oxide zone.

Since closure of the mine, the site has essentially been on care and maintenance, with considerable effort made to rehabilitate the landforms across the site. Today, the rehabilitated final landforms are becoming increasingly species-rich, with several bird and mammal species (absent prior to mining) established as a result of Alkane's rehabilitation (re-greening) of the mining leases and adjoining land.

MINE OPERATIONS PLAN

In July 2014, Alkane submitted a draft Mine Operations Plan (MOP) 2014-2022 to NSW Trade and Investment – Mineral Resources and Energy. The purpose of the PHGM MOP is to outline and schedule the remaining actions required to make the site ready for the Peak Hill Gold Mine leases to be either renewed or relinquished.

Alkane has continued to maintain mining leases, an Environmental Protection Licence and a 1993 development approval from Parkes Shire Council, along with 22 approvals and licences for the mining and processing operations.

The annual Environmental Management Report Meeting was held on site at PHGM on 20 October 2014, with representatives from NSW Trade and Investment, Parkes Shire Council and NSW Environment Protection Authority in attendance. A development application was prepared to retain PHGM site buildings, which are still in use for exploration in the district. The PHGM MOP 2014-2022 has been revised to reflect this change from the original development approval (1993).

To help measure the success of the site's rehabilitation heading towards 2022, a Landscape Function Analysis (LFA) study has been commissioned to quantify landscape stability and ecosystem function. In August 2013, baseline measurements were taken at 15 permanent monitoring transects across the Peak Hill Gold Mine site; two subsequent measurements were made during the period of this report.

Alkane has also been working with Parkes Shire Council in 2015 to subdivide four hectares of Alkane-owned land for the establishment of a new waste transfer station for the town of Peak Hill. The waste transfer station will be an improvement in waste management compared with the solid waste landfill in use for the past few decades.

OPEN CUT EXPERIENCE

The PHGM site hosts a tourist attraction that provides the public with insights into the history and practice of gold mining from 1889-1917 and the period 1996-2005. Called the Open Cut Experience (OCE), the facility encompasses the five mining voids in a pleasant bushland setting, and has been overseen by Parkes Shire Council since 2007. This tourism asset continues to generate economic activity in the local area.

During the past 12 months, Alkane has been in discussions with Parkes Council and the Peak Hill Aboriginal Community Working Party regarding further development of the tourist potential of the OCE. The Peak Hill Gold Mine is one of only a few modern gold mines with an active mining lease open to the public, making the OCE a unique experience where visitors can learn about modern mining and land rehabilitation.

THE PINK-TAILED WORM-LIZARD: IN PERPETUITY PROTECTION OF A VULNERABLE SPECIES

The vulnerable species known as the Pink-tailed Worm-lizard (PTWL) was first discovered living on the DZP orebody in 2001. Since then, Alkane has committed significant energy and resources to developing a management plan (included budgeted actions) for the relocation and long-term benefit of the species. This management plan was submitted with the Company's Environmental Impact Statement (EIS) in June 2013.

Alkane engaged the services of a specialist herpetologist and a local ecological consulting firm to widen the survey for this species, which lives in ant burrows under loosely embedded surface rocks. The PTWL has now been recorded at 30 sites on four rocky hills away from the orebody. Alkane will thus have the privilege of managing and conserving the largest known PTWL population in NSW.

Early identification and research in to the PTWL has enabled Alkane to re-design the mine schedule, which will see mining limited to the western half of the orebody for the first ten years of operation. This will provide a ten-year window in which to passively translocate the PTWL population from the eastern half of the orebody to nearby suitable natural and artificial habitats. A great deal of work has been done to understand preferred PTWL habitats, and a unique Habitat Assessment Tool devised to help identify them.

Good evidence of self-relocation of the species to artificial habitat created from strategically placed concrete tiles has been recorded. All other known populations of the PTWL will be included in the 1021-hectare biodiversity offset area and protected in perpetuity under a Conservation Property Vegetation Plan (in Agreement with Local Land Services).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EMPLOYEES AND DIVERSITY

Alkane is committed to employing members of the local community where possible, with the majority of employees living in the local area as the Company does not support a 'fly-in/fly-out' scheme.

The Group has approximately 183 personnel on the payroll of which 17% are female. Achieving employee diversity in such an historically male-dominated industry is a challenge essential to maintaining a culture of equal opportunity.

As Tomingley Gold Operations continued production, the number of employees increased during the reporting period. Alkane employs 167 people at TGO (140-145 in 2014), including 35 women (21%). Of these employees, 81% reside within the immediate local area (the Parkes, Narromine and Dubbo triangle) and 14 are from the townships of Tomingley and Peak Hill.

COMMUNITY ENGAGEMENT AND SUPPORT

Alkane is an active and engaged member of the communities in which it operates. The Group's employees live locally and participate in local community activities. As a company, our goal is to support the development of more resilient regional communities through the establishment of permanent infrastructure, the provision of training and career opportunities to local residents, and the creation of local economic opportunities (for service providers). Alkane aims to leave a positive legacy that will long outlive the life of mining operations.

During the year, Alkane actively supported the following communities:

Narromine Shire (TGO). Alkane supported the Narromine Agricultural Show Society and Tomingley and Mungery Picnic Race Clubs again in 2014-2015. The Company also continued to sponsor the Tomingley Gold Project Community Fund, which aims to foster close relations between the TGO team and the local Narromine Shire community by providing support for local infrastructure and events. Two rounds of the fund were awarded during the reporting period, in October 2014 and May 2015. Recipients included the Tomingley Sport and Recreation Ground Trust, Li'l Tacker Playgroup, Narromine Little Athletics, and Narromine Shire Council in partnership with Tomingley Advancement Association for a rainwater tank project.

In addition, Tomingley Gold Operations hosted its inaugural Family and Community Day on Sunday 3 May. Around 400 members of the Tomingley community, including the families of TGO and Alkane employees and contractors, were invited to the TGO site to learn first-hand about the operation.

Parkes Shire (Peak Hill Gold Mine). Alkane supported the PA&H Association (Peak Hill Show), Peak Hill FM (community radio station), and the Peak Hill Central School fete.

Dubbo local government area (DZP). Alkane supported the Dubbo College Senior Campus (F1 in Schools program), Dubbo South Rotary (cancer family support), and had a presence at the school's Western Plains Tertiary Information Day. Alkane is also supporting the NSW Minerals Council Indigenous Mining Scholarship program 2014-2016.

Wellington Shire (Wellington exploration project). Alkane sponsored the Central West Championship Yard Dog trials at the Wellington Show.


In order to ensure strong relationships are maintained with local communities, Alkane is also committed to clear and regular communications about its operations and development activities. The Company ensures community members can easily engage with Alkane representatives from the inception of projects through to completion. Activities in 2014-2015 include:

- Up-to-date detailed community-relevant project information on our website including FAQs, along with the distribution of regular community newsletters.
- Regular participation and presentations at regional events to discuss the Group's projects.
- Tomingley Gold Mine Community Consultative Committee (CCC), which comprises an independent chair, two members of the TGO, currently three members of the local community (two vacancies to be filled), one Aboriginal representative and a Narromine Shire Council representative.

Alkane personnel are engaged with the Industry Based Agreement for Aboriginal Employment and Enterprise Development Steering Committee, the Central West Aboriginal Mining Steering Committee, the Central West Mining & Extractive Environment Team (secretariat) and the Western NSW Mining and Resource Development Taskforce.

OCCUPATIONAL HEALTH AND SAFETY REVIEW

Alkane is committed to compliance with all laws and regulations in relation to environment and occupational health and safety (OHS). The Company strives for continuous improvement of its standards in parallel with industry-leading practice for Tomingley Gold Operations, the Peak Hill Gold Mine decommissioning and closure, and for ongoing exploration and mine development.

The Company's reputation for integrity and responsible behaviour motivates Alkane's employees and builds trust within the communities in which it operates.

RISK MANAGEMENT

Alkane is committed to the active management of risks to its operations and has a Risk Management Committee comprised of directors and management to assist the Managing Director to identify, assess, monitor and manage the Company's risks. The Company's Risk Management Co-ordinator is tasked with the responsibility of keeping the risk management policy, framework and registers updated, subject to formal approval of policy amendments by the Board.

In the 2015 financial year, TGO progressed the 'Bowtie' risk management process, which includes the identification of key threats and the critical controls to manage those threats. The analysis of the top 15 priority key risk areas was completed, and the site is now working towards closing-out identified actions and developing systems for the monitoring of critical controls. A specialised software package has been implemented to assist with the management of the complexities for the high level risks.

The Company also conducted numerous DZP construction risk assessments with Front End Engineering Design (FEED) developers, Hatch, during the period.

OCCUPATIONAL HEALTH AND SAFETY

Alkane's personnel are distributed across several office locations and operations across the Central West of New South Wales (Orange, Dubbo, Peak Hill and Tomingley), Sydney and Perth. The largest concentration of employees is at Tomingley Gold Operations, located south-west of Dubbo.

In 2014, TGO rolled out the operational management plan developed by the Operations Manager and team. A vital component of this involved the finalisation and implementation of a mine safety management plan, overseen by the dedicated Safety and Training Manager. The Company has developed an audit and inspection regime to ensure the ongoing integrity of the TGO mine safety management and operations management systems. A suite of safety-related key performance indicators, with a particular focus on positive performance indicators has been developed as an additional tool to measure the performance of the mine safety management system.

A thorough employee safety induction program is used to onboard all employees and contractors at the TGO site to ensure safe operations on and offsite at all times. The onboarding process includes training material to ensure that competency outcomes for employees and contractors are in place.

As for Alkane's other sites, a full-time site supervisor maintains the Peak Hill Gold Mine leases and infrastructure during decommissioning. The facilities at the mine site also provide support for exploration activities at the nearby Tomingley Gold Project which encompasses TGO. Alkane also maintains exploration offices in Dubbo and Orange to service the Group's other tenements in the Central West of New South Wales.

There was one injury requiring minor medical attention across Alkane's activities during the reporting period. TGO has a total recordable injury frequency rate (TRIFR) of 0.49.

TGO reported nine incidents to the NSW Environment Protection Authority (EPA) during the period of this report:

- Three dust exceedances were reported. TGO has since implemented a new site-specific procedure for dust control and introduced a dust suppression product onto the haul road network. This has seen a dramatic improvement in dust control across the site.
- Two birds were found deceased in the residue storage facility. One was retrieved and autopsy showed the death was not cyanide related. The second bird was not able to be retrieved.
- Three blasting over-pressure events occurred, with the cause of each being fully investigated by the blast team. Each event was caused by a different factor and the site-specific procedures have been updated to ensure compliance with the Environment Protection Licence.
- One dirty water discharge event occurred as the result of a bund being breached on a haul road. The matter was investigated by TGO and the EPA, leading to additional controls being implemented – including training for staff and contractors, installation of signage and a pre-rain inspection program of all drainage structures.

FINANCIAL REPORT

Your Directors present their report on the Consolidated Entity consisting of Alkane Resources Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2015. Throughout the report, the Consolidated Entity is referred to as the Group.

DIRECTORS

The following persons were Directors of Alkane Resources Ltd during the whole of the financial year and up to the date of this report:

- J S F Dunlop
- D I Chalmers
- I J Gandel
- A D Lethlean

INFORMATION ON DIRECTORS

John Stuart Ferguson Dunlop - Non-Executive Chairman

BE (Min), MEng SC (Min), PCertArb, FAusIMM (CP), FIMM, MAIME, MCIMM

Appointed Director and Chairman 3 July 2006

Mr Dunlop is a consultant mining engineer with over 45 years surface and underground mining experience both in Australia and overseas. He is a former Director of the Australasian Institute of Mining and Metallurgy (2001 - 2006) and is a Board member and past Chairman of MICA (Mineral Industry Consultants Association).

Mr Dunlop is Non-Executive Chairman of Alliance Resources Limited (appointed 30 November 1994). Recently, he has also been a Non-Executive Director of Copper Strike Limited (9 November 2009 - 6 June 2014) and a Director of Gippsland Limited (1 July 2005 - 12 July 2013). Mr Dunlop is also a certified arbitrator and mineral asset valuer and consults widely overseas.

Mr Dunlop is a member of the Audit Committee and Chairman of the Remuneration and Nomination Committees.

David Ian (Ian) Chalmers - Managing Director

MSc, FAusIMM, FAIG, FIMM, FSEG, MSGA, MGSA, FAICD

Appointed Director 10 June 1986, appointed Managing Director 5 October 2006

Mr Chalmers is a geologist and graduate of the Western Australia Institute of Technology (Curtin University) and has a Master of Science degree from the University of Leicester in the United Kingdom. He has worked in the mining and exploration industry for over 40 years, during which time he has had experience in all facets of exploration and mining through feasibility and development to the production phase.

Mr Chalmers was Technical Director until his appointment as Managing Director in 2006, overseeing the Group's minerals exploration efforts across Australia (New South Wales and Western Australia), Indonesia and New Zealand and the development and operations of the Peak Hill Gold Mine (NSW). Since taking on the role as Chief Executive he has steered the Group through construction and development of the now fully operational Tomingley Gold Operations and to the threshold of development of the world class Dubbo Zirconia Project.

Mr Chalmers is a member of the Nomination Committee.

Ian Jeffrey Gandel - Non-Executive Director

LLB, BEc, FCPA, FAICD

Appointed Director 24 July 2006

Mr Gandel is a successful Melbourne based businessman with extensive experience in retail management and retail property. He has been a Director of the Gandel Retail Trust and has had an involvement in the construction and leasing of Gandel shopping centres. He has previously been involved in the Priceline retail chain and the CEO of a chain of serviced offices.

Through his private investment vehicles, Mr Gandel has been an investor in the mining industry since 1994. Mr Gandel is currently a substantial holder in a number of publicly listed Australian companies and, through his private investment vehicles, now holds and explores tenements in his own right in Victoria, Western Australia and New South Wales. Mr Gandel is also a Non-Executive Director of Alliance Resources Ltd (appointed 15 October 2003) and Non-Executive Chairman of Octagonal Resources Limited (appointed 10 November 2010). He has also been a Director and Non-Executive Chairman of Gippsland Limited (appointed 24 June 2009, resigned 14 April 2015).

Mr Gandel is a member of the Audit, Remuneration and Nomination Committees.

INFORMATION ON DIRECTORS (continued)

Anthony Dean Lethlean - Non-Executive Director

BAppSc (Geology)

Appointed Director 30 May 2002

Mr Lethlean is a geologist with over 10 years' mining experience including 4 years underground on the Golden Mile in Kalgoorlie. In later years, Mr Lethlean has been working as a resources analyst with various stockbrokers and was a founding partner of Helmsec Global Capital Limited before retiring from the group in 2014. Later in 2014 he worked in a consulting role with BBY Ltd. Mr Lethlean is a Non-Executive Director of Alliance Resources Limited (appointed 15 October 2003).

Mr Lethlean is senior independent Director, Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

COMPANY SECRETARY

Karen E V Brown

BEc (hons)

Ms Brown is a Director and Company Secretary of Mineral Administration Services Pty Ltd which provides company secretarial, corporate administration and accounting services to the Group. She has considerable experience in corporate administration of listed companies over a period of some 28 years, primarily in the mineral exploration industry. She is currently also Company Secretary of publicly listed General Mining Corporation Limited.

DIVIDENDS – ALKANE RESOURCES LTD

No dividends have been paid by the Company during the financial year ended 30 June 2015, nor have the Directors recommended that any dividends be paid (2014: nil)

REVIEW OF OPERATIONS

The Group continues to be actively involved in mineral exploration and evaluation, development and extraction, focussing on its core projects at Tomingley and Dubbo in New South Wales.

RESULT FOR THE YEAR

The Group's net loss for the period after tax was $4,086,000 (30 June 2014: $6,170,000). The result includes a profit before tax of $589,000 in relation to the Tomingley Gold Operation's (TGO) first full year of operations which was in operation for the full reporting period. The operation incurred a loss before tax of $3,735,000 for the 12 months ended 30 June 2014 which included costs relating to the commencement and ramp up of operations.

TOMINGLEY GOLD OPERATIONS

The gold operations at TGO are based on an 830,000 ounce gold resource approximately 50 kilometres south-west of Dubbo in the Central West of NSW (Refer ASX announcement 5 September 2014). The operation is currently based on four gold deposits - Wyoming One, Wyoming Three, Caloma One and Caloma Two. The recently defined Caloma Two resource has been incorporated into the open pit development schedule and options for commencing underground operations on all resources are being evaluated.

Mining during the year occurred in three pits Wyoming Three, Caloma One and Wyoming One for total material movements of 6.4M bcm at a stripping ratio of 9.2. Ore was sourced from the Wyoming Three and Caloma One pits, with the Wyoming Three pit scheduled to complete in the September 2015 quarter. Activity in Wyoming One occurred in the June 2015 quarter and constituted waste stripping, with no ore production.

Ore reconciliations remain positive for the Wyoming Three pit life to date. Reconciliations for the Caloma pit remain in line with the resource model life to date. Caloma One ore reconciliations in oxide material were significantly positive, however this trend reduced from the December 2014 quarter as the pit transitions to fresh ore.

Milling for the period totalled 1,140,704 tonnes with material milled predominately oxide ore. Milling capacity is expected to reduce to an annual rate of around 1 million tonnes per annum as a greater proportion of fresh material is milled. Gold recovery improved to 93.9% from 91.4% in the prior period as the processing plant stabilised from May 2014 following completion of the plant ramp up.

Production for the year was within market guidance at 69,612 ounces at an all in sustaining cost of $1,249 per ounce. Production guidance for the year to 30 June 2015 was increased from 60,000 - 70,000 ounces to 65,000 - 75,000 ounces (refer ASX announcement 28 January 2015).

Guidance for the year ended 30 June 2016 will be issued after the revised Resource and Reserve statement is finalised later in September following completion of revamped pit and mining schedule optimisations.

REVIEW OF OPERATIONS (continued)

TOMINGLEY GOLD OPERATIONS (continued)

The key cost driver for the operations remains the efficiency of the mining fleet. TGO continues to work collaboratively with its dry hire equipment supplier to lift the payload, utilisation and overall efficiency of the fleet. Processing costs have stabilised after the introduction of fresh rock with significant unit cost reductions in key consumables and reagents experienced in the June 2015 quarter.

A provision of $1,847,000 was raised at balance date to write product stockpiles down to their net realisable value. The provision was required after a period of proportionately higher lower grade ore volumes were mined. Low grade run of mine stockpiles are not costed.

A lift on one of the tailings storage facilities occurred during the June 2015 quarter impacting costs. A lift on the second facility will occur in the September 2015 quarter.

Full year sales totalled 70,734 ounces for revenues of $101,941,000 at an average price of $1,441 per ounce. At 30 June 2015, the Group had 24,000 ounces of A$ gold forward contracts at an average price of $1,577 per ounce to provide a level of protection against any short term gold price weakness experienced. The hedge book average price has increased by $133 per ounce from 30 June 2014 (24,000 ounces of A$ gold forward contracts at an average price of $1,444 per ounce).

The table below summarises the key operational information for the operation.

		QUARTER ENDED				FINANCIAL YEAR ENDED	
PRODUCTION	UNIT	30 SEP 2014	31 DEC 2014	31 MAR 2015	30 JUN 2015	30 JUNE 2015	30 JUNE 2014[4]
Ore mined		155,168	175,013	141,646	147,926	619,753	316,686
Waste mined	BCM	1,653,357	1,414,557	1,308,783	1,353,965	5,730,662	4,635,684
Stripping ratio	Ratio	10.7	8.1	9.2	9.2	9.2	14.6
Ore mined	Tonnes	300,493	389,242	308,504	388,052	1,386,291	545,550
Grade mined [2]	g/t	2.03	1.67	1.47	1.50	1.66	1.42
Ore milled	Tonnes	296,012	300,971	266,913	276,808	1,140,704	359,096
Head grade	g/t	2.47	2.05	1.61	1.88	2.01	2.24
Gold recovery	%	95.4	94.4	93.1	92.0	93.9	91.4
Gold production [3]	Ounces	22,362	19,175	13,947	14,128	69,612	20,711
Revenue							
Gold sales	Ounces	23,734	16,500	16,000	14,500	70,734	16,374
Average price realised	A$/oz	1,408	1,426	1,472	1,478	1,441	1,421
Sales revenue	A$M's	33.4	23.5	23.6	21.4	101.9	23.3
Cost Summary							
Mining	A$/oz	470	619	893	1020	707	990
Processing	A$/oz	246	316	414	352	321	416
Site support	A$/oz	70	91	102	134	95	117
C1 Cash Cost	A$/oz	786	1,026	1,409	1,506	1,123	1,523
Royalties	A$/oz	42	39	36	43	40	30
Sustaining capital	A$/oz	8	5	26	78	25	5
Rehabilitation	A$/oz	17	19	24	25	21	-
Corporate	A$/oz	33	30	57	48	40	46
AISC [1]	A$/oz	886	1,119	1,552	1,700	1,249	1,604
Stockpiles							
Ore stockpiles	Tonnes	192,966	301,326	374,224	468,032	468,032	185,701
Stockpile grade [2]	g/t	1.39	1.05	0.85	0.84	0.84	1.37
Bullion on hand	Ounces	2,938	5,611	3,553	3,169	3,169	4,386

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

(2) *Based on the resource models.*

(3) *Represents gold poured at site, not adjusted for refining adjustments which results in minor differences between the movement in bullion on hand and the difference between production and sales.*

(4) *From commencement of operations to 30 June 2014. Waste mining commenced in late October 2013 and the processing plant commissioning completed in January 2014 with ramp up to design capacity occurring in May 2014.*

REVIEW OF OPERATIONS (continued)

DUBBO ZIRCONIA PROJECT

Alkane Resources Ltd's subsidiary, Australian Zirconia Limited (AZL), is evaluating the Dubbo Zirconia Project (DZP), a potential strategic supply of critical minerals for a range of 'high-tech' and sustainable technologies. It is based on a large resource of zirconium, hafnium, niobium, tantalum, yttrium and rare earth elements, located at Toongi, 30 kilometres south of the large regional centre of Dubbo in the Central West of NSW.

The DZP is a unique, long-life asset with a potential mine life of 70 plus years. Unlike many projects of this kind, it is a polymetallic deposit providing potential revenue from multiple product streams.

The NSW Planning and Assessment Commission advised the final development consent for the Project on 28 May 2015. This is a significant milestone for the project, enabling AZL to move ahead with applications for the Environmental Protection Licence, Mining Lease and other minor permits.

Process and product evaluation and development continue in Australia and overseas to optimise recoveries and product qualities. Zirconium chemicals evaluation and development continues with further refinement of the process to produce reactive grades of zirconium basic carbonate for automotive catalysts, and other higher value zirconium chemicals applications.

Evaluation of a process pathway to recover hafnium as an additional product for the DZP continues. The process pathway has been developed to piloting level by Australian Nuclear and Science Technology Organisation ("ANSTO"). This piloting is expected to occur in the September 2015 quarter. The developed hafnium process is expected to have little impact on the existing flow sheet with hafnium extracted from the zirconium refining circuit. Preliminary capital and operating estimates of the inclusion of this circuit into the final design suggest its incorporation will add significant value to the project.

Hatch have completed the Front End Engineering Design (FEED) to deliver capital and operating cost estimates to a target +/-10% accuracy with a detailed schedule for the project, building on the work of the Definitive Feasibility Study (DFS) released to the market in April 2013 (Refer ASX Announcement 11 April 2013).

Several significant process improvements are now included in the design. These include improvements for water management and waste treatment. The tender packages for the supply of plant and equipment have been released to the market with responses received and reviewed. Further analysis incorporating vendor feedback and the review of the revenue streams will provide a bankable standard document which is expected to be completed within the September 2015 quarter. Packages are of sufficient detail to allow rapid finalisation of contracts once final project evaluation activities are completed and financing is secured. Notification of successful tenderers to the market will not occur until the actual contracts are awarded.

Marketing activities continued throughout the year with dispatch of further samples, plus meetings with major companies from Europe, Japan, Korea, USA and China for DZP products. Significant focus continues to be applied to securing offtake partners and an agreement to toll process the separation of rare earth elements.

The financing program led by Sumitomo Mitsui Banking Corporation and Credit Suisse is progressing with the immediate focus on achieving a small strategic sale at project level and attracting the support of Export Credit Agency funding.

EXPLORATION

Exploration was focussed on testing the gold-copper potential of the Bodangora-Kaiser projects located west of Dubbo and encouraging drill intersections have been recorded. A preliminary RC drilling program was also conducted at the Elsienora gold project (Alkane Resources Ltd earning 80% interest).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The financial position and performance of the Group was particularly affected by the following events and transactions during the year ended 30 June 2015 when compared to the year ended 30 June 2014:

- Revenue from gold sales and associated cost of sales has increased as a result of the current reporting period including the first full year of operations for the Tomingley Gold Operation. Refer to notes 2 and 3 for further information. This has also impacted the net cash flows from operating activities;
- Other net expense/income has decreased in the current year from net income of $10,210,000 to net expense of $654,000 due to the impact of sales in available-for-sale financial assets. Refer to note 4 for further information. This has also impacted the net cash flows from investing activities with inflows from sales of available-for-sale financial assets reducing from $43,599,000 in the previous year to $4,001,001;
- Net cash outflows from investing activities has been impacted by the completion of construction at Tomingley Gold Operations in the prior year resulting in a reduction in outflows for property, plant and equipment from $81,748,000 in the previous year to $18,103,000.

For a detailed discussion about the group's performance please refer to our review of operations.

REVIEW OF OPERATIONS (continued)

EVENTS SINCE THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2015 that has significantly affected the Group's operations, results or state of affairs, or may significantly affect:

(a) the Group's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group intends to continue evaluation and development activities in relation to the Dubbo Zirconia Project in line with details provided in the review of operations. With the Tomingley Gold Operation ramped up to design capacity during the previous financial year, efforts will continue to be focussed on optimising performance and extending the mine life for both open pit and underground operations. Exploration and evaluation activities will continue on existing tenements and opportunities to expand the Group's tenement portfolio will be pursued with a view to ensuring there is a pipeline of development opportunities to be considered.

Refer to the review of operations for further detail on planned developments.

ENVIRONMENTAL REGULATION

The Group is subject to significant environmental regulation in respect of its exploration, development, construction and mining activities.

The Group aspires to the highest standards of environmental management and insists its entire staff and contractors maintain that standard. A significant environmental incident is considered to be one that causes a major impact or impacts to land biodeversity, ecosystem services, water resources or air, with effects lasting greater than one year. There were no significant environmental incidents reported at any of the Group's operations.

FINES AND PROSECUTION

In 2014, Tomingley Gold Operations Pty Ltd reported two minor incidents occurring between March and June to the NSW Environmental Protection Authority as part of its commitment to continuous environmental self-reporting.

The incidents occurred during last year's early winter rain period (March - June) when very heavy rainfall caused a soil runoff from the site's mining earthworks into a drain, which was carrying off-site water through the mine. The drain discharged the combined soil-laden water through a boundary fence, depositing soil onto the Newell Highway road reserve and the neighbouring farming property. The water entered three artificial dams, one on TGO's mining lease land and two on the neighbouring farming property.

No chemicals were involved and there has been no evidence of any environmental harm. The soil runoff was consistent with rain runoff at surrounding farms with ploughed fields. TGO has removed the soil from the road reserve and implemented changes to minimise the chances of this type of incident recurring. TGO takes full responsibility for the incidents, pleading guilty in May 2015 and rectifying the situation immediately after the incidents had been identified. The matter is still to be finalised.

No fines were received during the financial year (2014: nil).

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2015, and the numbers of meetings attended by each Director were:

	FULL MEETINGS OF DIRECTORS		MEETINGS OF COMMITTEES AUDIT		NOMINATION		REMUNERATION	
	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD
J S F Dunlop	13	14	3	3	2	2	3	3
D I Chalmers	14	14	*	*	2	2	*	*
I J Gandel	14	14	3	3	2	2	3	3
A D Lethlean	14	14	3	3	2	2	3	3

* *Not a member of the relevant committee*

REMUNERATION REPORT

The Directors' are pleased to present Alkane Resources Ltd's remuneration report which sets out remuneration information for the Company's Non-Executive Directors, Executive Directors and other Key Management Personnel.

The report contains the following sections:

(a) Key Management Personnel disclosed in this report
(b) Remuneration governance
(c) Use of remuneration consultants
(d) Executive remuneration policy and framework
(e) Statutory performance indicators
(f) Non-Executive Director remuneration policy
(g) Voting and comments made at the Company's 2014 Annual General Meeting
(h) Details of remuneration
(i) Service agreements
(j) Details of share-based payments and performance against key metrics
(k) Shareholdings and share rights held by Key Management Personnel

(a) KEY MANAGEMENT PERSONNEL DISCLOSED IN THIS REPORT

Non-Executive and Executive Directors

- J S F Dunlop
- D I Chalmers
- I J Gandel
- A D Lethlean

Other Key Management Personnel

NAME	POSITION
N Earner	Chief Operations Officer
M Ball	Chief Financial Officer
K E Brown	Company Secretary (appointed Sole Company Secretary 18 March 2015)
L A Colless	Joint Company Secretary (passed away 18 March 2015)

There have been no changes to Directors or Key Management Personnel since the end of the reporting period other than those noted above.

(b) REMUNERATION GOVERNANCE

The Company has established a Remuneration Committee to oversee the remuneration of Senior Executives and Executive Directors. The Remuneration Committee is a Committee of the Board and at the date of this report the members were Non-Executive Directors J S F Dunlop, A D Lethlean and I J Gandel. The Committee is primarily responsible for making recommendations to the Board on:

- the over-arching Executive remuneration framework;
- the operation of the incentive plans which apply to the Executive team, including key performance indicators and performance hurdles; and
- the remuneration levels of Executive Directors, other Key Management Personnel, and Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company and its shareholders.

The Corporate Governance Statement provides further information on the role of this Committee.

(c) USE OF REMUNERATION CONSULTANTS

The Company revised its remuneration framework, including short term and long term incentive plans, in the financial year ended 30 June 2014. The Remuneration Committee reviewed the remuneration framework and no significant changes were deemed necessary. As a result, no remuneration consultants were engaged in the financial year ended 30 June 2015.

REMUNERATION REPORT (continued)

(d) EXECUTIVE REMUNERATION POLICY AND FRAMEWORK

In determining Executive remuneration, the Board aims to ensure that remuneration practices:

- are competitive and reasonable, enabling the Company to attract and retain key talent while building a diverse, sustainable and high achieving workforce;
- are aligned to the Company's strategic and business objectives and the creation of shareholder value;
- promote a high performance culture recognising that leadership at all levels is a critical element in this regard;
- are transparent; and
- are acceptable to shareholders.

The Executive remuneration framework has three components:

- Total Fixed Remuneration (TFR),
- Short-Term Incentives (STI), and
- Long-Term Incentives (LTI).

(i) Executive remuneration mix

The Company has in place Executive incentive programs which place a material portion of Executive pay "at risk".

The table below reflects the target remuneration mix for the year to 30 June 2015.

			AT RISK REMUNERATION	
EXECUTIVE	POSITION	FIXED REMUNERATION	STI EQUITY(1)	LTI OPPORTUNITY(2)
I Chalmers (3)	Managing Director	44%	11%	44%
N Earner	Chief Operations Officer	44%	11%	44%
M Ball	Chief Financial Officer	44%	11%	44%

(1) Subject to achievement of all performance targets and service condition.

(2) Subject to achievement of all performance targets, Total Shareholder Return (TSR) target and service condition over the three year vesting period to 30 June 2017.

(3) Incentives relating to the Managing Director are subject to shareholder approval which was received at the 2014 Annual General Meeting.

(ii) Total fixed remuneration

Total Fixed Remuneration (TFR) consists of base salary, benefits and superannuation. Benefits may include health insurance, car allowances and salary sacrifice arrangements. TFR levels are assessed against the median level of the resources sector through independent market data. Individual TFR is determined within an appropriate range around the market median by referencing the specific role and associated responsibilities, individual experience and performance.

A review is conducted of remuneration for all employees and Executives on an annual basis, or as required. The Remuneration Committee is responsible for determining Executive TFR.

(iii) Incentive arrangements

The Company uses both short term and long term incentive programs to balance the short and long term aspects of business performance, reflect market practice, to attract and retain key talent and to ensure a strong alignment between the incentive arrangements of Executives and the creation and delivery of shareholder return.

Short-term incentives

All employees including Executives have the opportunity to earn an annual Short-Term Incentive (STI) if predefined targets are achieved.

The Executive STI are provided in the form of rights to ordinary shares in the Company that will vest at the end of the year provided the predefined targets are met. On vesting, the rights automatically convert into one ordinary share each. The Executives do not receive any dividends and are not entitled to vote in relation to the rights to shares during the vesting period. If an Executive ceases to be employed by the group within this period (the service condition), the rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

STI awards for the Executive team in the 2015 financial year were based on the scorecard measures and weightings as disclosed below. Targets were approved by the Remuneration Committee at the beginning of the financial year through a rigorous process and align to the Company's strategic and business objectives. Targets are reviewed and reset annually.

REMUNERATION REPORT (continued)

(d) EXECUTIVE REMUNERATION POLICY AND FRAMEWORK (continued)

(iii) Incentive arrangements(continued)

Short-term incentives (continued)

PERFORMANCE CATEGORY	PERFORMANCE METRICS	WEIGHTING
Financial & operational	Production and operating cost performance for the Tomingley Gold Operations	40%
Growth	Milestones relating to advancing the development of the Dubbo Zirconia Project and execution of the Board approved exploration plan to develop existing resources and discover new resourcess	40%
Sustainability	Specific targets relating to the development of and compliance with safety and environmental management systems, and engagement with the local community	20%

The Remuneration Committee is responsible for determining the STI to be paid based on an assessment of whether the predefined targets are met. To assist in this assessment, the Committee receives detailed reports on performance from management. The Committee has the discretion to adjust short term incentives downwards in light of unexpected or unintended circumstances.

Long-term incentives

Long-term incentives are provided via a combination of performance rights and share appreciation rights. The performance rights plan was approved by shareholders at the 2013 annual general meeting. The share appreciation rights plan was approved by shareholders at the 2014 annual general meeting. Together they are referred to as the Long Term Incentive Plan (LTIP).

The LTIP is designed to focus Executives on delivering long term shareholder returns. Eligibility to the plan is restricted to Executives and nominated Senior Managers, being the employees who are most able to influence shareholder value. Under the plan, participants have an opportunity to earn up to 100% of their total fixed remuneration comprised of part performance rights and part share appreciation rights, provided that predefined targets are met over a three year period. Performance rights are the reward vehicle for targets that are milestone based whereas share appreciation rights are the reward vehicle for shareholder return targets as the number of shares to be issued upon vesting is impacted by the quantum of shareholder value created. The table below provides details on the LTIP targets set at the beginning of the 30 June 2015 financial year, their relative weighting and the reward vehicle used for each target. The LTIP vesting period

LTI REWARD VEHICLE	PERFORMANCE METRICS	WEIGHTING
Performance rights	Progress of evaluation and development of Dubbo Zirconia Project towards production	40%
	Extension of the Tomingley Gold Operation mine life and cost performance relative to industry peers	10%
Share appreciation rights	Absolute Total Shareholder Return (TSR)	50%

The performance rights component of the LTI will be provided in the form of rights to ordinary shares in Alkane Resources Ltd that will vest at the end of the three year vesting period provided the predefined targets are met. On vesting, the rights automatically convert into one ordinary share each. Participants do not receive any dividends and are not entitled to vote in relation to the rights to shares during the vesting period. If a participant ceases to be employed by the Group within this period, the rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

Under the share appreciation rights plan, participants are granted rights to acquire fully paid ordinary shares in the Company. Rights will only vest if the predefined TSR performance condition is met. If a participant ceases to be employed by the Group within this period, the rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan.

An absolute TSR target, as opposed to a TSR target relative to an index or a peer group, has been used to reflect:

- the developmental stage of the Company and the impact that the successful development of the Dubbo Zirconia Project is expected to have on the market value of the Company; and
- the absence of a sufficient number of comparable companies to benchmark against.

REMUNERATION REPORT (continued)

(d) EXECUTIVE REMUNERATION POLICY AND FRAMEWORK (continued)

(iii) Incentive arrangements (continued)

Long-term incentives (continued)

Targets are reviewed annually and set for a forward three year period. Targets reflect factors such as the expectations of the Company's business plans, the stage of development of the Company's projects and the industry business cycle. The most appropriate target benchmark (i.e. the use of an absolute or a relative TSR target) will be reviewed each year prior to the granting of rights.

Vesting of the rights is subject to the Company's TSR, including share price growth, dividends and capital returns, exceeding certain growth hurdles over a three-year period as set out in the table below.

TSR COMPOUND ANNUAL GROWTH RATE (CAGR)	% SHARE APPRECIATION RIGHTS VESTING
Less than 15% CAGR	Nil
15% CAGR	50% vesting
Above 15% CAGR up to 25% CAGR	Pro rata vesting from 50% - 100%
Above 25% CAGR	100%

The Remuneration Committee is responsible for determining the LTI to be paid based on an assessment of whether the predefined targets are met. To assist in this assessment, the Committee receives detailed reports on performance from management. The Committee has the discretion to adjust LTI's downwards in light of unexpected or unintended circumstances.

On vesting, the Remuneration Committee will determine whether the rights will be settled by the issue or transfer of ordinary shares or by cash settlement.

(iv) Clawback policy for incentives

Under the terms and conditions of the Company's incentive plan offer and the plan rules, the Remuneration Committee has discretion to determine forfeiture of unvested equity awards in certain circumstances (e.g. unlawful, fraudulent or dishonest behaviour or serious breach of obligations to the Company). All incentive offers and final outcomes are subject to the full discretion of the Remuneration Committee.

(v) Share trading policy

The trading of shares issued to participants under any of the Company's employee equity plans is subject to, and conditional upon, compliance with the Company's employee share trading policy. Executives are prohibited from entering into any hedging arrangements over unvested rights under the Company's employee incentive plans. The Company would consider a breach of this policy as gross misconduct which may lead to disciplinary action and potentially dismissal.

(e) STATUTORY PERFORMANCE INDICATORS

The Company aims to align Executive remuneration to the Company's strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last 5 years as required by the Corporations Act 2001. However, these are not necessarily consistent with the specific measures in determining the variable amounts of remuneration to be awarded to Key Management Personnel. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration rewarded.

	12 MONTHS TO 30 JUNE 2015	12 MONTHS TO 30 JUNE 2014	6 MONTHS TO 30 JUNE 2013	12 MONTHS TO 31 DEC 2012	12 MONTHS TO 31 DEC 2011
Revenue ($'000)	102,467	25,264	1,370	96,716	961
(Loss)/Profit for the year attributable to owners of Alkane Resources Ltd ($'000)	(4,086)	(6,170)	(66,418)	66,535	(2,787)
Basic (loss)/earnings per share (cents)	(1.0)	(1.7)	(17.8)	0.2	(0.01)
Dividend payments ($'000)	-	-	-	-	-
Share price (cents)	0.28	0.27	0.31	0.68	0.90
Total KMP incentives vested as a percentage of profit/(loss) for the year %	-	-	0.1%	0.1%	-

REMUNERATION REPORT (continued)

(f) NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

On appointment to the Board, all Non-Executive Directors enter into a Service Agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of Director.

Non-Executive Directors receive a Board fee and fees for chairing or participating on Board Committees. Non-Executive Directors appointed do not receive retirement allowances. Fees provided to Non-Executive Directors are inclusive of superannuation. The Non-Executive Directors do not receive performance-based pay.

Fees are reviewed annually by the Remuneration Committee taking into account comparable roles and market data obtained from independent data providers. The current base fees for Non-Executive Directors have not changed since 1 January 2013. The Company's transition to gold producer during 2014 provided a trigger for consideration of a fee increase, however, performance hurdles for the years ending 30 June 2014 and 2015 were not achieved and the Non-Executive Directors agreed to defer consideration of a fee increase.

The maximum annual aggregate Directors' fee pool limit (inclusive of applicable superannuation) is $700,000 and was approved by shareholders at the Annual General Meeting on 16 May 2013.

Details of Non-Executive Director fees in the year ended 30 June 2015 are as follows:

	FROM 1 JANUARY 2013 ($ PER ANNUM)
Base fees	
Chair	125,000
Other Non-Executive Directors	75,000
Additional fees	
Audit Committee - chair	7,500
Audit Committee - member	5,000
Remuneration Committee - chair	7,500
Remuneration Committee - member	5,000

For services in addition to ordinary Non-Executive Directors' services, Non-Executive Directors may charge per diem consulting fees at the rate specified by the Board from time to time for a maximum of 4 days per month over a 12 month rolling basis. Any fees in excess of this limit are to be approved by the Board.

(g) VOTING AND COMMENTS MADE AT THE COMPANY'S 2014 ANNUAL GENERAL MEETING

The Company received more than 94% of "yes" votes on its remuneration report for the last financial period ended 30 June 2014. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

REMUNERATION REPORT (continued)

(h) DETAILS OF REMUNERATION

The following table shows details of the remuneration received by the Directors and the Key Management Personnel of the Group for the current and previous financial year measured in accordance with the requirements of the accounting standards.

	CASH SALARY AND FEES $	SUPERANNUATION $	SHARE BASED PAYMENTS $	TOTAL $
30 June 2015				
Non-Executive Directors				
J S F Dunlop	**125,571**	**11,929**	**-**	**137,500**
I J Gandel	**77,626**	**7,374**	**-**	**85,000**
A D Lethlean	**79,909**	**7,591**	**-**	**87,500**
Total Non-Executive Directors	**283,106**	**26,894**	**-**	**310,000**
Executive Directors				
D I Chalmers	**360,000**	**34,200**	**-**	**394,200**
Other Key Management Personnel				
N Earner	**396,000**	**37,620**	**-**	**433,620**
M Ball	**337,177**	**29,640**	**-**	**366,817**
L A Colless & K E Brown *	**316,925**	**-**	**-**	**316,925**
Total Key Management Personnel compensation	**1,693,208**	**128,354**	**-**	**1,821,562**

* *Corporate, administration, accounting and Company secretarial fees paid to Mineral Administration Services Pty Ltd, a Company with which Mr Colless and Ms Brown are associated. It is noted that Mr Colless passed away on 18 March 2015.*

	CASH SALARY AND FEES $	SUPERANNUATION $	SHARE BASED PAYMENTS $	TOTAL $
30 June 2014				
Non-Executive Directors				
J S F Dunlop	140,045	12,954	-	152,999
I J Gandel	77,803	7,197	-	85,000
A D Lethlean	80,092	7,408	-	87,500
Sub-total Non-Executive Directors	297,940	27,559	-	325,499
Executive Directors				
D I Chalmers	360,000	33,300	-	393,300
Other Key Management Personnel				
N Earner	291,666	26,979	-	318,645
M Ball	275,176	23,125	-	298,301
L A Colless & K E Brown *	338,147	-	-	338,147
Total Key Management Personnel compensation	1,562,929	110,963	-	1,673,892

* *Corporate, administration, accounting and Company secretarial fees paid to Mineral Administration Services Pty Ltd, a Company with which Mr Colless and Ms Brown are associated.*

REMUNERATION REPORT (continued)

(h) DETAILS OF REMUNERATION (continued)

The relative proportions of remuneration received during the year that are linked to performance and those that are fixed are as follows:

	FIXED REMUNERATION		AT RISK - STI		AT RISK - LTI	
	2015	2014	2015	2014	2015	2014
	%	%	%	%	%	%
Executive Directors of Alkane Resources Ltd						
I Chalmers	**100**	100	**-**	-	**-**	-
Other Key Management Personnel						
N Earner	**100**	100	**-**	-	**-**	-
M Ball	**100**	100	**-**	-	**-**	-

The other Key Management Personnel, joint Company Secretaries L A Colless (passed away on 18 March 2015) and K E V Brown, are not employees of the Company and therefore are not eligible to participate in incentive programs. Instead they receive a fixed fee for services rendered as set out previously.

(i) SERVICE AGREEMENTS

Remuneration and other terms of employment for the Managing Director and Key Management Personnel are formalised in Service Agreements. The Service Agreements specify the components of remuneration, benefits and notice periods. Participation in the STI and LTI plans is subject to the Board's discretion. Other major provisions of the Agreements relating to remuneration are set out below.

NAME AND POSITION		TERM OF AGREEMENT	TFR(1)	TERMINATION PAYMENT(2)
D I Chalmers	- Managing Director	1 year commencing on 1 July 2015	$394,200	By mutual agreement
N Earner	- Chief Operations Officer	On-going commencing 2 September 2013	$433,620	2 months
M Ball	- Chief Financial Officer	On-going commencing 29 October 2012	$366,817	2 months
K E Brown	- Company Secretary	New contract commencing 1 July 2015 - renewable annually	$349,945	12 months maximum(3)

(1) Total Fixed Remuneration (TFR) is inclusive of superannuation and is for the year ended 30 June 2015. TFR is reviewed annually by the Remuneration Committee.

(2) Specified termination payments are within the limits set by the Corporations Act 2001 and therefore do not require shareholder approval. In the event that the Managing Director was terminated and a termination benefit of longer than twelve months was agreed, shareholder approval would be required.

(3) Termination by mutual agreement.

REMUNERATION REPORT (continued)

(j) DETAILS OF SHARE BASED PAYMENTS AND PERFORMANCE AGAINST KEY METRICS

Details of each grant of share rights affecting remuneration in the current or future reporting period are set out below.

NAME	DATE OF GRANT	NUMBER OF RIGHTS GRANTED	FAIR VALUE OF SHARE RIGHTS AT DATE OF GRANT $	FAIR VALUE OF SHARE RIGHTS AT GRANT DATE $	VESTING DATE
Executive Directors					
I Chalmers					
FY2015 STI - Performance Rights	5/12/2014	333,333	0.21	70,000	1/07/2015
FY2015 LTI - Performance Rights	5/12/2014	666,667	0.21	140,000	1/07/2017
FY2015 LTI - Share Appreciation Rights	5/12/2014	1,800,000	0.10	180,000	1/07/2017
Other Key Management Personnel					
N Earner					
FY2015 STI - Performance Rights	5/12/2014	366,666	0.21	77,000	1/07/2015
FY2015 LTI - Performance Rights	5/12/2014	733,333	0.21	154,000	1/07/2017
FY2015 LTI - Share Appreciation Rights	5/12/2014	1,980,000	0.10	198,000	1/07/2017
M Ball					
FY2015 STI - Performance Rights	5/12/2014	288,888	0.21	60,666	1/07/2015
FY2015 LTI - Performance Rights	5/12/2014	577,777	0.21	121,333	1/07/2017
FY2015 LTI - Share Appreciation Rights	5/12/2014	1,560,000	0.10	156,000	1/07/2017

(1) The value at grant date for share rights granted during the year as part of remuneration is calculated in accordance with AASB 2 Share Based Payments. Refer to note 19 for details of the valuation techniques used for the rights plan.

(2) Share rights only vest if performance and service targets are achieved.

The number and percentage of share rights that vested in the financial year and the number and percentage of share rights that were forfeited during the year are set out below:

NAME	DATE OF GRANT	VESTING DATE	NUMBER OF RIGHTS GRANTED	% OF SHARE RIGHTS VESTED DURING THE YEAR %	NUMBER OF SHARE RIGHTS VESTED DURING THE YEAR	% OF SHARE RIGHTS FORFEITED DURING THE YEAR %	NUMBER OF SHARE RIGHTS FORFEITED DURING THE YEAR
Executive Directors							
I Chalmers							
FY2015 STI - Performance Rights	5/12/2014	1/07/2015	333,333	-	-	100.0	333,333
Other Key Management Personnel							
N Earner							
FY2015 STI - Performance Rights	5/12/2014	1/07/2015	366,666	-	-	100.0	366,666
M Ball							
FY2015 STI - Performance Rights	5/12/2014	1/07/2015	288,888	-	-	100.0	288,888

REMUNERATION REPORT (continued)

(j) DETAILS OF SHARE BASED PAYMENTS AND PERFORMANCE AGAINST KEY METRICS (continued)

Performance against key metrics

The STI performance metrics for the year are detailed in section (d)(iii) of the Remuneration Report. The Remuneration Committee had determined that no STI be awarded for the financial year ended 30 June 2015. The factors giving rise to the Committee's determination are set out below.

Performance at the Tomingley Gold Operations was largely satisfactory over the year taken as a whole with production guidance met. However operating unit cost performance exceeded the pre-defined performance hurdle resulting in the financial and operational performance metrics not being met.

Significant progress in the evaluation and development of the Dubbo Zirconia Project was made during the year. However certain of the pre-defined performance milestones were not achieved within the designated time frame resulting in the performance hurdles in relation to growth not being met.

Aspects of the sustainability performance metrics were met over the course of the year, however as a result of the performance targets not being met for the financial and operational and growth performance categories, the Remuneration Committee decided that no STI be awarded.

The LTIP was initiated by the Company in the financial year ended 30 June 2014 with the first LTIP vesting period due to end at 30 June 2017 (i.e. after three years). Performance will be assessed at the end of the vesting period.

(k) SHAREHOLDINGS AND SHARE RIGHTS HELD BY KEY MANAGEMENT PERSONNEL

The number of shares in the Company and share rights for ordinary shares in the Company held by each Director and Key Management Personnel are set out below.

	NUMBER OF ORDINARY SHARES			
SHARE HOLDINGS	BALANCE AT 1 JULY 2014	PURCHASED / (SOLD) ON MARKET	SHARE BASED PAYMENTS	BALANCE AT 30 JUNE 2015
30 June 2015				
Directors of Alkane Resources Ltd				
Ordinary shares				
J S F Dunlop	**936,000**	**-**	**-**	**936,000**
A D Lethlean	**433,396**	**-**	**-**	**433,396**
D I Chalmers	**2,418,854**	**(62,570)**	**-**	**2,356,284**
I J Gandel	**91,557,875**	**-**	**-**	**91,557,875**
Other Key Management Personnel				
Ordinary shares				
K E Brown	**339,157**	**-**	**-**	**339,157**
L A Colless	**326,846**	**(326,846)**	**-**	**-**
L A Colless & K E Brown joint interest	**373,335**	**-**	**-**	**373,335**

	NUMBER OF ORDINARY SHARES			
SHARE HOLDINGS	BALANCE AT 1 JULY 2013	PURCHASED / (SOLD) ON MARKET	SHARE BASED PAYMENTS	BALANCE AT 30 JUNE 2014
30 June 2014				
Directors of Alkane Resources Ltd				
Ordinary shares				
J S F Dunlop	836,000	100,000	-	936,000
A D Lethlean	433,396	-	-	433,396
D I Chalmers	2,268,854	150,000	-	2,418,854
I J Gandel	91,557,875	-	-	91,557,875
Other Key Management Personnel				
Ordinary shares				
K E Brown	339,157	-	-	339,157
L A Colless	576,846	(250,000)	-	326,846
L A Colless & K E Brown joint interest	373,335	-	-	373,335

REMUNERATION REPORT (continued)

(k) SHAREHOLDINGS AND SHARE RIGHTS HELD BY KEY MANAGEMENT PERSONNEL (continued)

SHARE RIGHTS	BALANCE AT 1 JULY 2014	GRANTED DURING THE YEAR	VESTED AS SHARES DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AT 30 JUNE 2015
Executive Directors					
I Chalmers					
Performance Rights	-	1,000,000	-	(333,333)	**666,667**
Share Appreciation Rights	-	1,800,000	-	-	**1,800,000**
Other Key Management Personnel					
M Ball					
Performance Rights	-	866,665	-	(288,888)	**577,777**
Share Appreciation Rights	-	1,560,000	-	-	**1,560,000**
N Earner					
Performance Rights	-	1,099,999	-	(366,666)	**733,333**
Share Appreciation Rights	-	1,980,000	-	-	**1,980,000**
Total Performance Rights	-	2,966,664	-	(988,887)	**1,977,777**
Total Share Appreciation Rights	-	5,340,000	-	-	**5,340,000**

The information in this section has been audited with the rest of the remuneration report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

Alkane Resources Ltd has entered into deeds of indemnity, access and insurance with each of the Directors. These deeds remain in effect as at the date of this report. Under the deeds, the Company indemnifies each Director to the maximum extent permitted by law against legal proceedings or claims made against or incurred by the Directors in connection with being a Director of the Company, or breach by the Group of its obligations under the deed.

The liability insured is the indemnification of the Group against any legal liability to third parties arising out of any Directors or officers duties in their capacity as a Director or Officer other than indemnification not permitted by law.

No liability has arisen under this indemnity as at the date of this report.

The Group has not otherwise, during or since the financial year, indemnified nor agreed to indemnify an officer of the Group or of any related body corporate, against a liability incurred as such by an officer.

During the year the Company has paid premiums in respect of Directors' and Executive Officers' Insurance. The contracts contain prohibitions on disclosure of the amount of the premiums and the nature of the liabilities under the policies.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in note 20.

The Board of Directors' has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors' are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 49.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

D I Chalmers
Director

Perth
25 August 2015

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Alkane Resources Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
25 August 2015

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T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

FOR THE YEAR ENDED 30 JUNE 2015

	NOTES	YEAR ENDED 30 JUNE 2015 $'000	YEAR ENDED 30 JUNE 2014 $'000
Continuing operations			
Revenue	2	**102,467**	25,264
Cost of sales	3	**(101,366)**	(25,426)
Gross profit / (loss)		**1,101**	(162)
Other net (expense) / income	4	**(654)**	10,210
Expenses			
Other expenses	3	**(8,211)**	(7,187)
Impairment charges	9	**-**	(3,769)
Finance charges		**(373)**	(369)
Total expenses		**(8,584)**	(11,325)
Loss before income tax		**(8,137)**	(1,277)
Income tax benefit / (expense)	5	**4,051**	(4,893)
Loss for the period after income tax		**(4,086)**	(6,170)
Total comprehensive loss for the period		**(4,086)**	(6,170)
Total comprehensive loss for the period is attributable to:			
Owners of Alkane Resources Ltd		**(4,086)**	(6,170)
		(4,086)	(6,170)
Loss is attributable to:			
Owners of Alkane Resources Ltd		**(4,086)**	(6,170)
		(4,086)	(6,170)

		CENTS	CENTS
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share	21	**(1.0)**	(1.7)
Diluted loss per share	21	**(1.0)**	(1.7)

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

AS AT 30 JUNE 2015

	NOTES	30 JUNE 2015 $'000	30 JUNE 2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6(a)	**14,849**	15,569
Receivables	6(b)	**1,988**	4,906
Inventories	7(a)	**11,505**	15,391
Available-for-sale financial assets	6(c)	**-**	4,945
Total current assets		**28,342**	40,811
Non-current assets			
Exploration and evaluation	7(b)	**65,251**	53,406
Property, plant and equipment	7(c)	**89,787**	100,032
Other financial assets	6(d)	**7,586**	6,736
Total non-current assets		**162,624**	160,174
Total assets		**190,966**	200,985
LIABILITIES			
Current liabilities			
Trade and other payables	6(e)	**9,726**	13,755
Provisions	7(d)	**1,525**	971
Total current liabilities		**11,251**	14,726
Non-current liabilities			
Deferred tax liabilities	5(d)	**2,484**	5,510
Provisions	7(d)	**6,781**	6,529
Total non-current liabilities		**9,265**	12,039
Total liabilities		**20,516**	26,765
Net assets		**170,450**	174,220
EQUITY			
Contributed equity	8(a)	**201,845**	202,243
Other reserves		**714**	-
Accumulated losses	8(b)	**(32,109)**	(28,023)
Total equity		**170,450**	174,220

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	ATTRIBUTABLE TO OWNERS OF ALKANE RESOURCES LTD			
	CONTRIBUTED EQUITY $'000	SHARE BASED PAYMENT RESERVE $'000	ACCUMULATED LOSSES $'000	TOTAL EQUITY $'000
Balance at 1 July 2013	192,658	-	(21,853)	170,805
Loss for the year	-	-	(6,170)	(6,170)
Total comprehensive loss for the year	-	-	(6,170)	(6,170)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	9,585	-	-	9,585
Balance at 30 June 2014	202,243	-	(28,023)	174,220
Balance at 1 July 2014	**202,243**	**-**	**(28,023)**	**174,220**
Loss for the year	**-**	**-**	**(4,086)**	**(4,086)**
Total comprehensive loss for the year	**-**	**-**	**(4,086)**	**(4,086)**
Transactions with owners in their capacity as owners:				
Share issue transaction costs	**(3)**	**-**	**-**	**(3)**
Deferred tax credit recognised in equity	**(395)**	**-**	**-**	**(395)**
Share based payments	**-**	**714**	**-**	**714**
Balance at 30 June 2015	**201,845**	**714**	**(32,109)**	**170,450**

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

FOR THE YEAR ENDED 30 JUNE 2015

	NOTES	YEAR ENDED 30 JUNE 2015 $'000	YEAR ENDED 30 JUNE 2014 $'000
Cash flows from operating activities			
Receipts from customers		**101,941**	23,281
Payments to suppliers and employees (inclusive of GST)		**(71,222)**	(32,145)
R&D tax grant		**-**	2,464
Interest received		**526**	1,795
Finance costs paid		**(145)**	(198)
Dividends received		**-**	452
Royalties and selling costs		**(2,825)**	-
Other receipts		**332**	474
Net cash inflow / (outflow) from operating activities	10(a)	**28,607**	(3,877)
Cash flows from investing activities			
Payments for property, plant and equipment		**(18,103)**	(81,748)
Proceeds from sale of property, plant and equipment		**-**	99
Proceeds from sale of available-for-sale financial assets		**4,001**	43,599
Payments for exploration expenditure		**(14,485)**	(13,533)
Refund of security deposits		**3,160**	1,020
Payments for security deposits		**(4,010)**	(4,085)
Net cash outflow from investing activities		**(29,437)**	(54,648)
Cash flows from financing activities			
Proceeds from issue of shares	8(a)	**-**	10,400
Cost of share issue	8(a)	**(3)**	(600)
Proceeds from borrowings		**165**	-
Repayment of borrowings		**(52)**	-
Net cash inflow from financing activities		**110**	9,800
Net decrease in cash and cash equivalents		**(720)**	(48,725)
Cash and cash equivalents at the beginning of the period		**15,569**	64,294
Cash and cash equivalents at end of period	6(a)	**14,849**	15,569

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

CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

HOW NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the activities of the entity, including:

(a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction

(b) analysis and sub-totals, including segment information

(c) information about estimates and judgements made in relation to particular items.

1 SEGMENT INFORMATION

(a) SEGMENT RESULTS

The Board of Alkane Resources Ltd has identified two reportable segments, being gold operations and the exploration and evaluation of rare metals.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker that are used to make strategic decisions.

Costs that do not relate to either of the operating segments, have been identified as unallocated costs. Corporate assets and liabilities that do not relate to either of the operating segments have been identified as unallocated. The Group has formed a tax consolidation group and therefore tax balances have been allocated to the unallocated grouping.

	GOLD OPERATIONS $'000	RARE METALS $'000	UNALLOCATED $'000	GROUP $'000
30 June 2015				
Gold sales to external customers	**101,941**	**-**	**-**	**101,941**
Interest income	**338**	**-**	**188**	**526**
Total segment revenue	**102,279**	**-**	**188**	**102,467**
Segment net profit/(loss) before income tax	**589**	**(310)**	**(8,416)**	**(8,137)**
Segment net profit/(loss) includes the following non-cash adjustments:				
Depreciation and amortisation	**(26,557)**	**-**	**(172)**	**(26,729)**
Deferred stripping costs capitalised	**11,012**	**-**	**-**	**11,012**
Exploration expenditure written off or provided for	**-**	**-**	**(1,071)**	**(1,071)**
Inventory product movement and provision	**(4,703)**	**-**	**-**	**(4,703)**
Income tax benefit	**-**	**-**	**4,051**	**4,051**
Total non-cash adjustments	**(20,248)**	**-**	**2,808**	**(17,440)**
Total segment assets	**104,630**	**73,444**	**12,892**	**190,966**
Total segment liabilities	**(16,151)**	**(689)**	**(3,676)**	**(20,516)**
Net segment assets	**88,479**	**72,755**	**9,216**	**170,450**
30 June 2014				
Gold sales to external customers	23,281	-	-	23,281
Interest income	171	24	1,336	1,531
Dividend income	-	-	452	452
Total segment revenue	23,452	24	1,788	25,264
Segment net (loss)/profit before income tax	(3,735)	(211)	2,669	(1,277)
Segment net profit / (loss) includes the following non-cash adjustments:				
Depreciation and amortisation	(9,918)	-	(102)	(10,020)
Deferred stripping costs capitalised	14,314	-	-	14,314
Impairment charges	-	-	(3,769)	(3,769)
Exploration expenditure written off or provided for	(29)	(34)	(809)	(872)
Inventory product movement and provision	14,802	-	-	14,802
Income tax expense	-	-	(4,893)	(4,893)
Total non-cash adjustments	19,169	(34)	(9,573)	9,562
Total segment assets	112,967	61,277	26,741	200,985
Total segment liabilities	(14,535)	(3,749)	(8,481)	(26,765)
Net segment assets	98,432	57,528	18,260	174,220

2 REVENUE

	YEAR ENDED 30 JUNE 2015 $'000	YEAR ENDED 30 JUNE 2014 $'000
Revenue from continuing operations		
Gold sales	**101,941**	23,281
Other revenue		
Interest income	**526**	1,531
Dividend income	**-**	452
Total other revenue	**526**	1,983
Total revenue	**102,467**	25,264

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met where applicable.

(a) GOLD SALES

Revenue from gold sales is recognised where there has been a transfer of risks and rewards from the Group to an external party, no further processing is required by the Group, quality and quantity of the goods has been determined with reasonable accuracy and collectability is probable.

(b) INTEREST INCOME

Interest is recognised as it is accrued using the effective interest method.

(c) DIVIDEND INCOME

Dividends are recognised at their fair value when the right to receive is established

3 EXPENSES

	YEAR ENDED 30 JUNE 2015 $'000	YEAR ENDED 30 JUNE 2014 $'000
Cost of sales		
Cash costs of production	**78,215**	43,977
Deferred stripping costs capitalised	**(11,012)**	(14,314)
Inventory product movement	**2,857**	(14,802)
Inventory product provision net realisable value	**1,847**	-
Depreciation and amortisation	**26,557**	9,918
Royalties and selling costs	**2,902**	647
	101,366	25,426
Other expenses		
Corporate administration	**1,995**	2,093
Employee remuneration and benefits	**2,395**	1,329
Professional fees and consulting services	**1,481**	1,472
Exploration expenditure provided for or written off	**1,071**	872
Directors' fees and salaries	**704**	719
Peak Hill site maintenance and rehabilitation	**121**	157
Depreciation	**172**	102
Share based payments	**272**	443
	8,211	7,187

(a) CASH COSTS OF PRODUCTION

Cash costs of production include ore and waste mining costs, processing costs and site administration and support costs. Cash costs of production include $17,026,000 of employee remuneration and benefits (2014: $7,985,000).

3 EXPENSES (continued)

(b) DEFERRED STRIPPING COSTS CAPITALISED

Stripping costs capitalised represent the costs incurred in the development and production phase of a mine and are capitalised as part of the cost of constructing the mine and subsequently amortised over the useful life of the ore body that access is provided to on a units-of-production basis.

Refer to note 7(c)(i) for further detail on the Group's accounting policy for deferred stripping costs.

(c) INVENTORY PRODUCT MOVEMENT

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

Refer to note 7(a)(i) for further details on the Groups accounting policy for inventory.

(d) INVENTORY PRODUCT PROVISION FOR NET REALISABLE VALUE

Inventories must be carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete processing and to make a sale.

Refer to note 7(a)(i) for further details on the Groups accounting policy for inventory.

4 OTHER INCOME AND EXPENSE ITEMS

	YEAR ENDED	
	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Other net (expense) / income		
(Loss) / gain on sale of available-for-sale assets	**(948)**	11,122
Net foreign exchange losses	**(8)**	(11)
Loss on disposal of non-current assets	**(33)**	(1,307)
Other income	**335**	406
	(654)	10,210

During the period 3,015,000 Regis Resources Limited shares were sold at an average price of $1.33 per share for net proceeds of $4,001,000 and a loss on sale of $948,000 (2014: gain on sale of $11,122,000).

The net loss on disposal of non-current assets in the prior period includes $1,451,000 loss on disposal of power line infrastructure relating to the Tomingley Gold Operation (TGO). The terms of the Connection Agreement, as is customary for such agreements in the state of New South Wales, required that ownership of the power line infrastructure constructed by TGO up to the site connection point would revert to Essential Energy upon connection.

5 INCOME TAX

(a) INCOME TAX (BENEFIT) / EXPENSE

	YEAR ENDED	
	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Current tax (benefit) / expense	**(630)**	(1,833)
Deferred tax (benefit) / expense	**(3,421)**	6,726
Total income tax (benefit)	**(4,051)**	4,893

The Group intends to lodge a research and development claim for activities performed during the year with the income tax return. The tax balances (income tax expense and net deferred tax liability) in the financial statements do not reflect an estimation of the benefit for such a claim as the review of activities performed and expenditures made has not progressed sufficiently to allow a reliable estimate of the amount of the claim. In the event that an eligible claim is made, further tax deductions to those recorded in the financial statements would be available to the Group to the extent of this claim.

5 INCOME TAX (continued)

(b) RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

	YEAR ENDED 30 JUNE 2015 $'000	YEAR ENDED 30 JUNE 2014 $'000
Loss before income tax expense	**(8,137)**	(1,277)
Tax at the Australian tax rate of 30.0% (2014 - 30.0%)	**(2,441)**	(383)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Derecognition of previously recognised tax losses	**-**	6,355
Utilisation of previously unrecognised tax losses	**(690)**	-
Tax offset for franked dividends	**-**	(194)
Tax benefits of deductible equity raising costs	**(395)**	(396)
Research and development tax incentive	**(640)**	(608)
Over provision for Prior Year	**(10)**	-
Other items	**125**	119
Subtotal	**(1,610)**	5,276
Income tax (benefit) / expense	**(4,051)**	4,893

(c) DEFERRED TAX ASSETS

	YEAR ENDED 30 JUNE 2015 $'000	YEAR ENDED 30 JUNE 2014 $'000
The balance comprises temporary differences attributable to:		
Tax losses	**2,898**	1,332
Research and development tax incentive	**1,919**	-
Capital raising and future blackhole deductions	**436**	855
Property, plant and equipment	**10,148**	8,457
Other	**1,710**	931
Total deferred tax assets	**17,111**	11,575
Set-off of deferred tax liabilities pursuant to set-off provisions	**(17,111)**	(11,575)
Net deferred tax assets	**-**	-

MOVEMENTS	TAX LOSSES $'000	CAPITAL RAISING AND FUTURE BLACKHOLE DEDUCTIONS $'000	PROPERTY, PLANT AND EQUIPMENT $'000	R&D TAX INCENTIVE CREDITS $'000	OTHER $'000	TOTAL $'000
At 1 July 2013	14,463	1,097	10,016	-	636	26,212
Charged/(credited)						
- to profit or loss	(13,131)	(27)	(1,559)	-	295	(14,422)
- directly to equity	-	(215)	-	-	-	(215)
At 30 June 2014	1,332	855	8,457	-	931	11,575
At 1 July 2014	**1,332**	**855**	**8,457**	**-**	**931**	**11,575**
Charged/(credited)						
- to profit or loss	**1,566**	**(25)**	**1,691**	**1,919**	**780**	**5,931**
- directly to equity	**-**	**(395)**	**-**	**-**	**-**	**(395)**
At 30 June 2015	**2,898**	**435**	**10,148**	**1,919**	**1,711**	**17,111**

5 INCOME TAX (continued)

(d) DEFERRED TAX LIABILITIES

	YEAR ENDED 30 JUNE 2015 $'000	YEAR ENDED 30 JUNE 2014 $'000
The balance comprises temporary differences attributable to:		
Exploration expenditure	**(19,575)**	(15,676)
Available-for-sale financial assets	**-**	(1,208)
Other	**(20)**	(201)
Total deferred tax liabilities	**(19,595)**	(17,085)
Set-off of deferred tax assets	**17,111**	11,575
Net recognised deferred tax liabilities	**(2,484)**	(5,510)

MOVEMENTS	EXPLORATION EXPENDITURE $'000	AVAILABLE-FOR-SALE FINANCIAL ASSETS $'000	OTHER $'000	TOTAL $'000
At 1 July 2013	13,505	11,196	80	24,781
Charged/(credited)				
- to profit or loss	2,171	(9,988)	121	(7,696)
At 30 June 2014	15,676	1,208	201	17,085
At 1 July 2014	**15,676**	**1,208**	**201**	**17,085**
Charged/(credited)				
- to profit or loss	**3,899**	**(1,208)**	**(181)**	**2,510**
At 30 June 2015	**19,575**	**-**	**20**	**19,595**

(e) DEFERRED TAX RECOGNISED DIRECTLY IN EQUITY

	YEAR ENDED 30 JUNE 2015 $'000	YEAR ENDED 30 JUNE 2014 $'000
Relating to equity raising costs	**395**	215

(f) TAX LOSSES

	YEAR ENDED 30 JUNE 2015 $'000	YEAR ENDED 30 JUNE 2014 $'000
Unused tax losses for which no deferred tax asset has been recognised	**21,166**	21,183
Potential tax benefit at 30.0% (2014: 30%)	**6,350**	6,355

The potential benefit of carried forward tax losses will only be obtained if taxable income is derived of a nature and amount sufficient to enable the benefit from the deductions to be realised. In accordance with the Group's policies for deferred taxes, a deferred tax asset is recognised only if it is probable that sufficient future taxable income will be generated to offset against the asset.

Determination of future taxable profits requires estimates and assumptions as to future events and circumstances including commodity prices, ore resources, exchange rates, future capital requirements, future operational performance, the timing of estimated cash flows, the ability to successfully develop and commercially exploit resources and the profits that may be generated through the sale of assets identified as being available-for-sale.

Tax legislation prescribes the rate at which tax losses transferred from entities joining a tax consolidation group can be applied to taxable incomes and this rate is diluted by changes in ownership, including capital raisings. As a result the reduction in the rate at which the losses can be applied to future taxable incomes, the period of time over which it is forecast that these losses may be utilised has extended beyond that which management considers prudent to support their continued recognition for accounting purposes. Accordingly tax losses of $21,183,000 were derecognised in the prior financial year. Derecognition for accounting purposes does not impact the ability of the Group to utilise the losses to reduce future taxable profits.

5 INCOME TAX (continued)

(f) TAX LOSSES (continued)

Alkane Resources Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group;
- specific information about each type of financial instrument;
- accounting policies; and
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The financial assets are presented as current assets as management intends on disposing of them within 12 months of the end of the reporting period excluding other financial assets which are non current assets.

	NOTES	ASSETS AT FAIR VALUE $'000	FINANCIAL ASSETS AT AMORTISED COST $'000	TOTAL $'000
30 June 2015				
Cash and cash equivalents	6(a)	**-**	**14,849**	**14,849**
Receivables *	6(b)	**-**	**353**	**353**
Other financial assets	6(d)	**-**	**7,586**	**7,586**
		-	**22,788**	**22,788**
30 June 2014				
Cash and cash equivalents	6(a)	-	15,569	15,569
Receivables *	6(b)	-	718	718
Available-for-sale financial assets	6(c)	4,945	-	4,945
Other financial assets	6(d)	-	6,736	6,736
		4,945	23,023	27,968

* *Excludes prepayments and tax receivable balances which do not meet the definition of financial assets.*

	NOTES	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Financial liabilities at amortised cost			
Trade and other payables	6(e)	**9,726**	13,755

(a) CASH AND CASH EQUIVALENTS

	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Cash at bank and on hand	**14,849**	15,569

Cash at bank at balance date bore a weighted average interest rate of 1.4% (2014: 2.5%).

(i) Classification as cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(b) RECEIVABLES

	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Prepayments	**552**	1,063
GST and fuel tax credit receivable	**1,386**	3,739
Other receivables	**50**	104
	1,988	4,906

(i) Classification as receivables

Other receivables generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained.

Receivables are recognised initially at fair value and then subsequently measured at amortised cost, less provision for impairment. If collection of the amounts is expected in one year or less they are classified as current assets, if not, they are presented as non-current assets.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the statement of comprehensive income.

(ii) Fair value of receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

(iii) Impairment and risk exposure

Information about the impairment of receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 12.

(c) AVAILABLE-FOR-SALE FINANCIAL ASSETS

	YEAR ENDED 30 JUNE 2015 $'000	30 JUNE 2014 $'000
Listed equity securities		
Opening balance at beginning of period	**4,945**	41,083
Disposals during the period	**(4,945)**	(43,599)
Changes in fair value of shares disposed	**-**	11,230
Impairment charge	**-**	(3,769)
Closing balance at end of period	**-**	4,945

(i) Classification of financial assets as available-for-sale

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments. Financial assets that are not classified into any of the other categories (at fair value through profit and loss, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

Movements in available-for-sale assets are recognised in other comprehensive income, except where assets are deemed to be impaired, in which case they are recognised through profit and loss. Refer to note below for further details on the determination of impairment.

The financial assets are presented as current assets as management intends on disposing of them within 12 months of the end of the reporting period.

(ii) Significant judgements

To determine if an available-for-sale financial asset is impaired, the Group evaluates the duration and extent to which the fair value of the asset is less than its carrying amount, and the financial health of and short-term business outlook for the investee (including factors such as industry and sector performance, changes in technology and operational and financing cash flows).

A security is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost. Refer to the Group's impairment policy at note 9.

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(c) AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

(iii) Fair value and risk exposure

The fair value of all available-for-sale assets are based on quoted market prices at the end of the period.

All available-for-sale financial assets are denominated in Australian dollars. For an analysis of the sensitivity of available-for-sale financial assets to price risk refer to note 12(a).

(d) OTHER FINANCIAL ASSETS

	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Non-current assets		
Interest bearing security deposits	**7,586**	6,736

The above deposits are held by financial institutions as security for rehabilitation obligations as required under the respective exploration and mining leases and includes a $2,000,000 cash backed guarantee for security over a hedging facility in relation to a subsidiary in the Group, Tomingley Gold Operations Pty Ltd (2014: nil). All interest bearing security deposits are held in Australian dollars and therefore there is no exposure to foreign currency risk. Please refer to note 12(a) for the Group's exposure to interest rate risk. The fair value of other financial assets is equal to its carrying value.

(e) TRADE AND OTHER PAYABLES

	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Current liabilities		
Trade payables	**6,235**	7,046
Other payables	**3,491**	6,079
Income tax payable	**-**	630
	9,726	13,755

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. Trade payables are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented in current liabilities unless payment is not due within 12 months from the reporting date.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Income tax payable does not meet the definition of a financial liability, however has been presented with other payable balances in this table.

7 NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about the Group's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability
  - inventories (note 7(a))
  - exploration and evaluation (note 7(b))
  - property, plant and equipment (note 7(c))
  - provisions (note 7(d))
- accounting policies for the above assets and liabilities
- information about determining

7 NON-FINANCIAL ASSETS AND LIABILITIES (continued)

(a) INVENTORIES

	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Current assets		
Ore stockpiles	**1,653**	6,101
Gold in circuit	**3,755**	3,462
Bullion on hand	**4,690**	5,239
Consumable stores	**1,407**	589
	11,505	15,391

(i) Assigning costs to inventories

The cost of individual items of inventory are determined using weighted average costs. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to ore stockpiles, gold in circuit and bullion on hand on the basis of weighted average costs. Inventories must be carried at the lower of cost and net realisable value. At balance date ore stockpiles, gold in circuit and bullion on hand were carried at net realisable value, with consumable stores carried at cost. All inventories in the prior period were carried at cost.

Write-down on inventories to net realisable value amounted to $1,847,000 (2014: nil). These were recognised as an expense during the year ended 30 June 2015 and included in cost of sales in the statement of comprehensive income.

Consumable stores include diesel, explosives and other consumables items.

(b) EXPLORATION AND EVALUATION

	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Opening balance at beginning of period	**53,406**	45,278
Expenditure during the period	**12,916**	14,453
Amounts provided for or written off	**(1,071)**	(872)
Transfer to mining properties	**-**	(5,453)
Closing balance end of period	**65,251**	53,406

Exploration and evaluation costs are carried forward on an area of interest basis. Costs are recognised and carried forward where rights to tenure of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant exploration and evaluation activities in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit is not larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine properties under development. No amortisation is charged during the exploration and evaluation phase.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Costs carried forward in respect of an area of interest that is abandoned are written off in the period in which the decision to abandon is made.

There may exist, on the Group's exploration properties, areas subject to claim under native title or containing sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within tenements may be subject to exploration or mining restrictions.

7 NON-FINANCIAL ASSETS AND LIABILITIES (continued)

(c) PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	CAPITAL WIP $'000	MINE PROPERTIES $'000	TOTAL $'000
Year ended 30 June 2015					
Opening cost	**24,737**	**67,449**	**458**	**70,373**	**163,017**
Additions	**523**	**132**	**4,688**	**11,189**	**16,532**
Transfers between classes	**400**	**2,478**	**(4,327)**	**1,449**	**-**
Disposals	**-**	**(53)**	**-**	**-**	**(53)**
Net movement	**923**	**2,557**	**361**	**12,638**	**16,479**
Closing cost	**25,660**	**70,006**	**819**	**83,011**	**179,496**
Opening accumulated depreciation and impairment	**(4,310)**	**(25,019)**	**-**	**(33,656)**	**(62,985)**
Depreciation charge	**(1,762)**	**(10,738)**	**-**	**(14,229)**	**(26,729)**
Disposals	**-**	**5**	**-**	**-**	**5**
Net movement	**(1,762)**	**(10,733)**	**-**	**(14,229)**	**(26,724)**
Closing accumulated depreciation and impairment	**(6,072)**	**(35,752)**	**-**	**(47,885)**	**(89,709)**
Closing net carrying value	**19,588**	**34,254**	**819**	**35,126**	**89,787**
Year ended 30 June 2014					
Opening cost	12,374	1,051	41,606	2,380	57,411
Additions	3,018	94	60,836	19,226	83,174
Disposals	(245)	(2,342)	-	-	(2,587)
Transfers between classes	9,590	68,646	(101,984)	23,748	-
Transfers from exploration and evaluation	-	-	-	25,019	25,019
Net movement	12,363	66,398	(41,148)	67,993	105,606
Closing cost	24,737	67,449	458	70,373	163,017
Opening accumulated depreciation and impairment	(2,408)	(718)	(30,107)	(1,056)	(34,289)
Depreciation charge	(1,902)	(1,502)	-	(6,616)	(10,020)
Transfers between classes	-	(23,689)	30,107	(6,418)	-
Transfers from exploration and evaluation	-	-	-	(19,566)	(19,566)
Disposals	-	890	-	-	890
Net movement	(1,902)	(24,301)	30,107	(32,600)	(28,696)
Closing accumulated depreciation and impairment	(4,310)	(25,019)	-	(33,656)	(62,985)
Closing net carrying value	20,427	42,430	458	36,717	100,032

All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment charges. Historical cost includes:

- expenditure that is directly attributable to the acquisition of the items;
- direct costs associated with the commissioning of plant and equipment including pre-commissioning costs in testing the processing plant;
- where the asset has been constructed by the Group, the cost of all materials used in construction, direct labour on the project and project management costs associated with the asset; and
- the present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located.

7 NON-FINANCIAL ASSETS AND LIABILITIES (continued)

(c) PROPERTY, PLANT AND EQUIPMENT (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives as follows:

- Buildings units of production
- Plant and equipment units of production
- Mining properties units of production
- Office equipment 3 - 5 years
- Furniture and fittings 4 years
- Motor vehicles 4 - 5 years
- Software 2 - 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

(i) Deferred stripping costs capitalised

Overburden and other mine waste materials removed during the initial development of an open pit mine in order to access the mineral deposit is referred to as development stripping. Costs directly attributable to development stripping inclusive of an allocation of relevant overhead expenditure, are capitalised as a non-current asset in mine properties. Capitalisation of development stripping costs cease at the time that ore begins to be extracted from the mine. Development stripping costs are amortised over the useful life of the ore body that access has been provided to on a units of production basis.

Production stripping commences at the time that ore begins to be extracted from the mine and normally continues throughout the life of a mine. The costs of production stripping are charged to the income statement as operating costs, when the current ratio of waste material to ore extracted for a component of the ore body is below the expected stripping ratio of that component. When the ratio of waste to ore is not expected to be constant, production stripping costs are accounted for as follows:

- all costs are initially charged to profit or loss and classified as operating costs;
- when the current ratio of waste to ore is greater than the estimated ratio of a component of the ore body, a portion of the stripping costs, inclusive of an allocation of relevant overhead expenditure, is capitalised to mine properties; and
- the capitalised stripping asset is amortised over the useful life of the ore body to which access has been improved.

The amount of production stripping costs capitalised or charged in a reporting period is determined so that the stripping expense for the period reflects the estimated life of ore component strip ratio. Changes to the estimated waste to ore ratio of a component of the ore body are accounted for prospectively from the date of change. Deferred stripping capitalised is included in mine properties.

(ii) Mine properties

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred by the Group in relation to areas of interest for which the technical feasibility and commercial viability of the extraction of mineral resources are demonstrable.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when it is probable that the additional future economic benefits associated with the expenditure will flow to the Group. Otherwise such expenditure is classified as part of the cost of production. Mine properties are amortised on a units of production basis over the economically recoverable resources of the mine concerned. The unit of account is tonnes milled for mine properties other than capitalised deferred stripping costs (refer note 7(c)(i).

Refer to note 9 for the Group's impairment policy in relation to non-current assets.

7 NON-FINANCIAL ASSETS AND LIABILITIES (continued)

(d) PROVISIONS

	30 JUNE 2015 CURRENT $'000	NON-CURRENT $'000	TOTAL $'000	30 JUNE 2014 CURRENT $'000	NON-CURRENT $'000	TOTAL $'000
Employee benefits	**1,525**	**229**	**1,754**	971	111	1,082
Rehabilitation	**-**	**6,552**	**6,552**	-	6,418	6,418
	1,525	**6,781**	**8,306**	971	6,529	7,500

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance charges.

(ii) Information about individual provisions and significant estimates

Employee benefits

The provision for employee benefits relates to the Group's liability for long service leave and annual leave.

The current provision represents amounts for annual leave that are expected to be settled within 12 months of the end of the period in which the employees render the related service in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Vested long service leave for which the Group does not have an unconditional right to defer settlement, regardless of when the actual settlement is expected to occur is presented in current provisions.

The liability for long service leave not expected to vest within 12 months after the end of the period in which the employees render the related service is recognised in the non-current provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms and currencies that match as closely as possible, the estimated future cash outflows. Where the Group does not have an unconditional right to defer settlement for any annual or long service leave owed, it is classified as a current provision regardless of when the Group expects to realise the provision.

Rehabilitation and mine closure

The Group has obligations to dismantle and remove certain items of property, plant and equipment and to restore and rehabilitate the land on which they sit.

A provision is raised for the estimated cost of settling the rehabilitation and restoration obligations existing at balance date, discounted to present value using an appropriate pre-tax discount rate.

Where the obligation is related to an item of property, plant and equipment, its cost includes the present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located. Costs that relate to obligations arising from waste created by the production process are recognised as production costs in the period in which they arise.

The discounted value reflects a combination of management's assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of cash flows and the discount rate. The increase in the provision due to the passage of time of $229,000 (2014: $170,000) is recognised in finance charges in the statement of comprehensive income.

The provisions are reassessed at least annually. A change in any of the assumptions used to determine the provisions could have a material impact on the carrying value of the provision.

7 NON-FINANCIAL ASSETS AND LIABILITIES (continued)

(d) PROVISIONS (continued)

(iii) Movements in provisions

Movements in rehabilitation and mine closure provisions during the financial year are set out below:

	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Rehabilitation and mine closure		
Carrying amount at the start of the year	**6,418**	1,336
(Credited)/charged to profit or loss	**(88)**	-
Additional provision incurred	**-**	4,912
Unwinding of discount	**229**	170
Change in estimate	**(7)**	-
Carrying amount at end of year	**6,552**	6,418

8 EQUITY

(a) CONTRIBUTED EQUITY

(i) Share capital

	NOTES	30 JUNE 2015 SHARES	30 JUNE 2014 SHARES	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Ordinary shares - fully paid	8(a)(ii)	**414,218,670**	412,639,000	**201,845**	202,243

(ii) Movements in ordinary share capital

DETAILS	NUMBER OF SHARES	$'000
Opening balance 1 July 2013	372,639,000	192,658
Placement of shares	40,000,000	10,400
	412,639,000	203,058
Less: Transaction costs arising on share issue	-	(600)
Deferred tax credit recognised directly in equity	-	(215)
Balance 30 June 2014	412,639,000	202,243
Opening balance 1 July 2014	**412,639,000**	**202,243**
Employee share scheme issue	**1,579,670**	**-**
	414,218,670	**202,243**
Less: Transaction costs arising on share issue	**-**	**(3)**
Deferred tax credit recognised directly in equity	**-**	**(395)**
Balance 30 June 2015	**414,218,670**	**201,845**

(iii) Ordinary shares

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.

Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value.

8 EQUITY (continued)

(b) ACCUMULATED LOSSES

Movements in accumulated losses were as follows:

	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Opening balance	**(28,023)**	(21,853)
Net loss for the year	**(4,086)**	(6,170)
Closing balance	**(32,109)**	(28,023)

9 IMPAIRMENT OF ASSETS

	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Impairment of assets		
Available-for-sale financial assets	**-**	3,769
Income tax benefit	**-**	(1,131)
Total impairment charges after tax	**-**	2,638

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(a) AVAILABLE-FOR-SALE FINANCIAL ASSETS

In the prior reporting period, it was assessed that the decline in fair value below cost for available-for-sale financial assets was considered significant or prolonged, and as such an impairment charge was recorded.

(b) GOLD CASH GENERATING UNIT

At each balance date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have been subject to an impairment charge or reversal of impairment charge. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent if any, of the impairment charge or reversal. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment charge is recognised immediately in the statement of comprehensive income.

Where an impairment charge subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment charge been recognised for the asset or CGU in prior years. A reversal of an impairment charge is recognised immediately in the statement of comprehensive income.

The recoverable amount of a CGU is the higher of its fair value less costs to sell (FVLCS) and its value in use (VIU). FVLCS is the best estimate of the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable willing parties, less the costs of disposal. This estimate is determined on the basis of best available market information taking into account specific conditions.

VIU is the present value of the future cash flows expected to be derived from the CGU or group of CGU's. Cash flow projections are based on economic and regulatory assumptions and forecast trading conditions prepared by management.

There was no impairment charge or impairment charge reversal recorded against the gold cash generating unit in the year ended 30 June 2015 (2014: nil).

10 CASH FLOW INFORMATION

(a) RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES

	YEAR ENDED	
	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Loss for the period after tax	**(4,086)**	(6,170)
Depreciation and amortisation	**26,729**	10,020
Non-cash finance charges	**212**	-
Impairment charges	**-**	3,769
Share-based payments	**272**	443
Net loss on disposal of non-current assets	**33**	1,307
Net loss / (gain) on sale of available-for-sale financial assets	**948**	(11,122)
Exploration costs provided for or written off	**1,071**	872
Change in operating assets and liabilities:		
Decrease / (increase) in trade and other receivables	**2,384**	(2,817)
Decrease / (increase) in inventories	**3,885**	(15,391)
Increase in trade and other payables	**537**	8,314
(Decrease) / increase in deferred tax balances	**(4,051)**	7,356
Increase / (decrease) in provisions	**673**	(458)
Net cash inflow / (outflow) from operating activities	**28,607**	(3,877)

RISK

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

11 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

The areas involving significant estimates or judgements are:

(a) CAPITALISATION OF EXPLORATION AND EVALUATION EXPENDITURE

The Group has capitalised significant exploration and evaluation expenditure on the basis either that such expenditure is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

(b) IMPAIRMENT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group follows the guidance of *AASB 139 Financial Instruments: Recognition and Measurement* to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of the investment is less than its cost and the financial health and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operating and financing cash flows.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

In the prior reporting period, it was assessed that the declines in fair value below cost for certain available-for-sale financial assets were considered significant or prolonged, and as such an impairment loss was recorded. Refer to note 9 for details.

(c) IMPAIRMENT OF CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE AND MINE PROPERTIES

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration asset through sale.

Factors that could impact the future recoverability of exploration and evaluation and mine properties include the level of reserves and resources, future technological change, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

The Group has not recorded an impairment charge against exploration and evaluation expenditure in the current year (2014: nil).

(d) REHABILITATION AND MINE CLOSURE PROVISIONS

These provisions represent the discounted value of the present obligation to restore, dismantle and rehabilitate certain items of property, plant and equipment and mine site. The discounted value reflects a combination of management's assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of cash flows and the discount rate. Changes to one or more of these assumptions is likely to result in a change to the carrying value of the provision and the related asset or a change to profit and loss in accordance with the Group's accounting policy stated in note 7(d)(ii).

11 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(e) NET REALISABLE VALUE AND CLASSIFICATION OF INVENTORY

The Group's assessment of the net realisable value and classification of its inventory requires the use of estimates, including the estimation of the relevant future commodity or product price, future processing costs and the likely timing of sale.

(f) INCOME TAXES

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In addition, the Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. Utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. Refer to note 5(f) and 5(c) for the current recognition of tax losses.

12 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, equity price risk, commodity price risk and interest risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as gold forward contracts to mitigate certain risk exposures.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors' has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks and mitigating strategies.

(a) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity prices, commodity prices and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Group's sales revenue for gold is denominated in US dollars and the majority of operating costs are denominated in Australian dollars, hence the Group's cash flow is significantly exposed to movement in the A$:US$ exchange rate. The Group mitigates this risk through the use of derivative instruments, including but not limited to Australian dollar denominated gold forward contracts.

These Australian dollar denominated gold forward contracts are entered into and continue to be held for the purpose of physical delivery of gold bullion. As a result, the contracts are not recorded in the financial statements. Refer to note 14(b) for further information.

(ii) Equity price risk

Exposure

The Group is exposed to equity securities price risk. This risk arises from investments held by the Group and classified on the balance sheet as available-for-sale. The majority of the Group's equity investments are publicly traded. Available for sale financial assets were fully provided for at 30 June 2015.

12 FINANCIAL RISK MANAGEMENT (continued)

(a) MARKET RISK (continued)

(ii) Equity price risk (continued)

Sensitivity

The table below summarises the impact of movements in the price of investments on the Group's equity and post-tax loss for the year. The analysis is based on the assumption that the equity prices had increased by 10% respectively or decreased by 10% with all other variables held constant.

	IMPACT ON POST-TAX PROFIT		IMPACT ON OTHER COMPREHENSIVE INCOME	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Risk Variable				
Equity securities +10%	**-**	-	**-**	346
Equity securities -10%	**-**	(346)	**-**	-

(iii) Commodity price risk

Exposure

The Group's sales revenues are generated from the sale of gold. Accordingly, the Group's revenues are exposed to commodity price fluctuations, primarily gold. The Group mitigates this risk through the use of derivative instruments, including but not limited to Australian dollar denominated gold forward contracts.

(iv) Interest rate risk

The Group's main interest rate risk arises through its cash and cash equivalents and other financial assets held within financial institutions. The Group minimises this risk by utilising fixed rate instruments where appropriate.

Summarised market risk sensitivity analysis

		INTEREST RATE RISK IMPACT ON PROFIT AFTER TAX		EQUITY PRICE RISK IMPACT ON PROFIT AFTER TAX		EQUITY PRICE RISK IMPACT ON OTHER COMPREHENSIVE INCOME	
	CARRYING AMOUNT $'000	+100BP $'000	-100BP $'000	+10% $'000	-10% $'000	+10% $'000	-10% $'000
At 30 June 2015							
Financial assets							
Cash and cash equivalents	**14,849**	**104**	**(104)**	**-**	**-**	**-**	**-**
Receivables *	**353**	**-**	**-**	**-**	**-**	**-**	**-**
Other financial assets	**7,586**	**53**	**(53)**	**-**	**-**	**-**	**-**
Financial liabilities							
Trade and other payables	**(9,725)**	**-**	**-**	**-**	**-**	**-**	**-**
Total increase / (decrease)		**157**	**(157)**	**-**	**-**	**-**	**-**
At 30 June 2014							
Financial assets							
Cash and cash equivalents	15,569	109	(109)	-	-	-	-
Receivables *	104	-	-	-	-	-	-
Available-for-sale financial assets	4,945	-	-	-	(346)	346	-
Other financial assets	6,736	47	(47)	-	-	-	-
Financial liabilities							
Trade and other payables	(13,125)	-	-	-	-	-	-
Total increase / (decrease)		156	(156)	-	(346)	346	-

* *Excludes prepayments and tax balances which do not meet the definition of financial assets or liabilities.*

There is no exposure to foreign exchange risk or commodity price risk for the above financial assets and liabilities.

12 FINANCIAL RISK MANAGEMENT (continued)

(b) CREDIT RISK

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

(i) Risk management

The Group limits its exposure to credit risk in relation to cash and cash equivalents and other financial assets by only utilising banks and financial institutions with acceptable credit ratings.

(ii) Credit quality

Tax receivables and prepayments do not meet the definition of financial assets. None of the Group's receivables were past due or impaired at balance date.

(c) LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Board of Directors' monitors liquidity levels on an ongoing basis.

The Group's financial liabilities generally mature within 3 months, therefore the carrying amount equals the cash flow required to settle the liability.

13 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, pay dividends to shareholders, issue new shares or sell assets.

UNRECOGNISED ITEMS

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

14 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) CONTINGENT LIABILITIES

The Group has a contingent liability estimated at no more than $200,000 for the potential acquisition of a parcel of land surrounding the Dubbo Zirconia Project (2014: nil). The landholder has the right to require the Group to acquire their property as provided for in the development consent conditions for the Dubbo Zirconia Project.

(b) CONTINGENT ASSETS

The Group has entered into forward gold sales contracts which are not accounted for on the balance sheet. A contingent asset of $1,028,000 (2014: $493,000) exists at the balance date in the event that the contracts are not settled by the physical delivery of gold.

15 COMMITMENTS

(a) EXPLORATION AND MINING LEASE COMMITMENTS

In order to maintain current rights of tenure to exploration and mining tenements, the Group will be required to outlay the amounts disclosed in the below table. These costs are discretionary, however if the expenditure commitments are not met then the associated exploration and mining leases may be relinquished.

	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Within one year	**1,542**	1,207

(b) NON-CANCELLABLE OPERATING LEASES

The Group leases various offices under operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Within one year	**325**	329
Later than one year but not later than five years	**290**	447
	615	776

15 COMMITMENTS (continued)

(c) PHYSICAL GOLD DELIVERY COMMITMENTS

As part of its risk management policy, the Group enters into gold forward contracts to manage the gold price of a proportion of anticipated sales of gold. The gold forward contracts disclosed below did not meet the criteria of financial instruments for accounting purposes on the basis that they met the normal purchase / sale exemption because physical gold would be delivered into the contract. Accordingly, the contracts were accounted for as sale contracts with revenue recognised in the period in which the gold commitment was met.

	GOLD FOR PHYSICAL DELIVERY OUNCES	CONTRACTED GOLD SALE PRICE PER OUNCE ($)	VALUE OF COMMITTED SALES $'000
30 June 2015			
Within one year:			
Fixed forward contracts	**24,000**	**1,577**	**37,848**
30 June 2014			
Within one year:			
Fixed forward contracts	24,000	1,444	34,656

(d) CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities amounted to $632,000 (2014: $174,000).

16 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

17 INTERESTS IN OTHER ENTITIES

The Group's subsidiaries at 30 June 2015 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

	STATE / COUNTRY OF INCORPORATION	OWNERSHIP INTEREST HELD BY THE GROUP 2015 %	2014 %
Australian Zirconia Holdings Pty Ltd	Western Australia	**100**	100
Australian Zirconia Limited	Western Australia	**100**	100
Tomingley Holdings Pty Ltd	New South Wales	**100**	100
Tomingley Gold Operations Pty Ltd	New South Wales	**100**	100
Skyray Properties Limited	British Virgin Islands	**-**	100

The Group has undertaken a process to simplify the Group structure by deregistering dormant subsidiaries. Skyray Properties Limited was officially de-registered on 23 July 2014.

18 RELATED PARTY TRANSACTIONS

(a) PARENT ENTITIES

The Parent Entity within the Group is Alkane Resources Ltd.

(b) SUBSIDIARIES

Interests in subsidiaries are set out in note 17.

18 RELATED PARTY TRANSACTIONS (continued)

(c) KEY MANAGEMENT PERSONNEL COMPENSATION

	YEAR ENDED 30 JUNE 2015 $	YEAR ENDED 30 JUNE 2014 $
Short-term employee benefits	**1,693,208**	1,562,929
Post-employment benefits	**128,354**	110,963
	1,821,562	1,673,892

Disclosures relating to Key Management Personnel are set out in the remuneration report.

Mr L A Colless and Ms K E Brown are associated with Mineral Administration Services Pty Ltd, a Company which provides corporate administration, accounting and Company Secretarial Services to the Group. This fee is disclosed as short term employee benefits in the remuneration report. Mr L A Colless passed away during the reporting period.

Detailed remuneration disclosures are provided in the remuneration report.

(d) TRANSACTIONS WITH OTHER RELATED PARTIES

The following transactions occurred with related parties:

Purchases from entities related to Key Management Personnel

Nuclear IT, a Director related entity, provides information technology consulting services to the Group which includes the coordination of the purchase of information technology hardware and software. The terms are documented in a Service Level Agreement and represent normal commercial terms and conditions.

	YEAR ENDED 30 JUNE 2015 $	YEAR ENDED 30 JUNE 2014 $
Purchase of computer hardware and software	**61,015**	230,798
Consulting fees and services	**27,421**	23,079
	88,436	253,877

Mineral Administration Services

During the period fees amounting to $316,925 (2014: $338,147) were paid to Mineral Administration Services (MAS) in which the joint company secretaries of the Group, the late Mr LA Colless and Ms K E Brown have substantial financial interests. MAS provides administration, accounting and company secretarial services to the Group.

(e) RELATED PARTY PAYABLES

There were $69,800 worth of invoices outstanding at the end of the reporting period in relation to transactions with related parties (2014: nil outstanding).

19 SHARE-BASED PAYMENTS

Share-based compensation benefits are provided to employees via the Group's incentive plans. The incentive plans consist of the short term and long term incentive plans for Executive Directors and other Executives and the employee share scheme for all other employees. Information relating to these plans is set out in the remuneration report and below.

The fair value of rights granted under the short term and long term incentive plans is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

19 SHARE-BASED PAYMENTS (continued)

When the rights are exercised, the appropriate amount of shares are transferred to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

Under the employee share scheme, shares issued by the Group to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

The fair value of deferred shares granted to employees for nil consideration under the employee share scheme is recognised as an expense over the relevant service period, being the year to which the bonus relates and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

Executive Directors and other Executives

The Company's remuneration framework is set out in the remuneration report, including all details of the performance rights and share appreciation rights plans, the associated performance hurdles and vesting criteria.

Participation in the plans is at the Board of Directors discretion and no individual has a contractual right to participate in the plans or to receive any guaranteed benefits. Participation is current restricted to senior Executives within the Group.

The following tables illustrate the number and weighted average fair value of, and movements in, share rights during the year.

	NUMBER OF SHARE RIGHTS	WEIGHTED AVERAGE FAIR VALUE $
Performance Rights		
Outstanding at the beginning of the year	-	-
Issued during the year	5,861,105	0.21
Vested during the year	-	-
Lapsed during the year	(1,953,700)	0.21
Outstanding at the end of the year	3,907,405	0.21
Share Appreciation Rights		
Outstanding at the beginning of the year	-	-
Issued during the year	10,550,000	0.10
Vested during the year	-	-
Lapsed during the year	-	-
Outstanding at the end of the year	10,550,000	0.10

The Performance Rights, which have non-market based hurdle conditions, have been valued using the Black-Scholes-Merton model to estimate the hair value at valuation date.

The Share Appreciation Rights, which have market based hurdle conditions, have been valued using a Monte Carlo simulation based model to test the likelihood of attaining the Total Shareholder Return hurdle. The Monte Carlo model incorporates the impact of this market based condition on the fair value of the rights.

The following table lists the inputs to the models used.

GRANT DATE	PERFORMANCE HURDLE	DIVIDEND YIELD %	EXPECTED STOCK VOLATILITY %	RISK FREE RATE %	EXPECTED LIFE YEARS	WEIGHTED AVERAGE SHARE PRICE AT GRANT DATE $
5/12/2014	TSR and Non-Market	-	65	2.6	2.57	0.21

19 SHARE-BASED PAYMENTS (continued)

Other employees

All employees have the opportunity to earn an annual short-term incentive if pre-defined performance targets are achieved. The Remuneration Committee is responsible for approving the pre-defined targets, assessing whether the targets have been met and determining the quantum of any incentive to be awarded. The Remuneration Committee has the discretion to adjust incentives downwards in light of unexpected or unintended circumstances. Incentives may be settled by the issue of ordinary shares in Alkane Resources Ltd or by payment of cash.

Employees are classified into segments reflecting the different business units and the employee's seniority. The pre-defined performance hurdles are based on those established for the Managing Director with weighting between specific performance hurdles adjusted to provide a greater weighting on targets that the employee’s segment can influence. In some segments there may also be weighting applied to personal performance which will be determined solely at the discretion of the Company.

In the prior period an incentive provision amounting to $443,000 was raised for employees (excluding Key Management Personnel) in relation to performance during the financial year ended 30 June 2014. This incentive was awarded through the issue of ordinary shares in Alkane Resources Ltd.

Expenses arising from share based payments transactions

	YEAR ENDED	
	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Employee share scheme	**(111)**	443
Share rights	**383**	-
	272	443

20 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Parent Entity, its related practices and non-related audit firms:

PricewaterhouseCoopers

(i) Audit and other assurance services

	YEAR ENDED	
	30 JUNE 2015 $	30 JUNE 2014 $
Audit of annual financial statements	**98,900**	88,000
Review of half year financial statements	**34,900**	30,000
Other assurance services	**17,920**	92,000
Total remuneration for audit and other assurance services	**151,720**	210,000

(ii) Other services

Remuneration advice (including remuneration recommendations)	**-**	55,478
Total remuneration of PricewaterhouseCoopers	**151,720**	265,478

21 EARNINGS PER SHARE

(a) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	YEAR ENDED	
	2015 NUMBER	2014 NUMBER
Weighted average number of ordinary shares used in denominator in calculating basic loss per share	**413,539,195**	372,713,962
Weighted average number of ordinary shares used as the denominator in calculating diluted loss per share	**416,215,672**	372,713,962

22 ASSETS PLEDGED AS SECURITY

As at the date of this report $7,586,000 (2014: $6,736,000) in deposits are held by financial institutions as security for rehabilitation obligations as required under the respective exploration and mining leases and associated infrastructure. This balance also includes a hedging facility which is secured by a $2,000,000 cash backed guarantee (2014: nil) (refer to note 6(d)) which is held by a subsidiary in the Group, Tomingley Gold Operations Pty Ltd.

23 PARENT ENTITY FINANCIAL INFORMATION

(a) SUMMARY FINANCIAL INFORMATION

The individual financial statements for the Parent Entity show the following aggregate amounts:

	30 JUNE 2015 $'000	30 JUNE 2014 $'000
Balance sheet		
Current assets	**6,963**	15,736
Non-current assets	**164,383**	161,020
Total assets	**171,346**	176,756
Current liabilities	**(1,065)**	(2,347)
Non-current liabilities	**(128)**	(3,463)
Total liabilities	**(1,193)**	(5,810)
Shareholders' equity		
Issued capital	**201,845**	202,243
Reserves	**463**	-
Accumulated losses	**(32,155)**	(31,297)
Total equity	**170,153**	170,946
Statement of Comprehensive Income		
(Loss) / profit for the year after income tax	**(858)**	12,115
Other comprehensive (loss) / income	**(463)**	-
Total comprehensive (loss) / income	**(1,321)**	12,115

There were no guarantees, commitments or contingent liabilities relating to the Parent during the period or at balance date (2014: nil).

24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of all significant accounting policies adopted in the preparation of the consolidated financial statements that have not been disclosed previously. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Alkane Resources Ltd and its subsidiaries. Comparatives presented are for the 12 month period to 30 June 2014.

(a) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Alkane Resources Ltd is considered a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are measured at fair value.

24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) PRINCIPLES OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(c) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Alkane Resources Ltd's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

(d) EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(e) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(g) PARENT ENTITY FINANCIAL INFORMATION

The financial information for the Parent Entity, Alkane Resources Ltd, disclosed in note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the entity Alkane Resources Ltd.

(ii) Tax consolidation legislation

Alkane Resources Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Alkane Resources Ltd, and the controlled entities in the Tax Consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the Tax Consolidated Group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Alkane Resources Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the Tax Consolidated Group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Alkane Resources Ltd for any current tax payable assumed and are compensated by Alkane Resources Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Alkane Resources Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities financial statements.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

(h) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

TITLE OF STANDARD	NATURE OF CHANGE	IMPACT	MANDATORY APPLICATION DATE/ DATE OF ADOPTION BY GROUP
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting.In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	Following the changes approved by the AASB in December 2014, the Group no longer expects any impact from the new classification, measurement and derecognition rules on the Group's financial assets and financial liabilities. There will also be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The new hedging rules align hedge accounting more closely with the group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

TITLE OF STANDARD	NATURE OF CHANGE	IMPACT	MANDATORY APPLICATION DATE/ DATE OF ADOPTION BY GROUP
AASB 15 Revenue from Contracts with Customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2018), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.	At this stage, the group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Group: 1 July 2018.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 50 to 84 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date, and

(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.

Note 24(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors' have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.

D I Chalmers

Director

Perth

25 August 2015

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Independent auditor's report to the members of Alkane Resources Limited

Report on the financial report

We have audited the accompanying financial report of Alkane Resources Limited (the company), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Alkane Resources Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 24, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

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pwc

Independent auditor's report to the members of Alkane Resources Limited (cont'd)

Auditor's opinion
In our opinion:

(a) the financial report of Alkane Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 24.

Report on the Remuneration Report

We have audited the remuneration report included in pages 8 to 18 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion
In our opinion, the remuneration report of Alkane Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Craig Heatley
Partner

Perth
25 August 2015

SHARE HOLDING AT 18 SEPTEMBER 2015 - ALK

(a) DISTRIBUTION OF SHAREHOLDERS

SHARE HOLDING	NUMBER OF HOLDERS OF FULLY PAID ORDINARY SHARES
1 - 1,000	771
1,001 - 5,000	2,076
5,001 - 10,000	1,110
10,001 - 100,000	1,902
100,001 - over	302
	6,161

(b) UNMARKETABLE PARCELS

There are 1,215 shareholders who hold less than a marketable parcel.

(c) VOTING RIGHTS

Voting rights are one vote per fully paid ordinary share

(d) NAMES OF THE SUBSTANTIAL HOLDERS AS DISCLOSED IN SUBSTANTIAL HOLDING NOTICES:

SHAREHOLDER	NUMBER OF SHARES
Abbotsleigh Pty Ltd	91,557,875
FIL Limited	41,263,900

TOP TWENTY SHAREHOLDERS AT 18 SEPTEMBER 2015

SHAREHOLDER	NUMBER OF SHARES	% ISSUED CAPITAL
Abbotsleigh Pty Ltd	85,557,875	20.66
JP Morgan Nominees Australia Limited	80,345,076	19.40
Citicorp Nominees Pty Limited	20,860,964	5.04
National Nominees Limited	14,748,874	3.56
National Nominees Limited <DB A/C>	12,532,437	3.03
HSBC Custody Nominees (Australia) Limited	12,289,696	2.97
Choice Investments Dubbo Pty Ltd	5,603,912	1.35
Sandhurst Trustees Ltd <DMP Asset Management A/C>	5,396,251	1.30
Funding Securities Pty Ltd <Colin J Ferguson S/F A/C>	3,875,000	0.94
Leefab Pty Ltd	2,293,713	0.55
Mr Richard Mitchell Dimond & Mrs Denise Rosslyn Dimond <The Dimond Super Fund A/C>	2,000,000	0.48
Ms Kathryn Swan	1,996,555	0.48
Ms Jillanne Homewood	1,806,104	0.44
S Maas Holdings Pty Ltd <Shawn Maas Family A/C>	1,640,189	0.40
Berne No 132 Nominees Pty Ltd <152417 A/C>	1,540,000	0.37
Mr David Hanbury Edmonds <David Edmonds S/F A/C>	1,492,338	0.36
BNP Paribas Nominees Pty Ltd <Commerzbank AG DRP>	1,423,065	0.34
BNP Paribas Noms Pty Ltd <DRP>	1,375,457	0.33
Ms Boon Hong Ng	1,333,689	0.32
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	1,306,680	0.32
	259,417,875	62.64

RESTRICTED SECURITIES

As at the date of this report, there were no securities subject to restriction under the Listing Rules of ASX Limited.

ON MARKET BUY-BACK

As at the date of this report, there was no current on market buy-back

AT 18 SEPTEMBER 2015

TENEMENT NUMBER	PROJECT NAME / LOCALITY	ALKANE INTEREST %	OTHER INTERESTS
GL 5884 (Act 1904)	Peak Hill, NSW	100	Alkane group 100%
ML 6036	Peak Hill, NSW	100	
ML 6042	Peak Hill, NSW	100	
ML 6277	Peak Hill, NSW	100	
ML 6310	Peak Hill, NSW	100	
ML 6389	Peak Hill, NSW	100	
ML 6406	Peak Hill, NSW	100	
ML 1351	Peak Hill, NSW	100	
ML 1364	Peak Hill, NSW	100	
ML 1479	Peak Hill, NSW	100	
EL 6319	Peak Hill, NSW	100	
EL 5548	Dubbo, NSW	100	Alkane group 100%
EL 8193	Dubbo NSW	100	
MLA 486	Dubbo, NSW	100	
EL 7631	Geurie, NSW	100	
EL 6320	Wellington, NSW	100	Alkane group 100%
EL 5675	Tomingley, NSW	100	Alkane group 100%
EL 5830	Tomingley, NSW	100	
EL 5942	Tomingley, NSW	100	
EL 6085	Tomingley, NSW	100	
ML 1684	Tomingley, NSW	100	
EL 7020	Cudal, NSW	100	Alkane group 100%
EL 8340	Cudal, NSW	100	
EL 4022	Bodangora, NSW	100	Alkane group 100%
EL 6209	Kaiser/Bodangora, NSW	0	Alkane group has right to acquire 100% from Ajax Joinery Pty Ltd
EL 8261	Finns Crossing near Bodangora, NSW	100	Alkane group 100%
EL 8170	Rockley, NSW	100	Alkane group 100%
EL 8194	Rockley, NSW	100	
EL 6082	Elsienora near Crooked Corner, NSW	0	Alkane group has right to earn 80% from Balamara Resources Limited
EL 6767	Elsienora near Crooked Corner, NSW	0	
E 46/522-I	Nullagine, WA	0	Alkane group retains 60% interest in diamond potential
E 46/523-I	Nullagine, WA	0	
E 46/524	Nullagine, WA	0	
M 36/303	Miranda Well, WA	19.4	Alkane group 19.4% diluting Australian Nickel Investments Pty Ltd 80.6%
M 36/329	McDonough, WA	19.4	
M 36/330	McDonough, WA	19.4	

CORPORATE GOVERNANCE STATEMENT

The Company's annual Corporate Governance Statement has been published and released to ASX separately.

It is available on the Company's website at **http://www.alkane.com.au/index.php/corporate/corporate-governance**

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