

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

ALKANE RESOURCES LTD

ABN

35 000 689 216

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	16,273	16,273
1.2 Payments for		
(a) exploration & evaluation	(1,946)	(1,946)
(b) development	(8,980)	(8,980)
(c) production	(12,195)	(12,195)
(d) staff costs (administration and corporate)	(728)	(728)
(e) administration and corporate costs	(1,006)	(1,006)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	97	97
1.5 Interest and other costs of finance paid	(103)	(103)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (includes minerals royalties)	(848)	(848)
1.9 Net cash from / (used in) operating activities	(9,436)	(9,436)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(584)	(584)
(b) tenements (see item 10)	(75)	(75)
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	13	13
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(646)	(646)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	4,141	4,141
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(668)	(668)
3.5	Proceeds from borrowings	7,000	7,000
3.6	Repayment of borrowings	(2,022)	(2,022)
3.7	Transaction costs related to loans and borrowings	(280)	(280)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	8,171	8,171

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	24,455	24,455
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(9,436)	(9,426)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(646)	(646)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,171	8,171
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	22,544	22,544

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	6,495	3,303
5.2 Call deposits	5,000	21,110
5.3 Bank overdrafts	-	-
5.4 Other (31 day notice deposit)	11,049	42
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	22,544	24,455

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
\$177
-

Payments to directors and/or companies associated with directors for:

- Directors fees/corporate consulting fees	\$ 78
- Executive director salary and superannuation	\$ 99

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
\$63
-

Payments to related entities of the entity and their associates

- Administration/accounting and company secretarial fees	\$ 58
- IT consulting fees and services	\$ 5

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	12,016	5,016
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facility details

- Lender – Macquarie Bank Limited
- Project Loan Facility of \$5.0M fully drawn at balance date, interest rate 6.22%.
- Performance bond facility of \$7.0M was not drawn at balance date.
- Both facilities are secured over all of the assets of subsidiary Tomingley Gold Operations and supported by a guarantee provided by Alkane Resources Ltd.

Total loan facilities also includes hire purchase facilities totally \$16,000.


9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	3,900
9.2 Development	6,700
9.3 Production	15,400
9.4 Staff costs (administration and corporate)	700
9.5 Administration and corporate costs	900
9.6 Other (mineral royalties, property plant and equipment, repayment of borrowings)	3,700
9.7 Total estimated cash outflows	31,300

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Elsienora, NSW			
	EL 6082	Equity	0%	100%
	EL 6767	Equity	0%	100%
	EL 8442	Right to earn 60-80%	0%	0%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


(Director/Company secretary)

Date: 27/10/2016

Print name: Karen E V Brown

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

ITEM 6.1 & 6.2 Schedule of mining tenements –as at 30 September 2016

Project/Location	Tenement	Interest	Nature of interest
Peak Hill, NSW	GL 5884 (Act 1904)	100%	Equity
	ML 6036	100%	Equity
	ML 6042	100%	Equity
	ML 6277	100%	Equity
	ML 6310	100%	Equity
	ML 6389	100%	Equity
	ML 6406	100%	Equity
	ML 1351	100%	Equity
	ML 1364	100%	Equity
	ML 1479	100%	Equity
Dubbo, NSW	EL 6319	100%	Equity
	EL 5548	100%	Equity through subsidiary
	EL 7631	100%	Equity through subsidiary
Wellington, NSW	ML 1724	100%	Equity through subsidiary
	EL 6320	100%	Equity
Tomingley, NSW	EL 5675	100%	Equity
	EL 5830	100%	Equity
	EL 5942	100%	Equity
	EL 6085	100%	Equity
	ML 1684	100%	Equity through subsidiary
Cudal, NSW	EL 7020	100%	Equity
	EL 8340	100%	Equity
Bodangora, NSW	EL 4022	100%	Equity
	EL 6209	100%	Equity (subject to royalty of 2% net smelter return)
Finns Crossing, NSW	EL 8261	100%	Equity
Rockley, NSW	EL 8170	100%	Equity
	EL 8194	100%	Equity
	ELA 5363	100%	Application
Elsienora, NSW	EL 6082	100%	Equity
	EL 6767	100%	Equity
Orange East, NSW	EL 8442	0%	Right to earn 60% to 80%
Nullagine, WA	EL 46/522-I	0%	60% retained interest in diamond potential
	EL 46/523-I	0%	60% retained interest in diamond potential
	EL 46/524	0%	60% retained interest in diamond potential
Miranda Well, WA	M 36/303	19.4%	Equity - ANI holds 80.6%
McDonough Lookout, WA	M 36/329 & 330	19.4%	Equity - ANI holds 80.6%

ANI Australian Nickel Investments Pty Limited