

**ALKANE**  
RESOURCES LTD

ANNUAL  
REPORT 2011

ABN 35 000 689 216

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## COMPANY INFORMATION

### ACN

000 689 216

### ABN

35 000 689 216

### DIRECTORS

J S F Dunlop

D I Chalmers

I J Gandel

A D Lethlean

### SECRETARIES

L A Colless

K E Brown

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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BURSWOOD WA 6100

Tel: 61 8 9227 5677 Fax: 61 8 9227 8178

### SHARE REGISTRY

Advanced Share Registry Limited

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NEDLANDS WA 6009

Tel: 61 8 9389 8033 Fax: 61 8 9389 7871

### AUDITORS

Rothsay

Chartered Accountants

Level 18, Central Park Building

152-158 St Georges Terrace

PERTH WA 6000

### SECURITIES EXCHANGE LISTINGS

Australian Securities Exchange (Perth)

Ordinary fully paid shares

Code: ALK

OTCQX International

American Depositary Receipts (ADR)

Code: ANLKY

Level 1 ADR Sponsor

The Bank of New York Mellon

Depositary Receipts Division

101 Barclay Street, 22W

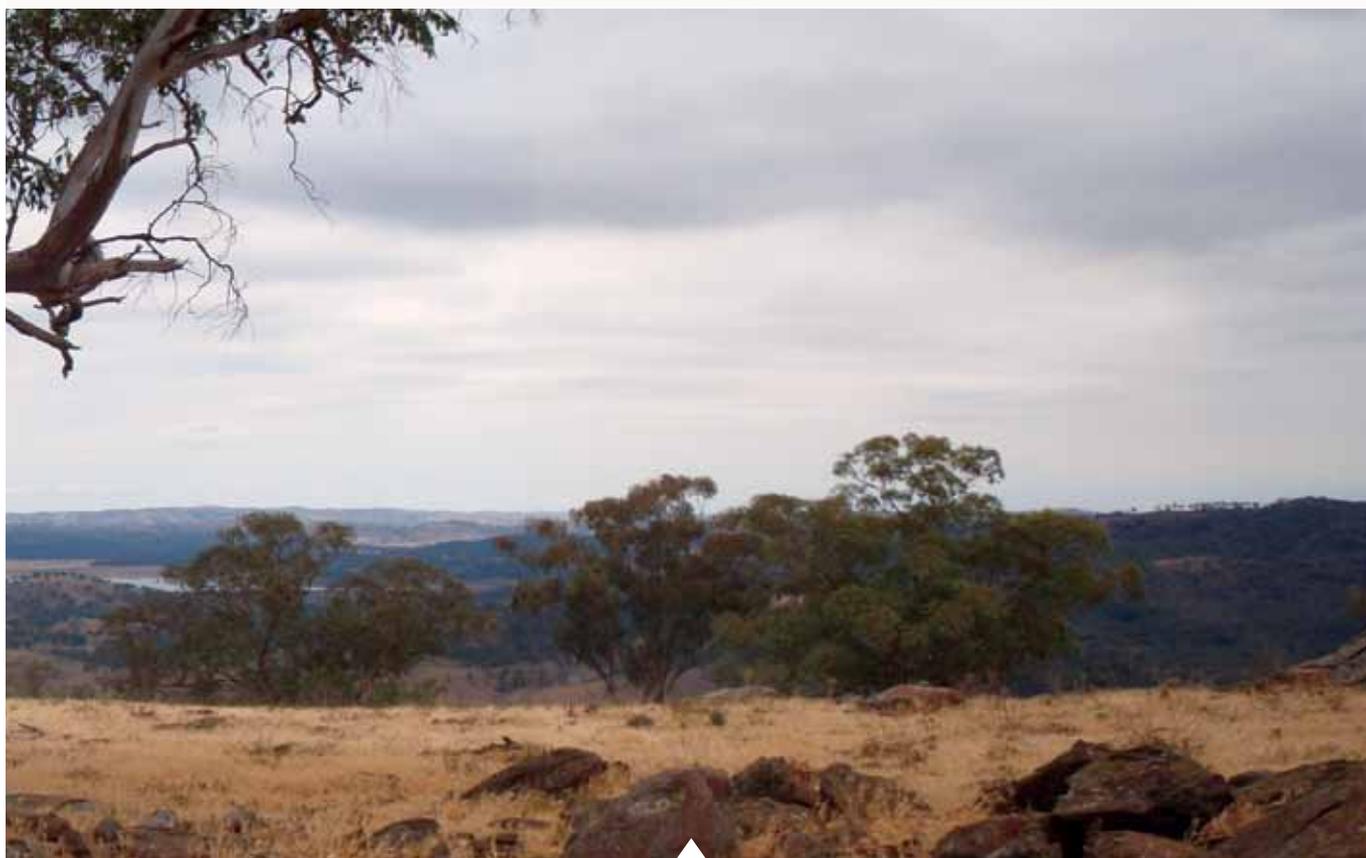
New York NY 10286

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### INTERNET

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## CHAIRMAN'S REPORT



Alkane Resources had a very positive year in 2011, with its successes not always reflected in the share price which after peaking at \$2.73 in April, slipped back to \$0.905 at the end of December. Since year end the share price has recovered to \$1.40 at the time of writing this report.

A number of significant milestones towards becoming a multi-commodity miner of zirconium, niobium, rare earths, gold and copper were reached during 2011 and into 2012, including:

- completion of the definitive feasibility study for the base case 400,000 tpa model for the Dubbo Zirconia Project (DZP) with preliminary assessment of an expanded 1 million tpa model;
- entering into three memoranda of understanding covering 100% of expected output of zirconium products from the 1 million tpa development scenario for the DZP;
- entering into a memorandum of understanding for all of the niobium output from the 1 million tpa model for the DZP;
- upgrading of the ore reserve at DZP;
- entering into a mandate for arranging a project loan facility and gold hedging facility for the construction, start up and operations of the Tomingley Gold Project (TGP);
- completion of the Environmental Assessment for the TGP which was assessed for adequacy and placed on public exhibition;
- initiation of early works programs to minimise delays in long lead time items and accelerate the construction the TGP once development approvals are in place;
- identification of the potential for hosting of significant porphyry style gold-copper mineralisation at the Glen Hollow prospect at Comobella within the Bodangora project;

Early in 2011, Alkane completed a \$21 million placement to institutional and sophisticated investors, issuing 20 million shares at \$1.05 a share. The funds raised from this placement were applied to completion of the DFS for the Dubbo Zirconia Project, to meet the preliminary development costs of the Tomingley Gold Project and to fund the ongoing evaluation of gold and copper exploration projects.

Early in 2012, the Company commenced a three stage capital raising to raise \$107m at \$1.10 per share. The first stage, an unconditional placement of 40.3 million shares to institutional and sophisticated investors, was successfully completed in March. The second stage, a one for 10 pro rata entitlement offer to eligible shareholders, closed on 29 March with 83% take up from shareholders. The balance of the shares offered fall to the underwriter. The third stage, a further placement of 30 million shares to institutional and sophisticated investors, is conditional on shareholder approval being obtained at a general meeting scheduled for 16 April 2012.

The funds raised will be used for the construction and commissioning of the Tomingley Gold Project; preparation of an Environmental Impact Statement and continuing development of the Dubbo Zirconia Project; working capital for general purposes; and the costs of the capital raising.

The Company is well placed to accelerate development of the TGP once approvals are in place and is progressing the DZP with a view to lodging the EIS by October 2012.

I would like to thank shareholders for their support during the year, and for the recent capital raising, my fellow directors, our administration and exploration teams and the many consultants for their continued efforts and look forward to a most rewarding year as Alkane progresses towards producer status again and following that up immediately with the rapid development of the Dubbo Zirconia Project.

John S F Dunlop  
Chairman  
5 April 2012

# REVIEW OF OPERATIONS

## DUBBO ZIRCONIA PROJECT

ZIRCONIUM-HAFNIUM, NIOBIUM-TANTALUM, YTTRIUM-RARE EARTHS – NSW

*Australian Zirconia Ltd (AZL) 100%*

The Dubbo Zirconia Project (DZP) is located 30 kilometres south of the large regional centre of Dubbo in the Central West Region of New South Wales. The DZP is based upon one of the world's largest known in-ground resources of the metals zirconium, hafnium, niobium, tantalum, yttrium, and rare earth elements. Over several years the Company has developed a flow sheet consisting of sulphuric acid leach followed by solvent extraction recovery and refining to produce several products.

The deposit hosting the mineralisation is a sub-volcanic trachyte vertical intrusive body approximately 900 metres by 600 metres, which was drilled out in 2000 – 2001 to 55 metre depth to generate a Measured Resource and to 100 metres for an additional Inferred Resource.

Identified Mineral Resources at 31 December 2011 remain at:

Toongi Deposit	Tonnage (Mt)	ZrO <sub>2</sub> (%)	HfO <sub>2</sub> (%)	Nb <sub>2</sub> O <sub>5</sub> (%)	Ta <sub>2</sub> O <sub>5</sub> (%)	Y <sub>2</sub> O <sub>3</sub> (%)	REO (%)	U <sub>3</sub> O <sub>8</sub> (%)
Measured	35.7	1.96	0.04	0.46	0.03	0.14	0.75	0.014
Inferred	37.5	1.96	0.04	0.46	0.03	0.14	0.75	0.014
<b>TOTAL</b>	<b>73.2</b>	<b>1.96</b>	<b>0.04</b>	<b>0.46</b>	<b>0.03</b>	<b>0.14</b>	<b>0.75</b>	<b>0.014</b>

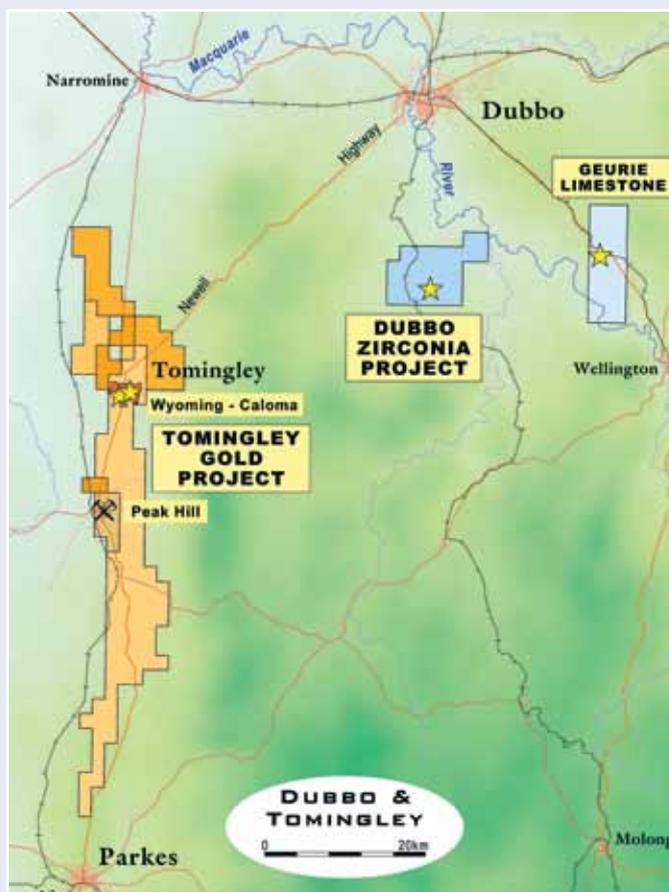
*These Mineral Resources are based upon information compiled by Mr Terry Ransted MAusIMM (Chief Geologist, Alkane Resources Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology were given in the 2004 Annual Report.*

### Definitive Feasibility Study (DFS)

TZ Minerals International Pty Ltd (TZMI) in Perth has been the program and feasibility study manager since inception of the project in 1998.

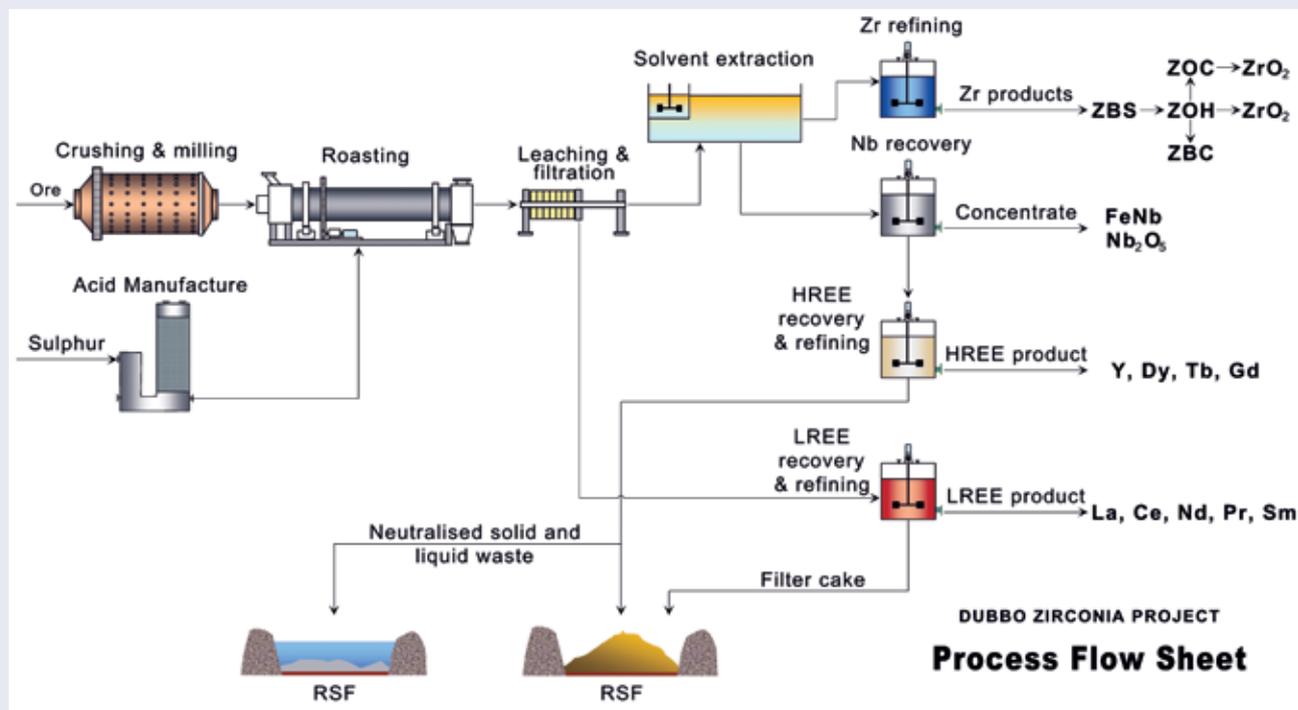
The Demonstration Pilot Plant (DPP) has been operating at the laboratory facilities of ANSTO Minerals at Lucas Heights south of Sydney since May 2008 and to date has recovered substantial sample quantities of zirconium products and niobium concentrate. Throughout the year the DPP continued to operate for periods to trial engineering and process innovations, and produced a light rare earth concentrate and an yttrium heavy rare earth concentrate.

In the last few months of 2011 and early 2012, process development work focused on the overall rare earth recoveries and particularly the important heavy rare earths. At time of printing of this report substantial improvements had been achieved at laboratory scale which were about to be trialed on the DPP. These results will be reported separately.



## R E V I E W   O F   O P E R A T I O N S

The current flow sheet is:



The DFS was completed in September 2011 and was developed on the previous study prepared by SNC Lavalin in 2002. The current study had a base case development of 400,000 tonnes per annum of ore throughput for an initial 20 year period. As the study progressed through 2010 and 2011, market developments for all of the project's proposed product output, enabled an expanded concept of 1,000,000 tonnes per year to be considered.

As a result of the operation of the DPP and measurement of mass balances in the flowsheet, estimated overall recovery from ore to finished products is 82% for zirconium, 66% for niobium and an average of 45% for REE. The revised production output estimates are:

DUBBO ZIRCONIA PROJECT Production Outputs		
Product	400,000tpa (Base Case)	1,000,000tpa
ZBS, ZOH, ZOC, ZrO <sub>2</sub>	6,280 tpa ZrO <sub>2</sub>	15,700 tpa ZrO <sub>2</sub>
Nb-Ta concentrate	1,202 tpa Nb <sub>2</sub> O <sub>5</sub>	3,005 tpa Nb <sub>2</sub> O <sub>5</sub>
LREE concentrate	1,215 tpa REOs	3,050 tpa REOs
YHREE concentrate	390 tpa REOs	1,120 tpa REOs

*ZBS = zirconium basic sulphate; ZOH = zirconium hydroxide; ZOC = zirconium oxychloride; ZrO<sub>2</sub> = zirconia; Equivalent ~99% ZrO<sub>2</sub> + HfO<sub>2</sub> basis. Nb-Ta concentrate = ~70% Nb<sub>2</sub>O<sub>5</sub>; 1.0% Ta<sub>2</sub>O<sub>5</sub> calcined basis. LREE = Lanthanum, cerium, neodymium and praseodymium. YHREE = yttrium, gadolinium, dysprosium and terbium.*

While the accuracy of the estimations for the base case development is at accepted standards for a definitive study, the expanded concept employed typical 'scaling' factors for the capital cost. While some operating costs are proportional to production, such as reagent consumption, others are unchanged by the scale (labour numbers for example).

The detailed analysis to take the 1,000,000 tonnes per year to feasibility study standard is in progress. This additional work will not impact on the project timetable as it will proceed in parallel with the Environmental Impact Statement (EIS) and financing programs. The EIS and development approval remain the most difficult schedules to predict, and delays in this process have the capacity to extend the Project's timetable.

All processing facilities, including residue storages, would be located on-site at Toongi, about 30 kilometres south of Dubbo.

The feasibility study results for initial 20 year operations were summarised in an ASX release of 19 September 2011:

## R E V I E W   O F   O P E R A T I O N S

### DUBBO ZIRCONIA PROJECT DFS Financial Summary

Project Capacity	400,000 tonnes pa	1,000,000 tonnes pa
Capex - Plant <sup>1</sup>	\$278M	\$543M
Infrastructure + Owners	\$84M	\$165M
<b>SUB TOTAL</b>	<b>\$362M</b>	<b>\$708M</b>
EPCM	\$36M	\$43M
Contingency	\$72M	\$142M
<b>TOTAL</b>	<b>\$470M</b>	<b>\$893M</b>
Revenue	\$189M	\$505M
Operating Costs	\$97M	\$196M
<b>EBITDA<sup>2</sup></b>	<b>\$92M</b>	<b>\$309M</b>
IRR <sup>3</sup>	16.8%	30.2%
<b>NPV<sup>4</sup></b>	<b>\$181M</b>	<b>\$1,207M</b>

1 - Includes acid plant; 2 - Annual average after ramp up; 3 - 20 year life, pre-tax; 4 - 20 year life after tax

As a result of the DFS, ore reserves reported:

Toongi Deposit	Tonnage (Mt)	ZrO <sub>2</sub> (%)	HfO <sub>2</sub> (%)	Nb <sub>2</sub> O <sub>5</sub> (%)	Ta <sub>2</sub> O <sub>5</sub> (%)	Y <sub>2</sub> O <sub>3</sub> (%)	REO (%)
Proved	8.1	1.92	0.04	0.46	0.03	0.14	0.75
Probable	27.9	1.93	0.04	0.46	0.03	0.14	0.74
<b>TOTAL</b>	<b>35.9</b>	<b>1.93</b>	<b>0.04</b>	<b>0.46</b>	<b>0.03</b>	<b>0.14</b>	<b>0.74</b>

*These Ore Reserves are based upon information compiled by Mr Terry Ransted MAusIMM (Chief Geologist, Alkane Resources Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The reserves were calculated at a 1.5% combined ZrO<sub>2</sub>+Nb<sub>2</sub>O<sub>5</sub>+Y<sub>2</sub>O<sub>3</sub>+REO cut off using costs and revenues defined in the Feasibility Study. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Full details of methodology are documented in the ASX release of 16 November 2011*

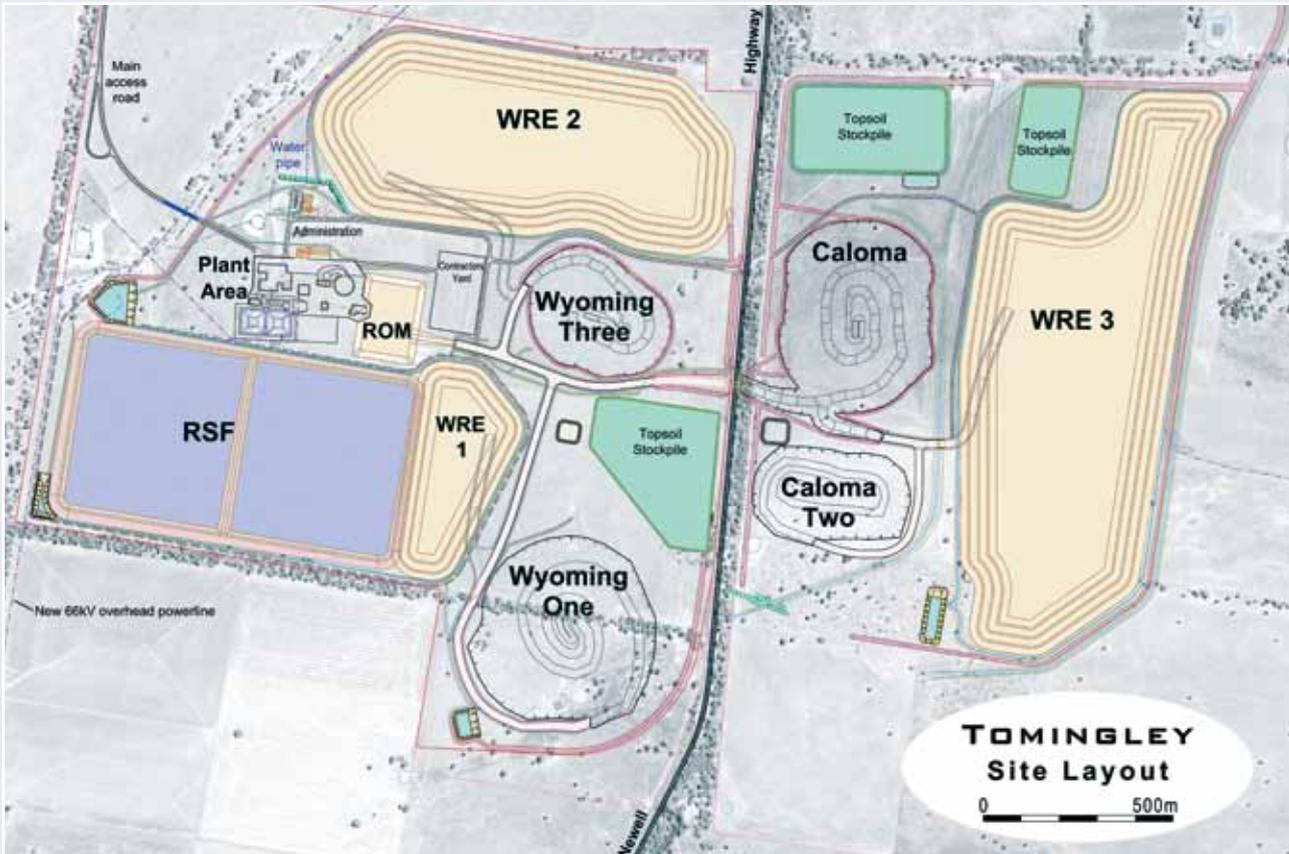
During the year four Memoranda of Understanding (MoU) were signed with overseas and local companies which cover all planned zirconium and niobium product output from the DZP. These MoUs form the framework for agreed off-take arrangements.

It is anticipated that a MoU for the rare earth output will be completed in the second quarter of 2012.



# REVIEW OF OPERATIONS

## TOMINGLEY GOLD PROJECT (TGP)



GOLD – NEW SOUTH WALES

*Alkane Resources Ltd 100% (subject to separate royalty agreements with Compass Resources NL, Golden Cross Operations Pty Ltd and Climax Mining Ltd)*

The TGP is located in the Central West of New South Wales and is based on three gold deposits (Wyoming One, Wyoming Three and Caloma) located 14 kilometres north of the Company's Peak Hill Gold Mine.

### Definitive Feasibility Study (DFS)

The DFS was completed late 2010 under the management of Mintrex Pty Ltd, the consulting division of Perth engineering group, Holtrefers Pty Ltd with input from Alkane personnel and external consultants. The results of the DFS were reported to the ASX on 13 December 2010 and demonstrated that the Project would generate appropriate returns at gold prices above A\$1,500 per ounce from three open pits and an underground mining operation. Gold recovery was from a conventional gravity – carbon-in-leach processing plant at a capital cost of around \$95 million.

Due to delays in receiving project approval from the NSW State government, the capital and operating costs are currently being reassessed.

### Project Financial Advisors

Noahs Rule Pty Ltd was appointed to assist the Company in assessing appropriate financing strategies for the development of the Tomingley Gold Project and in April 2011 Alkane granted a mandate for Credit Suisse to act exclusively as arranger and underwriter in respect of a Project Loan Facility and associated Gold Hedging Facility for use in the construction, start-up and operation of the project development. This financing will indicatively comprise of a Project Loan Facility of up to A\$45 million and a Gold Hedging Facility of up to 163,000 ounces. During the year the Company entered into an initial 90,000 ounce gold forward sale that will underwrite a minimum price of approximately A\$1,600 per ounce for the first two and a half years of production from the Project.

### Mineral Resources and Ore Reserves

During the year RC drilling designed to raise Inferred Resources to higher classification and increase the ore reserves available for the mining model was completed at Caloma within the current planned open pit.

The new drilling data was incorporated into the geological model to enable revised resources and ore reserve estimates. Mr Richard Lewis of Lewis Mineral Resource Consulting Pty Ltd (LMRC), who completed the original resource assessment for the project, has compiled the revised models for the Caloma deposit.

## R E V I E W   O F   O P E R A T I O N S

To standardise the reporting of the Project's resources and present the data in a format suitable for mine planning and ore reserve estimation, LMRC also revised the Wyoming One and Wyoming Three resource estimates using a sub-block modelling technique. The regular block models previously reported contained edge dilution. As additional dilution was being added during the pit design process, both resources and reserves are now based on sub-block models (with added dilution in the case of the reserves). This modelling has also increased the resource grade by about 10%.

Identified Mineral Resources at 31 March 2012 are:

DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		
	Tonnage	Grade	Tonnage	Grade	Tonnage	Grade	Tonnage	Grade	Au
sub-block model	(t)	(g/t)	(t)	(g/t)	(t)	(g/t)	(t)	(g/t)	'000 oz
Wyoming One	2,317,000	2.2	890,000	2.2	3,117,000	1.7	6,324,000	1.9	392.4
Wyoming Three	642,000	2.0	63,000	2.0	103,000	1.3	809,000	1.9	49.9
Caloma	2,691,000	2.3	568,000	2.1	2,195,000	1.9	5,453,000	2.1	369.4
<b>Total</b>	<b>5,650,000</b>	<b>2.2</b>	<b>1,521,000</b>	<b>2.1</b>	<b>5,415,000</b>	<b>1.8</b>	<b>12,586,000</b>	<b>2.0</b>	<b>811.7</b>

*These Mineral Resources are based upon information compiled by Mr Richard Lewis MAusIMM (Lewis Mineral Resource Consulting Pty Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Richard Lewis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology are given in the ASX Report dated 29 March 2012.*

As a result of the resource upgrade, ore reserves are being reassessed.

### Peak Hill Gold Mine

Final rehabilitation involving major works in reshaping, topsoiling and seeding of the heaps to create a long-term stable landform have been completed but the office infrastructure and exploration base will remain in place until development at Tomingley is completed.

The significant but moderately refractory sulphide gold-copper orebody below the oxide mine remains subject to ongoing review and will be re-assessed following successful development at Tomingley. However, proximity to homes and infrastructure in the town of Peak Hill means any mine development would be underground.

Identified Mineral Resources at Peak Hill as at 31 December 2011 remain as:

DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		
	Tonnage	Grade	Tonnage	Grade	Tonnage	Grade	Tonnage	Grade	Au
0.5g/t gold cut off	(t)	(g/t)	(t)	(g/t)	(t)	(g/t)	(t)	(g/t)	'000 oz
Proprietary	-	-	9,440,000	1.35	1,830,000	0.98	11,270,000	1.29	467.4
3.0g/t gold cut off	(t)	(g/t)	(t)	(g/t)	(t)	(g/t)	(t)	(g/t)	'000 oz
Proprietary	-	-	-	-	810,000	0.98	810,000	4.40	114.6

*These Mineral Resources are based upon information compiled by Mr Terry Ransted MAusIMM (Chief Geologist, Alkane Resources Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology were given in the 2004 Annual Report.*

### ORANGE DISTRICT EXPLORATION JOINT VENTURE - ODEJV

GOLD, COPPER – NSW

Alkane Resources Ltd 49%, Newmont Australia Limited 51%

The **Orange District Exploration Joint Venture (ODEJV)** includes Alkane's **Molong** and **Moorilda** tenements located near the city of Orange in the Central West of New South Wales, adjacent to Newcrest Mining Ltd's Cadia Valley Operations.

Newmont Australia Limited (NAL) earned a 51% interest in the ODEJV in August 2009. In March 2010 NAL elected to proceed to 75% by completing a Bankable Feasibility Study (BFS) on the McPhillamys Project but have yet to do so. NAL is a subsidiary of the US based Newmont Mining Corporation (NYSE:NEM).

# R E V I E W   O F   O P E R A T I O N S

## Moorilda - McPhillamys

NAL continued to review development options for the McPhillamys deposit but no further drilling was completed on the deposit.

Identified Mineral Resources at McPhillamys as at 31 December 2011 remain as:

DEPOSIT	INDICATED			INFERRED			TOTAL				
	Tonnage	Grade	Grade	Tonnage	Grade	Grade	Tonnage	Grade	Grade	Au	Cu
McPhillamys 0.3g/t Au cut-off	(t)	(g/t)	% Cu	(t)	(g/t)	% Cu	(t)	(g/t)	% Cu	'000 oz	(t)
Inner Ore Zone	51,650,000	1.10	0.07	23,504,000	1.19	0.07	75,154,000	1.13	0.07	2,723.6	55,091
Outer Ore Envelope	9,624,000	0.44	0.04	7,167,000	0.43	0.03	16,791,000	0.43	0.03	234.7	5,729
<b>Total</b>	<b>61,274,000</b>	<b>0.99</b>	<b>0.07</b>	<b>30,671,000</b>	<b>1.01</b>	<b>0.06</b>	<b>91,945,000</b>	<b>1.00</b>	<b>0.07</b>	<b>2,958.3</b>	<b>60,820</b>

DEPOSIT	INDICATED			INFERRED			TOTAL				
	Tonnage	Grade	Grade	Tonnage	Grade	Grade	Tonnage	Grade	Grade	Au	Cu
McPhillamys 0.5g/t Au cut-off	(t)	(g/t)	% Cu	(t)	(g/t)	% Cu	(t)	(g/t)	% Cu	'000 oz	(t)
Inner Ore Zone	41,260,000	1.27	0.08	16,097,000	1.57	0.09	57,357,000	1.36	0.08	2,499.9	46,933
Outer Ore Envelope	2,169,000	0.69	0.03	1,338,000	0.62	0.03	3,507,000	0.66	0.03	74.6	1,170
<b>Total</b>	<b>43,429,000</b>	<b>1.24</b>	<b>0.08</b>	<b>17,435,000</b>	<b>1.50</b>	<b>0.08</b>	<b>60,864,000</b>	<b>1.32</b>	<b>0.08</b>	<b>2,574.5</b>	<b>48,104</b>

*These Mineral Resources are based upon information compiled by Mr Richard Lewis MAusIMM (Lewis Mineral Resource Consulting Pty Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Richard Lewis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology were given in the ASX Announcement 5 July 2010. Totals may not tally due to rounding.*

## Molong

NAL advised that three diamond core holes were completed to test the Charlies prospect. While extensive alteration was intersected, only minor gold and copper results were returned.

## WELLINGTON

COPPER, GOLD – NSW

Alkane Resources Ltd 100%

The Wellington Project is centred 15 kilometres to the southeast of the town of Wellington. The project hosts several targets, including the Federal gold and Galwadgere copper-gold prospects. The Galwadgere deposit, which has been the focus of most of the recent exploration effort, is located adjacent to favourable infrastructure, being three kilometres from the main Western Railway, near to power and water.

The Company carried out a drilling program in 2004-5 which enabled an initial shallow resource to be calculated at Galwadgere.

Identified Mineral Resources at 31 December 2011:

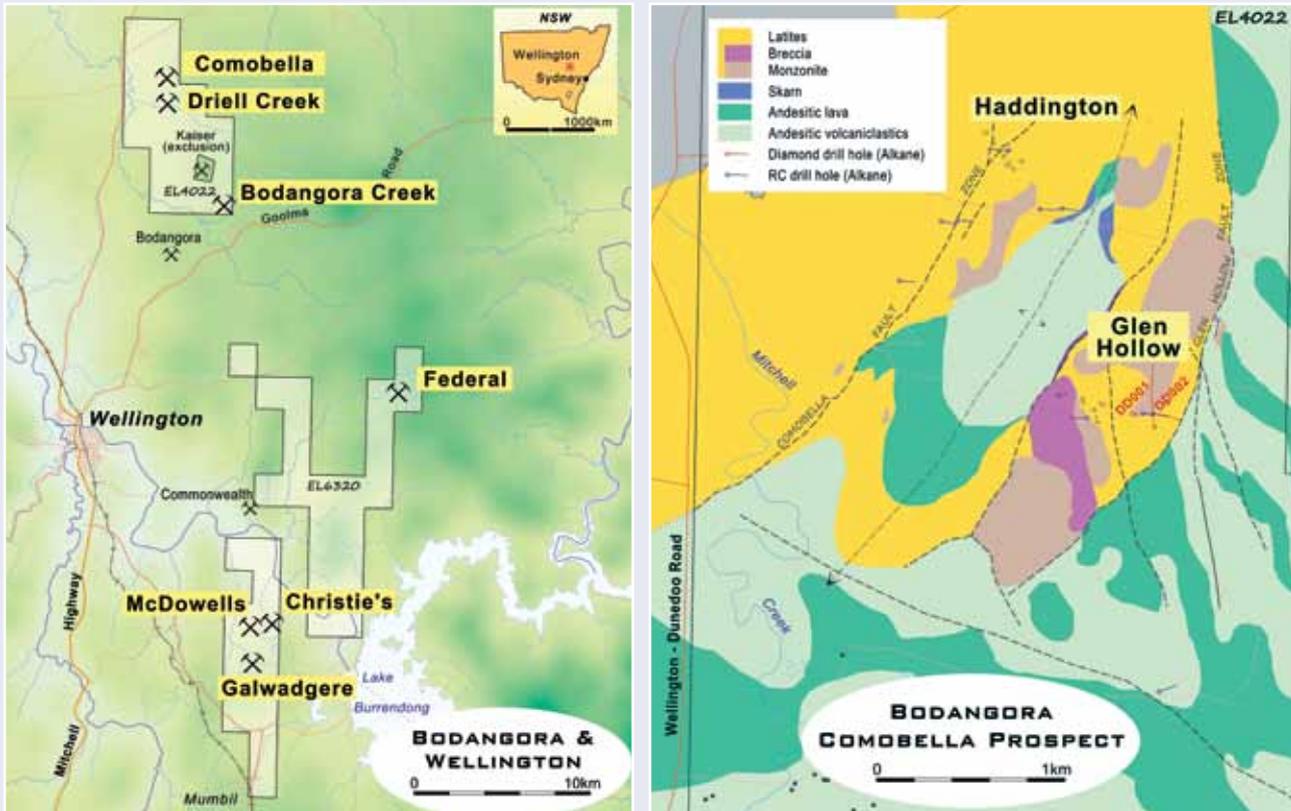
DEPOSIT	MEASURED			INDICATED		
	Tonnage	Grade	Grade	Tonnage	Grade	Grade
0.5% Cu cut off	(t)	(% Cu)	(g/t)	(t)	(% Cu)	(g/t)
Galwadgere	-	-	-	2,090,000	0.99	0.3

*These Mineral Resources are based upon information compiled by Mr Terry Ransted MAusIMM (Chief Geologist, Alkane Resources Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology were given in the 2005 Annual Report.*

During 2011 a diamond core drill hole tested the down dip – down plunge extensions to the mineralisation, and further follow up core drilling has been scheduled.

# REVIEW OF OPERATIONS

## BODANGORA



COPPER, GOLD – NSW

*Alkane Resources Ltd 100%*

The Bodangora Project is located 15 kilometres north-east of Wellington in the Central West Region of New South Wales, and about 25 kilometres north of Alkane's Wellington project. The tenement includes part of the northern end of the Ordovician aged Molong Volcanic Belt (MVB) before it is covered by younger sediments of the Great Australian Basin.

Previous exploration had identified a number of geochemical anomalies associated with monzonitic intrusives which were interpreted to be similar to the well documented porphyry gold-copper systems at Cadia-Ridgeway and Northparkes in the region. Several targets which include skarn mineralisation and extensive zones of alteration at Comobella were identified.

Early 2011 an 11 hole reconnaissance RC drilling program tested geophysical, geochemical and geological targets at the Bodangora Creek, Driell Creek, Glen Hollow, Glen Hollow North, Comobella and Haddington Prospect areas. The latter four targets are within the area defined as the very prospective Comobella Intrusive Complex (CIC) which is currently interpreted to cover an area of approximately 4km by 3km.

Several areas of extensive alteration with weak copper-gold values were intersected however the most significant drilling results were returned from the Glen Hollow Prospect with 45 metres @ 0.9g/t gold, 0.24% copper from 50 metres including a zone of 21 metres @ 1.5g/t gold, 0.41% copper from 84m (COMRC009). The hole was halted in the mineralisation due to bit failure, and comprises disseminated chalcopyrite + bornite blebs hosted within altered quartz monzonite and andesitic breccias which has been interpreted to represent the inner potassic zone of a fertile porphyry system.

Follow up diamond core drilling confirmed the extensive altered monzonitic intrusive rocks with intersections of 7.8 metres grading 1.04% copper and 0.23g/t gold from 368.2metres including 0.6m grading 10.5% copper, 2.45g/t gold and 40.2g/t silver from 370.2 metres (COMDD002)

Further drilling will be programmed to test this very prospective discovery.

# REVIEW OF OPERATIONS

## EXPLORATION

The Company has several other exploration projects in Central West of New South Wales, as well as a residual 23% reducing interest in a nickel sulphide joint venture with Xstrata Nickel at Leinster in Western Australia. Xstrata advised that electromagnetic surveys completed at the McDonough Lookout and Miranda properties identified several conductors which warrant drilling. A drilling program is being scheduled.

*Unless otherwise stated this report 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 Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ian Chalmers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

### 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 countries' 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.*

## ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY REVIEW

Alkane is committed in all its activities to compliance with all laws and regulations in relation to environment and occupational health and safety. The Company strives continually to improve its standards in parallel with industry leading practice for both the Peak Hill Gold Mine decommissioning and closure, and for ongoing exploration and mine development.

A reputation for integrity and responsible behaviour motivates Alkane's employees and builds trust within the communities in which we operate.

### Risk Policy & Framework Review

Alkane undertook a review of its risk policy and framework during 2007 when Deloitte (Perth) facilitated a risk assessment workshop for Alkane Directors and staff. An Operational Risk Management Sponsor has been appointed with the responsibility of keeping the policy and framework updated subject to formal approval of policy amendments by the Board. The Company is committed to actively managing risks to its operations.

Alkane brought an experienced Commercial Manager into the team during 2011 and a new round of risk reviews is underway as the Company approaches construction of the gold mine at Tomingley in 2012.

### Occupational Health and Safety

A full time site manager maintains the Peak Hill Gold Mine during decommissioning. The facilities at the mine site provide support for exploration activities on the Tomingley Gold Project 15 kilometres to the north of Peak Hill.

Alkane also maintains exploration offices in Dubbo and Orange to service the Group's tenements in the Central West of New South Wales.

Newmont Exploration Pty Ltd took over management of the Orange District Exploration Joint Venture in January 2009 and consequently Alkane's exploration staff have shifted much of their attention to the Tomingley Gold Project, Cudal and Wellington district tenements.

Over the past twelve months, Alkane engaged numerous specialist consultants to work on the Tomingley Gold Project Environmental Assessment and the Dubbo Zirconia Project Environmental Impact Assessment.

There were no Lost Time Injuries (LTIs) in any of Alkane's activities during 2011.

There was one incident on EL6085 during August 2011 which was notified to the NSW Department of Trade and Investment, Regional Infrastructure and Services – Division of Resources and Energy. This incident involved a drilling contractor and did not result in any injuries.



# REVIEW OF OPERATIONS

## OH&S Results 2009-2011

	2009			2010			2011		
	Man Hrs	LTIs	Minor Injuries	Man Hrs	LTIs	Minor Injuries	Man Hrs	LTIs	Minor Injuries
Alkane	15,168	0	0	14,649	0	0	14,427	0	0
Contractors	9,603	3	0	6,389	0	0	5,805	0	0
Visitors	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>24,771</b>	<b>3</b>	<b>0</b>	<b>21,038</b>	<b>0</b>	<b>0</b>	<b>20,232</b>	<b>0</b>	<b>0</b>

## Environment and Community 2011

There are currently 19 Approvals and Licences in place for the mining and processing operation, access to water and for pipeline routes. There were no breaches of environmental requirements either at the mine site or on the group's exploration tenements in 2011.

During 2011, the Company was in compliance with all consent conditions and approvals. An Annual Environmental Management Report meeting was last held on site at Peak Hill on 14th April 2010 with a representative from Industry & Investment NSW. All of the Peak Hill Gold Mine leases were considered substantially rehabilitated and no further joint agency meetings will be required unless a special request is made. The rehabilitated final landforms across the mine site are becoming increasingly species rich. Several bird and mammal species, absent prior to mining (1996-2002), have re-established on the mining leases.

Operation of the Open Cut Experience (tourist mine) was transferred to Parkes Shire Council in 2007. This tourism asset continues to generate economic activity in the local area, post mine-closure.

In 2010, Alkane signed a Community Engagement Protocol with six Peak Hill Wiradjuri organisations. This document captures community aspirations to share in the benefits from development of the Tomingley Gold Project. Alkane is committed to sustainable community development.

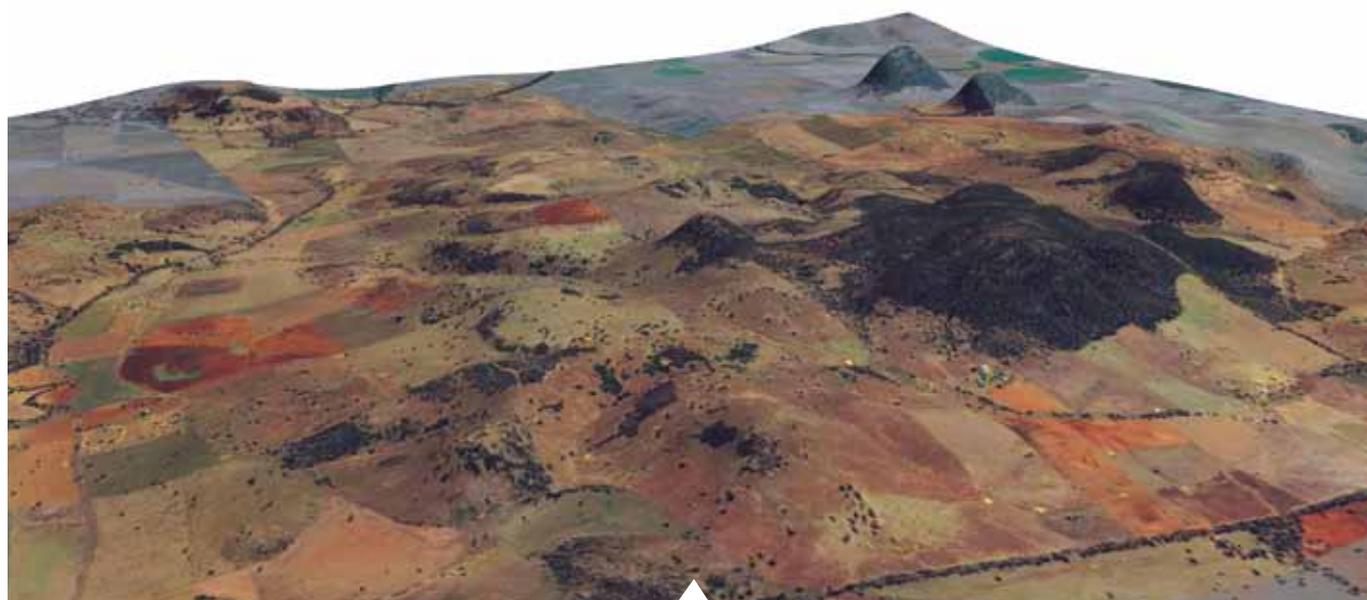
The Peak Hill Gold Mine, essentially on care and maintenance, is still a minor contributor to the local economy and community. In 2011, the Peak Hill Wiradjuri Working Group and Peak Hill Business and Tourism Association worked on projects with Alkane's in-kind support that will see further development of the tourist potential of the Open Cut Experience.

In Narromine Shire, Alkane supported the Harvest Moon Festival, Mens Shed, Narromine Cancer Support Group, Narromine Agricultural Show Society and the Tomingley Picnic Race Club.

In Parkes Shire, Alkane supported the P A & H Association, Peak Hill FM (community radio) and Peak Hill Swimming Club.

In the Dubbo LGA, Alkane supported Reclaim the Night, a corroboree at Terramungamine, Western Plains Science & Engineering Challenge, Toongi Open Garden Scheme for the Garvan Institute and the Australian Rural Leadership Foundation (Course 18).

There were no complaints received by the Company in 2011.



# DIRECTORS' REPORT

The directors present their report on the consolidated entity consisting of Alkane Resources Ltd (ACN 000 689 216) and the entities it controlled at the end of, or during, the year ended 31 December 2011.

## DIRECTORS

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

J S F Dunlop (Chairman)  
D I Chalmers  
I J Gandel  
A D Lethlean

## PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year were mining and exploration for gold, and other minerals and metals. There has been no significant change in the nature of these activities during the financial year.

## RESULTS

The net amount of consolidated profit of the Group for the financial year after income tax was \$2,786,970 (2010 profit \$7,789,079).

## DIVIDENDS

No dividends have been paid by the Company during the financial year ended 31 December 2011, nor have the directors recommended that any dividends be paid.

## REVIEW OF OPERATIONS

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

### Tomingley Gold Project

A Definitive Feasibility Study for the development of the Tomingley gold deposits was completed in December 2010. The final Environmental Assessment was lodged with the NSW Department of Planning and Infrastructure for "review for adequacy" during the first half of 2011 and was put on public display in November/December 2011. Responses to submissions have been lodged and completion of the development approval process is anticipated in the first half of 2012.

In an effort to accelerate the construction timetable, a number of programs were initiated to minimise any potential delays in the acquisition of long lead time items. These include:

- exercise of an option to acquire a 1,000ML Water Access Licence;
- placement of an order for the ball mill;
- letting of a contract for the water pipeline;
- drilling and casing of the production water bore which is being prepared for installation of the pump and associated electrical services
- preparation of an order for the power transformers; and
- issue of tender documents for the site civil works.

A financial adviser has been appointed to assist the Company in assessing appropriate financing strategies for the development of the Tomingley Gold Project and, in April 2011, Alkane granted a mandate for Credit Suisse to act exclusively as arranger and underwriter in respect of a Project Loan Facility and associated Gold Hedging Facility for use in the construction, start-up and operation of the project development. This financing will indicatively comprise of a Project Loan Facility of up to A\$45 million and a Gold Hedging Facility of up to 163,000 ounces. During the year the Company entered into an initial 90,000 ounce gold forward sale that will underwrite a minimum price of approximately A\$1,600 per ounce for the first two and a half years of production from the Project.

During the year further exploration and evaluation programs were conducted to upgrade the project's resource and reserve inventories and to determine the potential for additional resources within the project site.

### Dubbo Zirconia Project

During the year process development work at the Demonstration Pilot Plant (DPP) continued with particular emphasis on the recovery circuits for yttrium & heavy rare earth (HREE) and light rare earth (LREE) products.

The definitive feasibility study for a 400,000 tonne per annum development was completed in September 2011. The project was shown to be financially robust for an initial 20 year mine life, and a revised financial assessment of the DZP to confirm the model for a one million tonne per annum development has been commissioned and is expected to be completed by in the first half of 2012.

# DIRECTORS' REPORT

## REVIEW OF OPERATIONS (continued)

Discussions with potential customers have resulted in successful negotiations for a number of memoranda of understanding for offtake agreements accounting for 100% of both zirconium and niobium output from the project (61% of anticipated revenues). Negotiations are continuing in relation to the HREE and LREE concentrates.

### Orange District Exploration Joint Venture

Exploration and evaluation continued on the Orange District Exploration Joint Venture, managed by Newmont Australia. Newmont have been reviewing development options for the McPhillamys project and have been drilling campaigns at the Charlies prospect within the Molong project area.

### Other exploration projects

The Company has continued exploration and evaluation activities on its other New South Wales projects. In particular reconnaissance and follow up drilling programs have been conducted at the Glen Hollow target within the Comobella Intrusive Complex at Bodangora.

Project review and target evaluations have continued at Wellington, Cudal, Calula, Diamond Creek and Peak Hill.

### Corporate

Late in 2010 a Sponsored American Depositary Receipt (ADR) program was established providing a broader secondary market for the Company's listed securities. In February 2011, the ADRs were listed on OTCQX International, the premier tier of the OTC market in the USA. This listing provides a visible presence and information platform for the Company's securities in the US market.

In February 2011, the Company raised \$21 million by way of a placement of shares to institutional and sophisticated investors. The funds raised have been applied to completion of the DFS on the Dubbo Zirconia Project and ongoing marketing development; preliminary development costs of the Tomingley Gold Project and further resource evaluations; and continuing evaluation of the Company's other existing gold and copper exploration projects.

Also, as outlined above, in March 2012, a three stage capital raising has been initiated to raise nearly \$107 million for the construction and commissioning of the Tomingley Gold Project; preparation of an Environmental Impact Statement and continuing development of the Dubbo Zirconia Project; working capital for general purposes; and the costs of the capital raising.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The state of affairs of the Company was not affected by any significant changes during the year.

## EVENTS SUBSEQUENT TO BALANCE DATE

In February 2012, wholly owned subsidiary, Australian Zirconia Ltd, received a research and development taxation offset receipt of \$709,000.

On 1 March 2012, the Company announced a three stage capital raising of approximately \$107 million comprising:

- up to \$30 million through a partially underwritten 1 for 10 non-renounceable entitlement offer of fully paid ordinary shares in Alkane at \$1.10 per new share;
- \$44 million from a placement of approximately 40.3 million Alkane shares at \$1.10 per new share to professional and sophisticated investors within Alkane's 15% placement capacity; and
- \$33 million, subject to shareholder approval, from a placement of approximately 30 million Alkane shares at \$1.10 per new share to professional and sophisticated investors.

On 14 March 2012, the first placement was completed with the issue of 40,300,000 ordinary fully paid shares in the Company. On the same date the offer documentation for the non-renounceable entitlement offer was despatched to eligible shareholders along with a notice of general meeting (to be held on 16 April 2012) to seek shareholder approval for the second placement.

Also, subsequent to year end, the Group has negotiated certain Put Options with landowners that may be potentially affected by proposed development plans. Under the terms of these agreements those landowners may elect to require the Group to purchase specific properties at independent valuation.

No other matter or circumstance has arisen since 31 December 2011 that has or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company in the financial year subsequent to the financial year ended 31 December 2011.

# DIRECTORS' REPORT

## LIKELY DEVELOPMENTS

The Company intends to continue exploration on its existing tenements, to acquire further tenements for exploration of all minerals, to seek other areas of investment in the resources industry and to develop the resources on its tenements. During 2011 the Company lodged its Environmental Assessment for the Tomingley Gold Project with the NSW Department of Planning and Infrastructure and, as at the date of this report, approvals for development of the project are anticipated to be granted during 2012 paving the way for the Company to be in production early in 2013.

## ENVIRONMENTAL REGULATION

The consolidated entity is subject to significant environmental regulation in respect of its development, construction and mining activities as set out below.

### Mining

During the year, there were no breaches of the requirements relating to certain environmental restrictions at the Company's mine site at Peak Hill, NSW. Management is working with the NSW and Department of Primary Industries and the Office of Environment and Heritage to ensure compliance with all licence conditions. The Company employs a full time environmental manager.

### Exploration

The Company is subject to environmental controls and licence conditions on all its mineral exploration tenements relating to any exploration activity on those tenements. No breaches of any licence were recorded during the year.

### General

The Group aspires to the highest standards of environmental management and insists its entire staff and contractors maintain that standard.

## PARTICULARS OF DIRECTORS

### John Stuart Ferguson Dunlop (Non-Executive Chairman)

**BE (Min), MEng Sc (Min), FAusIMM (CP), FIMM, MAIME, MCIMM**

Appointed director and Chairman 3 July 2006

Mr Dunlop (61) is a consultant mining engineer with over 40 years surface and underground mining experience both in Australia and overseas. He is a former director of the Australian Institute of Mining and Metallurgy (2001 - 2006) and is currently Chairman of its affiliate, MICA the Mineral Consultants Society.

Mr Dunlop is non-executive chairman of Alliance Resources Ltd (appointed 30 November 1994) and an executive director of Gippsland Ltd (appointed 1 July 2005) and of Copper Strike Ltd (appointed 9 November 2009). During the last three years he was also a non-executive director of Drummond Gold Ltd (1 August 2008 - 15 July 2010).

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, FIMMM, FSEG, MSGA, MGSA, FAICD**

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

Mr Chalmers (63) is a geologist and graduate of the Western Australian 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 through feasibility and development to the production phase.

During the last three years Mr Chalmers was also a non-executive director of AuDAX Resources Ltd (October 1993 to February 2009).

Mr Chalmers is a member of the Nomination Committee.

# D I R E C T O R S ' R E P O R T

## **Ian Jeffrey Gandel (Non-executive Director)**

**LLB, BEc, FCPA, FAICD**

Appointed director 24 July 2006

Mr Gandel (54) is a successful Melbourne 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 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 Queensland. Mr Gandel is also a non-executive director of Alliance Resources Ltd (appointed 15 October 2003), non-executive chairman of Gippsland Limited (appointed 24 June 2009) and non-executive chairman of Octagonal Resources Limited (appointed 10 November 2010).

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

## **Anthony Dean Lethlean (Non-executive Director)**

**BAppSc(geology)**

Appointed director 30 May 2002

Mr Lethlean (48) 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 is currently a director of Helmsec Global Capital Limited (Mr Lethlean is a substantial shareholder in Helmsec Global Capital Limited). Mr Lethlean is a non-executive director of Alliance Resources Ltd (appointed 15 October 2003).

Mr Lethlean is chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

## **JOINT COMPANY SECRETARIES**

**Lindsay Arthur Colless**

**CA, JP (NSW), FAICD**

Mr Colless (66) is a member of the Institute of Chartered Accountants in Australia with over 15 years experience in the profession and a further 34 years experience in Commerce, mainly in the mineral and petroleum exploration industry in the capacities of financial controller, company secretary and director. He is the Company's Chief Financial Officer.

**Karen E V Brown**

**BEc (hons)**

Miss Brown (51) is a director and company secretary of Mineral Administration Services Pty Ltd. She has considerable experience in corporate administration of listed companies over a period of some 25 years, primarily in the mineral exploration industry. She is company secretary of a number of publicly listed companies including Northern Star Resources Ltd, Alkane Resources Ltd and General Mining Corporation Ltd.

## **DIRECTORS' MEETINGS**

The following sets out the number of meetings of the Company's directors (including meetings of Board committees) held during the year ended 31 December 2011 and the number of meetings attended by each director.

Director	Committee Meetings							
	Board of Directors		Audit		Nomination		Remuneration	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J S F Dunlop	10	9	4	3	3	2	4	3
D I Chalmers	10	10	n/a	n/a	3	3	n/a	n/a
A D Lethlean	10	10	4	4	3	3	4	4
I J Gandel	10	10	4	4	3	3	4	4

# DIRECTORS' REPORT

## SHARE OPTIONS

There were no options over unissued ordinary shares of Alkane Resources Ltd at the beginning of the year, during the year or at the date of this report.

## DIRECTORS' INTERESTS AND BENEFITS

- a) consulting fees of \$5,417 paid or due and payable to Rocky Rises Pty Ltd for services provided in the normal course of business and at normal commercial rates.
- b) consulting fees of \$7,833 paid or due and payable to John S Dunlop & Associates Pty Ltd for services provided in the normal course of business and at normal commercial rates.
- c) consulting fees of \$5,417 paid or due and payable to Gandel Metals Pty Ltd for services provided in the normal course of business and at normal commercial rates.

These fees and disbursements exclude benefits included in the aggregate amount of emoluments received or due and receivable by Directors as directors' fees and shown in the financial statements, prepared in accordance with the Corporations Regulations, or the fixed salary of a full time employee.

## REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation
- E. Additional information

The information provided in this report has been audited as required by section 308(3C) of the Corporations Act 2001.

The information provided within this remuneration report includes remuneration disclosures that are required under Accounting Standard AASB 124 'Related Party Disclosures'. These disclosures have been transferred from the financial report and have been audited.

### A. Principles used to determine the nature and amount of remuneration (audited)

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward.

The Board ensures that executive reward satisfies the following key criteria for good reward corporate governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy for the organisation.

The Company's Remuneration Committee comprises of a minimum of three members, and shall be chaired by an independent Director. Currently the Committee comprises Mr Dunlop, Mr Lethlean and Mr Gandel.

The function of the Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations to the Board on remuneration packages of Directors and senior executives, and employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

# D I R E C T O R S ' R E P O R T

## REMUNERATION REPORT (continued)

### Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

### Director's fees

Directors' fees are determined within an aggregate directors' fee pool limit (currently \$450,000 per annum), which is periodically recommended for approval by shareholders. This amount is separate from any specific consulting tasks the directors may take on for the Company.

The Company has no performance based remuneration component built into director and executive remuneration packages.

Other than the managing director, there are no other executive officers or senior managers of the Company or Group.

### B. Details of remuneration (audited)

Consolidated		Parent entity	
2011	2010	2011	2010
\$	\$	\$	\$
804,908	898,605	720,884	767,377

Total income received, or due and receivable, by directors of Alkane Resources Ltd from the Company, and any related party in connection with the management of the Company and any related parties.

The details of remuneration of the directors and key management personnel are set out in the following tables.

The key management personnel of Alkane Resources Ltd are the following:

- L A Colless - Company Secretary
- K E Brown - Joint Company Secretary

Key Management Personnel and other executives of the Company

Name	Short-term benefits Cash Salary and fees \$	Post-employment benefits Superannuation \$	Share-based payment \$	Total \$
<b>Executive Director of Alkane Resources Ltd</b>				
<b>2011</b>				
D I Chalmers	521,907 <sup>a</sup>	16,200	-	538,107 <sup>a</sup>
<b>Non-executive Directors of Alkane Resources Ltd</b>				
<b>2011</b>				
J S F Dunlop	110,100	-	-	110,100
I J Gandel	95,400	-	-	95,400
A D Lethlean	77,500	-	-	77,500
	804,907	-	-	821,107
<b>Key management personnel of Alkane Resources Ltd</b>				
<b>2011</b>				
L A Colless and				
K E Brown				
	182,433	-	-	182,433

<sup>a</sup>\$222,900 relates to salary and fees paid for Mr Chalmers' services as Managing Director, the balance relates to fees paid to Multi Metal Consultants Pty Ltd, a company in which Mr Chalmers has a substantial financial interest. During the year four technical and support staff, including Mr Chalmers, were employed by Multi Metal Consultants to carry out work programs for the Company on an as needs basis.

<sup>b</sup>Corporate administration, accounting & company secretarial fees paid to Mineral Administration Services Pty Ltd, a company with which Mr Colless and Miss Brown are associated.

No long term or termination benefits have been paid.

# D I R E C T O R S ' R E P O R T

## REMUNERATION REPORT (continued)

Name	Short-term benefits Cash Salary and fees \$	Post-employment benefits Superannuation \$	Share-based payment \$	Total \$
Executive Directors of Alkane Resources Ltd				
<b>2010</b>				
D I Chalmers	654,531 <sup>a</sup>	-	-	654,531
Non executive Directors of Alkane Resources Ltd				
<b>2010</b>				
J S F Dunlop	91,785	-	-	91,785
I R Cornelius	29,795	-	-	29,795
I J Gandel	60,000	-	-	60,000
A D Lethlean	62,492	-	-	62,492
	244,072 <sup>b</sup>	-	-	244,072
Other key management personnel of Alkane Resources Ltd				
<b>2010</b>				
L A Colless and				
K E Brown	162,000 <sup>c</sup>	-	-	162,000

<sup>a</sup>\$70,950 relates to fees paid for Mr Chalmers' services as Managing Director, the balance relates to fees paid to Multi Metal Consultants Pty Ltd, a company in which Mr Chalmers has a substantial financial interest. During the year four technical and support staff, including Mr Chalmers, were employed by Multi Metal Consultants to carry out work programs for the Company on an as needs basis.

<sup>b</sup>\$237,547 relates to fees paid to non-executive directors, the balance relates to consulting fees paid to the directors or related entities for services provided in the normal course of business and at normal commercial rates

<sup>c</sup>Corporate administration, accounting & company secretarial fees paid to Mineral Administration Services Pty Ltd, a company with which Mr Colless and Miss Brown are associated.

No long term or termination benefits have been paid.

### C. Service agreements (audited)

An engagement contract with the Managing Director and formal written consultancy agreements with companies of which key management personnel have a substantial financial interest are in existence and are detailed below.

#### *D I Chalmers*

Term of agreement - 2 years commencing 1 July 2011

#### Agreement

Engagement as Managing Director at a salary of \$360,000 per annum plus 9% statutory superannuation.

#### Termination

The Managing Director's engagement may be terminated by agreement between the Company and the Managing Director upon such terms as they mutually agree. A payout of six months fees or the remainder of the term of the contract (whichever is greater) is payable should the Company be taken over and there is no equivalent role and/or the Managing Director elects to terminate his employment contract.

#### *L A Colless and K E Brown*

Term of agreement – on going commencing July 2006

#### Agreement

Consulting fees of \$14,250 per month payable by the Company and its subsidiaries to Mineral Administration Services Pty Ltd, a company in which Mr Colless and Miss Brown have substantial financial interests.

#### Termination

Fees of up to 12 months "Notice Amount" are payable should the consultancy agreement with Mineral Administration Services Pty Ltd be terminated by Alkane Resources Ltd and fees of up to six months "Notice Amount" are payable should the consultancy agreement be terminated by Mineral Administration Services Pty Ltd.

# DIRECTORS' REPORT

## REMUNERATION REPORT (continued)

### C. Service agreements (audited) (continued)

#### *Non – executive Directors*

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's policies and terms, including compensation, relevant to the office of the director. No performance related bonuses or benefits are provided.

#### *J S F Dunlop*

##### Agreement

Retainer payable to John S Dunlop & Associates Pty Ltd, in which Mr Dunlop has a substantial financial interest, of \$94,000 per annum plus \$5,000 per annum for membership of specified Board committees (\$7,500 for chairmanship of committees) plus per diem of \$1,200 per day up to 4 days per month averaged over a 12 month rolling period for consulting services over and above normal director duties.

##### Termination

There is no policy in place in regard to termination benefits.

#### *I J Gandel*

##### Agreement

Retainer payable to Gandel Metals Pty Ltd in which Mr Gandel has a substantial financial interest of \$65,000 per annum plus \$5,000 per annum for membership of specified Board committees plus per diem of \$1,200 per day up to 4 days per month for consulting services over and above normal director duties.

##### Termination

There is no policy in place in regard to termination benefits.

#### *A D Lethlean*

##### Agreement

Retainer payable to Rocky Rises Pty Ltd, in which Mr Lethlean has a substantial financial interest, of \$65,000 per annum plus \$5,000 per annum for membership of specified Board committees (\$7,500 for chairmanship of committees) plus per diem of \$1,200 per day up to 4 days per month for consulting services over and above normal director duties.

##### Termination

There is no policy in place in regard to termination benefits.

### D. Share-based payments (audited)

#### *Performance Rights Plan*

On 17 May 2012, shareholders approved the Alkane Resources Performance Rights Plan. This employee incentive scheme was designed to assist in the recruitment, reward, retention and motivation of Eligible Employees. Non-executive directors are excluded from participation in the Plan.

The Board may from time to time in its absolute discretion decide that an Eligible Employee is eligible to participate in the Plan and may invite them to apply for Performance Rights. Each Performance Right will represent a right to acquire one Share, subject to the terms of the Plan.

Each invitation will set out, amongst other things, the number of Performance Rights the Eligible Employee is invited to apply for, the performance criteria to which those Performance Rights will be subject, and the period of time over which the Performance Criteria must be satisfied (Performance Period), before the Performance Rights can vest.

A Performance Right granted to a Participant under the Plan is granted for no consideration. If Performance Rights vest under the Plan, no amount is payable by a Participant in respect of those Performance Rights vesting, or the subsequent issue of Shares in respect of them.

A Participant does not have a legal or beneficial interest in any Share by virtue of acquiring or holding a Performance Right. A Participant's rights under a Performance Right are purely contractual and personal. In particular, a Participant is not entitled to participate in or receive any dividends or other shareholder benefits until the Performance Right has vested and a Share has been issued to the Participant.

# DIRECTORS' REPORT

## REMUNERATION REPORT (continued)

### D. Share-based payments (audited) (continued)

A Performance Right granted to a Participant will vest:

- at the end of the Performance Period upon the Board giving written notice to the relevant Participant of the number of Performance Rights in respect of which the Performance Criteria were satisfied over the Performance Period; or
- if the Board allows early vesting as a result of an event such as a takeover bid or scheme of arrangement.

A Performance Right granted will lapse on the earliest to occur of:

- the end of the Performance Period if the Performance Criteria relating to the Performance Right have not been satisfied;
- the Participant purporting to transfer a Performance Right or grant a security interest in or over, or otherwise purporting to dispose of or deal with, a Performance Right or interest in it (except where the Board has consented to a transfer or the Performance Right is transferred by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy);
- the Participant ceasing employment (except in certain circumstances classified as a Qualifying Reason);
- if in the opinion of the Board, the Participant has acted fraudulently or dishonestly or in breach of his or her obligations to the Company or any of its subsidiaries, and the Board determining that the Performance Rights held by the Participant should lapse;
- an event such as a takeover bid or scheme of arrangement occurring (in certain circumstances subject to the Board's discretion); and
- the date that is seven years after the grant of the Performance Right.

Although the Board has discretion to determine the number of Performance Rights granted to an Eligible Employee, broadly, the maximum number of securities which may be issued under the Plan (and any other employee share scheme operated by the Company) in a 5 year period is limited to 5% of the issued Shares of the Company (calculated at the date of the invitation under the Plan), subject to a range of exclusions, including, for example, securities issued under a disclosure document or issues that do not require disclosure under Chapter 6D of the Corporations Act because of section 708 of the Corporations Act.

No Performance Rights have been issued under the Plan during the year or to the date of this report.

Options granted during the year

No options were granted to the directors or to employees during the year.

### E. Additional information – (audited)

#### Shares issued on the exercise of options

There were no ordinary shares of Alkane Resources Ltd issued during the year ended 31 December 2011 on the exercise of options.

No further shares have been issued since that date. No amounts are unpaid on any of the shares.

#### Key Management Personnel

Other than the Managing Director and Company Secretaries, there were no other key management personnel during the financial year.

#### INSURANCE OF OFFICERS AND AUDITORS

Alkane Resources Ltd has previously 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.

During the financial year, Alkane Resources Ltd incurred premiums to insure the directors, secretaries and/or officers of the Company.

The liability insured is the indemnification of the Company 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 Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate, against a liability incurred as such by an officer or auditor.

# DIRECTORS' REPORT

## CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Alkane Resources Ltd support and have adhered to the principles of corporate governance and have established a set of policies and manuals for the purpose of managing this governance. The Company's detailed corporate governance policy statement is contained in the additional Supplementary Information section of the annual report and can be viewed on the Company's web site at [www.alkane.com.au](http://www.alkane.com.au).

## AUDIT INDEPENDENCE AND NON-AUDIT SERVICES

### Auditors' Independence -Section 307C

The following is a copy of a letter received from the Company's auditors:

"Dear Sirs,

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2011 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Frank Vrachas (Lead auditor)  
Rothsay Chartered Accountants"  
Dated 23 March 2012

### Non-Audit Services

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee is satisfied that the provision of 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 Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including acting in a management or a decision-making capacity for the Company or acting as advocate for the Company.

The following amounts were paid to the auditors

#### Auditor's remuneration

- auditing the accounts

#### Non-audit services

- taxation services

Consolidated	
2011	2010
\$'000	\$'000

48

43

9

4

Signed in accordance with a resolution of the Directors.

D I Chalmers  
Director  
Dated at Perth this 23rd day of March 2012

**S T A T E M E N T   O F   C O M P R E H E N S I V E   I N C O M E**  
**F O R   T H E   Y E A R   E N D E D   3 1   D E C E M B E R   2 0 1 1**

	Note	Consolidated	
		2011	2010
		\$'000	\$'000
<b>Revenue from continuing operations</b>			
Rent received		43	26
Gains recognised from sale of investments		-	9,598
Gains recognised from sale of assets		29	1
Interest received or due and receivable from other corporations		889	326
Government grant		-	165
Other revenue		-	-
		<b>961</b>	<b>10,116</b>
<b>Expenses from continuing operations</b>			
Rent		(157)	(50)
Filing fees		(91)	(40)
Share Registry costs		(96)	(62)
Annual reports		(24)	(18)
Directors' corporate consulting		(421)	(426)
Administration and secretarial		(186)	(163)
Consulting		(135)	(46)
Motor vehicle expenses		(33)	(32)
Employee costs		(132)	(41)
Legal fees		(315)	(10)
Public relations		(280)	(173)
Travel, entertainment & seminars		(190)	(80)
Insurances		(52)	(97)
Administration expenses		(178)	(41)
Audit fees	23	(48)	(43)
Auditor - other services		(9)	(4)
Finance costs		(112)	-
Depreciation		(55)	(49)
Peak Hill minesite maintenance and rehabilitation		(145)	(130)
Exploration costs		(1,023)	(760)
Provision for quoted shares		(1)	-
Provision for employee entitlements		(65)	(62)
		<b>(3,748)</b>	<b>(2,327)</b>
<b>Profit/(Loss) before income tax</b>		<b>(2,787)</b>	<b>7,789</b>
Income tax attributable	2	-	-
<b>Profit/(Loss) for the year</b>		<b>(2,787)</b>	<b>7,789</b>
<b>Other comprehensive income</b>			
		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>(2,787)</b>	<b>7,789</b>
Comprehensive income/(loss) is attributable to:			
<b>Members of Alkane Resources Ltd</b>		<b>(2,787)</b>	<b>7,789</b>
Minority interests		-	-
		<b>(2,787)</b>	<b>7,789</b>
Profit/(Loss) is attributable to:			
<b>Members of Alkane Resources Ltd</b>	16	<b>(2,787)</b>	<b>7,789</b>
Minority interests		-	-
		<b>(2,787)</b>	<b>7,789</b>
Earnings per share for loss attributable to the ordinary equity holders of the Company	20	<b>(\$0.01)</b>	\$0.03

The accompanying notes form part of these financial statements.

**S T A T E M E N T O F F I N A N C I A L P O S I T I O N**  
A S A T 3 1 D E C E M B E R 2 0 1 1

	Note	Consolidated	
		2011 \$'000	2010 \$'000
<b>Current Assets</b>			
Cash and cash equivalent	17	9,805	4,555
Receivables	3	686	437
Available for sale financial assets	4	2	3
Other financial assets		-	-
<b>Total Current Assets</b>		<b>10,493</b>	4,995
<b>Non-Current Assets</b>			
Property, plant & equipment	5	2,355	2,071
Capitalised exploration and evaluation expenditure	6	51,783	39,266
Other financial assets	7	519	512
<b>Total Non-Current Assets</b>		<b>54,657</b>	41,849
<b>Total Assets</b>		<b>65,150</b>	46,844
<b>Current Liabilities</b>			
Payables	8	2,102	996
Provisions	9	134	94
<b>Total Current Liabilities</b>		<b>2,236</b>	1,090
<b>Non-Current Liabilities</b>			
Provisions	9	211	186
<b>Total Non-Current Liabilities</b>		<b>211</b>	186
<b>Total Liabilities</b>		<b>2,447</b>	1,276
<b>Net Assets</b>		<b>62,703</b>	45,568
<b>Equity</b>			
Contributed equity	10	82,002	62,080
Reserves	11	-	-
Accumulated losses	12	(19,299)	(16,512)
Total parent entity interest		<b>62,703</b>	45,568
Outside equity interests in controlled entities		-	-
<b>Total Equity</b>		<b>62,703</b>	45,568

The accompanying notes form part of these financial statements.

**S T A T E M E N T O F C H A N G E S I N E Q U I T Y**  
F O R T H E Y E A R E N D E D 3 1 D E C E M B E R 2 0 1 1

	Note	Attributable to members of Alkane Resources Ltd			Minority Interest \$'000	Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000		
Consolidated						
Balance at 1 January 2010		62,080	5,920	(24,418)	117	43,699
Total comprehensive income/(loss) for the year		-	-	7,789	-	7,789
Contributions of equity, net of transaction costs	10	-	-	-	-	-
Realisation of reserve on disposal of asset	11A	-	(5,920)	-	-	(5,920)
Transfer of minority interest on deconsolidation of subsidiary				117	(117)	
Balance at 31 December 2010		62,080	-	(16,512)	-	45,568

	Note	Attributable to members of Alkane Resources Ltd			Minority Interest \$'000	Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000		
Consolidated						
<b>Balance at 1 January 2011</b>		<b>62,080</b>	<b>-</b>	<b>(16,512)</b>	<b>-</b>	<b>45,568</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>-</b>	<b>-</b>	<b>(2,787)</b>	<b>-</b>	<b>(2,787)</b>
<b>Contributions of equity, net of transaction costs</b>	<b>10</b>	<b>19,922</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,922</b>
<b>Balance at 31 December 2011</b>		<b>82,002</b>	<b>-</b>	<b>(19,299)</b>	<b>-</b>	<b>62,703</b>

The accompanying notes form part of these financial statements

**S T A T E M E N T   O F   C A S H   F L O W S**  
**F O R   T H E   Y E A R   E N D E D   3 1   D E C E M B E R   2 0 1 1**

	Note	Consolidated	
		2011 \$'000	2010 \$'000
<b>Cash Flows from Operating Activities</b>			
Rent received		47	29
Payments to suppliers (inclusive of goods and services tax)		(1,725)	(1,491)
Other income		-	-
Interest received		922	263
<b>Net cash from operating activities</b>	18	<b>(756)</b>	<b>(1,199)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of plant, property & equipment		(337)	(1,035)
Proceeds from sale of plant, property & equipment		28	1
Proceeds from sale of investment securities		-	9,603
Payments for security deposits		(7)	(16)
Exploration expenditure		(10,946)	(7,776)
Development expenditure		(2,654)	(20)
<b>Net cash provided for investing activities</b>		<b>(13,916)</b>	<b>757</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares and options		21,000	-
Cost of share issues		(1,078)	-
Receipts from Commercial Ready Grant		-	165
<b>Net cash flow from financing activities</b>		<b>19,922</b>	<b>165</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>5,250</b>	<b>(277)</b>
Cash and cash equivalents at the beginning of the financial year		4,555	4,832
<b>Cash and cash equivalents at the end of the financial year</b>	17	<b>9,805</b>	<b>4,555</b>

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**1. Statement of Significant Accounting Policies**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**a) Basis of preparation**

This general purpose financial report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report is presented in Australian Dollars, which is the Group's presentation currency and is prepared in accordance with the historical cost basis. All values are rounded to the nearest thousand dollars (\$'000), unless otherwise stated, under the option available to the company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

Separate financial statements for Alkane Resources Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, required financial information for Alkane Resources Limited as an individual entity is included in Note 15.

*Compliance with IFRSs*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (IFRSs). Compliance with AIFRSs ensures that the consolidated financial statements and notes of Alkane Resources Ltd comply with IFRSs.

*Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and liabilities at fair value through profit or loss. Cost is based on the fair values of the consideration given in exchange for assets.

**b) Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Alkane Resources Ltd ("the Company") as at 31 December 2011 and the results of all controlled entities for the year then ended. Control is achieved where the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Alkane Resources Ltd and its controlled entities are referred to in this financial report as the Group or the consolidated entity.

The effects of all intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated in full.

Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated Statement of Comprehensive Income and Statement of Financial Position respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated Statement of Comprehensive Income from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control exists.

**c) Income Tax**

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the national income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially accepted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**1. Statement of Accounting Policies (Continued)**

**d) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**e) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

Change in accounting policy

The Group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. For management purposes, the Group has identified only one reportable segment as exploration and development activities undertaken in Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, for the Group's mineral assets in this geographic location. There has been no change in the number of reportable segments presented in the prior year.

**Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

**Segment liabilities**

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables

**f) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**g) Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which it becomes receivable.

**h) Royalties and other mining imposts**

Ad valorem royalties and other mining imposts are accrued and charged against earnings when the liability from production or sale of the mineral crystallises. Profit based royalties are accrued on a basis which matches the annual royalty expense with the profits on which the royalties are assessed (after allowing for permanent differences).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**1. Statement of Accounting Policies (Continued)**

**i) Cash and cash equivalents**

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand and deposits held at call with financial institutions, 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.

**j) Trade and Other Receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is established when there is objective evidence that the Company 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.

**k) Fair Value Estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value, less impairment provision, of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

**l) Plant and Equipment**

Plant and equipment is stated at historical cost less depreciation. Depreciation is calculated on a straight line basis to write off the net cost of each asset during their expected useful life as follows:

- Buildings	10 years
- Leasehold improvements	10 years
- Furniture	4 years
- Equipment	3.3 years
- Motor vehicles	5 years
- Computer software	2.5 years

**m) Investments and Other Financial Assets**

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

*i) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

*ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

*iii) Held-to-maturity investments*

While the company does not currently hold any Held-to-maturity investments, the accounting policy for these investments is as follows: Held-to-Maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

**1. Statement of Accounting Policies (Continued)**

**m) Investments and Other Financial Assets (Continued)**

*iv) Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are no longer recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise.

Derivative financial instruments

Derivative financial instruments are used by the Group to protect against the Group's Australian dollar gold price risk exposures. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

**n) Impairment of assets**

Assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units)

Non financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

**o) Trade Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

**p) Provisions**

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

**q) Leases**

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised. The Company has no finance leases.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**1. Statement of Accounting Policies (Continued)**

**r) Joint ventures**

The consolidated entity's proportionate interests in the assets, liabilities and expenses of a joint venture have been incorporated in the financial statements under the appropriate headings. Where part of a joint venture interest is farmed out in consideration of the farminee undertaking to incur further expenditure on behalf of both the farminee and the Group in the joint venture area of interest, exploration expenditure incurred and carried forward prior to farm out continues to be carried forward without adjustment, unless the terms of the farm out indicate that the value of the exploration expenditure carried forward is excessive based on the diluted interest retained or it is not thought appropriate to do so. A provision is made to reduce exploration expenditure carried forward to its recoverable or appropriate amount. Any cash received in consideration for farming out part of a joint venture interest is treated as a reduction in the carrying value of the related mineral property.

**s) Exploration expenditure**

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward where rights to tenure of the area of interest are current and:

- i) the area has proven commercially recoverable reserves; or
- ii) exploration and evaluation activities are continuing in an area of interest but have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

At the end of each financial year the Directors assess the carrying value of the exploration expenditure carried forward in respect of each area of interest and where the carried forward carrying value is considered to be in excess of (i) above, the value of the area of interest is written down.

Capitalised exploration expenditure is considered for impairment based upon areas of interest on an annual basis, depending on the existence of impairment indicators including:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted or planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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

**t) Restoration, rehabilitation and environment expenditure**

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are accrued at the time of those activities and treated as exploration and evaluation expenditure.

Restoration, rehabilitation and environmental expenditure necessitated by the development and production activities are accrued on an ongoing basis over the production life of the mining activity and treated as costs of production.

Restoration, rehabilitation and environmental obligations recognised include the costs of reclamation, plant and waste site closure, current and subsequent monitoring of the environment.

**u) Employee benefits**

*Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in creditors and borrowings 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. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

*Long service leave*

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with wages and salaries above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits only where there is a reasonable expectation that a liability will be incurred.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2011

**1. Statement of Accounting Policies (Continued)**

**u) Employee benefits (Continued)**

*Superannuation*

The amounts charged to the statement of financial performance for superannuation represents the contributions to superannuation funds in accordance with the statutory superannuation contributions requirements or an employee salary sacrifice arrangement. No liability exists for any further contributions by the Company in respect to any superannuation scheme.

*Redundancy*

The liability for redundancy is provided in accordance with work place agreements.

**v) Contributed Equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**w) Earnings per share**

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of Alkane Resources Ltd by the weighted average number of ordinary shares outstanding during the year.

**x) Share based payments**

Where shares or options are issued to employees, including directors, as remuneration for services, the difference between fair value of the shares or options issued and the consideration received, if any, from the employee is expensed. The fair value of the shares or options issued is recorded in contributed equity.

**y) Comparative figures**

Where necessary, comparative figures have been restated to conform with changes in presentation for the current year.

**z) New accounting standards and interpretations**

The Group has adopted the following new and amended Australian Accounting Standards and interpretations as of 1 January 2011:

Affected Standard	Nature of Change to Accounting Policy	Application *
Revised AASB 124 : Related Party Disclosures, and AASB 2009-12 Amendments to Australian Accounting Standards	Incorporates the following changes: <ul style="list-style-type: none"> <li>- Clarifies the definition of a related party</li> <li>- Includes an explicit requirement to disclose commitments involving related parties.</li> <li>- Provides a partial exemption from related party disclosure requirements for government-related entities.</li> </ul>	1 Jan 2011
AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Key clarifications include: <ul style="list-style-type: none"> <li>- The measurement of non-controlling interests in a business combination</li> <li>- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised AASB 3 Business Combinations.</li> <li>- Transition requirements for amendments arising as a result of AASB 127 Consolidated and Separate Financial Statements.</li> </ul>	1 July 2010
AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project	Key amendments include: <ul style="list-style-type: none"> <li>- Clarification of content of Statement of Changes in Equity (AASB 101), financial instrument disclosures (AASB 7) and significant events and transactions in interim reports (AASB 134)</li> <li>- Interpretation 13 – fair value of award credits</li> <li>- AASB 1 – accounting policy changes in year of adaptation and amendments to deemed cost (revaluation basis, regulatory assets).</li> </ul>	1 Jan 2011
AASB 2010-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Affects various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments are not expected to have a significant impact on the financial statements for the year ending 30 December 2011.	1 January 2011

\* Applicable to reporting periods commencing on or after the given date

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**1. Statement of Accounting Policies (Continued)**

**z) New accounting standards and interpretations (continued)**

The following Applicable Australian Accounting Standards have been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 31 December 2011. The Group has not been able to fully assess the impact of these revised standards:

- AASB 119 Employee Benefits
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 9 Financial Instruments
- AASB 2009-11 Amendments to Australian Accounting Standards resulting from AASB9
- AASB 2009-12 Amendments to Australian Accounting Standards
- AASB 2010-7 Amendments to Australian Accounting Standards resulting from AASB9
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of interests in other entities
- AASB 13 Fair value measurement
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB13
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB119
- AASB 2011-11 Amendments to AASB119 arising from Reduced Disclosure Requirements
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-02 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.
- AASB 1054 Australian additional disclosures, AASB 2011-1 Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project, AASB 2011-2 Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project – Reduced Disclosure Requirements.
- AASB 2011-5 Amendments to Australian Accounting Standards – Extending relief from consolidation, the equity method and proportionate consolidation
- AASB 2011-6 Amendments to Australian Accounting Standards – Extending relief from consolidation, the equity method and proportionate consolidation – Reduced Disclosure requirements
- AASB 2011-7 Amendments to Australian Accounting Standards arising from consolidation and joint arrangement standards
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of items of Other Comprehensive Income
- AASB 2011-13 Amendments to Australian Accounting Standards – Improvements to AASB 1049
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets
- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred tax: Recovery of underlying assets
- AASB 2010-9 Amendments to Australian Accounting Standards – Hyper-inflation and removal of fixed dates for First Time Adopters
- AASB 2010-10 Amendments to Australian Accounting Standards – Removal of fixed dates for First Time Adopters

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**1. Statement of Accounting Policies (Continued)**

**aa) Critical accounting estimates & judgements**

In preparing this Financial Report the Company has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of exploration and evaluation expenditure

The Group has capitalised significant exploration and evaluation expenditure on the basis either that this 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.

ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure

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

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

As at 31 December 2011, the carrying value of exploration expenditure of the group is \$51,783,560.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2011

	Consolidated	
	2011	2010
	\$'000	\$'000
<b>2. Income Tax Expense</b>		
<b>a) Income tax expense</b>		
Current tax	-	-
Deferred tax	-	-
<b>b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Loss from continuing operations before income tax expense	<b>(2,787)</b>	7,789
Prima facie tax payable at 30 %	<b>(836)</b>	2,337
Add: tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Adjustments in respect of deferred income tax of previous years	<b>11,696</b>	9,305
Tax losses not brought to account as a deferred tax	<b>(10,860)</b>	(11,642)
	-	-
<b>c) Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised		
Potential tax benefit at 30%	<b>15,432</b>	13,386
<b>d) Unrecognised temporary differences</b>		
Deferred tax liabilities – capitalised exploration	<b>(15,535)</b>	(11,552)
Deferred tax assets – accrued expenses	-	-
Deferred tax assets – provisions	<b>103</b>	84
Deferred tax assets – revenue tax losses	<b>15,432</b>	13,386
Total deferred tax asset not recognised	<b>15,535</b>	13,470
Net deferred tax asset	-	1,918
Deferred tax assets and liabilities have been offset as they relate to income taxes levied by the same taxation authority and there is a legally recognised right to set off.		
<b>3. Trade and other Receivables (Current)</b>		
Debtors including GST refunds	<b>686</b>	437
<b>4. Available for sale financial assets (Current)</b>		
<b>Quoted Shares - fair value less than cost</b>		
Opening balance at 1 January	<b>3</b>	3
Net gain (loss) from fair value adjustment	<b>(1)</b>	-
Closing balance at 31 December	<b>2</b>	3
<b>Quoted Shares - fair value greater than cost</b>		
Opening balance at 1 January	-	5,925
Disposals during the year	-	(5,925)
Closing balance at 31 December	-	-
Closing balance at 31 December	<b>2</b>	3

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2011

	<b>Consolidated</b>	
	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
<b>5. Property, Plant And Equipment</b>		
Property, plant & equipment - at cost	<b>2,556</b>	2,392
Less: Accumulated depreciation	<b>(201)</b>	(321)
	<b>2,355</b>	2,071
Reconciliation of carrying amount		
Opening balance at 1 January	<b>2,071</b>	1,085
Plant & equipment acquired during year	<b>339</b>	1,035
Depreciation during year	<b>(55)</b>	(49)
Closing balance at 31 December	<b>2,355</b>	2,071
<b>6. Exploration and Development Expenditure (Non-Current)</b>		
Accumulated contributions to other ongoing exploration projects at fair value		
Opening balance at 1 January	<b>39,140</b>	31,867
Expenditure during the period	<b>10,886</b>	8,033
Net gain (loss) from fair value adjustment	<b>(1,023)</b>	(760)
Closing balance at 31 December	<b>49,003</b>	39,140
Development expenditure brought forward in respect of areas of interest		
Opening balance at 1 January	<b>126</b>	106
Expenditure during the period	<b>2,654</b>	20
Closing balance at 31 December	<b>2,780</b>	126
Total exploration, evaluation and development expenditure	<b>51,783</b>	39,266
The recovery of the costs of exploration and evaluation expenditure carried forward is dependent on the successful development and commercial exploitation of each area of interest, or otherwise by the sale at an amount not less than the carrying value.		
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.		
<b>7. Other financial assets (Non-Current)</b>		
Interest bearing security deposits (not available for use)	<b>519</b>	512
	<b>519</b>	512
<b>8. Trade and other Payables (Current Liabilities)</b>		
Trade creditors	<b>2,102</b>	996
	<b>2,102</b>	996
<b>9. Provisions (Current Liabilities)</b>		
Provision for annual leave	<b>134</b>	94
<b>Provisions (Non-current Liabilities)</b>		
Provision for redundancy/long service leave	<b>211</b>	186

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2011

	Parent entity			
	2011		2010	
	Number	\$'000	Number	\$'000
<b>10. Contributed Equity</b>				
<b>Share Capital</b>				
Ordinary shares – Fully paid	269,028,158	82,002	249,028,158	62,080
<b>Movements in ordinary share capital</b>				
Opening balance at 1 January	249,028,158	62,080	249,028,158	62,080
Exercise of options	-	-	-	-
Placement of shares	20,000,000	21,000	-	-
Closing balance at 31 December	269,028,158	83,080	249,028,158	62,080
Less: Costs of Issues	-	(1,078)	-	-
<b>As per Statement of Financial Position</b>	269,028,158	82,002	249,028,158	62,080

**Terms and conditions of ordinary shares:**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors, and are fully entitled to any proceeds of liquidations.

	Consolidated	
	2011	2010
	\$'000	\$'000
<b>11. Reserves and Accumulated Losses</b>		
<b>(A) RESERVES</b>		
<b>Share Investment Revaluation Reserve</b>	-	-
Movement:		
Balance 1 January	-	5,920
Realised on disposal of shares	-	(5,920)
Balance 31 December	-	-
<b>(B) ACCUMULATED LOSSES</b>		
Balance 1 January	(16,512)	(24,418)
Loss for the year after related income tax expense	(2,787)	7,789
Minority interest transferred on deconsolidation	-	117
Balance 31 December	(19,299)	(16,512)

**(C) NATURE AND PURPOSE OF RESERVES**

The share investments revaluation reserve is used to recognise the fair value of available-for-sale financial assets.

**12. Key Management Personnel Disclosure**

**A) Directors**

The names of Directors who have held office during the financial year are:

**Alkane Resources Ltd**

John S F Dunlop, D Ian Chalmers, Ian J Gandel and Anthony D Lethlean

**Subsidiaries**

**LFB Resources NL, Kiwi Australian Resources Pty Ltd, , Australian Zirconia Ltd**

D Ian Chalmers, Lindsay A Colless and Ian J Gandel (appointed 21 July 2011)

**Australasian Geo-Data Pty Ltd (subsidiary to November 2011)**

D Ian Chalmers and Lindsay A Colless

**Skyray Properties Ltd (BVI)**

G Menzies

**Executives during year**

D Ian Chalmers (Managing Director)

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2011

**12. Key Management Personnel Disclosure (Continued)**

**B) Other key management personnel**

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly during the financial year:

L A Colless – Company Secretary/Chief Financial Officer

K E Brown – Joint Company Secretary

**C) Transactions with Key Management Personnel**

- a) technical services and geological consulting fees of \$299,006 paid or due and payable to Multi Metal Consultants Pty Ltd, a company in which Mr Chalmers has a substantial financial interest for services provided in the normal course of business and at normal commercial rates. During the year four technical and support staff, including Mr Chalmers, were employed by Multi Metal Consultants to carry out work programs for the Company on an as needs basis.
- b) consulting fees of \$20,400 paid or due and payable to Gandel Metals Pty Ltd for services provided in the normal course of business and at normal commercial rates.
- c) consulting fees of \$3,600 paid or due and payable to John S Dunlop & Associates Pty Ltd for services provided in the normal course of business and at normal commercial rates.
- d) administration, accounting and company secretarial fees of \$182,433 paid or due and payable to a company in which Mr Colless and Miss Brown have substantial financial interests for services provided in the normal course of business and at normal commercial rates. These fees and disbursements exclude benefits included in the aggregate amount of emoluments received or due and receivable by Directors as directors' fees and shown in the financial statements, prepared in accordance with the Corporations Regulations, or the fixed salary of a full time employee.

**D) Outstanding Balances**

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current payables

a) A D Lethlean	\$6,459
b) I J Gandel	\$6,250
c) J S Dunlop	\$8,875
d) L A Colless & K E Brown	\$16,521

**E) Equity instrument disclosures relating to key management personnel**

The interests of Directors and key management personnel and their respective related entities in shares and share options at the end of the financial period are as follows:

Name	Shares held directly	Shares held indirectly
A D Lethlean	-	393,996
D I Chalmers	4,536	1,967,148
I J Gandel	-	70,911,964
J S Dunlop	-	760,000
L A Colless	24,405	500,000 <sup>(a)</sup>
K E Brown	58,324	250,000 <sup>(a)</sup>
L A Colless & K E Brown in joint interests	-	284,849 <sup>(b)</sup>

<sup>(a)</sup> Held by MAS Superfund and other related parties for the benefit of the respective key management personnel

<sup>(b)</sup> Held in the name of Mineral Administration Services Pty Ltd, a company in which Mr. Colless and Miss Brown are directors and shareholders.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2011

**12. Key Management Personnel Disclosure (Continued)**

**E) Equity instrument disclosures relating to key management personnel (Continued)**

<b>2011</b>				
<b>Name</b>	<b>Balance at the start of the financial period</b>	<b>Changes during the year</b>	<b>Issued during the year on exercise of options</b>	<b>Balance at the end of the financial period</b>
<b>Shares</b>				
<b>Directors</b>				
A D Lethlean	393,996	-	-	393,996
D I Chalmers	1,971,684	-	-	1,971,684
I J Gandel	70,911,964	-	-	70,911,964
J S Dunlop	760,000	-	-	760,000
<b>Key Management Personnel</b>				
L A Colless	524,405	-	-	524,405
K E Brown	358,324	(50,000)	-	308,324
L A Colless & K E Brown in joint interests	284,849	-	-	284,849
<b>Total shares</b>	<b>75,205,222</b>	<b>-</b>	<b>-</b>	<b>75,155,222</b>

<b>2010</b>				
<b>Name</b>	<b>Balance at the start of the financial period</b>	<b>Changes during the year</b>	<b>Issued during the year on exercise of options</b>	<b>Balance at the end of the financial period</b>
<b>Shares</b>				
<b>Directors</b>				
A D Lethlean	393,996	-	-	393,996
D I Chalmers	1,971,684	-	-	1,971,684
I J Gandel	70,911,964	-	-	70,911,964
J S Dunlop	790,000	(30,000)	-	760,000
<b>Key Management Personnel</b>				
L A Colless	626,405	(102,000)	-	524,405
K E Brown	358,324	-	-	358,324
L A Colless & K E Brown in joint interests	284,849	-	-	284,849
<b>Total shares</b>	<b>75,337,222</b>	<b>(132,000)</b>	<b>-</b>	<b>75,205,222</b>

**F) Key management personnel compensation**

	<b>Consolidated</b>	
	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Short term employee benefits	805	899
Post-employment benefits	16	-
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	<b>821</b>	<b>899</b>

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' Report. The relevant information can be found in sections A-C of the remuneration report within the Directors' Report.

**G) Related party transactions**

Other than, the transactions disclosed above there are no other transactions between related parties that require disclosure.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2011

**13. Segmental Information**

The Group operates predominately in one geographical location. The operations of the Group consist of mining and exploration for gold and other minerals within Australia. Management have determined the operating segment based on the reports reviewed by the managing director.

Consolidated	
2011	2010
\$'000	\$'000

**14. Related Party Transactions  
Directors (current)**

Type of transaction	Related party Directors	Terms and conditions		
Management consulting	J S F Dunlop	Normal commercial	4	7
Director's retainer			<b>107</b>	85
Geological consulting, including geological and technical support staff	D I Chalmers	Normal commercial	299	584
Director's retainer			<b>223</b>	71
Director's consulting	I J Gandel	Normal commercial	20	-
Director's retainer			<b>75</b>	60
Consulting	A D Lethlean	Normal commercial	-	-
Directors' retainer			<b>78</b>	62

Parent Entity	
2011	2010
\$'000	\$'000

**15. Parent Entity Disclosures  
Financial Position**

**Assets**

Current assets	10,259	4,974
Non-current assets	54,094	41,762
Total assets	<b>64,353</b>	46,736

**Liabilities**

Current liabilities	1,438	1,001
Non-current liabilities	211	185
Total liabilities	<b>1,649</b>	1,186

**Equity and Reserves**

Issued capital	82,002	62,080
Accumulated profits / (losses)	(19,299)	(16,530)
Share valuation reserve	-	-
Total equity	<b>62,704</b>	45,550

**Financial Performance**

Profit / (loss) for the year	2,769	7,771
Other comprehensive income	-	-
Total comprehensive income	<b>2,769</b>	7,771

**Guarantees entered into by the Parent Entity**

- -

**Contingent liabilities of the Parent Entity**

- -

**Commitments for acquisition of Property, Plant and Equipment by the Parent Entity**

- -

The movement in the allowance for impairment in respect of inter-group loans on a non-consolidated basis was as follows:

Balance at 1 January	(9,139)	(9,039)
Impairment loss/(write-back) recognised	(117)	(100)
<b>Balance at 31 December</b>	<b>(9,256)</b>	(9,139)

Whilst the loans were not payable as at 31 December 2011, a provision for impairment based on the subsidiaries financial position was made. The balance of this provision may vary due to the performance of a subsidiary in a given year.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2011

**16. Controlled Entities**

Name	Inc	Class	Book value		Equity		Contribution to Group	
			2011 \$'000	2010 \$'000	2011 %	2010 %	2011 \$'000	2010 \$'000
Australian Zirconia Ltd	WA	Ord	-	-	100	100	(113)	(66)
Skyray Properties Ltd	BVI	Ord	2,300	2,300	100	100	(5)	(6)
Kiwi Australian Resources Pty Ltd	NSW	Ord	-	-	100	100	-	-
LFB Resources NL	NSW	Ord	3,559	3,559	100	100	(16)	(22)
Australasian Geo-Data Pty Ltd	Qld	Ord	-	-	0	74	-	-
			<b>5,859</b>	5,859				
Contribution to Group Profit (Loss) after minorities							<b>(134)</b>	(94)
Parent –Alkane Resources Ltd							<b>(2,653)</b>	7,883
Profit (loss) for year – group							<b>(2,787)</b>	7,789
Loans to (from) subsidiaries			<b>27,168</b>	20,801				
Provision for loss			<b>(9,256)</b>	(9,139)				
Parent net investment in subsidiaries			<b>23,771</b>	17,521				

Consolidated	
2011	2010
\$'000	\$'000

**17. Reconciliation of Cash**

Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

Cash at bank	<b>9,520</b>	4,291
Call deposits	<b>285</b>	264
	<b>9,805</b>	4,555

Cash at bank bears a weighted average interest rate of 3.29% (2010: 3.75%)

**18. Reconciliation Of Net Cash Outflow From Operating Activities To Operating Loss After Income Tax**

<b>Operating Profit (Loss)</b>	<b>(2,787)</b>	7,789
Non-cash fair value adjustments		
• Depreciation and amortisation	<b>55</b>	49
• Movements in Provisions	<b>66</b>	62
Grant received	-	(165)
Exploration	<b>1,082</b>	523
Gains recognised from sale of investments	-	(9,598)
Gains recognised from sale of assets	<b>(29)</b>	(1)
Changes in net current assets and liabilities		
• Decrease (increase) in Trade and other receivables	<b>(248)</b>	(217)
• Decrease (increase) in Trade and other payables	<b>1,105</b>	359
<b>Net cash provided for operating activities</b>	<b>(756)</b>	(1,199)

The Company has no credit standby or financing facilities in place other than as disclosed in the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2011

**19. Subsequent Events**

In February 2012, wholly owned subsidiary, Australian Zirconia Ltd, received a research and development taxation offset receipt of \$709,000.

On 1 March 2012, the Company announced a three stage capital raising of approximately \$107 million comprising:

- up to \$30 million through a partially underwritten 1 for 10 non-renounceable entitlement offer of fully paid ordinary shares in Alkane at \$1.10 per new share;
- \$44 million from a placement of approximately 40.3 million Alkane shares at \$1.10 per new share to professional and sophisticated investors within Alkane's 15% placement capacity; and
- \$33 million, subject to shareholder approval, from a placement of approximately 30 million Alkane shares at \$1.10 per new share to professional and sophisticated investors.

On 14 March 2012, the first placement was completed with the issue of 40,300,000 ordinary fully paid shares in the Company. On the same date the offer documentation for the non-renounceable entitlement offer was despatched to eligible shareholders along with a notice of general meeting (to be held on 16 April 2012) to seek shareholder approval for the second placement.

Also, subsequent to year end, the Group has negotiated certain Put Options with landowners that may be potentially affected by proposed development plans. Under the terms of these agreements those landowners may elect to require the Group to purchase specific properties at independent valuation.

**20. Earnings per Share ("Eps")**

		Consolidated	
		2011	2010
		\$'000	\$'000
<b>(a) Basic profit per share</b>			
Profit attributable to the ordinary equity holders of the Company		(0.01)	0.03
		2011	2010
		\$'000	\$'000
<b>(b) Earnings used in calculating earnings per share</b>			
Profit attributable to the ordinary equity holders of the Company		(2,787)	7,789
		2011	2010
		Number	Number
<b>(c)</b>	The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	266,398,021	249,028,156

The diluted earnings per share is not materially different from the basic earnings per share.

**21. Commitments**

**Mineral Tenement Leases**

In order to maintain current rights of tenure to mining tenements, the Group will be required to outlay in 2011 amounts of approximately \$994,000 (2011 \$1,072,000) in respect of tenement lease rentals and exploration expenditures to meet the minimum expenditure requirements of the various Mines Departments in Australia. These obligations will be fulfilled in the normal course of operations.

The estimated exploration and joint venture expenditure commitments for the ensuing year, but not recognised as a liability in the financial statements:

		Consolidated	
		2011	2010
		\$'000	\$'000
Within one year		994	1,072
Later than one year but less than five years		1,064	-
Later than five years		1,312	-
		3,370	1,072

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2011

**21. Commitments (Continued)**

**Acquisitions of property, plant and equipment**

In anticipation of development approvals for the Tomingley Gold Project, the Group initiated orders for certain long lead capital items. Commitments for acquisitions of property, plant and equipment not recognised as a liability in the financial statements are as follow:

Consolidated	
2011	2010
\$'000	\$'000

Within one year

Acquisitions of capital equipment

**4,066**

-

**Physical gold delivery commitments**

The Group is exposed to movements in the gold price. As part of the risk management policy of the Group and in compliance with the conditions required by the Group's financier, the Group enters into gold forward contracts to manage the gold price of a proportion of anticipated sales of gold. It is management's intention to settle each contract through physical delivery of gold.

The gold forward sale contracts disclosed below do not meet the criteria of financial instruments for accounting purposes on the basis that they meet the normal purchase/sale exemption because physical gold will be delivered into the contract. Accordingly, the contracts will be accounted for as sale contracts with revenue recognised once the gold has been delivered or the contracts are rolled over.

31 December 2011	Gold for physical delivery ounces	Contracted gold sale price – average cost in \$	Value of committed sales \$'000
------------------	--------------------------------------	----------------------------------------------------	------------------------------------

Within one year:

Fixed forward contracts

90,000

1,444.10

129,969

The Group has no other gold sale commitments. There were no gold sale commitments at the end of the previous year.

The Group has a contingent liability of the difference between the hedge price and the spot price of gold if the Tomingley project does not receive development approval from the NSW government.

**22. Financial Risk Management**  
**Overview:**

The company and group have exposure to the following risks from their use of financial instruments:

- (a) credit risk
- (b) liquidity risk
- (a) market risk

This note presents information about the Company's and 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.

**(a) Credit risk:**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. For the company it arises from receivables due from subsidiaries and recharges to joint venture partners.

(i) Investments:

The Group limits its exposure to credit risk by only investing with counterparties that have an acceptable credit rating.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2011

**22. Financial Risk Management (Continued)**

**(a) Credit risk (Continued):**

(ii) Trade and other receivables:

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The management does not expect any counterparty to fail to meet its obligations.

Presently, the Group undertakes exploration and evaluation activities in Australia. At the balance date there were no significant concentrations of credit risk.

Exposure to credit risk:

The carrying amount of the Group's financial assets represents the maximum credit exposure.

The Group's maximum exposure to credit risk at the reporting date was:

	<b>Consolidated Carrying amount</b>	
	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Cash and cash equivalents	<b>9,805</b>	4,555
Trade and other receivables	<b>686</b>	437
Other financial assets	<b>2</b>	3
Security deposits	<b>519</b>	512
<b>Total exposure</b>	<b>11,012</b>	5,507

Impairment losses:

None of the Group's other receivables are past due (2010: nil).

The movement in the allowance for impairment in respect of listed shares on a consolidated basis during the year was as follows:

	<b>Consolidated Carrying amount</b>	
	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Balance at 1 January	<b>3</b>	3
Sold during the year	-	-
Impairment loss/(write-back) recognised	<b>(1)</b>	-
<b>Balance at 31 December</b>	<b>2</b>	3

**(b) Liquidity risk:**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity 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 group manages liquidity risk by maintaining adequate reserves through continuously monitoring forecast and actual cash flows.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2011

**22. Financial Risk Management (Continued)**

**(b) Liquidity risk (continued):**

The Group's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

	Weighted Average Effective Interest Rate %	Variable Interest \$'000	Fixed Maturity Date		Non-interest Bearing \$'000	Total \$'000
			Less than 1 year \$'000	1 to 2 years \$'000		
<b>2011</b>						
<b>Financial assets</b>						
Cash	5.00	9,785	-	-	20	9,805
Interest bearing deposits	4.95	509	-	-	10	519
Investments	-	-	-	-	2	2
Receivables	-	-	-	-	686	686
		<b>10,294</b>	<b>-</b>	<b>-</b>	<b>718</b>	<b>11,012</b>
<b>Financial liabilities</b>						
Accounts payable	-	-	-	-	(2,102)	(2,102)
		<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,102)</b>	<b>(2,102)</b>
<b>2010</b>						
<b>Financial assets</b>						
Cash	5.57	4,542	-	-	13	4,555
Interest bearing deposits	5.05	502	-	-	10	512
Investments	-	-	-	-	3	3
Receivables	-	-	-	-	437	437
		<b>5,044</b>	<b>-</b>	<b>-</b>	<b>463</b>	<b>5,507</b>
<b>Financial liabilities</b>						
Accounts payable	-	-	-	-	(996)	(996)
		<b>-</b>	<b>-</b>	<b>-</b>	<b>(996)</b>	<b>(996)</b>

**(c) Market Risk:**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices 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) Currency risk:

The Group does not operate internationally and is not exposed to currency risk.

(ii) Price Risk

The Group and the Company are exposed to equity securities price risk. This arises from investments held by the Group and classified on the Statement of Financial Position as available for sale or at fair value through profit and loss.

The table below summarises the impact of increases/decreases of the securities prices on the Group's and the Company's profit for the year and on equity. The analysis is based on the assumption that the price of securities increased/decreased by 80% (2010 – 80%) with all the other variables held

	Profit or loss		Equity	
	Increase	Decrease	Increase	Decrease
	\$'000	\$'000	\$'000	\$'000
<b>31 December 2011 – 80% change</b>	-	-	2	(2)
31 December 2010 – 80% change	-	-	2	(2)

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2011

**22. Financial Risk Management (Continued)**

**(c) Market Risk (continued):**

(iii) Interest rate risk:

At balance date the Group had minimal exposure to interest rate risk, through its cash and equivalents held within financial institutions.

	Consolidated Carrying amount	
	31 December	31 December
	2011	2010
	\$'000	\$'000
<b>Fixed rate instruments</b>		
Financial assets	-	-
<b>Variable rate instruments</b>		
Financial assets	11,012	5,507

Fair value sensitivity analysis for fixed rate instruments:  
There was no exposure to fixed rate instruments at balance date.

Fair value sensitivity analysis for variable rate instruments:  
A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2010.

Consolidated	Profit or loss		Equity	
	100bp	100bp	100bp	100bp
	Increase	Decrease	Increase	Decrease
	\$'000	\$'000	\$'000	\$'000
<b>31 December 2011</b>				
Financial assets	110	(110)	110	(110)
<b>31 December 2010</b>				
Financial assets	55	(55)	55	(55)

Net Fair value  
For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying assets of the investment.

For other assets and other liabilities the net fair value approximates their carrying value as disclosed in the Statement of Financial Position.

	Consolidated	
	2011	2010
	\$'000	\$'000
<b>23. Auditors remuneration</b>		
Amount received or due and receivable by the auditor for:		
<b>a) Audit services</b>		
Audit and review of financial reports under the Corporations Act 2001	48	43
<b>b) Non Audit services</b>		
Income tax return preparation	9	4
Total remuneration of auditors	<u>57</u>	<u>47</u>

The auditor of the Company and its subsidiaries is Rothsay Chartered Accountants.

The Company has received notification from the Company's auditor that he satisfies the independence criterion and that there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct in relation to the audit. The Company is satisfied that the non-audit services provided are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

## D I R E C T O R S ' D E C L A R A T I O N

In the opinion of the Directors of Alkane Resources Ltd:

- a) the financial statements and notes set out in preceding pages are in accordance with the Corporations Act 2001 including:
  - i) giving a true and fair view of the financial position of the Company and the consolidated entity as at 31 December 2011 and of their performance for the financial year ending on that date; and
  - ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
- c) the audited remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

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 the Directors.

D I Chalmers  
Director  
Perth, 23 March 2011

# I N D E P E N D E N T   A U D I T   R E P O R T



Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 6364 5076   www.rothsay.com.au

## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ALKANE RESOURCES LTD**

We have audited the accompanying financial report of Alkane Resources Ltd (the Company) which comprises the statement of financial position as at 31 December 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the year.

### **Directors Responsibility for the Financial Report**

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

### **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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of 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 our 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, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used in and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

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

### **Independence**

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the Corporations Act 2001.



Chartered Accountants

Liability limited by the Accountants Scheme, approved  
under the Professional Standards Act 1994 (NSW).

# I N D E P E N D E N T   A U D I T   R E P O R T



## **Audit opinion**

In our opinion the financial report of Alkane Resources Ltd is in accordance with the Corporations Act 2001, including:

- a) (i) giving a true and fair view of the Company's and the group's financial position as at 31 December 2011 and of their performance for the year ended on that date; and  
  
(ii) complying with Australian Accounting Standards (including the Australian Interpretations) and the Corporations Regulations 2001; and
- b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

## **Report on the Remuneration Report**

We have audited the remuneration report included in the Directors' report for the year ended 31 December 2011. 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.

## **Audit Opinion**

In our opinion the Remuneration Report of Alkane Resources Ltd for the year ended 31 December 2011 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in cursive script, appearing to read 'Rothsay'.

Rothsay

A handwritten signature in cursive script, appearing to read 'Frank Vrachas'.

Frank Vrachas  
Partner

Dated 23 March 2012

Liability limited by the Accountants Scheme, approved  
under the Professional Standards Act 1994 (NSW).

# C O R P O R A T E   G O V E R N A N C E

## **APPROACH TO CORPORATE GOVERNANCE**

Alkane Resources Ltd (**Company**) has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement as at 27 March 2012.

Commensurate with the spirit of the Corporate Governance Principles and Recommendations 2nd edition published by the ASX Corporate Governance Council (**ASX's Recommendations**), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Further details about the ASX's Recommendations can be found on the ASX website [www.asx.com.au](http://www.asx.com.au). Where the Company's corporate governance practices follow an ASX Recommendation, the Board has made appropriate statements reporting on the adoption of the ASX Recommendation. Where, after due consideration, the Company's corporate governance practices depart from an ASX Recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

The Company reports below on how it has followed (or otherwise departed from) each of the ASX's Recommendations during the financial year ended 31 December 2011 (**Reporting Period**).

### **Website Disclosure**

*ASX's Recommendation 6.1*

This statement and a range of documents referred to in it, including copies and summaries of the Company's charters, policies and procedures, may be found on the Company's website at [www.alkane.com.au](http://www.alkane.com.au), under the section marked "Corporate Governance".

## **BOARD OF DIRECTORS AND SENIOR EXECUTIVES**

### **Roles and responsibilities of the Board and Senior Executives**

*ASX's Recommendations 1.1, 1.2 & 1.3*

The Company has established the functions reserved to the Board, and those delegated to Senior Executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Ten board meetings were held during the Reporting Period. The eligibility and attendance of each Director is set out in the Directors Report.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent Director, as appropriate.

### **Director independence**

*ASX's Recommendations 2.1, 2.2, 2.3 & 2.6*

The Board has a majority of Directors who are independent.

The Board assesses independence prior to appointment and reviews the independence of its non-executive Directors at least annually or as required. The Board reviewed independence again in March 2012.

The independent Directors of the Company are John Dunlop, Anthony Lethlean and Ian Gandel (all deemed by the Directors to be independent). Messrs Dunlop and Lethlean are independent as they are non-executive Directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

The Board considers Ian Gandel to be independent of management and the executive of the Company. Furthermore, Mr Gandel's interests as a major shareholder are considered to be in line with the interests of all other shareholders.

Ian Gandel is a "substantial shareholder" of the Company within the definition ascribed by the Corporations Act. Ian Gandel does not have any of the other relationships against which independence is measured (having regard to the Company's materiality thresholds) as set out in Box 2.1 of the commentary that supplements the ASX's Recommendations. The materiality thresholds are set out below. The Board considers that Ian Gandel's interest as a substantial shareholder is consistent with that of other shareholders and his shareholding does not cause potential for real conflict between the interests of Ian Gandel and the majority of the other shareholders of the Company (and therefore affect Ian Gandel's ability to exercise unbiased judgement). To the contrary, the Board (in the absence of Ian Gandel) considers that he demonstrates and consistently makes decisions and takes actions that are in the best interests of the Company and its shareholders, and therefore considers him to be independent.

# C O R P O R A T E   G O V E R N A N C E

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The sole non-independent Director of the Company is David (Ian) Chalmers, who is the Managing Director.

The independent Chair of the Board is John Dunlop.

Anthony Lethlean has been elected by the Board as lead independent Director. The Board has established the functions reserved for the Lead Independent Director and has set out these functions in a Lead Independent Director Charter. These functions include:

- assuming role of Chair when Chair is unable to act;
- coordinating the activities of the independent Directors;
- serving on, and as required, chairing any regular or special committees of the Board;
- participating in the review of the performance of the Chair and CEO; and
- participating in communications with shareholders.

## **Independent Professional Advice**

*ASX's Recommendation 2.6*

To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

## **Skills, experience, expertise and period of office of each Director**

*ASX's Recommendation 2.6*

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.

## **Director selection, (re)appointment, education and performance evaluation**

*ASX's Recommendation 1.1, 2.4, 2.5, 2.6*

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration is also given to the balance of independent Directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next annual general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each Director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the Director's appointment or three years following that Director's last election or appointment (whichever is the longer). However, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one Director or a third of the total number of Directors must resign. A Director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of Directors is not automatic.

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual Directors.

Performance evaluation of the Board is carried out by means of ongoing review by the Chair with reference to the composition of the Board and its suitability to carry out the Company's objectives.

The Chair may carry out the review by various means including, but not limited to:

- meeting with and interviewing each Board member;
- consultation with the full Board, in its capacity as the Nomination Committee;
- circulation of internal review tools such as formal questionnaires and reports; and
- outsourcing to independent specialist consultants.

# C O R P O R A T E   G O V E R N A N C E

The Chair's review may include:

- assessing the skills, performance and contribution of individual members of the Board and senior management personnel;
- consideration of the performance of the Board as a whole and of its various committees;
- the awareness of Board members of their responsibilities and duties, and of corporate governance and compliance requirements;
- the awareness of Board members of the Company's goals and strategies;
- the understanding of Board members of the business/es the Company is operating and the trends and issues affecting the market/s in which it competes; and
- consideration of avenues for continuing improvement of Board functions and further development of its skill base.

The Chair reports back to the Board in regard to his review at least annually.

The full Board, in its capacity as the Nomination Committee, is responsible for the evaluation of the Managing Director. Given the current size and structure of the Company, in addition to the process for general performance evaluation as outlined above, further performance evaluation may be carried out on an ongoing basis through open and regular communication between the Board, in its capacity as the Nomination Committee, and the Managing Director, to identify and achieve key performance indicators, to provide feedback, and to provide guidance and support where any issues may become evident. During the Reporting Period an evaluation of the Board, its committees, and individual Directors took place in accordance with the process disclosed. It is the responsibility of the Managing Director to manage and implement performance evaluations of senior executives and management personnel, reporting to the Remuneration Committee at least annually.

The current size and structure of the Company allows the Managing Director to conduct informal evaluations regularly. While the Company does not currently have senior executives on staff, open and regular communication with non-executive senior personnel allows the Managing Director to ensure that key performance indicators are identified and met, and provides feedback and guidance particularly where performance issues are evident. Individual performance may be more formally assessed in conjunction with a remuneration review approximately annually. As the Company grows, a more formal structure of performance evaluation is likely to be implemented.

During the Reporting Period there were informal performance evaluations held for the Company's senior personnel, including its consultants.

## **BOARD COMMITTEES**

The Board has established Audit, Remuneration and Nomination Committees to assist in the discharge of the Board's responsibilities. The charters for each of these committees can be found on the Company's website.

### **Nomination Committee**

*ASX's Recommendations 2.4, 2.6*

The Company has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the Director with conflicting interests is not party to the relevant discussions.

The full Board, in its capacity as the Nomination Committee, held three meetings during the Reporting Period. The following table identifies those Directors who are members of the Nomination Committee and shows their attendance at Committee meetings:

<b>Name</b>	<b>No. of meetings eligible to attend</b>	<b>No. of meetings attended</b>
John Dunlop	3	2
Anthony Lethlean	3	3
Ian Gandel	3	3
David (Ian) Chalmers	3	3

To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter.

### **Audit Committee**

*ASX's Recommendations 4.1, 4.2, 4.3 & 4.4*

The Company has established an Audit Committee.

The Audit Committee is structured in compliance with Recommendation 4.2. It comprises three independent non-executive Directors (Messrs Dunlop, Lethlean and Gandel) and is chaired by Mr Lethlean who is not Chair of the Board.

The Company has adopted an Audit Committee Charter.

# C O R P O R A T E   G O V E R N A N C E

The Audit Committee held four meetings during the Reporting Period. The following table identifies those Directors who are members of the Audit Committee and shows their attendance at Committee meetings:

Name	No. of meetings eligible to attend	No. of meetings attended
Anthony Lethlean	4	4
John Dunlop	4	3
Ian Gandel	4	3

Details of each of the Director's qualifications are set out in the Directors' Report.

While none of the Audit Committee members has financial qualifications, they all have extensive industry knowledge and are financially literate. Details of each of the Directors' qualifications are set out in the Directors' Report. Further, the Chief Financial Officer is available to assist the Audit Committee, if necessary. The Audit Committee Charter also provides that the Committee may seek explanations and additional information from the Company's external auditors, without management present, when required.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and the Company's Procedure for Selection, Appointment and Rotation of External Auditor are available on the Company's website at [www.alkane.com.au](http://www.alkane.com.au).

## Remuneration Committee

*ASX's Recommendations 8.1, 8.2, 8.3 & 8.4*

The Board has established a separate Remuneration Committee that is comprised of entirely independent Directors. The Remuneration Committee comprises three independent non-executive Directors (Messrs Dunlop, Lethlean and Gandel) and is chaired by Mr Dunlop.

The Remuneration Committee held four meetings during the Reporting Period. The following table identifies those Directors who are members of the Remuneration Committee and shows their attendance at Committee meetings:

Name	No. of meetings eligible to attend	No. of meetings attended
John Dunlop	4	3
Anthony Lethlean	4	4
Ian Gandel	4	4

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report. Non-executive Directors are remunerated at fixed rates which are in line with market rates (for comparable companies) for time, commitment and responsibilities. Remuneration for non-executive Directors is not linked to the performance of the Company. The Board may, from time to time, consider issuing options to non-executive Directors, subject to obtaining the relevant shareholder approvals. Given the Company's current size and stage of development, the Board believes this is an effective means of attracting and retaining the highest calibre of professionals to the role whilst maintaining the Company's cash reserves. This policy is subject to annual review. Pay and rewards for executive Directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options, performance rights or other equity based incentives granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive Directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in invested entitlements under any equity based remuneration schemes.

## ETHICAL AND RESPONSIBLE DECISION MAKING

### Code of Conduct

*ASX's Recommendations 3.1 & 3.5*

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account the legal obligations and expectations of stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

# C O R P O R A T E   G O V E R N A N C E

## Diversity

*ASX's Recommendations 3.2, 3.3, 3.4 & 3.5*

The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

In December 2011, the Company developed and the Board adopted a Diversity Strategy which details the Company's measurable objectives for achieving gender diversity in accordance with the Diversity Policy. In doing this, and assigning responsibility for the Diversity Policy and its administration, monitoring and review, the Company has achieved its structural and procedural measurable objectives set for 2011. The Diversity Strategy includes a number of concepts including contribution to enhanced local workforce and provision of opportunities for career development. Initiation of programs and schemes to achieve these goals was achieved during 2011. The Board has also adopted a policy to address harassment and discrimination in the Company, which it believes will facilitate an environment that encourages a diverse workforce.

A summary of the Company's Diversity Policy is available on the Company's website at [www.alkane.com.au](http://www.alkane.com.au).

The proportions of women employees in the whole organisation, women in senior executive positions and women on the Board as at 31 December 2012 are set out in the following table:

	Proportion of women
Whole organisation	two out of 15 (13.3%)
Senior Executive positions	one out of two (50%)
Board	nil out of four (0%)

## DISCLOSURE

*ASX's Recommendations 5.1, 5.2, 6.1 & 6.2*

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure, and accountability for that compliance at a senior executive level.

A summary of the Company's Policy on Continuous Disclosure and a summary of the Company's Compliance Procedures are available on the Company's website at [www.alkane.com.au](http://www.alkane.com.au).

## SHAREHOLDER COMMUNICATION

*ASX's Recommendations 6.1 & 6.2*

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings. The Board recognises that the shareholders and prospective investors are entitled to receive timely and relevant, information about their investment or potential investment to enable informed decisions to be made.

## RISK MANAGEMENT

*ASX's Recommendations 7.1, 7.2, 7.3 & 7.4*

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control. During the Reporting Period, the Risk Management Policy was reviewed and updated.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter he believes appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems. The Audit Committee reports to the Board in this regard at least twice per year.

During the Reporting Period the Board resolved to establish a separate Risk Management Committee to assist the Managing Director to identify, monitor and manage the Company's risks. The composition of this committee and a framework for its operation will be finalised in 2012.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

## C O R P O R A T E   G O V E R N A N C E

The Board has formalised and documented the management of its material business risks. This system includes the preparation of a risk matrix by third party consultants in consultation with the Board and management to identify the Company's material business risks and risk management strategies for these risks. In addition, the process of management of material business risks is allocated to members of senior management. Risk is a standing item at each scheduled Board meeting and the risk matrix is reviewed quarterly.

The categories of risk reported on as part of the Company's systems and processes for managing material business risks include: market-related risk; financial reporting risk; operational risk, environmental risk, human capital risk; sustainability; occupational health and safety; economic cycle/marketing; reputational risk; political risk; strategic risk; technological risk; ethical conduct and legal and compliance risk.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

The Company has also prioritised a review and update of its Occupational Health and Safety policies and procedures in the Reporting Period in response to changes in legislation and to manage one of the Company's material business risks during this time of growth. These policies and procedures are included in employee induction packs.

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

# S H A R E H O L D E R I N F O R M A T I O N

## Share Holding at 5 April 2012 - ALK

(a) Distribution of Shareholders

Share holding			Number of Holders Fully paid ordinary shares
1	-	1,000	961
1,001	-	5,000	2,419
5,001	-	10,000	1,129
10,001	-	100,000	1,607
100,001	-	over	191
			6,307

(b) Unmarketable Parcels

There are 309 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	82,475,502

## Top Twenty Shareholders at 5 April 2012

Shareholder	Number of Shares	% Issued Capital
Abbotsleigh Pty Ltd	75,875,502	22.57
JP Morgan Nominees Australia Limited	43,611,048	12.97
JP Morgan Nominees Australia Limited <Cash Income A/C>	21,915,169	6.52
National Nominees Limited	21,402,963	6.37
HSBC Custody Nominees (Australia) Limited	21,117,077	6.28
Citicorp Nominees Pty Limited	15,477,773	4.60
Pershing Australia Nominees Pty Ltd <Argonaut Account>	6,760,246	2.01
Sandhurst Trustees Ltd <DMP Asset Management A/C>	3,856,172	1.15
Funding Securities Pty Ltd <Colin J Ferguson S/F A/C>	3,850,000	1.15
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	3,658,344	1.09
HSBC Custody Nominees (Australia) Limited – A/C 2	2,950,547	0.88
RBC Dexia Investor Services Australia Nominees Pty Limited <Piselect A/C>	2,672,972	0.79
Leefab Pty Ltd	2,038,723	0.61
Ms Kathryn Lewis	1,996,555	0.59
Berne No 132 Nominees Pty Ltd <152417 A/C>	1,540,000	0.46
RM Dimond & Associates Pty Ltd <The Dimond Super Fund A/C>	1,540,000	0.46
Spacebull Pty Limited	1,383,689	0.41
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,274,195	0.38
NEFCO Nominees Pty Ltd	1,222,000	0.36
RBC Dexia Investor Services Australia Nominees Pty Limited <BK Cust A/C>	1,206,382	0.35
	235,349,357	70.00

## 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

# T E N E M E N T   S C H E D U L E

at 5 April 2012 - ALK

Tenement Number	Project Name	Alkane Interest %	Other interests
GL 5884 (Act 1904)	Peak Hill, NSW	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	] Alkane group 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	]
MLA 79 Or	Peak Hill, NSW	100	]
ML 1479	Peak Hill, NSW	100	]
EL 6319	Peak Hill, NSW	100	]
EL 5548	Dubbo, NSW	100	]
EL 7631	Dubbo NSW	100	] Alkane group 100%
MLA 183 Or	Dubbo, NSW	100	]
EL 6320	Wellington, NSW	100	] Alkane group 100%
EL 5675	Tomingley, NSW	100	]
EL 5830	Tomingley, NSW	100	]
EL 5942	Tomingley, NSW	100	] Alkane group 100%
EL 6085	Tomingley, NSW	100	]
EL 7139	Tomingley, NSW	100	]
MLA 399	Tomingley, NSW	100	]
EL 7020	Cudal, NSW	100	] Alkane group 100%
EL 4022	Bodangora, NSW	100	] Alkane group 100%
EL 7235	Calula, NSW	100	] Alkane group 100%
EL 7383	Calula, NSW	100	]
EL 7583	Diamond Creek, NSW	100	] Alkane group 100%
EL 5760	Moorilda, NSW	49	] Alkane group 49%
EL 6111	Moorilda, NSW	49	] Newmont Australia Ltd 51%, earning up to 75%
EL 6025	Orange-Molong, NSW	49	]
EL 6091	Orange-Molong, NSW	49	]
EL 7878	Orange-Molong, NSW	49	]
ELA 4417	Mt Conqueror	100	] Alkane group 100%
E 46/522	Nullagine, WA	0	] Alkane group retains 60% interest
E 46/523	Nullagine, WA	0	] in diamond potential
E 46/524	Nullagine, WA	0	]
M 36/303	Miranda Well, WA	25	] Xstrata Nickel holds 79.6%, Alkane diluting
M 36/329	McDonough, WA	25	] Xstrata Nickel holds 79.6%, Alkane diluting
M 36/330	McDonough, WA	25	]
E 36/622	Leinster Downs, WA	25	]
P 36/1601	Leinster Downs, WA	25	]
P 36/1602	Leinster Downs, WA	25	] Xstrata Nickel holds 79.6%, Alkane diluting
P 36/1603	Leinster Downs, WA	25	]
P 36/1604	Leinster Downs, WA	25	]
P 36/1605	Leinster Downs, WA	25	]





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