

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

ALKANE RESOURCES LTD

ABN

35 000 689 216

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	22,330	58,747
1.2 Payments for		
(a) exploration & evaluation	(2,633)	(5,942)
(b) development	(1,622)	(6,930)
(c) production	(16,520)	(33,120)
(d) staff costs (administration and corporate)	(644)	(1,502)
(e) administration and corporate costs	(1,249)	(2,536)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	279	516
1.5 Interest and other costs of finance paid	(43)	(48)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (includes minerals royalties)	(1,360)	(2,832)
1.9 Net cash from / (used in) operating activities	(1,462)	6,353
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(370)	(802)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	(193)	(203)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (net movement in security deposits)	(13)	(3,073)
2.6	Net cash from / (used in) investing activities	(576)	(4,078)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(4)
3.5	Proceeds from borrowings	993	993
3.6	Repayment of borrowings	(397)	(397)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	594	592

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	46,280	41,969
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,462)	6,353
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(576)	(4,078)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	594	592
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	44,836	44,836

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	7,884	17,552
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (31 day notice deposit)	36,952	28,728
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	44,836	46,280

Further information to explain the consolidated statement of cash flows above:

Bullion on hand at fair value at quarter end amounted to \$12,943K (Prior Qtr: \$7,032K) taking the total cash and bullion balance at quarter end to \$57,780K, an increase of \$4,468K for the quarter.

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	\$199
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments to directors and/or companies associated with directors for:	\$A'000
- Directors fees/corporate consulting fees	\$ 77
- Executive director salary and superannuation	\$ 122

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

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	\$45
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Payments to related entities of the entity and their associates	\$A'000
- Administration/accounting and company secretarial fees	\$ 45
- IT consulting fees and services	\$ -

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	598	598
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Other

- Consists of the unamortised balance of a Group annual insurance premium funding facility

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	3,000
9.2 Development	1,000
9.3 Production	16,000
9.4 Staff costs (administration and corporate)	700
9.5 Administration and corporate costs	1,000
9.6 Other (mineral royalties, property plant and equipment, repayment of borrowings)	3,000
9.7 Total estimated cash outflows	24,700

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Cudal, NSW EL 8340	Equity relinquished	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Tomingley, NSW EL 8676	Equity on grant of ELA5555	100%	100%

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ITEM 10.1 & 10.2 Schedule of mining tenements –as at 31 December 2017

Project/Location	Tenement	Interest	Nature of interest
Peak Hill, NSW	GL 5884 (Act 1904)	100%	Equity
	ML 6036	100%	Equity
	ML 6042	100%	Equity
	ML 6277	100%	Equity
	ML 6310	100%	Equity
	ML 6389	100%	Equity
	ML 6406	100%	Equity
	ML 1351	100%	Equity
	ML 1364	100%	Equity
	ML 1479	100%	Equity
	EL 6319	100%	Equity
Dubbo, NSW	EL 5548	100%	Equity through subsidiary
	EL 7631	100%	Equity through subsidiary
	ML 1724	100%	Equity through subsidiary
Wellington, NSW	EL 6320	100%	Equity
Tomingley, NSW	EL 5675	100%	Equity
	EL 5830	100%	Equity
	EL 5942	100%	Equity
	EL 6085	100%	Equity
	EL 8676	100%	Equity
	ML 1684	100%	Equity through subsidiary
Cudal, NSW	EL 7020	100%	Equity
Rockley, NSW	EL 8170	100%	Equity
	EL 8194	100%	Equity
	EL 8527	100%	Equity
Northern Molong Porphyry Project			
Bodangora, NSW	EL 4022	100%	Equity
Kaiser, NSW	EL 6209	100%	Equity (subject to royalty of 2% net smelter return)
Finns Crossing, NSW	EL 8261	100%	Equity
Elsienora, NSW	EL 8550	100%	Equity
Orange East, NSW	EL 8442	0%	Right to earn 60% to 80%
Nullagine, WA	E 46/522-I & 523-I	0%	60% retained interest in diamond potential - FMGN
	E 46/928	0%	60% retained interest in diamond potential - FMGN
	M 46/515, 522 & 523	0%	60% retained interest in diamond potential - FMGN
Miranda Well, WA	M 36/303	19.4%	Equity - ANI holds 80.6%
McDonough Lookout, WA	M 36/329 & 330	19.4%	Equity - ANI holds 80.6%
ANI	Australian Nickel Investments Pty Limited		
FMGN	FMG Nullagine Pty Ltd		