ASX and MEDIA RELEASE

27 August 2021

ALKANE
RESOURCES LTD
ABN 35 000 689 216

Alkane Delivers Profit After Tax of A$55.7 Million for FY2021

Alkane Resources Ltd results for the year ended 30 June 2021 are attached. The table below is a summary of the financial results:

	June 2021 (A$'000)	June 2020 (A$'000)	Change (A$'000)	Change %
Gold revenue	127,833	72,549	55,284	76%
Gold production (ounces)	56,958	33,507	23,451	70%
Gold sales (ounces)	55,929	32,995	22,934	70%
Sale price ($/oz)	2,286	2,199	87	4%
TGO profit before tax	57,791	30,362	27,429	90%
Company profit after tax[1]	55,701	12,762	42,939	336%
Company profit after tax – continuing operations[1]	33,567	13,345	20,222	152%
Company profit after tax –discontinuing operations[1]	22,134	(583)	22,717	3897%

1. *Profit for the business excluding the ASM business which was demerged in July 2020.*

The profit was driven by Tomingley performance and the highly successful demerger of Australian Strategic Materials.

Excellent production and cost performance at the Tomingley Gold Operation resulted in 56,958 ounces of gold produced at an all in sustaining cost (AISC) of A$1,320 per ounce.

The demerger and listing of Australian Strategic Materials (ASX: ASM) resulted in a profit after tax for Alkane of $22.1 million. ASM's market capitalisation went on to rise through $1 billion at the end of the financial year and is now in excess of $1.5 billion.

As at 30 June 2021 the company's cash, bullion and listed investments totalled A$73.9 million, with A$19.0 million in cash, bullion on hand at fair value of A$7.7 million and A$47.2 million of listed investments at market value.

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Disclaimer

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

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

This document has been authorised for release to the market by Nic Earner, Managing Director.

ABOUT ALKANE - www.alkane.com.au - ASX: ALK

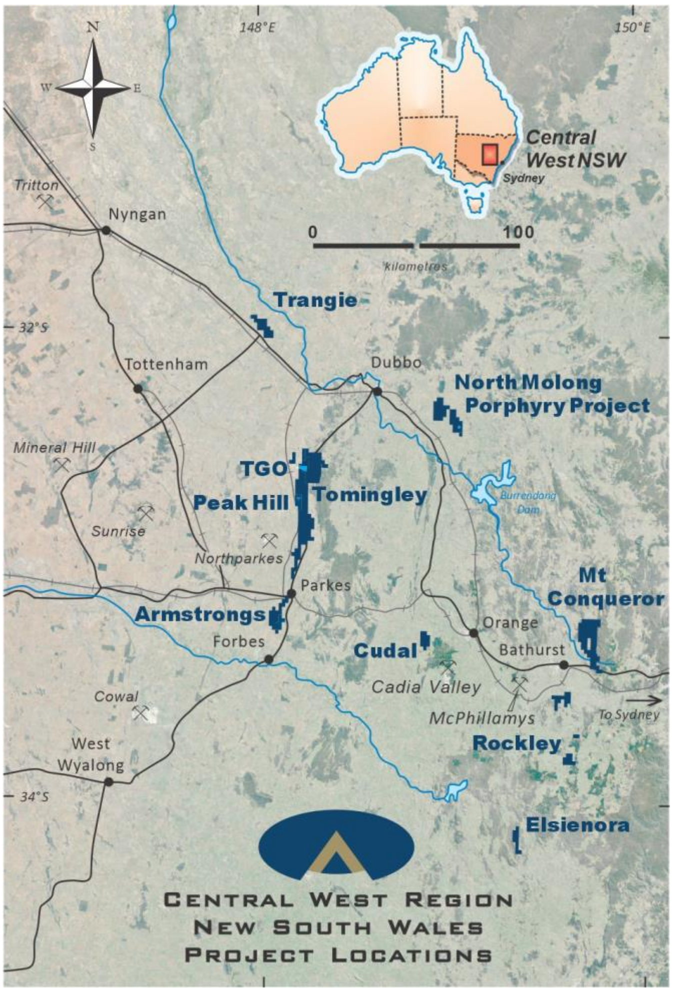
Alkane Resources is poised to become Australia's next multi-mine gold producer.

The Company's current gold production is from the Tomingley Gold Operations in Central West New South Wales, where it has been operating since 2014 and is currently expediting a development pathway to extend the mine's life beyond 2030.

Alkane has an enviable exploration track record and controls several highly prospective gold and copper tenements. Its most advanced exploration projects are in the tenement area between Tomingley and Peak Hill, which have the potential to provide additional ore for Tomingley's operations.

Alkane's exploration success includes the landmark porphyry gold-copper mineralisation discovery at Boda in 2019. With a major drill program ongoing at Boda, Alkane is confident of further consolidating Central West New South Wales' reputation as a significant gold production region.

Alkane's gold interests extend throughout Australia, with strategic investments in other gold exploration and aspiring mining companies, including ~19.8% of Genesis Minerals (ASX: GMD) and ~9.7% of Calidus Resources (ASX: CAI).



Alkane Resources Ltd
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Alkane Resources Ltd
ABN:	35 000 689 216
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

				$'000
Revenue from ordinary activities	up	76%	to	127,833
Profit after tax attributable to the owners of Alkane Resources Ltd	up			
- From continuing operations		152%	to	33,567
- From discontinued operations				22,134

The revenue increase was as a result of increased gold production and increased gold price during the year. Gold poured during the current year was 56,958oz (2020: 33,507oz). The revenue recognised in the previous year was mainly related to the processing of low-grade stockpiles as the underground mine was being developed and commenced production in February 2020.

Comments
The profit for the consolidated entity form continuing operations after providing for income tax amounted to $33,567,000 and from discontinued operations amounted to $22,134,000 totalling to $55,701,000 (30 June 2020: $12,762,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	22.39	26.28

4. Loss of control over entities

Name of entities (or group of entities)	Australian Strategic Materials Ltd and its controlled entities
Date control lost	20 July 2020

	$'000
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	22,134
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)	(583)

5. Dividends

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

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

6. Details of associates

Associates

Genesis Minerals Ltd ("Genesis")

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

8. Attachments

Details of attachments (if any):

The Annual Report for the year ended 30 June 2021 of Alkane Resources Ltd is attached.

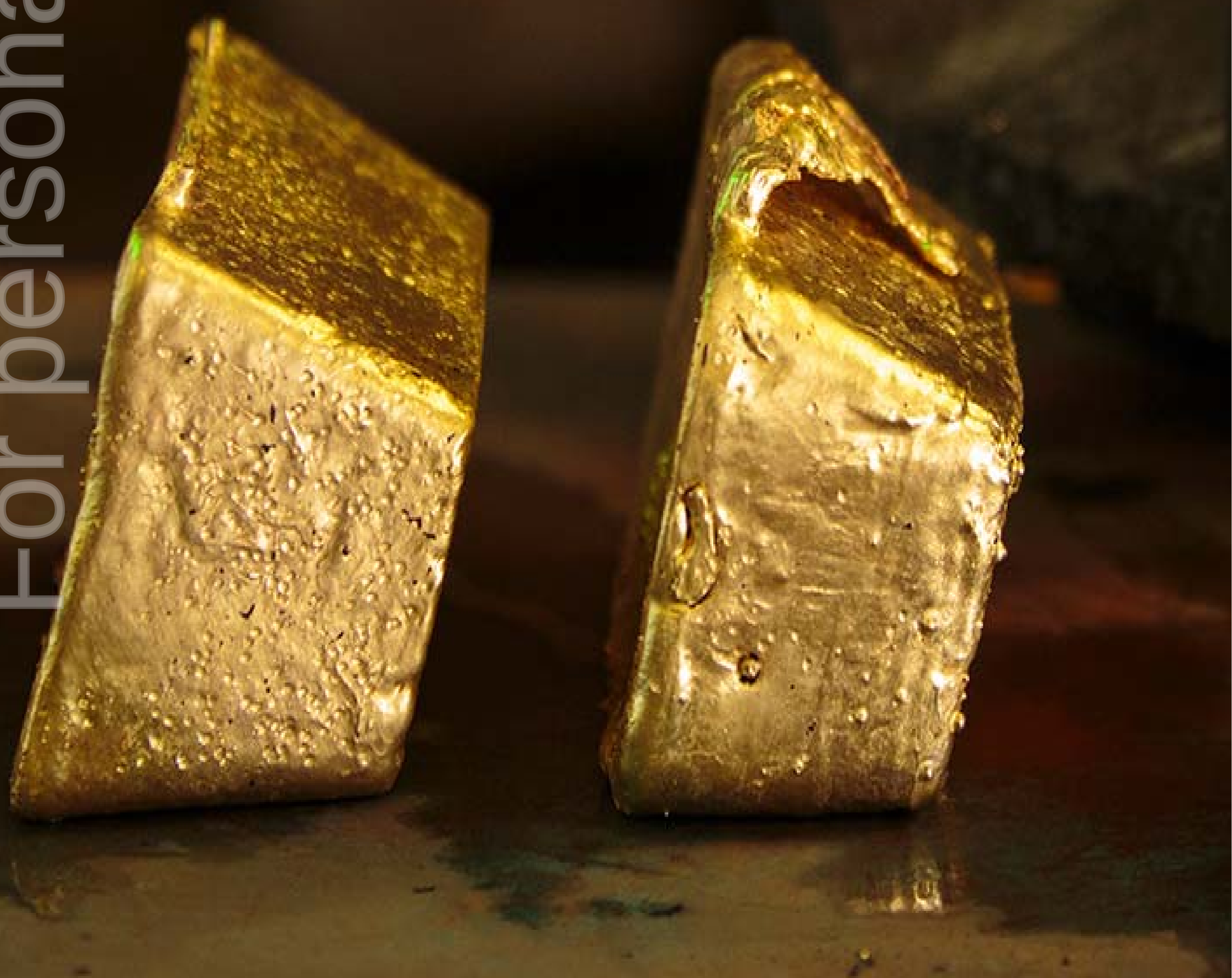
9. Signed

Signed ______________________________ Date: 27 August 2021

Alkane Resources Ltd

ABN 35 000 689 216

Annual Report for the year ended - 30 June 2021



Alkane Resources Ltd
Contents
30 June 2021

Alkane Resources Ltd
Corporate directory
30 June 2021

Directors	I J Gandel (Non-Executive Chairman) N P Earner (Managing Director) D I Chalmers (Technical Director) A D Lethlean (Non-Executive Director) G M Smith (Non-Executive Director)
Joint company secretaries	D Wilkins J Carter
Registered office and principal place of business	Level 4, 66 Kings Park Road, West Perth WA 6005 Telephone: 61 8 9227 5677 Facsimile: 61 8 9227 8178
Share register	Advanced Share Registry Limited 110 Stirling Highway, Nedlands WA 6009
Auditor	PricewaterhouseCoopers Brookfield Place, 125 St Georges Terrace, Perth WA 6000
Stock exchange listing	Alkane Resources Ltd shares are listed on the Australian Securities Exchange (Perth) (ASX code: ALK) and the OTC International (OTC code: ALKEF) Ordinary fully paid shares
Website	http://www.alkane.com.au
E-mail address	mail@alkane.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'group') consisting of Alkane Resources Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were directors of Alkane Resources Ltd (Alkane) during the whole of the financial year and up to the date of this report, unless otherwise stated:

I J Gandel
N P Earner
D I Chalmers
A D Lethlean
G M Smith

The Board continues its efforts to seek to appoint additional independent members who will bring complimentary skill sets and diversity to the group's leadership.

Information on Directors and Company Secretaries

Ian Jeffrey Gandel - Non-Executive Chairman

LLB, BEc, FCPA, FAICD

Appointed Director 24 July 2006 and Chairman 1 September 2017

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

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 Western Australia. Mr Gandel is currently non-executive chairman of Alliance Resources Ltd (appointed as a director on 15 October 2003 and in June 2016 was appointed non-executive chairman). Mr Gandel is currently non-executive chairman of Australian Strategic Materials Limited (appointed 18 March 2014) (This company was demerged and admitted to the Australian Securities Exchange (ASX) on 29 July 2020). He is also Non-Executive chairman of Octagonal Resources Ltd (appointed 10 November 2010) (this company sought delisting from the ASX in February 2016 and converted to Pty Ltd status in April 2016).

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

Nicolas Paul Earner - Managing Director

BEng (hons)

Appointed Managing Director 1 September 2017

Mr Earner is a chemical engineer and a graduate of the University of Queensland with over 25 years' experience in technical and operational optimisation and management, and has held a number of executive roles in mining and processing.

Mr Earner joined Alkane Resources Ltd as Chief Operations Officer in August 2013 with responsibility for the safe and efficient management of the company's operations at Tomingley Gold Operations (TGO) and Dubbo (Dubbo Project). Under his supervision, the successful development of TGO transitioned to profitable and efficient operations. His guidance also drove the engineering and metallurgical aspects of the Dubbo Project, prior to its transition into the separately listed Australian Strategic Materials.

Prior to his appointment as the group's Chief Operations Officer in August 2013 he had roles at Straits Resources Ltd, Rio Tinto Coal Australia's Mount Thorley Warkworth coal mine and BHP/WMC Olympic Dam copper-uranium-gold operations.

Mr Earner is currently a non-executive director of Genesis Minerals Limited (appointed 24 October 2019) and Australian Strategic Materials Limited (appointed 1 September 2017) (this company was demerged and admitted to the ASX on 29 July 2020).

David Ian Chalmers - Technical Director
MSc, FAusIMM, FAIG, FIMM, FSEG, MSGA, MGSA, FAICD

Appointed Technical Director 1 September 2017. Resigned as Managing Director 31 August 2017.

Mr Chalmers, Alkane Resources Ltd's Technical Director, is a geologist and graduate of the Western Australia Institute of Technology (Curtin University) and has a Master of Science degree from the University of Leicester in the United Kingdom. He has worked in the mining and exploration industry for over 50 years, during which time he has had experience in all facets of exploration and mining through feasibility and development to the production phase. Mr Chalmers was Technical Director of Alkane until his appointment as Managing Director in 2006, overseeing the group's minerals exploration efforts across Australia and the development and operations of the Peak Hill Gold Mine (NSW). During his time as Chief Executive he steered Alkane through the discovery, feasibility, construction and development of the now fully operational Tomingley Gold Operations; the discovery and ultimate sale of the McPhillamys gold deposit; the recent discovery of the gold deposits immediately south of Tomingley and the porphyry gold-copper discovery at Boda. Mr Chalmers also managed the process development and global marketing effort for the Dubbo Project, advancing it to the threshold of development.

Mr Chalmers is currently a non-executive director of Australian Strategic Materials Limited (appointed 18 March 2014) (this company was demerged and admitted to the ASX on 29 July 2020).

Mr Chalmers is a member of the Nomination Committee.

Anthony Dean Lethlean - Non-Executive Director
BAppSc (Geology)

Appointed Director 30 May 2002

Mr Lethlean is a geologist with over 10 years mining experience including 4 years underground on the Golden Mile in Kalgoorlie. In later years, he has worked as a resource analyst with various stockbrokers and investment banks including CIBC World Markets. He was a founding director of Helmsec Global Capital Limited which seeded, listed and funded a number of companies in a range of commodities. He retired from the Helmsec group in 2014. He is also a director of corporate advisory Rawson Lewis and a non-executive director of Alliance Resources Ltd (appointed 15 October 2003).

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

Gavin Murray Smith - Non-Executive Director
B.Com, MBA, MAICD

Appointed Director 29 November 2017

Mr Smith is an accomplished senior executive and non-executive director within multinational business environments. He has more than 35 years' experience in Information Technology, Business Development, and General Management in a wide range of industries and sectors. Mr Smith has worked for the Bosch group for the past 29 years in Australia and Germany and is current Chair and President of Robert Bosch Australia. In this role Mr Smith has led the restructuring and transformation of the local Bosch subsidiary. Concurrent with this role, he is a non-executive director of the various Bosch subsidiaries, joint ventures, and direct investment companies in Australia and New Zealand. In addition, Mr Smith is the Chair of the Internet of Things Alliance Australia (IoTAA), the peak body for organisations with an interest in the IoT.

Mr Smith is currently a non-executive director of Australian Strategic Materials Limited (appointed 12 December 2017) (this company was demerged and admitted to the ASX on 29 July 2020).

Mr Smith is a member of the Audit Committee, Risk Committee and Chair of Remuneration and Nomination Committees.

Dennis Wilkins - Joint Company Secretary
B.Bus, ACIS, AICD

Appointed company secretary 29 March 2018

Mr Wilkins is the founder and principal of DWCorporate Pty Ltd, a corporate advisory firm servicing the natural resources industry.

Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. Since July 2001 Mr Wilkins has been running DWCorporate Pty Ltd, where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

Mr Wilkins is currently a director of Key Petroleum Limited.

James Carter

Appointed company secretary 20 May 2020.

Mr Carter is a CPA and Chartered Company Secretary with over 25 years international experience in the resources industry. He has held senior finance positions across listed resources companies since 2001.

Principal activities
During the financial year the principal activities of the consolidated entity consisted of:
- mining operations at the Tomingley Gold Operation;
- exploration and evaluation activities on tenements held by the group; and
- pursuing strategic investments in gold exploration companies.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Result for the year
The profit for the consolidated entity after providing for income tax amounted to $55,701,000 (30 June 2020: $12,762,000) of which continued operations amounted to $33,567,000 and discontinued operations amounted to $22,134,000.

This result included a profit before tax of $57,791,000 (30 June 2020: $30,362,000) in relation to Tomingley Gold Operations.

Review of operations

Tomingley Gold Operations ('TGO')

Tomingley Gold Operations (TGO) is a wholly owned subsidiary of Alkane, located near the village of Tomingley, approximately 50km southwest of Dubbo in Central Western New South Wales. The gold processing plant was commissioned in January 2014 and has been operating at the design capacity of 1Mtpa since late May 2014. Mining is based on four gold deposits (Wyoming One, Wyoming Three, Caloma One and Caloma Two).

TGO continues to perform well and is processing underground stope material with recovery as expected. The cutback in the northeast of the Caloma pit is mining ore. Reconciliations of mined material show that the grade mined is higher than forecast.

Gold recovery of 88.8% for the period was in line with the expectations (2020: 88.1%). Average grade milled increased to 2.14g/t in the current year (2020: 1.45g/t). In the prior year, average grade milled was lower as a result of processing both medium and low grade stockpiles as the operation transitioned from open cut to underground.

Production for the period was 56,958 ounces of gold (2020: 33,507 ounces of gold) with all in sustaining costs of $1,320 per ounce (2020: $1,357 per ounce). The average sales price achieved for the year increased to $2,286 per ounce (2020: $2,199 per ounce). Gold sales of 55,929 ounces (2020: 32,995 ounces) resulted in sales revenue of $127,833,000 (2020: $72,549,000).

Bullion on hand increased by 1,015 ounces from 30 June 2020 to 3,246 ounces (fair value of $7,633,000 at year end).

Alkane’s intention is to develop the Roswell and San Antonio deposits, which are located 3 – 5km south of Tomingley, as soon as possible.

Alkane has commenced the approval process for this development. Consultations with regulators, landholders and other stakeholders, as well as on ground assessments needed for the Environmental Impact statement, continues. The Environmental Impact Statement is being prepared for submission in the current September quarter. The expected timing of Project Approval is mid-2022.

Tomingley Gold Operations ('TGO') (continued)
The table below summarises the key operational information:

TGO Production	Unit	Sep Quarter 2020	Dec Quarter 2020	Mar Quarter 2021	Jun Quarter 2021	FY 2021	FY 2020
Open cut							
Waste mined	BCM's	-	390,159	429,443	399,177	1,218,779	50,473
Ore mined	Tonnes	-	2,755	10,953	57,638	71,347	5,331
Stripping Ratio	Ratio	-	243.5	67.4	13.7	32.8	9.5
Grade mined (2)	g/t	-	0.40	1.15	0.56	0.64	2.37
Underground							
Ore mined	Tonnes	181,831	180,642	169,444	174,971	706,889	335,879
Grade mined	g/t	1.85	3.41	2.88	2.37	2.63	2.37
Ore Milled	Tonnes	254,423	235,217	237,455	201,437	928,531	838,743
Head Grade	g/t	1.56	2.50	2.40	2.16	2.14	1.45
Gold Recovery	%	88.4	88.1	91.0	87.1	88.8	88.1
Gold poured (3)	Ounces	11,499	15,919	16,040	13,500	56,958	33,507
Revenue summary							
Gold sold	Ounces	11,945	16,613	15,844	11,526	55,929	32,995
Average price realised	A$/Oz	2,261	2,302	2,203	2,401	2,286	2,199
Gold revenue	A$M	27.0	38.2	34.9	27.7	127.8	72,549
Cost summary							
Surface works	A$/Oz	-	-	-	83	17	50
Mining	A$/Oz	606	336	389	545	452	272
Processing	A$/Oz	446	290	295	398	347	517
Site support	A$/Oz	126	94	119	174	125	158
C1 Cash Cost (1)	A$/Oz	1,178	720	803	1,199	940	997
Royalties	A$/Oz	63	71	70	89	73	56
Sustaining capital	A$/Oz	183	326	172	540	296	205
Gold in circuit movement	A$/Oz	66	25	(103)	(243)	(58)	-
Rehabilitation	A$/Oz	19	19	19	22	20	26
Corporate	A$/Oz	66	41	35	62	49	73
All-in Sustaining Cost (1)	A$/Oz	1,575	1,201	997	1,669	1,320	1,357
Bullion on hand	Ounces	1,781	1,083	1,275	3,246	3,246	2,231
Stockpiles							
Ore for immediate milling	Tonnes	139,025	96,029	41,487	71,938	71,938	207,414
Stockpile grade (2)	g/t	0.74	1.43	1.23	0.95	0.95	0.83
Contained gold	Ounces	3,319	4,403	1,811	2,856	2,856	5,566

(1) All in Sustaining Cost (AISC) comprises all site operating costs, royalties, mine exploration, sustaining capex, sustaining mine development and an allocation of corporate costs on the basis of ounces sold since 1 July 2020 (AISC was prepared on a production basis using gold poured ounces in the previous period). AISC does not include share-based payments, production incentives or net realisable value provision for product inventory.
(2) Based on the resource models.
(3) Represents gold sold at site, not adjusted for refining adjustments which results in minor differences between the movements in bullion on hand and the difference between production and sales.

Tomingley Gold Extension Project

An extensive exploration program focussed on the immediate area to the south of the Tomingley mine has continued as part of the plan to source additional ore feed, either at surface or underground. On the back of strong results from exploration and resource drilling to the immediate south of Tomingley, the Company is expediting the process to move to mine development.

Alkane has commenced the approval process for the Roswell and San Antonio development deposits located to the immediate south of TGO. Consultations with regulators, landholders and other stakeholders, as well as on ground assessments needed for the Environmental Impact Statement, continues.

Tomingley Gold Extension Project (continued)

Feasibility plans that include both open cut and underground mines at Roswell and San Antonio have been prepared and released as part of a Tomingley Life of Mine Plan, that shows extension of the mine life beyond 2030 (on approval).

Exploration

The extensive exploration program focused on the immediate area to the south of the TGO mine has continued as part of the plan to source additional ore feed, either at surface or underground. During the year the program continued to focus on both increasing the drilling density within the Roswell and San Antonio prospects as well as testing strike and depth extensions.

Roswell infill drilling is complete and an Indicated Resource has been released. Further drilling around the Roswell resource continues. At San Antonio an Indicated Resource has also been released.

Regional drilling of the San Antonio to Peak Hill corridor focused on stratigraphy south of the El Paso target where earlier exploration had returned encouraging results.

Northern Molong Porphyry Project (gold-copper)

Initial drill testing of the Boda prospect was completed during the year and results demonstrated continuity to the south of the broad gold-copper mineralised alteration envelope.

A major RC and diamond core drilling program totalling over 30,000 metres has been completed, with received results released. A further program continues around Boda with reconnaissance work also underway throughout the NMPP.

Corporate

In accordance with its strategy of investing part of its cash balance in junior gold mining companies and projects that meet its investment criteria, namely potential investments that have high exploration potential and/or require near term development funding, the Company continues to hold its investment in gold exploration and development companies Calidus Resources Ltd (ASX:CAI) and Genesis Minerals Ltd (ASX:GMD).

Significant changes in the state of affairs

On 20 July 2020, Australian Strategic Materials Ltd ("ASM") was demerged with its cash reserves and no bank debt. All interests in the Dubbo Project and associated assets (including land and water rights), together with ASM's investment in South Korean metals technology company RMR Tech Corporation was 100% owned by ASM following the demerger. A net gain of $22,134,000 has been recognised on demerger of the ASM business.

On 17 July 2020, Alkane Resources Ltd, and Australian Strategic Materials Ltd entered into a restructure deed as part of the demerger to capitalise $113,000,000 and forgive $4,731,000 of loans to Australian Strategic Materials Ltd.

In early 2020 with the outbreak of Coronavirus Disease 2019 ("COVID-19" or "the coronavirus") unprecedented measures put in place by the Australian Government, as well as governments across the globe, to contain the coronavirus have had a significant impact on the economy. Management continues to maintain high vigilance around COVID-19.

As at the date these financial statements were authorised, Management was not aware of any material adverse effects on the financial statements as a result of the coronavirus.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The group intends to continue efforts at TGO to be focussed on continued safe operation of the underground mine, and exploration, evaluation and project approval of several of its other tenements to secure additional ore feed. Exploration and evaluation activities will continue on existing tenements and opportunities to expand the group's tenement portfolio will be pursued with a view to ensuring there is a pipeline of development opportunities for consideration.

Refer to the Review of Operations for further detail on planned developments.

Environmental regulation

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

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

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

			Meetings of committees					
	Meetings of directors		Audit Committee		Risk Committee		Remuneration and Nomination Committee*	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
I J Gandel	12	12	2	2	-	-	-	-
A D Lethlean	12	12	2	2	2	2	-	-
D I Chalmers	12	12	-	-	-	-	-	-
G Smith	12	12	2	2	2	2	-	-
N Earner	12	12	-	-	2	2	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the committee during the year.

* While the Remuneration Committee did not formally meet during the year, informal discussions between committee members were undertaken. The informal discussions resulted in recommendations which were duly implemented

Remuneration report

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

The report contains the following sections:

(a) Key Management Personnel "KMP" disclosed in this report
(b) Remuneration governance
(c) Use of remuneration consultants
(d) Executive remuneration policy and framework
(e) Statutory performance indicators
(f) Non-Executive Director remuneration policy
(g) Voting and comments made at the company's 2020 Annual General Meeting
(h) Details of remuneration
(i) Service agreements
(j) Details of share based payments and performance against key metrics
(k) Shareholdings and share rights held by Key Management Personnel
(l) Other transactions with Key Management Personnel

(a) Key Management Personnel ('KMP') disclosed in this report

Non-Executive and Executive Directors

I J Gandel
N P Earner
A D Lethlean
D I Chalmers
G M Smith

Other Key Management Personnel

J Carter	Chief Financial Officer/ Joint Company Secretary
S Parsons	Executive General Manager - Operations (commenced this role 19 April 2021)

(b) Remuneration governance

The company has established a Remuneration Committee to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations to the Board on:

- the overall remuneration strategy and framework for the company;
- the operation of the incentive plans which apply to the Executive team, including the appropriateness of key performance indicators and performance hurdles; and
- the assessment of performance and remuneration of the Executive directors, Non-Executive Directors and other Key Management Personnel.

The Remuneration Committee is a Committee of the Board and at the date of this report the members were I J Gandel, A D Lethlean and G M Smith all of whom were non-executive (with Mr Smith and Mr Lethlean being independent).

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

The company's annual Corporate Governance Statement provides further information on the role of this Committee, and the full statement is available at URL: http://www.alkane.com.au/company/governance.

(c) Use of remuneration consultants

The Remuneration Committee of the Board commissioned Godfrey Remuneration Group to assist in industry benchmarking review to ensure remuneration remains market competitive.

(d) Executive remuneration policy and framework

In determining executive remuneration, the Board (or the Remuneration Committee as its delegate) aims to ensure that remuneration practices:

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

The Executive remuneration framework has three components:

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

(i) Executive remuneration mix

The company has in place Executive incentive programs which provide the mechanism to place a material portion of Executive pay "at risk".

(ii) Total fixed remuneration

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

(iii) Incentive arrangements

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

Performance rights have been used in the current period to incentivise the company's executive and KMP. The performance rights plan was approved by shareholders at the 2016 Annual General Meeting.

Short-term incentives

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

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

STI awards for the Executive team in the 2021 financial year were based on the scorecard measures and weighting as disclosed below. Targets were approved by the Remuneration Committee through a rigorous process to align to the Company's strategic and business objectives.

Performance metrics	**Weighting %**
Production performance at TGO	25%
Cost performance at TGO	25%
Safety Performance, Environment & Social Licence	25%
Planning, Approval SAR	10%
Resource Growth	15%

The Committee has the discretion to adjust short term incentives downwards in light of unexpected or unintended circumstances.

Long- term incentives

The LTI is designed to focus Executives on delivering long term shareholder returns. Eligibility for the plan is restricted to Executives and nominated Senior Managers, being the employees who are most able to influence shareholder value. Under the plan, participants have an opportunity to earn up to 100% of their total fixed remuneration (calculated at the time of approval by the Remuneration Committee) comprised of performance rights. In previous periods performance rights were granted in two tranches each year. Each tranche of performance rights has separate vesting conditions being share price growth and company milestone events, with the executives' LTI weighted more heavily to the share price growth tranche. The LTI vesting period is three years. In FY2021 LTI's were issued with vesting conditions linked to total shareholder return with a vesting period of three years.

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

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

Targets are generally reviewed annually and set for a forward three year period. Performance related targets reflect factors such as the expectations of the group’s business plans, the stage of development of the group’s projects and the industry business cycle. The most appropriate target benchmark will be reviewed each year prior to the granting of rights.

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

(iv) Clawback policy for incentives

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

(v) Share trading policy

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

(e) Statutory performance indicators

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

	30 June 2021	30 June 2020	30 June 2019	30 June 2018	30 June 2017
Revenue ($'000)	127,833	74,397	95,852	129,974	117,792
Profit/(loss) for the year attributable to owners ($'000)	55,701	12,762	23,293	24,471	(28,937)
Basic earnings/(loss) per share (cents)	5.6	2.4	4.6	4.8	(5.8)
Dividend payments ($'000)	-	-	-	-	-
Share price at period end (cents)	1.15	1.21	0.46	0.23	0.24
Total KMP incentives as a percentage of profit/(loss) for the year (%)	2.1%	8.3%	3.3%	3.0%	0.3%

(f) Non-Executive Director remuneration policy

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

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

Fees are reviewed annually by the Remuneration Committee taking into account comparable roles and market data obtained from independent data providers.

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

Details of Non-Executive Director fees in the year ended 30 June 2021 are as follows:

	$ per annum
Base fees	
Chair*	191,000
Other Non-Executive Directors*	95,000
Additional fees*	
Audit Committee - chair	12,500
Audit Committee - member	7,500
Remuneration Committee - chair	12,500
Remuneration Committee - member	7,500

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

* Remuneration for directors changed on the 1 of October 2020. From 1 July 2020 until 30 September 2020 the Chair base fee was $129,400 and other non-executive directors base fee was $77,600. From 1 July 2020 to 30 September 2020 the Committee fees were for chair $7,800 and for member $5,200.

(g) Voting and comments made at the company's 2020 Annual General Meeting

The company received more than 99% of "yes" votes on its remuneration report for the financial year ended 30 June 2020. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(h) Details of remuneration

The following table shows details of the remuneration expense recognised for the directors and the KMP of the group for the current and previous financial year measured in accordance with the requirements of the accounting standards.

	Fixed remuneration			Variable Remuneration	
30 June 2021	**Cash Salary [(a)]** **$**	**Annual and long service leave [(b)]** **$**	**Post-employment benefits [(c)]** **$**	**Rights to deferred shares [(d)]** **$**	**Total**
Executive Directors					
N P Earner	576,942	28,234	23,058	707,441	1,335,675
D I Chalmers	309,105	142,783	21,694	148,333	621,915
Other KMP					
D Woodall[(g)]	26,344	-	2,503	-	28,847
A MacDonald[(g)]	28,769	-	2,660	29,438	60,867
J Carter	362,300	17,546	25,000	244,604	649,450
S Parsons[(f)]	87,586	11,105	5,065	39,866	143,622
Total Executive Directors and other KMP	1,391,046	199,668	79,980	1,169,682	2,840,376
Total NED remuneration[(e)]	376,661	-	24,965	-	401,626
Total KMP remuneration expense	1,767,707	199,668	104,945	1,169,682	3,242,002

	Fixed remuneration			Variable Remuneration	
30 June 2020	**Cash Salary [(a)]** **$**	**Annual and long service leave [(b)]** **$**	**Post-employment benefits [(c)]** **$**	**Rights to deferred shares [(d)]** **$**	**Total** **$**
Executive Directors					
N P Earner	484,142	28,214	23,058	748,241	1,283,655
D I Chalmers	244,645	29,443	19,255	90,312	383,655
Other KMP					
D Woodall[(g)]	121,180	10,720	11,512	-	143,412
A MacDonald[(g)]	359,136	15,566	23,023	104,770	502,495
D Wilkins	309,049	-	-	-	309,049
J Carter	345,000	17,792	25,000	119,548	507,340
Total Executive Directors and other KMP	1,863,152	101,735	101,848	1,062,871	3,129,606
Total NED remuneration[(e)]	300,419	-	20,589	-	321,008
Total KMP remuneration expense	2,163,571	101,735	122,437	1,062,871	3,450,614

(a) Short-term benefits as per Corporations Regulation 2M.3.03(1) Item 6.
(b) Other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8. The amounts disclosed in this column represent the movements in the associated provisions. They may be negative where a KMP has taken more leave than accrued during the year.
(c) Post-employment benefits are provided through superannuation contributions.
(d) Rights to deferred shares granted under the executive STI and LTI schemes are expensed over the performance period, which includes the year to which the incentive relates and the subsequent vesting period of the rights.
Rights to deferred shares are equity-settled share-based payments as per the Corporations Regulations 2M.3.03(1) Item11. These include negative amounts for the rights forfeited during the year.
Details of each grant of share right are provided in the table in section (j). Shareholder approval was received in advance to the grant of share rights where required.
(e) Refer below for details of Non-Executive Directors' (NED) remuneration.
(f) Mr Parsons was appointed an Executive General Manager - Operations on 19 April 2021. Before this appointment he was the group's General Manager Operations.
(g) D Woodall and A MacDonald ceased to be KMP after the demerger of ASM from Alkane Resources on the 20th of July 2020.

(h) Details of remuneration (continued)

30 June 2021 **Non-Executive Directors**	**Cash salary and fees** **$**	**Superannuation** **$**	**Total** **$**
I J Gandel	163,333	15,517	178,850
A D Lethlean	99,452	9,448	108,900
G M Smith	113,876	-	113,876
Total Non-Executive Directors	376,661	24,965	401,626

30 June 2020 **Non-Executive Directors**	**Cash salary and fees** **$**	**Superannuation** **$**	**Total** **$**
I J Gandel	130,045	12,355	142,400
A D Lethlean	82,366	8,234	90,600
G M Smith	88,008	-	88,008
Total Non-Executive Directors	300,419	20,589	321,008

Remuneration for the directors was changed on the 1st of October 2020. Refer to footnote in section (f) for details.

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

	Fixed remuneration		**At risk - LTI**		**At risk - STI**	
	2021 **%**	**2020** **%**	**2021** **%**	**2020** **%**	**2021** **%**	**2020** **%**
Executive Directors of Alkane Resources Ltd						
D I Chalmers	76%	76%	14%	24%	10%	-
N P Earner	47%	42%	40%	58%	13%	-
Other Key Management Personnel						
J Carter	62%	76%	26%	24%	12%	-
S Parsons	72%	-	11%	-	17%	-

D Wilkins was a KMP in the prior year. However, he is not involved in decision-making activities regarding overall running of the group in the current year. He is not an employee of the company and therefore not eligible to participate in incentive programs. Instead, a fee for services was paid as set out previously.

Mr Parsons was appointed an Executive General Manager - Operations on 19 April 2021.

(i) Service agreements

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

Name and Position	**Term of agreement**	**TFR [1]**	**Termination payment [2]**
D I Chalmers - Technical Director	On-going commencing 1 September 2017	$330,800	6 months
N Earner - Managing Director	On-going commencing 1 September 2017	$600,000	see note 2 below
J Carter - Chief Financial Officer	On-going commencing 1 October 2018	$388,725	3 months
S Parsons - Executive General Manager – Operations	On-going commencing 1 October 2015	$443,475	1 month

(i) Service agreements (continued)

(1) Total Fixed Remuneration (TFR) is for the year ended 30 June 2021 and is inclusive of superannuation but does not include long service leave accruals. TFR is reviewed annually by the Remuneration Committee.

(2) Specified termination payments are within the limits set by the Corporations Act 2001. The termination benefit provision for the Managing Director was approved at the Annual General Meeting on 29 November 2017.
Mr Earner may resign with 3 months' notice; or
Alkane may terminate the Executive Employment agreement with 3 months' notice; or
Where Mr Earner resigns as a result of a material diminution in the position, Mr Earner will be entitled to payment in lieu of 12 months' notice and short term incentives and long term incentives granted or issued but not yet vested.

(j) Details of share based payments and performance against key metrics

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

	Date of grant	Number of rights granted	Fair value of share rights at the date of grant	Share rights at fair value	Performance period end	Share based payment expense current year
Name			**$**	**$**		**$**
I Chalmers						
FY2019 LTI - Performance Rights - Tranche 1	21/11/2018	305,785	0.050	15,289	16/07/2020	5,096
FY2019 LTI - Performance Rights - Tranche 2	21/11/2018	65,525	0.215	14,088	16/07/2020	3,131
FY2020 LTI - Performance Rights - Tranche 1	22/11/2019	198,624	0.419	83,223	30/06/2022	27,741
FY2020 LTI - Performance Rights - Tranche 2	22/11/2019	42,562	0.623	26,519	16/07/2020	11,786
FY2021 LTI - Performance Rights	11/11/2020	174,903	0.748	130,827	31/08/2023	36,202
FY2021 STI - Performance Rights	11/11/2020	-	-	101,721	11/11/2021	64,377
N Earner						
FY2019 LTI - Performance Rights - Tranche 1	21/11/2018	2,497,245	0.050	124,862	16/07/2020	41,621
FY2019 LTI - Performance Rights - Tranche 2	21/11/2018	535,124	0.215	115,052	16/07/2020	25,567
FY2020 LTI - Performance Rights - Tranche 1	22/11/2019	1,622,252	0.419	679,724	30/06/2022	226,575
FY2020 LTI - Performance Rights - Tranche 2	22/11/2019	347,625	0.623	216,590	16/07/2020	96,262
FY2021 LTI - Performance Rights	11/11/2020	687,346	0.748	514,135	31/08/2023	142,267
FY2021 STI - Performance Rights	11/11/2020	-	-	276,750	11/11/2021	175,149
Other Key Management Personnel						
J Carter						
FY2019 LTI - Performance Rights - Tranche 1	18/10/2018	1,841,591	0.059	108,654	16/07/2020	36,218
FY2019 LTI - Performance Rights - Tranche 2	18/10/2018	394,626	0.220	86,818	16/07/2020	19,293
FY2020 LTI - Performance Rights - Tranche 1	02/09/2019	604,146	0.236	142,578	30/06/2022	47,526
FY2020 LTI - Performance Rights - Tranche 2	02/09/2019	129,460	0.406	52,596	16/07/2020	23,376
FY2021 LTI - Performance Rights	11/11/2020	205,530	0.748	153,736	31/08/2023	42,541
FY2021 STI - Performance Rights	11/11/2020	-	-	119,533	11/11/2021	75,650
S Parsons						
FY2020 LTI - Performance Rights - Tranche 1	02/09/2019	306,451	0.236	72,322	30/06/2022	4,755
FY2021 LTI - Performance Rights	11/11/2020	214,214	0.748	160,232	31/08/2023	10,536
FY2021 STI - Performance Rights	11/11/2020	-	-	124,584	11/11/2021	24,575
A MacDonald (01/07/18-20/07/2020)						
FY2019 LTI - Performance Rights - Tranche 1	18/10/2018	976,601	0.059	57,619	16/07/2020	19,206
FY2019 LTI - Performance Rights - Tranche 2	18/10/2018	139,514	0.220	30,693	16/07/2020	10,231

(j) Details of share based payments and performance against key metrics (continued)

(a) The value at grant date for share rights granted during the year as part of remuneration is calculated in accordance with AASB 2 Share Based Payments. Differences will arise between the number of share rights at fair value in the table above and the STI and LTI percentages mentioned in section (d) due to different timing of valuation of rights as approved by the Remuneration Committee and at grant. Refer to note 30 for details of the valuation techniques used for the rights plan.
(b) Share rights only vest if performance and service targets are achieved. The determination is usually made at the conclusion of the statutory audit.
(c) Shares for the deferred portion of the 2021 STI will be granted on 11 November 2021. The number of shares will depend on the Alkane Resources Ltd share price over the five days prior to the grant date.

The determination of the number of rights that are to vest or be forfeited during a financial year is made by the Remuneration Committee after the statutory audit has been substantially completed. As such, the actual determination is made after the balance sheet date. Where there are rights that have vested or been forfeited, details will be included in the Remuneration Report as the relevant performance period will conclude at the end of the relevant financial year.

Performance against key metrics

On 16th July 2020 at the Extraordinary General Meeting in relation to the demerger of ASM business, Alkane's shareholders also voted on the following changes to Long-term incentives.

a) all Alkane Performance Rights with a Dubbo Project (DP) performance condition will be cancelled with no consideration payable to the holders of those performance rights; and

b) all FY2018 and FY2019 Alkane Performance Rights with a Total Shareholder Return (TSR) performance condition will vest in full, thereby entitling the holder to one Alkane share for each such Alkane Performance Right exercised.

The vesting and cancellation of the FY2018 performance rights was reported in the 2020 financial report.

The remaining FY2020 LTI Tranche 1 performance targets relate to share price performance growth as per below:

TSR compound annual growth rate (CAGR)	**% Performance rights vesting**
Less than 10% CAGR	Nil
Above 10% CAGR up to 15% CAGR	Pro rata vesting from 0% - 50%
At 15% CAGR	50%
Above 15% CAGR up to 30% CAGR	Pro rata vesting from 50% - 100%
At 30% CAGR	100%

The STI performance metrics for the year are detailed in section (d)(iii) of the Remuneration Report.

The Company's TSR for FY2021 will be compared to the S&P/ASX All Ordinaries Gold (Sub industry) XGD (Gold Index). TSR and number of performance rights will vest as follows:

Shareholder return comparison	**Proportion of performance rights that vest %**
TSR is less than Gold Index TSR	-
TSR is equal to Gold Index TSR	25%
TSR is >5% and <10% to Gold Index TSR	50%
TSR is equal to or >10% to Gold Index TSR	100%

(k) Shareholdings and share rights held by Key Management Personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	**Received as part of remuneration**	**Additions**	**Disposals/ other**	**Balance at the end of the year**
Ordinary shares					
I J Gandel	136,021,143	-	14,771,363	-	150,792,506
A D Lethlean	720,086	-	-	-	720,086
D I Chalmers	4,671,140	1,016,745	-	-	5,687,885
N P Earner	165,000	8,462,496	-	(5,000,000)	3,627,496
G Smith	331,875	-	-	-	331,875
D Woodall *	35,000	-	-	(35,000)	-
A MacDonald *	1,460,000	2,013,418	-	(3,473,418)	-
J Carter	-	1,841,591	-	(1,841,591)	-
S Parsons	-	488,300	-	(238,300)	250,000
	143,404,244	13,822,550	14,771,363	(10,588,309)	161,409,848

* D Woodall and A MacDonald ceased to be KMP after the demerger of ASM from Alkane Resources on the 20th of July 2020.

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	**Granted**	**Vested**	**Expired/ forfeited/ other**	**Balance at the end of the year**
Performance rights over ordinary shares					
D I Chalmers - Performance rights	612,496	174,903	(305,785)	(108,087)	373,527
N P Earner - Performance rights	5,002,246	687,346	(2,497,245)	(882,749)	2,309,598
J Carter - Performance rights	2,969,823	205,530	(1,841,591)	(524,086)	809,676
A MacDonald - Performance rights	1,185,872	-	(976,601)	(209,271)	-
S Parsons - Performance rights	965,054	214,214	(488,300)	(170,303)	520,665
	10,735,491	1,281,993	(6,109,522)	(1,894,496)	4,013,466

On 16th July 2020 at the Extraordinary General Meeting in relation to the demerger to the ASM business, the shareholders also voted for early vesting of the FY2019 Tranche 1, the cancellation of the FY2019 Tranche 2 performance rights and the cancellation of the FY2020 Tranche 2 performance rights.

(l) Other transactions with Key Management Personnel

There were no other transactions with KMP's during the financial year ended 30 June 2021.

There were no unissued ordinary shares of Alkane Resources Ltd under performance rights outstanding at the date of this report.

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers

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

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

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

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

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

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

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

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

The directors, in accordance with advice provided by the audit committee, are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding-off' of amounts in the directors' report and financial report. Amounts in this report have been rounded off in accordance with that ASIC Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

On behalf of the directors

____

N P Earner
Managing Director

27 August 2021
Perth

Auditor's Independence Declaration

As lead auditor for the audit of Alkane Resources Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Helen Bathurst

Helen Bathurst
Partner
PricewaterhouseCoopers

Perth
27 August 2021

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Alkane Resources Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Continuing operations			
Revenue	2	127,833	72,549
Cost of sales	3	(66,341)	(41,940)
Gross profit		61,492	30,609
Other income		667	141
Interest income		94	625
Net gain on derecognition of financial assets	13	2,698	-
Total revenue		131,292	73,315
Expenses			
Other expenses	3	(12,219)	(10,677)
Finance costs	3	(2,835)	(553)
Share of loss of associates accounted for using the equity method	13	(870)	(240)
Net (loss)/gain on disposal of property, plant and equipment		(957)	9
Total expenses		(16,881)	(11,461)
Profit before income tax expense from continuing operations		48,070	19,914
Income tax expense	4	(14,503)	(6,569)
Profit after income tax expense from continuing operations		33,567	13,345
Profit/(loss) after income tax benefit from discontinued operations	5	22,134	(583)
Profit after income tax (expense)/benefit for the year attributable to the owners of Alkane Resources Ltd	19	55,701	12,762
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax		2,045	(251)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges transferred to profit or loss, net of tax	21	1,017	278
Net change in the fair value of cash flow hedges taken to equity, net of tax	21	(459)	(487)
Other comprehensive income/(loss) for the year, net of tax		2,603	(460)
Total comprehensive income for the year attributable to the owners of Alkane Resources Ltd		58,304	12,302
Total comprehensive income for the year is attributable to:			
Continuing operations		36,170	12,885
Discontinued operations		22,134	(583)
		58,304	12,302

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Alkane Resources Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
		Cents	**Cents**
Earnings per share for profit from continuing operations attributable to the owners of Alkane Resources Ltd			
Basic earnings per share	31	5.64	2.44
Diluted earnings per share	31	5.60	2.37
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of Alkane Resources Ltd			
Basic earnings per share	31	3.72	(0.11)
Diluted earnings per share	31	3.69	(0.10)
Earnings per share for profit attributable to the owners of Alkane Resources Ltd			
Basic earnings per share	31	9.37	2.33
Diluted earnings per share	31	9.28	2.26

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Alkane Resources Ltd
Consolidated balance sheet
As at 30 June 2021

	Note	2021 $'000	2020 $'000
Assets			
Current assets			
Cash and cash equivalents	6	18,991	48,337
Trade and other receivables	7	1,894	2,940
Inventories	8	11,648	7,647
Derivative financial instruments		521	172
		33,054	59,096
Assets of disposal group classified as held for distribution to owners	5	-	139,538
Total current assets		33,054	198,634
Non-current assets			
Property, plant and equipment	11	99,411	62,322
Exploration and evaluation	12	57,794	32,745
Investments accounted for using the equity method	13	15,944	14,385
Financial assets at fair value through other comprehensive income	9	18,471	-
Deferred tax	4	-	10,947
Derivative financial instruments		-	64
Other financial assets	10	11,541	8,614
Total non-current assets		203,161	129,077
Total assets		236,215	327,711
Liabilities			
Current liabilities			
Trade and other payables	14	11,082	9,425
External borrowings	15	3,294	2,090
Provisions	16	3,660	2,659
Other liabilities		143	64
		18,179	14,238
Liabilities directly associated with assets classified as held for distribution to owners	5	-	26,565
Total current liabilities		18,179	40,803
Non-current liabilities			
External borrowings	15	5,922	4,515
Provisions	16	15,363	14,873
Deferred tax	4	4,737	-
Other liabilities		449	134
Total non-current liabilities		26,471	19,522
Total liabilities		44,650	60,325
Net assets		191,565	267,386
Equity			
Issued capital	17	218,079	258,876
Reserves	18	(65,178)	3,413
Retained profits	19	38,664	5,097
Total equity		191,565	267,386

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

Alkane Resources Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2021

	Share capital $'000	Share-based payments reserve $'000	Other reserves $'000	Retained Profits $'000	Total equity $'000
Balance at 1 July 2019	220,111	2,981	(629)	(8,587)	213,876
Adjustment for reclassification	(922)	-	-	922	-
Balance at 1 July 2019 - restated	219,189	2,981	(629)	(7,665)	213,876
Profit after income tax expense for the year	-	-	-	12,762	12,762
Other comprehensive loss for the year, net of tax	-	-	(460)	-	(460)
Total comprehensive income/(loss) for the year	-	-	(460)	12,762	12,302
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 17)	39,442	-	-	-	39,442
Share-based payments (note 30)	-	1,225	-	-	1,225
Deferred tax recognised in equity	245	-	296	-	541
Balance at 30 June 2020	258,876	4,206	(793)	5,097	267,386

	Share capital $'000	Share-based payments reserve $'000	Other reserves $'000	Retained Profits $'000	Total equity $'000
Balance at 1 July 2020	258,876	4,206	(793)	5,097	267,386
Profit after income tax expense for the year	-	-	-	55,701	55,701
Other comprehensive income for the year, net of tax	-	-	3,676	-	3,676
Total comprehensive income for the year	-	-	3,676	55,701	59,377
Share issue transaction costs (note 17)	(31)	-	-	-	(31)
Share based payments (note 30)	2,577	(893)	-	-	1,684
Capital distribution and demerger dividend (note 5)	(43,237)	-	(92,435)	-	(135,672)
Transfer of gain on demerger (note 5)	-	-	22,134	(22,134)	-
Deferred tax recognised in equity	(106)	-	(1,073)	-	(1,179)
Balance at 30 June 2021	218,079	3,313	(68,491)	38,664	191,565

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

Alkane Resources Ltd
Consolidated statement of cash flows
For the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		128,035	72,347
Payments to suppliers (inclusive of GST)		(51,879)	(44,059)
		76,156	28,288
Interest received		99	986
Finance costs paid		(1,614)	(127)
Royalties and selling costs		(4,047)	(1,490)
Other receipts		522	879
Net cash from operating activities	34	71,116	28,536
Cash flows from investing activities			
Payments for investments		(14,664)	(8,966)
Payments for property, plant and equipment and development expenditure		(59,477)	(46,122)
Proceeds from disposal of property, plant and equipment		1,522	1
Payments for exploration expenditure		(26,642)	(20,132)
Payments for security deposits		(2,927)	(217)
Purchase of biological assets		-	(457)
Proceeds from the sale of biological assets		-	118
Transaction costs relating to ASM demerger		(538)	(1,525)
Net cash used in investing activities		(102,726)	(77,300)
Cash flows from financing activities			
Proceeds from issue of shares	17	-	40,665
Cost of share issue	17	(31)	(1,223)
Proceeds from borrowings		8,150	7,885
Repayment of borrowings		(5,783)	(1,264)
Principal elements of lease payment		(72)	-
Net cash from financing activities		2,264	46,063
Net decrease in cash and cash equivalents		(29,346)	(2,701)
Cash and cash equivalents at the beginning of the financial year		66,881	69,582
Less cash classified as held for distribution to owners at the beginning of the period		(18,544)	-
Cash and cash equivalents at the end of the financial year	6	18,991	66,881

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

Note 1. Segment information

The consolidated entity is currently with one operating segment: gold operations. The ASM business has been accounted for as Discontinued Operations since 30 June 2020 and was previously reported in the Critical Metals segment. Information about this discontinued segment is provided in note 5. The operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

Costs that do not relate to the gold operating segment have been identified as unallocated costs. Corporate assets and liabilities that do not relate to the gold operating segment have been identified as unallocated. The group has formed a tax consolidation group and therefore tax balances are disclosed under the unallocated grouping. The group utilises a central treasury function resulting in cash balances being included in the unallocated segment.

30 June 2021	**Gold Operations $'000**	**Unallocated $'000**	**Total $'000**
Gold sales to external customers	127,833	-	127,833
Interest income	-	94	94
	127,833	94	127,927
Segment net profit /(loss) before income tax	57,791	12,413	70,204

	Gold Operations $'000	**Unallocated $'000**	**Total $'000**
Segment net profit includes the following non-cash adjustments:			
Depreciation and amortisation	(21,028)	(226)	(21,254)
Exploration expenditure written off or provided for	-	(1,331)	(1,331)
Inventory product movement and provision	3,226	-	3,226
Income tax expense	-	(14,503)	(14,503)
Total adjustments	(17,802)	(16,060)	(33,862)
Total segment assets	122,856	113,359	236,215
Total segment liabilities	(35,618)	(9,032)	(44,650)
Net segment assets	87,238	104,327	191,565

30 June 2020	**Gold Operations $'000**	**Unallocated $'000**	**Total $'000**
Gold sales to external customers	72,549	-	72,549
Interest income	-	625	625
	72,549	625	73,174
Segment net profit/(loss) before income tax	30,362	(10,448)	19,914

Note 1. Segment information (continued)

	Gold Operations $'000	Unallocated $'000	Total $'000
Segment net loss includes the following non-cash adjustments:			
Depreciation and amortisation	(9,072)	(79)	(9,151)
Exploration expenditure written off or provided for	-	(329)	(329)
Inventory product movement and provision	2,203	-	2,203
Restructuring provision	(147)	-	(147)
Income tax expense	-	(6,569)	(6,569)
Total adjustments	(7,016)	(6,977)	(13,993)
Total segment assets	77,834	110,339	188,173
Total segment liabilities	(30,890)	(2,870)	(33,760)
Net segment assets	46,944	107,469	154,413

Note 2. Revenue

	2021 $'000	2020 $'000
Revenue from continuing operations		
Gold sales	127,833	72,549

(a) Revenue
Revenue is recognised when control of a good or service transfers to a customer. Control is generally determined to be when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service.

(b) Gold Sales
Revenue from the sale of goods is recognised when the group satisfies its performance obligations under its contract with the customer by transferring such goods to the customer's control. Control is generally determined to be when the customer has the ability to direct the use and obtain substantially all of the remaining benefits from that good.

Note 3. Expenses

	2021 $'000	2020 $'000
Cost of sales		
Cash costs of production	44,393	33,137
Inventory product movement	(3,226)	(2,203)
Depreciation and amortisation	21,028	9,072
Royalties and selling costs	4,146	1,934
	66,341	41,940

(a) Cash costs of production

Cash costs of production include ore and waste mining costs, processing costs and site administration and support costs. Cash costs of production include $20,401,000 of employee remuneration benefits (2020: $13,085,000).

Note 3. Expenses (continued)

(b) Inventory product movement

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

Refer to note 8 for further details on the group's accounting policy for inventory.

(c) Inventory product provision for net realisable value

Inventory must be carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to complete processing and to make a sale. The net realisable value provision equals the decrement between the net realisable value and the carrying value before provision.

Refer to note 8 for further details on the group's accounting policy for inventory.

	2021 $'000	2020 $'000
Other expenses		
Corporate administration	2,363	3,387
Employee remuneration and benefits expensed	3,836	2,361
Share based payments	1,684	1,225
Professional fees and consulting services	1,881	2,321
Restructuring provision	-	147
Exploration expenditure provided for or written off	1,331	329
Directors' fees and salaries expensed	751	660
Depreciation	226	79
Non-core project expenses	147	168
	12,219	10,677

(d) Finance Costs

	2021 $'000	2020 $'000
Finance costs		
Interest Expense	408	177
Put Options	1,906	317
Other	521	59
	2,835	553

Note 4. Income tax

(a) Income tax expense

	2021 $'000	2020 $'000
Total current tax expense	-	-
Income tax expense is attributable to:		
Profit from continuing operations	14,503	6,569
Loss from discontinued operations	-	(248)
	14,503	6,321

(b) Reconciliation of income tax expense/(benefit) to prima facie tax payable

	2021 $'000	2020 $'000
Profit from continued operations before income tax expense	48,070	19,914
Profit/(loss) from discontinued operations before income tax expense	22,134	(831)
Profit before income tax expense	70,204	19,083
Tax at the Australian tax rate of 30% (2020 - 30%)	21,061	5,725
Tax benefits of deductible equity raising costs	(116)	(123)
Non-deductible share based payments	505	367
Non-deductible expenses	8	112
Non-assessable income	(8)	-
Non-assessable gain on disposal of subsidiaries	(6,801)	-
Other deductible expenses	(4)	-
Movement in unrecognised temporary differences	(126)	-
Over/(under) Provision for Prior Year	(16)	240
	14,503	6,321

Note 4. Income tax (continued)

(c) Deferred tax assets

Movements	**Tax losses $'000**	**Rehabilitation Provision and assets $'000**	**Property, plant and equipment $'000**	**R&D Tax incentive credits $'000**	**Other $'000**	**Total $'000**
At 1 July 2019	-	3,617	16,352	1,072	1,358	22,399
- to profit or loss	7,065	(296)	(2,888)	179	150	4,210
- direct to equity	-	-	-	-	541	541
At 30 June 2020	7,065	3,321	13,464	1,251	2,049	27,150
Recognised deferred tax assets are attributable to:						
Losses and temporary differences carried forward for continued operations	7,065	3,321	12,420	1,251	1,934	25,991
Losses and temporary differences carried forward for discontinued operations	-	-	1,044	-	115	1,159
	7,065	3,321	13,464	1,251	2,049	27,150

Movements	**Tax losses $'000**	**Rehabilitation Provision and assets $'000**	**Property, plant and equipment $'000**	**R&D Tax incentive credits $'000**	**Other $'000**	**Total $'000**
At 1 July 2020	7,065	3,321	13,463	1,251	2,050	27,150
- profit or loss	2,343	331	(3,227)	180	544	171
- directly to equity	-	-	-	-	(346)	(346)
- demerger of subsidiaries	-	-	(1,044)	-	(115)	(1,159)
As at 30 June 2021	9,408	3,652	9,192	1,431	2,133	25,816

(d) Deferred tax liabilities

	2021 $'000	**2020 $'000**
The balance comprises temporary differences attributable to:		
Exploration expenditure	(17,314)	(36,995)
Property, plant & equipment	(11,440)	(4,744)
Other	(1,799)	(507)
Gross recognised deferred tax liabilities	(30,553)	(42,246)
Set-off of deferred tax assets	25,816	27,150
	(4,737)	(15,096)

Note 4. Income tax (continued)

	2021 $'000	2020 $'000
Net recognised deferred tax assets/(liabilities) are attributable to:		
Losses and temporary differences carried forward for continued operations	(4,737)	10,947
Losses and temporary differences carried forward for discontinued operations	-	(26,043)
	(4,737)	(15,096)

Movements	Exploration Expenditure $'000	Property, plant and equipment $'000	Other $'000	Total $'000
At 1 July 2019	31,168	-	548	31,716
Charged/(credited)	-	-	-	-
- to profit or loss	5,827	4,744	(41)	10,530
At 30 June 2020	36,995	4,744	507	42,246
Recognised deferred tax liabilities are attributable to:				
Temporary differences in respect of continued operations	9,795	4,744	505	15,044
Temporary differences in respect of discontinued operations	27,200	-	2	27,202
	36,995	4,744	507	42,246
At 1 July 2020	36,995	4,744	507	42,246
Charged/(credited)	-	-	-	-
- to profit or loss	7,518	6,697	459	14,674
- directly to equity	-	-	836	836
- demerger of subsidiaries	(27,200)	-	(3)	(27,203)
At 30 June 2021	17,313	11,441	1,799	30,553

(e) Deferred tax recognised directly in equity

	2021 $'000	2020 $'000
Relating to equity raising costs	106	(245)
Relating to revaluations of investments/financial instruments	1,073	(296)
	1,179	(541)

(f) Unrecognised temporary differences and tax losses

	2021 $'000	2020 $'000
Unrecognised tax losses	18,378	18,378
Deductible temporary differences	-	513
	18,378	18,891
Potential tax benefit at 30% (2020: 30%)	5,513	5,667

Note 4. Income tax (continued)

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

Determination of future taxable profits requires estimates and assumptions as to future events and circumstances including commodity prices, ore resources, exchange rates, future capital requirements, future operational performance, the timing of estimated cash flows, and the ability to successfully develop and commercially exploit resources.

Tax legislation prescribes the rate at which tax losses transferred from entities joining a tax consolidation group can be applied to taxable incomes and this rate is diluted by changes in ownership, including capital raisings. As a result, the reduction in the rate at which the losses can be applied to future taxable incomes, the period of time over which it is forecast that these losses may be utilised has extended beyond that which management considers prudent to support their continued recognition for accounting purposes. Accordingly, no deferred tax asset has been recognised for certain tax losses. Recognition for accounting purposes does not impact the ability of the Group to utilise the losses to reduce future taxable profits.

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

Deferred tax assets relating to deductible temporary differences can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Recognition for accounting purposes does not impact the ability of the Group to utilise the deductible temporary differences to reduce future taxable profits.

Note 5. Discontinued operations

(a) Demerger - ASM

ASM Group
On 17 June 2020, the Group publicly announced the demerger of Alkane's critical metals and materials business and assets (the ASM Business) from the remainder of Alkane's business.

Australian Strategic Materials Ltd (ASM) was admitted to the ASX on 29 July 2020 and will operate the ASM Business; and Alkane will continue to own and operate the remainder of Alkane's business being, principally, its Australian gold business.

Following the Demerger, Alkane will be an Australian focussed gold company, with existing production from its Tomingley Operations and the opportunity to grow its production base through organic exploration and discovery (including the Boda discovery) and through further strategic acquisitions. Corporately, Alkane will continue to have an experienced board and management team, the remainder of its cash position.

ASM was demerged with its cash reserves and no bank debt. All interests in the Dubbo Project and associated assets (including land and water rights), together with ASM's investment in South Korean metals technology company RMR Tech Corporation, has been 100% owned by ASM following the Demerger.

Note 5. Discontinued operations (continued)

The group recognised a net fair gain on demerger as follows:

	30 June 2021 $'000
Fair value of ASM demerger [(i)]	135,672
Carrying value of net assets of ASM	(113,000)
	22,672
Less transaction costs	(538)
	22,134

(i) Based on the first five trading days after the demerger date volume weighted average price ("VWAP ") of ASM ($1.14) multiplied by the number of ASM shares (119,049,778 ordinary shares). The demerger distribution is accounted for a reduction in equity, split between share capital $43,237,000 and demerger reserve of $92,435,000. The amount treated as a reduction in share capital has been calculated by reference to the market value of Alkanes' shares and the market value of ASMs' shares post demerger. The difference between the fair value of the distribution and the capital reduction amount is the demerger dividend.

(b) Discontinued operation - ASM

Financial performance information

	2021 $'000	2020 $'000
Discontinued other income	-	1,073
Gain on demerger	22,672	-
Total other income	22,672	1,073
Share of loss of Joint Venture	-	(10)
Professional fees and consulting services	-	(624)
General and administration expenses	-	(381)
Pastoral company expenses	-	(848)
Audit fees	-	(41)
Transaction costs	(538)	-
Total expenses	(538)	(1,904)
Profit/(loss) before income tax expense	22,134	(831)
Income tax expense	-	-
Income tax benefit	-	248
Gain on disposal after income tax benefit	-	248
Profit/(loss) after income tax benefit from discontinued operations	22,134	(583)

Note 5. Discontinued operations (continued)

Carrying amounts of assets and liabilities held for distribution to the owners

	2021 $'000	2020 $'000
Cash and cash equivalents	-	18,544
Trade and other receivables	-	233
Consumables	-	5
Biological assets	-	783
Investments accounted for using the equity method	-	1,721
Property, plant and equipment	-	27,567
Exploration and evaluation assets	-	90,665
Other non-current assets	-	20
Total assets	-	139,538
Trade and other payables	-	344
Provisions	-	178
Deferred tax	-	26,043
Total liabilities	-	26,565
Net assets	-	112,973

The major classes of assets and liabilities of the ASM business classified as held for distribution to the owners as at 30 June 2020 were demerged from the consolidated entity on 20 July 2020, thus nil balances on the ASM balance sheet for the current year.

Note 5. Discontinued operations (continued)

Cash flows of ASM businesses

	2021 $'000	2020 $'000
Operating	-	(222)
Investing	-	(4,894)
Financing	-	(3,308)
Cash at the beginning of the period	-	26,968
Net cash at the end of the period	-	18,544

Accounting policy for discontinued operations
A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for distribution to owners and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss.

Note 6. Cash and cash equivalents

	2021 $'000	2020 $'000
Current assets		
Cash at bank	18,991	48,337

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	18,991	48,337
Cash and cash equivalents - classified as held for distribution by owners	-	18,544
Balance as per statement of cash flows	18,991	66,881

Cash at bank at balance date weighted average interest rate was 0.01% (2020: 0.67%).

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

Note 7. Trade and other receivables

	2021 $'000	2020 $'000
Current assets		
Trade receivables	43	1,057
Prepayments	963	922
GST and fuel tax credit receivable	888	961
	1,894	2,940

Note 7. Trade and other receivables (continued)

(i) Classification as receivables
Receivables are recognised initially at fair value and then subsequently measured at amortised cost, less provision for credit losses. As at 30 June 2021 the group has determined that the expected provision for credit losses is not material.

In determining the recoverability of a trade or other receivables using the expected credit loss model, the group performs a risk analysis considering the type and age of outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

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

(iii) Impairment and risk exposure
Information about the impairment of receivables, their credit quality and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 21.

Note 8. Inventories

	2021 $'000	2020 $'000
Current assets		
Ore stockpiles	1,571	934
Gold in circuit	2,398	1,940
Bullion on hand	4,537	2,407
Consumable stores	3,142	2,366
	11,648	7,647

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

No provision was recorded at 30 June 2021 to write down inventories to their recoverable value (2020: $nil).

Consumable stores include diesel, explosives and other consumables items. These items are carried at cost.

(ii) Amounts recognised in profit or loss
Consumable inventories recognised as an expense during the year ended 30 June 2021 amounted to $2,240,000 (2020: $6,920,000). These were included in costs of production.

Product inventory movement during the year ended 30 June 2021 amounted to an expense of $3,226,000 (2020: $2,203,000) and is disclosed as part of cost of sales in note 3.

Note 9. Financial assets at fair value through other comprehensive income

	2021 $'000	2020 $'000
Non-current assets		
Listed securities		
Calidus Resources Ltd (ASX: CAI)	17,811	-
Sky Metals Ltd (ASX: SKY)	660	-
	18,471	-

Calidus Resources Ltd was reclassified from Investments accounted for using the equity method during the year. Refer to note 13 for further information.

Note 10. Other financial assets

	2021 $'000	2020 $'000
Non-current assets		
Security deposits	11,541	8,614

The above deposits are held by financial institutions or regulatory bodies as security for rehabilitation obligations as required under the respective exploration and mining leases or as required under agreement totalling $11,541,000 for the current period (2020: $8,614,000 backed by security deposits).

All interest bearing deposits are held in Australian dollars and therefore there is no exposure to foreign currency risk. Please refer to note 21 for the group's exposure to interest rate risk. The fair value of other financial assets is equal to its carrying value.

Note 11. Property, plant and equipment

Year ended 30 June 2021	Land and buildings $'000	Plant and equipment $'000	Capital WIP $'000	Mine properties $'000	
Opening cost	22,326	90,060	1,687	205,682	319,755
Additions	-	468	24,662	34,963	60,093
Transfers between classes	12,206	11,932	(24,138)	-	-
Disposals	(703)	(1,901)	-	-	(2,604)
Net movement	11,503	10,499	524	34,963	57,489
Closing cost	33,829	100,559	2,211	240,645	377,244
Opening accumulated depreciation and impairment	(12,787)	(75,908)	-	(168,738)	(257,433)
- to profit or loss	(289)	(6,595)	-	(14,370)	(21,254)
Disposals	-	854	-	-	854
Net movement	(289)	(5,741)	-	(14,370)	(20,400)

Note 11. Property, plant and equipment (continued)

Closing accumulated depreciation and impairment	(13,076)	(81,649)	-	(183,108)	(277,833)
Closing net carrying value	20,753	18,910	2,211	57,537	99,411

Year ended 30 June 2020	**Land and buildings $'000**	**Plant and equipment $'000**	**Capital WIP $'000**	**Mine properties $'000**	**Total $'000**
Opening cost	40,379	80,448	3,728	174,479	299,034
Additions	-	-	18,873	30,257	49,130
Transfers between classes	8,403	11,445	(20,794)	946	-
Assets classified as held for distribution to owners and other disposals	(26,456)	(1,833)	(120)	-	(28,409)
Net movement	(18,053)	9,612	(2,041)	31,203	20,721
Closing cost	22,326	90,060	1,687	205,682	319,755
Opening accumulated depreciation and impairment	(12,674)	(73,322)	-	(162,000)	(247,996)
- to profit or loss	(121)	(3,306)	-	(6,738)	(10,165)
Assets classified as held for distribution to owners and other disposals	8	720	-	-	728
Net movement	(113)	(2,586)	-	(6,738)	(9,437)
Closing accumulated depreciation and impairment	(12,787)	(75,908)	-	(168,738)	(257,433)
Closing net carrying value	9,539	14,152	1,687	36,944	62,322

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

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

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

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

Note 11. Property, plant and equipment (continued)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

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

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when it is probable that the additional future economic benefits associated with the expenditure will flow to the group. Otherwise, such expenditure is classified as part of the cost of production. Mine properties are amortised on a units of production basis over the economically recoverable resources of the mine concerned.

Commercial production of the underground mine was declared in February 2020. Amortisation of mine properties commenced with commercial production and is being charged using units of production method.

Note 12. Exploration and evaluation

	2021 $'000	2020 $'000
Opening balance	32,745	103,894
Expenditure during the year	27,040	17,964
Amounts provided for or written off	(1,991)	(329)
Exploration and evaluation classified as available for distribution to owners	-	(88,784)
	57,794	32,745

(a) Amounts recognised in profit or loss

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

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

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts or circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets fair value less costs of disposal and their value in use.

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

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

Note 12. Exploration and evaluation (continued)

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.

Note 13. Investments accounted for using the equity method

	2021 $'000	2020 $'000
Non-current assets		
Investment in associates	15,944	14,385

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Opening carrying amount	14,385	7,616
Additions	14,663	7,110
OCI	(109)	(341)
Reclassification	(12,995)	-
Closing carrying amount	15,944	14,385

	2021 $'000	2020 $'000
Share of profit/(loss) of equity accounted for investments		
Share of losses - associates	(870)	(240)

Interests in associates
Interests in associates and joint venture are accounted for using the equity method of accounting. Information relating to the investments that are material to the consolidated entity are set out below:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2021 %	2020 %
Genesis Minerals Ltd (GMD)	Australia	19.84%	15.51%
Calidus Resources Ltd (CAI)	Australia	9.65%	12.99%

On 1 April 2021, Alkane's percentage of holding in Calidus reduced below 10% to a balance of 9.65%, which no longer gives Alkane the right to appoint one Nominated Director (out of five) to the Board. Calidus was reclassified to financial assets at fair value through other comprehensive income, a $2,698,000 derecognition gain resulted.

On 24 October 2019, Nic Earner (Alkane's Managing Director) was appointed as a non-executive director to the Genesis Board. Alkane's 20% representation on the board out of five of directors entitles the Company significant influence in policy-making processes including participation in decisions about dividends and other distributions.

Note 14. Trade and other payables

	2021 $'000	2020 $'000
Current liabilities		
Trade payables	2,760	4,588
Other payables	8,322	4,837
	11,082	9,425

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

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

Note 15. External borrowings

Hire purchase liabilities are secured over the assets to which they relate, the carrying value of which exceeds the value of the hire purchase liability. The Group does not hold title to the equipment under the hire purchase pledged as security.

	2021 $'000	2020 $'000
Current liabilities		
External borrowings	3,294	2,090
Non-current liabilities		
Hire purchase liabilities	5,922	4,515

Refer to note 21 for further information on financial risk management.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2021 $'000	2020 $'000
Total facilities		
Bank overdraft	20,000	-
Used at the reporting date		
Bank overdraft	-	-
Unused at the reporting date		
Bank overdraft	20,000	-

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 16. Provisions

	2021 $'000	2020 $'000
Current liabilities		
Employee benefits	3,660	2,659
Non-current liabilities		
Employee benefits	232	122
Rehabilitation	15,131	14,751
	15,363	14,873

(i) Provisions

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

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

(ii) Information about individual provisions and significant estimates

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

The current portion of this liability includes all of the accrued annual leave. The entire amount of the provision of $2,490,000 (2020: $1,833,000) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2021 $'000	2020 $'000
Current leave obligations expected to be settled after 12 months	973	595

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

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

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

Note 16. Provisions (continued)

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

The discounted value reflects a combination of management's assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of cash flows and the discount rate. An increase in the provision due to the passage of time of was recognised in finance charges in the statement of comprehensive income of $59,000 (2020: $127,000).

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

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

	2021 $'000	2020 $'000
Rehabilitation and mine closure		
Opening balance	14,751	14,456
Additional provision incurred	321	1,276
Expenditure during the year	-	(1,881)
Unwinding of discount	59	127
Change in estimate	-	773
	15,131	14,751

Note 17. Issued capital

	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares - fully paid	595,388,800	580,033,307	218,079	258,876

Movements in ordinary share capital

Details	**Date**	**Shares**	**$'000**
Balance	1 July 2019	506,096,222	220,111
Adjustment for reclassification		-	(922)
Share issue		73,937,085	40,665
Share issue costs		-	(1,223)
Less: Deferred tax credit recognised directly into equity		-	245
Balance	30 June 2020	580,033,307	258,876
Demerger capital distribution		-	(43,237)
Shares issued on vesting of performance rights		15,215,584	2,416
Share issue		139,909	161
Share issue costs		-	(31)
Less: Deferred tax credit recognised directly into equity		-	(106)
Balance	30 June 2021	595,388,800	218,079

Note 17. Issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 18. Reserves

The following table shows a breakdown of the balance sheet line item 'Reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	2021 $'000	**2020 $'000**
Financial assets at fair value through other comprehensive income reserve	1,943	(101)
Hedging reserve - cash flow hedges	(134)	(692)
Share-based payments reserve	3,313	4,206
Demerger reserve	(70,300)	-
	(65,178)	3,413

Financial assets at fair value through other comprehensive income reserve
The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently either transferred to the initial cost of inventory or reclassified to profit or loss as appropriate.

Hedging reserve - cash flow hedges
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve
The reserve is used to recognise the grant date fair value of shares issued to directors and KMP, as well as the grant date fair value of deferred rights granted but not yet vested.

Demerger reserve
The demerger reserve is used to recognise the gain on ASM demerger and demerger dividend. Refer to note 5 for further details.

Note 19. Retained profits

	2021 $'000	**2020 $'000**
Retained profits/(accumulated losses) at the beginning of the financial year	5,097	(8,587)
Adjustment for reclassification	-	922
Transfer gain on demerger	(22,134)	-
Accumulated losses at the beginning of the financial year - restated	(17,037)	(7,665)
Profit after income tax (expense)/benefit for the year	55,701	12,762
Retained profits at the end of the financial year	38,664	5,097

Note 20. Critical accounting judgements, estimates and assumptions

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

Carrying value of non-current assets
Non-current assets include capitalised exploration and evaluation expenditures and mine properties. The group has capitalised significant exploration and evaluation expenditure on the basis either that such expenditure is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped and activities are planned to enable that determination.

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration asset through sale. The future recoverability of mine properties is dependent on the generation of sufficient future cash flows from operations (or alternately sale). Factors that could impact the future recoverability of exploration and evaluation and mine properties 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 and exchange rates.

Estimates of recoverable quantities of resources and reserves also include assumptions requiring significant judgment as detailed in the resource and reserve statements.

An impairment review is undertaken to determine whether any indicators of impairment are present. The group has not recorded an impairment charge or reversal against either the gold operations cash generating units in the current financial year.

Depreciation of property, plant and equipment
Non-current assets include property, plant and equipment. The group reviews the useful lives of depreciable asset at each reporting date or when there is a change in the pattern in which the asset's future economic benefits are expected to be consumed, based on the expected utilisation of the assets. Depreciation and amortisation are calculated using the units of production method based on ounces of gold produced.

Rehabilitation and mine closure provisions
These provisions represent the discounted value of the present obligation to restore, dismantle and rehabilitate certain items of property, plant and equipment and to rehabilitate exploration and mining leases. The discounted value reflects a combination of management's assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of cash flows and the discount rate. Changes to one or more of these assumptions is likely to result in a change to the carrying value of the provision and the related asset or a change to profit and loss in accordance with the group's accounting policy stated in note 16.

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

Share-based payments
The group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value for share appreciation rights and performance rights component tranche 1 is determined with the assistance of an external valuer. The number of performance rights issued under the long term incentive plan tranche 2 component are adjusted to reflect management's assessment of the probability of meeting the targets and service condition. The related assumptions are set out in note 30. The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Note 20. Critical accounting judgements, estimates and assumptions (continued)

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

In addition, the group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. Utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. Refer to note 4 for the current recognition of tax losses.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices.

Where economic recoverable reserves for an area of interest have been identified, and a decision to develop has occurred, capitalised expenditure is classified as mine development.

To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which the determination is made.

Note 21. Financial risk management

Financial risk management objectives
The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The group uses derivative financial instruments including gold forward and gold put option contracts to mitigate certain risk exposures.

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

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

(a) Market risk

(i) Foreign currency risk
The group's sales revenue for gold are largely denominated in US dollars and the majority of operating costs are denominated in Australian dollars, hence the group's cash flow is significantly exposed to movement in the A$:US$ exchange rate. The group mitigates this risk through the use of derivative instruments, including but not limited to a combination of Australian dollar denominated gold forward contracts and put options to hedge a portion of future gold sales.

The Australian dollar denominated gold forward contracts are entered into and continue to be held for the purpose of physical delivery of gold bullion. As a result, the contracts are not recorded in the financial statements. Refer to notes 27 for further information.

Note 21. Financial risk management (continued)

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

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

Summarised market risk sensitivity analysis

	Interest rate risk Impact on profit/(loss) after tax					
	30 June 2021			**30 June 2020**		
	Carrying amount $000	+100BP $000	-100BP $000	Carrying amount $000	+100BP $000	-100BP $000
Financial assets						
Cash and cash equivalents	18,991	133	(133)	48,337	338	(338)
Receivables*	43	-	-	2,028	-	-
Other financial assets	11,541	79	(79)	8,614	60	(60)
Financial liabilities						
Trade and other payables	(19,956)	-	-	(9,425)	-	-
Total increase/(decrease) in profit	-	212	(212)	-	399	(399)

* The receivables balance excludes prepayments and tax balances which do not meet the definition of financial assets and liabilities.

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

(b) Credit risk
The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

In determining the recoverability of a trade or other receivable using the expected credit loss model, the group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

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

(i) Risk management

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

(ii) Credit quality

Tax receivables and prepayments do not meet the definition of financial assets. The group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Note 21. Financial risk management (continued)

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	2021 $'000	2020 $'000
Bank overdraft	20,000	-

The facility can be drawn for periods up to 3 months prior to the final repayment date, which is 2 January 2022. The final repayment date may be extended for a further 12 months, upon request by the Company.

Hedge accounting
Movements in hedging reserves during the current and previous financial year are set out below:

	Cashflow hedges $'000
Balance at 1 July 2019	779
Change in fair value of hedging instrument recognised in other comprehensive income	487
Reclassified from other comprehensive income to profit or loss	(278)
Deferred tax	(296)
Balance at 30 June 2020	692
Change in fair value of hedging instrument recognised in other comprehensive income	220
Reclassified from other comprehensive income to profit or loss	(1,017)
Deferred tax	239
Balance at 30 June 2021	134

Note 22. Capital risk management

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

Note 23. Key management personnel disclosures

The aggregate compensation made to directors and other members of KMP of the consolidated entity is set out below:

	2021 $'000	2020 $'000
Short-term employee benefits	1,767	2,164
Post-employment benefits	105	122
Long-term benefits	200	102
Share-based payments	1,170	1,063
	3,242	3,451

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the company:

	2021 $'000	2020 $'000
Audit services - PricewaterhouseCoopers		
Audit or review of the financial statements	139	115
Other services - PricewaterhouseCoopers		
Other advisory services	153	175
Other assurance services	35	-
	188	175
	327	290

Note 25. Contingent assets

The group has entered into forward gold sales contracts which are not accounted for on the balance sheet. A contingent asset of $537,000 (2020: liability $14,178,000) existed at the balance date in the event that the contracts are not settled by the physical delivery of gold. Refer to the commitment's disclosure note 27 for more information.

Note 26. Contingent liabilities

The group has contingent liabilities estimated up to the value of $3,223,000 (2020: $8,330,000 including amount of $3,670,000 related to land acquisition surrounding the Dubbo Project) for the potential acquisition of several parcels.

Note 27. Commitments

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

Note 27. Commitments (continued)

	2021 $'000	2020 $'000
Within one year	941	1,505

(b) Physical gold delivery commitments
As part of its risk management policy, the group enters into derivatives including gold forward contracts and gold put options to manage the gold price of a proportion of anticipated gold sales.

Alkane purchased gold forward sales and put options as part of a risk mitigation strategy on any potential downward price pressure while Tomingley was processing the low grade stockpiles during the year.

The gold forward sales contracts disclosed below did not meet the criteria of financial instruments for accounting purposes on the basis that they met the normal purchase/sale exemption because physical gold would be delivered into the contract. Accordingly, the contracts were accounted for as sale contracts with revenue recognised in the period in which the gold commitment was met. The balances in the table below relate to the value of the contracts to be delivered into by transfer of physical gold.

30 June 2021	Gold for physical delivery Ounces	Contracted gold sale price per ounce ($)	Value of committed sales $'000
Fixed forward contracts			
Within one year	24,000	2,307	55,368

30 June 2020	Gold for physical delivery Ounces	Contracted Gold sale price per ounce ($)	Value of committed sales $'000
Fixed forward contracts			
Within one year	17,770	1,836	32,619

(c) Capital commitments
Capital commitments committed for the year at the end of the reporting period but not recognised as liabilities amounted to $11,462,000 (2020: $8,787,000, including amount related to the discontinued operation of $3,200,000).

Note 28. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 29. Related party transactions

Parent entity
Alkane Resources Ltd is the parent entity of the group.

Associates
Interests in associates are set out in note 13.

Key management personnel
Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

Note 29. Related party transactions (continued)

Transactions with other related parties
Nuclear IT, a director-related entity, provides information technology consulting services to the group which includes the coordination of the purchase of information technology hardware and software. These terms are documented in a service level agreement and represent normal commercial terms.

	2021 $'000	2020 $'000
Purchase of computer hardware and software	126	88
Consulting fees and services	304	310
Total	430	398

Note 30. Share-based payments

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

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

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

The initial estimate of fair value for market based and non-vesting conditions is not subsequently adjusted for differences between the number of rights granted and number of rights that vest.

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

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

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

Executive directors and other executives
The company’s remuneration framework is set out in the remuneration report, including all details of the performance rights and share appreciation rights plans, the associated performance hurdles and vesting criteria.

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

Note 30. Share-based payments (continued)

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

	2021		2020	
	Number of performance rights	**Weighted average fair value**	**Number of performance rights**	**Weighted average fair value**
Performance Rights				
Outstanding at the beginning of the year	12,092,879	$0.18	18,476,061	$0.18
Issued during the year	1,492,626	$0.75	3,853,701	$0.37
Vested during the year	(6,785,208)	$0.06	(8,430,376)	$0.24
Lapsed/Cancelled during the year	(2,134,033)	$0.32	(1,806,507)	$0.34
Outstanding at the end of the year	4,666,264	$0.47	12,092,879	$0.18

The number of Performance Rights to be granted is determined by the Remuneration Committee with reference to the fair value of each Performance Right which is generally the volume weighted average price for the month preceding the start of the performance period. This will differ from the fair value reported in the table above which is determined at the time of grant.

The following table lists the inputs to the models used.

Grant date	Performance hurdle	Dividend yield %	Expected stock volatility %	Risk free rate %	Expected life years	Weighted average share price at grant date $
18/10/2018	Services condition and market condition	-	66%	2.14%	3.0	$0.22
21/11/2018	Services condition and market condition	-	65%	2.14%	2.9	$0.22
02/09/2019	Services condition and market condition	-	67%	0.69%	2.8	$0.40
22/11/2019	Service condition and market condition	-	65%	0.73%	2.6	$0.63
11/11/2020	Service condition and market condition	-	72%	0.19%	3.0	$1.08

Expenses arising from share-based payment transactions.

	2021 $'000	2020 $'000
Performance rights	1,523	1,225
Employee share scheme	161	-
	1,684	1,225

Note 31. Earnings per share

	2021 $'000	2020 $'000
Earnings per share for profit from continuing operations		
Profit after income tax attributable to the owners of Alkane Resources Ltd	33,567	13,345

	Cents	Cents
Basic earnings per share	5.64	2.44
Diluted earnings per share	5.60	2.37

	2021 $'000	2020 $'000
Earnings per share for profit/(loss) from discontinued operations		
Profit/(loss) after income tax attributable to the owners of Alkane Resources Ltd	22,134	(583)

	Cents	Cents
Basic earnings per share	3.72	(0.11)
Diluted earnings per share	3.69	(0.10)

	2021 $'000	2020 $'000
Earnings per share for profit		
Profit after income tax attributable to the owners of Alkane Resources Ltd	55,701	12,762

	Cents	Cents
Basic earnings per share	9.37	2.33
Diluted earnings per share	9.28	2.26

	Number	Number
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	594,734,110	547,023,712
Adjustments for calculation of diluted earnings per share:		
Performance rights	5,201,943	17,141,368
Weighted average number of ordinary shares used in calculating diluted earnings per share	599,936,053	564,165,080

Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021	**2020**
	$'000	**$'000**
Profit after income tax	15,195	14,091
Total comprehensive income	15,195	14,091

Balance sheet

	Parent	
	2021	**2020**
	$'000	**$'000**
Total current assets	50,669	203,910
Total assets	144,462	254,611
Total current liabilities	3,875	2,801
Total liabilities	9,776	3,040
Equity		
Issued capital	218,077	258,876
Financial assets at fair value through other comprehensive income reserve	1,945	(101)
Share-based payments reserve	3,313	4,206
Demerger reserve	(70,300)	-
Accumulated losses	(18,349)	(11,410)
Total equity	134,686	251,571

Determining the parent entity financial information
The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Tax consolidation legislation
Alkane Resources Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. Refer to note 4 for further details.

(ii) Share-based payments rights
The grant by the company of rights to equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(iii) Investment in subsidiaries
Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 (2020: $nil).

Note 33. Deed of cross guarantee

The following group entities have entered into a deed of cross–guarantee. Under the deed of cross–guarantee, each body has guaranteed that the debts to each creditor of each other body which is a party to the deed will be paid in full in accordance with the deed:

- Alkane Resources Limited (the Holding Entity)
- Tomingley Holdings Pty Ltd and Tomingley Gold Operations Pty Ltd (the wholly-owned subsidiaries, which are eligible for the benefit of the ASIC Instrument)

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Alkane Resources Ltd, they also represent the 'Extended Closed Group'.

The statement of profit or loss and other comprehensive income and balance sheet (excluding ASM business, which is separately disclosed in note 5 are substantially the same as the consolidated entity as stated in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and therefore have not been separately disclosed.

Note 34. Reconciliation of profit after income tax to net cash from operating activities

	2021 $'000	2020 $'000
Profit after income tax (expense)/benefit for the year	55,701	12,762
Adjustments for:		
Depreciation and amortisation	21,254	9,231
Net loss/(gain) on disposal of property, plant and equipment	957	(9)
Share of loss - associates	870	250
Share-based payments	1,684	1,225
Investment paid for by tenement transfer	(660)	-
Exploration costs provided for or written off	1,991	329
Gain from demerger of ASM Group	(22,672)	-
Finance charges	51	126
Realised loss on expiry put option derivatives	938	258
Demerger costs reclassified	538	1,525
Gain on derecognition of equity investment	(2,698)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	301	(749)
Increase in inventories	(4,002)	(3,134)
Increase/(decrease) in trade and other payables	1,217	143
Increase in deferred tax liabilities	14,503	6,320
Decrease in other provisions	-	(81)
Increase/(decrease) in fair value of biological assets	1,143	340
Net cash from operating activities	71,116	28,536

Note 34. Reconciliation of profit after income tax to net cash from operating activities (continued)

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2021 $'000	2020 $'000
Cash and cash equivalents	18,991	48,337
Borrowings - repayable within one year	(3,778)	(2,659)
Borrowings - repayable after one year	(5,922)	(4,515)
Net cash	9,291	41,163

	Cash $'000	Borrowings repayable within one year $'000	Borrowings repayable after one year $'000	Net cash $'000
Opening net cash	18,991	(3,778)	(5,922)	9,291

Note 35. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 20.

Note 35. Significant accounting policies (continued)

Parent entity information
In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 32.

Tax consolidated legislation

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

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

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

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

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

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Alkane Resources Ltd ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Alkane Resources Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or the 'group'.

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

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

The financial statements are presented in Australian dollars, which is Alkane Resources Ltd's functional and presentation currency.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 35. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets
The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Note 35. Significant accounting policies (continued)

Earnings per share
(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

- the profit attributable to owners of the Company, excluding any costs of servicing equity, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Alkane Resources Ltd
Directors' declaration
30 June 2021

In the directors' opinion:

- the financial statements and notes set out on pages 22 to 61 are in accordance with the Corporations Act 2001 including:

(a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
(b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

- the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 35 to the financial statements;

- there are reasonable grounds to believe that Alkane Resources Limited will be able to pay its debts as and when they become due and payable.

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 33 to the financial statements.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors.

On behalf of the directors

____
N P Earner
Managing Director

27 August 2021
Perth

Independent auditor's report

To the members of Alkane Resources Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Alkane Resources Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended, and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2021
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

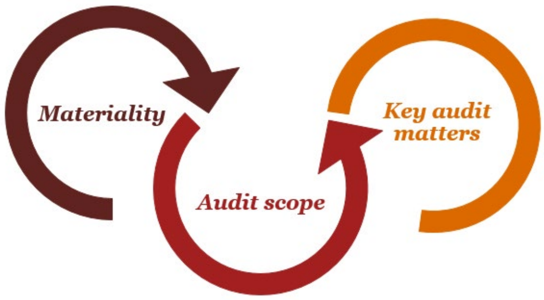
Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of $2,403,000, which represents approximately 5% of the Group's profit before tax from continuing operations. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group profit before tax from continuing operations because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The accounting processes are structured around a Group finance function at its head office in Perth.	• Amongst other relevant topics, we communicated the following key audit matter to the Audit Committee: – Estimate of rehabilitation and mine closure provision. • These are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Estimate of rehabilitation and mine closure provision *(Refer to rehabilitation and mine closure provision in note 16 and Critical accounting estimates, judgements and assumptions in note 20)* As a result of its mining and processing activities at Tomingley Gold, the Group incurs obligations to restore and rehabilitate the environment disturbed by its operations. Rehabilitation activities are governed by a combination of legislative requirements and the Group's policies. This was a key audit matter as determining the provision for rehabilitation and mine closure requires the use of significant estimates and judgements by the Group in assessing the magnitude, nature and extent of rehabilitation work to be performed, and in determining: ● the expected future cost of performing the work ● the timing of when the rehabilitation activities are expected to take place, and ● economic assumptions such as the discount rate used to discount this estimate to net present value.	We performed the following procedures, amongst others: ● Developed an understanding of how the Group identified the relevant methods, assumptions or sources of data, and the need for changes in them, that are appropriate for developing the rehabilitation and mind closure provision in the context of the Australian Accounting Standards ● Evaluated the competence, capabilities and objectivity of experts used by the Group in calculating the nature and extent of rehabilitation work required ● Examined the Group's assessment of significant changes in future cost estimates from the prior year ● Evaluated the basis for cost estimations made by the Group, in light of the budgets and forecasts approved by the Board ● On a sample basis, tested the provision amount to comparable data sourced from external parties and management's experts ● Tested the mathematical accuracy of the calculation of the discounted cash flows prepared by the Group ● Considered the appropriateness of the discount rates and inflation rates utilised in calculating the provision by comparing them to current market consensus ● Evaluated the reasonableness of the disclosures made in the financial statements, including those related to estimation uncertainty, against the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Corporate directory and Directors' report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 10 to 18 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Alkane Resources Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
27 August 2021