

ASX and MEDIA RELEASE

20 February 2024



Alkane Delivers Profit After Tax of A\$12.4 Million

Alkane Resources Ltd results for the half year ended 31 December 2023 are attached. The table below is a summary of the financial results:

| | Dec-23 (A\$'000) | Dec-22 (A\$'000) | Change (A\$'000) | Change % |
|--------------------------|---------------------|---------------------|---------------------|-------------|
| Gold revenue | 89,060 | 93,465 | -4,405 | -5% |
| Gold production (ounces) | 29,037 | 37,790 | -8,753 | -23% |
| Gold sales (ounces) | 30,597 | 36,199 | -5,602 | -15% |
| Sales price (\$/oz) | 2,911 | 2,582 | 329 | 13% |
| TGO profit before tax | 20,455 | 41,011 | -20,556 | -50% |
| Company profit after tax | 12,425 | 24,693 | -12,268 | -50% |

The profit was largely driven by higher sale prices and cost performance at Tomingley resulting in 30,597 ounces of gold produced at an all-in sustaining cost (AISC) of A\$2,177 per ounce.

Prior year profit was driven by higher grade ore from the Wyoming and Caloma gold deposits.

As at 31 December 2023 the company's cash, bullion and listed investments totaled A\$73.4 million, with A\$57.3 million in cash, bullion on hand at fair value of A\$4 million and A\$12.1 million of listed investments at market value.

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

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Alkane Resources Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity: Alkane Resources Ltd
ABN: 35 000 689 216
Reporting period: For the half-year ended 31 December 2023
Previous period: For the half-year ended 31 December 2022

2. Results for announcement to the market

| | | | \$'000 |
|--|------|----------|--------|
| Revenue from ordinary activities | down | (5%) to | 89,060 |
| Profit after tax attributable to the owners of Alkane Resources Ltd from continuing operations | down | (50%) to | 12,425 |

Explanation of Revenue

Revenue from ordinary activities was \$89.06 million, a decrease of 5% over the corresponding period.

The decrease in revenue was influenced primarily by lower gold grade and an increased gold price during the half-year period.

Explanation of profit from ordinary activities after tax

Net statutory profit after tax attributable to the owners of Alkane Resources Ltd was \$12.43 million, a decrease of 50% over the corresponding period.

Explanation of Net profit

Please refer above.

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|---------------------------|--------------------------|
| Net tangible assets per ordinary security | 32.80 | 23.05 |

4. 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.

5. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report for the half-year ended 31 December 2023.

6. Attachments

Details of attachments (if any):

The Interim Financial Report of Alkane Resources Ltd for the half-year ended 31 December 2023 is attached.

7. Signed

Signed Nicola Earner

Date: 20 February 2024

N P Earner
Managing Director
Perth



ALKANE
RESOURCES LTD

Alkane Resources Ltd

ABN 35 000 689 216

Interim Financial Report
for the half year ended 31 December 2023

For personal use only

Alkane Resources Ltd
Corporate directory
31 December 2023

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

Automic Pty Ltd
Level 5, 126 Phillip Street, Sydney NSW 2000

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 OTCQX International (OTCQX code: ALKEF)
Ordinary fully paid shares

Website

<http://www.alkane.com.au>

E-mail address

mail@alkane.com.au

Alkane Resources Ltd
Directors' report
31 December 2023

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 half-year ended 31 December 2023.

Directors

The following persons were directors of Alkane Resources Ltd during the whole of the financial half-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

Review of operations

The profit for the Consolidated Entity after providing for income tax amounted to \$12,425,000 (31 December 2022: \$24,693,000).

Alkane's investment in Genesis was liquidated during the period with proceeds received totalling \$13.04m.

Tomingley Gold Operations

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 two gold deposits (Wyoming One and Caloma Two).

Tomingley Gold Operations gold production for the half-year ended 31 December 2023 decreased by 23% from the previous corresponding period as a result of a decrease in milled grade, with ore in the current period coming from lower grade underground mine areas as well as the completion of open pit mining during FY2023.

Gold recovery of 80.0% for the period was slightly lower than expectations (30 June 2023: 84.3%). Average grade milled decreased to 1.97g/t in the current half-year.

Production for the period was 29,037 ounces of gold (Dec 2022: 37,790 ounces of gold) with all in sustaining costs of \$2,177 per ounce (Dec 2022: \$1,256 per ounce). The average sales price achieved for the period increased to \$2,911 per ounce (Dec 2022: \$2,582 per ounce). Gold sales of 30,597 ounces (Dec 2022: 36,199 ounces) resulted in sales revenue of \$89,060,000 (Dec 2022: \$93,465,000).

Bullion on hand decreased by 1,568 ounces from 30 June 2023 to 1,322 ounces.

The main drivers to the change in profit year on year have been the higher operating costs due to increased activities, higher input costs and lower grade achieved. The higher achieved metal prices were offset by lower quantities sold.

Costs continue to be adversely impacted by industry-wide inflationary pressures with an increase to the previous corresponding period in the All-in Sustaining Cost (AISC).

Tomingley Gold Extension Project

An extensive exploration program focused 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. In July 2023, TGEP was granted a mining licence. The construction environmental management plan was also approved in early October 2023 allowing physical construction activities such as earthworks for the paste plant and other infrastructure.

Extensive infill drilling of the Roswell orebody from underground continues, with ~17,000m drilled during the quarter. This drilling will be incorporated into an updated mineral resource in the coming quarter.

The first cell of Residue Storage Facility 2 has been commissioned and is now in operation. Mobilisation activities associated with the process plant flotation have commenced with surface works expected to commence early in the March 2024 quarter.

The table below summaries the key operational information:

| TGO Production | Unit | 6 months ended 31 December 2023 | 6 months ended 31 December 2022 |
|---|----------|------------------------------------|------------------------------------|
| Open cut | | | |
| Waste mined | BCM | 0 | 190,904 |
| Ore mined | Tonnes | 0 | 150,815 |
| Strip Ratio | Ratio | 0 | 3.6 |
| Grade mined | g/t | 0 | 1.81 |
| Underground | | | |
| Ore mined | Tonnes | 519,138 | 470,386 |
| Grade mined | g/t | 1.99 | 2.57 |
| Ore milled | Tonnes | 564,205 | 509,696 |
| Head grade | g/t | 1.97 | 2.66 |
| Gold recovery | % | 80.0 | 85.9 |
| Gold poured ⁽³⁾ | Ounces | 29,037 | 37,790 |
| Revenue summary | | | |
| Gold sold | Ounces | 30,597 | 36,199 |
| Average price realised | A\$/oz | 2,911 | 2,582 |
| Gold revenue | A\$000's | 89,060 | 93,465 |
| All-in Sustaining Cost⁽¹⁾ | A\$/oz | 2,177 | 1,256 |
| Bullion on hand | Ounces | 1,322 | 4,732 |
| Stockpiles | | | |
| Ore for immediate milling | Tonnes | 281,701 | 495,068 |
| Stockpile grades ⁽²⁾ | g/t | 0.95 | 1.28 |

- (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. 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.

Regional Exploration

Near-mine exploration continued at Tomingley targeting additional mineralisation outside the existing resource models at Roswell and San Antonio, as well as Macleans, El Paso and the Plains prospect to the east of Roswell.

Macleans Prospect is positioned 500 metres northeast of the Roswell Deposit and adjacent to the exploration drive from Wyoming One. The recent drilling has confirmed significant gold mineralisation over 200 metres of strike, 500 metres down dip and remains open along strike and down dip. Drilling is planned to commence from the surface and underground from the exploration drive in the current quarter for the purpose of extending the known strike of the mineralised andesite and to estimate a maiden underground Inferred Mineral Resource.

The Boda gold-copper porphyry system is a series of near vertical, northwest striking, intrusive related breccias hosted within a thick sequence of shallowly east dipping andesite lavas.

The Boda Two prospect is defined by coincident magnetic high and gold-copper soil anomaly with an estimated north-south 1,100m x 500m footprint.

As announced on the 14 December 2023, the updated Mineral Resource for the Boda Deposit was estimated at 583Mt at 0.58g/t AuEq* for 10.9Moz AuEq (6.38Moz Au, 1.03Mt Cu).

The estimate was based on approximately 145,000 meters of drilling using both 0.3g/t and 0.4g/t gold equivalent (AuEq*) cutoff deemed appropriate for potential open cut mining or underground mining, respectively.

Alkane Resources Ltd
Directors' report
31 December 2023

The Kaiser prospect, centred about 1km northwest of Boda, comprises a thick sequence of basaltic to andesitic volcanics and volcanoclastics that have been intruded by a series of dykes and stocks that range in composition from diorite and monzodiorite to monzonite.

A substantial metallurgical test work program was completed and announced on the 14 November 2023 with resultant overall recovery estimates for:

Boda: 87.4% of copper and 80.9% of gold in the plant feed to saleable products

Kaisa: 79.6% of copper and 70.7% of gold in the plant feed to saleable products.

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 company Calidus Resources Ltd (ASX:CAI). The investment in Genesis Minerals Ltd (ASX:GMD) was sold in September 2023 for proceeds of \$13.04m.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2023 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.

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, the nearest dollar.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



N P Earner
Managing Director

20 February 2024
Perth



Auditor's Independence Declaration

As lead auditor for the review of Alkane Resources Ltd for the half-year ended 31 December 2023, 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 review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'Ian Campbell'.

Ian Campbell
Partner
PricewaterhouseCoopers

Perth
20 February 2024

Alkane Resources Ltd

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31 December 2023

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General information

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 February 2024.

Alkane Resources Ltd
Condensed consolidated statement of comprehensive income
For the half-year ended 31 December 2023

| | Note | 31 Dec 2023 \$'000 | 31 Dec 2022 \$'000 |
|---|-------------|-------------------------------|-------------------------------|
| Continuing operations | | | |
| Revenue | 3 | 89,060 | 93,465 |
| Cost of sales | 4 | (68,184) | (52,263) |
| Gross profit | | 20,876 | 41,202 |
| Other income | | 324 | 216 |
| Interest income | | 1,744 | 753 |
| Expenses | | | |
| Other expenses | 4 | (5,197) | (6,830) |
| Finance costs | | (876) | (517) |
| Total expenses | | (6,073) | (7,347) |
| Profit before income tax expense | | 16,871 | 34,824 |
| Income tax expense | 5 | (4,446) | (10,131) |
| Profit after income tax expense for the half-year attributable to the owners of Alkane Resources Ltd | | 12,425 | 24,693 |
| Other comprehensive income/(loss) | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Changes in fair value of financial assets at fair value through other comprehensive income (current year) | | 4,685 | (10,075) |
| Other comprehensive income/(loss) for the half-year, net of tax | | 4,685 | (10,075) |
| Total comprehensive income for the half-year attributable to the owners of Alkane Resources Ltd | | 17,110 | 14,618 |
| | | Cents | Cents |
| Basic earnings per share | | 2.06 | 4.14 |
| Diluted earnings per share | | 2.03 | 4.09 |

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

Alkane Resources Ltd
Condensed consolidated balance sheet
As at 31 December 2023

| | Note | 31 Dec 2023 \$'000 | 30 Jun 2023 \$'000 |
|---|-------------|-------------------------------|-------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 57,296 | 80,291 |
| Trade and other receivables | | 6,629 | 5,167 |
| Inventories | | 17,937 | 21,906 |
| Total current assets | | 81,862 | 107,364 |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 192,387 | 111,104 |
| Exploration and evaluation | 8 | 119,074 | 161,310 |
| Financial assets at fair value through other comprehensive income | 6 | 12,083 | 18,646 |
| Other financial assets | | 13,872 | 13,766 |
| Total non-current assets | | 337,416 | 304,826 |
| Total assets | | 419,278 | 412,190 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 16,798 | 23,508 |
| External borrowings | 10 | 7,101 | 7,371 |
| Income tax provision | | 7,971 | 7,283 |
| Provisions | | 6,107 | 5,386 |
| Other liabilities | | 474 | 153 |
| Total current liabilities | | 38,451 | 43,701 |
| Non-current liabilities | | | |
| Provisions | | 16,093 | 17,369 |
| External borrowings | 10 | 3,800 | 6,175 |
| Deferred tax | | 43,254 | 44,721 |
| Other liabilities | | 658 | 227 |
| Total non-current liabilities | | 63,805 | 68,492 |
| Total liabilities | | 102,256 | 112,193 |
| Net assets | | 317,022 | 299,997 |
| Equity | | | |
| Issued capital | | 223,357 | 222,224 |
| Reserves | | (72,326) | (75,166) |
| Retained profits | | 165,991 | 152,939 |
| Total equity | | 317,022 | 299,997 |

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

Alkane Resources Ltd
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2023

| | Contributed equity \$'000 | Share based payment reserve \$'000 | Other reserves \$'000 | Retained profits \$'000 | Total equity \$'000 |
|--|---------------------------------|---|--------------------------|-------------------------------|------------------------|
| Balance at 1 July 2022 | 218,185 | 5,229 | (65,869) | 111,329 | 268,874 |
| Profit after income tax expense for the half-year | - | - | - | 24,693 | 24,693 |
| Other comprehensive loss for the half-year, net of tax | - | - | (10,075) | - | (10,075) |
| Total comprehensive income/(loss) for the half-year | - | - | (10,075) | 24,693 | 14,618 |
| Share issue transaction costs | (12) | - | - | - | (12) |
| Equity settled share-based payment transactions | 197 | 1,890 | - | - | 2,087 |
| | - | - | - | - | - |
| Deferred tax recognised in equity | (34) | - | - | - | (34) |
| Employee share awards vested | 2,032 | (2,032) | - | - | - |
| Transfer on gain on disposal of equity investments at fair value through other comprehensive income to retained earnings | - | - | 797 | (797) | - |
| Balance at 31 December 2022 | <u>220,368</u> | <u>5,087</u> | <u>(75,147)</u> | <u>135,225</u> | <u>285,533</u> |
| | Contributed equity \$'000 | Share based payment reserve \$'000 | Other reserves \$'000 | Retained profits \$'000 | Total equity \$'000 |
| Balance at 1 July 2023 | 222,224 | 6,003 | (81,169) | 152,939 | 299,997 |
| Profit after income tax expense for the half-year | - | - | - | 12,425 | 12,425 |
| Other comprehensive income for the half-year, net of tax | - | - | 4,685 | - | 4,685 |
| Total comprehensive income for the half-year | - | - | 4,685 | 12,425 | 17,110 |
| Share issue transaction costs | (9) | - | - | - | (9) |
| Share based payments | - | 1,024 | - | - | 1,024 |
| Employee shares lapsed | - | (1,116) | - | - | (1,116) |
| Employee shares vested | 1,178 | (1,126) | - | - | 52 |
| Deferred tax recognised in equity | (36) | - | - | - | (36) |
| Transfer of gain on disposal of equity investments at fair value through OCI | - | - | (627) | 627 | - |
| Balance at 31 December 2023 | <u>223,357</u> | <u>4,785</u> | <u>(77,111)</u> | <u>165,991</u> | <u>317,022</u> |

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

Alkane Resources Ltd
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2023

| | 31 Dec 2023 | 31 Dec 2022 |
|---|--------------------|--------------------|
| | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| Receipts from customers (inclusive of GST) | 89,060 | 93,465 |
| Payments to suppliers and employees (inclusive of GST) | (56,465) | (46,512) |
| | <u>32,595</u> | <u>46,953</u> |
| Interest received | 1,615 | 741 |
| Finance costs paid | (533) | (296) |
| Royalties paid | (2,917) | (3,578) |
| Other Income | 326 | - |
| | <u>31,086</u> | <u>43,820</u> |
| Cash flows from investing activities | | |
| Payments for investments | (1,094) | (3,000) |
| Payments for property, plant and equipment | (30,538) | (13,368) |
| Payments for exploration and evaluation | (32,522) | (25,349) |
| Proceeds from disposal of investments | 13,043 | 5,859 |
| Payments for security deposits | (106) | (93) |
| | <u>(51,217)</u> | <u>(35,951)</u> |
| Cash flows from financing activities | | |
| Share issue transaction costs | (9) | (12) |
| Proceeds from borrowings | 996 | 4,138 |
| Repayment of borrowings | (3,640) | (3,720) |
| Principal element of lease payment | (211) | (97) |
| | <u>(2,864)</u> | <u>309</u> |
| Net cash from/(used in) financing activities | | |
| Net increase/(decrease) in cash and cash equivalents | (22,995) | 8,178 |
| Cash and cash equivalents at the beginning of the financial half-year | 80,291 | 77,894 |
| Cash and cash equivalents at the end of the financial half-year | <u>57,296</u> | <u>86,072</u> |

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

Note 1. Material accounting policy information

Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2023 has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This condensed consolidated interim financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New or amended standards adopted by the Group

The Group has adopted all of the new or amended accounting standards or interpretations issued by the Australian Accounting Standards Board 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.

Note 2. Operating segments

The Consolidated Entity is currently with one operating segment: gold operations. 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 segments 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.

Half-year ended 31 December 2023

Gold sales to external customers

Segment profit/(loss) before income tax

| Gold Operations \$'000 | Unallocated \$'000 | Total \$'000 |
|------------------------------|-----------------------|-----------------|
| 89,060 | - | 89,060 |
| 20,455 | (3,584) | 16,871 |

Half-year ended 31 December 2022

Gold sales to external customers

Segment profit/(loss) before income tax

| Gold Operations \$'000 | Unallocated \$'000 | Total \$'000 |
|------------------------------|-----------------------|-----------------|
| 93,465 | - | 93,465 |
| 41,011 | (6,187) | 34,824 |

Note 3. Revenue

| | 31 Dec | |
|---|--------|--------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Revenue from continuing operations | | |
| Gold sales | 89,060 | 93,465 |

Gold sold for the period was 30,597oz (Dec 2022 36,199oz) at an average price of AU\$ 2,911oz (Dec 2022 AU\$ 2,582oz).

Revenue from the sale of gold 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 4. Expenses

| | 31 Dec | |
|--------------------------------|--------|----------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Cost of sales | | |
| Cash costs of production | 46,785 | 41,896 |
| Inventory product movement (a) | 4,336 | (10,772) |
| Depreciation and amortisation | 14,370 | 17,474 |
| Royalties and selling costs | 2,693 | 3,665 |
| | 68,184 | 52,263 |

(a) Inventory product movement

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

| | 31 Dec | |
|---|--------|--------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Other expenses movement | | |
| Other expenses | | |
| Corporate administration | 1,749 | 1,444 |
| Employee remuneration and benefits | 1,671 | 1,721 |
| Professional fees and consulting services | 1,083 | 817 |
| Share based payments | (40) | 2,087 |
| Directors' fees and salaries expensed | 398 | 396 |
| Depreciation | 227 | 241 |
| Non-core project expenses | 106 | 116 |
| Exploration expenditure provided for or written off | 3 | 8 |
| | 5,197 | 6,830 |

Alkane Resources Ltd
Notes to the consolidated financial statements
31 December 2023

Note 5. Income tax

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.

| | 31 Dec 2023 | 31 Dec 2022 |
|---|--------------------|--------------------|
| | \$'000 | \$'000 |
| <i>Income tax expense</i> | | |
| <i>Current Tax</i> | 6,650 | 6,952 |
| <i>Deferred tax</i> | | |
| Origination and reversal of temporary differences | (2,204) | 3,179 |
| Total income tax expense per income statement | <u>4,446</u> | <u>10,131</u> |

Note 6. Financial assets at fair value through other comprehensive income

| | 31 Dec 2023 | 30 Jun 2023 |
|----------------------------------|--------------------|--------------------|
| | \$'000 | \$'000 |
| <i>Non-current assets</i> | | |
| Listed securities | | |
| Calidus Resources Ltd (ASX: CAI) | 11,757 | 9,297 |
| Sky Metals Ltd (ASX: SKY) | 326 | 353 |
| Genesis Minerals Ltd (ASX: GMD) | - | 8,996 |
| | <u>12,083</u> | <u>18,646</u> |

In September 2023, the company exercised 1,093,512 \$1 unlisted options in Genesis Minerals Limited for \$1,093,512.

In the same month, the company also sold 7,987,093 shares in Genesis Minerals Limited for proceeds of \$13.04 million (after costs).

Note 7. Property, plant and equipment

| | 31 Dec 2023 |
|--|-----------------------|
| | \$'000 |
| Opening Balance - July 2023 | 111,104 |
| Additions | 26,679 |
| Transfer from Exploration & Evaluation (a) | 70,707 |
| Depreciation | (14,370) |
| Disposals | (1,733) |
| Closing Balance - December 2023 | <u>192,387</u> |

(a) Transfer from Exploration & Evaluation assets

In July 2023, Alkane was granted a mining lease that includes the Tomingley Gold Extension Project (TGEP). The mining lease triggered a classification change and exploration & evaluation assets relating to TGEP were transferred to mine development.

The Group performed impairment testing on this balance, as required by Australian Accounting Standards (AASB 6) – refer to (b) below.

Note 7. Property, plant and equipment (continued)

IMPAIRMENT OF ASSETS

Assets are assessed for the presence of impairment indicators whenever events or changes in circumstances suggest that their carrying amounts may not be recoverable. For the purposes of impairment indicator assessments (and, if required, impairment testing) operating assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units - CGUs).

If an impairment indicator is found to be present for a CGU, then the Group estimates its recoverable amount and compares it to its carrying amount. The recoverable amount of each CGU is determined as the higher of value-in-use (VIU) and fair value less costs of disposal (FVLCD) estimated based on the discounted present value of future cash flows (a level 3 fair value estimation method) and other adjustments. If necessary, an impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(b) Impairment testing

Tomingley Gold Operations CGU

FVLCD was used when testing the Tomingley Gold CGU as this is the best estimate of the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable willing parties, less the costs of disposal. Tomingley Gold Operations CGU has a net asset carrying value of \$159.3 million. The Group estimated the recoverable amounts of the Tomingley Gold Operations CGU, and determined that the carrying amount of the CGU is materially consistent with its recoverable amount. Accordingly, no impairment or impairment reversal has been recognised in respect Tomingley Gold Operations in the current reporting period.

Key estimate: recoverable amount calculations

In determining the recoverable amount of assets, estimates are made regarding the present value of future cash flows in the absence of quoted market prices. These estimates require significant levels of judgement and are subject to risk and uncertainty that may be beyond the control of the Group, including political risk, climate change risk, and other global uncertainty risks. Given the nature of the Group's mining activities, changes in assumptions upon which these estimates are based may give rise to material adjustments. This could lead to recognition of new impairment charges in the future.

Where an impairment assessment is needed, the estimates of discounted future cash flows for each CGU used in determining its recoverable amount are based on significant assumptions including ore reserves, commodity prices, currency exchange rates, discount rates, production profiles, operating and sustaining capital costs and operating performance. The inputs to models used in these assessments are taken from observable markets where possible, but where this is not feasible, management uses the best information available, and a degree of judgement is required in establishing recoverable amounts. Changes in assumptions used to estimate VIU or FVLCD could affect the reported recoverable amounts of assets.

Note 8. Exploration and evaluation

| | 31 Dec 2023 \$'000 |
|---|-----------------------|
| Opening Balance - July 2023 | 161,310 |
| Additions | 28,474 |
| Impairment | (3) |
| Transfer to Mine Development Assets (a) | (70,707) |
| Closing Balance - December 2023 | 119,074 |

(a) Transfer to development assets

In July 2023, the Group was granted a mining lease for the Tomingley Gold Extension Project. As a result of this, \$70.7m in capitalised exploration expenditure has been transferred into mine development assets. This includes a historical impairment provision of \$8.3m.

Note 9. Trade and other payables

| | 31 Dec 2023 \$'000 | 30 Jun 2023 \$'000 |
|----------------------------|--------------------------|--------------------------|
| <i>Current liabilities</i> | | |
| Trade payables | 6,306 | 5,605 |
| Other payables | 10,492 | 17,903 |
| | <u>16,798</u> | <u>23,508</u> |

Note 10. 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.

| | 31 Dec 2023 \$'000 | 30 Jun 2023 \$'000 |
|--------------------------------|--------------------------|--------------------------|
| <i>Current liabilities</i> | | |
| External borrowings | <u>7,101</u> | <u>7,371</u> |
| <i>Non-current liabilities</i> | | |
| External borrowings | <u>3,800</u> | <u>6,175</u> |

Macquarie financing facility

On 21 February 2023, Alkane executed a finance Facility Agreement between Tomingley Gold Operations Pty Ltd and Macquarie Bank Limited to develop the Tomingley Gold Extension Project. The terms to this facility are an amendment to the existing facility agreement that was executed on 07 December 2020. The first debt draw down is permitted on the approval of the Mining Lease and satisfaction of other CPs, standard for a facility of this nature. Borrowing costs incurred have been recorded as other receivable and will be expensed when the facility is drawn. The facility remains undrawn as at 31 December 2023.

Note 11. Contingent liabilities

The group has entered into forward gold sales contracts under which the group will physically deliver gold to the buyer and are therefore not financial instruments recorded on the balance sheet. A contingent liability of \$38,968,000 (June 2023: \$32,020,000) existed at the balance date in the event the contracts are not settled by the physical delivery of gold.

Note 12. 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.

| | 31 Dec 2023 \$'000 | 30 Jun 2023 \$'000 |
|-----------------|--------------------------|--------------------------|
| Within one year | 3,500 | 1,022 |

(b) Physical gold delivery commitments

As part of its risk management policy, the group enters into gold forward contracts and gold collar options to manage the gold price of a proportion of anticipated gold sales. The contracts were entered into as part of a risk mitigation strategy on any potential downward price pressure while Tomingley was processing the low-grade stockpiles and further developing the mine.

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.

| | Gold for physical delivery Ounces | Contracted gold sale price per ounce (\$) | Value of committed sales \$'000 |
|-------------------------|---|---|--|
| 31 December 2023 | | | |
| Fixed forward contracts | | | |
| Within one year | 31,200 | 2,825 | 86,482 |
| One to five years | 68,800 | 2,825 | 195,995 |
| 30 June 2023 | | | |
| Fixed forward contracts | | | |
| Within one year | 25,700 | 2,819 | 72,465 |
| One to five years | 86,800 | 2,819 | 244,745 |

(c) Capital commitments

Capital commitments committed for the period at the end of the reporting period but not recognised as liabilities amounted to \$15,562,000 (30 June 2023: \$23,473,000).

Note 13. 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 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 14. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 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.

Alkane Resources Ltd
Directors' declaration
31 December 2023

In the directors' opinion:

- the financial statements and notes set out on pages 7 to 17 are in accordance with the Corporations Act 2001 including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date and
- there are reasonable grounds to believe that the Alkane Resources Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



N P Earner
Managing Director

20 February 2024
Perth



Independent auditor's review report to the members of Alkane Resources Ltd

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Alkane Resources Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the condensed consolidated balance sheet as at 31 December 2023, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Alkane Resources Ltd does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, handwritten signature of PricewaterhouseCoopers in a cursive script.

PricewaterhouseCoopers

A handwritten signature of Ian Campbell in a cursive script.

Ian Campbell
Partner

Perth
20 February 2024