Alkane Resources Ltd

ACN 000 689 216

Interim Financial Statements

for the

Half-Year Ended 30 June 2011

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, the financial statements are to be read in conjunction with the Annual Financial Statements for the year ended 31 December 2010 and any public announcements made by Alkane Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Directors' Report

Your directors present their report on the consolidated entity consisting of Alkane Resources Ltd ('the Company') and the entities it controlled at the end of, or during, the half-year ended 30 June 2011.

Directors

The names of directors of the Company in office during the whole of the half-year and up to the date of this report are:

John S F Dunlop	Non-Executive Chairman
D Ian Chalmers	Managing Director
Anthony D (Tony) Lethlean	Non-Executive Director
Ian J Gandel	Non-Executive Director

Review and Results of Operations

The consolidated loss of the economic entity for the period was $ 1,715,297 (2009 profit of $8,915,522).

Exploration and Development Activities

The Company continues to be actively involved in mineral exploration and development, focussing primarily on the Tomingley Gold Project ("TGP"), the Dubbo Zirconia Project ("DZP") and various other exploration projects in New South Wales.

During the half year the Company entered into a mandate for Credit Suisse to exclusively act as arranger and underwriter in respect of a Project Loan Facility and associated Gold Hedging Facility for use in the construction, start-up and operation of the Company's TGP operation. This financing will indicatively comprise a Project Loan facility of $45 million and a Gold Hedging Facility of up to 163,000 ounces. As a strategic hedge to manage the material downside of the gold price risk on the TGP, and to underwrite its debt service obligations, the Company has entered into initial forward gold sales of 90,000 ounce gold forward sales for delivery 30 December 2011 that rolled out over the period December 2012 to June 2015, will achieve an average forward price, net of all associated costs, of approximately A$1,900 per ounce, based on the current forward curve.

While the final structure of the hedging is yet to be determined, it is possible that the Company will choose to have forward contracts structured to match the contango prevailing in the market as opposed to the practice adopted by some producers to enter into a single flat price for the entire period. While this method reduces the level of certain cash flow in the early years of production it does provide a significant buffer in the later years.

At the TGP, RC drilling has commenced to test the Caloma Two mineralisation and to raise the status of Inferred Resources within the Caloma deposit to Indicated Resources. Aircore drilling is also in progress to test near mine and other regional targets to determine the potential for additional resources within trucking distance of the project site. The Environmental Assessment for development of the project has been "reviewed for adequacy" by the NSW Department for Planning and Infrastructure and is progressing through the system.

Three Memoranda of Understanding ("MOU") have been entered into in regard to potential zirconium output from the Dubbo Zirconia Project ("DZP"). The first MOU is with a leading international chemical company and a trading company to establish a joint venture for the production of zirconium oxychloride ("ZOC") from a new joint venture facility, using DZP zirconium chemical intermediate feed. A second MOU was signed with Mintech Chemical Industries Pty Ltd (Mintech), for a joint venture to produce ZOC at its existing plant at East Rockingham, WA. These MOUs could lead to 25,000 – 32,000 tonnes per annum of ZOC production and could account for 75% of the DZP's zirconium output under the Company's expanded 1 million tpa development scenario.

Subsequent to the end of the period, a third MOU was signed with a leading European manufacturing and trading company to market DZP zirconium products. This joint venture will undertake a marketing study to identify opportunities for zirconium output from the expanded 1 million tpa development scenario to ensure all product is committed to key end users. Work on further MOU's to cover niobium and rare earths output from the DZP is in progress.

Directors' Report (continued)

Exploration and Development Activities (continued)

The Demonstration Pilot Plant ("DPP"), constructed and commissioned in 2008 as part of the Definitive Feasibility Study for the development of the DZP, continued to operate for short periods to trial engineering and process innovations, and has recovered substantial quantities of zirconium products and niobium concentrate. The DPP has also demonstrated recovery of an yttrium rich heavy rare earth concentrate and a light rare earth concentrate.

The Company's other exploration interests include the Orange District Exploration Joint Venture ("ODEJV") in which Newmont Australia Limited ("NAL") (who are managers and operators) have earned a 51% interest, the Wellington Copper-Gold Project, the Bodangora and Cudal Gold-Copper projects and the Calula and Diamond Creek Gold-Base Metals projects.

Dividends

No dividends have been provided for or paid by the Company during the half-year.

Changes in State of Affairs

During the half year there was no significant change in the Company's state of affairs other than that referred to in the half-year financial statements or notes thereto.

AUDITORS' INDEPENDENCE DECLARATION

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

Lead auditor's independence declaration under Section 307C of the Corporations Act

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

- no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 30 June 2011 interim financial statements; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan (Lead auditor)
Rothsay Chartered Accountants
Dated 8 September 2011

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

Dated this 8th day of September 2011.

On behalf of the Directors

D Ian Chalmers
Director

ROTHSAY

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Independent Review Report to the Members of Alkane Resources Ltd

The financial report and directors' responsibility
The interim consolidated financial report comprises the balance sheet, income statement, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Alkane Resources Ltd for the half-year ended 30 June 2011.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach
We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 30 June 2011 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Alkane Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

Independence
In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Alkane Resources Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 30 June 2011 and of the performance for the half-year ended on that date; and

- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Rothsay

GR Swan

Graham R Swan
Partner

Dated 8 September 2011

Chartered Accountants

Directors' Declaration

For the half-year ended 30 June 2011

The directors declare that:

(a) In the directors' opinion, the attached half year financial statements are in accordance with the Corporations Act 2001; and

(b) The attached financial statements comply with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(c) The attached financial statements give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half year ended on that date; and

(d) In the directors' opinion there are reasonable grounds to believe that Alkane Resources Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

D Ian Chalmers
Director

PERTH, 8th September 2011

Consolidated Statement of Comprehensive Income

For the half-year ended 30 June 2011

	Note	Half-year ended 30 Jun 2011 $'000	Half-year ended 30 Jun 2010 $'000
Revenue from continuing operations		221	308
Revenue from the sale of investments		-	9,598
Consulting fees		(184)	(135)
Depreciation expense		(24)	(25)
Directors' consulting		(194)	(166)
Exploration written off		(169)	(157)
Exploration provision		(421)	(144)
Amortisation expense		-	(20)
Legal fees		(140)	(10)
Public relations		(152)	(56)
Rent		(53)	(32)
Other expenses from continuing operations		(599)	(246)
Profit (loss) before income tax		(1,715)	8,915
Income tax expense		-	-
Profit (loss) for half-year		(1,715)	8,915
Other comprehensive income			
Changes in the fair value of quoted shares		-	-
Changes in reserves due to sale of shares		-	(5,920)
Tax effect of other comprehensive income		-	-
Other comprehensive income for the half- year		-	(5,920)
Total comprehensive income for the half -year		(1,715)	2,995
Profit (loss) attributable to minority interests		-	-
Profit (loss) attributable to members of Alkane Resources Ltd		(1,715)	8,915
Profit (loss) for half-year		(1,715)	8,915
Total comprehensive income attributable to minority interests		-	-
Total comprehensive income attributable to members of Alkane Resources Ltd		(1,715)	2,995
		(1,715)	2,995
		$	$
Basic and diluted earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company	2	(0.0065)	0.0358

The above consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	Half-year 30 Jun 2011 $'000	Annual Report 31 Dec 2010 $'000
Current Assets			
Cash and cash equivalents	3	18,564	4,555
Receivables		606	438
Available for sale financial assets		-	-
Other financial assets		3	3
Total Current Assets		19,173	4,996
Non-Current Assets			
Property, plant & equipment		2,169	2,071
Other – tenements exploration and development	5	43,554	39,266
Other financial assets		517	512
Total Non-Current Assets		46,240	41,849
Total Assets		65,413	46,845
Current Liabilities			
Payables		1,326	997
Provisions		101	94
Total Current Liabilities		1,427	1,091
Non-Current Liabilities			
Provisions		211	186
Total Non-Current Liabilities		211	186
Total Liabilities		1,638	1,277
Net Assets		63,775	45,568
Equity			
Contributed equity	4	82,002	62,080
Reserves		-	-
Accumulated losses		(18,227)	(16,512)
Total Equity		63,775	45,568

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2011

Attributable to members of Alkane Resources Ltd

Consolidated	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Minority Interest $'000	Total equity $'000
Balance at 1 January 2010		62,080	5,920	(24,418)	117	43,699
Total comprehensive income for the half year		-	(5,920)	8,915	-	2,995
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs		-	-	-	-	-
Share options expenses		-	-	-	-	-
Shares issued on exercise of options		-	-	-	-	-
Balance at 30 June 2010		62,080	-	(15,503)	117	46,694

Consolidated	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Minority Interest $'000	Total equity $'000
Balance at 1 January 2011		62,080	-	(16,512)	-	45,568
Total comprehensive income for the half year		-	-	(1,715)	-	(1,715)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs		-	-	-	-	-
Share options expenses		-	-	-	-	-
Shares issued net of costs		19,922	-	-	-	19,922
Balance at 30 June 2011		82,002	-	(18,227)	-	63,775

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 30 June 2011

	Note	Half-year ended 30 Jun 2011 $'000	Half-year ended 30 Jun 2010 $'000
Cash Flows from Operating Activities			
Rent received		10	11
Other income		-	-
Interest received		241	67
Payments to suppliers and contractors		(1,292)	(420)
Net cash (outflow) from operating activities		(1,041)	(342)
Cash Flows from Investing Activities			
Outflow for purchases of property, plant & equipment		(123)	(922)
Outflow for exploration expenditure		(4,728)	(4,110)
Outflow for development expenditure		(20)	(20)
Proceeds from sale of equity investments		-	9,603
Proceeds from sale of assets		3	-
Outflows from term and security deposits		(5)	(2)
Net cash (outflow) from investing activities		(4,873)	4,549
Cash Flows from Financing Activities			
Grant received		-	165
Proceeds from issue of shares		21,000	-
Cost of share issue		(1,077)	-
Net cash inflow from financing activities		19,923	165
Net Increase (Decrease) in cash and cash equivalents		14,009	4,372
Cash and cash equivalents at the beginning of the half- year		4,555	4,832
Cash and cash equivalents at the end of the half-year		18,564	9,204

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Half-year Ended 30 June 2011

1. a. Basis of preparation of half-year report

These general purpose financial statements for the interim half-year reporting period ended 30 June 2011 have been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: *Interim Financial Reporting*.

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2010 and any public announcements made by Alkane Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial report is presented in Australian Dollars, which is the Group's presentation currency, and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated. The Group is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that class order to the nearest thousand dollars.

The accounting policies are consistent with those of the previous financial year.

b. Other Changes in Accounting Policy

Since 1 January 2011, the Company has adopted the following Standards and Interpretations. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Company:

- AASB 124 Related party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards

  Incorporates the following changes:

  - Provides a partial exemption from related party disclosure requirements to government-related entities
  - Clarifies the definition of a related party
  - Includes a specific requirement to disclose commitments involving related parties.

- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues

  Amends AASB 132 Financial Instruments: Presentation to require a rights issue to be classified as an equity instruments regardless of the currency it is demoninated in. Previously if the rights issue was denominated in any currency besides the functional currency of the issuer, they were accounted for as derivative instruments.

- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

  Amends a number of pronouncements as a result of the IASB's 2010 cycle of annual improvements to provide clarification of certain matters. These amendments are not expected to have any effect on the financial position or performance of the Company.

- AASB 2010-5 Amendments to Australian Accounting Standards

  This standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. These amendments have no major impact on the requirements of the amended pronouncements.

- AASB Interpretation 19 Extinguishing Liabilities with Equity Instruments and AASB 2009-13 Amendments rising from Interpretation 19

  AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the entity issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Notes to the Financial Statements

For the Half-year Ended 30 June 2011

c. Investments and other financial assets.

Classification

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

i) Financial assets at fair value through profit or loss

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

ii) Loans and receivables

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

iii) Held-to-maturity investments

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

iv) Available-for-sale financial assets

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

Recognition

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

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

Subsequent measurement

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

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

Notes to the Financial Statements
For the Half-year Ended 30 June 2011

c. Investments and other financial assets (continued)

Derivative financial instruments

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

d. Segment reporting

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

Change in accounting policy

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

e. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Company.

AASB 1053 Application of Tiers of Australian Accounting Standands and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013) Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Alkane Resoures Ltd is listed on the ASX and is not eligible to adopt these requirements. The two standards will therefore have no impact on the financial statements of the entity.

AASB 1054 Australian Additional Disclosures, AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project (both effective from 1 July 2011), and AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements (effective from 1 July 2013)

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets makes amendments to *AASB 7 Financial Instruments: Disclosures* resulting from the IASB's review of off-balance sheet activities.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until1 January 2013 but is available for early adoption. The Company is yet to assess its full impact. The Company has not yet decided when to adopt AASB 9.

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9, (effective from 1 January 2013)

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets makes amendments to *AASB 112 Income Taxes* to provide a presumption that recovery of the carrying amount of an asset measured using the fair value model for investment property will normally be through sale.

None of the other amendments or Interpretations are expected to affect the accounting policies of the Company.

Notes to the Financial Statements

For the Half-Year ended 30 June 2011

2. Earnings per share

	Half-year ended 30 Jun 2011	Half-year ended 30 Jun 2010
Basic earnings/(loss) per share - dollars	($0.0065)	$0.0358
Diluted earnings per share is not materially different from Basic earnings per share		
The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	263,724,291	249,028,158

3. Reconciliation of cash

For the purposes of this statement of cash flows, cash includes

	Half-year 30 Jun 2011 $'000	Annual Report 31 Dec 2010 $'000
Cash at the end of the half-year as shown in the statement of cash flows is reconciled to the related items in the accounts as follows:		
Cash on hand and at bank	481	4,291
Deposits at call	18,083	264
	18,564	4,555

4. Equity securities at the end of and issued during the current half-year

	Half-year ended 30 Jun 2011 Number	Half-year ended 30 Jun 2010 Number	Half-year ended 30 Jun 2011 $'000	Half-year ended 30 Jun 2010 $'000
Movements in issued capital				
Opening balance	249,028,158	249,028,158	63,215	63,215
Placement shares issued	20,000,000	-	21,000	-
Closing balance at end of half year	269,028,158	249,028,158	84,215	63,215
Less: Cost of issue			(2,213)	(1,135)
As per Consolidated Statement of Financial Position	269,028,158	249,028,158	82,002	62,080

Notes to the Financial Statements
For the Half-Year ended 30 June 2011

5. Exploration, evaluation and development expenditure

	Half year ended 30 June 2011 $'000	Half year ended 30 June 2010 $'000
Exploration and evaluation expenditures brought forward in respect of areas of interest	39,139	31,887
Expenditure during financial period	4,858	4,017
Less expensed to profit or loss	(590)	(320)
Balance as at 30 June	43,407	35,584
Development expenditure brought forward in respect of areas of interest	127	107
Expenditure during the period	20	20
Balance as at 30 June	147	127
Total exploration, evaluation and development expenditure	43,554	35,711

6. Commitments for expenditure

Mineral tenement leases

In order to maintain current rights of tenure to mineral tenements, the Company will be required to outlay in 2011/2010 amounts of approximately $994,000 (2010 $1,030,000) in respect of tenement lease rentals, exploration expenditures and mining lease work commitments to meet the mimimum expenditure requirements of the New South Wales Department of Trade and Investment, Regional Infrastructure and Services. These obligations will be fulfilled in the normal course of operations.

Physical gold delivery commitments

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

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

30 June 2011	Gold for physical delivery ounces	Contracted gold sale price – average cost in $	Value of commited sales $'000
Within one year:			
Fixed forward contracts	90,000	1,435.60	129,204

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

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

Notes to the Financial Statements

For the Half-Year ended 30 June 2011

7. Events occurring after the balance date

No matter or circumstance has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the half-year ended 30 June 2011.