

# Appendix 5B

## Mining exploration entity quarterly report

Name of entity

**ALKANE RESOURCES LTD**

ABN

35 000 689 216

Quarter ended ("current quarter")

31 December 2015

### Consolidated statement of cash flows

		Current Quarter \$A'000	Year to date (6 Months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	22,559	55,421
1.2	Payments for		
	(a) exploration and evaluation	(2,051)	(4,067)
	(b) development	(6,363)	(10,991)
	(c) production	(13,746)	(31,905)
	(d) administration	(1,908)	(3,608)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	140	211
1.5	Interest and other costs of finance paid	(96)	(102)
1.6	Income taxes paid	-	-
1.7	Other – mineral royalties	(959)	(1,502)
	Other (provide details if material)	35	550
	<b>Net operating cash flows</b>	<b>(2,389)</b>	<b>4,007</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(3,672)	(4,017)
1.9	Proceeds from sale of		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other - Payments for security deposits	11	11
	Other - Proceeds from refund of security deposits	-	-
	Other (provide details if material)	-	-
	<b>Net investing cash flows</b>	<b>(3,661)</b>	<b>(4,006)</b>
1.13	Total operating and investing cash flows (carried forward)	(6,050)	1

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1.13	Total operating and investing cash flows (brought forward)	(6,050)	1
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (hire purchase)	-	-
1.17	Repayment of borrowings (hire purchase)	(35)	(86)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
<b>Net Financing Cash Flows</b>		(35)	(86)
<b>Net increase (decrease) in cash held</b>		(6,085)	(85)
1.20	Cash at beginning of quarter/year to date	20,849	14,849
1.21	Exchange rate adjustments to Item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	14,764	14,764

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.25	\$252
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to directors and/or companies associated with directors for:	\$A'000
Directors fees/corporate consulting fees	\$79
Executive director salary and superannuation	\$98
Administration/accounting and company secretarial fees	\$70
IT consulting fees and services	\$5

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

No expenditure has been reported on the Miranda/McDonoughs Lookout joint venture for the quarter ended 31 December 2015.
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## Financing facilities available

*add notes as necessary for an understanding of the position*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities (hire purchase)	85	85
3.2 Credit standby arrangements	4,000	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,700
4.2 Development	5,100
4.3 Production	15,200
4.4 Administration	1,500
<b>TOTAL</b>	<b>24,500</b>

The Tomingley Gold Operation commenced production in February 2014 resulting in the generation of cash inflows from the sale of gold. As at 31 December 2015, the Group had bullion on hand of 3,040 ounces at fair value of \$4.4 million (30 September 2015: 1,951 ounces at fair value of \$2.3 million).

Subsidiary Australian Zirconia Limited executed a \$4.0M working capital facility during the quarter. The facility has a 3 year term and was undrawn at 31 December 2015. The facility is guaranteed by Alkane Resources Ltd.

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	533	872
5.2 Deposits at call	6,652	9,957
5.3 Bank overdraft	-	-
5.4 Other * investment term deposits of less than 12 months	7,579	10,020
<b>Total: cash at end of quarter (item 1.22)</b>	<b>14,764</b>	<b>20,849</b>

## Changes in interests in mining tenements

	Tenement Reference and Location	Nature of Interest [note (2)]	Interest at Beginning of Quarter	Interest at End of Quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	EL 8193, Dubbo NSW	Equity	100%	0%

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6.2 Interests in mining tenements and petroleum tenements acquired or increased	ML 1724, Dubbo NSW	Equity on grant of MLA 486	100%	100%
	EL 6209, Bodangora NSW	Equity on exercise of right to acquire	0%	100%
	ELA 5243, Orange East NSW	Right to earn 60% (and up to 80%)	0%	0%

*See tenement schedule appended for details of tenement holdings at end of quarter*

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preferences<sup>+</sup> securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buy-backs, redemptions				
7.3 <b><sup>+</sup>Ordinary securities</b>	414,218,670	414,218,670		
7.4 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buy-backs				
7.5 <b><sup>+</sup>Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) increases through issues (b) decreases through securities matured, converted				
7.7 <b>Options</b>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does/~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:                      *[signed]*.....                      Date:     28 January 2016.....  
(~~Director~~/Company Secretary)

Print name:                      Karen E V BROWN .....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
  - 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
  - 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
  - 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
  - 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
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**ITEM 6.1 & 6.2 Schedule of mining tenements –as at 31 December 2015**

<b>Project/Location</b>	<b>Tenement</b>	<b>Interest</b>	<b>Nature of interest</b>
Peak Hill, NSW	GL 5884 (Act 1904)	100%	Equity
	ML 6036	100%	Equity
	ML 6042	100%	Equity
	ML 6277	100%	Equity
	ML 6310	100%	Equity
	ML 6389	100%	Equity
	ML 6406	100%	Equity
	ML 1351	100%	Equity
	ML 1364	100%	Equity
	ML 1479	100%	Equity
	EL 6319	100%	Equity
Dubbo, NSW	EL 5548	100%	Equity through subsidiary
	EL 7631	100%	Equity through subsidiary
	ML 1724	100%	Equity through subsidiary
Wellington, NSW	EL 6320	100%	Equity
Tomingley, NSW	EL 5675	100%	Equity
	EL 5830	100%	Equity
	EL 5942	100%	Equity
	EL 6085	100%	Equity
	ML 1684	100%	Equity through subsidiary
Cudal, NSW	EL 7020	100%	Equity
	EL 8340	100%	Equity
Bodangora, NSW	EL 4022	100%	Equity
	EL 6209	100%	Equity (subject to royalty of 2% net smelter return)
Finns Crossing, NSW	EL 8261	100%	Equity
Rockley, NSW	EL 8170	100%	Equity
	EL 8194	100%	Equity
Elsienora, NSW	EL 6082	0%	Right to earn up to 80%
	EL 6767	0%	Right to earn up to 80%
Orange East, NSW	ELA 5243	0%	Right to earn 60% to 80%
Nullagine, WA	EL 46/522-I	0%	60% retained interest in diamond potential
	EL 46/523-I	0%	60% retained interest in diamond potential
	EL 46/524	0%	60% retained interest in diamond potential
Miranda Well, WA	M 36/303	19.4%	Equity - ANI holds 80.6%
McDonough Lookout, WA	M 36/329 & 330	19.4%	Equity - ANI holds 80.6%

ANI Australian Nickel Investments Pty Limited