EDISON

Alkane Resources

Quarterly results

The final countdown

Metals & mining

The fourth quarter of CY17 going into Q1 CY18 should prove pivotal to the development of the Dubbo Project (DP), aided in no small part by a strong broad rebound in DP-relevant metal prices that account for c 80% of future annual revenue generation. We see the DP taking centre stage for Alkane, as it looks to develop its flagship project and secure commercial binding agreements over projected Phase 1 annual revenues (of c A$407m). The TGO has maintained course on cost and production guidance for the financial year, and a revised underground mine plan is due by end CY17.

Year end	Revenue (A$m)	PBT* (A$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
06/15	101.8	0.1	1.0	0.0	34.0	N/A
06/16	109.6	11.0	2.2	0.0	15.5	N/A
06/17	117.8	18.0	4.5	0.0	7.6	N/A
06/18e	108.5	(42.3)	(3.8)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Permanent rare earth magnets aid REE rebound

As lithium, graphite, cobalt and nickel become increasingly attractive as investments due to their use in electric vehicle (EV) manufacture, a myriad of other specialty metals should afford the same attention. These include rare earth metals associated with the production of permanent magnets used in motors and dynamos used in EVs, but also wind turbines and many other high-end green-tech applications. Praseodymium, neodymium and alloys thereof, as well as samarium, dysprosium and terbium are key rare-earth element (REE) magnet metals. Under our REE 2020 price assumptions (now below spot for these metals), magnet-REE revenues account for c 77% of total DP REE revenues, and c 29% of total DP revenues.

Zirconium products also on the rise

The DP is a multi-commodity project, and zirconium products form a major portion of total DP revenues, representing 33% of annual DP revenues at steady state production. Current prices for the pre-cursor zirconium oxychloride (which is a key indicator of the health of the downstream zirconia industry) are over 60% higher than prices seen at end 2016 (according to ALK and its consultants).

Valuation: Up on metal prices, TGO UG to change

We adjust our forecasts to reflect FY17 results, reducing by 17% our forecast FY18 loss per share. With a solid first quarter of production at the TGO, costs and guidance in line with our forecasts, and a revision to our DP product price forecasts, we increase our A$0.71/share valuation by 11% to A$0.79. Our valuation uses a 10% discount rate and commodity and changes to DP product prices as per Exhibit 3 of this report. To fully realise this valuation, Alkane would need to secure commercial and binding offtake agreements across all its DP products (ferro-niobium is already subject to such an agreement with Austrian company Treibacher Industrie). Such agreements need to be secured over the next few months to allow financing of the DP during FY18 under our assumptions.

23 November 2017

Price	**A$0.34**
Market cap	**A$172m**
	A$1.31/US$
Net cash (A$m) at end June 2017	42.0
Shares in issue	505.2m
Free float	51%
Code	ALK
Primary exchange	ASX
Secondary exchange	OTCQX

Share price performance

%	1m	3m	12m
Abs	7.9	(8.1)	(26.9)
Rel (local)	6.2	(12.1)	(34.0)
52-week high/low	A$0. 4		A$0.2

Business description

Alkane Resources is a multi-commodity explorer and developer, with projects in the central west region of New South Wales in Australia. It owns the Tomingley Gold Operation (TGO) and the Dubbo Project (DP) rare metal, zirconium chemicals and rare earths projects (both 100%). TGO entered production in January 2014 and DP's first production is planned for 2019.

Next events

Revised TGO UG plan	Q318

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Edison profile page

Dubbo takes centre stage

As the Tomingley Gold Operation (TGO) continues to mine gold from open-pit sources, and management assesses the most profitable way to mine underground at the project, Alkane's longstanding flagship the Dubbo Project (DP) is starting to take centre stage. With CY17 drawing to a close a number of objectives are being pursued and completed.

The importance of the Dubbo Project to be a sustainable western supply of strategic raw materials should not be understated. China still dominates world supply of zirconia and zirconium products, hafnium oxide, and the 17 rare metals used in a very wide range of products across the electronics spectrum. Crucially, the DP will provide a Tier 1 western supply channel of the rare-earth permanent magnet metals praseodymium, samarium and neodymium – metals that account for c 75% of the value of REE demand globally at current prices, and represent 40% of group annual revenues under our assumptions for 2020 REE and gold prices. Many of the REE price assumptions we use in our DP valuation model, as of 1 November 2017, are below Steelhome spot prices accessed via Bloomberg.

The same mistakes need not apply

It is also worth stating that China's reported "war on pollution" and its positive effect on commodity prices is having and will continue to have a broadly positive effect on the western mining industry. However, as with the REE bubble of 2011, and indeed instances elsewhere in the commodities complex (noting iron and nickel as examples during their respective boom periods), projects were rushed to market that were not of a high enough quality and in some instances were arguably never going or able to be used for the highest value end-uses.

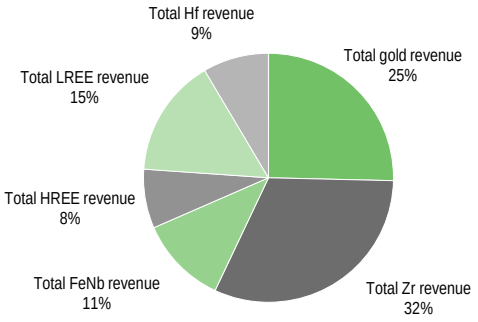
The DP is the only western REE bearing development project that is fully de-risked in terms of its process flowsheet design. There is no other western project that has run its own pilot plant for 10 years or more, which is the length of time that Alkane has run its plant outside of Sydney. There are no approvals outstanding, and pending a successful conclusion to its various offtake agreements and, in turn, its financing strategy, the DP should become a major strategic western source of specialty metals and oxides separate from the vagaries of Chinese supply.

DP product mix protects from downturns in any one metal

With 10 refined specialty products to be sold from the DP, plus additional concentrate sales and two stockpiled for future sales as prices recover, the project has revenue streams associated with a wide range of end-markets. Many of these are experiencing a potential paradigm shift in demand linked to a global push towards automation, electrification and ongoing digitisation. This breadth of supply of specialty metals from the DP should be an attractive characteristic compared to many strategic metals projects, many of which focus on a far narrower set of products and end-markets. These companies formed through the 2011 REE bubble and remain listed without a clear strategy, demonstrable flowsheet design, or funding to evaluate their assets to an appropriately high level of end-product quality. Alkane has addressed and continues to refine its process flowsheet (and has been running its own pilot plant outside of Sydney since 2008). Alkane will probably continue to refine the DP's end products even as production commences, and as customers dictate changing end-product requirements. Even as the DP enters production, further minor adjustments can still be made to the DP's back-end processing routes without any need to revise the project's overall process plant design.

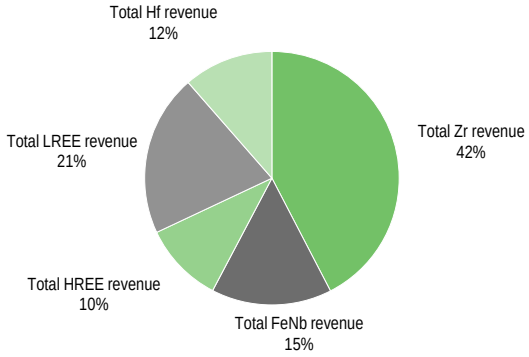
Alkane's group revenue split under our assumptions for 2020, using prices as per Alkane's modular development plan and our in-house gold price assumptions, is as follows:

Exhibit 1: Group revenue split 2020



Source: Alkane Resources and Edison Investment Research

Exhibit 2: DP revenue split 2020



Source: Alkane Resources and Edison Investment Research

The above pie charts reflect the following DP product tonnages, 2020e TGO gold production (likely to be revised pending the company's revised underground mining plan due end CY17), and product prices:

Exhibit 3: DP pricing assumptions

		Product	Units	Price used in valuation (2020e)	Previous price used (2020e)	% change	Comments
	Atomic number						
LREE	57	Lanthanum oxide	La2O3	4.0	2.0	100%	Stockpile for future sale
LREE	58	Cerium oxide	CeO2	2.5	2.0	25%	Stockpile for future sale
LREE	59	Praseodymium oxide	Pr6O11	80	80	0%	
LREE	60	Neodymium oxide	Nd2O3	70	60	17%	
LREE	61	Samarium oxide	Sm2O3	3.0	3.0	0%	
LREE	62	Europium oxide	Eu2O3	80.0	300.0	-73%	
LREE	63	Gadolinium oxide	Gd2O3	40	20	100%	
HREE	64	Terbium oxide	Tb4O7	500.0	650.0	-23%	
HREE	65	Dysprosium oxide	Dy2O3	200.0	350.0	-43%	
HREE	66	Holmium oxide	Ho2O3	40	40	0%	
HREE	67	Erbium oxide	Er2O3	40	40	0%	
HREE	68	Thulium oxide	Tm2O3	NA	N/A	N/A	
HREE	69	Ytterbium oxide	Yb2O3	30	30	0%	
HREE	70	Lutetium oxide	Lu2O3	720	990	-27%	
HREE	71	Yttrium oxide	Y2O3	10.0	15.0	-33%	
		Chemical zirconia	99.5% ZrO2	12.0	7.5	60%	
		Hafnium oxide (95% HfO2)	Hf Metal	500	800	-38%	Hf price has been dropped to $500/kg to reflect sale of HfO2 rather than metal at start up
		Ferro-niobium (65% Nb)	Nb Metal	37.5	40	-6%	
		Grand total (US$m)				169	
		Grand total (A$m)				223	
					Ounces sold	US$/oz	
		TGO gold production in 2020			49,199	1,362	Will change for revised UG mine plan

Source: Alkane Resources, TZMI and Edison Investment Research

Restrictions on worldwide hafnium and hafnium-free zirconia supply

Hafnium is an important, although a relatively recent addition to the DP's product suite. Hafnium is constrained by supply (it is produced as a by-product of zirconium refining) and its ability to enhance the physical properties of alloys has led to increased R&D and demand in the high-growth civil aerospace industry (see Exhibit 2, hafnium oxide accounts for 10% of DP revenues at steady state). One important recent development that may affect the supply of this metal is the bankruptcy

of Toshiba's Westinghouse atomic unit (announced March 2017, with proceedings expected to conclude early 2018). The closure of this business, due in large part to cost overruns in reactor construction and increased health and safety regulation post-Fukushima, may well constrain upstream supply of speciality metals produced by Westinghouse used in the nuclear industry; hafnium and hafnium-free zirconia are two such materials.

Industry feedback has been especially positive for DP hafnium output as it is not tied to the vagaries of the nuclear industry. This is because growth in the extremely small (c 50tpa) hafnium market is largely linked to high-tech material usage, such as alloys used in the aerospace and industrial gas turbine industries. Current hafnium production is linked to production of neutron transparent zirconium metals used in nuclear fuel rod casings (hafnium absorbs c 600x the amount of neutrons that zirconium absorbs and therefore needs to be refined out of zirconium metal – a process Alkane has successfully completed). As such, the depressed levels of activity in the nuclear industry currently, coupled with the Westinghouse bankruptcy, and uncertainty persisting from the Fukushima disaster of 2011, plus the increasing growth in the renewable energy economy, mean that stable hafnium output from nuclear industry sources cannot be depended on. Further, hafnium production volumes from the nuclear industry are unlikely to meet demand from other industrial sectors.

Outotec and its role in developing the DP

An important factor in terms of the DP's overall development design was completed by Outotec over 2016 and Alkane released the outcome to market in late 2016. Before this, the DP was to be built over one construction phase requiring all offtake agreements to cover the entirety of annual production at a throughput rate of 1Mtpa of ore. The revised scope put forward for Alkane and Outotec for the DP's construction outlined a phased development approach, with the following benefits to shareholders:

- Capex of A$1.1bn, split 57:43 over two stages, in 2018 and 2023. This amount includes contingency. The eventual DP operation is still maintained at a throughput capacity of 1Mtpa, after both stages are completed. This capex figure may be revised up or down dependant on the outcome of Outotec's pricing of the modularised plant.
- Management states that the two-stage concept increases the percentage of revenue in the first stage covered by offtake contracts, memorandums of understanding and letters of intent held in place with its strategic partners.
- As certain DP products have nascent end-markets (namely hafnium, but also the ever-changing landscape of rare earth element applications), a smaller 0.5Mtpa initial mine size reduces the commitment required by Alkane to secure project revenues, thereby reducing the scale of required commitment by offtake partners. Further, as confidence grows between off-takers and Alkane, product amounts can increase alongside developing stage 2 and completing the full capacity 1Mtpa mine.

Outotec's detailed costings of the modular design approach are due to be completed by end 2017..

DP: Remaining hurdles and catalysts

The past two years have seen a number of advances in terms of getting the DP into production. We note that no major approval or mining licences are outstanding and the project is effectively 'shovel ready' save for certain offtake agreements being finalised and DP's project financing being put in place. Over 2016 and 2017 Alkane announced the following agreements, arrangements and updates, all of which relate to the DP:

- Vietnam Rare Earths (VTRE) due diligence (due to end during Q218). This included Alkane buying c 80 tonnes of rare earth concentrate on the open market to prove VTRE is capable of separating concentrate (which will be the main output of the DP) for key praseodymium and neodymium metals. VTRE successfully completed this task, producing 31 tonnes of REE oxides, which will be sold back onto the market.
- Zirconium marketing and sales agreement with UK-based firm Minchem (August 2016).
- In March 2016 Minchem secured six non-binding letters of intent (LOIs) for the supply of zirconium chemicals. If converted to commercial binding offtake agreements, these supply agreements would cover 60% of stage 1 development output, and c 15% of future project revenues.
- Management states in its 30 September quarterly report, that interest in Dubbo REE output is potentially higher than the project's planned output of these rare earth oxides.
- Memorandum of understanding with European firm Siemens over certain DP product offtake and supply/maintenance of equipment (October 2016).

An agreement is already in place for the DP's output of ferro-niobium, with a commercial offtake and JV agreement signed with Austrian firm Treibacher Industrie AG (TIAG), in 2013. This agreement will see TIAG have sole marketing rights for DP FeNb and it will also allow Australia Strategic Materials (Alkane's DP operating subsidiary) the right to use TIAG's proprietary processing technology to produce FeNb from DP concentrates at a new plant located on site at the Dubbo Project. TIAG will be able to buy 50% in this new downstream processing company three years after commissioning.

To get the DP into the construction phase Alkane needs to:

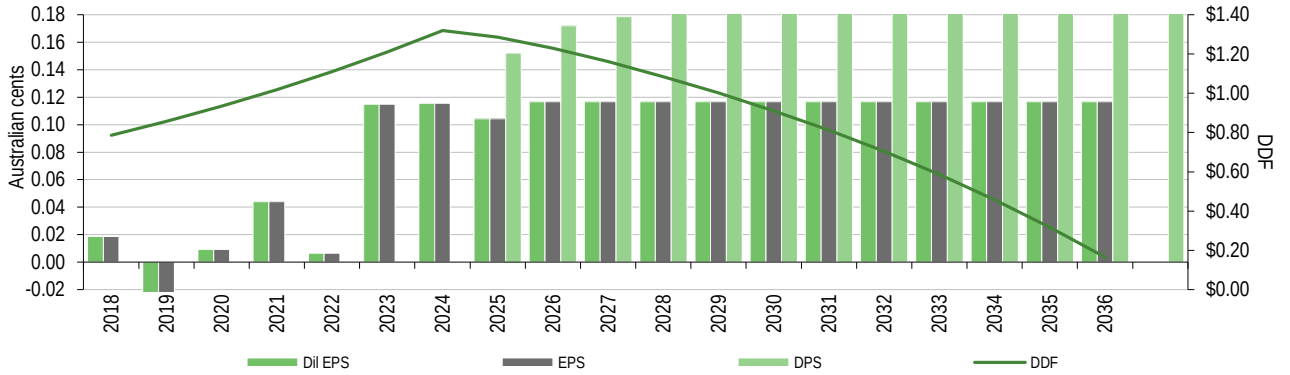
- agree commercial offtake agreements for its REE and zirconium-based product output;
- secure ECA and conventional debt funding of c A$325m (as per our modelling assumptions) for stage 1, and c A$272m for stage 2 by FY23; and
- commence construction by early CY18. Note all permits and project licences are already in place for the DP. All land required for development has been purchased.

We have limited the changes to our DP valuation to the size and nature of development pending release of Outotec's detailed project costing. We have adjusted our capex profile to reflect development over the five-year period from 2017 to 2023, but kept operating costs as per our original valuation and as per the company's published definitive feasibility and front end engineering design (FEED) studies for the DP.

Valuation rises to A$0.79 on higher metal prices used

The following exhibit is based on the two-stage development concept for the DP. It also includes our value for the TGO, although we highlight that the potential future revenues and profits occurring from the DP (starting in FY19 under our assumptions) dwarf the relatively small cash generation levels that result from gold mining.

Exhibit 4: Edison's estimate of theoretical EPS, diluted EPS, DPS and dividend discount flow (DDF is in A$)



Source: Edison Investment Research

As can be seen above, earnings are depressed until FY23 as production from the DP ramps up and the project's capital expenditure dominates. We forecast gold production of 65koz from the TGO in FY18 (ie the lower bound of the company's guidance announced on 27 June 2017), with earnings lowered in this coming financial year as a result of A$7m in capex required to develop an underground mining phase at Wyoming, with an additional A$13m in TGO UG capex capitalised as the reserve base is expected to grow as mining commences. A slight rise in earnings is seen over FY20 and FY21 as first DP profits materialise, but reduces again as stage 2 capex is spent over FY22. The following year (FY23) sees the first full year of mining at the maximum 1Mtpa ore throughput rate.

Note that our current underground mining assumptions for the TGO may change as the company finalises a revision to the mine schedule.

Breakdowns of discounted earning valuations for the following periods of our valuation horizon are given in Exhibit 5 below.

Exhibit 5: Base case, TGO-only and DP scenario valuations (A$ per share)

	FY18e
TGO only, without any dilution, financing, costs or revenues associated with the DP	0.27
Base case – TGO and DP fully developed	0.79
The following valuation scenarios include TGO production	
Post stage one capex with stage 2 developed	0.86
Post stage 2 capex	1.11.

Source: Edison Investment Research

Our financing assumptions for the DZP

Alkane's financing team (including debt advisors Sumitomo Mitsui Banking Corporation) is pursuing the US$0.5bn (A$0.63bn) initial capex required to bring the DP into Phase 1 production. Alkane's plan includes selling a small stake in its wholly owned subsidiary containing the DP. Alkane is also pursuing Export Credit Agency (ECA) funding, which may provide hundreds of millions of Australian dollars in the form of loans at very low interest rates. These two financing routes would be joined with more conventional debt and equity financing to satisfy the requirement.

The exact financing structure of the DP has not been finalised. However, we understand from discussions with management that the financing structure for the total US$0.84bn (US$1.1bn, A$1.8bn) required to develop the DP could be secured by a series of staged transactions. An example is:

- Selling a stake in Phase 1 equivalent to c 10% of Phase 1 capex or NPV (ie c A$70–100m); and
- Raising 35% of Phase 1 capex (total Phase 1: US$480m, A$632m) as equity. It is anticipated that Alkane would be seeking a higher valuation for its project prior to the issue of significant equity. For Phase 1, subject to project valuation, one can, for example, notionally assume the issue in FY18 of 353m new shares priced at A$0.60 each to raise a gross A$212m (US$162m). However, for the purposes of our current model, we maintain our A$0.35 per Alkane share price to raise equity under our valuation assumptions. If Alkane were to achieve a share price of A$0.60 to raise equity, our valuation would become A$1.10/share.

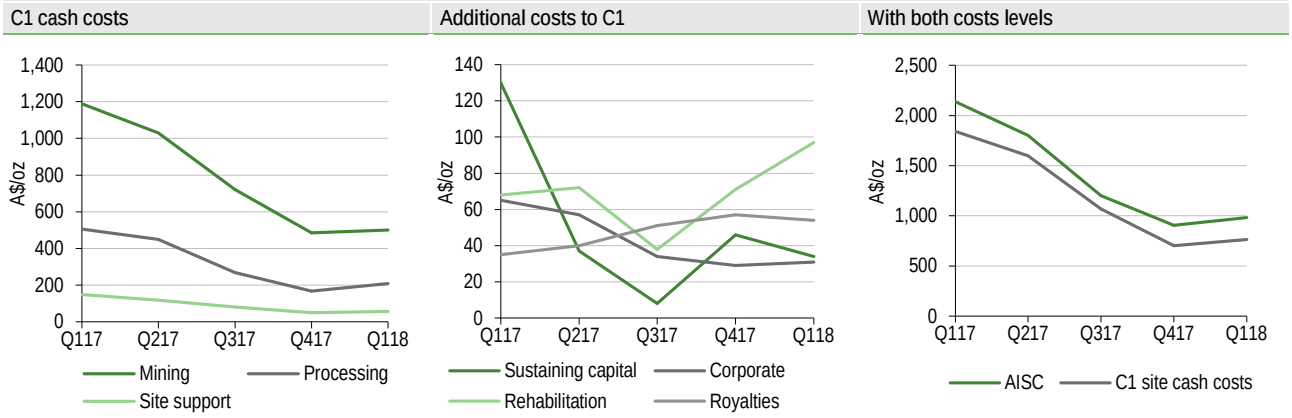
In the above scenario, we calculate that this would leave Alkane with a maximum required net debt position in FY18 of A$317m to fund Phase 1, which equates to a gearing (debt/equity) ratio of 82% and a leverage (debt/debt+equity) ratio of 45%. Alkane is looking to cover this requirement using ECA loans incurring very favourable interest rates, as well as conventional project financing routes, potentially incurring higher interest rates.

Phase 2 development depends on the success of Phase 1 and prevailing commodity prices. It would be expected that the company would be-rerated in the market before commencing Phase 2 capex, and therefore achieve much of the second phase on debt.

The TGO: UG mine planning due by end CY17

Alkane has set production guidance of 65koz to 70koz at AISC of between A$1,100/oz and A$1,200/oz for FY18. We forecast production at the lower end of guidance, 65,447oz at AISC of A$1,092/oz. The TGO experienced a torrid H117 due to extreme levels of rainfall hampering open-pit production, and the mine's true performance can only be assessed via its H217 data.

Exhibit 6: Quarterly unit cost breakdown



Source: Alkane Resources, Edison Investment Research

During H117 the TGO mined a total of 3.9Mt of material, of which 0.5Mt was milled to recover 22,191oz of gold. This first half performance compares with 5.0Mt of material mined, and 0.6836Mt of ore mined (of which 63% was mined in Q417), for 47,410oz of gold produced in H217. The fourth quarter FY17 saw 27,924oz of gold produced at a grade of 2.12g/t.

Q118 saw a continuance of H217 operational performance producing 24,122ozs gold, a slight q-o-q decrease of 14%, though 131% up from the corresponding period a year before. As mentioned previously, H117 production suffered from extreme levels of rainfall.

Beyond FY18, the TGO's growth relies on Alkane making an investment decision on the profitability and return on investment of developing an underground mining phase. With resources and reserves having been recently revised to account for, among other things, ore grade material being left out previously due to its situation in crown pillars, we await Alkane's revised underground mine plan, anticipated before the end of FY17.

We maintain our TGO production forecasts as per our July note TGO shows it can, and Dubbo's value re-emerges. As the first quarter of FY18 saw 37% of its lower end of production guidance (ie 65,000oz) already mined, and as in previous years the greatest risk of inclement weather hampering production occurs in the first half of the financial year, we refrain from adjusting our forecasts for 65,447oz produced at AISC of A$1,1092/oz.

Exhibit 7: TGO quarterly production, stockpiles, costs and revenue breakdown

Production		Q117	Q217	Q317	Q417	Q118
Waste mined	BCM	1,533,279	1,799,904	2,165,717	2,180,210	1,807,545
Implied strip ratio	Tonnes	18.3	15.4	23.0	13.1	16.0
Ore mined	g/t	221,139	318,216	249,109	434,404	289,627
Ore grade	Tonnes	1.51	1.39	2.42	2.69	2.55
Ore milled	g/t	231,797	279,338	281,654	295,194	281,191
Head grade	%	1.50	1.48	2.36	3.10	2.80
Recovery	Ounces	90.1%	90.4%	91.1%	92.8%	92.7%
Gold recovered	A$/oz	10,435	11,756	18,721	27,924	24,122
Gold sold	A$m	10,000	12,519	16,303	31,107	21,610
Gold revenue	A$/oz	16.3	20.8	27.6	52.6	36.4
Implied realised gold price/ actual	A$m	1,627	1,694	1,694	1,690	1,685
Cost of sales	A$/oz	19.2	21.2	22.5	25.3	23.7
AISC operating cost	%	2,139	1,803	1,201	905	982
Gross Margin		-11.6%	6.1%	58.3%	140.7%	71.6%
Operating profit margin						53.7%
Stockpiles and bullion on hand						
Bullion on hand	Ounces	3,368	2,572	4,986	1,814	4,303
Value of bullion on hand (based on implied gold price above)	A$m	5.48	4.36	8.20	2.98	7.00
Tonnes in stockpile	Tonnes	661,645	709,148	620,271	761,829	770,136
Stockpile grade	g/t Au	0.80	0.79	0.75	0.95	0.86
Contained gold in stockpiles	oz	17,201	18,195	15,126	23,300	21,086
Value of stockpiled gold ounces at quarter's average price	A$m	28.0	30.8	25.6	39.4	35.5
Detailed cost summary						
Mining	A$/oz	1,188	1,029	721	485	501
Processing	A$/oz	505	450	269	168	208
Site support	A$/oz	148	118	80	49	56
C1 site cash costs	A$/oz	1,841	1,597	1,070	702	766
Royalties	A$/oz	35	40	51	57	54
Sustaining capital	A$/oz	130	37	8	46	34
Rehabilitation	A$/oz	68	72	38	71	97
Corporate	A$/oz	65	57	34	29	31
AISC	A$/oz	2,139	1,803	1,201	905	982

Source: Alkane Resources

Financials

Alkane finished Q118 with cash of A$46.3m, to which can be added A$7.0m in bullion-on-hand at fair value for total liquid assets of A$54.3m. This is after the addition of net cash from operating activities of A$7.8m, resulting from the sale of 21,610oz gold at an average gold price of A$1,685/oz for revenues of A$36.4m. Costs totalled A$28.6m (net of interest received of A$0.2m), and included A$16.6m in production costs (annualised this would be A$66.4m, cf our forecast of A$71.4m), exploration costs of A$3.3m and development capex of A$5.3m.

Exhibit 8: Financial summary

A$'000s	2014	2015	2016	2017	2018e
Year end 30 June	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue	35,474	101,813	109,624	117,792	108,523
Cost of Sales	(25,692)	(74,809)	(76,236)	(57,073)	(71,443)
Gross Profit	9,782	27,004	33,388	60,719	37,080
EBITDA	3,890	26,478	40,913	61,258	31,796
Operating Profit (before GW and except.)	3,890	(79)	10,984	18,993	(42,970)
Intangible Amortisation	0	0	0	0	0
Exceptionals/discontinued	(4,798)	(8,211)	(4,375)	(51,526)	63,244
Other	0	0	0	0	0
Operating Profit	(908)	(8,290)	6,609	(32,533)	20,273
Net Interest	(471)	153	54	(1,035)	630
Profit Before Tax (norm)	3,419	74	11,038	17,958	(42,341)
Profit Before Tax (FRS 3)	(1,379)	(8,137)	6,663	(33,568)	20,903
Tax	(4,893)	4,051	(1,968)	4,631	0
Profit After Tax (norm)	(1,372)	4,125	9,070	22,589	(42,341)
Profit After Tax (FRS 3)	(6,272)	(4,086)	4,695	(28,937)	20,903
Average Number of Shares Outstanding (m)	373.7	413.4	420.8	502.9	1,121.8
EPS - normalised (c)	(0.4)	1.0	2.2	4.5	(3.8)
EPS - FRS 3 (c)	(1.7)	(1.0)	1.1	(5.8)	1.9
Dividend per share (c)	0.0	0.0	0.0	0.0	0.0
Gross Margin (%)	27.6	26.5	30.5	51.5	34.2
EBITDA Margin (%)	N/A	N/A	N/A	N/A	N/A
Operating Margin (before GW and except.) (%)	N/A	N/A	N/A	N/A	N/A
BALANCE SHEET					
Fixed Assets	160,174	162,624	182,691	148,474	722,145
Intangible Assets	53,406	65,251	72,553	83,107	87,107
Tangible Assets	100,032	89,787	102,941	60,627	630,298
Investments	6,736	7,586	7,197	4,740	4,740
Current Assets	40,811	28,342	38,569	54,276	13,980
Stocks	15,391	11,505	12,394	9,644	11,988
Debtors	4,906	1,988	1,720	2,445	1,774
Cash	15,569	14,849	24,455	41,969	0
Other	4,945	0	0	218	218
Current Liabilities	(14,726)	(11,251)	(10,448)	(19,335)	(330,744)
Creditors	(13,755)	(9,726)	(8,745)	(11,166)	(5,872)
Short term borrowings	0	0	0	0	(316,703)
Other	(971)	(1,525)	(1,703)	(8,169)	(8,169)
Long Term Liabilities	(12,039)	(9,265)	(20,502)	(18,488)	(18,488)
Long term borrowings	0	0	0	0	0
Other long term liabilities	(12,039)	(9,265)	(20,502)	(18,488)	(18,488)
Net Assets	174,220	170,450	190,310	164,927	386,893
CASH FLOW					
Operating Cash Flow	(3,508)	28,454	37,432	52,284	24,829
Net Interest	(369)	153	54	(1,035)	630
Tax	0	0	0	3,498	0
Capex	(95,281)	(32,588)	(40,423)	(43,705)	(648,437)
Acquisitions/disposals	40,534	3,151	416	3,016	63,244
Financing	9,800	162	12,127	3,455	201,064
Dividends	0	0	0	0	0
Net Cash Flow	(48,824)	(668)	9,606	17,513	(358,671)
Opening net debt/(cash)	(64,294)	(15,569)	(14,849)	(24,455)	(41,969)
HP finance leases initiated	0	0	0	0	0
Other	99	(52)	0	0	0
Closing net debt/(cash)	(15,569)	(14,849)	(24,455)	(41,969)	316,703

Source: Alkane Resources accounts, Edison Investment Research

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