



Alderan Resources Limited

ABN 55 165 079 201

Interim Financial Report

For the half year ended 31 December 2017

Alderan Resources Limited

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CORPORATE INFORMATION

ABN 55 165 079 201

Directors

Mr. Nicolaus Heinen
Mr. Christopher Robert Wanless
Mr. Earnest Thomas Eadie
Mr. Frank “Bruno” David Hegner

Company Secretary

Mr. Brett Tucker

Registered Address

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Principal Place of Business

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Solicitors

Allion Partners Pty Limited
Level 9, 863 Hay Street
Perth WA 6000
Telephone: 08 9216 7100

Bankers

National Australia Bank
1232 Hay Street
West Perth WA 6005

Auditors

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000
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Share Registry

Automic Share Registry Pty Ltd
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DIRECTORS' REPORT

The Directors of Alderan Resources Limited ("the Company") present their report on Alderan Resources Limited and its subsidiaries ("the Group") for the half year ended 31 December 2017.

Directors

The names of the directors who held office during or since the end of the interim period and until the date of this report are as follows. The Directors held office for the full half year unless specified below.

	Position	Date appointed / resigned
Mr. Nicolaus Heinen	Non-executive Chairman	Appointed on 1 March 2015
Mr. Christopher Robert Wanless	CEO & Director	Appointed on 31 July 2013
Mr. Frank David Hegner	Executive Director	Appointed on 1 November 2017
Mr. Ernest Thomas Eadie	Non-executive Director	Appointed on 23 January 2017
Mr. Donald Charles Smith	Executive Director	Appointed on 5 October 2016. Resigned on 20 October 2017

Review of Operations

Principal Activities

The principal activities of Alderan Resources Limited and its controlled subsidiaries ("the Company") are mineral exploration in Utah, USA. The Company is exploring the highly prospective Frisco project located in Beaver County, Utah, for copper, gold, zinc and associated minerals.

The Company secured the mineral rights to the Frisco Project over two years and became the first company to hold the mineral rights over the entire Frisco complex.

The Frisco Project is believed to comprise a large mineralised porphyry system that occurs across an area of approximately 7km by 4km. Historical mining activities focused on extensive outcropping breccia pipes (Cactus prospect) and skarns (Accrington & Horn prospect) associated with underlying porphyry system/s recently identified by Alderan at the Perseverance prospect.

Historical exploration across the Frisco project has targeted each of the specific styles of mineralisation present – skarn, intrusive breccia, porphyry and carbonate replacement, with exploration often limited to specific areas within the Frisco area due to title constraints.

Dividends

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

Significant events during the period

Following from the successful initial public offering (IPO) of the Company in April 2018, the Company commenced its high impact exploration project at its Frisco Project.

DIRECTORS' REPORT (CONTINUED)

Significant events during the period (continued)

In August 2017 the Company announced that it a review of historic channel sampling results from the historic Cactus Mine, part of its Frisco Project, has confirmed strong results including 21.5m @ 6.11% Cu and 32.5m @ 3.85% Cu¹.

In addition, the Company extended its geophysical survey to cover the newly acquired leases and claims to the north of Cactus.

The Company commenced its 10,000m drilling program at its Frisco Project at the end of September 2017. The drilling was planned to test the grade and extent of mineralisation remaining within the Cactus Mine and the continuity of mineralisation across the 1000m by 400m Cactus Corridor, which hosts several historical mines including the Comet and New Years mines.

In October and December 2017 the Company announced results from its initial drilling at the Cactus Mine area, which intersected wide intervals of copper mineralisation. Both sulphide veins, and quartz-tourmaline-pyrite-chalcopyrite breccia styles were present. The Company believes the mineralisation intercepted at Cactus may relate to a proximal porphyry system. Refer to ASX announced dated 30 October 2017 for details of the drill holes and associated JORC disclosures.

In December 2017 the Company completed 3D modelling of an IP survey which was undertaken over the Frisco Project. The Company announced details of an identified 2.5km diameter chargeability feature consistent with a large mineralised porphyry copper system, which was named Perseverance. The results provide further evidence of the Company's belief that a large scale, multi-phase mineralised porphyry system(s) exists at the Frisco Project. The location and scale of the Perseverance Prospect also supports the view that it may be the main causative intrusion for mineralisation within the Cactus Corridor, host to the Cactus Mine, and also the large and heavily mineralised Accrington Skarn.

The results demonstrate that Perseverance may host a mineralised porphyry intrusion(s), similar in size to Bingham Canyon. Bingham Canyon is a world-class porphyry copper deposit and one of the worlds largest mines, located just outside of Salt Lake City. The Bingham Canyon porphyry system, including the pyrite shell which envelops the copper-molybdenum orebody, occurs over approximately 2-2.5km diameter, which is similar in size to Perseverance (see Figure 1). Refer to ASX release dated 21 December 2017 for further details and relevant JORC disclosures.

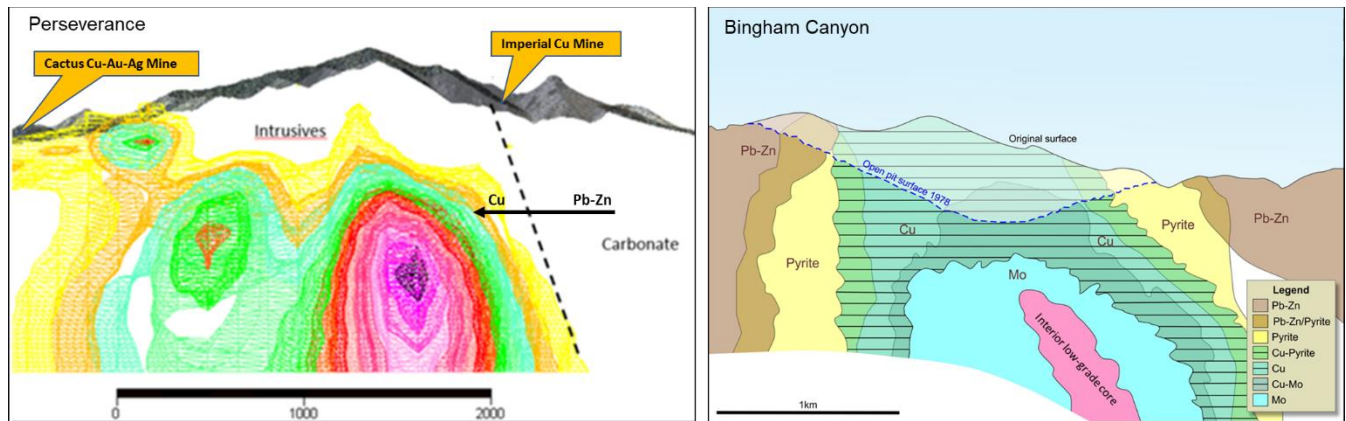


Figure 1: Scale comparison of Perseverance (chargeability shells shown on the left, see figure 1 for legend) with Bingham Canyon - ore zones and surrounding\ outer pyrite shells shown (right). Note that the pyrite rich shell will normally account for higher chargeability, however the presence of high-temperature copper-garnet skarns at surface (Imperial) also suggests a close vicinity to the Perseverance porphyry.

¹ Alderan has not independently validated the Rosario Exploration Company exploration results. The data presented is considered an accurate representation of the available data, and nothing has come to the attention of the Company to cause it to question the accuracy or reliability of the historical results. It is uncertain that following evaluation and/or further exploration work that these historical and foreign exploration results will be able to be reported under the JORC Code 2012, or used in Mineral Resources or Ore Reserves in accordance with the JORC Code. The proposed exploration program at Cactus is expected to provide verification of these historical exploration results. Refer to ASX announcement dated 21 August 2017 for complete results and associated JORC disclosures.

DIRECTORS' REPORT (CONTINUED)

Significant events during the period (continued)

Corporate Events

- 4 September 2017 - the Company issued 800,000 unlisted options over shares, with various exercise prices and vesting periods, to a key employee of the Company to provide an equity-based incentive for future performance.
- 6 October 2017 - the Company entered into an executive services agreement with Director Chris Wanless to provide Executive Director and CEO services to the Company.
- 20 October 2017 - Mr Don Smith, the Managing Director resigned from the Company.
- 23 October 2017 - the Company announced the appointment of Mr Frank "Bruno" Hegner as Executive Director of the Company
- 2 November 2017 - the Company issued 100,000 unlisted options over shares, with various exercise prices and vesting periods, to a key employee of the Company to provide an equity-based incentive for future performance.
- 15 November 2017 - the Company issued 300,000 unlisted options over shares, with various exercise prices and vesting periods, to a key employee and consultant as an incentive for future performance.
- 28 November 2017 – the Company held its Annual General Meeting of Shareholders. All proposed resolutions were passed by shareholders.

Significant events after the reporting date

There are no matters or circumstances that has arisen since 31 December 2017 to the date of this report that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the Company's state of affairs in future financial years.

Operating results for the period

The comprehensive loss of the Group for the financial period, after providing for income tax amounted to \$3,057,072 (30 June 2017: loss of \$823,256).

Review of financial conditions

The Group had a net bank balance of \$3,032,114 as at 31 December 2017 (30 June 2017: \$7,681,175).

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, RSM Australia Partners, to provide the director of the Company with an Independence Declaration in relation to the review of the half-year consolidated financial report. This Independence Declaration is set out on page 7 and forms part of this director's report for the half year ended 31 December 2017.

Signed in accordance with a resolution of the Directors.



Mr. Christopher Robert Wanless
Director

Dated this 16th day of March 2018

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Alderan Resources Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 16 March 2018

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 \$	2016 \$
Continuing operations			
Other income		10,000	713
Interest income		15,103	1,885
Administration expense	3	(1,109,362)	(187,433)
Impairment expense		(308,500)	(522,679)
Employee benefits expense		(412,224)	(59,613)
Share-based payment expense		(1,118,478)	-
Depreciation and amortisation expense		(41,675)	-
Finance costs		(1,572)	-
Loss before income tax		(2,966,708)	(767,127)
Income tax		-	-
Loss for the half-year/ period after tax from continuing operations		(2,966,708)	(767,127)
Discontinued operations			
Loss after tax from discontinued operation		-	(64,817)
Net loss for the half-year/ period		(2,966,708)	(831,944)
Other comprehensive income, net of income tax			
Exchange differences on translation of foreign operations		(90,364)	8,688
Other comprehensive (loss)/income for the half-year/ period, net of income tax		(90,364)	8,688
Total comprehensive loss for the half-year/ period		(3,057,072)	(823,256)
Basic and diluted loss per share from continuing operations (cents per share)	4	2.75	1.56
Basic and diluted loss per share from continuing and discontinued operations (cents per share)	4	2.75	1.69

The accompanying notes form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	31 December 2017 \$	30 June 2017 \$
Assets			
Current Assets			
Cash and cash equivalents	5	3,032,114	7,681,175
Trade and other receivables	6	28,056	243,649
Total Current Assets		3,060,170	7,924,824
Non-Current Assets			
Property, plant and equipment		470,712	22,544
Other assets		135,897	-
Exploration and evaluation expenditure	7	3,602,172	1,162,236
Total Non-current Assets		4,208,781	1,184,780
Total Assets		7,268,951	9,109,604
Liabilities			
Current Liabilities			
Trade and other payables	8	339,107	238,666
Loans payable	8	-	2,500
Total Liabilities		339,107	241,166
Net Assets		6,929,844	8,868,438
Equity			
Issued capital	9(a)	9,551,762	9,551,762
Options reserve	9(c)	2,344,219	1,225,741
Foreign currency reserve	9(b)	(90,364)	-
Accumulated losses		(4,875,773)	(1,909,065)
Net Equity		6,929,844	8,868,438

The accompanying notes form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Issued capital	Options reserve	Foreign currency reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2016	957,156	-	(8,688)	(334,688)	613,780
Equity issued during the period (net of share issue costs)	1,590,144	-	-	-	1,590,144
Loss for the period	-	-	-	(831,944)	(831,944)
Other comprehensive income for the period, net of income tax	-	-	8,688	-	8,688
Total comprehensive loss for the period	-	-	8,688	(831,944)	(823,256)
Balance at 31 December 2016	2,547,300	-	-	(1,166,632)	1,380,668
Balance at 1 July 2017	9,551,762	1,225,741	-	(1,909,065)	8,868,438
Loss for the half-year	-	-	-	(2,966,708)	(2,966,708)
Other comprehensive income for the half-year, net of income tax	-	-	(90,364)	-	(90,364)
Total comprehensive loss for the half-year	-	-	(90,364)	(2,966,708)	(3,057,072)
Share based payments – options, net	-	1,118,478	-	-	1,118,478
Balance at 31 December 2017 half-year	9,551,762	2,344,219	(90,364)	(4,875,773)	6,929,844

The accompanying notes form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities		
Receipts from customers	225,593	27,350
Payments to suppliers and employees	(1,421,145)	(87,030)
Interest received	15,103	1,885
Interest paid	(1,572)	-
Net cash used in operating activities	(1,182,021)	(57,795)
Cash flows from investing activities		
Payments for fixed assets	(489,843)	(2,997)
Payments for exploration and evaluation expenditures	(2,884,333)	(497,135)
Net cash outflow on sale of subsidiary	-	(14,712)
Net cash used in investing activities	(3,374,176)	(514,844)
Cash flows from financing activities		
Proceeds from issue of shares (net of capital raising costs)	-	1,394,856
Call on partially paid shares	-	123,500
Share subscriptions received in advance	-	24,000
Proceeds from borrowings	-	100,000
Repayment of borrowings	(2,500)	-
Net cash (used in) / provided by financing activities	(2,500)	1,642,356
Net (decrease) / increase in cash held	(4,558,697)	1,069,717
Effect of foreign exchange	(90,364)	8,688
Cash and cash equivalents at the beginning of the half-year	7,681,175	30,527
Cash and cash equivalents at the end of the half-year	3,032,114	1,108,932

The accompanying notes form part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These half-year consolidated financial statements have been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period.

Comparative information

The comparative information has been restated to disclose the results of operations of the subsidiary which was sold during the period.

Basis of preparation

The half-year consolidated financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year consolidated financial report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year.

Standards and Interpretations applicable to 31 December 2017

In the half-year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2017.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Company's accounting policies.

Standards and Interpretations in issue not yet adopted applicable to 31 December 2017

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2018.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Group accounting policies.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 2: SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Directors in order to allocate resources to the segment and to assess its performance.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies. The following tables are an analysis of the Group's revenue and results by reportable segment provided to the Directors for the half year ended 31 December 2017 and 31 December 2016.

	Continuing Operations		Discontinued Operation		Consolidated \$
	United States of America \$	Australia \$	Germany (Subsidiary) \$	Unallocated items \$	
31 December 2017					
Segment revenue	-	25,103	-	-	25,103
Intersegment revenue	-	-	-	-	-
Revenue from external customers	-	25,103	-	-	25,103
Segment result	(837,482)	(2,129,226)	-	-	(2,966,708)
Segment assets	4,360,558	2,908,393	-	-	7,268,951
Segment liabilities	173,499	165,608	-	-	339,107
31 December 2016					
Segment revenue	-	-	76,228	-	76,228
Intersegment revenue	-	-	(49,591)	-	(49,591)
Revenue from external customers	-	-	26,637	-	26,637
Segment result	(5,014)	(762,113)	(64,817)	-	(831,944)
Segment assets	690,278	1,154,983	-	-	1,845,261
Segment liabilities	-	464,593	-	-	464,593

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 3: EXPENSES

	31 December 2017 \$	31 December 2016 \$
Administration expenses		
Legal fees	187,556	9,071
Accountancy fees	36,531	22,400
Consultancy fees	63,186	76,832
Travel expenses	211,991	17,195
Promotion and investor relations	11,189	17,287
Other	598,909	44,648
	1,109,362	187,433

NOTE 4: LOSS PER SHARE

	31 December 2017 \$	31 December 2016 \$
Loss from continuing operations – used in the calculation of loss per share	(2,966,708)	(767,127)
Net loss for the half year – used in the calculation of loss per share	(2,966,708)	(831,944)
Weighted average number of shares used in calculating loss per share	107,963,908	64,847,242
Basic and diluted loss per share from continuing operations	2.75	1.56
Basic and diluted loss per share from continuing and discontinued operations	2.75	1.69

NOTE 5: CASH AND CASH EQUIVALENTS

	31 December 2017 \$	30 June 2017 \$
Cash in bank	3,302,114	7,681,175
	3,302,114	7,681,175

Cash at bank earns interest at floating rates based on daily deposit rates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 6: TRADE AND OTHER RECEIVABLES

	31 December 2017	30 June 2017
	\$	\$
Sundry debtors	3,218	142,247
GST receivable	-	67,148
Prepayment	24,838	34,254
	28,056	243,649

NOTE 7: EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2017	30 June 2017
	\$	\$
Carrying value at the beginning of the half-year/year	1,162,236	689,584
Expenditure incurred during the period/year	2,439,936	1,002,867
Impairment	-	(530,215)
Carrying value at the end of the half-year/year	3,602,172	1,162,236

NOTE 8: FINANCIAL LIABILITIES

	31 December 2017	30 June 2017
	\$	\$
<i>Trade and other payables</i>		
Trade creditors	181,776	184,717
Accruals and other payables	157,331	53,949
Sub Total	339,107	238,666
<i>Unsecured loans</i>		
Loans payable	-	2,500
Sub Total	-	2,500
Total	339,107	241,166

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 9: ISSUED CAPITAL & RESERVES

a) Ordinary shares	Period to 31 December 2017		Year to 30 June 2017	
	No.	\$	No.	\$
<i>Fully paid ordinary shares</i>				
Balance at beginning of half-year/year	107,963,908	9,551,762	12,493,148	673,656
Transfer from partially paid shares (i)	-	-	810,000	283,500
Settlement of loan payable (ii)	-	-	400,000	20,000
Settlement of payable to directors (iii)	-	-	53,967	18,888
Options exercised (iv)	-	-	1,000,000	100,000
Issue of shares (v)	-	-	77,000	26,950
Seed capital raising (vi)	-	-	923,000	323,050
Share based payment (vii)	-	-	32,573	11,400
Share split (vii)	-	-	39,474,220	-
Seed capital raising (ix)	-	-	8,750,001	1,050,000
Convertible notes redemption (x)	-	-	833,333	100,000
Seed capital raising (ix)	-	-	616,666	74,000
Issue of shares through the IPO (xi)	-	-	42,500,000	8,500,000
Less share issue costs	-	-	-	(1,629,682)
Balance at the end of the half-year/year	107,963,908	9,551,762	107,963,908	9,551,762
<i>Partially paid shares</i>				
Balance at beginning of the half-year/year	-	-	810,000	283,500
Transfer to fully paid shares	-	-	(810,000)	(283,500)
Balance at the end of the half-year/year	-	-	-	-
Total	107,963,908	9,551,762	107,963,908	9,551,762

- (i) During the year ended 30 June 2017 the Company received \$123,500 as full payment for shares subscribed by Belgrave Capital Management in prior years. Accordingly, the partially paid ordinary shares were classified as fully paid shares.
- (ii) On 22 June 2016, the Board of Directors approved the issue of 400,000 ordinary shares to Belgrave Capital Management Limited at \$0.05 per share (pre share split) amounting to \$20,000 in accordance with the convertible loan agreement dated 11 February 2014, with notice having been received from Belgrave indicating its intention to exercise its right to convert the loan. The shares were issued in July 2016.
- (iii) Directors' fees payable amounting to \$18,888 were settled through the issue of 53,967 ordinary shares at \$0.10 per share (pre share split).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 9: ISSUED CAPITAL & RESERVES (continued)

a) Ordinary shares (continued)

(iv) On 1 September 2016, the Board of Directors approved the reduction in the amount payable to Quaalup from an existing credit loan facility of \$100,000 to \$55,000 plus 6% interest per annum. The reduction of this value was applied toward exercise of options at \$0.10 per share (pre share split).

On 1 September 2016, Quaalup gave notice to the Company of its intention to exercise 1,000,000 options to acquire 100,000 shares at \$0.10 per share (pre share split). Part consideration for the option exercise was the reduction in the loan facility as detailed above. Accordingly, Quaalup was issued 1,000,000 shares in the Company.

(v) In September 2016, the Company issued 77,000 shares at \$.35 per share to a shareholder. The funds were received during the year ended 30 June 2016 and was recorded as other liabilities as at 30 June 2016.

(vi) On 28 September 2016, the Board of Directors approved an application for shares of 923,000 ordinary shares at \$0.35 per share amounting to \$323,050.

(vii) On 17 November 2016, the Board of Directors approved the issue of 32,573 shares at \$0.10 per share (pre share split) for director and geological services provided to the company by a director.

(viii) The shareholders of the Company approved a share split resolution, where each existing ordinary share will be split into three and a half (3.5) ordinary shares with effect from 1 December 2016. As a result of the share split, 15,789,688 shares issued prior and up to 1 December 2016 were converted to 55,263,908 shares. The share split did not change any shareholder's percentage ownership in the Company.

(ix) On 23 December 2016, the Board of Directors approved an offer of shares to seed investors to raise up to \$1,200,000 at a price of \$0.12 per share to advance the Group's mineral properties in Utah, USA and to undertake an Initial Public Offering and list in the Australian Securities Exchange. The Company received applications for 9,166,667 seed shares at \$0.12 per share amounting to \$1,100,000. Of these applications, 8,750,001 shares at \$0.12 per share amounting to \$1,050,000 were issued as at 31 December 2016. The remaining 616,666 shares amounting to \$74,000 were issued in January 2017 when the funds were received by the Company. Further, as at 31 December 2016, the Company received \$24,000 from Eagletown Pty Ltd for an application for 200,000 seed shares. The shares were subsequently allotted in January 2017.

(x) On 23 December 2016, the Board of Directors also approved the redemption of all outstanding convertible notes with a face value of \$100,000 via the issue of ordinary shares at a deemed price of the capital raising price of \$0.12 per share through the issue of 833,333 ordinary shares ("Convertible Note Shares"). The Convertible Note Shares were issued in December 2016.

(xi) On 31 May 2017, the Company closed the Share Offer under the Prospectus and issued 42,500,000 fully paid ordinary shares at \$0.20 each amounting to \$8,500,000 (before issue costs) to the subscribers of the Share Offer.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 9: ISSUED CAPITAL & RESERVES (continued)

	31 December 2017 \$	30 June 2017 \$
b) Foreign Currency Reserves		
Balance at beginning of half-year/year	-	(8,688)
Movement during the half-year/year	(90,364)	8,688
Balance at the end of the half-year/year	<u>(90,364)</u>	<u>-</u>

c) Options	Period to 31 December 2017		Year to 30 June 2017	
	No.	\$	No.	\$
Balance at beginning of half-year/year	19,857,454	1,225,741	1,000,000	-
<u>Issuance of options (vesting over multiple periods)</u>				
Options to Directors and key management	2,000,000	441,629	12,380,000	447,451
Options issued to broker	-	-	6,377,454	695,205
Options issued under the long term incentive plan	-	-	1,100,000	83,085
Options issued to consultant	800,000	252,502	-	-
Incentive options - ESOP	400,000	143,208	-	-
<u>Existing options (vesting over multiple periods)</u>				
Options to Directors and key management	-	477,151	-	-
<u>Exercise of options/Forfeitures</u>				
Exercise of options	-	-	(1,000,000)	-
Options forfeited	(4,100,000)	(196,012)	-	-
Balance at the end of the half-year/year	<u>18,957,454</u>	<u>2,344,219</u>	<u>19,857,454</u>	<u>1,225,741</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 10: DISCONTINUED OPERATIONS

On 31 December 2016, the Company sold its investment in DM Bergbau GmbH to Mr Christopher Wanless (“the Purchaser”), a Director, for a consideration of \$99,217 (Euro 70,000) resulting in a loss of on sale before income tax of \$15,095. Consequently all assets and liabilities allocable to DM Bergbau GmbH have been effectively transferred to the Purchaser as at 31 December 2016.

Revenue and expenses, gains and losses relating to the sale of this subsidiary have been eliminated from profit or loss from the Group’s continuing operations and are shown as a single line item on the face of the consolidated statement of profit or loss and other comprehensive income. The prior period consolidated statement of profit or loss and other comprehensive income has been restated for comparative purposes.

Financial performance information

	31 December 2017 \$	31 December 2016 \$
Revenue	-	26,637
Administration expense	-	(28,627)
Employee benefits expense	-	(47,732)
Loss before income tax	-	(49,712)
Income tax expense	-	-
Loss after income tax expense	-	(49,712)
Loss on disposal before income tax expense	-	(15,095)
Income tax expense	-	-
Loss on disposal after income tax expense	-	(15,095)
Loss after income tax expense from discontinued operations	-	(61,817)

Cash flow information

	31 December 2017 \$	31 December 2016 \$
Net cash flows from operating activities	-	7,412
Net increase in cash and cash equivalents from discontinued operations	-	7,412

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 12: SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There are no matters or circumstances that has arisen since 31 December 2017 to the date of this report that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the Company's state of affairs in future financial years.

NOTE 13: DIVIDENDS

The directors of the Group have not declared any dividend for the half year ended 31 December 2017.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 14: SHARE-BASED PAYMENTS

a) Recognised share-based payment expense

From time to time, the Company provides Incentive Options to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required. During the past two periods, the following equity-settled share-based payments have been recognised:

	31 December 2017	31 December 2016
	\$	\$
Expense arising from option-settled share-based payment transactions	1,118,478	-
Net share based payment expense recognised in the profit or loss	1,118,478	-

NOTE 15: COMMITMENTS AND CONTINGENCIES

	31 December 2017 ⁽¹⁾	30 June 2017
	\$	\$
Exploration expenditure and annual lease/claim payments Committed at the reporting date but not recognised as liability:		
Within one year	596,154	385,828
One to five years	2,083,333	1,518,438
	2,679,487	1,904,266

⁽¹⁾ The commitments are due in US Dollars, the Company has used the spot rate on 31 December 2017 as a conversion for the commitments into Australian Dollars.

In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay rentals and to meet the minimum expenditure requirements by the Mineral Resources Authority. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided for in the financial statements.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Alderan Resources Limited (the "Company"):
 - a. the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half- year then ended; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. the interim financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

1. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2017.

This declaration is signed in accordance with a resolution of the board of Directors.



Mr. Christopher Robert Wanless
Director

Dated this 16th day of March 2018

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ALDERAN RESOURCES LIMITED**

We have reviewed the accompanying half-year financial report of Alderan Resources Limited, which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and 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*. As the auditor of Alderan Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Alderan Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Alderan Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 16 March 2018