

US interest in Australian rare earths could be the right time for Alkane Resources

The ideal investment right now would have to be the safety of gold and the upside of rare earths. Especially given the current global uncertainty and that the US is actively looking at Australia to boost its supply of rare earths.

Australian gold producer and rare earths developer [Alkane Resources Ltd.](#) (ASX: ALK | OTCQX: ANLKY) ticks all the right boxes, and can fit in nicely with the US Critical Minerals Action Plan. The Company's focus is gold production and exploration at their 100% owned Tomingley Gold Project (TGP) in Central West New South Wales (NSW), Australia. They also own the very promising Dubbo (rare earths) Project also in NSW, Australia, and a pastoral company.

Tomingley Gold Project

The Tomingley Gold Project (TGP) covers an area of approximately 440km² and includes the producing Tomingley Gold Mine and several exploration targets.

The [September quarter](#) gold production from the [Tomingley Gold Mine](#) came in above forecast at 7,497 ounces, with sales of 6,997 ounces bringing in [revenue of A\\$15.0 million](#) at an average price of A\$2,151 per ounce. The guidance for FY-20 has been increased to 30,000 to 35,000 ounces of gold at an All-In-Sustaining-Cost (AISC) of A\$1,250 to A\$1,400 per ounce. That makes for a very healthy margin of A\$750-900/oz, assuming current selling prices and production volumes going forward. A very simple calculation at a midpoint (32,500oz x 825/oz)

yields a FY 20 figure of A\$ 28.8m.

There has also been recent encouraging results from exploration drilling during the quarter at the [Northern Molong Porphyry Project](#) (Boda drilling) with resource drilling continuing at the Roswell and San Antonio prospect. Intercepts to date have ranged between [2.33 g/t and 26.1 g/t](#). Strong results to the immediate south of Tomingley has Alkane expediting the process to move to future mine development in that area. Alkane continue with resource definition drilling and planning is currently underway for an exploration program to test targets between El Paso and the [Peak Hill Gold Mine](#) within the financial year.

The Dubbo Project (flagship)

The Dubbo Project is a large resource of zirconium, hafnium, niobium, yttrium and rare earth elements. It is the most advanced poly-metallic project of its kind outside China. Even more appealing is it has an estimated 70 year mine life.

The Dubbo Project resource estimate

Dubbo Project – Mineral Resources

Resource Category	Tonnes (Mt)	ZrO ₂ (%)	HfO ₂ (%)	Nb ₂ O ₅ (%)	Ta ₂ O ₅ (%)	Y ₂ O ₃ (%)	TREO* (%)
Measured	42.81	1.89	0.04	0.45	0.03	0.14	0.74
Inferred	32.37	1.90	0.04	0.44	0.03	0.14	0.74
Total	75.18	1.89	0.04	0.44	0.03	0.14	0.74

*TREO% is the sum of all rare earth oxides excluding ZrO₂, HfO₂, Nb₂O₃, Ta₂O₅, Y₂O₃

Dubbo Project – Ore Reserves

Reserve Category	Tonnes (Mt)	ZrO ₂ (%)	HfO ₂ (%)	Nb ₂ O ₅ (%)	Ta ₂ O ₅ (%)	Y ₂ O ₃ (%)	TREO* (%)
Proved	18.90	1.85	0.04	0.440	0.029	0.136	0.735
Probable	0						
Total	18.90	1.85	0.04	0.440	0.029	0.136	0.735

The Dubbo Project remains construction ready, with a commercial scale pilot plant being constructed as part of the investment in Clean Metal Processing Technology with Zircon Technology of South Korea.

The Dubbo Project future site plan



US-Australia Critical Minerals Action Plan

The Chinese dominance in rare earths is a great concern to the US as they are now [looking to Australia for solutions](#). Recent discussions were aimed at developing a “US-Australia Critical Minerals Action Plan” to improve the security and supply of rare earths and other critical minerals in the US and Australia. With China controlling around 80% of the global rare earth trade, Australian and American defense and security officials have been in talks for months about developing alternative deposits both in Australia and the US.

The Australian Dubbo Project is very strategic as an advanced rare earths project

The Dubbo Project has very strategic importance as the US now recognize the importance of rare earths as they play a critical role especially in military and defense applications.

Alkane Resources may demerge and list Australian Strategic Materials

Alkane subsidiary Australian Strategic Materials, which owns the Dubbo Project, is monitoring market demand for these critical materials and will seek further investment for the project when the market conditions and timing are right. With the US interest in Australian rare earths the right time could be very soon. A demerger and listing of Australian Strategic Materials is under active consideration by the Alkane Board. Consultation with regulators is underway.

Clean Metal Processing Technology agreement with Zirconium Technology of South Korea

Alkane has executed [a binding agreement](#) with South Korea's Zirconium Technology Corporation to fund the final stage research and feasibility in relation to a clean metal process in their Dubbo Zirconia and Rare Earths Project. When fully commercialized, it is estimated the more environmentally sustainable process can reduce metallisation costs by in excess of 50%.

Alkane Resources invests in Genesis Minerals (ASX:GMD)

Alkane took up shares in a placement with Genesis Minerals (ASX:GMD), involving an investment of approximately A\$6 million to give Alkane a holding of 15% of Genesis issued shares. Genesis Minerals is an Australian gold exploration and mine development company with high quality projects located in Western Australia's premier gold districts. Their [Ulysses Gold Project](#) has recently been hitting high grade gold. Significant new assay results have been received from ongoing drilling designed to upgrade the current Ulysses Mineral Resource (7.1Mt @ 3.3g/t gold for 760,400oz). One example is [6.00m @ 10.23g/t gold](#) from 154.0m.

Toongi Pastoral Company

Alkane Resources owns 3,500 hectares of freehold and leasehold land just 25kms south of Dubbo, NSW, Australia.

Cash reserves

Alkane Resource's cash and bullion position totaled A\$73.9 m, with A\$53.5 million in cash, and A\$15.5 million of listed investments at market value.

Alkane Resources has a lot going for it. They have a gold producing mine and exploration upside, a massive 70 year life rare earths project that is construction ready, a highly promising Clean Metal Processing Technology binding agreement with Zircon Technology, and now a 15% equity stake in Genesis Minerals (a 760K oz Au resource at reasonable grades and exploration upside). Oh and a massive pastoral property and a bundle of cash. All for a market cap of only A\$ 367 m.