

Alkane Resources offers the safety of gold production and the upside of gold exploration and rare earths

As the coronavirus spreads and stock markets come under pressure stocks that offer both safety and growth become even more popular. For example, as we watched the Chinese mainland market plummet 8% today, this Australian gold miner and rare earths developer rose 2.5% today, and is up 277% over the past year.

That company is Alkane Resources Limited (ASX: ALK | OTCQX: ANLKY). Even better is that the stock is still well valued on a Price Earnings ratio of 17.6, despite last year's meteoric rise.

Alkane is a gold production company with multi-commodity exploration and development projects predominantly in the Central West region of NSW, also extending throughout Australia. The Company is also well known for its rare earths project known as the Dubbo Project. They also have numerous other exploration projects in Australia, and a pastoral company.

Alkane Resources' focus is on gold mining; however, they also own the Dubbo Rare Earths Project in NSW, Australia



The Tomingley Gold Mine and Mill

Alkane has guided FY2020 gold production to be 30,000-35,000 ounces from their Tomingley Gold Mill, at an AISC of A\$1,250 to A\$1,400 per ounce. Production growth is planned via the Tomingley Corridor (San Antonio and Roswell projects). Due to strong recent drill results, Alkane is expediting the process to move to future mine development at Roswell.

Initial Resource at the Roswell Deposit, and by March 2020 for the San Antonio Deposit

In recent news, Alkane announced an initial resource at their Roswell Deposit, located just 3km south of Alkane's operating Tomingley Gold mine and processing facility. With the first stage of drilling completed, Alkane reported an Inferred Mineral Resource (using a 0.5g/t gold cut-off) of 7.02 million tonnes grading 1.97g/t gold (or 445,000 oz of contained gold).

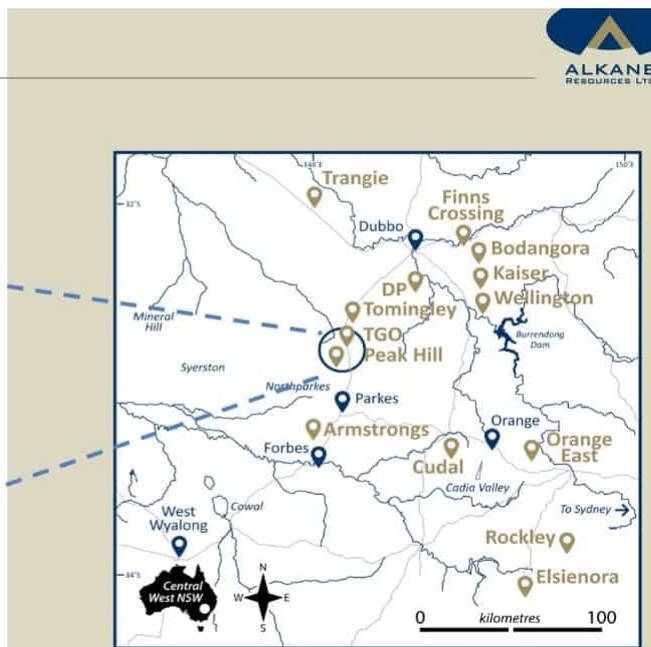
Further drilling at Roswell is underway to reduce the drill hole spacing in order to convert Inferred Resources to Indicated and Measured status. The Resource remains open at depth.

Drilling is also continuing in the prospective corridor to the south of Roswell and an initial Inferred Resource for the San Antonio deposit is anticipated in March 2020.

Alkane Resources Tomingley corridor providing additional gold inferred resources

Tomingley Corridor: Central West NSW

~10km mineralisation adjacent to established processing infrastructure



The Boda copper-gold porphyry discovery

In September 2019 Alkane announced a landmark discovery at Boda. The extensive porphyry mineralization encountered has similar characteristics to Newcrest's Cadia Project (110km south), with strong indications of a large system at Kaiser-Boda. RC drilling shows extensive low grade from surface, with an increase in grade from ~200m to 502m at 0.48g/t Au and 0.2% Cu; higher than Cadia East reserve grade. Porphyry discoveries can be lower grades as they are often massive in size.

The Dubbo Project (rare earths) update

Alkane continues to develop its 100% owned rare earths Dubbo Project in NSW, Australia; as both the US and Australia hold talks to support the rare earths sector.

The Dubbo Project contains a huge resource of rare earths including zirconium, niobium, and hafnium. The project's estimated NPV is A\$1,236 million over an initial 20 year mine life, with the potential to expand to a 75+ year mine life.

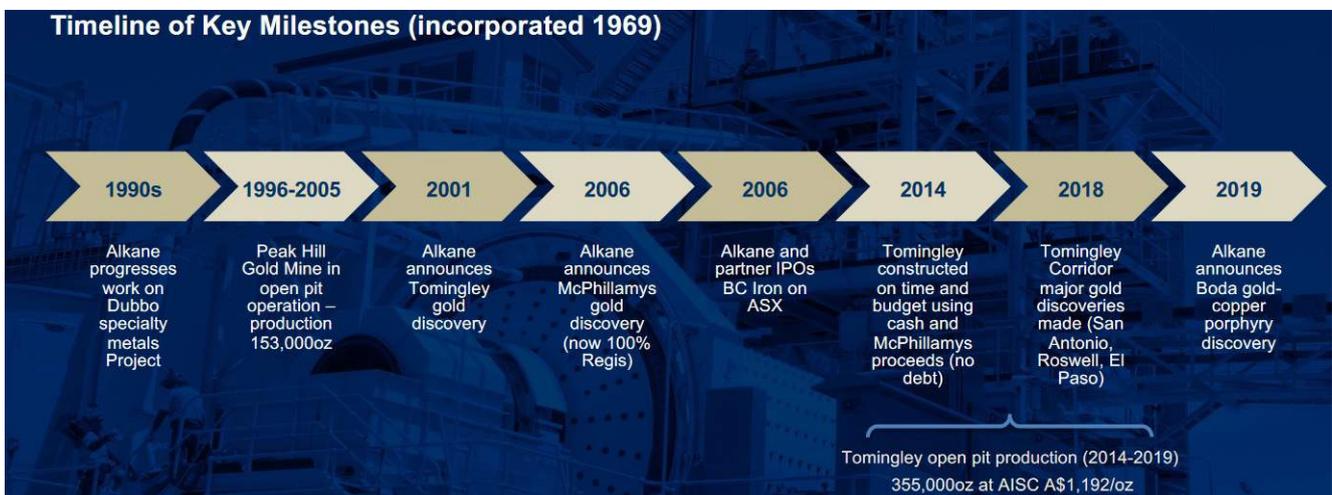
The Project is permitted and construction-ready, pending finance.

Alkane has made significant progress in regard to the planned demerger of their 100% owned subsidiary Australian Strategic Materials (100% owner of the Dubbo Project). Alkane expects to lodge documents with the ASX ahead of a shareholder meeting to vote on the demerger in the June quarter of 2020. It appears that the demerger is to unlock the inherent value of the Dubbo Project, which under the current structure gets little value.

Other projects

Alkane has an extensive tenement holding in NSW with strong exploration potential. Added to this is their massive pastoral holding called the Toongi Pastoral Company. They also own 15% of Genesis Minerals (ASX: GMD) and 13% of Calidus Resources (ASX: CAI).

Alkane Resources timeline of key milestones



Valuation is still attractive

Alkane Resources currently has a market cap of A\$470 million, and a PE of 17.6. Essentially this is based on their gold operations will minimal value assigned to their massive Dubbo rare earths project, hence the demerger plans. Added to this is a very nice cash and bullion position of A\$91.7 million.

Closing remarks

The continued discovery of significant gold resources near Alkane's Tomingley Mill, most notably at Roswell (and San Antonio), but also a huge potential new discovery at Boda; combined with the near term potential of unlocking some value from the Dubbo Rare Earths Project explains why Alkane Resources continues to be a winner.

For investors, Alkane still offers plenty of safety via gold production and growing gold resources, and growth potential from rare earths as Governments take a stronger role to support the sector to secure safety of supply that is already massively dominated by China. Added to this is a proven management team that continue to execute much to shareholders' delight.

Alkane celebrates a gold anniversary and shares the wealth with a +258% return for investors

This year Alkane Resources Limited (ASX: ALK | OTCQX: ANLKY) celebrated 50 years of business. It's appropriate that 50 years is celebrated as a 'Golden Anniversary' as the Company's focus is gold production, exploration and partnerships. And what a golden year it has been with the stock price **up 258%** year to date, having risen from A\$0.17 to A\$0.61 so far in 2019. Alkane Resources shareholders are certainly celebrating 2019, thanks in part to record high Australian dollar gold prices (currently A\$2,146/oz).

Alkane Resources's other focus, rare earths, also had a good year, suggesting 2020 could also be a great year as the US takes a stronger interest in Australian rare earth projects.

Alkane Resources corporate history timeline



Alkane Resources gold operations at Tomingley, NSW, Australia

In 2019, the Tomingley Gold Mine operations have transitioned towards underground mining away from open pit mining with just under 3,000 mt of lateral development completed, which includes 1,000 mt on the decline. The underground development is progressing a little bit ahead of schedule and budget mainly because of a new underground development team performing exceptionally well.

Alkane Resources is searching for more nearby gold ounces to feed their Tomingley Mill

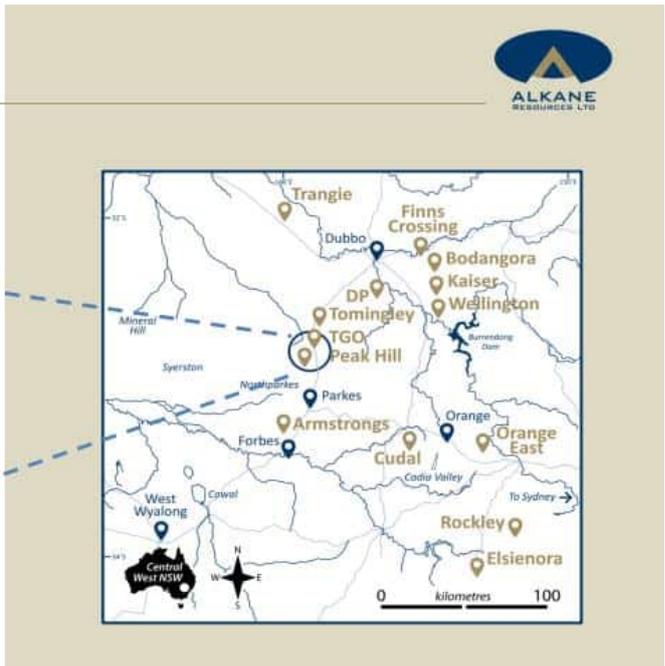
With a view to define additional ore resources for the Tomingley Mill, Alkane is also ramping up nearby regional gold activity. This year Alkane identified an exploration gold corridor between Tomingley and Peak Hill in New South Wales. The three prospects of San Antonio, Roswell and El Paso received encouraging results suggesting real potential for

mine development in the area.

At Alkane Resources' recent AGM, Chairman Ian Gandel stated: "We have centered our gold activities around one of Alkane's key assets, the gold mine and processing facility at Tomingley. Many of our activities have centered around extending the production life of our gold mill."

Tomingley Corridor: Central West NSW

~10km mineralisation adjacent to established processing infrastructure



The San Antonio and Roswell prospects

A 60,000-metre resource definition drilling program on the San Antonio and Roswell prospects is in progress. Drilling is being undertaken to define an initial Inferred Resource at both prospects to a minimum 200 metre vertical depth. Phase one of Roswell drilling has been completed with samples now being prepared and assayed to form part of an initial resource that is expected to be released in early December. San Antonio drilling is continuing.

The Boda Project

Alkane is also continuing gold exploration more broadly at the Northern Molong Porphyry Prospect, 35 km east of Dubbo. Significant porphyry style gold-copper has been discovered at the Boda project. A single diamond drill hole was drilled to

test the depth extent of gold mineralisation identified and returned a broad intercept of 502 m @ 0.48 g/t gold, 0.20% copper from 211 m. Alkane will now embark upon a drilling program of five diamond cores to test mineralization.

Alkane is also looking to enhance its gold strategy by investing in advanced junior gold mines with potential that Alkane can contribute additional capital, expertise and operational capability.

The Dubbo Project (rare earths)

Alkane has continued to develop its rare earths Dubbo Project in NSW, Australia. Key rare earths at the Project include zirconium, niobium, and hafnium. Estimated NPV is A\$1,236 million over an initial 20 year mine life, with potential to expand to a 75+ year mine life. The Project is permitted and construction ready, pending finance.

Alkane Resources rare earths Dubbo Project revenue to be driven by zirconium, niobium, and hafnium



Investment in Zirconium Technology Corporation

In a notable development in the past year, Alkane made a significant investment in Zirconium Technology Corporation of South Korea. The Company will fund the final stages of research and feasibility of a new metallisation technology which is more environmentally sustainable and cost effective than conventional processes. This potentially represents the best process route for materials at the Dubbo Project into

highly marketable high purity metals. Alkane is also looking at leveraging this technology with the Company's own proprietary oxide separation technology for commercial scale.

It certainly has been a big year for gold, and also for Alkane Resources celebrating its 50th anniversary. With a 2019 YTD stock price return of 258% investors can feel very happy with the way things are going.

Looking towards 2020 strong interest and co-operation from the US towards Australian rare earth projects bodes well for Alkane Resources' Dubbo Project achieving funding. With some gold exploration success, solid gold production, and if gold prices hold, 2020 should be another solid year for Alkane Resources.

Alkane Resources is based in Burswood Western Australia; and has a market cap of AU\$ 308 million. Investors can read my January 2019 article discussing Alkane Resources on InvestorIntel [here](#).