

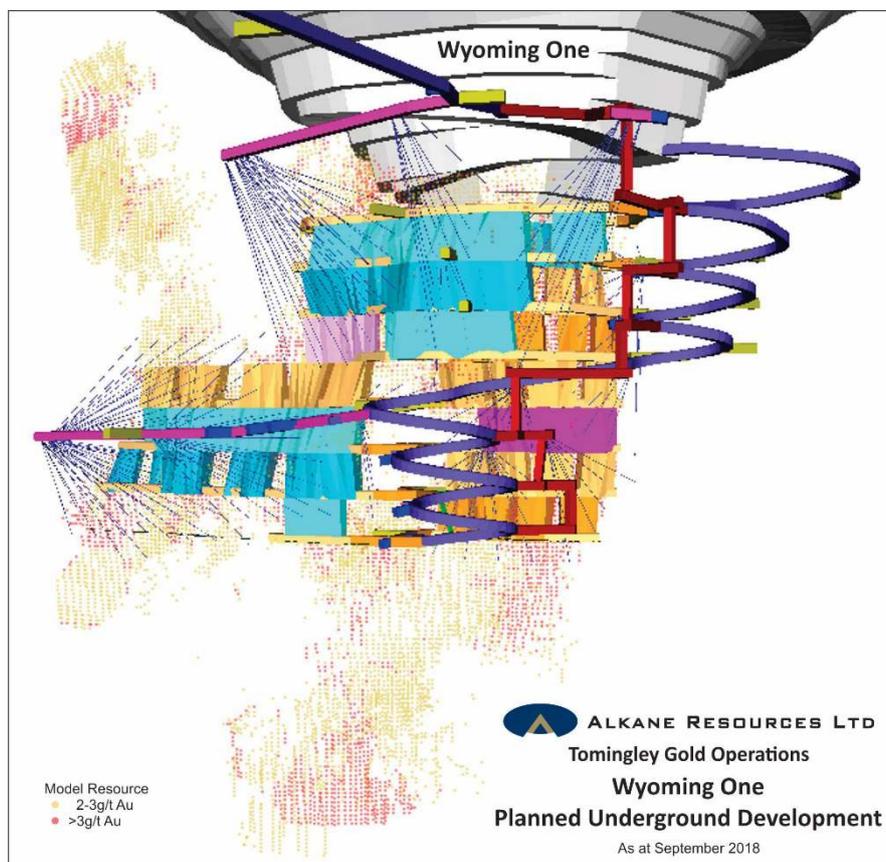
24 September 2018



## Tomingley Underground Development Approved

Alkane's Board has approved the development of the underground mining operations at its Tomingley Gold Operations. Highlights of the development plan approved by the Board include:

- 93,000 ounces of gold recovered over a 40 month development at cash costs estimated to be A\$1,100 - \$1,200 per ounce.
- Ground support work for the portal will commence late in 2018 with development commencing shortly after in early 2019.
- First ore is expected to be produced from underground in mid-2019 and stockpiled on the surface until processing recommences in the final quarter of 2019.
- Cash outflow to recover first ore is estimated at A\$25M. One of the first priorities underground is to establish a drill position to target further extensions along strike and at depth as geologically mineralisation is open under all three open cut pits. The Company's cash and bullion position at the end of the previous quarter was A\$80.0M.



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The Company is well placed to execute this development:

- Most major equipment required for the underground has been purchased and is currently undergoing refurbishment.
- Recruitment of experienced underground operators and support crew has commenced.

Alkane has a wider regional development strategy for the Tomingley and Peak Hill area with an extensive exploration program continuing over the remainder of the year.

Open cut operations will continue on day shift at Tomingley Gold Operations until early 2019 as exposed ore is removed from the base of the pits. Processing of medium grade stockpiles will continue until approximately April 2019 and then resume on underground ore. Guidance for FY19, the final year of open cut operations, remains unchanged from that detailed in the ASX announcement *Quarterly Activities Report to 30 June 2018 (25 July 2018)*, that is guidance for FY19 is production of 30,000 to 35,000 ounces of gold at an AISC of A\$1,300 to A\$1,400 per ounce.

The ore that will be mined was detailed in the ASX announcements *Tomingley Underground Resource, Reserve & Development (4 June 2018)* and *Tomingley Underground Resources & Reserves Supplementary Information (19 June 2018)* and totals 1.24Mt grading 2.7g/t gold for a resultant contained 108,000 ounces of gold.

The division of the material contained in the mine plan by resource classification was detailed in the previous announcements and is shown again below.

TOMINGLEY GOLD OPERATIONS UNDERGROUND PLANNED MINING MATERIAL (MAY 2018) @ 2.5 g/t CUT OFF									
Deposit	Measured		Indicated		Inferred		Total		Total Gold (koz)
	Tonnage	Grade	Tonnage	Grade	Tonnage	Grade	Tonnage	Grade	
	(kt)	(g/t Au)	(kt)	(g/t Au)	(kt)	(g/t Au)	(kt)	(g/t Au)	
Wyoming One			939	2.7	3	1.3	943	2.7	81
Caloma	65	2.6	17	2.6	12	2.3	94	2.5	8
Caloma Two			153	3.2	52	2	206	2.9	19
<b>Total</b>	<b>65</b>	<b>2.6</b>	<b>1109</b>	<b>2.8</b>	<b>67</b>	<b>2.0</b>	<b>1243</b>	<b>2.7</b>	<b>108</b>

Apparent arithmetic inconsistencies are due to rounding

The decision to include Inferred Resources in the mine plan was discussed in the previous announcements and is not the determining factor in the underground development viability. The Company confirms that all material assumptions underpinning the mine plan continue to apply and have not materially changed.

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## Competent Persons Statement

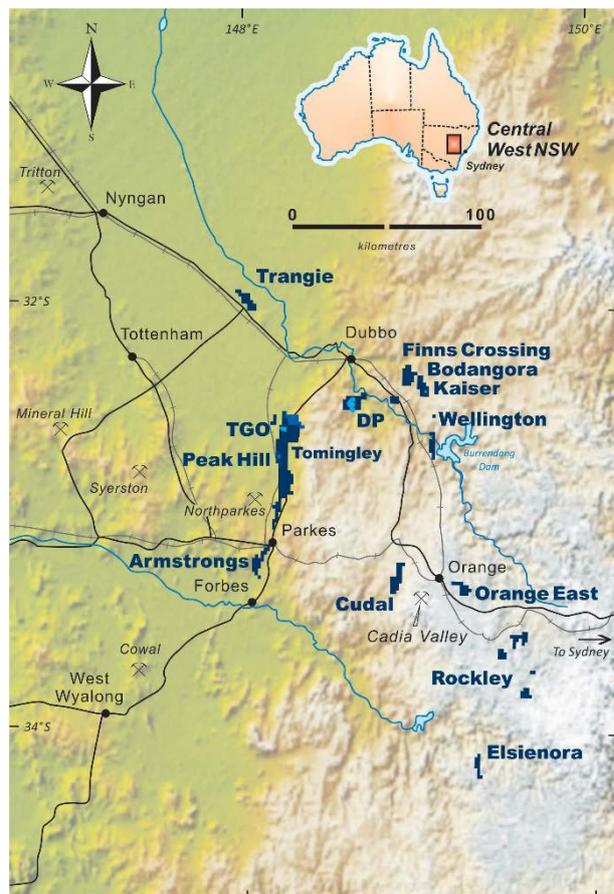
The information in this report that relates to exploration results, Mineral Resources and Ore Reserves, including the Production Target underpinning the mine plan, is based on information compiled by Mr D Ian Chalmers, FAusIMM, FAIG, (director of the Company) who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Chalmers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

**ABOUT ALKANE** - [www.alkane.com.au](http://www.alkane.com.au) - **ASX: ALK and OTCQX: ANLKY**

Alkane is a multi-commodity company focused in the Central West region of NSW, Australia. Currently Alkane has two advanced projects - the Tomingley Gold Operations (TGO) and the nearby Dubbo Project (DP). Tomingley commenced production early 2014. Cash flow from TGO has provided the funding to maintain the project development pipeline and has assisted with the pre-construction development of the DP.

The DP is a large in-ground resource of zirconium, hafnium, niobium, yttrium and rare earth elements. As it is an advanced poly-metallic project outside China, it is a potential strategic and independent supply of critical minerals for a range of sustainable technologies and future industries. It has a potential mine life of 75+ years. The DP is development ready, subject to financing, with the mineral deposit and surrounding land acquired and all major State and Federal approvals in place.

Alkane's most advanced gold copper exploration projects are at the 100% Alkane owned Bodangora, Wellington, Rockley and Elsenora prospects. Wellington has a small copper-gold deposit which can be expanded, while at Bodangora a large monzonite intrusive complex has been identified with porphyry style gold copper mineralisation. Gold and base metal mineralisation has been identified at Rockley and Elsenora.



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