

Alkane Resources Ltd

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Alkane Resources rides higher gold prices and lower costs at Tomingley

Alkane Resources (ASX:ALK) is riding higher gold prices and lower costs of production at Tomingley in New South Wales, lifting net profit by 90% to \$6.34 million for the half year to December 31, 2015 compared to the previous corresponding half year period.

This was struck on the back of revenue of \$55.4 million, principally generated by the group's Tomingley gold operations, located approximately 50 kilometres south-west of Dubbo in New South Wales, which generated a profit before tax of \$12.92 million (previously \$7.8 million).

Gold production for the half year was 35,136 ounces at an all in sustaining cost (AISC) of A\$1,270 per ounce.

The average sales price achieved for the period of A\$1,572 per ounce resulted in a strong margin of \$302 per ounce.

Alkane has provided production guidance of 60,000-70,000 at an AISC of between \$1,200 and \$1,300 per ounce for the year ending 30 June 2016.

Milling for the period was in line with design capacity of 1,000,000 tonnes per annum, at 529,979 tonnes, with material milled being predominately fresh ore. The reduction in milled tonnes from the prior comparative period reflects this transition to predominately fresh ore feed.

Gold recovery reduced from 94.9% to 92.1% in line with expectations, also a reflection of the transition to fresh ore feed.

The gold price has risen 22 per cent from the time U.S. rates were increased in December and 13 per cent since the beginning of 2016, a good sign for Alkane.

Meanwhile, Alkane's Dubbo Zirconia and rare earths Project (DZP) was granted its mining lease by the NSW Department of Industry Division of Resources and Energy on 18 December 2015 and the process to obtain the Environment Protection Licence is well advanced.

Early Contractor Involvement (ECI) has progressed with Outotec, with discussion on equipment, supply, technology application and construction methodology occurring in order to identify opportunities to improve overall project outcomes.

Further process development work on the hafnium and zirconium refining circuit was performed during the quarter improving understanding of the flowsheet.

The DZP remains the most advanced non-Chinese new development capable of supplying a full spectrum of rare earths elements and other specialty metals

Price: 0.57

Market Cap: \$288.48 m

1 Year Share Price Graph



December 2018 June 2019 December 20

Share Information

Code: ALK

Listing: ASX

52 week High Low
0.864134 0.17982

Sector: Gold & silver

Website: www.alkane.com.au

Company Synopsis:

Alkane Resources Ltd (ASX:ALK) is a gold production company with a multi-commodity exploration and development portfolio. Alkane's projects are predominantly in the Central West region of NSW, but extend throughout Australia.

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to growing market sectors.

The DZP is expected to have a mine life of over 70 years and has been described as "a long term project of global strategic significance" for Australia and for the local economy in Dubbo, central west NSW.

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