

Alkane Resources Ltd

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Alkane Resources is an award winning gold miner with a multi-commodity construction-ready project

Alkane Resources Ltd (ASX:ALK) has used its cash-generating Tomingley Gold Operation (TGO) in New South Wales to advance its Dubbo Project to a construction-ready stage.

The company's Tomingley Gold Operations (TGO) in central west New South Wales is based on four gold deposits.

Since opening in January 2014 the operation has been an open cut mine and the company is progressing plans to take the mine underground.

Cash flow from Tomingley has contributed to developing Alkane's \$1.3 billion Dubbo zirconium, rare earths, hafnium and niobium project.

The project is development and construction ready.

TGO on target for up to 80,000 ounces in FY2018

TGO is based on four gold deposits — Wyoming One, Wyoming Three, Caloma and Caloma Two and is 50 kilometres southwest of Dubbo in central West New South Wales.

The TGO produced 69,000 ounces of gold in FY17 despite severe rains affecting first-half production.

This resulted in FY17 revenue of \$117.3 million and profit before tax and non-recurring items of \$17.1 million.

FY18 production guidance was lifted in January 2018 to 70,000 to 80,000 ounces of gold at a reduced all-in sustaining cost (AISC) of \$1,000 to \$1,100 per ounce.

Extending the TGO underground

Alkane has confirmed that mineralisation continues below the Wyoming One open pit at the Tomingley Gold Operations (TGO) in New South Wales.

Diamond drilling has proved that gold systems continue 300 metres below the planned base of the existing pit.

The results to date add strength to the company's plans to mine underground at TGO.

READ: Alkane Resources drill results may extend open pit to underground

They will be incorporated into a resource model which will form the basis of an underground mining study.

Price: \$0.60

Market Cap: \$301.13 m

1 Year Share Price Graph



September 2018 March 2019 September 2019

Share Information

Code: ALK

Listing: ASX

52 week High Low
0.635 0.18

Sector: Mining

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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Mineralisation at these zones has a strike length of more than 300 metres and is open to the south.

Underground mining study expected in early 2018

In late 2017 results were received for the 23 hole core drilling program targeting the Hangingwall and Porphyry zones below the Wyoming One open pit.

The data is being incorporated into the resource model to form a basis for the underground mining study to be completed in the first half of 2018.

Regional exploration around Tomingley

A 50 hole air-core drill program totalling 3,430 metres together with two diamond tails for a further 602 metres has been completed.

To date prospects include El Paso where 11 metres at 2.82 g/t gold was intersected and McLeans South where 9 metres at 0.88 g/t gold was intersected.

Dubbo Project remains construction ready

The Dubbo Project also in central New South Wales remains construction ready with the mineral deposit and surrounding land wholly owned by Alkane.

All State and Federal approvals are in place and the project has an established flow sheet and a solid business case.

The project is a unique source of zirconium, hafnium, niobium, yttrium and rare earth elements.

Dubbo Project background

The Dubbo Project hosts the Toongi deposit which is a very large open pit resource of zirconium, hafnium, niobium, tantalum, yttrium and rare earth elements.

Over several years, Alkane has developed a flow sheet to recover all of these metals, except tantalum.

The flow sheet has been proved through a demonstration pilot plant since 2008 enabling optimisation of capital and operating costs, and supply of samples for product certification to end users.

A definitive feasibility study was completed in 2013 and a front end engineering design (FEED) in 2015.

The modularised build study output is being reviewed and incorporated into an updated project execution and financial model for release in early 2018.

Resource and Reserve statement supports start-up 20-year life

The 2017 total Mineral Resource for the project is 75.18 million tonnes at

1.89% zirconium oxide, 0.04% hafnium oxide, 0.44% neodymium oxide, 0.03% tantalum oxide and 0.88% total rare earth oxides including yttrium.

The 2017 total Ore Reserve for the project is 18.90 million tonnes at 1.85% zirconium oxide, 0.04% hafnium oxide, 0.44% neodymium oxide, 0.03% tantalum oxide and 0.87% total rare earth oxides including yttrium.

The primary differences from 2016 to 2017 statement are:

- Mineral Resources are 2.7% higher for the total, with Measured 19% higher. Metal grades are fundamentally the same;
- Proved Ore Reserves are 134% higher with metal grades similar; and
- Total Ore Reserves have been reduced 47% due to removal of the Probable Reserves — this reflects that the initial project site design and regulatory approvals, including appropriate waste storage facilities is for a start-up 20-year life.

A unique supply of Hafnium

Alkane developed a high-purity hafnium dioxide product that will have use in production of superalloys and aerospace alloys.

READ: Alkane Resources develops new process to produce hafnium

Subsidiary Australian Strategic Materials Ltd (ASM) produced hafnium oxide exceeding 99.8% using a unique proprietary process to separate hafnium from zirconium.

This will be marketable as a feed material for a number of downstream applications and for producing metallic hafnium.

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