

29 August 2017



Full Year Financial Results for the year ended 30 June 2017

Key Financial Highlights:

- Revenue \$117.8M, an increase of 7% on 2016.
- Net cash inflow from operations increased by 46.0% to \$54.75M.
- Cash and bullion on hand (at fair value) increased to \$44.9M.
- Profit before tax and non-recurring items from Tomingley Gold Operations of \$17.13M.
- An impairment of \$39.97M recorded during the year as a result of significant and prolonged impact of weather on operations and performance of the Tomingley Gold Operations, and revisions to the life of mine plan.
- After impairment, the Group's net loss for the period after tax was \$28.94M.
- Net investing outflows of \$40.69M includes \$7.90M to advance the Dubbo Project.
- Net assets of \$164.93M.

Business Highlights:

- Despite significant impact by rain events in the first half, production and costs at Tomingley Gold Operations (TGO) were within guidance after a second half recovery.
- FY18 production guidance 65,000 – 70,000 ounces at AISC of \$1,100 - \$1,200.
- Drilling programs in progress to support the initial underground mining potential at TGO and additional resource potential in the near mine area.
- Alkane's subsidiary, Australian Zirconia Ltd changed its name to Australian Strategic Materials Ltd (ASM) in December 2016 and the project name has been modified to the Dubbo Project to better reflect the polymetallic output of the planned operation.
- Dubbo Project advanced towards commencement of construction with the completion of a modular and staged construction concept. ASM has engaged Outotec to refine the existing engineering and design to provide bankable level costing for the processing section.
- Due diligence of Vietnam Rare Earth JSC, the owner of a rare earth separation facility, continued. As part of the extended due diligence, an initial twelve month toll treatment agreement was executed in June 2017 and two shipments of light rare earth concentrates

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acquired on market totalling 80 tonnes were processed to produce approximately 31 tonnes of separated cerium, lanthanum, praseodymium and neodymium oxides.

- An MOU signed during the year with the large international industrial group, Siemens AG for the supply of a number of metal products produced by the DP, and the procurement of equipment and systems from Siemens Solution Areas for the DP.
- An agreement signed with Minchem Ltd, a UK based technical ceramics marketing and manufacturing business, for exclusive worldwide marketing, sales and distribution for all zirconium materials produced by the DP.
- Mid-year Minchem had secured six non-binding letters of intent for the supply of zirconium chemicals that would account for about 60% of the stage 1 development of the 8,150 tpa of zirconia (ZrO₂) equivalent products, supporting about 15% of the anticipated project revenues
- The Company maintained a focussed multi commodity exploration program in the Central West of NSW which resulted in discovery of a prospective, large porphyry gold-copper system within the Northern Molong Porphyry Project.

ABOUT ALKANE - 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 the TGO has provided the funding to maintain the project development pipeline and will assist with the pre-construction development of the DP.

The NSW Planning Assessment Commission granted development approval for the DP on 28 May 2015 and on 24 August 2015 the Company received notification that the federal Department of the Environment gave its approval for the development. Mining Lease 1724 was granted on 18 December 2015 and the Environment Protection Licence was approved on 14 March 2016. Financing is in progress and this project should make Alkane a strategic and significant world producer of zirconium, hafnium and rare earth products with production targeted for 2019.

Alkane's most advanced gold copper exploration projects are at the 100% Alkane owned Bodangora, Wellington 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 Elsenora.

