



29 April 2020

Quarterly Activities Report to 31 March 2020

Alkane Resources Ltd (“Alkane” or “the Company”) is pleased to provide investors with its Q3FY20 Activities Report.

Tomingley Gold Operations

- Now producing steady state stoped ore from the underground.
- Gold production on forecast at 5,723 ounces.
- Site operating cash costs were A\$995/ounce with AISC of A\$1,346/ounce.
- Gold sales of 3,864 ounces for revenue of A\$8.2M at an average price of A\$2,126/ounce.
- Guidance for FY20 is unchanged at 30,000 to 35,000 ounces of gold at an AISC of A\$1,250 to A\$1,400 per ounce.
- The Company is expediting the move to mine development of the Roswell and San Antonio prospects.

Exploration

- Resource drilling continued at the Roswell and San Antonio prospects.
- Drilling completed at the San Antonio Deposit. Modelling (see ASX announcement 20 April 2020 for detail) demonstrates an Inferred Mineral Resource (using a 0.5g/t gold cut-off) of:
7.92 million tonnes grading 1.78g/t gold (453,000oz).
- Resources at Tomingley Gold Operations (TGO) and the exploration tenements to the immediate south including the San Antonio Deposit are now in excess of one million ounces.
- Results from the follow up core program (for five holes ~5,000m) at Boda were received during the quarter and included the spectacular KSDD007 (ASX announcement 23 March 2020):

KSDD007	1,167m @ 0.55g/t gold, 0.25% copper from 75 metres
incl	502m @ 1.00g/t gold, 0.45% copper from 768 metres
incl	376m @ 1.30g/t gold, 0.56% copper from 768 metres
incl	96.8m @ 3.97g/t gold, 1.52% copper from 768 metres

Corporate

- Cash, bullion and listed investments position totalled A\$81.9M.
- Shareholdings remained 13.0% of ASX listed gold developer Calidus Resources Ltd (ASX:CAI) and 15.0% of ASX listed gold developer Genesis Minerals Ltd (ASX:GMD) at end of March quarter.
- ALK has been granted permission by the ASX to change its ASX classification from a “mining exploration entity” to a “mining producing entity” as defined in Listing Rule 19.12. As a result, ALK is no longer lodging Appendix 5B Quarterly Cash Flow reports.

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- Alkane's OTCQX Listing (ANLKY) using American Depository Receipts (ADRs) has been terminated. Under the terms of the Deposit Agreement with the sponsor, BNY Mellon, shareholders have until 15 January 2021 to surrender their Alkane Resources ADRs for delivery of the underlying shares. Alkane shares continue to be quoted on OTCQX as ALKEF.

Dubbo Project

- Appointed Mr David Woodall as Managing Director of Australian Strategic Materials Limited (ASM), a wholly owned subsidiary of Alkane (ASX announcement 10 February 2020).
- Construction of the commercial scale pilot plant as part of the investment in Clean Metal Processing Technology with Ziron Tech of South Korea continued.
- Consultation with regulators regarding the demerger and listing of ASM, together with the key transaction documents is substantially completed.
- Alkane's Board remains committed to the demerger of ASM, but is reviewing the timing of the demerger on a month by month basis given the very turbulent market conditions.



TOMINGLEY GOLD OPERATIONS

Tomingley Gold Operations Pty Ltd 100%

Tomingley Gold Operations (TGO) is a wholly owned subsidiary of Alkane, located near the village of Tomingley, approximately 50km southwest of Dubbo in Central Western New South Wales. The gold processing plant was commissioned in January 2014 and has been operating at the design capacity of 1Mtpa since late May 2014. Mining is based on four gold deposits (Wyoming One, Wyoming Three, Caloma One and Caloma Two).

Operations

TGO continues to perform very well, successfully restarting the processing plant in February after pausing processing in late December for an extended maintenance shutdown period. TGO is now processing underground stope material with recovery performing as expected. Ore feed is supplemented by low grade stockpiles whenever capacity permits. TGO continues to maintain high vigilance around COVID-19 (see ASX announcement 30 March 2020 for detail).

A total of 5,723 ounces of gold was poured for the quarter. The site cash costs for the quarter were A\$995/oz with an all-in sustaining cost (AISC) of A\$1,346/oz. Guidance for FY20 remains unchanged at 30,000 to 35,000 ounces of gold at an AISC of A\$1,250 to A\$1,400 per ounce.

Gold sold for the quarter was 3,864 ounces at an average sales price of A\$2,126/oz, generating revenue of A\$8.2M. Bullion stocks were 1,868 ounces (fair value of A\$4.8M at quarter end).

Site operating cash flow¹ was A\$1.8M for the quarter.

Underground Mining Development

Underground development has continued on schedule with several areas set up for stoping. Development to date is shown in the figure below and the mining team continues to achieve excellent productivity. Surface drilling is occurring to test ore extensions of the planned underground below the Caloma Two open pit.

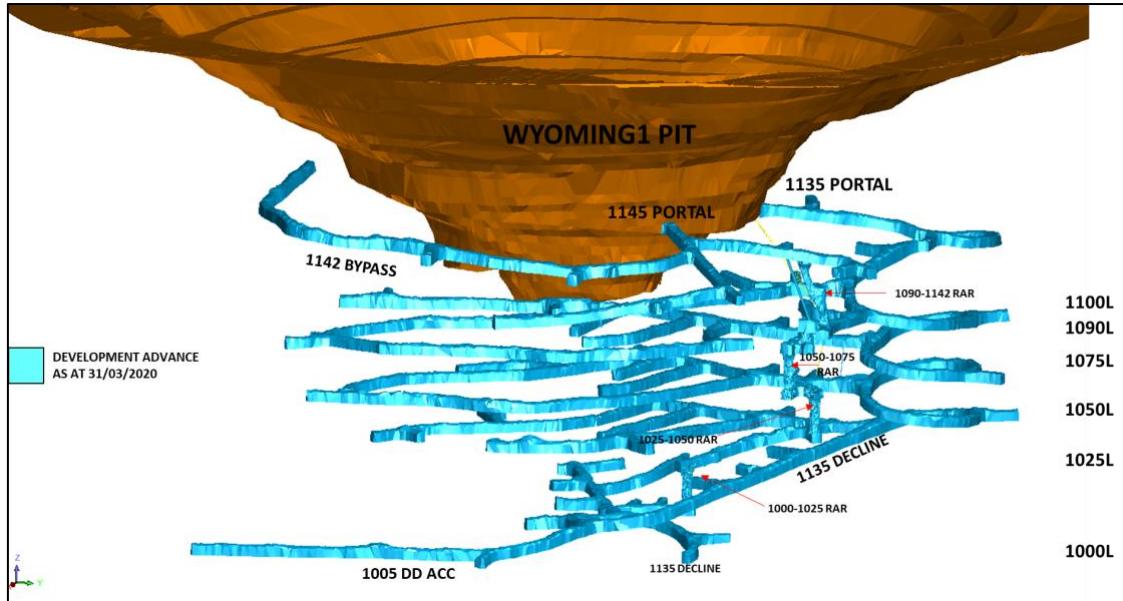
Tomingley Project Extension

The very encouraging results continuing from exploration and resource drilling to the immediate south of Tomingley, together with the initial resources for both the Roswell and San Antonio Deposits (see Regional Exploration below), have led the Company to take steps that could enable future mine development in that area.

Alkane has continued consultation with its key stakeholders, including landholders and regulators. The Company is waiting for approval to develop an exploration drive, and is currently preparing preliminary plans for both open-cut and underground mines beneath Roswell and San Antonio that will enable an economic assessment and subsequently seek approval for mining development both underground and open cut.



Tomingley Underground Development as at 31 March 2020



TGO FY 2020 Quarterly and Annual Production Figures

TGO Production		FY 2019	Sep Quarter 2019	Dec Quarter 2019	Mar Quarter 2020	FY 2020
Ore mined	Tonnes	400,187	26,392	50,612	107,060	184,064
Grade	g/t	1.68	1.73	2.36	1.94	2.03
Ore milled	Tonnes	998,703	289,282	231,493	113,699	634,474
Head grade	g/t	1.68	0.96	1.21	1.83	1.21
Recovery	%	91.7	87.4	88.3	85.6	87.3
Gold poured	Ounces	48,969	7,497	6,929	5,723	20,150
Revenue Summary						
Gold sold	Ounces	52,068	6,997	9,143	3,864	20,004
Average price realised	A\$/oz	1,777	2,151	2,084	2,126	2,115
Gold revenue	A\$M	92.5	15.0	19.1	8.2	42.3
Cost Summary						
Mining ₃	A\$/oz	254	31	44	520	174
Processing	A\$/oz	401	768	749	365	647
Site Support	A\$/oz	93	201	231	110	185
C1 Site Cash Cost	A\$/oz	749	1,000	1,024	995	1,007
Royalties	A\$/oz	49	47	38	48	44
Sustaining capital	A\$/oz	42	70	228	262	179
Rehabilitation	A\$/oz	52	30	26	14	24
Corporate	A\$/oz	55	122	125	28	96
AISC ₂	A\$/oz	947	1,268	1,441	1,346	1,350
Bullion on hand	Ounces	1,727	2,226	10	1,868	1,868
Stockpiles						
Ore for immediate milling	Tonnes	677,029	430,227	275,733	261,445	261,445
Grade	g/t	0.71	0.77	0.75	0.76	0.76
Contained gold	Ounces	15,368	10,583	6,655	6,370	6,370

¹Operating cashflow = As prescribed by AASB 107 Statement of Cashflows where exploration outflows and development outflows are grouped under investing cashflows.

²AISC = All in Sustaining Cost comprises all site operating costs, royalties, mine exploration, sustaining capex, mine development and an allocation of corporate costs, calculated on the basis of ounces produced. AISC does not include share based payments or net realisable value provision for ore inventory.



Regional Exploration

An extensive exploration program focused on the immediate area to the south of the TGO mine has continued as part of the plan to source additional ore feed, either at surface or underground. During the quarter the program continued to focus on both increasing the drilling density within the Roswell and San Antonio prospects as well as testing strike extensions, with up to five drill rigs on site at any one time. Results were released in ASX Announcements 9 March 2020 and 9 April 2020.

An initial Inferred Resource at San Antonio was released on 20 April 2020. This Inferred Resource was calculated only on the San Antonio deposit with a nominal 40 metre drill hole spacing, strike length of ~1,100 metres to an average depth to 12mRL (approximately 250m below the ground surface). Some of the drill hole spacing used in the estimation is already infilled to 20 metres, however due to the complexity of the geology, the resource will be converted to Indicated status when the confidence through drilling the further areas of the resource to 20 metres spacing is completed:

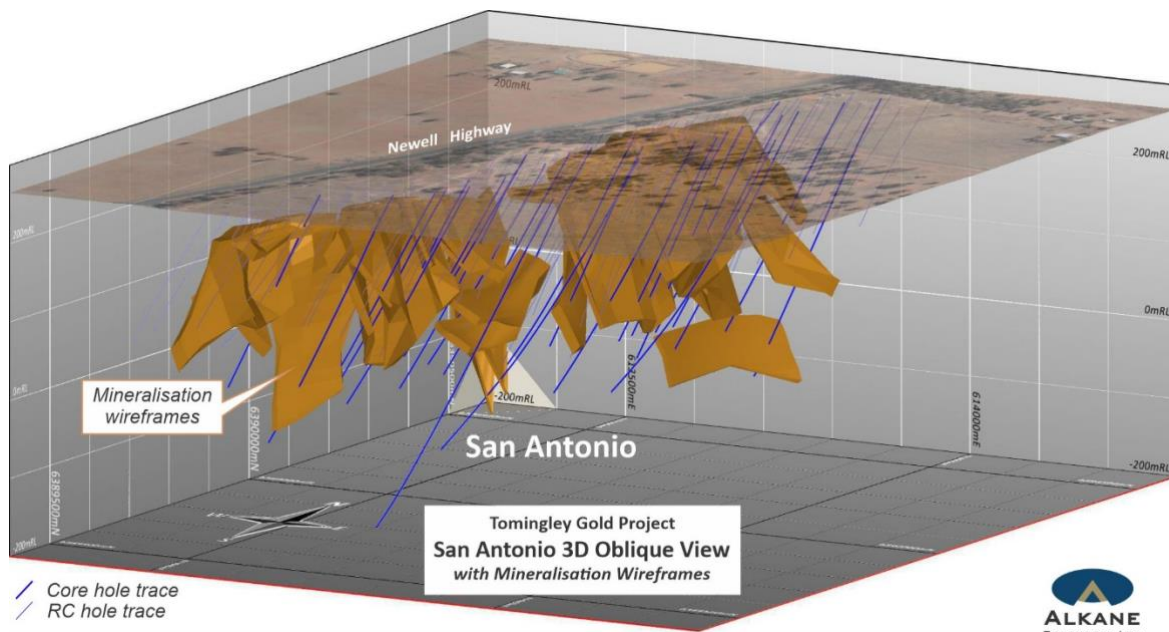
Mineral Resource

Project	Resource Category	Cut-Off	Tonnes (Mt)	Gold Grade g/t	Gold Metal (Koz)
San Antonio	Inferred	0.5g/t Au	7.92	1.78	453

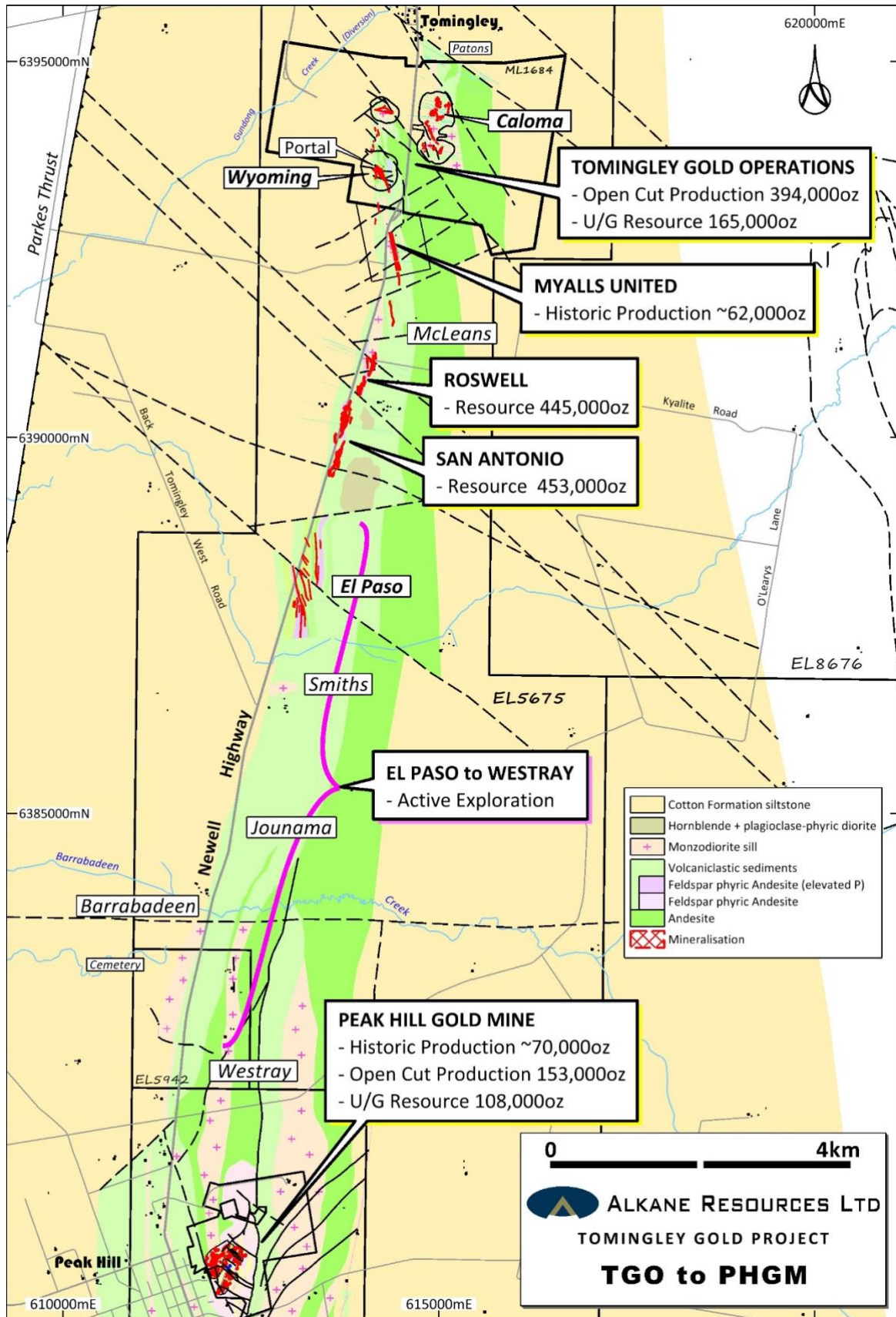
Full details are provided in the ASX Announcement of 20 April 2020

The Inferred Resource will be subject to further infill and extensional drilling with a view to defining the continuity of the mineralisation to the south, and in the high grade zones at depth. Drilling continues across the Roswell and San Antonio deposits, as well as further south around El Paso.

A 3D model of the San Antonio mineralisation is displayed below.



With the addition of the Inferred Resource at San Antonio the Resources at TGO and the exploration tenements to the immediate south of the mine down to Peak Hill are now in excess of 1 million ounces of contained gold.



Peak Hill Gold Mine (PHGM)

The results of the metallurgical testwork program using the recent fresh core samples were received during the quarter. The flotation test results improved from the initial 1999 test work conducted by Alkane on similar samples, giving a concentrate containing >95% of the gold in just 35 – 40% of the mass



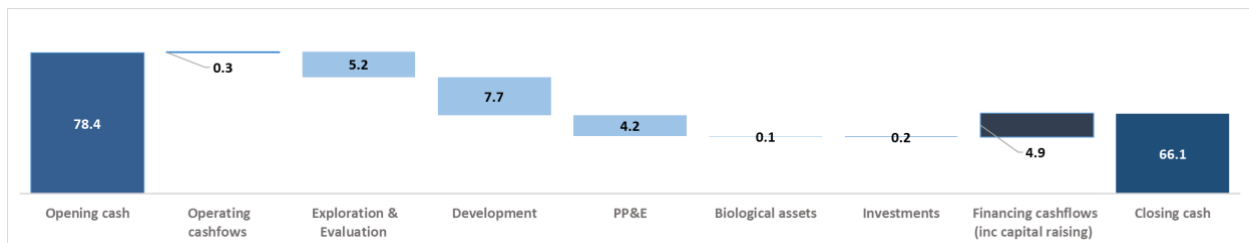
(versus ~50% in 1999). The concentrate samples are still refractory in nature and not amenable to standard cyanide leaching. Different leaching options will now be tested.

CORPORATE

Cash, Bullion and Listed Investments

Description	Mar-20 Quarter A\$M	Dec-19 Quarter A\$M
Cash	66.1	78.4
Bullion	4.8	0.0
Cash and bullion sub-total	70.9	78.4
Listed investments	11.0	13.2
Total cash, bullion and listed investments	81.9	91.7

The below waterfall chart highlights the quarterly movement in cash held (excludes bullion and investments held at the beginning and end of the period):



Operating cashflow reflect lower production from Tomingley which paused production in late December and restarted in mid-February to undergo planned major maintenance. Exploration expenditure focus was on the Bodangora project and San Antonio/Roswell deposits. The financing cashflows relate to the receipt of funds for the placement of shares to Abbotsleigh (an entity related to the Chairman of Alkane Mr Ian Gandel) that was approved by shareholders in January 2020.

In accordance with its strategy of investing part of its cash balance in junior gold mining companies and projects that meet its investment criteria, namely potential investments that have high exploration potential and/or require near term development funding, the Company continues to hold its investment in gold exploration and development companies Calidus Resources Ltd (ASX:CAI) and Genesis Minerals Ltd (ASX:GMD).

The Company continues to evaluate other opportunities for investment.

Gold Forward Sale Contracts & Puts

At the end of the quarter the Company holds the following forward sale contracts;

Quarter	Average Forward Price A\$/oz	Delivery Ounces
June 2020	1,836	4,340
September 2020	1,797	5,880
December 2020	1,847	5,640
March 2021	1,877	5,500
June 2021	1,748	750
Total	1,836	22,110



The Company also holds 18,000 oz of put options priced at A\$1,800/oz to manage expected revenue from longer dated gold deliveries.

Change in ASX Classification

ALK has been granted permission by the ASX to change its ASX classification from a “mining exploration entity” to a “mining producing entity” as defined in Listing Rule 19.12. As a result, ALK is no longer lodging Appendix 5B Quarterly Cash Flow reports and financial data will be reported six monthly.

OTCQX Listing

A decision was made, late in 2019, that the costs of maintaining the American Depository Receipt program outweighed the benefit to all ALK shareholders. This decision was partly brought on by the program's sponsor, BNY Mellon, advising of changes to fees associated with the program, and the program was terminated on 13 January 2020.

Under the terms of the Deposit Agreement shareholders have until 15 January 2021 to surrender their Alkane Resources ADRs for delivery of the underlying shares. The process to do so was outlined in a circular from BNY Mellon to its ADR holders which entails shareholders exchanging their Alkane ADR's (ANLKY) for a direct holding in Alkane via fully paid ordinary shares quoted on the Australian Securities Exchange (ALK.ASX). Any shareholders who were not sent this circular should contact BNY Mellon of Alkane at info@alkane.com.au.

Alkane shares continue to be quoted on OTCQX as ALKEF.

DUBBO PROJECT – zirconium, hafnium, niobium, yttrium, rare earth elements

Australian Strategic Materials Ltd (ASM) 100%

The Dubbo Project (DP) remains construction ready, with the mineral deposit and surrounding land wholly owned, all material State and Federal approvals in place, an established flowsheet and a solid business case.

ASM Appoints Managing Director

On 10 February 2020, experienced senior mining executive Mr David Woodall was appointed as Managing Director of Australian Strategic Materials Limited (ASM) – a wholly owned subsidiary of Alkane (ASX announcement 10 February 2020). Mr Woodall will be responsible for operations, marketing, product development and external relations of ASM. He will also oversee ASM's joint venture with South Korea's Zirconium Technology Corporation (Ziron Tech), as well as the operation of Toongi Pastoral Company.

Product Development

Progress continued during the quarter with the construction and installation of equipment for the clean metals pilot plant in Daejeon, South Korea. The project has experienced minor disruptions due to the Covid-19 virus with the pilot plant now due for completion by the end of the current quarter. ASM's representative visited South Korea during February to oversee and assist with pilot plant progress, as well as other business development activities, before returning to Australia in March on one of the last direct flights. Other planned visits by ASM to South Korea during the quarter were postponed due to safety and government travel restrictions.

Commissioning of the pilot plant is scheduled for the second and third quarters of 2020, with the initial focus on the production high value zirconium and hafnium metals. ASM has received interest in both



potential future supply and partnership from a number of parties in South Korea and elsewhere. These parties are waiting on the successful pilot plant operation and production of metals. ASM believes the production of metals from this new green technology will be a catalyst for further discussions and development with potential strategic partners.

Product Marketing

Further positive engagement with Export Finance Australia (EFA), Australia's Export Credit Agency, occurred during the quarter, with confirmation that the EFA would be pleased to be part of the financing consortium in providing the required financial support for the development of the Dubbo Project (ASX announcement 5 March 2020). The Dubbo Project closely aligns to the recently announced initiative by the Australian Government to develop its "Critical Minerals" sector. EFA has provided a letter of support to strengthen ASM's ongoing discussions with potential strategic investors, other Government financiers and offtake parties for the Dubbo Project.

ASM hosted an overseas delegation from a leading Japanese zirconium materials producer early in the quarter, with successful visits to Dubbo and ASM's demonstration pilot plant at ANSTO, near Sydney. Follow up activities are now underway for further cooperation and development.

Impact of Covid-19

The unfortunate spread of the Covid-19 virus worldwide has highlighted weaknesses in supply chains for a multitude of products and services, including critical elements and materials. This includes supply disruptions due to the closure or restricted operation of companies due to health and safety concerns for workers, or supply of essential raw materials and chemicals. Older facilities with more employees are particularly vulnerable, compared to newer factories utilising greater levels of automation, and requiring less people. Closures or restrictions include ports and internal transport in countries, as well as shipping companies which have avoided some countries all together. In some instances, this has meant that shipping containers have not been returned to their port of origin, which has created shortages of containers at some ports. Overall this has led to significant increases in logistics times and costs as goods take significantly longer to be produced and delivered to customers. Government departments have also been affected as staff have become sick, or employees work from home during lockdowns, which have increased the times required for export licences and general administration.

China's dominance in the supply of zirconium chemicals and rare earth materials has highlighted the risk of relying too heavily on one country. China's zirconium chemicals industry has experienced extended plant closures as companies closed for Chinese New Year, but then delayed the restart of operations due to lockdowns associated with the virus. Most western companies typically hold 1-2 months of stock so reduced output and availability, plus longer delivery times has created a shortage of materials, with some companies close to running out.

Market Prices

Prices for zirconium and rare earths materials were generally flat or drifted lower during the quarter due to subdued demand from end users. Reduced demand for zircon resulted in lower prices, which has benefited zirconium producers. The exceptions are dysprosium and terbium, which are important magnet rare earth elements, where restricted supply of raw materials resulted in increased prices. Prices for hafnium and niobium remained stable.



Strategy

During the March quarter significant progress was made in respect of the planned demerger of ASM.

Dialogue with key regulators including the ATO, ASIC and the ASX in relation to the proposed transaction continued, with most details regarding aspects of the transaction structure, details around waivers and declarations being sought and various taxation matters largely resolved. This work is ongoing and ready to rapidly finalise.

Alkane's Board remains committed to the demerger of ASM, but is reviewing the timing of the demerger on a month by month basis given the very turbulent market conditions. Internally within Alkane ASM is being treated as a separate entity managed by Mr Woodall as much as possible, with allocated budget and resources. The Board will consider the transaction status and market conditions at its May Board meeting; however, management is currently working towards a timetable that would see ASM listed in the third quarter of 2020. Execution of this timetable is dependent upon receipt of final regulatory approvals and waivers and final board approval.

NORTHERN MOLONG PORPHYRY PROJECT (NMPP) (gold-copper)

Alkane Resources Ltd 100%

As advised in ASX Announcement 9 September 2019, substantial porphyry style gold-copper mineralisation was intersected in the diamond core hole KSDD003 (507m @ 0.48g/t Au and 0.20% Cu from 211 metres) at the Boda prospect within the NMPP.

Most of the results from the follow up diamond core program of five holes (~5,000m) were received during the quarter (see ASX announcements of 13 February 2020, 23 March 2020 and 22 April 2020 for details). These included:

- KSDD005 689m grading 0.46g/t gold, 0.19% copper from 402m
 - incl 312m grading 0.70g/t gold, 0.19% copper from 402m
 - incl 119m grading 1.47g/t gold, 0.29% copper from 463m
 - incl 10m grading 3.77g/t gold, 0.63% copper from 464m
 - incl 12m grading 4.38g/t gold, 0.75% copper from 564m
- KSDD006 267m grading 0.29g/t gold from 268m
 - and 341m grading 0.20g/t gold, 0.21% copper from 607m
 - incl 14m grading 0.56g/t gold, 0.54% copper from 887m
- KSDD007 1167m grading 0.55g/t gold, 0.25% copper from 75m
 - incl 512m grading 1.00g/t gold, 0.44% copper from 688m
 - incl 376m grading 1.30g/t gold, 0.56% copper from 768m
 - incl 96.8m grading 3.97g/t gold, 1.52% copper from 768m
- KSDD008 965.7m grading 0.21g/t gold, 0.11% copper from 7.3m
 - incl 8.0m grading 0.50g/t gold, 0.37% copper from 194m
 - also 13.3m grading 0.54g/t gold, 0.29% copper from 243.7m
 - also 153.0m grading 0.40g/t gold, 0.13% copper from 480m
 - incl 29.0m grading 0.99g/t gold, 0.22% copper from 548m
 - also 122.0m grading 0.24g/t gold, 0.19% copper from 851m

Results from the final hole of this program, KSDD009, are expected to be received and reported in May 2020.



Alkane expects to provide an interpreted summary of the program by the end of June 2020. This will include the results of the recently completed IP survey as well as the budget and schedule of the follow-on drill program.

GLEN ISLA (gold)

Alkane Resources Ltd 100%

Interpretation of the Induced Polarisation (IP) survey is continuing in order to provide drill targets.

ELSIENORA (gold)

Alkane Resources Ltd 100%

The aeromagnetic data is continuing to be interpreted to assist with further drill targeting.

WELLINGTON (copper-gold); CUDAL (gold-zinc); ROCKLEY PROJECT (gold); TRANGIE (nickel-copper +); ARMSTRONGS (gold); MT CONQUEROR (gold)

Alkane Resources Ltd 100%.

Prospect activities were limited to data compilation and review, or preparation for field activities.

LEINSTER REGION JOINT VENTURE (nickel-gold)

*Alkane Resources Ltd 19.4% diluting, Australian Nickel Investments Pty Ltd (ANI) 79.6%. Two prospects - **Miranda** and **McDonough Lookout**.*

ANI has not advised of any exploration activities during the quarter.



Competent Person

Unless otherwise advised above or in the Announcements referenced, the information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr D I 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.

Previously Reported Information

The information in this report that references previously reported exploration results and exploration targets is extracted from the Company's ASX market announcements released on the date noted in the body of the text where that reference appears. The previous market announcements are available to view on the Company's website or on the ASX website (www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Disclaimer

This report contains certain forward looking statements and forecasts, including possible or assumed reserves and resources, production levels and rates, costs, prices, future performance or potential growth of Alkane Resources Ltd, industry growth or other trend projections. Such statements are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors which are beyond the control of Alkane Resources Ltd. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. Nothing in this report should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities.

This document has been prepared in accordance with the requirements of Australian securities laws, which may differ from the requirements of United States and other country securities laws. Unless otherwise indicated, all ore reserve and mineral resource estimates included or incorporated by reference in this document have been, and will be, prepared in accordance with the JORC classification system of the Australasian Institute of Mining, and Metallurgy and Australian Institute of Geoscientists.

This document has been authorised for release to the market by Nic Earner, Managing Director.

ABOUT ALKANE - www.alkane.com.au - ASX: ALK

Alkane 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 through investments in other gold exploration and mining companies.

Alkane's gold production is from the Tomingley Gold Operations (TGO) which has been operating since early 2014 and it's most advanced gold exploration projects are in the 100% Alkane owned tenement area between TGO and Peak Hill and have the potential for sourcing additional ore for TGO.

Alkane has other 100% owned exploration tenements in the Central West NSW prospective for gold and copper. The recently announced significant porphyry gold-copper mineralisation intersected at Boda is an example of this potential.

Alkane's largest non-gold project is the Dubbo Project (DP), a large in-ground resource of zirconium, hafnium, niobium, yttrium and rare earth elements. As it is an advanced polymetallic project outside China, it is a potential strategic and independent supply of critical minerals for a range of sustainable technologies and future industries. 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.

