

18 December 2015



Addendum to the Maiden Underground Ore Reserve Statement Tomingley Gold Operations Release 10 December 2015

TOMINGLEY GOLD OPERATIONS (TGO)

Alkane 100%

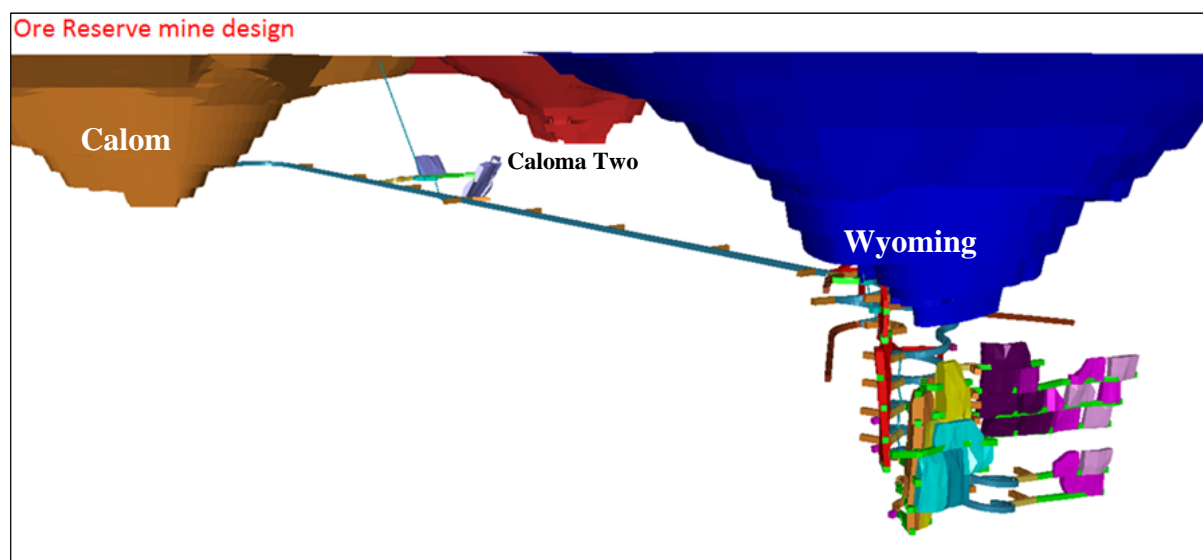
Further to the ASX Announcement of 10 December additional text has been supplied to supplement the report for the underground Ore Reserve for the Tomingley Gold Operations. Refer to the original announcement for JORC Table 1.

Table 1 – Ore Reserve Summary

SOURCE	Tonnes (Kt)	Au (g/t)	Au (Koz)
Proven	223.9	4.0	29.0
Probable	300.5	3.4	32.6
TOTAL ORE RESERVE	524.4	3.7	61.6

**apparent arithmetic inconsistencies are due to rounding*

As part of the pre-feasibility study which resulted in this Ore Reserve, a mining options study was undertaken to assess the most technically and financially viable mining methods. Six options were investigated with ore being accessed from some or all of the known deposits with decline portals in the Wyoming Three and/or Caloma open pits. The option chosen accesses ore within the Wyoming One and Caloma Two deposits from a portal in the Caloma open pit.



Tomingley Gold Operations Underground Design (Reserves)

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The mining assessment demonstrated that a combination of long-hole open stoping and Avoca type stoping was the most viable option for an underground operation. The mining method was selected for each area after consideration of geotechnical constraints, ore width, cost and financial benefit of each method, number and location of accesses, and speed / timing of ore extraction.

Development will be undertaken by conventional and well understood drill and blast excavation techniques that are common in Australian underground metalliferous mines. All stoping will be done by conventional long-hole drill and blast. No set dilution factors were used however stopes were designed with a minimum mining width of 3.5m and as diluted stope shapes with a minimum of 0.5m of dilution material on both the hangingwall and footwall. Mining Recovery for all stopes was assumed to be 95%.

The underground mine was assessed as an owner operator mining operation utilizing well maintained, low hour second hand equipment which would be maintained by staff maintenance personnel.

To enable mine development and stope designs, an initial financial analysis was undertaken using available site processing and administration cost information and benchmarked mining costs from similar sized Australian underground mines to determine the correct cut-off grades to use for the study. This determined that the stoping and development cut-off grades were 2.5 g/t Au and 1.0 g/t Au respectively. A breakdown of the ore reserve material into stope derived and development ore is shown in Table 2.

Table 2 – Ore Reserve Detail

SOURCE	Tonnes (Kt)	Au (g/t)	Au (Koz)
Proven			
Development	36.9	4.1	4.9
Stoping	187.0	4.0	24.1
Sub-total Proven	223.9	4.0	29.0
Probable			
Development	52.0	3.1	5.2
Stoping	248.5	3.4	27.4
Sub-Total Probable	300.5	3.4	32.6
TOTAL ORE RESERVE	524.4	3.7	61.6

*apparent arithmetic inconsistencies are due to rounding

The mining assessment indicates that ore production would commence nine months after the start of development and continue for 33 months (2.75 years). During this production period it is anticipated that the higher grade underground ore would be blended with stockpiled low grade ore from the open pits and used to supplement open pit mill feed to maintain a consistent ore throughput and feed grade, thus extending the life of the Tomingley operations.

Total capital requirements for the life of the underground operation are estimated at \$36.6M and total site operating costs are estimated at \$725.50/oz (C1).

The underground ore reserve lies wholly within the Mineral Resource estimates (Table 3) which were subject of an announcement to the ASX on 21 September 2015 and are in addition to the open pit reserves (Table 4) which were subject of the same announcement. The reserves lie within the Tomingley Gold Mine which is operated by Tomingley Gold Operations Pty Ltd, a wholly owned subsidiary of Alkane Resources Ltd. The Tomingley Gold Mine has produced 111,234 ounces of gold since commencement of production in February 2014 to 30 September 2015. The processing operation utilizes a conventional



two stage crushing and grinding circuit, and gravity/CIL recovery circuit. The processing plant has met all design criteria estimated in the Feasibility Study which was published in 2011 and maintains an average gold recovery of 91.5% from fresh rock. Being an existing operation no additional infrastructure, other than underground development, is required and all government and mining approvals are in place subject only to confirmation of variations recently lodged with DRE for the development of the Caloma Two open cut and the underground portal in Caloma.

Table 3 – Mineral Resources as at 30 June 2015

TOMINGLEY GOLD PROJECT MINERAL RESOURCES (30 June 2015)									
DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		Total Gold (Koz)
	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	
Open Pittable Resources (cut off 0.50g/t Au)									
Wyoming One	2,171	1.7	442	1.5	735	1.1	3,348	1.5	167
Wyoming Three	206	1.7	122	1.7	2	1.1	330	1.7	18
Caloma	2,163	1.8	582	1.7	2,008	1.5	4,753	1.7	254
Caloma Two	-	-	1,085	2.4	704	1.3	1,789	2.0	112
Sub Total	4,540	1.8	2,231	2.0	3,450	1.4	10,220	1.7	551
Underground Resources (cut off 2.50g/t Au)									
Wyoming One	168	4.8	205	4.4	361	4.2	735	4.4	104
Wyoming Three	12	3.6	20	4.5	25	3.3	57	3.8	7
Caloma	0	3.1	4	2.9	81	3.2	84	3.2	9
Caloma Two	-	-	92	3.5	63	3.2	155	3.3	17
Sub Total	180	4.7	321	4.1	530	3.9	1,031	4.1	136
TOTAL	4,720	1.9	2,552	2.3	3,979	1.7	11,251	1.9	687

*apparent arithmetic inconsistencies are due to rounding

The full methodology for the estimation and classification of the Mineral Resources was the subject of ASX releases dated 29 March 2012 and 12 November 2013. The Mineral Resources were estimated using inverse distance squared grade interpolation and the resource classifications are based on kriging variance.

Table 4 – Open Pit Ore Reserves as at 30 June 2015

TOMINGLEY GOLD PROJECT OPEN PIT ORE RESERVES (30 June 2015)							
DEPOSIT	PROVED		PROBABLE		TOTAL		Total Gold (Koz)
	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	
Wyoming One	1,665	1.6	202	1.3	1,867	1.5	94
Wyoming Three	173	1.6	5	1.4	178	1.5	9
Caloma	1,247	1.9	72	1.5	1,319	1.8	80
Caloma Cut Back	222	1.5	66	1.4	288	1.4	14
Caloma Two	-	-	243	3.5	243	3.5	27
							-
Stockpiles	468	0.8	-	-	468	0.8	12
TOTAL	3,775	1.6	588	2.2	4,363	1.6	235

*apparent arithmetic inconsistencies are due to rounding

The reserve assessment is conservative in that all inferred resource material included in stope designs was set to zero grade prior to undertaking the financial assessment. Accordingly, as part of the options study, an underground design was also completed using the entire mining inventory (measured, indicated and inferred resource categories). This design economically extracts an additional 47.7Koz of gold from similar development. Although this additional material cannot be included in a reserve, it should be noted that the current open pit operations have been converting around 100% of inferred resource ounces to mined reserves in the Caloma open pit and some 41% additional ounces were mined from the Wyoming Three open pit compared to the resource block model.



The geological controls to mineralisation at Tomingley are well understood and it is anticipated that further drilling from underground developments will continue to expand the potential resource base. The design used for this reserve estimate extracts ore from Wyoming One over a vertical extent of 180 metres between the +80m RL (15 metres below the designed open pit) and the -100m RL. The study highlights the potential of the Tomingley gold deposits to sustain a long term underground mining operation.

TGO Site layout June 2015



Competent Persons

The Information in this report relating to Ore Reserves is based on work undertaken by Mr Michael Leak and supervised by Mr Sean Buxton, both of whom are Members of the Australasian Institute of Mining and Metallurgy and was previously released to the market on 10 December 2015. That report was compiled by Mr Michael Leak who is a casual employee of Tomingley Gold Operations Pty Ltd. Mr Sean Buxton and Mr Michael Leak both have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Sean Buxton and Mr Michael Leak consented to the inclusion in that report of the matters based on their information in the form and context in which it appears.



The information in this report that relates to the Mineral Resource estimates is based on, and fairly represents, information which has been compiled by Mr Terry Ransted, who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of Alkane Resources Ltd. Mr Ransted has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken 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 Ransted consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

Disclaimer

This report may contain certain forward looking statements and forecasts, including possible or assume, 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 Geosciences.

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 Zirconia Project (DZP). Tomingley commenced production early 2014. Cash flow from the TGO has provided the funding to maintain the project development pipeline and assist with the pre-construction development of the DZP.

The DZP Environmental Impact Statement has been completed and development consent granted by the Planning Assessment Commission. Financing is in progress and this project will make Alkane a strategic and significant world producer of zirconium products, hafnium and rare earths when it commences production in 2017.

Alkane's most advanced gold copper exploration projects are at the 100% Alkane owned Wellington and Bodangora prospects, and Elsiehora farm-in. Wellington has a small copper-gold deposit which can be expanded, while at Bodangora a large 12km² monzonite intrusive complex has been identified with porphyry style gold copper mineralisation. Encouraging gold mineralisation was recently drilled at Elsiehora.

