

17 February 2014



## Clarification of previous announcement dated 29 January 2013 Quarterly Report 31 December 2013

### **TOMINGLEY GOLD PROJECT (TGP) – Tomingley Gold Operations Pty Ltd (TGO) 100%**

The TGP is based upon three deposits, Wyoming One, Wyoming Three and Caloma which will be initially mined by conventional open pit with gold bullion recovery from processing of one million tonnes per annum of ore through the constructed CIL treatment plant. An underground operation based on the Wyoming One deposit is scheduled to commence at year 5 of the initial 7.5 year base case life. The underground ore would be blended with stockpiled low grade ore to provide a consistent throughput and head grade.

The 31 December 2013 Quarterly Report released to the ASX on 29 January 2014 referred to operational targets for the Tomingley Gold Project. Alkane wishes to clarify, pursuant to section 5.19 of the Listing Rules, that the anticipated gold production ounces and cash costs were based on the Definitive Feasibility Study results released on 13 December 2010 and subsequent updates of 1 August 2012 and 11 February 2013.

It should also be noted that pursuant to Listing Rules 5.16 and 5.17 Alkane advises that as documented in the ASX release of 13 December 2010, the TGP production target includes an in-pit inventory that comprises Measured, Indicated and Inferred Resources and an underground inventory of Measured, Indicated and Inferred Resources. Of the total inventory of 464,330 ounces, 83,490 ounces (18%) were defined within the Inferred category.

It must be advised that there can be a low level of geological confidence associated with inferred mineral resources and there is no certainty that further development work will result in the determination of additional indicated mineral resources or that the production target itself will be realised.

As with most gold operations, in-pit inferred resources are converted to ore reserves through grade control drilling and sampling during mining operations. The underground inferred resources within the current mining model will also be converted to reserves during the development of and drilling from the decline access in the Wyoming One open pit.

### **Base Case Life of Mine 7.5 years Supporting Data**

#### **TGP Mineral Resources as at 31 December 2013**

DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		Gold (k oz)
	Tonnage (Mt)	Grade (g/t)	Tonnage (Mt)	Grade (g/t)	Tonnage (Mt)	Grade (g/t)	Tonnage (Mt)	Grade (g/t)	
Wyoming One	2.32	2.2	0.89	2.2	3.12	1.7	6.32	1.9	392.4
Wyoming Three	0.64	2.0	0.06	2.0	0.10	1.3	0.81	1.9	49.9
Caloma	2.69	2.3	0.57	2.1	2.19	1.9	5.45	2.1	369.4
Caloma Two			1.0	2.4	0.7	1.4	1.70	2.0	109.3
<b>Total</b>	<b>5.65</b>	<b>2.2</b>	<b>2.52</b>	<b>2.25</b>	<b>6.11</b>	<b>1.73</b>	<b>14.29</b>	<b>2.0</b>	<b>921.0</b>

*Details supplied in ASX Announcement 12 November 2013*

Multiple pit optimisations have been run over the last few years to take into account changing cost structures and the gold price, however the 2010 base case remained the optimum pre-development. A gold price of A\$1,350 per ounce has been used for current economic assessments.

The development of the Open Pit Inventory involved the application of a dilution skin and minimum mining width to the resource model, contract mining costs, application of geotechnical parameters and the incorporation of practical mining parameters on the mine design.

Open pit ore reserves were estimated from independent pit optimisations based only on Measured and Indicated Resources.

The current mine plan and schedule does not include the Caloma Two resource. This resource will be incorporated into the development as the operation proceeds.

### Summary of Open Pit Ore Inventory

DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		
	Tonnage (Mt)	Grade (g/t)	Tonnage (Mt)	Grade (g/t)	Tonnage (Mt)	Grade (g/t)	Tonnage (Mt)	Grade (g/t)	Gold (k oz)
Wyoming One	1.72	1.54	0.20	1.41	0.41	1.28	2.33	1.48	0.11
Wyoming Three	0.54	1.59	0.02	1.42	0.08	1.51	0.64	1.57	0.03
Caloma	2.92	2.04	0.24	1.84	0.69	1.22	3.86	1.88	0.23
<b>Total</b>	<b>5.18</b>	<b>1.83</b>	<b>0.46</b>	<b>1.64</b>	<b>1.18</b>	<b>1.26</b>	<b>6.83</b>	<b>1.71</b>	<b>0.38</b>

*Details supplied in ASX Announcement 10 December 2010. Numbers have been rounded.*

### Summary of Open Pit Ore Reserves

DEPOSIT	PROVED		PROBABLE		TOTAL		
	Tonnage (Mt)	Grade (g/t)	Tonnage (Mt)	Grade (g/t)	Tonnage (Mt)	Grade (g/t)	Ounces (k oz)
Wyoming One	1.70	1.6	0.20	1.3	1.90	1.6	0.09
Wyoming Three	0.50	1.6	0.00	0.0	0.50	1.6	0.03
Caloma	1.10	2.3	0.10	1.7	1.20	2.2	0.09
<b>Total</b>	<b>3.30</b>	<b>1.8</b>	<b>0.30</b>	<b>1.5</b>	<b>3.60</b>	<b>1.8</b>	<b>0.21</b>

*Details supplied in ASX Announcement 10 December 2010. Numbers have been rounded.*

### Underground Ore Inventory

A separate review identified total mineral resources of 1.16 Mt @ 3.99 g/t Au at a cut-off grade of 2.0 g/t below and peripheral to the planned Wyoming One pit. A conceptual mining plan of sub-level long hole open stoping extraction of the as modelled ore was developed for three well defined zones within the model, the '376', '831' (northern deposits) and 'Hangingwall' (southern deposits).

The mining inventory compiled was based on the stopes created using the dilution and mining recovery factors and were designed at a cut-off grade of 2.68 g/t based upon an A\$1,250 per ounce gold price with a dilution gold grade of 1.00 g/t and using the Measured and Indicated categories as well as the Inferred Mineral Resource. The underground ore inventory would be accessed via a decline through a portal close to the base of the pit.

## Summary of Wyoming One Underground Ore Inventory

Category	TONNES (,000s)	MINED GRADE (Au g/t)	OUNCES
<b>Measured and Indicated Resources</b>			
Development Ore	63.4	4.21	8,577
Stope Ore	340.2	3.96	43,301
<b>Sub Total</b>	<b>403.6</b>	<b>4.00</b>	<b>51,878</b>
<b>Inferred Resources</b>			
Development Ore	63.5	3.39	6,930
Stope Ore	212.2	4.14	28,221
<b>Total Inferred Resources</b>	<b>275.7</b>	<b>3.97</b>	<b>35,151</b>
<b>Mining Inventory</b>			
Development Ore	126.9	3.80	15,507
Stope Ore	552.3	4.03	71,522
<b>Total Mining Inventory</b>	<b>679.3</b>	<b>3.98</b>	<b>87,029</b>

*Details supplied in ASX Announcement 10 December 2010. Numbers have been rounded.*

All Project Resources and Reserves are subject to review which will be incorporated into the 30 June 2014 Annual Report statement.

### Operating Costs

Alkane has partnered with several large local and Australian suppliers for its equipment and consumables with pricing at levels that reflect the current “post boom” mining environment.

With the TGP situated close to the major population centres of Dubbo, Narromine and Parkes, the site is fully residential and carries none of the on-costs associated with FIFO sites. There are approximately 125 full time employees at the site.

Current operating cost estimates for the project have been derived directly from contract and vendor pricing through 2013, and include “dry hire” of the mining fleet operated by Alkane personnel.

### Summary of Life of Mine Operating Costs Estimates

LIFE OF MINE OPERATING COSTS	A\$/t (processed)	A\$/oz (recovered)
Mining	34.42	589
Processing and Maintenance costs	15.91	272
Other site costs	4.60	79
Royalties (@ A\$1,450/oz)	2.22	38
Sustaining capital and exploration	1.75	30
<b>TOTAL CASH COSTS</b>	<b>58.90</b>	<b>1,008</b>

### Summary of Life of Mine Production – Base Case 7.5 years

	Open Pit	Underground	Total
Ore Tonnes Mined (Mt)	5.84	0.68	6.52
Total Tonnes Mined (Mt)	50.97	0.88	51.84
Average Mined Grade (g/t)	1.73	3.98	1.96
<b>Total Gold Recovered (k oz)</b>	<b>300.5</b>	<b>80.5</b>	<b>381</b>

*Numbers have been rounded.*

### **Competent Person**

*Unless otherwise advised above, 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ian Chalmers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears*

### **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 Geosciences.*