

21 March 2014



## TOMINGLEY GOLD MINE OFFICIALLY OPEN

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

Alkane Resources' Tomingley gold mine was officially opened today by NSW Minister for Resources and Energy, Anthony Roberts MP.

The gold mine marked commencement of operations on 14 February 2014, when the first gold bar was poured following the successful commissioning of the stripping and elution circuit of the process plant. Gold production has continued and the core focus of activities has been maximisation of mining productivity, completion and optimisation of the process plant and overall production cost management. The operation is anticipated to achieve design capacity by the end of April.

Construction of Tomingley began after the mining lease was granted in February 2013, and was completed on time and within the total project budget of A\$116 million (including contingencies).

"Delivering Tomingley on time and on budget, funded without debt, is a reflection of Alkane's capabilities and with Tomingley now in production, surplus cash flows generated can be used to fund the Company's exploration/development projects and corporate expenses, and to assist with the financing program for the A\$1 billion Dubbo zirconia and rare earths project," Alkane Managing Director, Ian Chalmers, said.

Alkane, on behalf of Tomingley Gold Operations, has executed a gold hedge of 25,000 ounces at A\$1,449 for delivery on 16 May 2014 with Credit Suisse International, with physical gold to be delivered into the hedge or the contract to be rolled into a series of forwards depending upon the spot price at maturity.

### **Facts and Figures**

- Tomingley is based on three gold deposits (Wyoming One, Wyoming Three and Caloma) located 14 kilometres north of Alkane's inactive Peak Hill Gold Mine and approximately 50 kilometres south west of Dubbo

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- Tomingley has a base case life of 7.5 years, with production over that base case expected to total 350,000 to 400,000 ounces\*.
- Based on an average yearly production of 50,000 to 60,000 ounces and with average cash operating costs at A\$1,000 - \$1,100 per ounce, yearly cash-flow (EBITDA) will be around A\$20-25 million (at current gold prices)\*.
- The original feasibility for the project is based on three gold deposits but additional exploration at the Caloma Two deposit has added another 109,300 ounces of gold to the resource inventory, and further development of potential underground operations could extend the mine life to 10 years.
- Construction of Tomingley over the past year has provided around 250 jobs, with operations creating full time employment for 125 people



#### TGO Identified Mineral Resources

DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		
	Tonnage (Mt)	Grade (g/t)	Gold (koz)						
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>

ASX Announcements 17 February 2014 and 12 November 2013\*

\*ASX announcements 12 November 2013 and 17 February 2014 - the Company confirms that all material assumptions and technical parameters underpinning the Mineral Resources and estimated production target for the TGO and the forecast financial information as disclosed continue to apply and have not materially changed.

**ABOUT ALKANE - [www.alkane.com.au](http://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 is operating the Tomingley Gold Project (TGP) and owns the nearby Dubbo Zirconia Project (DZP), classified as state significant by the NSW Government Department of Planning and Infrastructure.

The DZP currently awaits planning approval which may allow construction to commence before the end 2014, leading to production in 2016. Development of the DZP would make Alkane a strategic and significant world producer of zirconium products and heavy rare earths.

The DZP is a world class resource and its construction and operation along with the Tomingley gold mine will create significant new employment in central west NSW.

Alkane's most advanced gold copper exploration projects are at the 100% Alkane owned Wellington and Bodangora prospects. Wellington has a small copper-gold deposit which has potential to be expanded, while at Bodangora a large 12km<sup>2</sup> monzonite intrusive complex has been identified with porphyry style copper-gold mineralisation.

#### ***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 2012 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.*

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