

30 March 2020



Operations Update

This is an update on the operations and finances of Alkane Resources Ltd (ASX: ALK), including the impact of the COVID-19 pandemic.

Alkane's priorities are to protect the health and safety of our people, contractors and the communities they live in, while ensuring the operational and financial integrity of our business.

Tomingley Gold Operations (TGO)

Since February, Alkane has been acting in response to information from State and Federal authorities and complying with recommended measures to combat COVID-19. These include heightened cleaning protocols, social distancing, stringent hygiene practices and health screening.

TGO is a predominantly residential operation; only personnel and contractors essential to the safe operation of the site are permitted. All non-essential travel has ceased.

At present, operations continue as forecast and TGO is expected to exceed the minimum guidance production of 30,000 ounces gold in FY20. There remains approximately 250,000 tonnes of low-grade ore stockpiles on the surface, in addition to the underground ore resource.

COVID-19 has the **potential** to interrupt operations if any of the following occur:

- Despite the extensive measures taken, sufficient employees test positive for COVID-19 such that the majority of any crew is unable to attend while they self-isolate;
- Despite increasing inventory from critical suppliers and continuing to liaise closely with them, their capacity to supply is reduced for similar reasons; and
- The NSW State Government introduces regulations that inhibit our suppliers or employees from attending beyond a skeleton crew.

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Regional Exploration

Boda

The drilling at Boda is complete. All core has been cut, logged and submitted for analysis. Results will be communicated as scheduled, provided that the laboratory continues to operate.

Roswell and San Antonio

The drilling required to calculate the San Antonio initial Inferred Resource is complete. Samples are with the laboratory and results are expected soon. Release of the San Antonio Inferred Resource is expected before Easter.

In-fill drilling continues with the drill crews residing locally and following appropriate hygiene, health screening and self-isolation protocols. Suspension of drilling would delay establishment of an Indicated Resource. However the Inferred Resource is likely to be sufficient to progress the state approvals for Roswell and San Antonio to the schedule previously communicated.

Finance

Alkane retains a strong balance sheet with cash, bullion and listed investments of \$91.7 million reported for the December quarter. The March quarter position will be provided in the March quarter activities report.

Alkane remains debt free with a hedge position unchanged from previous communication.

Should the business experience extended interruption, Alkane's forecast expenditure on exploration, development and the demerger may be curtailed.

Demerger of Australian Strategic Materials (ASM)

Alkane's board believes that the demerger of ASM carries strategic benefits for Alkane and ASM, and is monitoring the volatility of financial markets to determine the best timing for the demerger process (shareholder meeting and listing of ASM). The March quarter activities report will include an update on the demerger schedule. Work on document preparation, internal planning and resourcing and interaction with key regulators is advanced.

Alkane's Managing Director, Nic Earner, said 'This is a time of rapid change and uncertainty for our business and all of human society. We are working hard to protect the health of our staff and contractors and therefore the communities they live in, and to minimise the economic impacts of COVID-19. To date, the measures we have taken on site, together with the regulatory environment set by the State Government have allowed our operations to continue safely, without interruption. We stand ready to act swiftly and communicate with shareholders if circumstances change.'



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.

Previous Information

The information in this report that relates to exploration results is extracted from the Company's ASX announcements noted in the text of the announcement and are available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements and that the form and context in which the Competent Person's findings are presented have not been materially altered.

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 and OTCQX: ANLKY

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 its 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. It has a potential mine life of 75+ years. 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.

