

20 November 2019



Chairman's Address 2019 Annual General Meeting

Welcome to Alkane's AGM for 2019. It's been a special year for us, as we're celebrating our 50th anniversary of incorporation as an Australian company – which happened in May 1969. It seems very fitting that, in our golden anniversary year, we sharpened our focus on gold exploration, production and investment.

This enhanced gold strategy has been driven by the high price for Australian gold and our commitment to creating value for shareholders.

We've centred our gold activities around one of Alkane's key assets, the gold mine and processing facility at Tomingley. Many of our activities have centred around extending the production life of our gold mill.

At the Tomingley gold mine itself, operations transitioned from open cut to underground mining in the past year. The underground development, with now just under 3,000 metres of total lateral development completed including 1,000 metres in the main decline, spirals down below the Wyoming One open cut, and a small volume of ore has been extracted from underground and processed to confirm grade and recovery assumptions. We are pleased to report this underground development is progressing on schedule – perhaps even a little ahead of schedule – and on budget. Thanks must go to our new skilled underground development team, who have been performing exceptionally well, while keeping safety as a high priority.

In parallel, we ramped up our nearby regional gold exploration activities with the view to defining additional ore resources for processing at Tomingley. Earlier in the year, we identified an Exploration Target in the gold corridor between Tomingley and Peak Hill, and embarked upon a Resource definition drilling program at the three prospects of San Antonio, Roswell and El Paso. The results to-date have been extremely encouraging, suggesting there is a real potential for mine development in that area. The first inferred Resource model is expected to be released for Roswell in mid-December and for San Antonio next February.

At the same time, we are also exploring the potential for a small mining operation at Peak Hill Gold Mine, which we are re-evaluating using the latest metallurgical technologies.

We've also continued our gold exploration activities more broadly in Central Western NSW – most notably at our Northern Molong Porphyry Project about 35km east of Dubbo, where we have discovered significant porphyry style gold-copper mineralisation at the Boda Prospect. We've recently announced, and this week are embarking upon, a drilling program of five diamond cores to test this mineralisation, which appears to exhibit strong similarities with the Cadia Valley district.

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The third facet of our enhanced gold strategy is strategic investment in advanced junior gold mining companies and high-potential projects, where Alkane can contribute additional capital, expertise and operating capability. Following our investment last year in gold exploration company Calidus Resources, this year we've invested in ASX-listed Genesis Minerals. Genesis has two gold exploration projects showing promise in Western Australia.

With regard to non-gold activities, for the past year Alkane has continued to seek ways to develop the Dubbo Project, which is based on a large deposit of rare earths, niobium, zirconium and hafnium. In a global market where diversification of supply is becoming increasingly important, the Dubbo Project represents an alternative, sustainable and long-term reliable source of these materials, which are in escalating demand for a wide range of sustainable and emerging technologies.

The Dubbo Project is permitted and construction-ready, pending financing, and as has an established flow sheet and business case. We're closely monitoring the world environment, which continues to change.

A notable development in the past year was our significant investment in Zirconium Technology Corporation (Ziron Tech), a South Korean company, to fund the final stages of research and feasibility of a new metallisation technology. We believe this technology, which is both more environmentally sustainable and cost-effective than conventional processes, potentially represents the best processing route for converting Dubbo Project materials into highly marketable, high-purity metals. We are also exploring the feasibility of leveraging this metallisation technology along with our own proprietary oxide separation technology on a commercial scale.

I will add finally that, given the changing market environments, a demerger of Australian Strategic Materials, as the owner of the Dubbo Project, is under contemplation by the Board. A demerger would deliver shareholders a new technology metals company (ASM) with its own ore source (being the Dubbo Project) and, with appropriate funding, its own production facilities utilising developed and emerging intellectual property. The Board will provide an update for shareholders at an appropriate time and shareholders can expect to have the opportunity to vote on any transaction as part of implementation. Before this happens, it is important that we clear the structure with key regulators to ensure that shareholders and the Company are protected and moving forward on the right footing. This work is advancing at the moment.

Once again, I extend my thanks to the entire Alkane team, including our strategic partners and consultants, along with our many shareholders and stakeholders, for their ongoing support of Alkane.

Ian Gandel
Chairman



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.

