

1 AUGUST 2012



## STATE APPROVAL FOR TOMINGLEY GOLD PROJECT

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- Alkane Resources Ltd has received approval from the NSW Department of Planning and Infrastructure for the Tomingley Gold Project (TGP)
- The TGP is a new gold development planned to commence production in the second half of 2013 based on an 812,000 oz (12.6 Mt @ 2.0g/t) resource. Gold production is expected to be an average of 50 - 60,000 oz pa over the base case of 7.5 years although target life is 10+ years
- \$570m revenue is expected over the base case life of the mine providing an anticipated \$200m in cash flow (\$20-30M pa)
- The project has a recently revised estimated capital cost of A\$107M
- Detailed design for the process plant is well advanced and procurement of long lead time capital items, such as the ball mill and water supply, is already proceeding
- Operating costs are currently being updated and will be incorporated into the financial model
- The project financing facility mandate with Credit Suisse has been extended to 31 December 2012. This comprises a Project Loan Facility of up to A\$45 million and a Gold Hedging Facility of up to 163,000 ounces.
- Up to 350 jobs could be created from the project, comprising 200-250 in construction and 100 permanent jobs in mining operations

CONTACT : IAN CHALMERS, MANAGING DIRECTOR, ALKANE RESOURCES LTD, TEL +61 8 9227 5677  
INVESTORS : NATALIE CHAPMAN, CORPORATE COMMUNICATIONS MANAGER, TEL +61 418 642 556  
MEDIA : WESTBROOK COMMUNICATIONS, CONTACT: IAN WESTBROOK, TEL +61 2 9231 0922 OR +61 407 958 137

65 Burswood Road, Burswood WA 6100, AUSTRALIA (PO Box 4384, Victoria Park WA 6979, AUSTRALIA)

Telephone: +61 8 9227 5677 Facsimile: +61 8 9227 8178

[www.alkane.com.au](http://www.alkane.com.au) [mail@alkane.com.au](mailto:mail@alkane.com.au)

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## **TOMINGLEY GOLD PROJECT (TGP) - gold**

*Alkane Resources Ltd 100%*

The TGP is located in the Central West of New South Wales and is based on three gold deposits (Wyoming One, Wyoming Three and Caloma) located 14 kilometres north of the Company's Peak Hill Gold Mine (figures 1 and 2). Previously reported Identified Mineral Resources total approximately 812,000 ounces of gold (*ASX Report dated 29 March 2012*) and a Definitive Feasibility Study (DFS) was completed late 2010 (*ASX Report dated 13 December 2010*).

Approval for the TGP has been received from the NSW Department of Planning and Infrastructure. A number of operational and environmental management plans have been finalised or are being prepared and approval of the site Mining Lease from the Division of Resources and Energy is anticipated. This final step should enable construction work to commence.

The Project development consists of three open pit mines, Caloma, Wyoming One and Wyoming Three, to be followed in year 3 or 4 by an underground operation initially focused on the Wyoming One deposit. The mining rate will average 1.0 million tonnes per annum from the open cut operations and 0.25 million tonnes per annum from underground. The higher grade underground ore will be blended with low grade stockpiled open pit ore to maintain a processing rate of 1.0 million tonnes per annum through a conventional CIL gold recovery circuit, pending development of other potential resources.

This treatment rate would recover an average 50 - 60,000 ounces of gold a year for a minimum of seven and a half years. Longer term there is potential to expand the resources through development of the Caloma Two deposit and Caloma underground, and regional exploration.

As with the mining industry in general, both capital and operating costs have increased over the last two years and a recent review of the TGP has seen capital costs rise to A\$107 million (\$116 million with contingencies). At the end of the June Quarter \$9.37 million have been expended on development and capital costs, including \$2.11 million for EPCM expenditure

An update of operating costs is in progress and these will be incorporated into the financial model to ensure the Project maintains adequate returns.

The updated financial model will not initially include the revised resource potential from the Caloma open pit identified by recent RC drilling.

At current gold prices the TGP base case will generate revenue around A\$570 million with an anticipated EBITDA of A\$200 million.

Detailed design by the EPCM contractors, Mintrex Pty Ltd, is well advanced. Some off-site construction work could begin in September, assuming all approvals are in place, with the upgrade of primary and secondary road access and commencement of the water and power lines (figure 1). Some long-lead items such as the ball mill were ordered last year to minimise construction delays and it is planned to commence production by quarter four 2013.

Recently Alkane agreed to extend to 31 December 2012 the mandate to Credit Suisse to provide a project financing facility. This financing comprises a Project Loan Facility of up to A\$45 million and a Gold Hedging Facility of up to 163,000 ounces. Last year the Company entered into an initial 90,000 ounce gold forward sale that will underwrite a minimum price of approximately A\$1,600 per ounce for the first two and a half years of production from the Project.

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#### 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.

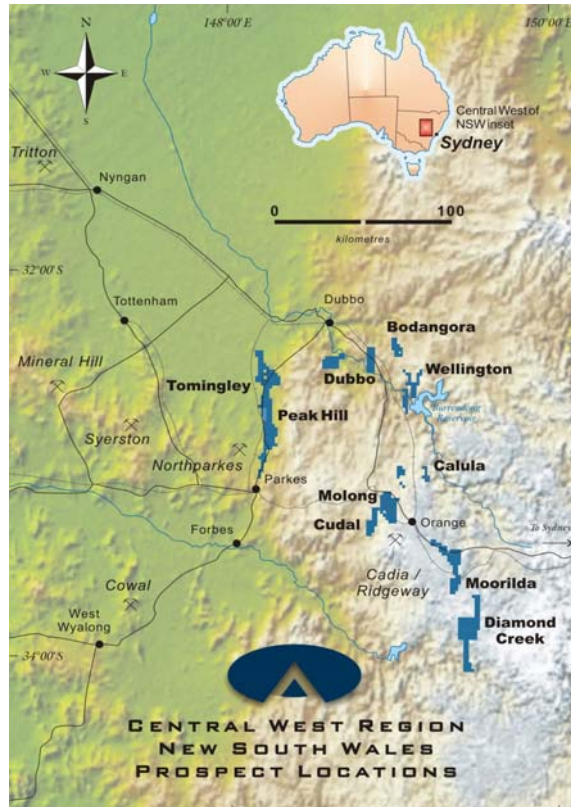
#### ABOUT ALKANE - [www.alkane.com.au](http://www.alkane.com.au) - ASX: ALK and OTCQX: ANLKY

Alkane's strategy is to be focused on a single geographic area, the central west of New South Wales in Australia, allowing it to apply its geological, exploration and mining expertise across multiple commodities to achieve a spread of risk and return.

Currently Alkane has two projects heading towards production in 2013/2015 - the Tomingley Gold Project (TGP) and the nearby Dubbo Zirconia Project (DZP). Tomingley is an 812,000 ounce gold resource with recently received project approval. Cash flow from the TGP will provide the funding to maintain the project development pipeline and to contribute to development of the DZP.

The DZP has a completed feasibility study giving it a net present value of A\$1.2 billion. This project will make Alkane a significant world producer of zirconium products and heavy rare earths. Both projects are wholly owned by Alkane while near Orange, Alkane is in a joint venture with Newmont Australia over a 3 million ounce gold resource at McPhillamys.

Alkane's most advanced gold copper exploration projects in the region are at the 100% Alkane owned Wellington and Bodangora prospects.



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## Mineral Resource and Ore Reserve Statement June 2012

### Dubbo Zirconia Project – Mineral Resources (2011)

Toongi Deposit	Tonnage (Mt)	ZrO <sub>2</sub> (%)	HfO <sub>2</sub> (%)	Nb <sub>2</sub> O <sub>5</sub> (%)	Ta <sub>2</sub> O <sub>5</sub> (%)	Y <sub>2</sub> O <sub>3</sub> (%)	REO (%)	U <sub>3</sub> O <sub>8</sub> (%)
Measured	35.70	1.96	0.04	0.46	0.03	0.14	0.75	0.014
Inferred	37.50	1.96	0.04	0.46	0.03	0.14	0.75	0.014
<b>TOTAL</b>	<b>73.20</b>	<b>1.96</b>	<b>0.04</b>	<b>0.46</b>	<b>0.03</b>	<b>0.14</b>	<b>0.75</b>	<b>0.014</b>

These Mineral Resources are based upon information compiled by Mr Terry Ransted MAusIMM (Alkane Chief Geologist) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology were given in the 2004 Annual Report.

### Dubbo Zirconia Project – Ore Reserves (2012)

Toongi Deposit	Tonnage (Mt)	ZrO <sub>2</sub> (%)	HfO <sub>2</sub> (%)	Nb <sub>2</sub> O <sub>5</sub> (%)	Ta <sub>2</sub> O <sub>5</sub> (%)	Y <sub>2</sub> O <sub>3</sub> (%)	REO (%)
Proved	8.07	1.91	0.04	0.46	0.03	0.14	0.75
Probable	27.86	1.93	0.04	0.46	0.03	0.14	0.74
<b>Total</b>	<b>35.93</b>	<b>1.93</b>	<b>0.04</b>	<b>0.46</b>	<b>0.03</b>	<b>0.14</b>	<b>0.74</b>

These Ore Reserves are based upon information compiled by Mr Terry Ransted MAusIMM (Alkane Chief Geologist) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The reserves were calculated at a 1.5% combined ZrO<sub>2</sub>+Nb<sub>2</sub>O<sub>5</sub>+Y<sub>2</sub>O<sub>3</sub>+REO cut off using costs and revenues defined in the notes in ASX Announcement of 16 November 2011. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Tomingley Gold Project – Mineral Resources (2012)

DEPOSIT Top Cut 2.5x2.5x5.0m model	MEASURED		INDICATED		INFERRED		TOTAL		Gold (koz)
	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	
Wyoming One	2,316,550	2.2	890,340	2.2	3,117,350	1.7	6,324,240	1.9	392.4
Wyoming Three	642,470	2.0	63,225	2.0	102,820	1.3	808,510	1.9	49.9
Caloma	2,690,530	2.3	567,860	2.1	2,194,490	1.9	5,452,870	2.1	369.4
<b>Total</b>	<b>5,649,550</b>	<b>2.2</b>	<b>1,521,420</b>	<b>2.1</b>	<b>5,414,660</b>	<b>1.8</b>	<b>12,585,630</b>	<b>2.0</b>	<b>811.7</b>

These Mineral Resources are based upon information compiled by Mr Richard Lewis FAusIMM (Lewis Mineral Resource Consulting Pty Ltd) who is a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Richard Lewis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology are given in the ASX Report dated 25 March 2009 and 2 October 2010, and this announcement.

### Tomingley Gold Project – Ore Reserves (2011)

DEPOSIT	PROVED		PROBABLE		TOTAL		Ounces (minable)
	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	
Wyoming One	1,700,000	1.6	200,000	1.3	1,900,000	1.6	94,500
Wyoming Three	500,000	1.6	0	0.0	500,000	1.6	28,100
Caloma	1,100,000	2.3	100,000	1.7	1,200,000	2.2	86,500
<b>Total</b>	<b>3,300,000</b>	<b>1.8</b>	<b>300,000</b>	<b>1.5</b>	<b>3,600,000</b>	<b>1.8</b>	<b>209,100</b>

These Ore Reserves are based upon information compiled under the guidance of Mr Dean Basile MAusIMM (Mining One Pty Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Reserves and Resources are estimated at an effective A\$1,540 per ounce gold price. Dean Basile consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. The Caloma reserves are based on the 2009 resources, not the updated resources.

### Peak Hill Gold Mine – Mineral Resources (2011)

DEPOSIT 0.5g/t gold cut off	MEASURED		INDICATED		INFERRED		TOTAL		k oz
	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	
Proprietary			9,440,000	1.35	1,830,000	0.98	11,270,000	1.29	467.4
3.0g/t gold cut off	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	k oz
Proprietary					810,000	4.40	810,000	4.40	114.6

These Mineral Resources are based upon information compiled by Mr Terry Ransted MAusIMM (Principal, Multi Metal Consultants Pty Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology were given in the 2004 Annual Report.

### Wellington – Galwadgere – Mineral Resources (2011)

DEPOSIT 0.5% Cu cut off	MEASURED		INDICATED	
	Tonnage (t)	Grade (% Cu)	Tonnage (t)	Grade (% Cu)
Galwadgere	-	-	2,090,000	0.99

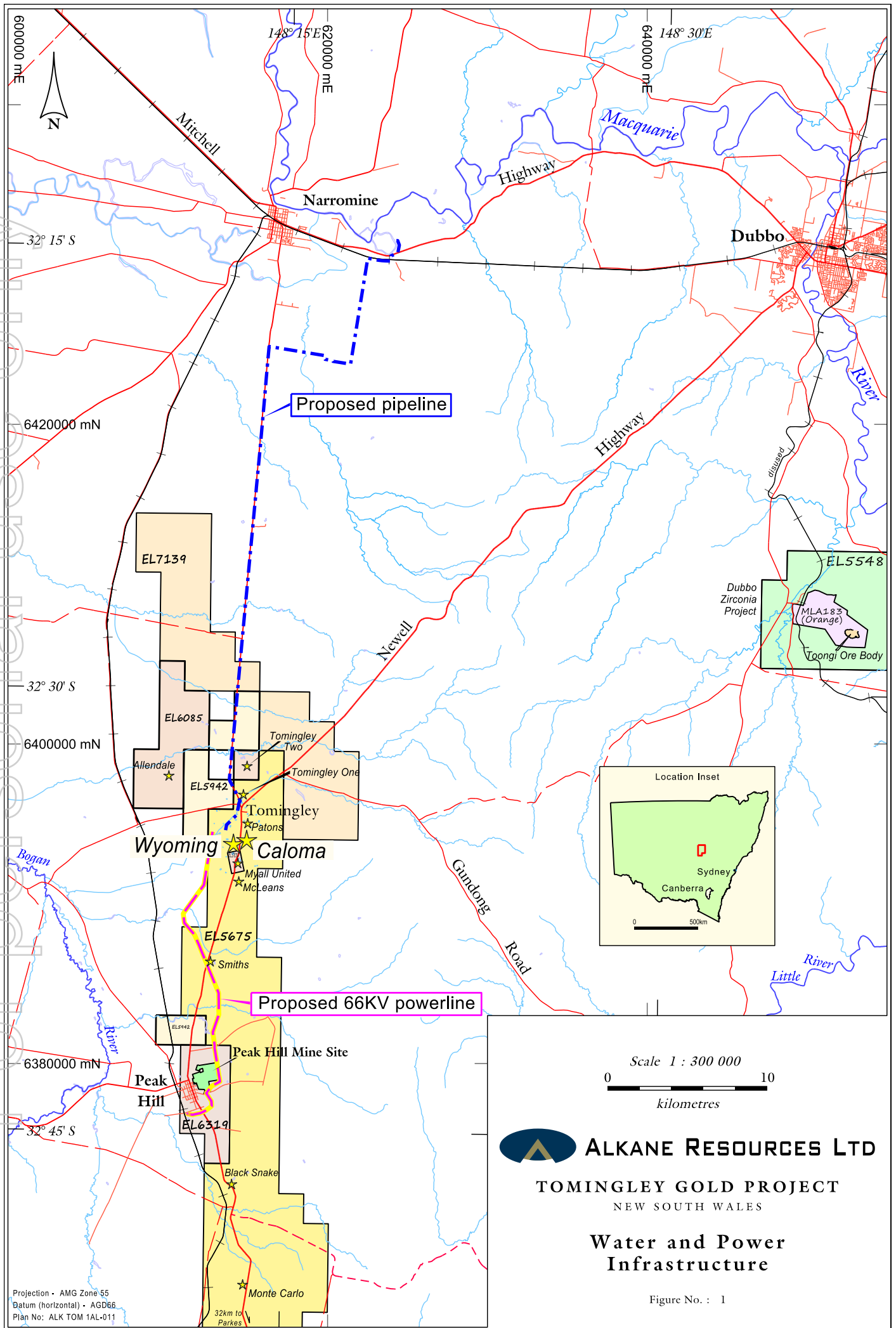
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### Moorilda – McPhillamys (ODEJV) – Mineral Resources (2011)

DEPOSIT McPhillamys 0.3g/t Au cut-off	INDICATED			INFERRED			TOTAL			k oz gold	Tonnes Copper
	Tonnage (t)	Grade (g/t)	Grade % Cu	Tonnage (t)	Grade (g/t)	Grade % Cu	Tonnage (t)	Grade (g/t)	Grade % Cu		
Inner Ore Zone	51,650,000	1.10	0.07	23,504,000	1.19	0.07	75,154,000	1.13	0.07	2,723.6	55,091
Outer Ore Envelope	9,624,000	0.44	0.04	7,167,000	0.43	0.03	16,791,000	0.43	0.03	234.7	5,729
<b>Total</b>	<b>61,274,000</b>	<b>0.99</b>	<b>0.07</b>	<b>30,671,000</b>	<b>1.01</b>	<b>0.06</b>	<b>91,945,000</b>	<b>1.00</b>	<b>0.07</b>	<b>2,958.3</b>	<b>60,820</b>

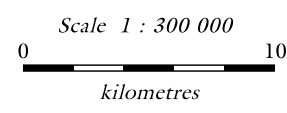
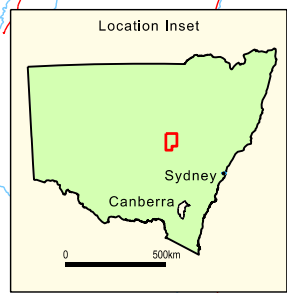
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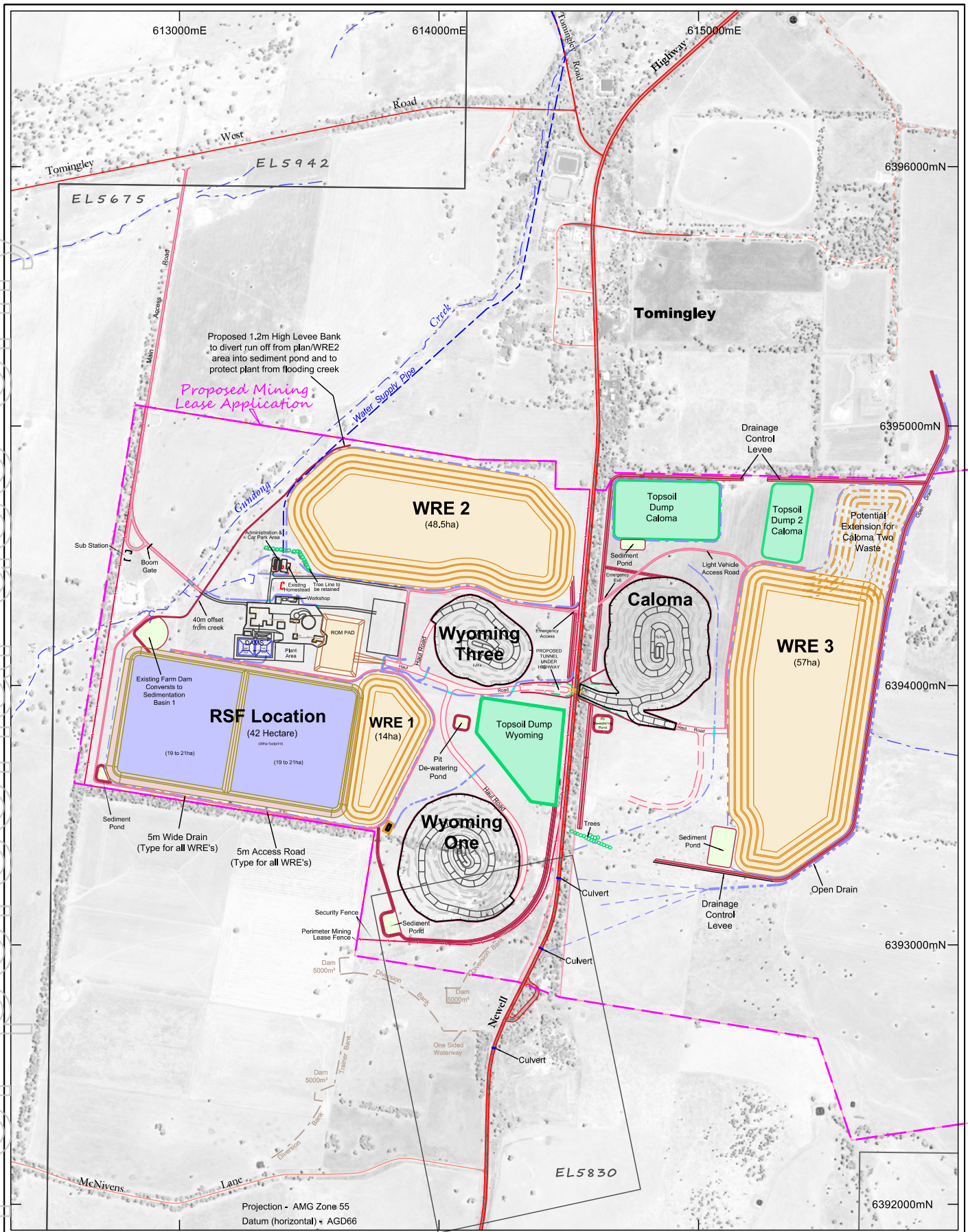
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Projection - AMG Zone 55  
 Datum (horizontal) - AGD66  
 Plan No: ALK TOM 1AL-011



**ALKANE RESOURCES LTD**  
**TOMINGLEY GOLD PROJECT**  
 NEW SOUTH WALES  
**Water and Power Infrastructure**

Figure No. : 1



**ALKANE RESOURCES LTD**

TOMINGLEY GOLD PROJECT  
NEW SOUTH WALES

**Site Layout**

(Rev4)

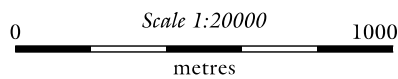


Figure: 2