ASX and MEDIA RELEASE

21 October 2020

ALKANE RESOURCES LTD
ABN 35 000 689 216

Quarterly Activities Report to 30 September 2020

Tomingley Gold Operations

- **Gold production on forecast for the quarter at 11,499 ounces, with site operating cash costs at A$1,178/oz and AISC of A$1,575/oz.**
- **Gold sales of 11,945 ounces for the quarter for revenue of A$27.0M at an average price of A$2,261/oz.**
- **Guidance for FY2021 is unchanged at 45,000 to 50,000 oz at an AISC of A$1,450 to A$1,600 per ounce.**
- **The Tomingley Gold Operations (TGO) Resources and Reserves have been updated (see ASX Announcement 18 August 2020) and now stands at:**
  - **Total Mineral Resources 9.45 Mt grading 1.9g/t Au (610,000oz)**
  - **Total Ore Reserves 2.97 Mt grading 1.8g/t Au (176,000oz)**
- **The process of securing approvals with the NSW Government for development of the Roswell and San Antonio deposits is progressing as expected with community consultation underway (see ASX Announcement 19 August 2020). Preliminary plans include both open cut and underground mines at Roswell and San Antonio.**

Exploration

- **Infill drilling within the Roswell and San Antonio Inferred Resources south of TGO continued during the Quarter with many high-grade intercepts (see ASX Announcements 16 July and 28 August 2020), such as:**

RWRC298	**102.0 metres grading 4.07g/t Au from 283 metres;**
incl	**1.0 metre grading 57.8g/t Au from 304 metres.**
RWRC313	**62.0 metres grading 4.01g/t Au from 168 metres.**
RWD040	**22.1 metres grading 5.96g/t Au from 534.9 metres.**

- **Assay results for the final diamond holes at Roswell experienced delays at the laboratory, which is occurring across the sector due to high demand. It is expected results will be released very shortly, closely followed by the updated Roswell Resource. Drilling continues at San Antonio.**
- **The 30,000 metre follow up drill program at Boda continues. Assay results for the first set of diamond and RC holes also experienced delays at the laboratory. It is expected results will be released very shortly. A second diamond rig has been mobilised to the Boda drilling program, after the RC rig had completed a number of shallow holes.**

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Corporate

- **Cash, bullion and listed investments position totalled A$92.0M.**
- **During the quarter Alkane began discussions with Macquarie Bank Limited for the provision of a A$20,000,000 working capital facility ("Facility") and executed a committed letter of offer in October. The Facility will further strengthen Alkane's balance sheet and operating liquidity and is subject to finalisation of documentation, legal due diligence and other conditions precedent. Satisfaction of conditions precedent and execution of final documentation is anticipated during this quarter and Alkane will provide an update to the market when this occurs.**
- **Shareholding remained at 12.7% of ASX listed gold developer Calidus Resources Ltd (ASX: CAI) at end of September quarter.**
- **Shareholding of ASX listed gold developer Genesis Minerals Ltd (ASX: GMD) was 19.9% at end of September quarter after GMD shareholder approval of a placement. The placement was the last stage of a fundraising that occurred to finance a strategic acquisition by GMD.**
- **Alkane's shareholders voted overwhelming in favour of the demerger of Australian Strategic Materials (ASX: ASM) at an EGM on 16 July 2020.**
- **ASM listed on the ASX on 30 July 2020. ASM has subsequently performed strongly with current market capitalisation in excess of A$400M and recent share price highs above $4.00 per share. For Alkane shareholders who retained their ASM shares, a share price of $4.00 represents $0.80 for each Alkane share they held at the time of demerger, in addition to their ongoing Alkane investment. This is an excellent result that supports the shareholder's vote at the EGM.**
- **S&P Dow Jones Indices announced that Alkane would be part of the S&P/ASX 300 Index effective at the opening of trading on 21 September 2020.**

TOMINGLEY GOLD OPERATIONS

Tomingley Gold Operations Pty Ltd 100%

Tomingley Gold Operations (TGO) is a wholly owned subsidiary of Alkane, located near the village of Tomingley, approximately 50km southwest of Dubbo in Central Western New South Wales. The gold processing plant was commissioned in January 2014 and has been operating at the design capacity of 1Mtpa since late May 2014. Mining is based on four gold deposits (Wyoming One, Wyoming Three, Caloma One and Caloma Two).

Operations Performance

TGO continues to perform well and is processing underground stope material with recovery as expected. The ore feed is supplemented by low grade stockpiles whenever capacity permits.

A total of 11,499 ounces of gold was poured for the quarter. The site cash costs for the quarter were A$1,178/oz with an all-in sustaining cost (AISC) of A$1,575/oz.

Gold sold for the quarter was 11,945 ounces at an average sales price of A$2,261/oz, generating revenue of A$27.0M. Bullion stocks were 1,781 ounces (fair value of A$4.7M at quarter end).

Guidance for FY21 is unchanged at 45 – 50 koz at an AISC of $1,450 to $1,600 $/oz.

Tomingley Gold Extension Project

Alkane's intention is to develop the Roswell and San Antonio deposits, which are located 3 to 5km south of TGO, as soon as possible.

Alkane has commenced the approval process for this development. Consultation with regulators, landholders and other stakeholders, as well as on ground assessments needed for the Environmental Impact Statement, is underway (see ASX Announcement 19 August 2020).

Alkane is seeking approval for both open cut and underground mining at the San Antonio and Roswell (SAR) deposits. The current indicative design includes:

- A single SAR open cut, combining the San Antonio and Roswell deposits, approximately 1.7km long, up to 700m wide and up to 300m deep. It is expected that this open cut could be mined in stages to allow progressive rehabilitation.
- An underground operation, with a portal located within a completed stage of the open cut.
- Two new waste rock emplacements (WRE4 and WRE5) in the vicinity of the SAR open cut (exact size and design to be determined), as well as backfilling of some existing mine voids.
- A haul road that will transport ore via the existing Newell Highway underpass from the SAR open cut to TGO, where the ore would be processed in the existing processing plant.
- A second residue storage facility (RSF) to the south of the existing RSF and TGO.

Further details can be found on the Company's website.

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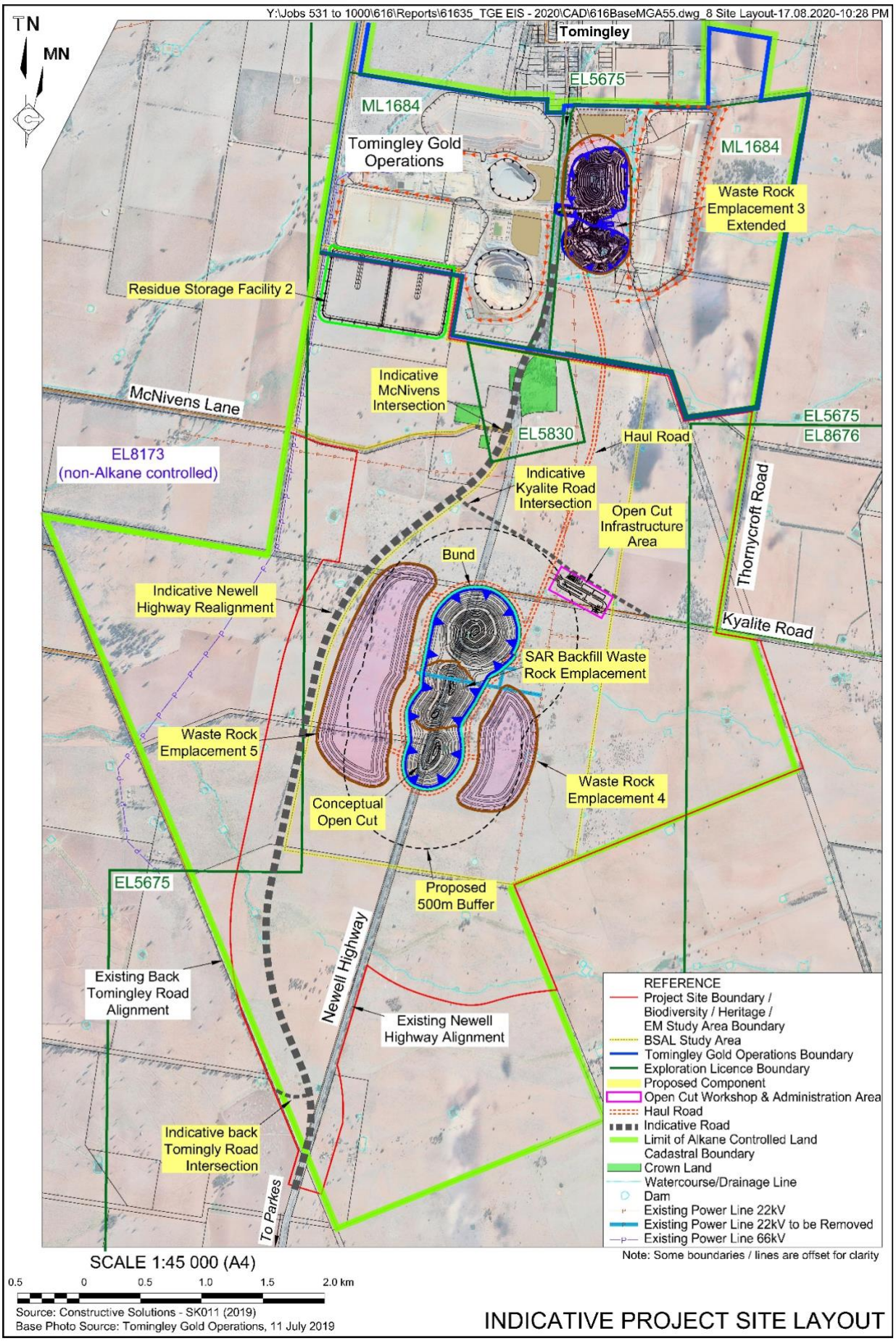
TGO FY 2021 Quarterly and Annual Production Figures

TGO Production		FY 2020	Sep Quarter 2020	FY 2021
Ore mined	Tonnes	341,210	181,831	181,831
Grade	g/t	2.37	1.85	1.85
Ore milled	Tonnes	838,743	254,423	254,423
Head grade	g/t	1.45	1.56	1.56
Recovery	%	88.0	88.4	88.4
Gold poured	Ounces	33,507	11,499	11,499
Revenue Summary				
Gold sold	Ounces	32,995	11,945	11,945
Average price realised	A$/oz	2,199	2,261	2,261
Gold revenue	A$M	72.5	27.0	27.0
Cost Summary				
Mining	A$/oz	322	606	606
Processing	A$/oz	517	446	446
Site Support	A$/oz	158	126	126
C1 Site Cash Cost	A$/oz	997	1,178	1,178
Royalties	A$/oz	56	63	63
Sustaining capital	A$/oz	205	183	183
Rehabilitation	A$/oz	26	19	19
Corporate	A$/oz	73	66	66
AISC[1]	A$/oz	1,357	1,575	1,575
Bullion on hand	Ounces	2,231	1,781	1,781
Stockpiles				
Ore for immediate milling	Tonnes	262,836	139,025	139,025
Grade	g/t	0.83	0.74	0.74
Contained gold	Ounces	6,986	3,319	3,319

[1]**AISC** = All in Sustaining Cost comprises all site operating costs, royalties, mine exploration, sustaining capex, mine development and an allocation of corporate costs, calculated on the basis of ounces sold from 1 July 2020. AISC does not include share based payments or net realisable value provision for ore inventory.

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Regional Exploration

The extensive exploration program focused on the immediate area to the south of the TGO mine has continued as part of the plan to source additional ore feed, either at surface or underground. During the quarter the program continued to focus on both increasing the drilling density within the Roswell and San Antonio prospects as well as testing strike and depth extensions. Results of RC and core drilling were released in ASX Announcements 16 July and 28 August 2020.

At Roswell the drilling confirmed the continuity to the defined mineralisation and highlighted several thick high grade intercepts such as:

RWRC179D	**22.0 metres grading 5.41g/t Au from 208 metres;**
incl	**2.0 metres grading 19.8g/t Au from 226 metres;**
and	**11.0 metres grading 1.14g/t Au from 355 metres;**
and	**9.0 metres grading 1.93g/t Au from 374 metres.**
RWRC293	**5.0 metres grading 2.02g/t Au from 191 metres;**
and	**34.0 metres grading 3.78g/t Au from 259 metres;**
incl	**2.0 metres grading 23.5g/t Au from 259 metres;**
and	**50.0 metres grading 2.63g/t Au from 339 metres.**
RWRC295	**11.0 metres grading 3.50g/t Au from 228 metres;**
and	**37.0 metres grading 2.34g/t Au from 266 metres;**
and	**18.0 metres grading 8.46g/t Au from 311 metres;**
incl	**5.0 metres grading 23.7g/t Au from 322 metres.**
RWRC298	**102.0 metres grading 4.07g/t Au from 283 metres;**
incl	**1.0 metre grading 57.8g/t Au from 304 metres.**
RWRC299	**28.0 metres grading 3.15g/t Au from 288 metres.**

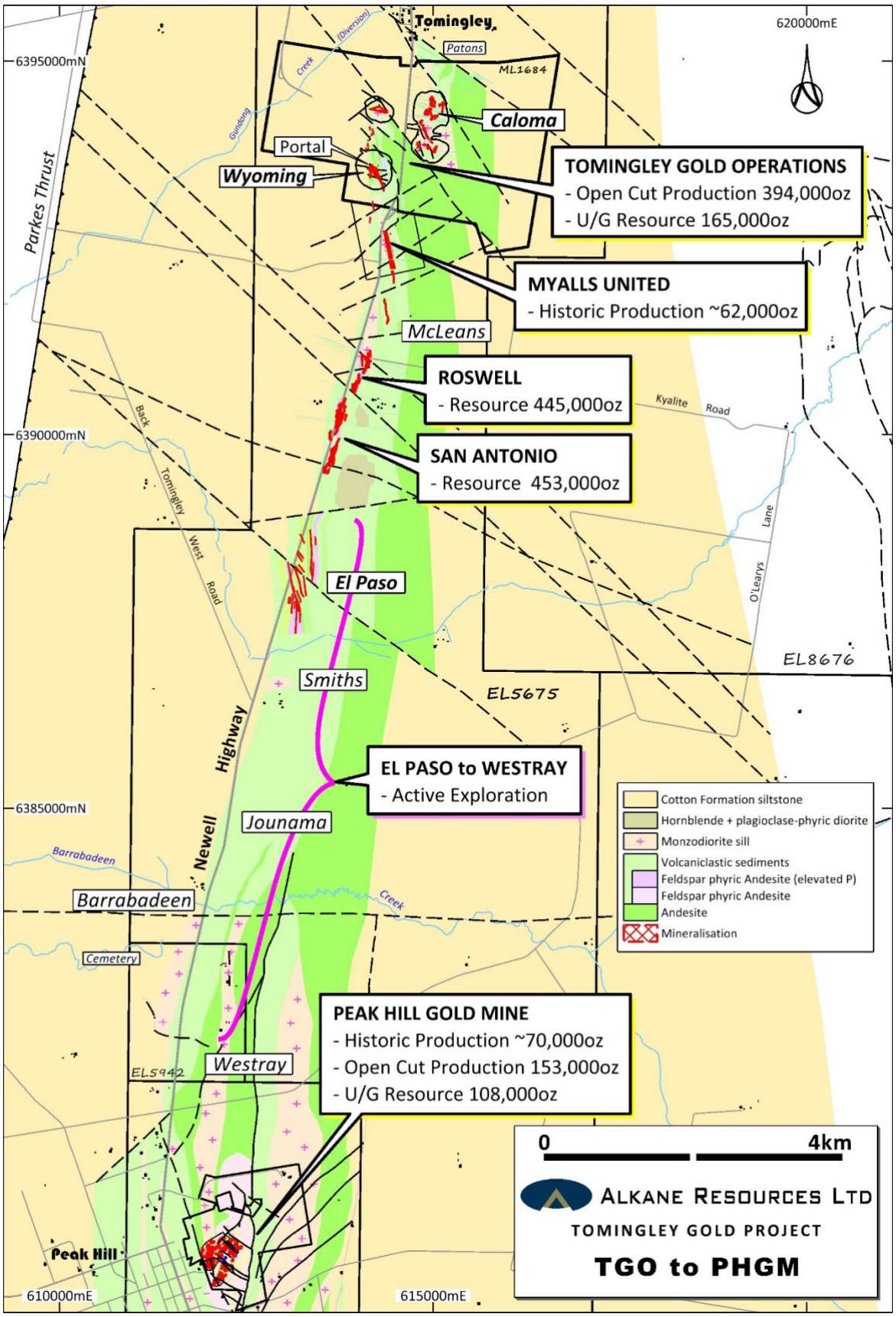
The Roswell drilling also demonstrated continuity of the mineralised system below the existing Inferred model with intercepts such as:

RWD037	**13.0 metres grading 6.17g/t Au from 484 metres;**
incl	**5.0 metres grading 11.5g/t Au from 488 metres;**
and	**2.0 metres grading 3.84g/t Au from 519 metres.**
RWD039	**16.5 metres grading 4.74g/t Au from 483.8 metres;**
incl	**1.0 metres grading 21.0g/t Au from 489 metres;**
and	**3.0 metres grading 13.2g/t Au from 494 metres.**
RWD040	**22.1 metres grading 5.96g/t Au from 534.9 metres.**

The Roswell infill drilling is now complete. Assay results for the final diamond holes at Roswell experienced delays at the laboratory. It is expected results will be released very shortly, closely followed by the updated Roswell Resource.

At San Antonio, infill drilling is continuing and significant intercepts include:

RWRC309	**3.0 metres grading 3.98g/t Au from 66 metres;**
and	**15.0 metres grading 3.15g/t Au from 90 metres;**
and	**12.0 metres grading 8.38g/t Au from 126 metres;**
incl	**2.0 metres grading 23.6g/t Au from 131 metres.**
RWRC312	**39.0 metres grading 2.05g/t Au from 165 metres;**
incl	**6.0 metres grading 9.19g/t Au from 195 metres.**
RWRC313	**62.0 metres grading 4.01g/t Au from 168 metres.**
RWRC314	**24.0 metres grading 5.10g/t Au from 234 metres;**
incl	**6.0 metres grading 17.2g/t Au from 237 metres.**



Peak Hill Gold Mine (PHGM)

The metallurgical program focussed on various leaching tests to recover gold from recently generated flotation concentrate from the sulphide mineralisation has been completed. Results show that very high recoveries in excess of 95% are possible with bio-oxidation. The concentrate is not amenable to other

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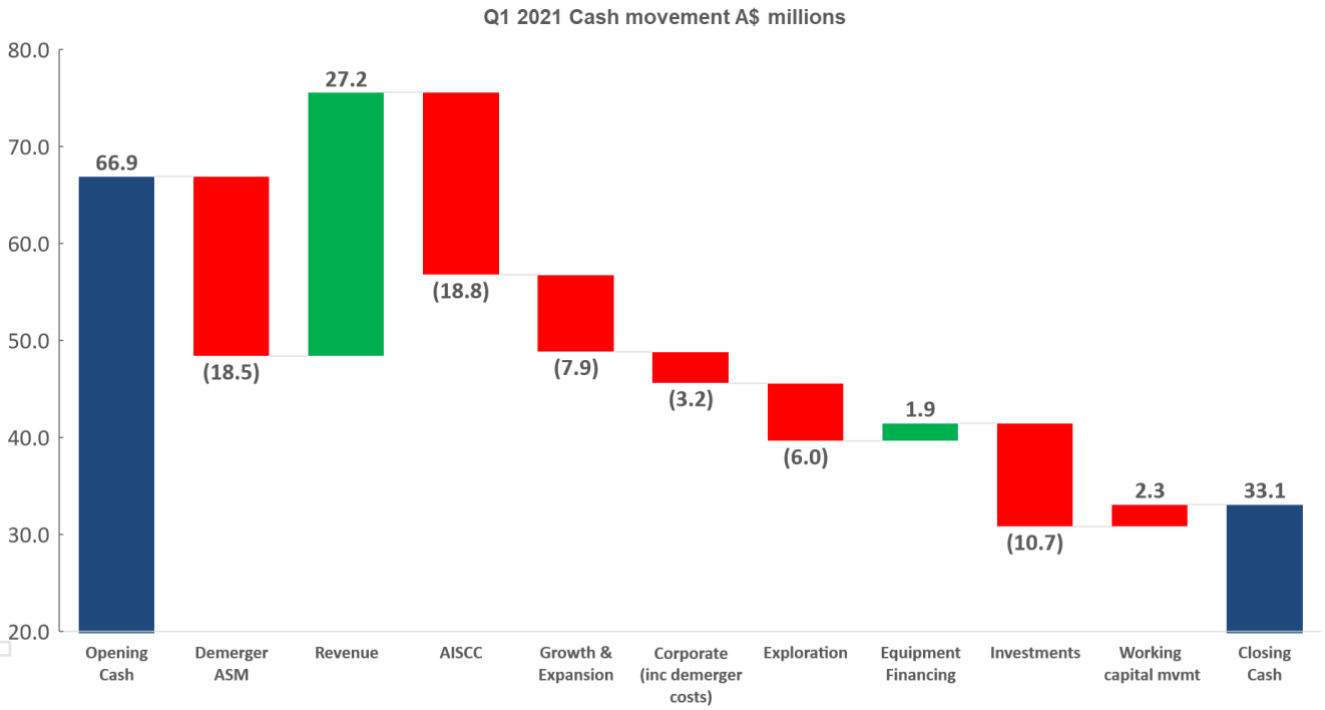
recovery techniques. No further work is currently planned and this information will be added to the financial models used to determine development opportunities; it is currently considered preferable to prioritise the development of the Tomingley Gold Extension Project.

CORPORATE

Cash, Bullion and Listed Investments

Description	Sep-20 Quarter A$M	Jun-20 Quarter A$M
Cash	33.1	66.9
Bullion	4.7	5.8
Cash and bullion sub-total	37.8	72.7
Listed investments	54.2	25.7
Total cash, bullion and listed investments	**92.0**	**98.4**

The below waterfall chart highlights the quarterly movement in cash held (excludes bullion and investments held at the beginning and end of the period):



The demerger of Australian Strategic Materials (ASX:ASM) was approved by shareholders on 16 July 2020. The demerger included the transfer of $18.5 million cash to ASM. This amount reflected the previously disclosed transfer of $20 million to ASM as at 1 April 2020 less expenditure from that date until the date of the demerger.

During the quarter Tomingley Gold Operations sold 11,945 ounces at an average price of A$2,261/oz. This included the delivery of 5,880 ounces into hedge at an average of $1,797/oz. Further details of the current hedge book can be found below. All in sustaining cash cost for the quarter was $1,575/oz sold – a total of $18.8 million. Growth and expansion expenditure reflects non-exploration costs associated with the Caloma, San Antonio & Roswell deposits.

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Exploration expenditure focus was on the Boda project and San Antonio/Roswell deposits. The financing cashflows relate to the receipt of funds from financing the purchase of underground mobile equipment less repayments made during the quarter.

In accordance with its strategy of investing part of its cash balance in junior gold mining companies and projects that meet its investment criteria, namely potential investments that have high exploration potential and/or require near term development funding, the Company continues to hold its investment in gold exploration and development companies Calidus Resources Ltd (ASX:CAI) and Genesis Minerals Ltd (ASX:GMD). GMD has recently made a strategic acquisition and announced a parallel fundraising. Alkane was the priority sub-underwriter in the rights issue component of that fundraising and because of GMD shareholders approving a top-up placement post the rights issue now holds 19.9% of GMD on completion of the fundraising. On 24 July 2020 Calidus announced the completion of a $25 million placement of which Alkane contributed $3.2 million. Alkane holds 12.7% in Calidus. The Company continues to evaluate other opportunities for investment.

A$20,000,000 Working Capital Facility

During the quarter Alkane Resources Ltd held discussions with Macquarie Bank Limited to provide the company with an A$20,000,000 Working Capital Facility ("Facility"). The discussions culminated in Alkane and its wholly owned subsidiary Tomingley Gold Operations Pty Ltd executing a committed letter of offer with Macquarie Bank in October 2020. Drawdown of the Facility is subject to a number of conditions precedent including but not limited to completion of legal due diligence and execution of facility and security documentation. It is anticipated that these conditions and documentation will be finalised during the December 2020 quarter. Further details will be provided in an announcement to be made to the ASX when final facility documentation has been executed.

Gold Forward Sale Contracts & Puts

At the end of the quarter the Company holds the following forward sale contracts;

Quarter	Average Forward Price A$/oz	Delivery Ounces
December 2020	1,847	5,640
March 2021	1,877	5,500
June 2021	1,748	750
Total	**1,854**	**11,890**

The Company also holds 18,000 oz of put options priced at A$1,800/oz to manage expected revenue from longer dated gold deliveries.

Australian Strategic Materials

Alkane's shareholders voted overwhelming in favour of the demerger of Australian Strategic Materials (ASX:ASM) at an EGM on 16 July 2020.

ASM subsequently listed on the ASX on 30 July 2020. ASM has subsequently performed strongly with current market capitalisation in excess of A$400M and recent share price highs above $4.00 per share. For Alkane shareholders who retained their ASM shares, a share price of $4.00 represents $0.80 for each Alkane share they held at the time of demerger in addition to their ongoing Alkane investment. This is an excellent result that supports the shareholder's vote at the EGM.

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S&P/ASX 300 Index

On 4 September 2020 S&P Dow Jones Indices announced that Alkane would be part of the S&P/ASX 300 Index effective at the opening of trading on 21 September 2020.

OTCQX Subscription

The Board has resolved that Alkane will not renew its OTCQX subscription for 2021 given the very low share turnover on that exchange versus the ASX. As a result from 1 January 2021 your Alkane's trading on that exchange will be downgraded to OTCEF 'Pink Sheet Market', trading as ALKEF.

NORTHERN MOLONG PORPHYRY PROJECT (NMPP) (gold-copper)

Alkane Resources Ltd 100%

The 30,000 metre follow up drill program at Boda continues. Assay results for the first set of diamond and RC holes experienced delays at the laboratory. It is expected results will be released shortly. A second diamond rig has been mobilised to the Boda drilling program, and the RC rig demobilised after completing a number of shallow holes.

GLEN ISLA – GUNDONG (gold) and ARMSTRONGS (gold); interpretation of the Induced Polarisation (IP) survey data is continuing

ELSIENORA (gold); WELLINGTON (copper-gold); CUDAL (gold-zinc); ROCKLEY PROJECT (gold); TRANGIE (nickel-copper +); MT CONQUEROR (gold) were inactive.

LEINSTER REGION JOINT VENTURE (nickel-gold)

Alkane Resources Ltd 19.4% diluting, Australian Nickel Investments Pty Ltd (ANI) 79.6%. Two prospects - ***Miranda*** *and* ***McDonough Lookout.***

ANI has not advised of any exploration activities during the quarter.

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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.

Previously Reported Information

The information in this report that references previously reported exploration results and exploration targets is extracted from the Company's ASX market announcements released on the date noted in the body of the text where that reference appears. The previous market announcements are available to view on the Company's website or on the ASX website (www. asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

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 OTCEF: ALKEF

Alkane Resources is poised to become Australia's next multi-mine gold producer.

The Company's current gold production is from the Tomingley Gold Operations in Central West New South Wales, where it has been operating since 2014 and is currently expediting a development pathway to extend the mine's underground and open pit potential.

Alkane has an enviable exploration track record and controls several highly prospective gold and copper tenements. Its most advanced exploration projects are in the tenement area between Tomingley and Peak Hill, which have the potential to provide additional ore for Tomingley's operations.

Alkane's exploration success includes the landmark porphyry gold-copper mineralisation discovery at Boda in 2019. With a major drill program ongoing at Boda throughout 2020, Alkane is confident of further consolidating Central West New South Wales' reputation as a significant gold production region.

Alkane's gold interests extend throughout Australia, with strategic investments in other gold exploration and aspiring mining companies, including ~19.9% of Genesis Minerals (ASX: GMD) and ~12.7% of Calidus Resources (ASX: CAI).

