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Tomingley Gold Operations Community Update

ISSUE 019 / AUGUST 2019

Underground development going well

Following the establishment of two portals (main decline and vent) early in the year, the TGO underground development has proceeded at an excellent rate of approximately 300 metres per month since February 2019. This result has been achieved with a single jumbo and reflects the commitment of our highly skilled underground team.



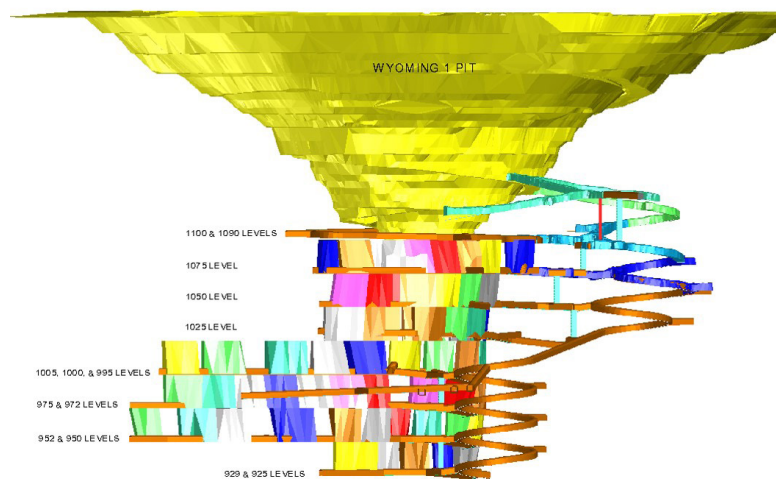
Photo of the underground decline

The main decline spirals down outside the ore zone below the Wyoming One open cut, as illustrated. The development of the decline has reached the third of several levels of ore. We have also commenced developing the first ore level, with ore from the first underground stopes scheduled to commence production before the end of the year.



The portal for the main decline is in the Wyoming One open cut.

WYOMING 1 AS-BUILTS & CONCEPTUAL DESIGN



Schematic of the partly built (green, aqua, blue) and conceptual (brown) underground decline

Ramping up operations

TGO has just completed recruiting additional experienced underground truck drivers, loader operators and production drillers, in preparation for underground ore production. The underground team will ultimately expand by 12 people to a total of 49, most of whom will all reside locally (Tomingley, Narromine, Dubbo and Peak Hill).



During June, TGO acquired a Sandvik 7-7 V underground drill rig, to be used for drilling all production and cable holes.

Gold still being poured

Even though open cut mining has finished at TGO, gold is still being poured. Medium-grade ore stockpiles were processed during April and May, and for the rest of 2019 the plant will be processing low-grade stockpiles at the design feed rate of 1Mt/pa. Gold production will then revert to underground ore.

In other works on site, the sixth stage of the wall lift on the residue storage facility (cell 1) has commenced as scheduled. This involves raising the height of the earth embankment an additional 2m to hold the residue pumped out of the processing plant.

Site rehabilitation and maintenance

Waste Rock Emplacements

Final shaping of TGO's waste rock emplacement 3 (WRE3) has been completed. Rehabilitation works are completed on approximately 25% of the total WRE3 area, with rain now needed to promote germination and growth. Final works on WRE2 have also been identified and planned. It is expected that WRE rehabilitation works will be completed by the end of 2019.

Eastern Drain

We have also completed the planned remediation works on the Eastern Drain on the Caloma side of the site, adjacent to WRE3. This drain is designed to convey surface water from farm land east of the mine site to the southern edge of the mine site. The batters of this drain required laying back to minimise erosion. A pre-existing gully on farm land was stabilised to prevent further cutback.

The construction work on the eastern drain covered a length of approximately 1.6km, part of which affected TGO-owned lands leased to farmers. We re-shaped run-off surfaces, seeded batters, and re-installed the mine boundary fence.



Completed remediation works on the middle section of the Eastern Drain.



Extending the life of TGO

Alkane continues major gold exploration activities in the gold corridor between Tomingley and Peak Hill as part of the project to identify additional resources for processing at TGO.

Roswell, San Antonio and El Paso

We recently announced that a significant Exploration Target has been defined just to the south of our operations. The three prospects of Roswell, San Antonio and El Paso lie within 8km of TGO. Drilling results from these are very encouraging, and flag a possible return to open pit mining to extend the life of the TGO processing plant.

We have commenced resource definition drilling of this Exploration Target, in order to gain the data needed for accurate modelling of tonnage and grade. Our current data suggests the three prospects contain approximately 15.8 to 23.8 million tonnes at grades ranging from 1.7 to 2.2g/t. The ore is very similar geologically to that of the Caloma and Wyoming deposits at Tomingley.

It must be noted that the potential quantity and grade of the Exploration Target is conceptual in nature and therefore is an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been prepared and reported in accordance with the 2012 edition of the JORC Code.

Using three drill rigs, the drilling program is expected to take about a year and will extract around 60,000m of core. We should have an idea of the overall economics for an investment decision by mid-2020. If the project looks economically feasible, the next steps would be to conduct environmental studies, landowner discussions and obtain all the required approvals and licences. There is still a long way to go, but the development could add years to the life of TGO.

Peak Hill Gold Mine

At the same time, we are also exploring the potential for a small underground mining operation at Peak Hill Gold Mine, which Alkane previously operated from 1996-2005. This could extract ore from below the original Proprietary open cut, with processing most likely to occur at TGO.

Alkane has compiled the results of core samples extracted since January (ASX Announcement 29 July 2019) and will soon commence metallurgical testing to determine a processing route. The goal is to use the latest metallurgical techniques to establish whether the ore (which is a large sulphide/pyrite body) can be pre-treated to allow processing at TGO. This is likely to take several months.

Alkane retains its Mining Lease and Environment Protection Licence for Peak Hill Gold Mine, but any further mine development will require government approval – along with a comprehensive environmental assessment and consultation with the community and Parkes Shire Council. This would be expected to take more than a year; but the first step is to make sure that any potential mine development is economically feasible.



Exploration drilling at the Peak Hill Gold Mine in January. (Photo courtesy Mitchell Services)

TGO Community Fund

TGO is delighted to continue supporting local community projects by means of the Tomingley Gold Project Community Fund, which is awarded twice a year on a submissions basis. The first round of funding for 2019 was awarded to the Tomingley Picnic Race Committee, Narromine Car Club and the Country Women's Association.

Tomingley Picnic Races

The Tomingley Picnic Race Committee received \$5000 for the sponsorship of the annual Tomingley Picnic Cup. Unfortunately, a nasty fall involving three jockeys occurred in the second race of the day, causing the rest of the races to be abandoned. TGO's thoughts and best wishes are with the three injured jockeys, who are recovering from significant injuries.

Narromine Charity Motor Show and Shine

The Narromine Car Club received \$500 to support its 'Narromine Charity Motor Show and Shine' event on Sunday 17 March. The event displayed vintage cars, motorbikes, tractors, trucks and other types of machinery, with proceeds distributed among local charities, such as the Narromine Volunteer Rescue Squad and Tomingley Li'l Tackers Playgroup.

Country Women's Association (CWA)

The Country Women's Association (CWA) received \$300 for the Far West and Intergroup schools public speaking events.

Contacting Us

You can find out more information about Alkane Resources and the Tomingley Gold Project on our website:

www.alkane.com.au

Or you can contact our 24 Hour Community Information line: 02 6882 1661

New Environmental Coordinator

We're delighted to introduce Nathan Jones as our new Environmental Coordinator at TGO. Nathan has a Bachelor of Environmental Science from Deakin University, and has held similar roles at NorthParkes Mines and Tritton Mines. We searched extensively to find someone with Nathan's experience and qualifications, and welcome him to our environmental team.



Nathan Jones is TGO's new Environmental Coordinator

Nathan's key responsibilities include:

- Providing advice on environmental matters
- Monitoring our compliance with legislative requirements and licence conditions
- Managing and reporting on environmental monitoring
- Ensuring compliance with surface water and dam surveillance requirements, and
- Preparation and submission of statutory reports.

He can be contacted on 02 6867 9006 and njones@alkane.com.au.