EDISON

Alkane Resources

Re-evaluating the new Alkane

Mandalay merger consummated

Metals and mining

17 November 2025

Since completing its merger with Mandalay Resources on 5 August, Alkane has 1) provided guidance for the combined group for FY26, 2) updated group reserves and resources and 3) released its Quarterly Activities Report for Q126. In the wake of these announcements, we forecast that the 'new Alkane' will produce c 158.8koz (plus c 4.3koz AuE in the form of antimony) in FY26 (cf 70.1koz in FY25) and that the merger will prove transformative to both its scale and valuation, including achieving the size required for inclusion in the VanEck Junior Gold Miners ETF (GDXJ) and the ASX 300 index (now confirmed).

Year end	Revenue (AUDm)	PBT (AUDm)	EPS (AUD)	DPS (AUD)	P/E (x)	Yield (%)
6/24	173.0	24.3	0.03	0.00	35.0	N/A
6/25e	262.4	38.6	0.04	0.00	24.2	N/A
6/26e	675.1	179.4	0.10	0.00	10.5	N/A
6/27e	731.2	217.0	0.11	0.00	9.2	N/A

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items. Mandalay Resources merger deemed effective from 30 June 2025. Attributable FY26 EPS estimated at 9.01c (cf 9.75c).

Good value relative to history

Since FY18, Alkane has traded at an average P/E multiple of 13.4x basic adjusted EPS (within a range of 5.1–28.0x – see Exhibit 9). Applying this 13.4x multiple to our estimates implies an average share price for Alkane of A$1.31 in FY26 and one of A$1.49 in FY27. Note that, at the current gold price, our FY26 EPS forecast rises from that shown to 19.7c/share and our FY27 forecast to 35.4c/share.

Good value relative to peers

At the same time, 'new Alkane' trades at a discount to its peers on 38% of valuation measures (47 out of 123 measures) based on our forecasts (at Edison's relatively low gold price) and 82% based on consensus forecasts (see Exhibit 8). However, at US$4,000/oz Au, it trades at a discount to its peers on 97% of measures.

Achieving scale required to self-fund Boda-Kaiser

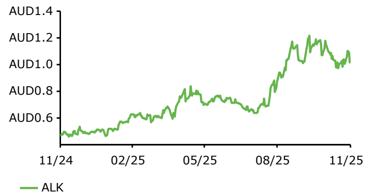
Boda-Kaiser has a pre-production capex requirement of c US$1,188m (A$1,821m). According to our forecasts, at US$1,866/oz Au, 'new Alkane' has the potential to accumulate A$989m in net cash by the end of FY31 (or 54% of the total required). At US$4,000/oz Au, however, it has the potential to accumulate US$3,529m.

Valuation: Potentially in excess of A$4.00/share

Our core, absolute valuation of 'new Alkane' has increased by 36.6% to A$0.858/share. However, this is conducted at Edison's long-term (real) gold price of US$1,866/oz. At the current (real) price of gold of US$4,000/oz, it trebles to A$2.63/share, generating EPS of A$0.33–0.39/share from FY27 to FY33 (Exhibit 7). To this should then be added at least A$0.20/share for Boda-Kaiser, or A$1.27/share at current metals prices. Taking all assets into account, we estimate that, at the current gold price, the value of 'new Alkane' could exceed A$4.00/share (Exhibit 10).

Price	**AUD1.020**
Market cap	**AUD1,393m**
	A$1.4971/US$,
Net cash/(debt) estimated pro forma at end FY25	AUD131.0m
Shares in issue	1,365.8m
Free float	68.0%
Code	ALK
Primary exchange	ASX
Secondary exchange	TSX

Share price performance



%	1m	3m	12m
Abs	(13.6)	22.2	117.0
52-week high/low		AUD1.2	AUD0.5

Business description

Alkane Resources has three producing mines (Tomingley and Costerfield in Australia and Bjorkdal in Sweden) and a major exploration asset, the Northern Molong Porphyry project in New South Wales, which is shaping up to be a tier 1 alkalic porphyry district and already contains a JORC compliant 8.3Moz Au and 14.7Moz AuE.

Next events

AGM	26 November 2025
Q226 quarterly activities report	January 2026
H126 results	February 2026
Q326 quarterly activities report	April 2026

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Edison profile page

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Bedding down Mandalay

Since our last note on Alkane at the end of May (see On the road to Mandalay, published on 27 May 2025), the company has (among other things) announced:

- its Q425 Quarterly Activities Report on 30 July;
- the closing of its merger with Mandalay Resources on 5 August;
- the start of trading for Alkane on the TSX on 8 August;
- drill results at Boda-Kaiser and El Paso on 8 July and 14 August, respectively;
- the repayment of its A$45m project finance facility from Macquarie on 18 August;
- its FY25 financial results, on 22 August;
- guidance for the combined group for FY26 on 9 September;
- updated group reserves and resources on 9 September; and
- its Q126 Quarterly Activities Report on 29 October.

The most consequential of these announcements is the completion of the merger with Mandalay Resources on 5 August. Under the terms of the transaction, Mandalay shareholders received 7.875 ordinary shares of Alkane for each ordinary share of Mandalay, such that former Mandalay shareholders now own approximately 55% and former Alkane shareholders 45% of the combined entity, which now has a market capitalisation more than twice as much as either of its former constituents, at c A$1.4bn. The combined company is expected to produce c 160–175koz gold equivalent in FY26 from three operating mines at an all-in sustaining cost (AISC) of c A$2,600–2,900/oz and is quoted in both Australia and Canada.

The rationale for the acquisition is that the combined entity will benefit from:

- Improved capital market positioning as it achieves the size required for VanEck Junior Gold Miners ETF (GDXJ) and ASX 300 index inclusion, greater trading liquidity, a larger free float and a more diverse shareholder base.
- Creating a powerful platform with net cash on its balance sheet to pursue both organic and inorganic growth.
- Merged leadership focused on delivering a re-rating and driving growth. The combined company's board of directors now consists of two Mandalay nominees (Brad Mills and Frazer Bourchier), two Alkane nominees (Ian Gandel and Nic Earner) and a new independent chairman, Andy Quinn, a chartered mining engineer and highly qualified investment banking and mining industry veteran. Executive management is led by Nic Earner from Alkane, but includes Mandalay's operating team to provide operational continuity and a solid foundation from which to unlock portfolio value.

Alkane announced that the merger had received regulatory approval in Sweden on 19 June. The transaction received written confirmation that there was no objection to the transaction under the Foreign Acquisitions and Takeovers Act (1975) from Australia's Foreign Investment Review Board (FIRB) on 26 June. On 28 June, both sets of shareholders voted in favour of the transaction, after which Mandalay Resources obtained a final order from the Supreme Court of British Columbia approving the plan of arrangement under the Business Corporation Act (British Columbia).

The specific details and background to the merger were covered in our last note on Alkane at the end of May (see On the road to Mandalay, published on 27 May 2025). This note provides an update for the completion of the merger and the valuation considerations arising therefrom (considered in the 'Valuation' section of this report) as well as old Alkane's performance at Tomingley in the June quarter (the last complete quarter before the merger became effective on 5 August) and new Alkane's performance at all three operating mines in the September quarter.

Q425 operational and FY25 financial results

For the purposes of our estimates and forecasts, we have considered pre-merger Alkane Resources as a distinct entity until 30 June 2025, whereupon we assume the effective balance sheet merger of Alkane and Mandalay, followed by financial forecasts for the combined entity (‘new Alkane’) from that date. This amounts to a pro forma treatment of its results. In reality, it will consolidate the two companies on 5 August and FY26 will reflect results from pre-merger Alkane for the 36 days to 5 August and combined results for the 329 days thereafter.

While Alkane’s production and costs met guidance for the full year (and were a notable improvement on Q325), the former was 1,956oz lower than we had forecast, owing to a combination of grades and recoveries, which were slightly below our (albeit slightly optimistic) hopes. In addition, sales lagged production by 3.7%. Taken together, we estimate that these two effects will have cost pre-merger Alkane c A$13m in revenue for FY25. Exhibit 1, below, compares pre-merger Alkane’s actual Q425 and FY25 operational results both with our prior forecasts and Q325:

Exhibit 1: Tomingley quarterly operating results, Q324–Q425

	Q324	Q424	Q125	Q225	Q325	Q425e (prior)	Q425	Change (%)	Variance (%)	Variance (units)	FY25	FY25e (prior)
Ore milled (t)	296,644	271,690	264,370	268,614	277,550	275,000	273,324	(1.5)	(0.6)	(1,676)	1,083,858	1,085,534
Head grade (g/t)	1.69	2.41	2.44	2.25	2.19	2.60	2.38	8.7	(8.5)	(0.22)	2.31	2.37
Contained gold (g/t)	16,118	21,052	20,739	19,431	19,542	22,988	20,915	7.0	(9.0)	(2,073)	80,628	82,701
Recovery (%)	67.6	84.1	84.8	84.2	83.7	92.0	88.9	6.2	(3.4)	(3.1)	84.4	87.2
Gold poured (oz)	10,861	17,319	18,418	14,852	17,657	21,149	19,193	8.7	(9.2)	(1,956)	70,120	72,076
Gold sold (oz)	10,385	16,610	18,208	16,576	16,513	21,149	18,476	11.9	(12.6)	(2,673)	69,774	72,446
Gold price (US$/oz)	2,071	2,338	2,476	2,660	2,861	3,192	3,288	14.9	3.0	96	2,821	2,797
Forex (A$/US$)	1.5204	1.5174	1.4932	1.5345	1.5932	1.5709	1.5607	(2.0)	(0.6)	(0.0102)	1.5454	1.5479
Average realised price (A$/oz)	2,933	3,219	3,422	3,582	3,839	5,015	5,132	33.7	2.3	117	3,770	3,964
C1 site cash costs (A$/oz)	1,953	1,565	1,840	2,015	2,178	1,661	2,132	(2.1)	28.4	471	2,039	1,905
AISC (A$/oz)	2,454	1,867	2,182	3,053	2,770	2,310	2,302	(16.9)	(0.3)	(8)	2,561	2,553

Source: Alkane Resources, Edison Investment Research. Note: Historical 'Average realised price (A$/oz)' includes the effect of hedging contracts.

The main source of ore to the plant at Tomingley is now Roswell and, while only a small portion of the overall ore reserve has been mined, the initial grade reconciliations from the deposit are reported to be performing well. At the same time, the flotation and fine grind circuit and the paste plant are now in steady-state operation, which concludes the current phase of capital growth, with expenditure now switching to the Newell Highway road diversion, where the contractor has been mobilised to site and construction has now commenced.

In the wake of its Q425 operational and its FY25 financial results, our analysis of Alkane’s H2 financial performance (comprising both Q3 and Q4) is as follows:

Exhibit 2: Alkane income statement, H123–H225 (A$m, unless otherwise indicated)

	H123	H223	H124	H224	H125	H225e (prior)	H225	FY25	FY25e (prior)
Revenue	93.465	97.062	89.060	83.931	121.500	153.981	140.862	262.362	275.481
Cash cost of sales	(34.789)	(48.707)	(53.814)	(49.092)	(78.305)	(78.326)	(76.523)	(154.828)	(156.631)
Gross profit before depreciation	58.676	48.355	35.246	34.839	43.195	75.654	64.339	107.534	118.850
Other net income	0.216	0.214	0.324	0.185	0.716	0.716	(0.022)	0.694	1.432
Administration expenses	(6.589)	(5.518)	(4.970)	(5.329)	(5.839)	(5.839)	(8.853)	(14.692)	(11.678)
Exploration & evaluation expenditure expensed	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Exceptional item	0.000	0.000	0.000	0.000	0.000	0.000	7.024	7.024	0.000
Gain/(loss) on disposal	0.000	0.000	0.000	0.110	0.000	0.000	0.541	0.541	0.000
Share of profit/(loss) of associates	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation	(17.715)	(18.393)	(14.597)	(21.546)	(21.319)	(23.644)	(30.225)	(51.544)	(44.963)
EBIT/(LBIT)	34.588	24.658	16.003	8.259	16.753	46.888	32.804	49.557	63.641
Interest income/(cost)	0.236	1.105	0.868	(0.688)	0.112	(3.000)	(3.524)	(3.412)	(2.888)
Loss after tax from discontinued operations	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PBT/(LBT)	34.824	25.763	16.871	7.571	16.865	43.888	29.280	46.145	60.753
Income tax	10.131	8.006	4.446	2.319	3.709	13.166	9.393	13.102	16.875
Effective tax rate (%)	29.1	31.1	26.4	30.6	22.0	30.0	32.1	28.4	27.8
Profit/(loss) for the year	24.693	17.757	12.425	5.252	13.156	30.721	19.887	33.043	43.878
Adjusted profit/(loss) for the year attributable to shareholders	24.693	17.757	12.425	5.252	13.156	30.721	19.887	33.043	43.878
Basic adjusted EPS (A$/share)	0.0412	0.0297	0.0206	0.0087	0.0218	0.0509	0.0330	0.0546	0.0725

Source: Alkane Resources, Edison Investment Research.

Apart from revenue, costs in H225 were A$1.8m better than our expectations. Depreciation was A$6.9m greater, albeit this was almost exactly offset by an (exceptional) impairment reversal, such that the combined variance of A$11.2m fell through to the bottom line almost in its entirety.

FY26 guidance, Q126 operational results and forecasts

Whereas Alkane's year-end is June, Mandalay's was, historically, December. Within this context, Mandalay provided the market with operational guidance for CY25, which is reproduced below:

Exhibit 3: Mandalay operational guidance for CY25

	Bjorkdal	Costerfield	Consolidated
Gold production (oz)	41,500–46,000	35,000–39,000	76,000–85,000
Antimony production (t)	0	1,050–1,150	1,050–1,150
Gold equivalent production (oz)	41,500–46,000	43,500–49,000	85,000–95,000
Cash cost (US$/oz AuE)	1,350–1,500	1,075–1,190	1,200–1,350
AISC (US$/oz AuE)	1,975–2,190	1,450–1,625	1,795–1,975
Capex (US$m)	25–28	18–20	43–48

Source: Mandalay Resources Corporation. Note: Gold equivalent (AuE) calculation in this table assumes average metal prices of US $2,575/oz Au and US$20,000/t Sb.

To date in CY25 (ie the first nine months of CY25), we estimate that Mandalay has produced 56,896oz Au (26,306oz from Costerfield and 30,590oz from Bjorkdal) and 496t Sb and that it has sold 56,918oz Au and 428t Sb.

However, on 9 September, Alkane provided updated guidance for the combined group's operations for the financial year from end-June 2025 to end-June 2026, which is summarised, below:

Exhibit 4: Alkane operational guidance for FY26

		Tomingley	Costerfield	Bjorkdal	Consolidated
Gold produced	koz	75-80	40-45	40-44	155-170
Antimony produced	Tonnes	0	800-900	0	800-900
Gold equivalent produced	koz	75-80	45-51	40-44	160-175
AISC	A$/oz AuE	2,300-2,550	2,400-2,650	4,050-4,450	2,600-2,900
	US$/oz AuE	1,495-1,658	1,560-1,723	2,633-2,893	1,690-1,885
Growth and exploration capex	A$m	47-52	27-31	7-8	81-91
	US$m	31-34	18-20	5-5	53-59

Source: Alkane Resources. Note: 100% basis.

FY26 production at Tomingley is expected to be primarily derived from the Roswell deposit; and at Costerfield from the Youle zone, which is planned to produce at higher antimony grades, and the Shepherd zone, which is predominantly gold, and at Bjorkdal from the Main zone, Lake zone and three levels in the lower Aurora zone.

Björkdal FY26 AISC guidance includes a significant amount of sustaining capital, which will provide multi-year benefits, including increased capital development in order to access new ore, new water management infrastructure, tailings dam construction and a major fleet replacement programme that falls into the new financial year. Once these initiatives are completed, AISC is expected to return to more normal levels in FY27.

Growth capital expenditures at Tomingley in FY26 include realignment and associated site services infrastructure on the Newell Highway. In order to commence open-cut mining at San Antonio, the Newell Highway will need to be relocated c 1km to the west of its existing corridor. This is a substantial body of work that has been through several design iterations over a number of years to receive full approval from Transport for NSW. The ore from the open-cut operations will then be added to underground mine production at Roswell. To this end, the construction contract for the Newell Highway road diversion has been awarded and the contractor mobilised to site, with work expected to last into Q1 CY27, after which open-cut mining at San Antonio will commence. In the meantime, exploration has been targeting reserve and resource growth at Caloma 2, Roswell, Wyoming and Macleans.

At Costerfield, the predominant growth expenditure will be on exploration, focusing on near-mine and regional drilling at the True Blue, Sub KC, Brunswick South and Kendall zones to support further extensions of the mine life and potential processing expansion. At Bjorkdal, exploration expenditures include in-fill and extensional drilling in North Zone, Eastern Extension, Storheden and Norrberget to build high-grade inventory and support future mining studies.

In the light of its updated guidance, we have formulated quarterly forecasts for each of Alkane's three operating mines, as follows, in FY26 (including actual numbers for the September 2025 quarter):

Exhibit 5: Edison FY26 quarterly operational forecasts

CY	Q325a	Q425	Q126	Q226	Total
FY	Q126a	Q226	Q326	Q426	FY26
Tomingley					
Ore milled (t)	314,970	315,000	315,000	315,000	1,259,970
Head grade (g/t)	2.15	2.20	2.20	2.20	2.19
Contained gold (g/t)	21,772	22,281	22,281	22,281	88,614
Recovery (%)	85.8	90.5	90.5	90.5	89.0
Gold poured (oz)	18,335	20,164	20,164	20,164	78,827
Gold sold (oz)	18,456	20,164	20,164	20,164	78,948
Gold price (US$/oz)	3,458	4,022	2,023	2,023	2,881
Forex (A$/US$)	1.5287	1.5314	1.5321	1.5321	1.5311
Average realised price (A$/oz)	4,284	6,159	3,099	3,099	4,160
C1 site cash costs (A$/oz)	2,120	1,928	2,156	2,233	2,106
AISC (A$/oz)	2,628	2,375	2,544	2,621	2,536
Costerfield					
Processed ore (t)	34,835	34,246	34,246	34,246	137,572
Processed ore - milled head grade Au (g/t)	8.35	10.15	10.15	10.15	9.70
Processed ore - milled head grade Sb (%)	0.72	1.15	1.15	1.15	1.04
Contained gold (oz)	9,352	11,178	11,178	11,178	42,886
Contained antimony (t)	251	394	394	394	1,432
Recovery Au (%)	92.67	93.60	93.60	93.60	93.27
Recovery Sb (%)	82.71	87.41	87.41	87.41	86.59
Au produced (oz)	8,612	10,463	10,463	10,463	40,000
Sb produced (t)	198	211	211	211	830
Au sold (oz)	6,464	10,463	10,463	10,463	37,852
Sb sold (t)	149	211	211	211	780
Cash operating cost (US$/t)	358	410	410	410	397
Cash operating cost (US$/oz AuE produced*)	1,314	1,071	894	894	1,034
Gold price (US$/oz)	3,458	4,022	2,023	2,023	2,820
Sb price (US$/t)	46,697	50,250	50,250	50,250	49,574
Gold revenue (US$000's)	22,354	42,079	21,161	21,161	106,756
Sb revenue (US$000's)	6,938	10,583	10,583	10,583	38,688
Revenue (US$000's)	29,292	52,663	31,745	31,745	145,443
Operating cost (US$000's)	12,468	14,028	14,028	14,028	54,551
Bjorkdal					
Processed ore (t)	354,348	346,002	346,002	346,002	1,392,353
Processed ore - milled head grade Au (g/t)	0.90	1.06	1.06	1.06	1.02
Contained gold (oz)	10,253	11,802	11,802	11,802	45,659
Recovery Au (%)	84.43	88.74	88.74	88.74	87.61
Au produced (oz)	8,580	10,473	10,473	10,473	40,000
Au sold (oz)	8,246	10,473	10,473	10,473	39,666
Cost operating cost (US$/t)	45	52	52	52	50
Cash operating cost (US$/oz AuE produced)	1,869	1,718	1,718	1,718	1,765
Gold revenue (US$000's)	32,788	42,123	21,183	21,183	117,277
Revenue (US$000's)	32,788	42,123	21,183	21,183	117,277
Operating cost (US$000's)	16,040	17,992	17,992	17,992	70,016

Source: Edison Investment Research.
Note: 100% basis. Official gold equivalent (AuE) calculation provided by Alkane in Exhibit 4 based on prices of US$3,250/oz Au and US$25,000/t Sb; calculation in table above based on prices shown. Average realised price of gold for Tomingley excludes the effect of hedging contracts; however, these are included in our financial forecasts, below.

Readers should note the sharp decline in the gold price incorporated into our forecasts in CY26 (ie Q3 and Q4 of FY26). This is in line with our longer-term forecasts, although it is looking increasingly conservative as the gold price holds above US$4,000/oz.

One further observation concerning the results of Costerfield and Bjorkdal was that a comparison of their statutory (5 August to 30 September) and full period (1 July to 30 September) production numbers, announced on 10 October, indicates that both mines produced more pro rata in the period 5 August to 30 September than they did in the period 1 July to 5 August. While this suggests that there was probably a degree of disruption to operations attending the merger of Alkane and Mandalay in the period to 5 August (NB this is very common in mergers), group operations have been on a recovering path since then, with production on an upward growth trajectory.

Reserves, resources and exploration imperatives

Alkane updated its reserves and resources on 9 September (effective date 30 June 2025). The principal features of the updated statement were:

- Costerfield and Bjorkdal's resources and reserves, now reported to be JORC-compliant, were absolutely consistent with their prior reporting, by Mandalay, to NI 43-101 standards, with the difference between the two being almost exclusively accounted for by mining depletion between 31 December 2024 and 30 June 2025. Note that, in each case, the decline in resources was less than the decline in reserves, indicating that ongoing exploration is expanding the resource base, albeit (at this stage) not yet fully replenishing depletion.
- At maximum milling rates, Costerfield's reserve life amounts to 3.4 years, while its resource life amounts to 10.9 years. Bjorkdal's reserve life amounts to 9.0 years and its resource life amounts to 22.1 years.
- Reserves and resources at San Antonio were unchanged; resources were unchanged at Boda-Kaiser, Peak Hill and McLeans.
- Resources at Roswell declined by a net 254koz, while reserves declined by 135koz. The vast majority of the decline could be attributed to the exclusion of open pit reserves and resources from the total. Main sequence mining at Roswell will now almost certainly be conducted from underground. All open pit material that remains at the end of the operation's life will be considered for mining, but will probably require a proportionately higher gold price to justify its exploitation. Underground resources at Roswell declined by a net 41koz (broadly in line with depletion); however, this headline figure disguises a 167koz increase in the measured category at the expense of a 206koz decline in the indicated and inferred categories. Of the 167koz increase in measured resources, the majority was converted into reserves, with a 107koz increase in the proven category and an 80koz increase in total reserves overall.
- Probably the standout features of Alkane's updated reserves and resources statement, however, was Tomingley, where resources declined by 8.0%, or 35koz (broadly in line with depletion), but underground reserves increased by 212.9%, or 53koz, from 25koz to 78koz, with a decline at Wyoming One being more than offset by increases at Caloma One and Caloma Two. Consequently, we calculate that Tomingley has 4.2 years of resources at current milling rates (which are 30% higher than in the past – see below) and 1.4 years of reserves (NB this is the same as in June 2019). Including material from all sources, we calculate that Alkane has 15.6 years of resources in and around Tomingely and 8.0 years of reserves.

In Q126, exploration expenditure at Bjorkdal and Costerfield was slightly higher than we had been expecting, while the equivalent exploration expenditure at Tomingley was slightly lower. Alkane is still in the process of allocating its final exploration budgets. In time, we expect the balance between Bjorkdal & Costerfield and Tomingley to normalise in line with our forecasts. For the moment however, the imperative of each campaign is mine life extension at Costerfield and higher grade at Bjorkdal.

Updated assumptions

At the same time as it announced its updated reserve and resource statements for its group assets, on 9 September, Alkane also released physical mine and processing schedules for Costerfield and Bjorkdal. For Costerfield, this lasted until FY30 and for Bjorkdal until FY35. These are in line with each one's updated reserve statements. However, they do not take account of the potential to convert resources into reserves, something that Costerfield (like Tomingley), in particular, has always been able to do (NB see the disclosures made about exploration at Costerfield in Alkane's Quarterly Activities Report of 29 October). In deference to this historical performance, Edison is continuing to assume that Alkane will be able to extend the mine life at Costerfield to at least FY33 (an extension of three years compared to the official mine life) and to FY41 at Bjorkdal (an extension of six years). Within this context, it is worth noting that Costerfield is currently mining below its reserve grade, but above its resource grade (for gold), but below both its reserve and its resource grade for antimony, while Bjorkdal is mining below both its reserve and its resource grade for gold. This therefore represents potential upside for both assets relative to their official mine plans in terms of both tonnage (and therefore life) and grade (and therefore profitability).

Whereas at Tomingley, the expectation has always been that it will lift plant capacity to 1.5Mtpa, we now regard this as less likely and expect that Alkane will instead maintain throughput at 1.3Mtpa (a level that it effectively reached in Q126 by using extra crushing capacity) and thereby save itself incremental capital expenditure of c A$30m. We have now built this assumption into our financial model, at the same time as extending the life of operations by three years, from FY31 to FY34, to reflect the lower milling rate and in line with its updated reserve statement. For the moment, we have not incorporated any exploration upside into Tomingley's mine plan, although we note that, a) including all sources, there remains an additional c 7.6 years of potential resource life available to the operation once reserves are depleted and b) that it has always been successful in the past in drilling up new resources and then converting them into reserves (NB see Alkane's announcement, dated 3 November 2025, regarding the discovery of new mineralisation at McLeans as well as the exploration disclosures of its Quarterly Activities Report on 29 October).

Valuing the 'new Alkane'

In addition to operational matters at the mines (considered above), we have updated our financial model for two further items:

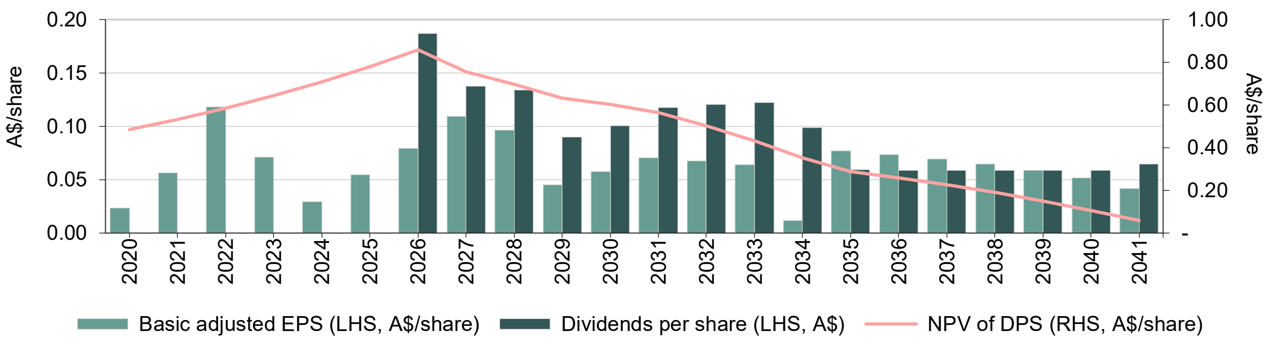
- At the time of its FY25 results, we estimated that Alkane had incurred c A$3.0m in costs relating to the Mandalay merger in H225; in its Quarterly Activities Report of 29 October, Alkane revealed that it had also incurred A$25m in such costs in Q126. For the purposes of our financial model, we have treated this as an 'exceptional' cost in FY26.
- Also in its Quarterly Activities Report, Alkane disclosed corporate costs of A$3.8m (A$15.3m annualised), which is an annualised rate that is only slightly above the A$14.7m incurred in FY25 and suggests that the company has rationalised the corporate costs of the enlarged group to the levels of 'old Alkane' within a very short period of time and considerably faster than our prior expectation that it would be a 48-month process.

Updated absolute valuation

As in our previous report on the merged company, our valuation of 'new Alkane' is based on the present value of our forecast life of operations dividend stream to investors discounted back to present value at a (real) rate of 10% per year, excluding exploration expenditure. Taking into account all of the above considerations and recent antimony price movements in particular, our valuation of the dividend stream potentially available to 'new Alkane' shareholders from its combined mining operations has increased by 36.6% to A$0.858/share (cf A$0.628/share previously). This increases to A$0.872/share once the value of residual resources at Tomingley/San Antonio/Roswell is also included.

A graph of our updated expectations for 'new Alkane' EPS, (maximum potential) DPS and valuation from the present to end FY41 is provided below (NB At a long-term gold price of US$1,866/oz from 2030 onwards in real 2025 US dollar terms).

Exhibit 6: New Alkane life of operations' forecast EPS and (maximum potential) DPS (A$/share)

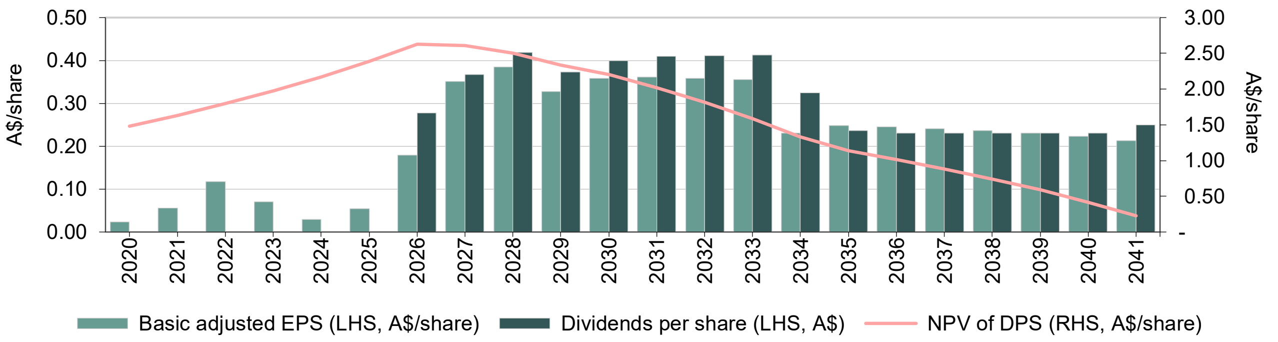


Source: Edison Investment Research.

Note that the DPS columns in Exhibits 6 and 7 represent theoretical, maximum potential dividends that we believe could be paid by the company, rather than actual dividends forecast, and are used for valuation purposes. In reality, and given the likely capital requirements of the Northern Molong Porphyry project, in particular, a balance will need to be found between shareholder returns in the form of capital growth and dividend distributions. However, with the merged company now showing net cash on its balance sheet and with the project finance facility provided by Macquarie for the San Antonio-Roswell (SAR) project now fully repaid, we believe that the prospects for a near- to medium-term dividend payout to shareholders have markedly improved.

In the meantime, it is worth noting that the valuation above is calculated at a conservative long-term (real) gold price of US$1,866/oz in 2025 US dollar terms (cf US$1,794/oz in 2024 US dollar terms, previously). At the current gold price of US$4,000/oz, this valuation more than doubles to A$2.63/share.

Exhibit 7: New Alkane life of operations' forecast EPS and (maximum potential) DPS at US$4,000/oz Au



Source: Edison Investment Research.

In the meantime, 'new Alkane' remains cheap relative to its peers on an enterprise value equating to just US$67.78 per resource ounce, despite its being a profitable, cash-generating multi-asset company with the potential for dilution-free development.

Relative valuation

Based on Edison's forecasts, new Alkane trades at a discount to its peers on 38% of the valuation measures shown in Exhibit 8 below (47 out of 123 individual instances). However, this is at Edison's exceptionally conservative gold prices of US$2,023/oz in CY26, US$2,068/oz in CY27 and US$1,863/oz in CY28. Assuming that the current price of gold of US $4,000/oz prevails over the next three years, Alkane trades at a discount to its peers on 97% of the valuation measures shown (120 out of 123 individual instances). Based on consensus forecasts, it is at a discount to its peers on 82% of valuation measures (102 out of 123 individual instances). Among other things, this indicates that the market is expecting the gold price to fall slightly, but not materially, over the course of the next three years.

Exhibit 8: New Alkane valuation compared to peers

	P/E (x)			EV/EBITDA (x)			P/CF (x)		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Regis Resources	8.7	8.2	8.5	4.0	3.9	4.4	5.0	4.8	4.8
Wesdome Gold Mines	9.1	6.4	6.4	4.7	3.5	3.4	7.2	5.8	5.4
Orla Mining	16.2	8.9	9.7	8.3	4.7	5.1	6.8	7.6	8.3
Westgold Resources	8.6	6.7	6.6	4.3	3.5	3.3	5.6	4.4	4.2
Allied Gold	11.1	3.6	3.1	4.8	2.0	1.4	4.8	2.7	2.0
Aris Mining	10.1	4.9	3.8	6.5	2.8	2.2	5.8	3.4	2.9
Aura Minerals	19.9	7.1	6.5	6.1	4.0	3.8	N/A	N/A	N/A
SSR Mining	12.7	5.9	5.0	8.5	4.3	4.0	8.3	5.3	4.5
K92	13.0	10.2	7.1	7.8	5.9	4.1	11.0	7.8	5.6
Resolute Mining	9.0	0.4	4.4	3.2	2.6	2.3	6.0	3.9	3.2
Fortuna Mining	11.0	7.2	10.4	3.9	3.2	4.5	5.9	5.1	5.7
Catalyst Metals	8.9	6.1	4.8	4.9	3.3	2.6	6.1	5.1	3.8
Pantoro Gold	10.3	8.1	6.0	5.3	4.4	3.6	4.3	4.9	4.4
Ora Banda Mining	8.7	7.6	7.1	4.8	4.2	4.1	5.0	5.1	5.1
Average	**11.2**	**6.5**	**6.4**	**5.5**	**3.7**	**3.5**	**6.3**	**5.1**	**4.6**
Alkane Resources (Edison)	**10.4**	**9.1**	**10.2**	**4.3**	**3.8**	**4.1**	**5.5**	**5.2**	**5.4**
Alkane Resources (Edison at spot gold)	**5.6**	**3.1**	**2.8**	**2.8**	**1.7**	**1.6**	**4.0**	**2.6**	**2.3**
Alkane Resources (consensus)	**7.1**	**6.0**	**5.5**	**3.3**	**2.8**	**2.6**	**4.1**	**3.8**	**3.5**

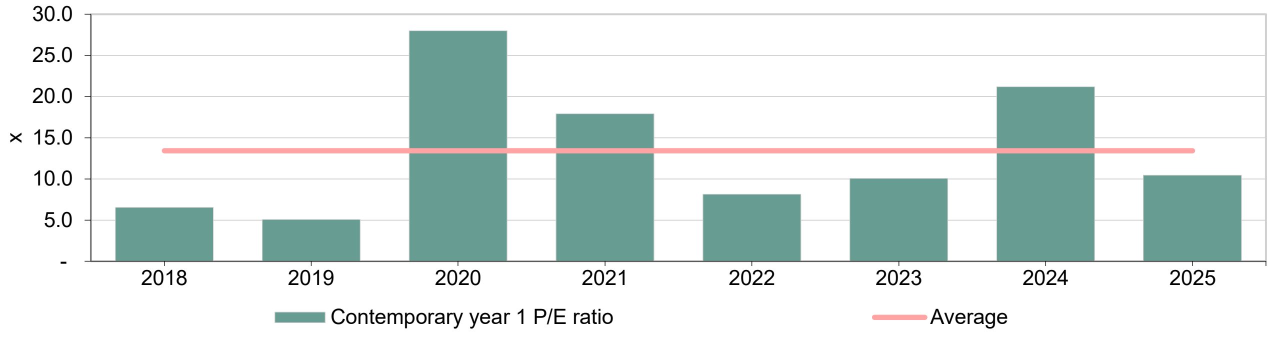
Source: LSEG Data & Analytics, Edison Investment Research. Note: Consensus priced at 17 November 2025.

Based on Edison's gold price forecasts, the average price implied for new Alkane by its peers is A$0.90/share. Based on the current gold price of US$4,000/oz, it is A$2.14/share.

Historical valuation

Since FY18, Alkane has traded within a contemporary year 1 P/E range of 5.1x to 28.0x and at an average P/E level of 13.4x basic adjusted EPS, as shown below.

Exhibit 9: Alkane contemporary year 1 P/E ratio, FY18–25



Source: Edison Investment Research (underlying data: Alkane Resources, Bloomberg)

Applying this 13.4x multiple to our adjusted EPS estimates for the next three years implies an average share price for Alkane of A$1.31 in FY26, A$1.49 in FY27 and A$1.33 in FY28 (albeit these latter two calculations are conducted at substantially lower (real) gold prices, of US$2,045/oz and US$1,966/oz, respectively).

At the current price of gold, this 13.4x multiple implies an average share price for Alkane of A$2.65 in FY26, A$4.76 is FY27 and A$5.24 in FY28.

New Alkane group valuation

Taking the wider group's assets into consideration, a summary of our 'new Alkane' group valuation is as follows:

Exhibit 10: New Alkane valuation summary (Australian cents per share)

	Previous			Current/updated		
Asset	Core assets valuation	Contingent assets valuation	Potential total	Core assets valuation	Contingent assets valuation	Potential total
Operating assets plus cash	65		65	87		87
El Paso and ongoing Tomingley extension exploration		2	2		2	2
Listed investments	0		0	1		1
Kaiser & Boda	21	1	22	20	5	25
Boda Two, Three & Four exploration		22	22		22	22
Subtotal	**87**	**25**	**112**	**108**	**28**	**136**
Spot metals prices cf long-term forecasts		190	190		279	279
Total	**87**	**215**	**301**	**108**	**307**	**415**

Source: Edison Investment Research. Note: Totals may not add up owing to rounding.

As such, Alkane's current share price of A$1.02 could be interpreted as being more than 100% covered by the value of 'core' assets, with ostensibly no value being afforded to its 'contingent' assets. Alternatively, Alkane's share price could be thought of as being at a 5.6% premium to the value of its 'core' assets, with no value being attributed to it for its 'contingent' assets, despite this being based on Edison's long-term gold price forecast of just US$1,866/oz in 2025 US dollar terms.

While the per share valuation of Boda-Kaiser has been diluted by the merger, we believe that this is more than made up for by the combined entity's increased cash generation potential until 2031, which has the ability to fund the project's pre-production capex requirement (see 'Financials' below). For the purposes of our valuation of Boda-Kaiser, we have included the in-situ valuation of the combined resource as a 'core' asset. We have included the difference between the discounted dividend flow valuation and the in-situ valuation as a 'contingent' asset (NB We have changed the presentation of this in Exhibit 10 relative to previous reports). However, we note the convergence of the two, which confers confidence in the valuation (see our note Kaiser a winner, published on 24 July 2024). In due course, while we would expect the Boda and Kaiser in-situ valuation to remain relatively constant (all other things being equal), the discounted dividend flow valuation of the asset will inevitably rise with the passage of time and the attainment of the various milestones inherent in bringing such a deposit to account. In the meantime, we have valued Boda Two, Three & Four at zero as a 'core' asset, on the basis that it has yet to delineate a resource, but at 22c as a 'contingent' asset in the event that it is shown to be as large as the original Boda deposit (which we think is a possibility see Alkane's Boda-Kaiser Regional Exploration Update, released on 8 July).

Financials

As at 30 June 2025, Alkane had net debt on its balance sheet of A$11.2m (cf A$27.7m as at end December 2024) and, we estimate, pro forma net cash of A$131.0m. As at 30 September, it reported that it had A$160m in cash plus A$14m in bullion and a further A$17m in listed investments.

Boda-Kaiser has a pre-production capex requirement of c US$1,188m, or A$1,821m at the prevailing fx rate. At Edison's relatively conservative long-term gold price of US$1,866/oz, we estimate that 'new Alkane' has the potential to accumulate A$989m in net cash by the end of FY31 to contribute to the funding of the Boda-Kaiser project. This amounts to 54% of the total capex requirement and, in our opinion, would obviate the need for the company to either raise additional equity or seek a strategic partner to develop the project. At the current (real) gold price of US$4,000/oz however, we estimate that 'new Alkane' could accumulate A$3,529m in net cash to contribute towards Boda-Kaiser pre-production capex, in which case it could also contemplate dividend distributions to shareholders in the intervening timespan.

Exhibit 11: Financial summary

A$'000s	2018	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Year end 30 June	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT											
Revenue	129,973.6	93,994.9	72,549.0	127,833.0	165,010.0	190,527.0	172,991.0	262,362.0	675,065.7	731,156.2	697,182.1
Cost of Sales	(51,080.9)	(53,656.4)	(32,868.0)	(45,313.0)	(67,527.0)	(83,496.0)	(102,906.0)	(154,828.0)	(368,751.0)	(384,537.8)	(371,937.8)
Gross Profit	78,892.7	40,338.5	39,681.0	82,520.0	97,483.0	107,031.0	70,085.0	107,534.0	306,314.7	346,618.4	325,244.2
EBITDA	70,378.7	32,971.7	29,412.0	70,527.0	87,498.0	94,924.0	59,786.0	92,842.0	291,062.7	331,926.4	310,552.2
Normalised operating profit	31,658.3	25,808.8	20,171.0	49,940.0	53,821.0	59,246.0	24,152.0	41,992.0	177,462.6	213,684.6	187,753.6
Amortisation of acquired intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported operating profit	31,658.3	25,808.8	20,171.0	49,940.0	53,821.0	59,246.0	24,152.0	41,992.0	177,462.6	213,684.6	187,753.6
Net Interest	(579.0)	(418.8)	389.0	(2,741.0)	(1,662.0)	1,341.0	180.0	(3,412.0)	1,965.4	3,313.8	5,636.0
Joint ventures & associates (post tax)	0.0	0.0	0.0	(870.0)	(20.0)	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	(646.0)	1,741.0	48,334.0	0.0	110.0	7,565.0	(25,000.0)	0.0	0.0
Profit before tax (norm)	31,079.3	25,390.0	20,560.0	46,329.0	52,139.0	60,587.0	24,332.0	38,580.0	179,428.1	216,998.4	193,389.6
Profit before tax (reported)	31,079.3	25,390.0	19,914.0	48,070.0	100,473.0	60,587.0	24,442.0	46,145.0	154,428.1	216,998.4	193,389.6
Reported tax	(6,919.9)	(2,266.1)	(6,569.0)	(14,503.0)	(30,222.0)	(18,137.0)	(6,765.0)	(13,102.0)	(46,328.4)	(65,099.5)	(58,016.9)
Profit after tax (norm)	24,159.4	23,123.9	13,991.0	31,826.0	21,917.0	42,450.0	17,567.0	25,478.0	133,099.7	151,898.9	135,372.7
Profit after tax (reported)	24,159.4	23,123.9	13,345.0	33,567.0	70,251.0	42,450.0	17,677.0	33,043.0	108,099.7	151,898.9	135,372.7
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	(583.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	24,159.4	23,123.9	13,991.0	31,826.0	21,917.0	42,450.0	17,567.0	25,478.0	133,099.7	151,898.9	135,372.7
Net income (reported)	24,159.4	23,123.9	12,762.0	33,567.0	70,251.0	42,450.0	17,677.0	33,043.0	108,099.7	151,898.9	135,372.7
Basic average number of shares outstanding (m)	506	506	547	595	596	598	603	605	1,365	1,365	1,365
EPS - basic normalised (A$)	0.05	0.05	0.03	0.05	0.04	0.07	0.03	0.04	0.10	0.11	0.10
EPS - diluted normalised (A$)	0.05	0.04	0.02	0.05	0.04	0.07	0.03	0.04	0.10	0.11	0.10
EPS - basic reported (A$)	0.05	0.05	0.02	0.06	0.12	0.07	0.03	0.05	0.08	0.11	0.10
Dividend (A$)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	10.3	(27.7)	(22.8)	76.2	29.1	15.5	(9.2)	51.7	157.3	8.3	(-4.6)
Gross margin (%)	60.7	42.9	54.7	64.6	59.1	56.2	40.5	41.0	45.4	47.4	46.7
EBITDA margin (%)	54.1	35.1	40.5	55.2	53.0	49.8	34.6	35.4	43.1	45.4	44.5
Normalised operating margin (%)	24.4	27.5	27.8	39.1	32.6	31.1	14.0	16.0	26.3	29.2	26.9
BALANCE SHEET											
Fixed assets	138,275.0	172,196.0	129,077.0	203,161.0	257,497.0	304,826.0	392,694.0	783,754.8	831,280.4	826,129.4	810,422.5
Intangible assets	93,136.0	103,894.0	32,745.0	57,794.0	98,498.0	161,310.0	101,403.0	143,603.8	177,953.1	212,828.3	247,703.5
Tangible assets	36,266.0	51,038.0	62,322.0	99,411.0	107,386.0	111,104.0	271,750.0	616,624.3	629,800.7	589,774.5	539,191.4
Investments & other	8,873.0	17,264.0	34,010.0	45,956.0	51,613.0	32,412.0	19,541.0	23,526.6	23,526.6	23,526.6	23,527.6
Current assets	93,306.0	76,501.0	59,096.0	33,054.0	98,190.0	107,364.0	72,002.0	306,477.8	288,086.0	446,433.5	596,478.5
Stocks	19,153.0	4,816.0	7,647.0	11,648.0	17,952.0	21,906.0	22,241.0	68,940.1	25,892.9	28,044.3	26,741.2
Debtors	2,030.0	1,998.0	2,940.0	1,894.0	2,344.0	5,167.0	3,848.0	33,881.3	16,645.5	18,028.5	17,190.8
Cash & cash equivalents	72,003.0	69,582.0	48,337.0	18,991.0	77,894.0	80,291.0	45,519.0	199,451.5	241,342.6	396,155.7	548,341.5
Other	120.0	105.0	172.0	521.0	0.0	0.0	394.0	4,205.0	4,205.0	4,205.0	4,205.0
Current liabilities	(27,430.0)	(21,762.0)	(14,238.0)	(18,179.0)	(25,297.0)	(43,701.0)	(52,358.0)	(148,409.3)	(117,443.5)	(118,741.0)	(117,705.4)
Creditors	(9,299.0)	(8,007.0)	(9,425.0)	(11,082.0)	(13,708.0)	(23,508.0)	(23,744.0)	(61,274.1)	(30,308.3)	(31,605.8)	(30,570.2)
Tax and social security	(6,929.0)	(9,317.0)	0.0	0.0	(1,001.0)	(7,283.0)	(5,134.0)	(15,089.5)	(15,089.5)	(15,089.5)	(15,089.5)
Short-term borrowings	0.0	0.0	(2,090.0)	(3,294.0)	(5,930.0)	(7,371.0)	(16,144.0)	(32,138.8)	(32,138.8)	(32,138.8)	(32,138.8)
Other	(11,202.0)	(4,438.0)	(2,723.0)	(3,803.0)	(4,658.0)	(5,539.0)	(7,336.0)	(39,906.8)	(39,906.8)	(39,906.8)	(39,906.8)
Long-term liabilities	(13,647.0)	(13,059.0)	(19,522.0)	(26,471.0)	(61,516.0)	(68,492.0)	(102,964.0)	(175,543.5)	(127,543.5)	(127,543.5)	(127,542.5)
Long-term borrowings	0.0	0.0	(4,515.0)	(5,922.0)	(9,116.0)	(6,175.0)	(32,874.0)	(36,283.0)	11,717.0	11,717.0	11,717.0
Other long-term liabilities	(13,647.0)	(13,059.0)	(15,007.0)	(20,549.0)	(52,400.0)	(62,317.0)	(70,090.0)	(139,260.5)	(139,260.5)	(139,260.5)	(139,259.5)
Net assets	190,504.0	213,876.0	154,413.0	191,565.0	268,874.0	299,997.0	309,374.0	766,279.8	874,379.5	1,026,278.4	1,161,653.1
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	190,504.0	213,876.0	154,413.0	191,565.0	268,874.0	299,997.0	309,374.0	766,279.8	874,379.5	1,026,278.4	1,161,653.1
CASH FLOW											
Operating cash flow before WC and tax	69,941.3	33,135.8	28,173.0	72,065.0	137,248.0	95,354.0	60,405.0	101,101.0	266,756.7	332,620.4	311,246.2
Working capital	(9,498.0)	(5,172.0)	(3,481.0)	(2,840.0)	(776.0)	(3,948.0)	(1,749.0)	(6,122.0)	29,317.2	(2,236.9)	1,105.2
Exceptional & other	1,277.0	1,454.0	3,704.0	4,632.0	(48,334.0)	3,500.0	224.0	(5,607.0)	0.0	0.0	0.0
Tax	(6,919.9)	7,047.9	(249.0)	0.0	0.0	(701.0)	(6,157.0)	(13,982.0)	(46,328.4)	(65,099.5)	(58,016.9)
Net operating cash flow	54,800.5	36,465.7	28,147.0	73,857.0	88,138.0	94,205.0	52,723.0	75,390.0	249,745.5	265,284.0	254,334.6
Capex	(9,224.0)	(19,621.0)	(46,122.0)	(59,477.0)	(42,581.0)	(33,695.0)	(115,969.0)	(58,052.0)	(127,470.5)	(78,909.6)	(72,909.6)
Acquisitions/disposals	0.0	4.0	(20,068.0)	1,522.0	619.0	4.0	150.0	151,494.5	0.0	0.0	0.0
Net interest	(579.0)	(418.8)	389.0	(2,741.0)	(1,662.0)	1,341.0	180.0	(3,412.0)	1,965.4	3,313.8	5,636.0
Equity financing	(5.0)	0.0	39,442.0	(31.0)	(4.0)	(20.0)	(9.0)	0.0	0.0	0.0	0.0
Exploration and Evaluation	(10,969.0)	(11,578.0)	(20,132.0)	(26,642.0)	(40,935.0)	(58,105.0)	(19,528.0)	(17,541.0)	(34,349.3)	(34,875.2)	(34,875.2)
Other	(4,317.0)	(7,442.0)	(9,522.0)	(18,129.0)	49,659.0	368.0	11,827.0	(3,194.0)	0.0	0.0	0.0
Net cash flow	29,706.4	(2,590.1)	(27,866.0)	(31,641.0)	53,234.0	4,098.0	(70,626.0)	144,685.5	89,891.2	154,813.0	152,185.9
Opening net debt/(cash)	(41,969.0)	(72,003.0)	(69,582.0)	(41,732.0)	(9,775.0)	(62,848.0)	(66,745.0)	3,499.0	(131,029.6)	(220,920.8)	(375,733.8)
FX	311.6	169.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash movements	16.0	0.0	16.0	(316.0)	(161.0)	(201.0)	382.0	(10,156.8)	0.0	0.0	0.0
Closing net debt/(cash)	(72,003.0)	(69,582.0)	(41,732.0)	(9,775.0)	(62,848.0)	(66,745.0)	3,499.0	(131,029.6)	(220,920.8)	(375,733.8)	(527,919.7)

Source: Company sources, Edison Investment Research. Note: Mandalay Resources consolidation assumed pro forma from 30 June 2025.

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