

1 December 2016



DUBBO ZIRCONIA PROJECT HIGH PURITY ZIRCONIA & HAFNIA SAMPLES TO CUSTOMERS

The Company completed several shareholder briefings in Sydney (16th), Melbourne (17th) and Perth (18th) following the Annual General Meeting and considers the market fully informed of its activities. Of particular note were the Dubbo Zirconia Project (DZP) previously announced project milestones:

- Zirconium Marketing and Sales Agreement with Minchem 15 August
- Full Year Financial Results for the year ended 30 June 2016 28 August
- MOU with Siemens for DZP Product Off-take and Supply of Process Equipment 25 October
- Significant Improvement in Capital Costs and Execution Strategy for DZP 28 October

Dubbo Zirconia Project (DZP) - Samples Dispatched

The Company has recently dispatched high purity samples of zirconia and hafnia (hafnium oxide) to several key potential customers. The provision of samples from the August – September Demonstration Pilot Plant (DPP) run has been a condition precedent to further discussions with these customers for the purchase of AZL's future products. Of particular interest are the ongoing investigations and market contacts which have confirmed the Company's view that the market for hafnium materials has substantial growth opportunities, reinforcing the potential for the DZP to be a major supplier over many years (not related to the production of nuclear grade zirconium metal). The Company will continue to provide samples to the broader zirconia customer base with the assistance of its appointed marketing agent, Minchem.



Zirconia and Hafnium Concentrate produced from recent 2016 DPP operation at ANSTO

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DZP Development

The Company is in the process of securing offtake arrangements for all of its products, with expected outcomes ranging from full contracted sales to letters of intent agreeing that the Company's products are suitable for purchase. In addition the Company is continuing its efforts to advance the financing for the development. This program has been assisted by the staged and modularised construction concept (ASX Announcement 28 October 2016) which halved the initial capital cost from US\$930 million to US\$480 million. The Bankable Study assessment of the staged build is in progress with the DZP engineering partner, Outotec, and should be completed by April 2017.

The funding strategy remains unchanged and should be a mixture of Export Credit Agency (ECA) and commercial debt, and equity, including a potential strategic investment at project level.

Tomingley Gold Operations (TGO)

TGO continues to recover from the major rain events that have impacted the region since May. Caloma Two development has commenced, bringing operations into three active pits. A review of FY17 guidance on production and costs will be available for the 31 December Quarterly Report in January 2017.

Share Market Activity

Alkane has received numerous enquiries from investors in relation to recent unusual trading activity in the Company's securities. From 21 November a major mark down in share price from \$0.56 to \$0.33 at the close of business on Wednesday 30 November has been observed on the ASX. This 40% price drop has been accompanied by abnormally large volumes of shares traded, with a total of around 27 million moved over the period.

The Company is at a loss to understand this activity and can only speculate that it is a concerted effort by traders to take advantage of the substantial gain in value that has occurred over the last four months.

Major shareholders continue to demonstrate support for the Company and its development strategies.



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.

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ABOUT ALKANE - www.alkane.com.au - ASX: ALK and OTCQX: ANLKY

Alkane is a multi-commodity company focused in the Central West region of NSW, Australia. Currently Alkane has two advanced projects - the Tomingley Gold Operations (TGO) and the nearby Dubbo Zirconia Project (DZP). Tomingley commenced production early 2014. Cash flow from the TGO has provided the funding to maintain the project development pipeline and will assist with the pre-construction development of the DZP.

The NSW Planning Assessment Commission granted development approval for the DZP on 28 May 2015 and on 24 August 2015 the Company received notification that the federal Department of the Environment gave its approval for the development. Mining Lease 1724 was granted on 18 December 2015 and the Environment Protection Licence was approved on 14 March 2016. Financing is in progress and this project will make Alkane a strategic and significant world producer of zirconium, hafnium and rare earth products when it commences production in 2018.

Alkane's most advanced gold copper exploration projects are at the 100% Alkane owned Wellington and Bodangora prospects, and Elsenora farm-in. Wellington has a small copper-gold deposit which can be expanded, while at Bodangora a large monzonite intrusive complex has been identified with porphyry style gold copper mineralisation. Encouraging gold mineralisation was recently drilled at Elsenora.

