

29 November 2017



Chairman's Address 2017 Annual General Meeting

It is with great pleasure that I welcome you to the Alkane Resources Annual General Meeting for 2017.

This Annual General Meeting marks my first as Chairman, and on behalf of the Board and the entire Alkane community, I wish to extend thanks to retiring Chairman, John Dunlop, for leading the Company for the past 11 years. John's engineering and mining expertise was particularly instrumental in the development of TGO, where he provided invaluable input into the feasibility study, construction and commissioning of the gold processing plant and mining operation. We wish him well for the future.

I also wish to acknowledge Ian Chalmers, who has stepped down as Managing Director after almost 11 years (and 30+ years at Alkane). In that time he has driven the Company back into gold production and advanced the world class Dubbo Project through feasibility towards construction. I look forward to his ongoing board presence as Technical Director, ensuring the Group continues to benefit from his geological expertise and substantial intellectual database surrounding the Dubbo Project.

We welcome Nic Earner, formerly Chief Operations Officer, to the role of Managing Director. Nic's experience at a number of diverse and large mining and processing operations will facilitate a smooth transition through construction and production at the world class Dubbo Project.

Alkane is committed to employing members of the local community where possible, with the majority of employees living in the local area as the Company does not support a 'fly-in/fly-out' scheme. At financial year end the group had 200 personnel on the payroll, with 17% being female. Achieving a good gender balance in such a historically male-dominated industry is a challenge essential to maintaining a culture of equal opportunity.

We seek to minimise our environmental footprint at all our mining and exploration sites, and we work hard to protect the wide variety of native species that thrive in our project areas. Our aim is to restore sites to be stable functioning ecosystems that are non-polluting and productive. This is achieved through careful design, creation of biodiversity offset areas, progressive rehabilitation, monitoring and management actions.

The process commences when we start developing a mining project – before any soil is turned. In accordance with commitments made in respective environmental impact statements, consent conditions, mining operations plans and environment protection licences, meticulous plant design ensures our operations comply with regulation for water recycling and residue management to ensure sites are safe for local wildlife. Progressive rehabilitation of mining landforms commences in the early days of operation and continues for the life of the mine and beyond.

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The establishment and care of biodiversity offset areas forms an important part of Alkane's commitment to the environment and the community. These designated areas are earmarked for the restoration and creation of new native habitats for animal species, especially those that are threatened and endangered, along with other measures to encourage biodiversity.

As part of the Dubbo Project the Company acquired about 3,500 hectares of mixed farmland and residual vegetation. For long term sustainability, biodiversity offset areas totalling more than 1,000 hectares are being managed by Alkane subsidiary, Toongi Pastoral Company Pty Ltd, along with 2,000 hectares of agricultural land which is operating as a commercial farming enterprise. A conservation property vegetation plan was executed by Central West Local Land Services in May 2017. This agreement outlines specific management actions and is binding on title in perpetuity.

At Tomingley Gold Operations, 122 hectares of biodiversity offset areas are also protected by a conservation property vegetation plan. Over the past few years, many thousands of trees and shrubs have been planted around the TGO site, including 35 hectares of native grey box (eucalyptus) woodland, a threatened species.

Operationally it has been a positive year in which the Company has largely focused on preparations for significant developments touching both our major projects – the Dubbo Project and the gold operations at Tomingley.

The Dubbo Project, which is expected to position Alkane as a significant world producer of critical technology metals, is presently construction-ready as we finalise the off-take, design and financing arrangements. Considerable efforts have been expended during the past year to establish and consolidate relationships with potential customers, leading to an important MOU with Siemens.

Our preferred approach is to produce high-value downstream products, and to this end the Company has been working on finalising product specifications for individual manufacturers, with the view to evaluation and pre-qualification. Whilst highly confident of our ability to sell all of our products in the broader marketplace, we are very close to having secured customers for all our product streams – which will comprise zirconium and hafnium products, ferro-niobium, and rare earth oxides and metals.

It is a propitious time to be progressing the Dubbo Project. Recent developments in China's manufacturing sector are likely to lead to restricted rest-of-the-world supply of certain critical elements that underpin many of the megatrends driving today's economy. Prices of these materials have already begun to climb as demand increases and the period of oversupply appears to have ended. As the most advanced poly-metallic project of its kind outside China, the Dubbo Project is highly significant as a potential long-term, reliable and independent supply option for several of these critical materials – including zirconium, hafnium and rare earth elements. We look forward to finalising the financing and proceeding to construction.

At Tomingley Gold Operations, record production in the June 2017 quarter contributed to a total of 68,836 ounces poured for the financial year, which was within full-year guidance, despite rain hampering production during the first half of the year. The mine generated an EBITDA of \$32.7 million and pre-tax profit of \$17.1 million which contributed to the financial strength of the Company. FY18 should deliver a similar result as the open cut mines reach the end of their operating lives. Consequentially a major focus for the year was investigation of the resource below the Wyoming One pit with the view to developing underground mining activities, and we anticipate a positive outlook to be announced in the coming months.



Our exploration efforts have targeted the discovery of significant gold-copper deposits in the style of the Ridgeway-Cadia porphyry systems or McPhillamys gold deposits. Testing commenced in a section of the prospective belt that makes up the broader Tomingley Gold Project area, including near Alkane's currently inactive Peak Hill Gold Mine site. A drilling program was also carried out in four target areas of our Northern Molong Porphyry Project, confirming the potential of this 15km-long corridor to host significant deposits.

Finally, my thanks to the entire Alkane Resources team, including strategic partners and consultants, along with our many shareholders, for their ongoing support. Particular thanks must be extended to retiring Chief Geologist, Terry Ransted, for his years leading the exploration team, and Sean Buxton for his leadership of the TGO team. We wish them both all the best for the future.

Ian Gandel
Chairman

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 Project (DP). 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 DP.

The NSW Planning Assessment Commission granted development approval for the DP 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 for this project is in progress and when completed should make Alkane a strategic and significant world producer of zirconium, hafnium and rare earth products with production targeted for 2019-20.

Alkane's most advanced gold copper exploration projects are at the 100% Alkane owned Bodangora, Wellington and Elsenora prospects. 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. Gold and base metal mineralisation has been identified at Elsenora.

