USD$30M EARN-IN AND JOINT VENTURE AGREEMENT WITH RIO TINTO

HIGHLIGHTS

- Alderan executes Earn-in and Joint Venture Agreement with Kennecott Exploration Company, a member company of the Rio Tinto Group, for its prospective Frisco project
- Earn-in provides Kennecott with the option, but not the obligation to spend up to US$30 million (~AUD$44m) to earn up to a 70% project-level interest over three stages
- Kennecott shall have the right to form a joint venture at any time after the initial earn-in stage and will be the joint venture manager
- Kennecott's commitment validates the prospectivity of the Frisco project while providing exploration funding and expertise
- Alderan will focus future exploration on its White Mountain and Star Range projects while it also considers additions to its portfolio

Introduction

Alderan Resources Limited (ASX: AL8) ("Alderan or "the Company") is pleased to announce that its wholly owned subsdiary Volantis Resources Corp has entered into an Earn-in and Joint Venture Agreement with Kennecott Exploration Company ("Kennecott"), a member of the Rio Tino Group. This Agreement covers the Company's Frisco project located in Utah, USA ("Agreement').

The Earn-In Agreement will provide a significant source of funding and exploration expertise to unlock the potential of the Frisco project, which will enable Alderan to pursue lower cost exploration opportunities within its existing portfolio and potentially new projects.

Peter Williams, Managing Director of Alderan commented:-
"Alderan is delighted to have Kennecott as a partner in the exploration of Frisco, which we see as a validation of the prospectivity of the project and a major step forward in unlocking the potential of the area. We look forward to sharing details as the first exploration program progresses."

Key Terms
Key terms of the Agreement are summarised as follows:-

- **Earn-in**: Kennecott has the option to sole fund a three-stage earn-in totalling US$30 million as follows:-
    - Option 1 – 4 year option to acquire a 55% undivided interest in the Project by incurring US$6 million of expenditure within four years of the anniversary of the Agreement, with a minimum of US$1 million to be expended within the first 18 months.
    - Option 2 – if Kennecott exercises Option 1, a further option to acquire an additional 10% undivided interest (for a total of 65% undivided interest), by incurring an additional US$9 million in the three year period after Option 1 has been exercised.

- Option 3 – if Kennecott exercises both Options 1 and 2, a further option to earn an additional 5% undivided interest (for a total of 70% undivided interest) by incurring an additional US$15 million in the three year period after Option 2 has been exercised.

In the event that Kennecott incurs expenditure in excess of an option expenditure requirement, that expenditure will be credited against the subsequent option expenditure requirements. In addition, Kennecott may, at any time, accelerate its satisfaction of Options 1, 2 and 3 by paying cash to Volantis in lieu of the expenditure requirements above.

Kennecott is required to maintain the Frisco project in good standing and meet all required annual claim and lease fees, which will count towards option expenditure requirements.

At any time after Kennecott expends the initial expenditure of US$1m, Kennecott may elect to withdraw from the Project with no interest earned and no further rights and obligations.

If either Volantis or Kennecott wish to divest their interest during the earn-in period, the other party will have a first right of refusal. No party may divest less than 100% of its interest without consent of the other party.

- **Joint Venture** – Kennecott has the right to elect to form a joint venture at any time following the satisfaction of Option 1, in which case each party will contribute to project expenditure in proportion to their respective ownership interest at that time.

  - Joint Venture Manager: Kennecott shall be the joint venture manager and Kennecott will receive management fees of 5% through the construction phase of the Project and 2% during the operating and reclamation phase.

  - Management Committee: a management committee will be formed, to be comprised of two members from each party, with joint venture decisions to be made by a simple majority participating interest vote.

  - Dilution: standard equity account dilution (100%) for failure by a participant to contribute to its pro rata share of an approved program and budget, and accelerated dilution in the case of failure to make a committed contribution to an approved program and budget (125%). In the event the other party makes a cover payment for a defaulting participant, the accelerated dilution will be 250%. If a party's participating interest is diluted below 10%, then that party's participating interest will convert to a one percent net smelter return royalty capped at US$25 million.

  - Divestment: Kennecott shall be free to assign any or all of its JV interest, however Volantis may not divest less than 100% of its interest without consent of Kennecott. Kennecott will have a right of first refusal should Volantis wish to divest its JV interest and Volantis will have a right of first offer should Kennecott wish to divest its JV interest.

ALDERAN RESOURCES LIMITED

ABN: 55 165 079 201

Ground Floor, 16 Ord Street, West Perth, 6005, WA

www.alderanresources.com.au

For further information:

e: info@alderanresources.com.au

p: +61 8 9482 0560

Please direct enquiries to:

Peter Williams

Managing Director

info@alderanresources.com.au

Forward Looking Statement

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