



MULTI-COMMODITY MINER EXPLORER
www.alkane.com.au

ASX : ALK
OTCQX : ANLKY

Equity Raising: Investor Presentation

26 April 2016



Offer structure

- Alkane is conducting a pro-rata non-renounceable entitlement offer (the “Offer”) of fully paid ordinary shares on the basis of 1 New Share for every 5 existing shares held at the record date 29 April 2016
- The maximum number of New Shares which may be issued under the Offer is approximately 82.8 million shares at \$0.20 per New Share to raise approximately A\$16.6 million
 - New Shares issued will rank equally with existing Alkane shares on issue
 - Issue of the New Shares does not require shareholder approval
- The Offer is not underwritten
- Eligible shareholders may apply for additional New Shares under the Offer
- The Lead Manager for the Offer is Petra Capital

Offer pricing

- Fixed offer price of \$0.20 per New Share under the Offer (“**Offer Price**”)
 - 7.8% discount to Alkane closing price on the ASX as at 22 April 2016
 - 7.7% discount to Alkane 10 day VWAP on the ASX as at 22 April 2016

Use of proceeds

- The proceeds of the Offer will supplement existing cash reserves and are intended to be used to fund:
 - Acquisitions of the remaining key parcels of land within the Dubbo Zirconia Project (DZP) area;
 - Perform DZP pilot plant run(s) to confirm front end engineering and design and other process changes and produce product samples for potential offtake customers;
 - Development of strategic partnerships to provide value enhancement to published DZP financials;
 - Other DZP related expenditures; and
 - General working capital requirements including fees associated with the Offer.

Major shareholder and Directors

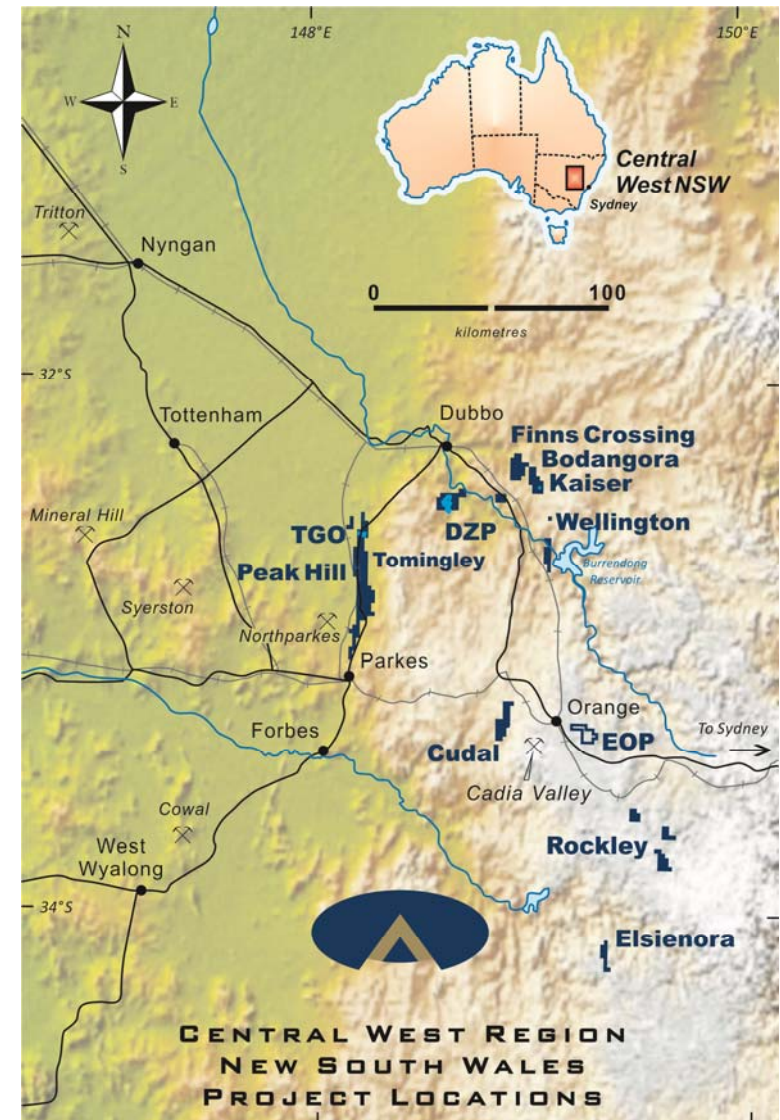
- Alkane's largest shareholder, Abbotsleigh (associated with Mr Ian Gandel, a director of Alkane) has committed to take up its full pro rata entitlement under the Offer, provided that its voting power immediately following completion of the Offer does not exceed 25.1%
- Each other director has committed to take up their pro rata entitlement under the Offer



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- Listed on ASX since 1969, also listed on OTCQX (US)
- ~6,300 shareholders
- Multi commodity explorer, miner and developer focused on Central West of NSW, Australia
- Active in region for more than 20 years
- Developed Peak Hill Gold Mine in 1996, operated to 2005 being the end of mine life
- Tomingley Gold Operations (TGO) construction completed on time/budget; first gold production February 2014; providing cash flow to assist with DZP development
- World-class Dubbo Zirconia Project (DZP) front end engineering and design completed; project approval received; project at pre-construction stage; financing in progress
- Successful ongoing exploration program to provide a pipeline of development projects

Corporate Profile



Board

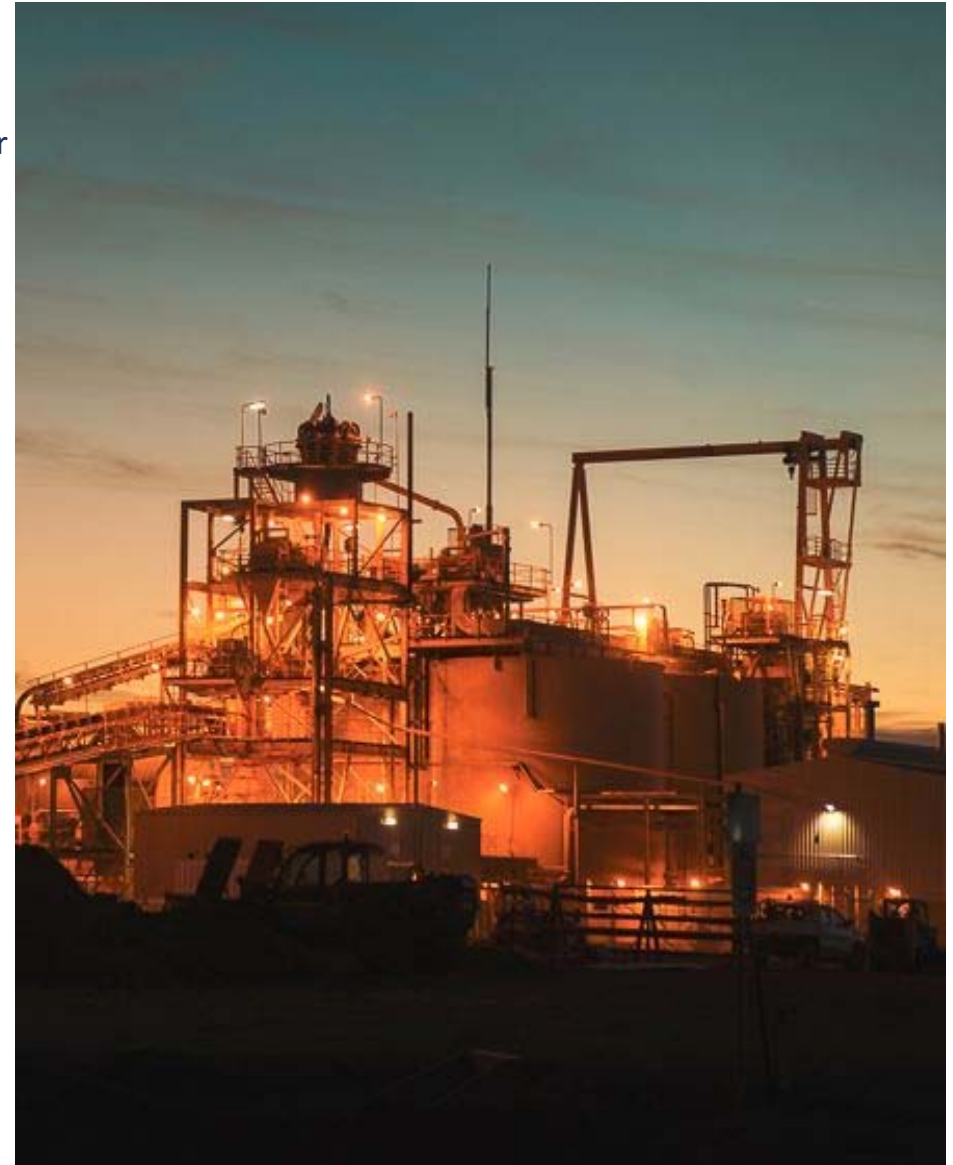
- **John S F Dunlop (Chairman)** BE(Min), MEngSc(Min). Mining Engineer
- **D Ian Chalmers (Managing Director)** MSc. Geologist
- **Ian J Gandel (Director)** LLB, BEc. Businessman
- **Anthony D Lethlean (Director)** BAppSc. Geologist/Banker
- **Karen Brown (Company Secretary)** BEc

Senior Management

- **Nic Earner (Chief Operations Officer)** BEng (Honours)
- **Michael Ball (Chief Financial Officer)** CA BCom
- **Terry Ransted (Chief Geologist)** BSc
- **Michael Sutherland (General Manager NSW)** BSc
- **Brendan Ward (Commercial Manager)** LLB, BA
- **Sean Buxton (TGO Operations Manager)** BEng
- **Natalie Chapman (Corporate Communications)** BSc, MBA

DZP Marketing Consultants

- **Alister MacDonald (Marketing TCMS)** - Ceramic Engineer
- **Jeff Swingler (Special Strategic Advisor)** - CA, MEI
- **Dudley Kingsnorth (REE Markets IMCOA)** - BMet (Hons), MSc.,





DZP a highly strategic asset

- Globally significant resource of zirconium, hafnium, niobium (tantalum), yttrium and rare earths (RE)
- Significant hafnium, yttrium and heavy rare earth content
- Polymetallic product suite providing greater revenue and customer diversification than other pure RE producers



Front End Engineering & Design (FEED) completed: long mine life, low cost project indicated

- Robust technical and financial feasibility complete, engineering and design completed to bankable level
- Based on proven flow sheet from demonstration pilot plant (operating since 2008)
- Simple open pit mine; 20 year mine life modelled for DFS compared to 35 years by Reserves and 70 years by Resources



Development of EPC Construction Contracts

- Appointment of Outotec for Early Contractor Involvement (ECI) for process infrastructure and equipment in Sept 2015
- Appointment of ECI for remaining earthworks and infrastructure to be made



Attractive market fundamentals

- Markets characterised by few major suppliers
- Significant demand from a wide and expanding range of product applications
- Limited new significant supply prospects provide attractive returns



Expert management team

- Significant specialist personnel to aid DZP project delivery
- Additions of senior management personnel to aid DZP project delivery



Strong market interest in products and supportive partners

- LOI with established operator for RE toll processing; JV with Treibacher to produce FeNb
- Development of strategic partnerships to provide value enhancement to published project financials & revenue security
- Project level investment(s) progressing



Tomingley Gold Operation (TGO) provides near term cash flows

- In production since February 2014; generated \$32.9M in free cash since July 2014 (refer slide 13)
- Proves capability of Alkane to develop assets in NSW and provides ongoing cashflows and exposure to gold price



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1H FY2016 Snapshot

Indicative Shareholder Base as at 31 March 2016

1H FY2016 Financials

- Total income A\$56.2 million
- Profit before income tax A\$8.9 million
- Operating cash flow A\$19.1 million
- Total equity A\$178.1 million
- Market cap at 21 April ~A\$90 million
- Issued capital 414.2 million shares
- Cash and bullion A\$19.2 million

Tomingley Gold Operations

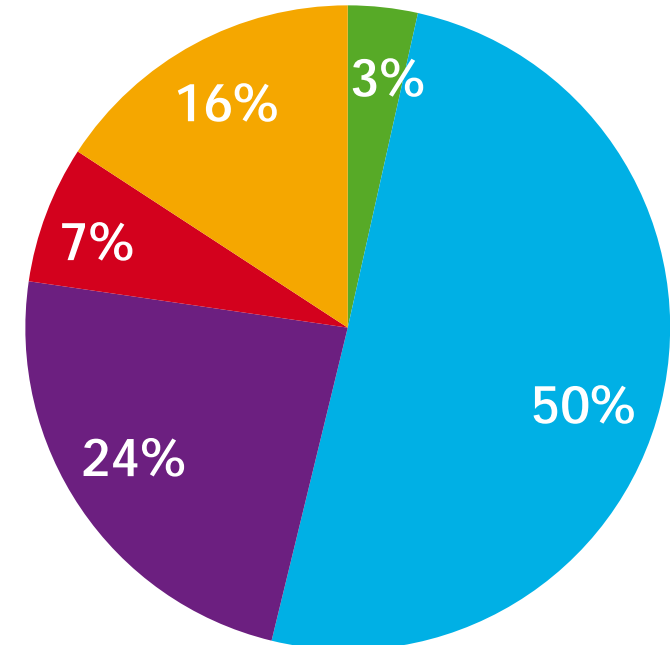
- Production 35,136 ounces
- Gold revenue A\$55.4 million
- AISC⁽¹⁾ A\$1,270/oz (expected LOM average ~A\$1,000 - A\$1,100)
- Profit before income tax A\$12.9 million
- Capital A\$10.9 million (A\$9.4M deferred waste)

Dubbo Zirconia Project

– ECI, process development, marketing, land acquisitions

- 1H FY16 total outflows A\$7.0 million (FY15 A\$15.8 million)
- Funded from TGO cash flows

⁽¹⁾ Refer to ASX Quarterly Activities Report dated 20 April 2016 for definition



- Hedge Funds
- Retail & others
- Directors & Management
- Foreign Institution
- Domestic Institutions

Major Shareholders:

~22% Abbotsleigh (Gandel Metals)

~10% Fidelity Group

➤ Project Information

- \$115M construction capex funded without debt
- Resource – ~688,000oz of gold (ASX 21 Sept 2015)
- Mine Method – open cut & underground
- Mine Life – 6 years (targeting 10+ yrs)
- Processing plant throughput – 1.0Mtpa
- 1.9g/t Au and 91% recovery standard CIL
- Gold Production – ~350,000oz over base case life

➤ Operating Strategy

- **Extend mine life (targeting 10+ yrs)**
 - Commence underground operations
 - Exploration for near mine ore sources
- **Reduce operating unit costs**
 - Continuous improvement programs in progress
 - “Emeco Better Solution” project has to date delivered a 20% increase in payload and 13% increase in operating efficiency lifting TGO’s fleet into the first or second quartile of similar mining fleets in Australia across most standard productivity metrics
 - Processing focussed on stable recovery and lowering unit costs with significant reduction over the last 12 months

➤ FY 2016 Guidance:

- **Production 60,000 – 70,000oz**
- **AISC⁽¹⁾ A\$1,250 – A\$1,350/oz**

⁽¹⁾ Refer to ASX Quarterly Activities Report dated 20 April 2016 for definition

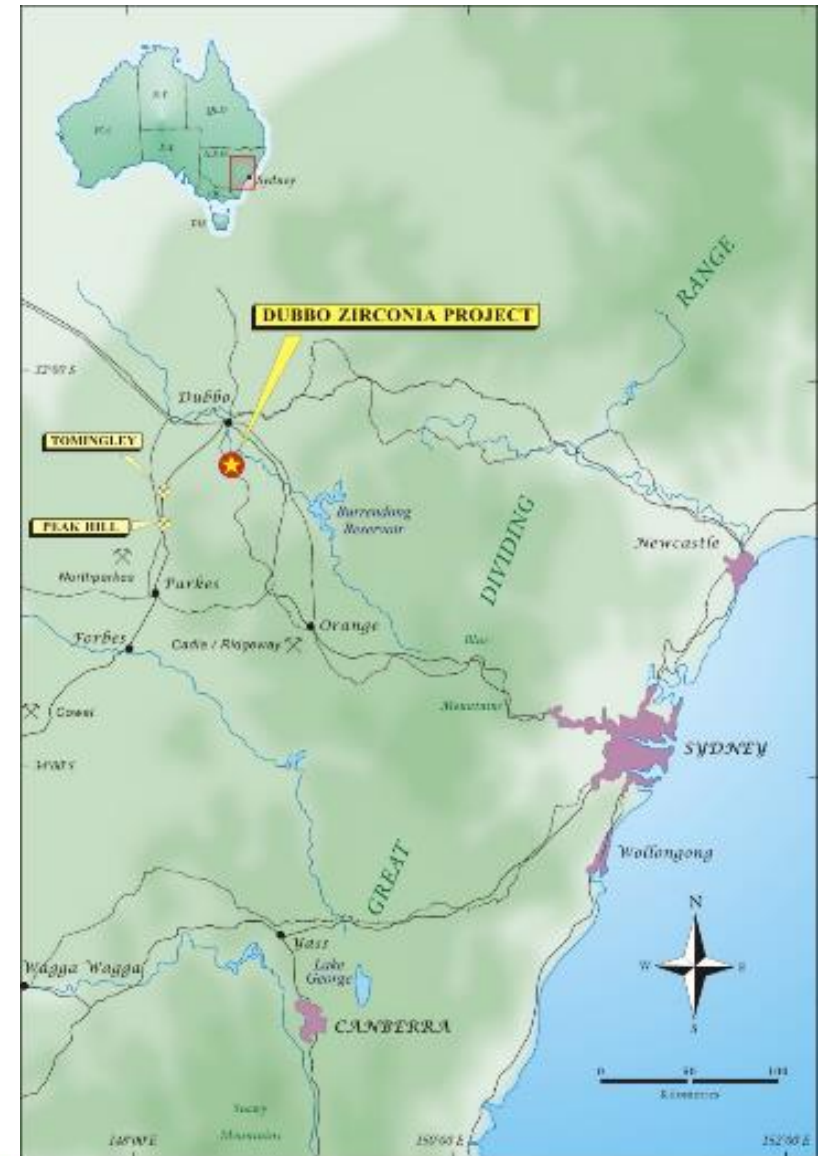




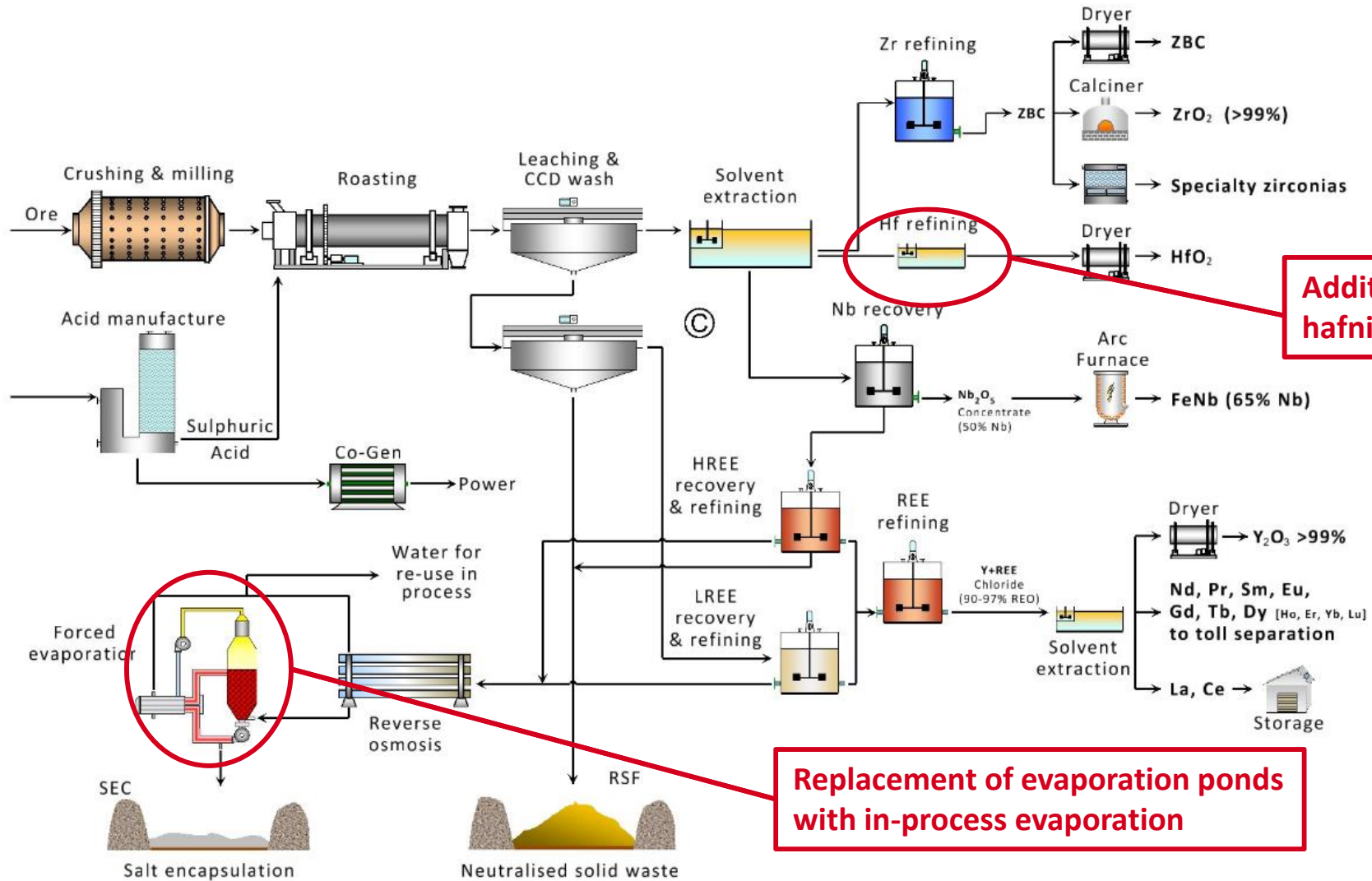
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Dubbo Zirconia Project

- Located 400km northwest of Sydney within a region that has substantial infrastructure – roads, rail, power, gas, light engineering, people (~100,000), being a large agricultural and mining area
- A very large polymetallic resource of the metals zirconium hafnium, niobium (tantalum), yttrium and rare earths
- Important and strategic metal mix
- Reserve supports 35 year mine life at 1 million tonne ore processing per annum with defined resource supporting an 80 year open pit operation
- Demonstrated flow sheet with pilot plant and products for market evaluation operated at ANSTO since 2008
- August 2015 FEED study confirmed the robust technical and financial DFS of April 2013
- State and Federal environment approvals in May and August 2015
- Finnish technology/engineering company Outotec appointed for Early Contractor Involvement (ECI) in September 2015 to present a fixed price EPC



Process Flowsheet – 2015 Changes



Addition of hafnium circuit

Further onsite separation of rare earths

Replacement of evaporation ponds with in-process evaporation

➤ FEED completed August 2015

Project Financials:

Capex A\$1.3B / A\$103M contingency

Revenue A\$550 - \$600Mpa

Opex A\$260Mpa

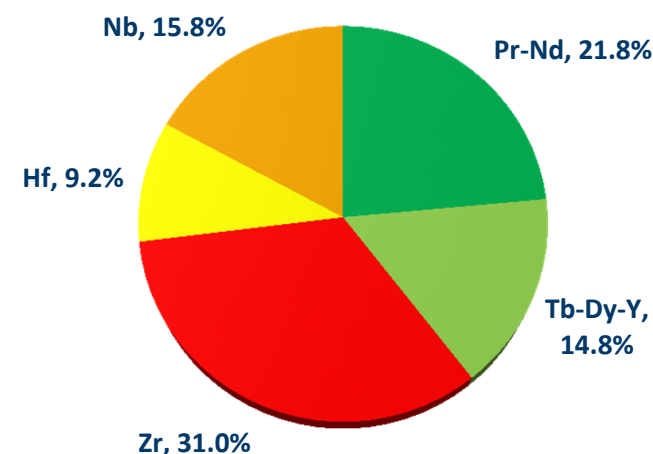
EBITDA A\$290 - \$340Mpa

20 year pre-tax NPV A\$1.2B (8%) and 17.5% IRR

Revenue projections based upon Chinese domestic rare earth prices and current spot ranges for Zr, Hf and Nb

Rare earth projected revenues largely derived from Pr, Nd, Tb, Dy and Y (for production of RE magnets and special ceramics/alloys)

DZP REVENUE SPLIT



Projected operating costs to produce a kilogram of product range from US\$7.50 to US\$8.00/kg

Projected revenue averages US\$17.00/kg (REO US\$23/kg or US\$56/kg without La/Ce; Zr US\$8.26/kg; Hf US\$500/kg; Nb US\$40/kg)

Capital intensity ~ US\$35/kg of product

Note: ASX announcements 16 November 2011, 11 April 2013, 30 October 2013 and 27 August 2015 - the Company confirms that all material assumptions and technical parameters underpinning the estimated Mineral Resources and Ore Reserves, and production targets and the forecast financial information as disclosed continue to apply and have not materially changed.

Please refer to the key risks on pages 22 to 24, including information concerning the risks associated with mine development cost overruns, the risks associated with mining and the risks associated with commodity price movements which are relevant to opex, capex and revenue forecasts for the DZP.



DZP 2015/16 Key Milestones

- **State Approval 28 May 2015**
 - **Federal Department of Environment Approval 25 August 2015**
 - **Front end engineering design completed 27 August 2015**
 - **Revamped flowsheet, with specific rare earth separation on site, improved waste management and reduced water consumption**
 - **Technology engineers Outotec appointed 29 September 2015 for early contractor involvement to produce EPC (fixed price) construction cost**
 - **Mining Lease approved 18 December 2015**
 - **Environmental Protection Licence (EPL) approved 14 March 2016**
 - **LOI with Vietnam Rare Earth JSC (VTRE) to secure rare earth toll processing 7 April 2016**
-
- **Financing and product off-take agreements – continued progress**



Equity Raising Planned Uses – DZP Focussed

- **To purchase the remaining parcels of land within the DZP project area**
 - AZL will own all land required for the fully permitted Dubbo Zirconia Project (~3,400ha after planned acquisitions)
 - Several parcels of land outside the project footprint remain as contingent liabilities
- **DZP pilot plant batch run**
 - Produce product samples for potential customers to enable finalisation of offtake contracts and LOI's
 - Timely with the recent LOI with VTRE which provides clear processing pathway to rare earth products with established producer
 - Provide technical data for process improvements from FEED and ECI to withstand financing technical due diligence
- **Advance value enhancements and product development with strategic partners**
 - Opportunities with VTRE to further process rare earth oxides into value added products potentially increasing the DZP financials and enhancing offtake appeal
 - Establishment of joint marketing company for VTRE to enhance relationships with planned DZP customers
 - Investigate other market penetration opportunities
- **Other DZP related expenditures**
- **General working capital requirements including fees associate with the Offer**

NB Assumes target funds raised and satisfactory due diligence with VTRE. Activities will be restricted to available funding.

- **Strong cash generation from TGO has been utilised to fund DZP development**
- **Currently seeking to increase the group working capital facility**
 - Acceleration of exploration activities for highly prospective targets and enhance Group working capital base

From 1 July 2014 to 31 March 2016:

Opening cash balance 1 July 2014	<u>\$15.8M</u>
TGO net cash generated	\$32.9M
Inflows from the sale of investments	\$4.0M
Working capital facility	\$4.0M
DZP expenditures:	
● FEED and ANSTO research and development	(\$12.7M)
● Project area land purchases	(\$11.0M)
● Capitalised employee costs	(\$1.5M)
● Marketing expenditures	(\$1.1M)
● Environmental expenditures	(\$0.9M)
● Net other expenditures	<u>(\$0.4M)</u>
Total DZP expenditures	(\$27.6M)
Corporate and Exploration expenditures	<u>(\$12.4M)</u>
Net increase in cash balance	<u>\$0.9M</u>
Closing cash balance 31 March 2016	\$16.7M

Key Milestones to Development

Milestone	Timing*
<u>Project Resources</u>	
<ul style="list-style-type: none"> Acquire remaining key land parcels to secure project footprint Secure remaining water resources Powerline easement option fees 	Q2 2016 Project funding Project funding
<u>Key Agreements</u>	
<ul style="list-style-type: none"> Rare earth toll processing agreement Agreement with VTRE for AZL to market existing VTRE products Product offtake agreements (Zr, Hf and REEs) Zirconium marketing and sales agreement Development of EPC construction contract package(s) 	Q2 2016 Q2 2016 Q2-Q4 2016 Q2 2016 In progress
<u>Engineering, Design & Product Development</u>	
<ul style="list-style-type: none"> Engineering and design at bankable level Engineering & design improvements from ECI (CP to Funding) Pilot plant run to confirm Hf circuit and produce marketing samples 	Q2 2016 In progress Q2/Q3 2016

* Estimates of times are based on a current assessment of the stage of negotiations and are indicative only and are subject to change.

Investment at Project Level

- Strategic Investment(s)
- Advisor: Sumitomo Mitsui Banking Corp (SMBC)
- Strategic interest(s) in long term supply of critical metals
- Intro of cornerstone investor(s)

Government Assistance Programs

- ECA Style Funding
- Lead coordinator: SMBC
- Attractive Project
 - Long life, low cost
 - Long term off-take-agreements with international companies

Commercial Bank Debt (CBD)

- Advisors: SMBC
- Attractive Project
 - Long life, low cost
 - Strong operating cash flows
 - Diversified revenue stream
 - New markets

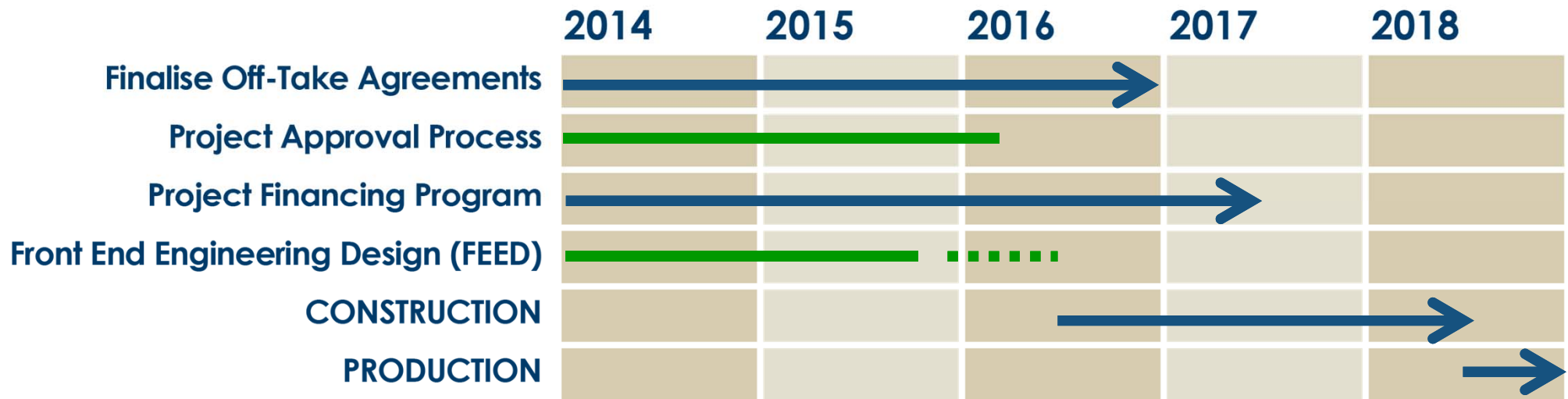
Equity Capital Markets (ALK)

- Advisors: Petra Capital
- Attractive Project
 - Significant capital growth expected as DZP development progresses
 - Strong operating cash flows for future dividends
 - Low cost allows cash generation through market cycles

- Total project capex ~US\$1.0B (including ~10% contingency)
- Advisor financial modelling indicates Export Credit Agency/CBD capacity 60% - 70%
- ECA discussions suggest 30% - 40% of capex requirements possible
- Strategic investment will be an important catalyst to funding
- Discussions have advanced since Project approval in May 2015



DZP Timetable



FEED provided ~30% detail design and the Project engineering design is now at construction stage awaiting finance. Construction timeline includes remaining detailed design and project infrastructure – access road; power line and water supply.

Estimates of times are indicative only and are subject to change.
Alkane reserves the right to vary the timetable without notice.

The DZP Advantage

- **Internationally strategic with supply of several critical metals from non-Chinese sources**
- **Business case has robust revenues, even at current Chinese domestic RE and Zr prices**
- **Full spectrum of rare earth magnet materials – neodymium, praseodymium, didymium (neodymium-praseodymium), dysprosium and terbium produced, as well as other “heavy” rare earths and yttrium which have developing advanced materials applications**
- **The DZP’s diversified output gives a very different revenue profile to Lynas’ Mt Weld and Molycorp’s Mt Pass pure rare earth operations, providing increased stability in variable markets**
- **Production of zirconium chemicals not related to zircon or the mineral sands industry. New high purity zirconium product indicated through hafnium recovery testing.**
- **Potential to be the world’s largest hafnium producer and supply long term stable production and pricing into the expanding aerospace and industrial gas turbine industries, not related to the production of reactor grade zirconium metal**
- **Current estimated operating cost structure very competitive @ US\$7 - \$8/kg of product produced, which places the project in the lowest quartile of producers**



Equity Raising Overview



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Equity Raising

Offer structure

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Major shareholder and Directors

- Alkane's largest shareholder, Abbotsleigh (associated with Mr Ian Gandel, a director of Alkane) has committed to take up its full pro rata entitlement under the Offer, provided that its voting power immediately following completion of the Offer does not exceed 25.1%
- Each other director has committed to take up their pro rata entitlement under the Offer

Sources

	A\$M
Cash and bullion on hand ⁽²⁾	21.0
Other sources	0.9
Offer proceeds	16.6
Total Sources	38.5

Intended uses

	A\$M
DZP funding uses ⁽³⁾	18.6
Transaction costs ⁽⁴⁾	0.7
Apply to group working capital	19.2
Total Uses	38.5

(1) TERP is based on the total shares to be issued.
 (2) As at 31 March 2016, bullion at fair value using end of month spot.

(3) Further breakdown beyond that provided in slides 2 and 13 is not practical due to the commercially sensitive nature of expenditures.
 (4) Transaction costs represent an estimate of advisor and legal fees for this transaction.

Indicative timetable⁽¹⁾

Announcement of Entitlement Offer	Tuesday, 26 April 2016
Lodgement of Appendix 3B, Cleansing Statement and Offer Booklet with ASX	Tuesday, 26 April 2016
Record Date for the Entitlement Offer	Friday, 29 April 2016 at 7.00pm
Mailing of personalised Entitlement and Acceptance Form and this Booklet to Eligible Shareholders and Entitlement Offer opens	Wednesday, 4 May 2016
Entitlement Offer closes	Monday, 23 May 2016 at 7.00pm
Issue of New Shares and Additional New Shares under the Entitlement Offer	Monday, 30 May 2016
Normal trading of New Shares and Additional New Shares issued under the Entitlement Offer expected to commence on ASX	Tuesday, 31 May 2016
Dispatch of holding statements	Thursday, 2 June 2016

(1) Dates and times are indicative only and subject to change without notice. All times refer to Sydney, Australia time.



Key Risks



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Key Risks

- There are a number of risks, both specific to Alkane and of a general nature, which may, either individually or in combination, affect the future operational and financial performance of Alkane, the development of its projects and the value of its shares.
- The risks set out below are not, and should not be considered to be, an exhaustive list of all the risks relevant to an investment in Alkane. Alkane, however, considers that these risks represent key risks to an investment in Alkane. Additional risks and uncertainties that Alkane is unaware of, or that Alkane considers to be immaterial, may also become key risks that can adversely affect Alkane's operational and financial performance in the future. These key investment risks are general in nature and regard has not been had to the investment objectives, financial situation, tax position or particular needs of any investor.
- Before investing, or increasing your investment, in Alkane, you should consider whether this investment is suitable for you having regard to the risk factors set out below, publicly available information, your investment objectives, and personal financial and other circumstances. You should consult your independent and appropriately licensed professional advisor if you have any doubts about an investment in Alkane.

Exploration and ore reserves and mineral resources estimate risk

- Certain Alkane projects are at an evaluation or development stage. Mine exploration, evaluation and development generally involves a high degree of risk and is subject to a range of hazards and uncertainty that may impact on ultimate project viability. Further, Alkane's Ore Reserves and Mineral Resources are estimates and based on assumptions and hence subject to uncertainty. Resource estimates are stated in compliance with the 2012 Edition of the JORC Code and are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made, but may change significantly when new information becomes available. For example, further exploration may result in changes to the estimated size and quality of Reserves and the estimated costs of recovering the Reserves from Alkane's projects, affecting the viability of those projects. There can be no assurance that Alkane's proposed exploration and evaluation program will successfully convert Resources into Reserves or that Reserves will be commercially exploited.

Mine development cost overruns and mining risk

- Alkane's development of the Dubbo Zirconia Project may be delayed, may be more costly than currently estimated and may be less profitable than currently anticipated. Mining and development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events. In respect of its business activities, Alkane has made estimates of capital expenditures, operating costs and working capital requirements based on current circumstances, and its current understanding of those matters. There is a risk that actual circumstances may differ from Alkane's estimates and current understanding, with adverse consequences. Accordingly, no assurance can be given that Alkane will be able to develop its projects for their estimated capital expenditure costs.
- If Alkane is successful in bringing its projects into production, those operations will also be subject to operating risks that could result in increased costs and reduced revenues and, as a result, one or more mineral deposits becoming unprofitable or uneconomic. These risks include (among other things) inaccurate Ore Reserves and Mineral Resources estimates, failing to locate mineral deposits, failing to achieve predicted ore grades, failure to achieve the projected recoveries of product through processing, failure to produce products to customers specifications, losing key personnel, unforeseen geological operating difficulties, unexpected maintenance or mechanical failures, shortages of critical reagents, industrial and environmental accidents or disputes, unforeseen difficulties associated with power supply and infrastructure, changes to applicable laws and regulations, or adverse weather conditions.

Gold and other commodity prices and currency fluctuations

- Alkane's future revenues will be dependent on commodity prices, including in particular gold, zirconium, niobium, hafnium and other rare earth prices. Fluctuations in these prices could have an adverse impact on Alkane's ability to secure additional funding for its projects, its financial performance and future prospects. The prices Alkane may receive for its product depend on numerous factors beyond its control including, but not limited to demand for its products, competition and government regulations.
- Alkane's sales are generally expected to be denominated in US dollars. Funding and certain contracts for the Dubbo Zirconia Project may be denominated in US dollars or other foreign currencies. Although steps may be taken to manage currency risk via hedging of a proportion of the US dollars or other foreign currency expected to be received from sales or paid under contracts, adverse movements in the Australian dollar against the US dollar or other foreign currency can have an adverse impact on Alkane.

Reliance on key personnel and employees

- Alkane's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.



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Key Risks (cont.)

Product sales agreements

- Alkane is in the process of negotiating contracts with various counterparties with respect to the sale of products from its Dubbo Zirconia Project. Whilst Alkane has entered into non-binding memoranda of understanding for its zirconium products and a sales and marketing agreement for its niobium product, there are no binding agreements in place for the sale of these products nor any of the other products from this project. There is no guarantee that the Company will be able to reach agreement on terms satisfactory to it. If it cannot reach agreement on satisfactory terms, this may have an adverse effect on the viability of the project, the ability of Alkane to obtain further financing for it and Alkane's future revenues.

Regulatory approvals and licences

- In relation to the Dubbo Zirconia Project, Alkane has obtained state and federal project approval, the mining lease, and the environment protection licence. However it must still obtain numerous licences, permits and approvals issued by various government agencies and regulatory bodies that regulate operational, environmental and safety matters. The applicable rules and regulations are complex and may change over time. Failure to obtain, or delays in obtaining, such approvals and licences (or the loss or revocation of, or adverse conditions or variations to conditions attached to obtained approvals and licences) may adversely affect Alkane's ability to commence and complete development of, and operate, its projects or increase the costs of doing so.

Environmental risks

- Alkane's development and construction of its projects and subsequent mining operations may substantially impact the environment or cause exposure to hazardous materials. Mine construction, mineral exploration and production can affect the environment and result in substantial costs being incurred for environmental risk management, rehabilitation and damage control.
- Alkane may also be subject to claims due to environmental damage arising out of current or former activities at sites that Alkane owns or operates. This could subject Alkane to potential liability and have an adverse effect on Alkane's financial and operational performance.

Joint venture partners and contractors

- Alkane may rely significantly on strategic relationships with other entities and also on a good relationship with regulatory and government departments and other interest holders. For example, Alkane is currently negotiating off-take agreements with key customers for its Dubbo Zirconia Project and may partner with parties for project development in the future. Alkane may also rely on third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed. Alkane could be adversely affected by changes to such relationships or difficulties in forming new ones.

Future capital requirements

- Alkane requires substantial further financing for the development of the Dubbo Zirconia Project, in addition to amounts raised pursuant to this Offer. Any additional equity financing may be dilutive to Alkane shareholders, may be undertaken at lower prices than the New Shares or may involve restrictive covenants which limit Alkane's operations and business strategy.
- Alkane is currently seeking approximately \$1.3 billion in project financing for the Dubbo Zirconia Project, and has engaged Sumitomo Mitsui Banking Corporation and Petra Capital Pty Limited provide investment banking services. Any project financing will be subject to agreeing commercial terms and definitive documentation, which will also likely include certain conditions precedent. There is no assurance that Alkane will be able to secure project financing on commercially acceptable terms, to agree definitive documentation or satisfy the conditions precedent. In these circumstances, the Company would be required to seek alternate sources of funding for development of the Dubbo Zirconia Project. There is no guarantee that alternate sources of funding will be available on terms acceptable to the Company.
- No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to Alkane or at all. If Alkane is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on Alkane's activities and could affect Alkane's ability to continue as a going concern.

Operating history

- Alkane is currently conducting gold mining operations at the Tomingley Gold operation. While Alkane aims to generate working capital through future mining operations at Tomingley Gold, there is no assurance that Alkane will be capable of producing positive cash flow on a consistent basis or that any such funds will be available for further development and exploration programs.

Adverse changes to Government policy and legislation and limited geographical distribution

- Changes in government policy may have an adverse impact on Alkane's operational performance as well as actual or potential profitability. Changes which may have an adverse impact on Alkane include (but are not limited to):
 - Changes in taxation laws;
 - Changes in the royalty regimes applicable to Alkane;
 - Introduction of increased environmental legislation, including increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees;
 - Introduction of increased safety legislation that may result in a heightened degree of responsibility for companies, their directors and employees; and
 - Changes in legislation that may impact Alkane's ability to obtain or retain the necessary approvals and permits to develop its projects.
- Alkane's projects are located in New South Wales. Any circumstance or event which negatively impacts the ownership, development or operation of these projects in those states, could materially affect the financial performance of Alkane more significantly than if it had a more diversified asset base.

General economic risks

- Alkane's funding position, financial performance and ability to execute its development strategy is impacted by a variety of general global economic, political, social and business conditions. In addition to product prices and currency fluctuations (see previous section), factors that have potential to impact Alkane's business include inflation, interest rates and other general economic factors. Deterioration in any of these conditions could have an adverse impact on Alkane's financial position and/or financial performance.

Landholder and resource tenure

- Alkane's land and resource tenure may be disputed by various parties such as community action groups resulting in disruption and/or impediment in the operation or development of a resource. Any new mine development or expansion of existing operations will require landholder, native title and cultural heritage issues to be addressed, which can have significant timing and cost implications.

Claims, liability and litigation

- The risk of litigation is a general risk of Alkane's business. Alkane may incur costs in making payments to settle any such claims or complying with any court order which may not be adequately covered by insurance or at all. Such payment may have an adverse impact on Alkane's profitability and/or financial position and may impact Alkane's ability to execute its development plans in part or in full.

Insurance

- Insurance against all risks associated with mine development and operation are not always available or affordable. The Company intends to maintain insurance where it is considered appropriate for its needs. However, it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive in the circumstances.

Equity investment and liquidity risk

- The market price of Alkane's shares may fluctuate due to various factors including general movements in commodity prices, the Australian and international investment markets, Australian and international economic conditions and outlook, changes in interest rates and the rate of inflation, changes in government regulation and policies, global geopolitical events and hostilities, consumer confidence, investor perceptions and other factors that may affect Alkane's position. The market price of Alkane's shares could trade on ASX at a price below their issue price. Returns from an investment in Alkane will depend on general share market and economic conditions as well as the specific performance of Alkane. There can be no guarantee that an active market in the shares will continue or that the price of the shares will increase. In particular, no assurances can be given that the New Shares will trade at or above the offer price under the Offer. None of Alkane, its Board or any other person guarantees the market performance of the New Shares.
- There can be no guarantee that there will continue to be an active market for Alkane's shares. There may be relatively few buyers or sellers of Alkane shares on ASX at any given time. This may affect the volatility of the market price of these shares. It may also affect the prevailing market price at which Alkane shareholders are able to sell their shares.



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This presentation is issued by Alkane Resources Limited ABN 35 000 689 216 ("Company" or "Alkane" or "ALK").

Summary information

This presentation contains summary information about Alkane and its subsidiaries and their activities current as at 26 April 2016. The information in this presentation is of a general nature and does not purport to be complete or to provide all information that an investor should consider when making an investment decision or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act 2001 (Cth). No representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information. Statements in this presentation are made only as of the date of this presentation unless otherwise stated and the information in this presentation remains subject to change without notice. Alkane is not responsible for updating, nor undertakes to update, this presentation. It should be read in conjunction with Alkane's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange ("ASX"), which are available at www.asx.com.au. Alkane reserves the right to withdraw the equity raising or vary the timetable for the equity raising without notice.

Not financial product advice

This presentation is for information purposes only and is not a prospectus, product disclosure statement or other offer document under Australian law or the law of any other jurisdiction. This presentation is not a financial product or investment advice, a recommendation to acquire ordinary shares in Alkane ("New Shares") or accounting, legal or tax advice. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. Alkane is not licensed to provide financial product advice in respect of an investment in New Shares. Cooling off rights do not apply to the acquisition of New Shares.

Financial data

All dollar values are in Australian dollars ("\$" or "A\$") unless stated otherwise. Investors should be aware that certain financial data included in this presentation is "non-IFRS financial information" under ASIC Regulatory Guide 230 Disclosing non-IFRS financial information published by the Australian Securities and Investments Commission. Alkane believes this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of Alkane. The non-IFRS financial information do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios included in this presentation. This presentation includes unaudited financial information for Alkane that has been prepared by Alkane management and has been adjusted by management based on their due diligence, where appropriate, and based on Alkane management estimates. Investors should note that this information has not been audited and is based on management estimates and not financial statements prepared in accordance with applicable statutory requirements.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

Past performance

Past performance and pro-forma financial information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of Alkane's views on its future financial performance or condition. Investors should note that past performance of Alkane, including the historical trading price of the New Shares, cannot be relied upon as an indicator of (and provides no guidance as to) future Alkane performance, including the future trading price of New Shares. The historical information included in this presentation is, or is based on, information that has previously been released to the market.

Future performance and forward-looking statements

This presentation contains certain 'forward-looking statements'. Forward-looking statements include those containing words such as: 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'indicated', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and other similar expressions. The forward-looking statements in this presentation include statements regarding the outcome of the equity raising (and the use of the proceeds thereof) and Alkane's strategies. Any forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Alkane and its directors, including the risks and uncertainties described in the 'Key Risk Factors' section of this presentation. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements may include indications, projections, forecasts and guidance on capital expenditure costs, sales, earnings, production, dividends, distributions and other estimates.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based. These statements may assume the success of Alkane's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Alkane's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, Alkane assumes no obligation to update these forward-looking statements. To the maximum extent permitted by law, Alkane (including its subsidiaries), the lead manager and their respective related bodies corporate and affiliates and their officers, employees, agents, associates and advisers:

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Future performance and forward-looking statements (cont.)

- disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions; and
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Investment risk

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Alkane. Alkane does not guarantee any particular rate of return or performance, nor does it guarantee the repayment of capital from Alkane or any particular tax treatment. Readers should have regard to the risks outlined in the 'Key Risk Factors' section of this presentation when making their investment decision.

Not an offer

This presentation is not an offer or an invitation to acquire New Shares or any other financial products in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. This presentation is not a prospectus, product disclosure statement or other disclosure document under Australian law or any other law. The information in this presentation does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. This presentation may not be distributed or released in the United States. This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any New Shares in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended or the securities laws of any state or other jurisdiction of the United States. Accordingly, New Shares may not be offered or sold, directly or indirectly, in the United States are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act of 1933 and any other applicable US state securities laws.

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Disclosure

The lead manager, together with its affiliates, is a full service financial institution engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, market making, margin lending, brokerage and other financial and non-financial activities and services including for which they have received or may receive customary fees and expenses. The lead manager in conjunction with its affiliates, is acting as sole Lead Manager to the equity raising for which it has received or expects to receive fees and expenses. The lead manager and/or its affiliates have performed, and may perform, other financial or advisory services for Alkane, and/or may have other interests in or relationships with Alkane, and its related entities for which they have received or may receive customary fees and expenses.

In the ordinary course of its various business activities, the lead manager and its affiliates may purchase, sell or hold a broad array of investments and actively trade or effect transactions in equity, debt and other securities, derivatives, loans, commodities, currencies, credit default swaps and/or other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of Alkane, its related entities and/or persons and entities with relationships with Alkane and/or its related entities. The lead manager and/or its affiliates, or their respective officers, employees, consultants or agents may, from time to time, have long or short positions in, buy or sell (on a principal basis or otherwise), and may act as market makers in, the securities or derivatives, or serve as a director of any entities mentioned herein. The lead manager and/or its affiliates currently hold, and may continue to hold, equity, debt and/or related derivative securities of Alkane and/or its related entities.

None of the lead manager nor any of its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the equity raising, nor do they make any representations or warranties to you (or other statements upon which you may rely) concerning the equity raising or any such information. The engagement of the lead manager by Alkane is not intended to and does not create any agency, custodial, fiduciary or other legal relationship between the underwriter and any shareholder or other investor.

Competent Person

Unless otherwise stated the information in this presentation that relates to mineral exploration, mineral resources and ore reserves is based on information compiled by Mr D I Chalmers, FAusIMM, FAIG, (director of the Company) who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ian Chalmers consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears. The information contained in this presentation was prepared and first disclosed under the 2012 Edition of the JORC Code.

Acceptance

By attending an investor presentation or briefing, or accepting, accessing or reviewing this document you acknowledge and agree to the terms set out above and on the previous page.



Foreign Selling Restrictions

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

European Economic Area - Belgium, Germany and Luxembourg

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID");
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

Hong Kong

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

The New Shares are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Philippines

THE SECURITIES BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION ("SEC") UNDER THE PHILIPPINE SECURITIES REGULATION CODE (THE "CODE"). ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

The New Shares are being offered or sold to existing shareholders of the Company in an exempt transaction under Section 10.1(e) of the Code. The Company has not sought confirmation, and the SEC has not confirmed, whether the Offer qualifies as an exempt transaction under the Code.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.



Foreign Selling Restrictions

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

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Thailand

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United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.



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Dubbo Zirconia Project – Mineral Resources

Toongi Deposit	Tonnage (Mt)	ZrO ₂ (%)	HfO ₂ (%)	Nb ₂ O ₅ (%)	Ta ₂ O ₅ (%)	Y ₂ O ₃ (%)	REO (%)
Measured	35.70	1.96	0.04	0.46	0.03	0.14	0.75
Inferred	37.50	1.96	0.04	0.46	0.03	0.14	0.75
Total	73.20	1.96	0.04	0.46	0.03	0.14	0.75

These Mineral Resources are based upon information compiled by Mr Terry Ransted MAusIMM (Alkane Chief Geologist) who is a competent person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology were given in the 2004 Annual Report.

Dubbo Zirconia Project – Ore Reserves

Toongi Deposit	Tonnage (Mt)	ZrO ₂ (%)	HfO ₂ (%)	Nb ₂ O ₅ (%)	Ta ₂ O ₅ (%)	Y ₂ O ₃ (%)	REO (%)
Proved	8.07	1.91	0.04	0.46	0.03	0.14	0.75
Probable	27.86	1.93	0.04	0.46	0.03	0.14	0.74
Total	35.93	1.93	0.04	0.46	0.03	0.14	0.74

These Ore Reserves are based upon information compiled by Mr Terry Ransted MAusIMM (Alkane Chief Geologist) who is a competent person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The reserves were calculated at a 1.5% combined ZrO₂+Nb₂O₅+Y₂O₃+REO cut off using costs and revenues defined in the notes in ASX Announcement of 16 November 2011. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Resource & Reserves: Tomingley

TOMINGLEY GOLD OPERATIONS MINERAL RESOURCES (as at 30 June 2015)									
DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		Total Gold (Koz)
	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	
Open Pit Resources (cut off 0.50g/t Au)									
Wyoming One	2,171	1.7	442	1.5	735	1.1	3,348	1.5	167
Wyoming Three	206	1.7	122	1.7	2	1.1	330	1.7	18
Caloma	2,163	1.8	582	1.7	2,008	1.5	4,753	1.7	254
Caloma Two	-	-	1,085	2.4	704	1.3	1,789	2.0	112
Sub Total	4,540	1.8	2,231	2.0	3,450	1.4	10,220	1.7	551
Underground Resources (cut off 2.50g/t Au)									
Wyoming One	168	4.8	205	4.4	361	4.2	735	4.4	104
Wyoming Three	12	3.6	20	4.5	25	3.3	57	3.8	7
Caloma	0	3.1	4	2.9	81	3.2	84	3.2	9
Caloma Two	-	-	92	3.5	63	3.2	155	3.3	17
Sub Total	180	4.7	321	4.1	530	3.9	1,031	4.1	136
TOTAL	4,720	1.9	2,552	2.3	3,979	1.7	11,251	1.9	687

TOMINGLEY GOLD OPERATIONS OPEN PIT ORE RESERVES(as at 30 June 2015)							
DEPOSIT	PROVED		PROBABLE		TOTAL		Total Gold (Koz)
	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	
Wyoming One	1,665	1.6	202	1.3	1,867	1.5	94
Wyoming Three	173	1.6	5	1.4	178	1.5	9
Caloma	1,247	1.9	72	1.5	1,319	1.8	80
Caloma Cut Back	222	1.5	66	1.4	288	1.4	14
Caloma Two	-	-	243	3.5	243	3.5	27
Stockpiles	468	0.8	-	-	468	0.8	12
TOTAL	3,775	1.6	588	2.2	4,363	1.6	235

TOMINGLEY GOLD OPERATIONS UNDERGROUND ORE RESERVES(as at 10 December 2015)							
DEPOSIT	PROVED		PROBABLE		TOTAL		Total Gold (Koz)
	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	Tonnage (Kt)	Grade (g/t Au)	
Wyoming One(+Caloma)	224	4.0	300	3.4	514	3.7	62
TOTAL	224	4.0	300	3.4	514	3.7	62

Note: ASX announcements 21 September 2015 and 10 December 2015 - the Company confirms that all material assumptions and technical parameters underpinning the estimated Mineral Resources and Ore Reserves, and production targets and the forecast financial information as disclosed continue to apply and have not materially changed.