



26 April 2016

Dear Shareholder

Alkane Resources Ltd Entitlement Offer

On 26 April 2016 Alkane Resources Ltd ABN 35 000 689 216 (**Alkane** or the **Company**), launched a traditional 1 for 5 non-renounceable pro rata entitlement offer of fully paid ordinary shares in Alkane (**New Shares**) at a price of A\$0.20 per New Share (**Offer Price**) to raise approximately A\$16 million (**Entitlement Offer**). The Entitlement Offer is open to Eligible Shareholders (as defined below) who may also apply for New Shares in excess of their entitlement (**Additional New Shares**).

The net proceeds of the Entitlement Offer will be used for the following:

- 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 & design and other process changes and produce product samples for potential offtake customers;
- development of strategic partnerships to provide value enhancement to published project financials;
- other DZP related expenditures; and
- general working capital requirements including fees associated with the Entitlement Offer.

The Entitlement Offer is not underwritten, however, Alkane's largest shareholder, Abbotsleigh Pty Ltd (**Abbotsleigh**), an entity associated with Mr Ian Gandel, a director of Alkane, which has a shareholding of approximately 22.10%, has committed to subscribe for its full pro-rata entitlement, provided that the number of New Shares it has agreed to subscribe for is to be limited so that its voting power immediately following completion of the Entitlement Offer does not exceed 25.10%. Abbotsleigh has also agreed not to apply for any Additional New Shares. These limitations are to ensure that Abbotsleigh complies with relevant provisions of the *Corporations Act 2001* (Cth) (**Corporations Act**).

In addition, all Directors who are shareholders intend to participate in the Entitlement Offer to the full extent of their entitlement, subject to compliance with the Corporations Act.

Up to a total of 82,843,734 New Shares and Additional New Shares will be issued and which will at the time of issue rank pari passu with existing fully paid ordinary shares in Alkane (**Existing Shares**).

The Entitlement Offer will close at 7.00pm (Sydney time) on 23 May 2016 (unless extended).

Eligible shareholders

Shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) are shareholders who:

- are registered as a holder of Existing Shares as at 7.00pm (Sydney time) on Friday, 29 April 2016 (**Record Date**);
- as at the Record Date, have a registered address in Australia, New Zealand, the United Kingdom, Switzerland, Germany, Luxembourg, Belgium, Hong Kong, Singapore, the Philippines or Thailand;
- are not in the United States or acting for the account or benefit of a person in the United States (to the extent such person holds ordinary shares in the Company for the account or benefit of such person in the United States); and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

An Eligible Shareholder who holds shares on behalf of a person in a jurisdiction outside Australia, New Zealand, the United Kingdom, Switzerland, Germany, Luxembourg, Belgium, Hong Kong, Singapore, the Philippines or Thailand is not precluded from participating in the Entitlement Offer if that person is otherwise eligible under applicable securities laws to receive an offer for, and be issued, New Shares under the Entitlement Offer without any requirement for a prospectus or offer document to be



lodged or registered. Please refer to the "Foreign Selling Restrictions" section of the Investor Presentation included in Section 5.2 of the Entitlement Offer Booklet in respect of eligibility of persons in those jurisdictions to participate in the Entitlement Offer.

All other holders of shares are not eligible to participate in the Entitlement Offer (**Ineligible Shareholders**).

Details of the Entitlement Offer

Key details of the Entitlement Offer launched on 26 April 2016 are set out in the ASX announcement and Investor Presentation, copies of which are available on the ASX website.

Full details of the Entitlement Offer including details about how to apply are outlined in the Entitlement Offer Booklet. The Entitlement Offer Booklet together with an Entitlement and Acceptance Form is expected to be mailed to all Eligible Shareholders on 4 May 2016. Eligible shareholders should read the Entitlement Offer Booklet carefully and consult their stockbroker, accountant or other independent professional adviser before making any investment decision.

Key dates for the Entitlement Offer

Event	Date
Launch Entitlement Offer	26 April 2016
Ex date	28 April 2016
Record date for Entitlement Offer	7.00 pm (Sydney time) on 29 April 2016
Entitlement Offer Booklet and Entitlement and Acceptance Forms despatched	4 May 2016
Entitlement Offer open for acceptance	
Entitlement Offer closes	7.00 pm (Sydney time) on 23 May 2016
Commencement of trading on a deferred settlement basis	24 May 2016
Notification of under subscriptions to ASX	26 May 2016
Allotment of New Shares under the Entitlement Offer	30 May 2016
New Shares commence trading on a normal settlement basis	31 May 2016
Despatch of holding statements	2 June 2016

Note: The above timetable is indicative only and subject to change. Alkane reserves the right to amend any or all of these events, dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Alkane reserves the right to extend the closing date of the Entitlement Offer or to accept late applications either generally or in particular cases or to withdraw the offers without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

Further information

If you have any questions in relation to any of the above matters and this notice, please contact either the share registry, Advanced Share Registry on admin@advancedshare.com.au or +61 8 9389 8033 or the Company Secretary, Karen Brown on kbrown@alkane.com.au or +61 8 9227 5677 or contact your stockbroker, accountant or other independent professional adviser.

Yours faithfully,
for **ALKANE RESOURCES LTD**

Karen E V Brown
Company Secretary

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This notice does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Neither the entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933 (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

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