



Alkane Resources Ltd
ABN 35 000 689 216

Entitlement Offer Booklet

Details of a 1 for 10 non-renounceable pro rata Entitlement Offer of New Shares at \$1.10 per New Share.

The offer closes at 5.00 pm (Perth time) on 29 March 2012.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO US PERSONS

THIS IS AN IMPORTANT DOCUMENT WHICH IS ACCOMPANIED BY A PERSONALISED ENTITLEMENT AND ACCEPTANCE FORM AND REQUIRES YOUR IMMEDIATE ATTENTION AND BOTH SHOULD BE READ IN THEIR ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

Chairman's Letter

1 March 2012

Dear Shareholder

Alkane Resources Ltd – Non-renounceable Entitlement Offer

On behalf of Alkane Resources Ltd (**Alkane** or **Company**), I invite you to participate in a 1 for 10 non-renounceable pro rata entitlement offer of fully paid ordinary shares in Alkane (**New Shares**) at a price of \$1.10 for each New Share (**Entitlement Offer**).

As you will be aware, the Company is entering the next phase of development, with government consent for the Tomingley Gold Project anticipated in the coming months, major technical and environmental studies being undertaken for the Dubbo Zirconia Project, with a view to lodging an Environmental Impact Statement by mid-2012, and results from other exploration projects in New South Wales looking promising.

In light of this activity, your Board has resolved to raise approximately \$107 million, comprising:

- up to \$30 million under the Entitlement Offer, pursuant to the issue of up to approximately 26.9 million New Shares; and
- \$44 million under a placement of 40.3 million Alkane shares to professional and sophisticated investors within the Company's existing 15% placement capacity (**Unconditional Placement**); and
- subject to obtaining shareholder approval, \$33 million under a placement of 30 million Alkane shares to professional and sophisticated investors (**Conditional Placement**).

Together, the Unconditional Placement and the Conditional Placement are referred to in this booklet as the **Share Placement**.

Under the Entitlement Offer, Eligible Shareholders will have the opportunity to apply for 1 New Share for every 10 Alkane shares held by them as at 4.00 pm (Perth time) on 9 March 2012 (**Record Date**), subject to the terms of the Entitlement Offer outlined in this booklet (**Entitlements**).

The new shares issued under the Entitlement Offer and the Share Placement will be issued at the same price - \$1.10 per share. The price of \$1.10 per new share represents a discount of approximately 8% to the volume weighted average price of Alkane shares for the 20 trading days since 31 January 2012.

Any shortfall under the Entitlement Offer is underwritten (up to an amount of approximately \$12.2 million) by Regal Funds Management Pty Ltd (**Regal** or **Underwriter**). The Underwriter has appointed Gandel Metals Pty Ltd (**Gandel Metals** or **Sub-Underwriter**) as trustee for the Gandel Metals Trust, an investment company associated with Alkane director, Mr Ian Gandel to sub-underwrite its obligations. Details of the Underwriting Agreement and the Sub-Underwriting Agreement (including the circumstances in which each agreement can be terminated) are set out in Annexure A.

Abbotsleigh Proprietary Limited (**Abbotsleigh**) is Alkane's largest shareholder with a holding of 26.36% of Alkane's issued shares as at the date of this booklet. Abbotsleigh is also associated with Mr Gandel. Abbotsleigh has undertaken to Alkane:

- to take up in full all of its Entitlements under the Entitlement Offer; and
- subject to obtaining shareholder approval under ASX Listing Rule 10.11, to subscribe for such number of Alkane shares under the Conditional Placement that will result in Abbotsleigh and its associates having a voting power of 25% in Alkane immediately following completion of the Entitlement Offer (including the underwriting and sub-underwriting of the Entitlement Offer) and Share Placement.

Details of Mr Gandel's interest in Alkane and the effect of the participation of Gandel Metals and Abbotsleigh in the Entitlement Offer and Share Placement are set out in this booklet.

All the directors and key management personnel of Alkane who own shares have indicated that they intend to take up their Entitlements in full. As a result, together with Abbotsleigh's commitment and the underwriting arrangements described above, nearly 70% of the New Shares being offered have a committed subscriber, which indicates very strong support for the Entitlement Offer.

The funds from the Entitlement Offer and Share Placement are intended to be applied towards:

- the construction and commissioning of the Tomingley Gold Project;
- preparation of an Environmental Impact Statement and continuing development of the Dubbo Zirconia Project;
- working capital for general purposes; and
- costs of the capital raising.

Your Entitlement to New Shares is set out in the accompanying Entitlement and Acceptance Form.

Details of the Entitlement Offer are included in this booklet. I recommend that you read it carefully, including the risk factors set out in the "Other Important Information" section, before making your investment decision. If you are in any doubt regarding the action you should take, please contact your professional adviser.

On behalf of the Board, I thank you for your support of Alkane and invite you to consider this investment opportunity.

Yours sincerely



John S F Dunlop
Chairman
ALKANE RESOURCES LTD

This booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any U.S. Person (each as defined in rule 902(k) of the U.S. Securities Act of 1933, as amended). Securities may not be offered or sold in the United States absent registration or an exemption from registration.

Key dates

Event	Date
Announcement of Entitlement Offer and Share Placement	Thursday, 1 March 2012
Lodgement of Appendix 3B, Entitlement Offer Cleansing Notice and Entitlement Offer Booklet with ASX	Thursday, 1 March 2012
Existing Alkane shares quoted on an ex-Entitlements basis	Monday, 5 March 2012
Record Date for determining Entitlements under the Entitlement Offer	4.00 pm (Perth time) Friday, 9 March 2012
Alkane shares issued under Unconditional Placement and holding statements despatched	Wednesday, 14 March 2012
Entitlement Offer Booklet and Entitlement and Acceptance Forms despatched, and Entitlement Offer open for acceptances	Wednesday, 14 March 2012
Notice of general meeting sent to Alkane shareholders	Wednesday, 14 March 2012
Closing time for acceptances	5.00 pm (Perth time) Thursday, 29 March 2012
New Shares under Entitlement Offer quoted on a deferred settlement basis	Friday, 30 March 2012
Shortfall notification	Tuesday, 3 April 2012
New Shares under Entitlement Offer issued and holding statements despatched	Tuesday, 10 April 2012
New Shares under Entitlement Offer commence trading on ASX on a normal settlement basis	Wednesday, 11 April 2012
General meeting	Monday, 16 April 2012
Alkane shares issued under Conditional Placement (if approved) and holding statements despatched	Monday, 23 April 2012

The above timetable is indicative only and subject to change. Alkane reserves the right, subject to the *Corporations Act 2001* (Cth) (**Corporations Act**), the ASX Listing Rules and other applicable laws to vary the times and dates of the Entitlement Offer and Share Placement, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, without notice. You cannot, in most circumstances, withdraw your application once it has been accepted.

References to times in this timetable and elsewhere in this booklet are to Perth, Western Australia time unless otherwise stated.

It is currently expected that the New Shares will be issued, and confirmation statements in respect of the New Shares despatched, on 10 April 2012. If you apply for New Shares, it is your responsibility to confirm your holding before trading in those New Shares. If you sell New Shares before receiving confirmation of your holding in the form of your confirmation statement, you do so at your own risk. Alkane disclaims all liability, whether in negligence or otherwise, to any person who trades in New Shares before receiving their confirmation statement.

Definitions

Terms defined in the Chairman's Letter above have the same meaning when used elsewhere in this booklet.

Enquiries

If you have any questions, please call Alkane's Company Secretary on +61 8 9227 5677 or Advanced Share Registry Limited (**Share Registry**) on +61 8 9389 8033 at any time between 8.30am and 5.30pm (Perth time) Monday to Friday during the offer period. Alternatively, please consult your stockbroker, accountant or other professional adviser.

Details of the Entitlement Offer and how to apply

Overview of the Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders (as defined in the "Other Important Information" below) are entitled to apply for 1 New Share at a price of \$1.10 for each New Share (**Offer Price**) for every 10 Alkane shares held at 4.00pm (Perth time) on the Record Date, subject to the terms of the Entitlement Offer outlined in this booklet.

Alkane shares to be issued under the Share Placement will be issued after the Record Date for the Entitlement Offer. Investors who participate in the Share Placement will not have any entitlement to participate in the Entitlement Offer.

The Entitlement Offer is being made under provisions of the Corporations Act that allow Entitlement Offers to be made without a prospectus. As a result, before subscribing for New Shares, it is important for Eligible Shareholders to read and understand the information on Alkane made publicly available in addition to this booklet. This includes Alkane's interim and annual reports, including Alkane's Half Yearly Report and Accounts for the half year ended 30 June 2011 and Alkane's Quarterly Report dated 18 January 2012 and other announcements made available at www.alkane.com.au and on the ASX website www.asx.com.au. It is anticipated that Alkane's financial statements for the year ended 31 December 2011 will be lodged with ASX on or about 23 March 2012.

How many New Shares am I entitled to buy?

The number of New Shares for which you are entitled to subscribe is shown on the personalised Entitlement and Acceptance Form that accompanies this booklet. Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Shares.

Note: The Entitlements stated on your Entitlement and Acceptance Form may be in excess of the actual Entitlements you may be permitted to take up where, for example, you are holding Alkane shares on behalf of a U.S. Person as that term is defined in rule 902(k) of the U.S. Securities Act of 1933 (as amended).

You should note that not all shareholders as at the Record Date will be eligible to participate in the Entitlement Offer. The Entitlement Offer is only open to Eligible Shareholders. Alkane reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Non-renounceable Entitlement Offer

The Entitlement Offer is non-renounceable, which means that the Entitlements are non-transferable and cannot be sold or traded, and Alkane shareholders will not receive any value in respect of Entitlements that they do not take up or which they are ineligible to receive.

Underwriting

Any shortfall under the Entitlement Offer is underwritten by Regal Funds Management Pty Ltd. The Underwriter will underwrite up to an amount of approximately \$12.2 million of the Shortfall Shares (as defined below) (**Underwritten Commitment**), representing up to 11,090,622 New Shares under the Entitlement Offer. The Underwriter has appointed Gandel Metals Pty Ltd as trustee for the Gandel Metals Trust to sub-underwrite its obligations. The Sub-Underwriter is an entity associated with Mr Ian Gandel, an Alkane director.

A summary of the Underwriting Agreement and Sub-Underwriting Agreement (including the circumstances in which each agreement can be terminated) is set out in Annexure A.

See below for details about the potential effect of the underwriting arrangements on the control of Alkane.

Shortfall Shares

The Alkane board (**Board**) reserves the right to place the balance of any New Shares which are not applied for by Eligible Shareholders (**Shortfall Shares**) and which are not subject to the underwriting arrangements with Regal (and sub-underwriting arrangements with Gandel Metals), other than to related parties of Alkane, at the discretion of the Board within three months of the close of the Entitlement Offer in accordance with ASX Listing Rule 7.2 (exception 3). The Shortfall Shares will be offered by the Alkane directors at the same Offer Price as offered under the Entitlement Offer. Petra Capital Pty Ltd, who has arranged the Share Placement, has also undertaken, on a best endeavours basis, to assist the Board in placing any Shortfall Shares not underwritten.

The Board may, in its absolute discretion, invite other new investors and/or existing Alkane shareholders to apply for these Shortfall Shares. If there are Shortfall Shares and the number of such shares is insufficient to satisfy applications, the Board's decision as to the number of Shortfall Shares to be issued, and to whom, is final.

Capital Structure

The potential effect of the Entitlement Offer on the capital structure of Alkane depends on:

- the level of take up of Entitlements by Eligible Shareholders under the Entitlement Offer and any Shortfall Shares by other investors; and
- any new issues of Alkane shares.

The effect of the Entitlement Offer and Share Placement on Alkane's capital structure is set out in the table below.

Securities	Number
Alkane shares on issue as at the date of this booklet	269,028,158
Issue of Alkane shares under the Unconditional Placement	40,300,000
Maximum number of New Shares to be issued under the Entitlement Offer (subject to rounding)	26,902,815
Issue of Alkane shares under the Conditional Placement (if approved)	30,000,000
Total Alkane shares on issue immediately following completion of the Entitlement Offer and Share Placement (assuming no other issues of Alkane shares)	366,230,973

Impact of the Entitlement Offer on the control of Alkane

Gandel Metals, an investment company, and Abbotsleigh are entities associated with Alkane director, Mr Ian Gandel. Abbotsleigh is Alkane's largest shareholder and holds 26.36% of Alkane's issued shares as at the date of this booklet. This percentage holding currently represents the entire voting power held by Mr Ian Gandel and his associates. This voting power will decrease to 22.92% upon completion of the Unconditional Placement, but prior to completion of the Entitlement Offer and the Conditional Placement.

As noted above, Regal has appointed Gandel Metals to sub-underwrite its obligations. Gandel Metals has agreed to subscribe for the Sub-Underwritten Commitment pursuant to the terms of the Sub-Underwriting Agreement.

Further, Abbotsleigh has irrevocably undertaken to:

- take up in full all of its Entitlements under the Entitlement Offer; and
- subject to obtaining shareholder approval under ASX Listing Rule 10.11, subscribe for such number of Alkane shares under the Conditional Placement that will result in Abbotsleigh and its associates having a voting power of 25% in Alkane immediately following completion of the

Entitlement Offer (including the underwriting and sub-underwriting of the Entitlement Offer) and Share Placement.

The maximum voting power of Mr Ian Gandel, and his associates, following completion of the Entitlement Offer (but prior to completion of the Conditional Placement) will be 27.20%. This is on the assumption that:

- Abbotsleigh is the only Eligible Shareholder to take up its Entitlements, which it takes up in full;
- Gandel Metals (or its associated nominee) is required to subscribe for Shortfall Shares with a value equal to the Sub-Underwritten Commitment in accordance with the Sub-Underwriting Agreement; and
- there is no placement of the balance of any Shortfall Shares.

If all relevant shareholder approvals are obtained, immediately following completion of the Conditional Placement the maximum voting power of Mr Ian Gandel, and his associates, will be 25% pursuant to the irrevocable undertaking from Abbotsleigh described above.

Impact of not taking up your Entitlements

If you do not take up your Entitlements under the Entitlement Offer, your percentage shareholding in Alkane will be diluted by the Entitlement Offer to the extent that other Eligible Shareholders take up their Entitlements.

Further to this, all Alkane shareholders will have their current percentage shareholding diluted as a result of the Share Placement.

USE OF FUNDS FROM THE CAPITAL RAISING

The funds from the Entitlement Offer and Share Placement are intended to be primarily applied towards the construction and commissioning of the Tomingley Gold Project (further details of which are set out below). Any remaining funds will be used for:

- preparation of an Environmental Impact Statement and continuing development of the Dubbo Zirconia Project;
- working capital for general purposes; and
- costs of the capital raising.

The table below sets out the proposed use of funds under the Entitlement Offer and Share Placement:

Use of funds	Min raising from Entitlement Offer	Max raising from Entitlement Offer	Share Placement
Tomingley Gold Project	\$14,000,000	\$20,720,000	\$54,110,000
Dubbo Zirconia Project	\$4,000,000	\$5,920,000	\$15,460,000
Working capital and costs of capital raising	\$2,000,000	\$2,960,000	\$7,730,000
Total	\$20,000,000	\$29,600,000	\$77,300,000

Tomingley Gold Project funding

The Tomingley Gold Project is located in the central west of New South Wales, about 400 kilometres northwest of Sydney and is based on three gold deposits, Wyoming One, Wyoming Three and Caloma, located 14 kilometres north of the Company's Peak Hill Gold Mine. A definitive feasibility study was completed in late 2010. See Alkane's ASX announcement on 13 December 2010 for further details about that report.

As set out in that ASX announcement, the current projected capital expenditure for constructing and commissioning the Tomingley Gold Project is approximately \$95.4 million. Alkane intends to fund this by way of:

- a project loan facility of up to \$45 million; and
- equity, using the funds raised from the Entitlement Offer and Share Placement.

Further details of these components are set out below.

Project loan facility

As set out in Alkane's ASX announcement on 20 April 2011, the Company has entered into a mandate for Credit Suisse to exclusively act as arranger and underwriter in respect of a project loan facility and associated gold hedging facility for use in the construction, start-up and operation of the Tomingley Gold Project. This financing is anticipated to comprise of a project loan facility of up to \$45 million and a gold hedging facility of up to 163,000 ounces.

The mandate is subject to a number of conditions precedent and fees, and will expire in April 2012 if a binding project loan facility has not been agreed and entered into. Alkane anticipates that the mandate will be extended if a binding project loan facility has not been entered into by that time.

Equity

As set out above, Alkane is seeking to raise approximately \$107 million, comprising:

- up to \$30 million under the Entitlement Offer; and
- \$44 million under the Unconditional Placement;
- subject to obtaining shareholder approval, \$33 million under the Conditional Placement.

The Entitlement Offer is underwritten up to the amount of approximately \$12.2 million, and Abbotsleigh has committed to take up its full Entitlement under the Entitlement Offer for an amount of approximately \$7.8 million. As a result, the minimum amount of funds that will be raised from the Entitlement Offer is \$20 million.

If only the minimum amount is raised under the Entitlement Offer, a majority of those funds and the funds raised from the Share Placement will be applied towards the construction and commissioning of the Tomingley Gold Project, along with the funds from the project loan facility described above.

The Company anticipates that, in addition to the contribution contemplated by the Entitlement Offer and Share Placement, it will ultimately be required to raise additional capital for the Dubbo Zirconia Project, whether in the form of debt or equity financing. Funds for additional working capital may also be required depending on cash flows generated from operations in the future.

HOW TO APPLY FOR NEW SHARES

What options do I have?

If you are an Eligible Shareholder, you may take one of the following three options:

1. take up all of your Entitlements;
2. take up some of your Entitlements; or
3. do nothing and allow your Entitlements to lapse.

Before deciding which option to take, you should read this booklet in its entirety, the Entitlement and Acceptance Form and also other publicly available information about Alkane. In particular you should consider the key risks outlined in the "Other Important Information" section below that could affect the performance of Alkane or the value of an investment in Alkane.

How to take up some or all of your Entitlements by applying for New Shares

If you want to take up all or part of your Entitlements, you must complete and return the Entitlement and Acceptance Form with your payment or pay your application monies via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form.

Alkane will treat you as applying for as many New Shares as your payment will pay for in full, subject to any allocation policy and scale-back it may determine to implement.

The number of your Entitlements is set out in the accompanying Entitlement and Acceptance Form and has been calculated on the basis of 1 New Share for every 10 Alkane shares you held as at 4.00 pm (Perth time) on the Record Date, rounded up to the nearest whole share. If you have more than one holding of Alkane shares, you will be sent more than one Entitlement and Acceptance Form and you will have separate Entitlements for each holding.

If you accept and pay for all or part of your Entitlements before the close of the Entitlement Offer at 5.00 pm (Perth time) on 29 March 2012, you will be issued your New Shares on or about 10 April 2012.

Alkane reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or if they or their nominees fail to provide information to substantiate their claims.

You do not have to pay any brokerage or other transaction costs to Alkane on the issue of New Shares.

If you wish to do nothing

If you decide not to take up any of your Entitlements, you should take no action and allow them to lapse.

Your Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred. Shareholders who do not take up their Entitlements will not receive any payment or value for those Entitlements.

How do I lodge my Entitlement and Acceptance Form and pay for my New Shares?

If you are making payment by cheque you must deliver your Entitlement and Acceptance Form, with a cheque, bank cheque or bank draft, by post or by hand (during normal business hours) to Alkane's Share Registry, to be received by no later than 5.00 pm (Perth time) on 29 March 2012 at the following address:

Advanced Share Registry Limited
150 Stirling Highway
NEDLANDS WA 6009

You should post your Entitlement and Acceptance Form and payment early to ensure that it is received at the address set out above by no later than 5.00 pm (Perth time) on 29 March 2012.

Payment methods

Application monies (being \$1.10 multiplied by the number of New Shares you wish to subscribe for) are payable in full on application.

Cheque or bank draft

If you are paying for your New Shares by cheque, bank cheque or bank draft, complete and return your Entitlement and Acceptance Form with your payment. Alkane's Share Registry must receive your completed Entitlement and Acceptance Form with full payment for your New Shares by no later than 5.00 pm (Perth time) on 29 March 2012.

Your cheque, bank cheque or bank draft must be paid in Australian dollars and be drawn on an Australian branch of an Australian financial institution. Your cheque, bank cheque or bank draft must be for the full amount required to pay for your New Shares. Payments in cash will not be accepted. Cheques must be made payable to "Alkane Resources Ltd New Issue Account" and crossed "Not Negotiable".

You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Alkane will not represent any dishonoured cheques.

If the amount of your cheque for application monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared application monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

You may not apply for more than the Entitlement shown on the Entitlement and Acceptance Form accompanying this booklet. Any application monies received for more than your total Entitlement shown will be refunded without interest.

BPAY

If you are paying for your New Shares by BPAY, refer to your personalised instructions on your Entitlement and Acceptance Form. You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution.

Please note should you choose to pay by BPAY:

- you **do not** need to complete or return the Entitlement and Acceptance Form, but will be taken to have made the confirmations, declarations and warranties referred to in that form; and
- if you do not pay for your full Entitlement, you will be taken to have applied for such lower whole number of New Shares as your application monies will pay for.

Payment must be received by no later than 5.00 pm (Perth time) on 29 March 2012.

Make sure you use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form.

If you have more than one shareholding of Alkane shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. **Do not** use the same Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5.00 pm (Perth time) on 29 March 2012.

You may not apply for more than the Entitlement shown on your Entitlement and Acceptance Form. Any application monies received for more than your total Entitlement will be refunded without interest.

Representations by acceptance

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY, you will be deemed to have represented to Alkane that you are an Eligible Shareholder and:

- acknowledge that you have read and understand this booklet and your Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Entitlement Offer, the provisions of this booklet, and Alkane's constitution;
- authorise Alkane to register you as the holder of New Shares allotted to you;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- acknowledge that once Alkane receives your Entitlement and Acceptance Form or any payment of application monies via BPAY, you may not withdraw your application or funds provided except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any application

monies via BPAY, at the Offer Price per New Share;

- authorise Alkane, the Underwriter, the Sub-Underwriter, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- declare that you were the registered holder(s) at the Record Date of the shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs, and is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Alkane and is given in the context of Alkane's past and ongoing continuous disclosure announcements to ASX;
- acknowledge the statement of risk factors set out in the "Other Important Information" section of this booklet and that investments in Alkane are subject to risk;
- acknowledge that none of Alkane, the Underwriter, the Sub-Underwriter or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Alkane, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of shares on the Record Date;
- authorise Alkane to correct any errors in your Entitlement and Acceptance Form or other form provided by you; and
- represent and warrant that the law of any place does not prohibit you from being given this

booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Entitlement Offer.

Foreign U.S. representations

If you submit an Entitlement and Acceptance Form or make a payment via BPAY or otherwise apply to participate in respect of your Entitlements you will be deemed to have represented, warranted and agreed, on behalf of yourself and each person or account for which you are acting, that:

- you understand and acknowledge that neither the Entitlements nor New Shares have been, or will be, registered under the *U.S. Securities Act of 1933 (U.S. Securities Act)* or any U.S. state or other securities laws in any jurisdiction, and may not be offered, sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws;
- you are not in the United States and are not acting for the account or benefit of a person in the United States; and
- you have not sent and will not send this booklet, the Entitlement and Acceptance Form or any other material relating to the Entitlement Offer to any person in the United States.

Australian tax implications for Australian resident shareholders

Alkane does not consider it appropriate to give shareholders advice regarding the taxation consequences of subscribing for New Shares or dealing with Entitlements under the Entitlement Offer. Alkane does not accept any responsibility in this regard, and shareholders should consult with their professional tax adviser.

OTHER IMPORTANT INFORMATION

This booklet and the enclosed Entitlement and Acceptance Form have been prepared by Alkane. The information contained in this booklet is dated 1 March 2012.

The information contained in this booklet relating to the number of New Shares to be issued under the Entitlement Offer reflects the issued capital of Alkane as at 1 March 2012.

No party other than Alkane has authorised or caused the issue of this booklet, or takes responsibility for, or makes any statements, representations or undertakings in it.

All dollar values in this booklet are in Australian dollars (\$).

Consider the Entitlement Offer in light of your particular investment objectives and circumstances

If you have any questions or are uncertain about any aspect of the Entitlement Offer, please consult your stockbroker, accountant or other independent financial adviser. In particular, please read the key risks outlined in this "Other Important Information" section carefully.

Not investment advice

The information in this booklet is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Alkane is not licensed to provide financial product advice in respect of the New Shares or the Entitlements.

The information in this booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares and does not take into account the investment objectives, financial situation or needs of you or any particular investor. You should conduct your own independent review, investigation and analysis of the New Shares.

You should obtain any professional advice you require to evaluate the merits and risks of an investment in Alkane before making any investment decision based on your investment objectives.

No cooling-off rights

Cooling-off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your application once it has been accepted.

Past performance

Investors should note that the past price performance of Alkane shares provides no guidance to the future price performance of Alkane shares.

Risk factors

This section discusses some of the key risks associated with an investment in Alkane.

Alkane's financial performance, financial position, distributions and the market price of New Shares may be adversely affected, sometimes materially, by a number of risk factors. These risks include, but are not limited to, the risks set out in this section. Additional risks not presently known to Alkane or, if known, that are not considered material, may also have an adverse effect.

In this section, the terms "Mineral Resources" and "Ore Reserves" have the same meaning as defined in the **JORC Code**, being the code prepared by the Australasian Joint Ore Reserves Committee in late 2004, which defines criteria for public reporting of mineral resources and reserves.

Company specific risks

The following risks have been identified as being key risks specific to an investment in Alkane. These risks have the potential to have a significant adverse impact on Alkane and may affect Alkane's financial position, prospects, and the price and value of New Shares.

Exploration, development, mining and processing risks

The current and future operations of Alkane in mineral exploration, project development and mining by its nature contain elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of Mineral Resources;
- the degree of conversion to economically recoverable Ore Reserves;
- changes to Mineral Resource and Ore Reserve estimates as a result of the identification of new resources and reserves;
- the reclassification of Mineral Resources and Ore Reserves;
- the depletion of Mineral Resources and Ore Reserves by mining, increases and decreases to Ore Reserves as a result of changing costs and revenues;

- successful conclusions to feasibility studies, access to adequate capital for project development;
 - design and construction of efficient mining and processing facilities within capital expenditure budgets;
 - metallurgical recoveries;
 - performance of extractive equipment and reagents;
 - securing and maintaining title to tenements;
 - obtaining consents and approvals necessary for the conduct of exploration and mining; and
 - access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.
- unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
 - inability to obtain necessary consents or approvals.

Reliance on key personnel and employees

The Company'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.

Limited geographical distribution

Alkane's projects are located in New South Wales and Western Australia. 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.

Whether or not income will result from the development of tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

Operating history

The Company does not currently conduct mining production operations. There can be no assurance that it can bring its projects into production or operate any such projects profitably. While the Company aims to generate working capital through future mining operations, there is no assurance that the Company will be capable of producing positive cash flow on a consistent basis or that any such funds will be available for further exploration and development programs.

Operating risks

The current and future operations of the Company, including exploration, appraisal, development and possible production activities may be affected by a range of factors, including:

- adverse geological conditions;
- limitations on activities due to seasonal weather patterns and cyclone activity;
- unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- mechanical failure of operating plant and equipment;
- industrial and environmental accidents, industrial disputes and other force majeure events;

Product sales agreements

As set out in the Company's ASX announcements on 16 May 2011, 26 July 2011, 15 August 2011 and 26 October 2011, Alkane is in the process of negotiating contracts with various counterparties with respect to the sale of products from its Dubbo Zirconia Project. Whilst the Company has entered into non-binding memoranda of understanding for its zirconium and niobium products, 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 or the Company's future revenues.

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.

Future capital requirements

Alkane's ongoing activities require substantial further financing in the future for its business activities, in addition to amounts raised pursuant to this Entitlement 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.

As set out above, the Company is seeking project financing for the Tomingley Gold Project, and has entered into a mandate with Credit Suisse to exclusively act as arranger and underwriter. However, any project financing will be subject to agreeing commercial terms and definitive documentation, which will also likely include certain conditions precedent to drawdown of the debt. There is no assurance that the Company will be able to secure project financing on commercially acceptable terms, to agree definitive documentation or satisfy the conditions precedent to drawdown. In these circumstances, the Company would be required to seek alternate sources of funding for development of the Tomingley Gold Project. There is no guarantee that alternate sources of funding will be available on terms acceptable to the Company.

In relation to the Dubbo Zirconia Project, the Company is currently assessing a number of financing options.

Although the Board believes that additional capital can be obtained, 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.

Liquidity risk

There can be no guarantee that there will continue to be an active market for the Company's shares or that the price of Alkane shares will increase. 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. This may result in Alkane shareholders receiving a market price for their shares that is less or more than the price paid under the Entitlement Offer.

Industry specific risks

Potential investors should understand that all mineral exploration, development and mining activities are high-risk undertakings and there can be no assurance that any exploration or development activity in regard to Alkane's current properties, or any properties that may be acquired in the future, will result in the discovery or exploitation of an economic Mineral Resource.

Mineral exploration, development and mining may be hampered by circumstances beyond the control of Alkane and are speculative operations which by their nature are subject to a number of inherent risks, including the following.

Development of projects

The future development of Alkane's projects will require substantial capital expenditure, experienced personnel and regulatory approvals. Further, there are a number of uncertainties inherent in the development and construction of any mining projects and processing facilities. These include:

- timing and cost, which can be considerable, of the construction of mining and processing facilities;
- availability and cost of skilled labour, power, water and transportation facilities;
- need to obtain necessary environmental and other governmental permits and the timing of those permits - for example, project approval from the NSW Department of Planning and Infrastructure for the Dubbo Zirconia Project and Tomingley Gold Project;
- need to consider and address landholder, native title, cultural heritage, environmental and community issues; and
- unexpected technical, geographical or geological issues not readily apparent at the commencement of development.

There is a risk that the anticipated development and construction of the Company's projects are not completed on schedule or that construction cost exceeds budget.

Exploration risks

Exploration is a high risk activity that requires large amounts of expenditure over extended periods of time. Alkane's exploration activities are subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the

risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

There can be no assurance that exploration of the mineral properties, or any other mineral properties that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its mineral properties and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the mineral properties, a reduction in the cash reserves of the Company and possible relinquishment of the mineral properties.

Further, the costs of Alkane's exploration activities may materially differ from its estimates and assumptions. No assurance can be given that Alkane's cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the value of Alkane shares.

Mineral Resource and Ore Reserve estimates

Alkane's ore quantities and grades included in its Mineral Resource and Ore Reserve estimates are estimates and may not prove to be an accurate indication of the quantity or grade of the ore that Alkane has identified or that it will be able to extract.

Estimating the size and/or grade of a deposit depends on interpreting and extrapolating a limited amount of geological data, including drilling samples and assays. Many complex geological and metallurgical judgments are required in order to estimate Mineral Resources, including the interpretation of observable geological structures, the location, spacing, direction and depth of drill holes, the application of sampling techniques and the statistical controls to apply to the resulting data. As a result Mineral Resource estimates are inherently uncertain, and there can be no assurance they will not be subject to future downward revision.

In addition, you should be aware that the inclusion of material in a Mineral Resource estimate does not require a conclusion that the material may be economically extracted at the yield indicated or at all. You should not assume that Alkane's Mineral Resource estimates are capable of being directly

reclassified as Ore Reserves under the JORC Code. Converting a Mineral Resource into an Ore Reserve requires additional judgments and assumptions, including estimates of mining techniques and costs, infrastructure and processing costs, metallurgical recoveries, transport costs, taxes and royalties and the price at which Alkane will be able to sell its production. Such estimates and judgments may prove to be inaccurate and are subject to changing circumstances. In addition, future changes in circumstances, such as increased costs, changes in taxes or regulations or lower commodity prices may alter the economic assumptions on which Alkane's Ore Reserve estimates are based, which may cause a downward revision.

Any material reductions in Alkane's estimates of Mineral Resources and Ore Reserves, or its ability to extract such Ore Reserves, could have a material adverse effect on Alkane's prospects, value, business, results of operations and financial condition. In addition, a reduction in Ore Reserves could impact depreciation and amortisation rates, asset-carrying values and provisions for closedown, restoration and environmental clean-up costs.

Commodity price fluctuations and hedging

In the event of exploration and development success, any future revenue derived through any future sales of valuable minerals exposes the potential income of Alkane to commodity price risks, subject to any commodity price hedging Alkane undertakes. For example, Alkane has entered into gold forward contracts to manage the gold price of a proportion of anticipated sales of gold. The Group has a contingent liability of the difference between the hedge price and the spot price of gold if it is unable to physically deliver gold under the forward contracts.

Commodity prices fluctuate and are affected by numerous factors beyond the control of Alkane. These factors include world demand for commodities, forward selling by producers and the level of production costs in major commodity-producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, commodities.

Exchange rate fluctuations

International prices of most commodities are denominated in United States dollars, whereas the majority of the expenditure by Alkane will be in Australian currency, exposing Alkane to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar, subject to any currency hedging Alkane may undertake.

Environmental risks

The operations and proposed activities of Alkane are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, Alkane's proposed activities are expected to have an impact on the environment, particularly as advanced exploration, mine development and mining activities proceed. Such impacts can give rise to substantial costs for environmental rehabilitation, damage, control and losses. Further, if there are environmental rehabilitation conditions attaching to the tenements of Alkane, failure to meet such conditions could lead to fines or even forfeiture of these tenements.

Alkane strives to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, there is always a risk of environmental damage arising from Alkane's operations, including through accident, which may give rise to liabilities and costs for Alkane, including through the imposition of fines and the potential for operations to be delayed, suspended or shut down. There is a risk that environmental issues already exist in the areas where Alkane is exploring or operating that may give rise to liability for Alkane. There is also a risk that actions could be brought against Alkane alleging adverse effects on the environment in areas surrounding its sites.

Occupational health and safety risks

Alkane is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Mining activities have inherent risks and hazards. Alkane provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems.

Tenure and native title risks

Interests in exploration and mining tenements in Australia are governed by State legislation and are evidenced by the granting of leases or licences. Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance. These conditions include the requirement, for exploration licences, for reduction in the area held under licence from time to time unless it is considered that special circumstances apply. Consequently, Alkane could lose title to, or its interest in, its mining tenements if licence conditions are not met or if expenditure commitments are not met.

The *Native Title Act 1993* (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in respect of land and waters, according to their traditional laws and customs. It is possible that, in relation to mining

tenements in which Alkane has an interest or may acquire such an interest, there may be areas over which legitimate common law or statutory native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of Alkane to obtain the consent of any relevant land owner, or to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected.

In addition, for mining tenements to be validly granted (or renewed) after 23 December 1996 the "future act regime" established by the *Native Title Act 1993* (Cth) must be followed. This may involve complying with the potentially lengthy and expensive "right to negotiate" process under that Act. Therefore, native title considerations may impact on Alkane's operations and future plans.

Licences and permits

Many of the mineral rights, interests and agreements of Alkane are subject to government approvals, licences and permits. In the event that Alkane breaches the conditions of its approvals, licences or permits, it may be subject to fines or penalties and mining, production and processing could be suspended by regulatory authorities. Such licences and permits are subject to change in various circumstances. The granting, renewal and continued effectiveness of such approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. There is a risk that Alkane will be unsuccessful in maintaining, or having renewed, any or all of the various approvals, agreements, licences and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, Alkane may be curtailed or prohibited from continuing with its mining and processing operations, or proceeding with any future exploration or development of its tenements.

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 participates in a joint venture with Newmont Australia Limited (Orange District Exploration Joint Venture) and is currently negotiating off-take agreements with key customers for its Dubbo Zirconia Project. 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.

Competition

Alkane competes with other companies, including major mining companies in Australia and

internationally. Some of these companies have greater financial and other resources than Alkane and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that Alkane can compete effectively with these companies.

Taxation

On 22 November 2011, the House of Representatives passed the Minerals Resource Rent Tax (**MRRT**), which is a tax on the profits that miners make from the taxable resources (currently limited to iron ore, coal and some gases) after they are extracted from the ground but before they undergo any significant processing or value add. As this proposed new legislation is still subject to further debate and review (including debates in the Senate and a report to be provided by the Senate Economics Legislation Committee inquiring into the Mineral Resource Rent Tax Bill 2011 and related bills), there can be no assurance that Alkane will not in the future be subject to the MRRT or other taxation levies additional to those to which all mining companies are currently subject (ie income tax and royalties).

There is a risk that any additional taxation of mining profits may affect the value of Alkane's mining exploration interests and the ability of Alkane to raise capital in the future.

Climate change

Mining of Mineral Resources is relatively energy intensive and depends on fossil fuels. Increased regulation and government policy designed to mitigate, abate or adapt to climate change may adversely affect Alkane's cost of operations and reduce its profitability.

There has been increased regulation and policy in Australia to promote reductions in carbon emissions, impose emission reduction targets and promote improvements in energy efficiency, including the *National Greenhouse and Energy Reporting Act 2007* (Cth), the *Energy Efficiency Opportunities Act 2006* (Cth), the *Renewable Energy (Electricity) Act 2000* (Cth).

Further, the Australian government has recently passed the clean energy legislative package, which comprises 18 acts of parliament designed to put a price on carbon pollution, promote investment in renewable and clean energy technologies and support action to reduce carbon pollution. As part of the clean energy legislative package, the Australian government will impose a fixed price of \$23 per tonne on carbon emissions from 1 July 2012 before moving to a cap-and-trade emissions trading scheme from 1 July 2015. Such regulatory policy change is likely to raise energy costs and costs of production for Alkane.

General investment risks

The business activities of Alkane are subject to various general economic and investment risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Alkane and cannot be mitigated. There are a number of general economic and investment risk factors that apply to companies generally and may include economic, financial, market or regulatory conditions. These risk factors include, but are not limited to the following.

General economic conditions

Economic conditions, both domestic and global, may affect the performance of Alkane. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. Alkane's future possible revenues and share prices can be affected by these factors, all of which are beyond the control of Alkane or its directors.

Equity market conditions

Securities listed on the stock market, and in particular securities of mining and exploration companies, can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Alkane shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Alkane shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

Changes in government policy and legislation

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of Alkane, and consequent returns to investors. The activities of Alkane are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

Other

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of Alkane.

Eligible Shareholders

This Entitlement Offer is being extended to eligible Alkane shareholders (**Eligible Shareholders**).

Eligible Shareholders are those who:

- are the registered holder of Alkane shares at 4.00 pm (Perth time) on 9 March 2012 (the **Record Date**) and have a registered address in Australia or New Zealand;
- are not in the United States or a U.S. Person or acting for the account or benefit of a U.S. Person; 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.

Subject to the following, the Entitlement Offer is not being extended to any Alkane shareholder with a registered address outside Australia and New Zealand.

In Alkane's absolute discretion, Alkane may elect to treat as Eligible Shareholders certain shareholders who would otherwise not be Eligible Shareholders because their registered addresses are not in Australia or New Zealand.

Offer Jurisdictions

The information contained in this booklet is not intended to and does not constitute an offer of securities in any jurisdiction in which, or to any person to whom it would not be lawful to make such an offer and no action has been taken to register shares of Alkane or otherwise permit a public offering of the shares in any jurisdiction outside of Australia and New Zealand. Return of the Entitlement and Acceptance Form with application money or your BPAY payment shall be taken by Alkane to constitute a representation by the Eligible Shareholder that there has been no breach of any such laws. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

The distribution of this document outside Australia and New Zealand may be restricted by law. Persons

who come into possession of this document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

New Zealand

The Entitlement Offer is being made in New Zealand in reliance on the *New Zealand Securities Act (Overseas Companies) Exemption Notice 2002*. This document is not a prospectus or investment statement under New Zealand law and has not been registered or filed with, or approved by, any New Zealand regulatory authority under or in accordance with the *New Zealand Securities Act 1978* or any other relevant law in New Zealand. This document may not contain all the information that an investment statement or a prospectus under New Zealand law is required to contain.

United States

This information contained in this booklet does not constitute an offer of shares for sale in the United States, or to any person that is or is acting for the account or benefit of any U.S. Person, or in any other place in which, or to any person to whom, it would not be lawful to make such an offer.

The offering of New Shares under the Entitlement Offer has not been, and will not be, registered under the *U.S. Securities Act 1933* (as amended) and may not be offered, sold or resold in, or to persons in, the United States, or any other place in which, or to any person to whom, it would not be lawful to make such an offer or grant, except in accordance with an available exemption from registration and applicable state securities laws.

Ineligible Shareholders

Alkane is of the view that it is unreasonable to extend the Entitlement Offer to certain Alkane shareholders (**Ineligible Shareholders**), having regard to:

- the number of Ineligible Shareholders;
- the number and value of the New Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
- the cost of complying with the legal requirements, and requirements of the regulatory authorities, in the respective overseas jurisdictions.

Accordingly, and subject to the discretion of Alkane set out under the "Eligible Shareholders" section above, the Entitlement Offer is not being extended to any Alkane shareholders with a registered address outside Australia and New Zealand, or to any Shareholder who is in the U.S. or is, or is acting for the account or benefit of, a U.S. Person. Alkane will send Ineligible Shareholders details of the Entitlement

Offer and advise that Alkane is not extending the Entitlement Offer to Ineligible Shareholders. The Entitlement Offer is also not being extended to any holders of Alkane American Depository Receipts (ADRs) or The Bank of New York Mellon (as the ADR sponsor).

Notice to nominees and custodians

Nominees and custodians which hold shares on behalf of other persons will have received or will shortly receive, a letter from Alkane. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Entitlement Offer is only being made to Eligible Shareholders and that when they are holding shares on behalf of persons in a jurisdiction outside Australia and New Zealand they may participate on behalf of that person if that person is otherwise eligible under applicable securities laws to receive an offer, and be issued New Shares, under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Alkane is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary, complies with applicable foreign laws. Alkane is not able to advise on foreign laws. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Rights attaching to New Shares

New Shares will, once issued, rank equally with existing Alkane shares. The rights and liabilities attached to New Shares are:

- set out in Alkane's Constitution, a full copy of which is available free of charge on Alkane's website (www.alkane.com.au); and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

Withdrawal of the Entitlement Offer

The Board reserves the right to withdraw all or part of the Entitlement Offer at any time before the issue of the New Shares, in which case Alkane will refund application monies without payment of interest.

Governing law

The information contained in this booklet, the Entitlement Offer and the contracts formed on return of the Entitlement and Acceptance Form are governed by the laws applicable in Western Australia. Each Alkane shareholder who applies for New Shares submits to the jurisdiction of the courts of Western Australia, Australia.

Future performance

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 the performance of Alkane nor does it guarantee the repayment of capital from Alkane or any particular tax treatment. You should have regard to the key risks outlined above in this "Other Important Information" section.

Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this booklet.

Any information or representation that is not in this booklet may not be relied on as having been authorised by Alkane, or its related bodies corporate in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of Alkane, or any other person, warrants or guarantees the future performance of Alkane or any return on any investment made pursuant to the Entitlement Offer.

Annexure A –

Details of Underwriting Agreement

Alkane and Regal Funds Management Pty Limited have entered into an underwriting agreement (**Underwriting Agreement**). Under the Underwriting Agreement, the Underwriter has agreed to subscribe or procure subscribers for any New Shares not taken up under the Entitlement Offer up to a value of approximately \$12.2 million (**Underwritten Commitment**).

1. FEES

Under the Underwriting Agreement, the Underwriter will receive an underwriting fee of approximately \$610,000 (being, 5% of the Underwritten Commitment).

2. REPRESENTATION, WARRANTIES AND OBLIGATIONS OF ALKANE

The Underwriting Agreement contains various representations and warranties that are usual for agreements of this type, including representations and warranties made by Alkane and the Underwriter. In addition, the Underwriting Agreement contains various obligations of Alkane concerning its conduct in relation to the Entitlement Offer.

3. INDEMNITIES AND LIABILITY

Alkane has (subject to certain limitations) agreed to indemnify the Underwriter and its directors, officers, employees and advisers against any action, demand, suit, proceeding, judgement, loss or expense or liability incurred or suffered by or brought or made or recovered against the indemnified parties in connection with certain events occurring in relation to the Entitlement Offer, misleading or deceptive statements or material omissions from this booklet (and associated offer documentation) and any material breach of the Underwriting Agreement. The Underwriting Agreement also provides for limitations to the liability of the Underwriter in certain circumstances.

4. TERMINATION

The Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event), terminate its obligations under the Underwriting Agreement upon the occurrence of certain events which are customary for a transaction of this nature including (but not limited to) if:

- (a) there is a material breach of the Underwriting Agreement by Alkane;
- (b) there is a material misstatement or inaccuracy in, or omission of information required by law from this booklet or the Entitlement Offer Cleansing Notice, or any statement in this booklet or the Entitlement Offer Cleansing Notice is or becomes misleading or deceptive in a material respect;
- (c) there is an adverse change in the financial position or prospects of Alkane;
- (d) Alkane withdraws the Entitlement Offer;
- (e) the booklet or the Entitlement Offer Cleansing Notice do not comply with the relevant provisions of the Corporations Act;
- (f) Alkane refuses or omits to lodge a correcting notice or amendment or supplement to the Entitlement Offer Cleansing Notice or a correcting notice or amendment or supplement to the Entitlement Offer Cleansing Notice is lodged with the ASX without the prior written consent of the Underwriter;

- (g) a resolution is passed or an order made by a court of competent jurisdiction for the winding up of Alkane, or a receiver or receiver and manager or administrator or other controller is appointed to all or any part of the assets or undertaking of Alkane;
- (h) Alkane alters or announces an intention to alter its capital structure without the prior written consent of the Underwriter;
- (i) ASX refuses, or does not grant, or subsequently withdraws approval for the granting of official quotation of the New Shares;
- (j) the Takeovers Panel makes a declaration that circumstances in relation to the affairs of Alkane, the issue of New Shares, or the Entitlement Offer are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (k) there is a material change in law or fiscal or monetary policy in the Australia; or
- (l) hostilities commence or escalate in certain key countries; or
- (m) Alkane is prevented from allotting the underwritten shares within the time required by the Underwriting Agreement, the Corporations Act and the Listing Rules.

Details of Sub-Underwriting Agreement

The Underwriter and Gandel Metals Pty Ltd as trustee for the Gandel Metals Trust have entered into an underwriting agreement (**Sub-Underwriting Agreement**). Under the Sub-Underwriting Agreement, the Sub-Underwriter has agreed to make a firm offer of sub-underwriting for any New Shares not taken up under the Entitlement Offer up to a value of approximately \$12.2 million (**Sub-Underwritten Commitment**).

1. FEES

Under the Sub-Underwriting Agreement, the Sub-Underwriter will receive a sub-underwriting fee of approximately \$488,000 (being, 4% of the Sub-Underwritten Commitment).

2. INDEMNITIES

The Sub-Underwriter has agreed to indemnify the Underwriter, Alkane and each of their related bodies corporate, directors, officers, employees or agents against all liabilities, demands, obligations, losses, claims, damages, prosecutions, penalties, actions, proceedings, judgements, suits, costs, fees or expenses of whatsoever kind which may be imposed on, incurred by, suffered or asserted against any or all of the those indemnified parties in any way relating to or arising out of any breach by the Sub-Underwriter of its obligations, representations or warranties under the Sub-Underwriting Agreement.

3. UNDERWRITING AGREEMENT AND TERMINATION

The obligations under the Sub-Underwriting Agreement are conditional upon Regal entering into the Underwriting Agreement with Alkane.

The Sub-Underwriter has no right to terminate the Sub-Underwriting Agreement. The Sub-Underwriter has acknowledged and agreed that:

- (a) the Sub-Underwriter will accept the decisions and actions of Regal in respect of the Underwriting Agreement; and
- (b) Regal is obliged to first notify and consult with the Sub-Underwriter on matters relating to the exercise or non-exercise of the rights, powers or remedies of Regal under the Underwriting Agreement before exercising or not exercising such rights, powers or remedies.

The Sub-Underwriter's liability under the Sub-Underwriting Agreement ceases only on the earliest of:

- (a) when the liability of Regal under the Underwriting Agreement ceases; or
- (b) when the Sub-Underwriter lodges or causes to be lodged valid applications in accordance with the booklet, with the appropriate application monies, for any Shortfall Shares it is required to subscribe for by the date the Sub-Underwriter is notified by Regal of its required participation in any shortfall.