

25 OCTOBER 2012



ALKANE APPOINTS FINANCIAL ADVISORS FOR THE DUBBO ZIRCONIA PROJECT

Alkane Resources Ltd on behalf of itself and its wholly owned subsidiary Australian Zirconia Limited, has engaged **Credit Suisse (Australia) Limited (“Credit Suisse”)**, **Sumitomo Mitsui Banking Corporation (“SMBC”)** and **Petra Capital Pty Limited (“Petra”)** to provide investment banking services, including the arrangement of project financing, from 1 November 2012 to fund the development of the Dubbo Zirconia Project (“DZP”) as follows:

- Credit Suisse and SMBC are appointed as financial advisors
 - to provide general financial and strategic advisory services
 - for the potential sale of a strategic minority interest in the DZP
 - for the arrangement of a commercial debt facility
- SMBC as the sole lead coordinator of Export Credit Agency and other available government assistance programs; and
- Credit Suisse and Petra as joint lead managers and joint book runners in connection with a potential equity raising, which Credit Suisse is engaged to underwrite, subject to customary terms, conditions and due diligence.

Securing the finance package, of around A\$1 billion, is expected to take up to 12 months and to coincide with final project approvals allowing the construction program for the DZP to commence in Q4 2013.

The DZP is an advanced development of a polymetallic zirconium, niobium (tantalum), yttrium and rare earths resource, feasibility studies for which have shown that mining of 1Mtpa will produce very robust returns. Product samples from the demonstration pilot plant at ANSTO were distributed to potential consumers worldwide resulting in Memoranda of Understanding for all products. The Company is in the process of converting these MoU’s to binding off-take agreements, and continues to look at diversifying and expanding off-take options.

The Project is on track to be a strategic, long term supplier to world markets of zirconium products and the critical heavy rare earths, in particular dysprosium, yttrium and terbium.

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Competent Person

Unless otherwise advised above, the information in this report that relates to exploration results, 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 a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ian Chalmers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears

Disclaimer

This report contains certain forward looking statements and forecasts, including possible or assumed reserves and resources, production levels and rates, costs, prices, future performance or potential growth of Alkane Resources Ltd, industry growth or other trend projections. Such statements are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors which are beyond the control of Alkane Resources Ltd. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. Nothing in this report should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities.

This document has been prepared in accordance with the requirements of Australian securities laws, which may differ from the requirements of United States and other country securities laws. Unless otherwise indicated, all ore reserve and mineral resource estimates included or incorporated by reference in this document have been, and will be, prepared in accordance with the JORC classification system of the Australasian Institute of Mining, and Metallurgy and Australian Institute of Geosciences.

ABOUT ALKANE - www.alkane.com.au - ASX: ALK and OTCQX: ANLKY

Alkane is a multi commodity company focussed in the Central West region of NSW Australia. Currently Alkane has two projects heading towards production in 2013/2015 - the Tomingley Gold Project (TGP) and the nearby Dubbo Zirconia Project (DZP). Tomingley recently received project approval for its development. Cash flow from the TGP will provide the funding to maintain the project development pipeline and to contribute to development of the DZP.

The DZP revised feasibility study and environmental impact statement is nearing completion and a development decision is anticipated in the second half of 2013. This project will make Alkane a strategic and significant world producer of zirconium products and heavy rare earths.

Alkane's most advanced gold copper exploration projects are at the 100% Alkane owned Wellington and Bodangora prospects. Wellington has a small Cu-Au resource which can be expanded, while at Bodangora a large 12km² monzonite intrusive complex has been identified with porphyry style Cu-Au mineralisation.

