



13 March 2012

Dear Shareholder

**Alkane Non-renounceable Entitlement Offer – Notification to Ineligible Shareholders**

On 1 March 2012, Alkane Resources Ltd ABN 35 000 689 216 (**Alkane**) announced its intention to raise a total of approximately \$107 million, comprising:

- up to \$30 million pursuant to a partially underwritten 1 for 10 non-renounceable entitlement offer of fully paid ordinary shares in Alkane (**New Shares**) at an issue price of \$1.10 for each New Share (**Entitlement Offer**);
- \$44 million under a placement of 40.3 million Alkane shares to professional and sophisticated investors within the Company's 15% placement capacity under ASX Listing Rule 7.1 at an issue price of \$1.10 per Alkane Share (**Unconditional Placement**); and
- subject to obtaining shareholder approval, \$33 million under a placement of 30 million Alkane shares to professional and sophisticated investors at an issue price of \$1.10 per Alkane share (**Conditional Placement**).

Together, the Unconditional Placement and the Conditional Placement are the **Share Placement**.

**This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.**

The Entitlement Offer will be made pursuant to an offer document to be sent to eligible shareholders on or around 14 March 2012 (**Entitlement Offer Booklet**). The Entitlement Offer is being made to Eligible Shareholders (as defined below) on the basis of 1 New Share for every 10 existing Alkane shares held at 4.00pm (Perth time) on 9 March 2012 (**Record Date**).

Eligible Shareholders are those persons who:

- (a) are the registered holder of Alkane shares at 4.00 pm (Perth time) on the Record Date and have a registered address in Australia or New Zealand;
- (b) are not in the United States or a U.S. Person or acting for the account or benefit of a U.S. Person (each as defined in rule 902(k) of the U.S. Securities Act of 1933, as amended); and
- (c) 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.



The restrictions on eligibility arise because of the legal and regulatory requirements in countries other than Australia and New Zealand. Subject to the discretion of Alkane set out above, Alkane has determined pursuant to ASX Listing Rule 7.7.1(a) that it would be unreasonable to make offers to shareholders in countries other than Australia and New Zealand due to legal limitations in those countries, the relatively small number of shareholders in those countries, the relatively small number of Alkane shares they hold, the relatively low value of New Shares to which they would otherwise be entitled and the potential cost of complying with regulatory requirements in those countries.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder stated above. Accordingly, in compliance with Listing Rule 7.1.1(b), Alkane wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer. **You are not required to do anything in response to this letter.**

If you have any questions in relation to any of the above matters and this letter, please seek professional advice.

On behalf of the directors of Alkane, I thank you for your continued support of Alkane.

Yours faithfully  
for **ALKANE RESOURCES LTD**

Karen E V Brown  
**Joint Company Secretary**

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States may not access the offer booklet or the other documents relating to