

25 October 2016



MOU SIGNED WITH SIEMENS FOR DZP PRODUCT OFF-TAKE AND SUPPLY OF PROCESS EQUIPMENT AND SERVICES

DUBBO ZIRCONIA PROJECT (DZP) – zirconium, hafnium, niobium, yttrium, rare earth elements

MEMORANDUM OF UNDERSTANDING

Alkane Resources Ltd (**ALK**), on behalf of its wholly owned subsidiary Australian Zirconia Limited (**AZL**), has signed a Memorandum of Understanding (**MOU**) in relation to the Dubbo Zirconia Project (**DZP**) with Siemens Ltd (**Siemens**), the Australian arm of the global industrial group, Siemens AG based in Germany. The purpose of the MOU is to advance the DZP, in particular to state each party's intention with respect to the procurement of Siemens equipment and operational solutions, and future off take of products produced by the DZP.

The MOU is non-exclusive and non-binding for a period of three years. The MOU details ALK and Siemens' joint intention to enter into separate agreements for the purpose of progressing and implementing business opportunities identified in connection with this MOU, in particular those detailed below.

ALK and Siemens acknowledge that this MOU is not intended to set out the entire agreement between the parties in relation to implementing such business opportunities.

DZP Off-take Products

Siemens intends to explore options to procure on normal commercial off-take terms rare earths from DZP directly from ALK/AZL, or through its distribution channels or partners, including but not limited to:

- Several rare earth elements, but specifically those related to the production of NdFeB permanent magnets, Praseodymium (Pr); Neodymium (Nd); Dysprosium (Dy); Europium (Eu); Terbium (Tb); Lutetium (Lu); Gadolinium (Gd); and the rare metals Niobium (Nb); Zirconium (Zr); and Hafnium (Hf) in oxide, alloy or finished product form.

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Siemens Products and Services

The intention of ALK is to procure equipment and systems from Siemens Solution Areas where Siemens and/or its related bodies corporate consider entering into offtake agreements for rare earths from DZP, described above. ALK intends to procure items and services from Siemens for the DZP, including but not limited to:

- Advanced infrastructure management systems such as building, fire, security and energy management;
- Process automation solutions such as process control systems, instrumentation, analysers, and industrial communication;
- Power solutions including 132kV protection and automation systems, 132kV EQP transmission lines, 132kV transformers, turbines and power generation;
- Mechanical plant and services including motor control centres, switchgear, conveyor drives, VVVF drives and blowers; and
- Product lifecycle management including asset management, service and maintenance of systems supplied.

This agreement presents another substantial step forward in the development of the world class Dubbo Zirconia Project, which can become a significant non-Chinese supplier of several critical metals.

SIEMENS GROUP

Siemens AG is a global industrial powerhouse focusing on the areas of electrification, automation and digitalisation. One of the world's largest producers of energy-efficient, resource-saving technologies, Siemens is a leading supplier of systems for power generation and transmission as well as medical diagnosis. The company plays a pioneering role in infrastructure and industry solutions. As of 30 September 2015, the company had around 348,000 employees in more than 200 countries. In fiscal 2015, Siemens generated revenues of €75.6 billion.

Website: Siemens AG <http://www.siemens.com/about/en/>
Siemens Ltd <https://www.siemens.com/au/en/home.html>



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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 Geoscientists.

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

Alkane is a multi-commodity company focused in the Central West region of NSW, Australia. Currently Alkane has two advanced projects - the Tomingley Gold Operations (TGO) and the nearby Dubbo Zirconia Project (DZP). Tomingley commenced production early 2014. Cash flow from the TGO has provided the funding to maintain the project development pipeline and will assist with the pre-construction development of the DZP.

The NSW Planning Assessment Commission granted development approval for the DZP on 28 May 2015 and on 24 August 2015 the Company received notification that the federal Department of the Environment gave its approval for the development. Mining Lease 1724 was granted on 18 December 2015 and the Environment Protection Licence was approved on 14 March 2016. Financing is in progress and this project will make Alkane a strategic and significant world producer of zirconium, hafnium and rare earth products when it commences production in 2018.

Alkane's most advanced gold copper exploration projects are at the 100% Alkane owned Wellington and Bodangora prospects, and Elsenora farm-in. Wellington has a small copper-gold deposit which can be expanded, while at Bodangora a large monzonite intrusive complex has been identified with porphyry style gold copper mineralisation. Encouraging gold mineralisation was recently drilled at Elsenora.

