

Alkane Resources' Ian Chalmers on becoming the global rare earth market cap leader

August 24, 2015 – Tracy Weslosky, Publisher of InvestorIntel congratulates Ian Chalmers, Managing Director of **Alkane Resources Ltd.** (ASX: ALK | OTCQX: ANLKY) on celebrating 29 years at Alkane as they go head to head with Lynas Corp. for #1 market cap position in the global rare earth industry. Discussing rare earth prices, demand, and the race to production Ian describes the progression towards completion of the bankable feasibility study, currently targeted for October.

Tracy Weslosky: Ian, not only are you neck and neck for the number one position in the rare earth industry (market caps) globally, but you're celebrating 29 years of working at Alkane Resources. Is this correct?

Ian Chalmers: Thanks for reminding me of that. Yes, I am up to 29 years. Correct.

Tracy Weslosky: So for all the entrepreneurs out there it may only take you 29 years to become number one.

Ian Chalmers: I call it another overnight success. That's the best way to describe it.

Tracy Weslosky: Well, of course, this is a very serious topic and I actually have just been looking at some Chinese export numbers, which are up dramatically. We're in a very challenging time in the rare earth sector. I'd love to hear what you think is happening right now with rare earth, say,

prices for starters.

Ian Chalmers: I do believe that we're at the bottom. I mean, I cannot believe prices will go low because the Chinese themselves are not making any money currently. If you look at the numbers for 2014 I think most of the companies lost money. So, what we believe we're seeing is that this consolidation in the Chinese industry, is that a lot of that consolidation bought with the various stockpiles and stocks that all the other smaller companies had. Then they're incorporating them into these larger companies which are having to get rid of that material so they can get back onto an even foot. I think you're seeing a lot of that material creeping out into the market, which is keeping prices down, but once we get through these next 6 months going into I think next year, I think you'll see a slow change, not a dramatic change, but a slight change.

Tracy Weslosky: Speaking of moving forward in the rare earth industry and perhaps the raised production cause you're planning on producing in 2017, is that not correct Ian?

Ian Chalmers: It'll be late 2017. Obviously to build a plant the size we're going to build, it's a big plant, the engineers tell us it's going to take about 24 months to build. We really need to start the work by the end of this year, but we're still pretty confident that we'll get there and certainly be well into production 2018.

Tracy Weslosky: You just had some good news with the New South Wales Planning Commission approval.

Ian Chalmers: Yes. It was another one of those long hard slogs as it takes about 2 years to get that done, but a major, major step forward for us because...to access the rest of this interview, [click here](#)

Disclaimer: Alkane Resources Ltd. is an advertorial member of InvestorIntel. For more information, contact us at

Ian Chalmer on Alkane's 'explosive' stock movement in 2015

February 24, 2015 – Tracy Weslosky, Publisher of  InvestorIntel speaks to Ian Chalmers, Managing Director of Alkane Resources Ltd. (ASX: ALK | OTCQX: ANLKY) on the recent sizable uptick in the price of their stock since the new year, and the respective news on the progress in the approval process from the Planning Assessment Commission (PAC) on the Dubbo Zirconia Project.

Tracy Weslosky: Do you think that heat is contributing to your explosive stock movement? I have to hit you with this first Ian as you (stock reference) are moving so rapidly. I think I read here 64% in the last 30 trading days. Of course, we have you pegged moving up at 60% just last week. *Talk to me about your stock movement...*

Ian Chalmers: I think it's finally we're getting the message across to the market and the market is now taking a bit of interest as well by the way. There's a little bit of creeping back in, but the last week we were able to announce this first stage of the approval process for us. I think a lot of pundits have been out there waiting for that to happen as well. It's a bit of a combination of those sorts of – a bit of marketing plus some good news.

Tracy Weslosky: Alright, you have basically started to answer my next question. Let's get right into it: PAC basically recommended approval for you building your mine. Can you explain to the **InvestorIntel** audience what that really means cause this is big news for the industry?

Ian Chalmers: Sure. In the state of New South Wales they have a, sort of, double-whammy system. Basically the Department of Planning has the power, the authority to approve projects. Several years ago the government decided to bring in an independent review board called the Planning Assessment Commission or PAC as we know it. What happens is that the Department of Planning gets all the information for the areas then hands it over to PAC then spends another 6 months reviewing it all, have public hearings, get us to talk to them and finally you get to a point where say, we're recommending it for approval subject to conditions. Those conditions now we have to talk to the Department of Planning, talk to PAC about it where they hope that ultimately it gets us over the line. We're 95% of the way there.

Tracy Weslosky: 95% over the line for building what is basically a billion dollar facility. Is that correct? I don't think many people understand that we have zirconium, hafnium, niobium and rare earths. Can you give us a little bit of an overview?

To access the rest of the interview, [click here](#)

Disclaimer: Alkane Resources is an advertorial member of InvestorIntel.

Alkane ready to seek government approval amid growing rare earth market optimism

✘ Alkane Resources ('Alkane', ASX: ALK | OTCQX: ANLKY) has continued development at its AUD\$ 1 billion Dubbo Zirconia rare earths project in New South Wales as the Company heads toward the government approval and mine construction phase. Engineering got underway last April when Alkane signed a contract with Hatch Pty Ltd to provide front end and design (FEED) to deliver infrastructure, water and acid plant processing among other aspects on the basis of the Definitive Feasibility Study (DFS) issued in April 2013. The FEED process has given Alkane as accurate an idea as possible about the core costs and ease the necessary funding to bring the project to production. The DFS for the Dubbo Zirconia Project predicted an initial 20 year life with EBITDA of AUD\$5.23 billion and NPV of AUD\$1.23 billion.

Alkane has already managed to secure some very big financial players to arrange the investment banking and product financing support including Credit Suisse, Sumitomo Mitsui Bank and Petra Capital. All the elements are there to get the Project approved in early 2015. The next few weeks will see Alkane working with foreign governments and project financiers to raise all the capital needed; it should be noted that Alkane will be raising only limited funds from shareholders. While the rare earths market has been sluggish at best in the past few years, highlighted by the production and stock market challenges faced by the two main non-Chinese active producers, Lynas Corp and MolyCorp, the current situation is not as dire as expected. Indeed, Alkane's chances of reaching the crucial production phase, and ultimate survival, have received a boost

from the Lynas's own experience.

Few would have predicted that Lynas would still be operating independently today. Its challenges with a highly politicized environmental movement in Malaysia, where its Lynas Advanced Materials Processing, 'LAMP', facility is based were only slightly worse than its slow ramp-up phase and constant losses. Recently, Lynas was even able to reassure its investors and the REE market in general that things are not as bad as they appeared less than a year ago. Lynas's shares (ASX: LYC) rose around 9% in the second week of November as the company managed to reassure its investors that the market for rare earths is not so bad. Lynas was recently able to renegotiate the terms of a 225 million USD loan from Japanese lenders as well as securing a less oppressive repayment plan: the bulk of repayment begins in 2016. So far, Lynas would have to make a repayment rate of USD 35 million by next Tuesday and the market has clearly expressed its confidence that the company has the resources to fulfill this obligation. Another condition of the new agreement is that the supply of rare earth oxides in the Japanese market is given priority, although no exact conditions were identified. This request for exclusivity and priority suggests overall REE demand is still high. Indeed, Lynas intended to account for just under a third of the current Japanese demand for rare earths, which is estimated at 32,000 tons per year. Japan has long tried for some time to free itself from its dependence on Chinese REE's.

Molycorp in the United States fared even worse, enduring a massive share price collapse from the heights of a blue-chip to almost penny stock values. Yet both companies are still there, debt burdens and all. Their survival suggests that there is still room for new rare earth entries, especially those able to supply the higher demand critical REE's. Moreover, Alkane carries fewer risks to investors than Lynas because it will be outsourcing its processing, thus avoiding the need to spend at least a billion dollars in its own

facility – the very investment that almost broke Lynas and Molycorp. Meanwhile, even as prices and perceived scarcity of REE's is now far from the heydays of 2010-2011, when industrial powers such as Japan and the United States complained about Chinese rare earth export quotas, higher prices are for these elements are likely.

Alkane has an additional source of funding for its Dubbo Zirconia Project as gold mining is in full swing at its Tomingley gold mine in New South Wales, Australia. Alkane's gold project came on line last February 14 and it was on time and on budget. Alkane announced the first gold pour at Tomingley with the production of an eight kilo bar, containing about 230 ounces of gold. The Tomingley mine started production on schedule and below budget, said Ian. Alkane will soon be ready to produce at close to, or at, design capacity, generating the cash flow that will help fund, and accelerate the development of, the rare earths operation. The mine holds three gold deposits with a resource of about 14.3 million tons (with 921,000 ounces of contained gold) and it is expected to increase production from the current 60,000 ounces/year to 70,000 ounces over the next few years. Alkane expects the Tomingley gold mine to help generate cash return of at least AUD\$ 300-400/oz. of margin and an initial revenue of about AUD\$ 35 million, given a yearly production of over 60,000 ounces.

Bruno: Alkane Resources has a golden recipe for success in

the rare earths sector

Alkane Resources Ltd. ('Alkane', ASX: ALK | OTCQX: ALKEF)  is a mining and exploration company focused on zirconium, niobium and rare earths in New South Wales, Australia. Alkane also started to produce gold. The Company's main rare earth interest is the \$1B Dubbo Zirconia Project (DZP), with an estimated open pit mine life of 70+ years that is expected to process 1 million tons of ore per year. One of Alkane's major advantages is that it started to confront the biggest problem facing rare earth explorers from the very beginning. It is not major feat to produce concentrate from the ore. The key factor, rather, lies rather in the separation of the many metals which make up the commodity group known as rare earths. This is where many have failed by not succeeding in developing cost-effective separation processes, usually relying on a single basic technology based on solvent extraction. Alkane, however, has been working on the processing aspect with outside partners almost from the very start.

The ore body features large concentrations of zirconium, yttrium, niobium, hafnium and rare earths. In late 2013, Alkane issued a number of statements related to increased rates of recovery from the ore at the DZP. In fact, in the latter half of 2013, Alkane has worked very closely with the Australian Nuclear Science and Technology Organisation (ANSTO) – and its own demonstration pilot plant – on ways to improve recovery. Alkane's CEO confirmed that recovery rates have improved to the extent that Light rare earths (LREE) went up 17% and the more in-demand Heavy rare earths increased about 44%, from about 900tons/yr. to 1300tons/yr. The upgraded values could add an estimated \$40-\$50million a year in revenue. Alkane has therefore followed a 'recipe for success' by developing a production that adapts to the market and is open to continuous improvement, adjusting the processing methods in order to extract more of the high-demand rare

earths thanks to its strategy of cooperating with various refiners and research institutes allowing for 'synergies' to be established.

Moreover, Alkane has already managed to secure some very big financial players to arrange the investment banking and product financing support including Credit Suisse, Sumitomo Mitsui Bank and Petra Capital. Alkane indicated that it has also considering selling a 10% stake in the project to raise AUD 200 million. The Japanese financial backing is no coincidence, given that the Dubbo project is very promising given that includes a combination of some of the most in demand rare metals including niobium, terbium, zirconium and dysprosium. The main Japanese processor of rare earths, Shin-Etsu Chemicals, has already signed a memorandum of understanding (MOU) for an offtake agreement for Dubbo. The Japanese 'connection' and the presence of Sumitomo Mitsui Bank suggest that any additional financing or project participation will also be Japanese. Japan, moreover, has been reducing its reliance on rare earths imported from China and it has looked to Australian suppliers with great interest, Alkane being one of them.

Alkane has also hedged its rare earths activity through a soon to be gold production facility at the Tomingley Gold Operations. Thus Alkane will have revenue coming in from gold production, while continuing work at the Dubbo Zirconia Project. Last February 14, Alkane's managing director, Ian Chalmers, confirmed that gold production has gotten underway at Tomingley as the first pour took place with the production of a more than eight kilo bar, containing about 230 ounces of gold. More literally, Alkane announced it has hedged its gold with Credit Suisse "for delivery of 25koz by 16 May 2014 at a price of AUD\$ 1,449/oz (USD\$1,308/oz), limiting gold price volatility. The fact that Alkane delivered the first gold production on schedule should also raise the confidence of investors (and customers) that Alkane knows how to get a

project from grass roots to completion on schedule and on budget. The gold revenue will further help Alkane e complete the larger and more complex – and more revenue prolific – DZP.