



Dubbo Office: 2nd Floor 21 Church Street (PO Box 910) Dubbo NSW 2800 Telephone: +61 2 6862 2866 Facsimile: +61 2 6882 9282

Email: msutherland@alkane.com.au

DUBBO ZIRCONIA PROJECT

Community Newsletter No. 4, 23 January 2012

Since our last Community Newsletter on 7 August 2002, considerable work has taken place towards development of the Dubbo Zirconia Project (DZP). Most of this work has taken place away from Toongi, in particular the building and operation of a demonstration pilot plant at ANSTO Minerals, Lucas Heights.

The process of extracting zirconium, niobium and rare earths from the Toongi ore is now much better understood and we have generated product samples for evaluation by potential end users. Some of the end users have entered into a Memorandum of Understanding (MoU) with Australian Zirconia Ltd (a wholly owned subsidiary of Alkane Resources Ltd) for off-take of products.

The DZP was presented to the Division of Resources & Energy (within the Department of Trade & Investment, Regional Infrastructure & Services) on 29 November 2011 and we will soon be applying for Director General's Requirements (DGRs) from the Minister for Planning and Infrastructure. The DGRs will provide the key environmental assessment requirements for an Environmental Impact Statement (EIS) of the DZP that is being prepared by a team of specialist environmental consultancies.

Community Consultation Meeting

AZL's CEO, Ian Chalmers, was at Toongi Hall to re-introduce the DZP to the Toongi community and other interested parties on the evening of 28 November 2011. There was a good attendance (approximately 80 people) and some well considered questions put to the Company. The supper provided by Lesley Morgan and her helpers was outstanding.

Ian introduced Alex Irwin (RW Corkery & Co) and Mike Sutherland (Alkane) who will be coordinating the preparation of the EIS during 2012.

This public consultation was directed to landholders and residents within about 10 kilometres of the project and/or neighbours to the railway corridor. A range of issues was canvassed such as change in land use, noise, dust, natural radioactivity, and potential employment opportunities.

Planning Focus Meeting

A Planning Focus Meeting is proposed to be held on site at Toongi in March 2012. The Planning Focus Meeting will be an opportunity for a range of government departments to hear about and see firsthand the project site and put forward suggestions about how the Company should proceed.

AZL will host the meeting which will likely be attended by representatives from the Department of Planning & Infrastructure, Department of Premier and Cabinet, Dubbo City Council, the Office of Environment and Heritage (Environment Protection Authority, National Parks & Wildlife Service), the Division of Resources & Energy, the Department of Primary Industries (Fisheries, Agriculture, Catchments & Lands), NSW Roads and Maritime Services, Essential Energy, Country Rail Infrastructure Authority and the NSW Office of Water.

65 Burswood Road, Burswood WA 6100, AUSTRALIA (PO Box 4384, Victoria Park WA 6979, AUSTRALIA)

Telephone: +61 8 9227 5677 Facsimile: 61 8 9227 8178

www.alkane.com.au mail@alkane.com.au



Environmental Impact Statement

Several environmental studies have been commenced to provide the necessary background data against which impact assessment will be made. To ensure that the collection and assessment of data is as accurate as possible, specialists in each field of environmental assessment have been commissioned to complete individual reports. These specialist reports will be reviewed, and the critical information summarised and compiled within the EIS by R.W. Corkery & Co (an environmental consultancy with over 25 years of experience in the preparation of such documents in the region).

Studies proposed over an area of approximately 2,900 hectares include flora and fauna, aquatic ecology, Aboriginal and European heritage, natural radioactivity, groundwater, surface water, meteorology, traffic, land use capability and history, socio-economic impacts, soils and noise.

Fauna Study

A fauna study conducted in 2001 by specialist, Dr David Goldney, listed 178 vertebrate species. Included in the species list are several bird species and one reptile that are listed by the National Parks and Wildlife Service as vulnerable. The reptile, a pink-tailed worm lizard (*Aprasia parapulchella*) was found on the outcropping Toongi orebody and was positively identified by the Australian Museum.



The Pink-tailed worm lizard has been identified in the Toongi area.

The Company proposes to extend the search for this species which spends much of its life beneath rocks and fallen timber (eating ant larvae and eggs) to other rocky hills in the study area.

The 2012 flora and fauna surveys will cover farming and grazing land, as well as the Wambangalang Creek, Obley Road, the Rail Corridor to Dubbo and Dowds Hill. The larger patches of remnant vegetation contain relatively rich flora and fauna and thus retain a high nature conservation value.

The DZP will investigate ways to conserve and even enhance the conservation value of the Toongi district through best practice land management and strategic conservation and revegetation.



Additional studies focusing on the vulnerable species should reveal more about their preferred habitat and local distribution, which in turn enables a conservation strategy to be developed.

Dr Alison Hunt will be assessing aquatic habitat in the streams close to the project site in February 2012.

Definitive Feasibility Study

TZ Minerals International (Perth) and associated engineering consultants continue to work on the design of the plant that is proposed to be built at Toongi. Access to the railway line is critical to the project because relatively large quantities of sulphur, limestone and salt will be used in processing the 1,000,000 tonnes of ore per annum.

One of the significant changes to the project from earlier proposals is the inclusion of a sulphuric acid plant on site. By producing our own acid we effectively halve the freight requirement. An additional benefit of operating the acid plant is that residual heat and steam will be produced which can be used elsewhere in the process, as well as for on-site power generation 85% of the time.

Dubbo-Toongi Railway Line

A detailed engineering study of the Dubbo to Toongi section of the Dubbo-Molong Railway commenced the week of 16 January 2012. CR Rail is consulting to AZL on the cost of re-activating the railway line.



CR Rail inspection of the railway crossing over the Macquarie River south of Dubbo 20th January 2012



Wychitella Meteorological Station

A 10 metre tower on “Wychitella” with meteorological instruments attached has been collecting and recording temperature, rainfall, solar radiation, wind speed and wind direction data since early 2001. There is ample data available for modelling noise and air quality impacts from the DZP in the local area.



David Graham from Computer Research & Technology uploading meteorological data at Wychitella on 19 January 2012.

If you know people who have not received this newsletter who you think would be interested please ask them to contact Mike Sutherland and we will add them to the data base for consultation.

Mike Sutherland
General Manager NSW
Alkane Resources Ltd
2nd Floor 21 Church Street
DUBBO NSW 2830

Ph 0427 691 733
msutherland@alkane.com.au