



AUSTRALIAN ZIRCONIA LTD

ABN 51 091 489 511

A wholly owned subsidiary of Alkane Resources Ltd

26 March 2012

Manager Mining Projects
Major Projects Assessments
Department of Planning & Infrastructure
GPO Box 39
SYDNEY NSW 2001

Attn: Mr H.Reed

Dear Howard

DUBBO ZIRCONIA PROJECT – CALCULATION of CIV

The current estimate of capital costs, for annual production of 1Mtpa, relating to the Dubbo Zirconia Project is as follows:

Plant, including an acid plant	\$543M		
Infrastructure and owner's costs	<u>\$165M</u>	sub-total	<u>\$708M</u>
EPCM (engineering, procurement and construction management)	\$ 43M		
Contingency	<u>\$142M</u>	total	<u>\$893M</u>

A detailed analysis of capital costs will be completed prior to lodgement of an application for approval.

Yours sincerely

Tony Wright
Commercial Manager

cc: Alex Irwin