

ASX and MEDIA RELEASE

2 August 2019



Strategic Investment in Genesis Minerals

Alkane Resources Limited (ASX: ALK) ("Alkane") has executed a subscription agreement and an underwriting agreement (together, "the Agreements") with Genesis Minerals (ASX:GMD) ("Genesis") that will see Alkane invest up to \$6m in Genesis by subscribing for shares under an initial placement, participating in and underwriting an entitlement offer (announced by Genesis to ASX today), and potentially by subscribing for additional shares in a secondary placement (conditional on Genesis shareholder approval) (together, the "Investment").

The Investment is consistent with Alkane's strategic objective to grow its gold business, both organically through its Tomingley gold operations in NSW, and through investment in junior Australian gold companies with projects that meet Alkane's investment criteria.

Alkane's Managing Director, Nic Earner, said, "Alkane has maintained a small stake in Genesis since 2018, and we have followed the recent progress of its flagship Ulysses Gold Project in particular. We welcome the opportunity to expand our investment to become a supportive strategic shareholder."

Following the completion of the Investment, Alkane will become the largest shareholder in Genesis.

Genesis' Ulysses Gold Project, located close to existing mining infrastructure 30km south of Leonora, has existing JORC Mineral Resources (per Genesis ASX Announcement dated 9 October 2018) of 7.1Mt at 3.3g/t for 760,000 ounces of contained gold, with a high grade underground portion of this resource of 4.1MT at 4.7g/t for 628,000 ounces at a 2g/t cut off grade.

Genesis' other major exploration project interest is in the Barimaia Gold Project, located close to Mount Magnet in WA's Murchison district.

Investment structure and summary of terms

The aggregate \$6m Investment is structured as follows:

- **Initial Placement:** Alkane will invest approximately \$1.42m, by subscribing for approximately 44.33m shares in Genesis at \$0.032 per share, being the maximum amount remaining under Genesis' placement capacity under ASX Listing Rule 7.1. Immediately following the Initial Placement, Alkane's interest in Genesis will be 5.82%.

- **Entitlement Offer:** As announced today, Genesis will make a 1 for 6 non-renounceable entitlement offer at \$0.032 per share (refer to Genesis's ASX announcement of today for further details). Alkane has committed to take up all of its entitlements under the offer (an investment of approximately \$0.35m) and, subject to certain terms and conditions, to partially underwrite the offer (up to a maximum underwriting commitment of approximately \$4.3m).

Under the offer, Alkane will be allocated any shortfall (that is, shares for which Genesis shareholders who do not elect to take up their rights) up to the maximum underwriting commitment of approximately \$4.3m, and Genesis will have the right (at its discretion) to allocate any further shortfall to other Genesis shareholders.

- **Secondary Placement:** If through the Initial Placement and Alkane's participation and underwriting of the Entitlement Offer, Alkane has not invested the full \$6m and Alkane's shareholding remains under 15%, then Genesis will place new shares to Alkane under a further placement at \$0.032 per share to increase Alkane's interest in the expanded Genesis to a maximum of 15% (and subject to the maximum overall investment of \$6m). The secondary placement will be subject to Genesis shareholder approval, which the Agreements require Genesis to seek.
- **Collaboration:** Alkane and Genesis will form a Technical Committee to collaborate on the ongoing exploration and feasibility work in relation to all Genesis projects. This will ensure that Genesis' strong exploration team will be bolstered by Alkane's exploration team, as well as Alkane's experience as a project developer and operator in the Australian gold sector
- **Board representation:** Subject to certain conditions, Alkane will have the right to appoint a Director to the Genesis board, and have anti-dilution rights to participate in future equity raisings (subject to Genesis obtaining the requisite ASX waiver).

Further Information

Further detail in relation to Alkane's investment can be found in the Genesis announcement lodged with the ASX today.

More information in relation to Genesis can be found at www.genesisminerals.com.au

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

Alkane is a gold production company with a multi-commodity exploration and development portfolio. Alkane's projects are predominantly in the Central West region of NSW, but extend throughout Australia.

Alkane's gold production is from the Tomingley Gold Operations (TGO) which has been operating since early 2014. Alkane has investments in other gold exploration and development companies.

Alkane's most advanced gold exploration projects are in the 100% Alkane owned tenement area between TGO and Peak Hill and have the potential for sourcing additional ore for TGO. Alkane has other 100% owned exploration tenements in Central Western NSW prospective for gold and copper.

Alkane's largest non-gold project is the Dubbo Project (DP), a large in-ground resource of zirconium, hafnium, niobium, yttrium and rare earth elements. As it is an advanced polymetallic project outside China, it is a potential strategic and independent supply of critical minerals for a range of sustainable technologies and future industries. It has a potential mine life of 75+ years. The DP is development ready, subject to financing, with the mineral deposit and surrounding land acquired and all major State and Federal approvals in place.

