



**ALKANE RESOURCES LIMITED**  
**ACN 000 689 216**

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**OFFER DOCUMENT**

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For a pro rata non-renounceable Rights Issue to Eligible Shareholders on the basis of one (1) New Share for every eight (8) existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.55 per New Share to raise up to \$34,794,115 (before costs) (**Offer**).

**The Offer opens on 4 December 2019 and closes at 5:00pm (WST) on 13 December 2019 (unless it is lawfully extended). Valid acceptances must be received before that time.**

Applications for New Shares by Eligible Shareholders can only be made by using or following the instructions on the accompanying Entitlement and Acceptance Form.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

***This Offer Document is not a prospectus and does not contain all of the information that an investor may require in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this Offer Document.***

***The New Shares offered by this Offer Document should be considered as speculative.***

Joint Lead Managers



Legal Advisers



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## **1. IMPORTANT INFORMATION**

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

### **1.1 This document is not a prospectus**

This Offer Document is dated 28 November 2019, has been prepared by Alkane Resources Limited and is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Offer Document is not a prospectus and has not been lodged with the ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this Offer Document.

This Offer Document including each of the documents attached to it and which form part of this Offer Document are important and should be read in their entirety prior to making an investment decision. In particular, Shareholders should refer to the risk factors set out in Section 6 of this Offer Document. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser.

### **1.2 Section 708AA of the Corporations Act**

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would expect in, a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding to accept the Offer.

### **1.3 Eligibility**

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

### **1.4 Overseas Shareholders**

This Offer Document does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

The Offer is not being extended and New Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand and the United Kingdom. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

## **United States Shareholders**

This Offer does not constitute an offer in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

The New Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. The New Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the New Shares in the United States of America.

## **New Zealand Shareholders**

The Offer is being made in New Zealand pursuant to the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Offer Document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Offer Document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## **United Kingdom**

Neither this Offer Document nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Entitlements or the New Shares.

This Offer Document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this Offer Document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Offer Document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated (or caused to be communicated) and will only be communicated (or caused to be communicated) in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company. In the United Kingdom, this Offer Document is being distributed only to, and is directed at, persons:

- (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**);
- (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO;  
or

- (iii) to whom it may otherwise be lawfully communicated (together **relevant persons**).

The investments to which this Offer Document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offer Document or any of its contents.

## **1.5 Notice to nominees and custodians**

Shareholders resident in Australia, New Zealand or the United Kingdom holding existing Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

## **1.6 Forward-looking statements**

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Offer Document.

## **1.7 Privacy Act**

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers,

regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

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## 2. CORPORATE DIRECTORY

### Directors

Ian Gandel (Non-Executive Chairman)  
Nicholas Earner (Managing Director)  
David (Ian) Chalmers (Executive Director)  
Anthony Lethlean (Non-Executive Director)  
Gavin Smith (Non-Executive Director)

### Company Secretary

Dennis Wilkins

### Registered Office

Alkane Resources Limited  
Ground Floor  
89 Burswood Road  
Burswood WA 6009

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

Email: [mail@alkane.com.au](mailto:mail@alkane.com.au)  
Website: [www.alkane.com.au](http://www.alkane.com.au)

### ASX Code

ALK

### Joint Lead Managers

Petra Capital Pty Ltd  
Level 17, 14 Martin Place  
Sydney NSW 2000  
(AFSL 317944)

Telephone: +61 2 9239 96008

Hartleys Limited  
Level 6, 141 St Georges Terrace  
Perth WA 6000  
(AFSL 230052)

Telephone: +61 8 9268 2888

### Legal Advisers

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

### Share Registry\*

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands WA 6009

Telephone: +61 8 9389 8033

### Auditor\*

PricewaterhouseCoopers  
Brookfield Place  
125 St Georges Terrace  
Perth WA 6000

\*These parties have been included for information purposes only. They have not been involved in the preparation of this Offer Document.

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### **3. LETTER FROM THE CHAIRMAN**

Dear Shareholder,

On behalf of the Directors of Alkane Resources Limited, I present this Offer Document to invite you to participate in a non-renounceable Rights Issue to raise up to \$34.8 million (before costs and expenses).

The Rights Issue presents you the right to take up one (1) New Share for every eight (8) Shares you hold as at 5:00pm (WST) on 3 December 2019 at an issue price of \$0.55 per New Share.

The Directors of the Company have confirmed that they fully intend to participate in the Offer by taking 100% of their Entitlements. Collectively, the Directors have relevant interests in approximately 23.4% of the total Shares on issue at the date of this Offer Document.

The proceeds of the Capital Raising will be used to accelerate the exploration and development of the Tomingley Gold Corridor specifically, including the development of an exploration drive from the existing Wyoming One pit down to the northern end of mineralisation within the corridor. Funds raised will ensure that the Company's working capital position remains strong heading into the Boda prospect drilling campaign and covers contingencies for anticipated 2020 corporate initiatives. In allocating the funds, the Company's primary focus will be directed at ensuring as rapid a development path as possible is achieved that returns the Tomingley mill to full operating capacity.

Further details of the Offer, as well as the risks associated with investing in the Offer are set out in this Offer Document which you should read carefully and in its entirety. If you have any questions about the Offer, you should consult your stockbroker or other professional adviser.

On behalf of Alkane Resources Limited, I invite you to consider this investment opportunity and thank you for your continued support.

Yours faithfully

Ian Gandel



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## **4. DETAILS OF THE OFFER**

### **4.1 The Offer**

The Offer is being made as a non-renounceable Rights Issue of one (1) New Share for every eight (8) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.55 per New Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as set out in Section 4.8 of this Offer Document, 63,262,028 New Shares may be issued pursuant to this Offer to raise up to \$34,794,115.

As at the date of this Offer Document, the Company has 22,329,762 Performance Rights on issue. Please refer to section 4.8 of this Offer Document for information on the vesting criteria and expiry dates of the Performance Rights.

All of the New Shares offered under this Offer Document will rank equally with the Shares on issue at the date of this Offer Document. Full details of the rights and liabilities attached to Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The Directors may at any time decide to withdraw this Offer Document and the offer of New Shares made under this Offer Document in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal.

### **4.2 Placement**

As announced on 28 November 2019, the Company has received firm commitments for a placement of 36,363,637 Shares to sophisticated and professional investors at an issue price of \$0.55 per Share, to raise \$20,000,000 (**Placement**).

All Shares under the Placement are expected to be issued after the Record Date, meaning participants in the Placement will not be eligible to participate in the Offer unless they are already Eligible Shareholders at the Record Date.

### **4.3 Use of Funds**

Completion of the Capital Raising will result in an increase in cash in hand of up to approximately \$54,800,000 (before the payment of costs associated with the Capital Raising).

The Company intends to apply the funds raised under the Capital Raising as follows:

Items of Expenditure <sup>1</sup>	\$
Tomingley Corridor accelerated infill drilling	10,000,000
Tomingley Corridor underground development and exploration decline (including land acquisition)	24,600,000
Accelerated regional exploration (including the Boda prospect and other porphyry targets)	10,000,000
General operating expenditure, working capital and contingency costs	9,300,000
Estimated expenses of the Capital Raising <sup>2</sup>	900,000
<b>Total</b>	<b>54,800,000</b>

**Note:**

- Further details of these initiatives are set out in the Capital Raising announcement released to the ASX on or around the date of this Offer Document.
- Comprising ASX, broker, advisory and registry costs.

The above table is a statement of the Board's current intentions as at the date of this Offer Document. As with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors.

The Board reserves the right to alter the way the funds are applied and retains flexibility to vary its commitments, particularly as it relates to capital items allocated with Tomingley Corridor underground development and planned regional exploration.

The Board believes that on completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. In the event the Offer is not fully subscribed, the planned Tomingley Corridor underground development and exploration activities are to be prioritised with general operational, working capital and contingency allocations reduced accordingly.

#### 4.4 Indicative Timetable

Event	Date**
Company announces Capital Raising (pre-market open)	28 November 2019
Lodgement of Offer Document, Appendix 3B and Cleansing Notice with ASX (pre-market open)	28 November 2019
Notice sent to security holders	29 November 2019
Ex-date	2 December 2019
Record Date for determining Entitlements	3 December 2019

Offer Opening Date, Offer Document sent out to Eligible Shareholders and Company announces this has been completed	4 December 2019
Issue of Shares under Placement and release of Cleansing Notice for Placement Shares	5 December 2019
Closing Date (Offer closes 5:00pm (WST))*	13 December 2019
New Shares quoted on a deferred settlement basis	16 December 2019
ASX notified of any Shortfall	18 December 2019
Issue date/New Shares entered into Shareholders' security holdings	19 December 2019
Quotation of New Shares issued under the Offer	20 December 2019

\* Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

\*\* These dates are indicative only and are subject to change.

#### 4.5 Joint Lead Managers – Petra Capital and Hartleys

Petra Capital and Hartleys have been appointed as joint lead managers and book runners to the Capital Raising on a best endeavours basis. Under the JLM Mandate, on successful completion of the Capital Raising, the Joint Lead Managers will (in agreed proportions) receive a fee of approximately 4% of the gross proceeds raised under the Placement and any Shortfall. The JLM Mandate provides for reimbursement of reasonable expenses and is otherwise on customary terms. In addition, the Company may, at its sole election, pay up to an additional 0.5% discretionary fee on the gross proceeds (**Discretionary Fee**). The Discretionary Fee is only payable at the election of the Company and provided the Capital Raising is completed successfully to the satisfaction of the Company.

#### 4.6 Entitlements and acceptance

Details of how to apply under the Offer are set out in Section 5 of this Offer Document.

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

You can also apply for Additional Shares under the Shortfall Offer in addition to your Entitlement by following the instructions set out in Section 5. The Shortfall Offer is described in Section 5.5 below.

#### 4.7 No rights trading

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares under the Offer by the Closing Date, the Offer to you will lapse.

## 4.8 Capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

### Shares

Shares	Number
Shares currently on issue	506,096,222
Shares to be issued pursuant to the Placement <sup>1</sup>	36,363,637
New Shares offered pursuant to the Offer	63,262,028
<b>Total Shares on issue after completion of the Capital Raising<sup>2</sup></b>	<b>605,721,887</b>

#### Notes:

1. The Company will seek Shareholder approval for the issuance of 8,602,273 Shares to Abbotsleigh, a company associated with Mr Ian Gandel (a Director). These Shares will be issued on the same terms as other Shares issued under the Placement (other than as to timing).
2. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of New Shares offered under the Offer and the Placement.

### Performance Rights

Performance Rights	Number
Performance Rights currently on issue: <sup>1</sup>	
Unquoted convertible (FY 2018) LTI Performance Rights, exercisable on achievement of certain vesting conditions on or before 30 June 2020	10,236,883
Unquoted convertible (FY 2019) LTI Performance Rights, exercisable on achievement of certain vesting conditions on or before 30 June 2021	8,239,178
Unquoted convertible (FY 2020) LTI Performance Rights, exercisable on achievement of certain vesting conditions on or before 30 June 2022	3,853,701
<b>Total Performance Rights on issue</b>	<b>22,329,762</b>

#### Notes:

1. The terms and conditions of the Performance Rights can be found in the Company's Notices of Annual General Meeting announced on 27 October 2017, 22 October 2018 and 22 October 2019 respectively and the Company's 2019 Annual Report announced on 22 October 2019.

The capital structure on an undiluted basis as at the date of this Offer Document would be 506,096,222 Shares and on completion of:

- (a) the Offer would be 597,119,614 Shares; and
- (b) the Capital Raising would be 605,721,887 Shares,

assuming all Entitlements are accepted and no Performance Rights are converted prior to the Record Date. The Company does not anticipate any Performance Rights shall vest so as to participate in the Offer.

No Shares or Performance Rights on issue are subject to escrow restrictions, either voluntary or ASX imposed.

## 4.9 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 15% following completion of the Capital Raising (as compared to their holdings and number of Shares on issue as at the date of this Offer Document).

Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	Approximate % at Record Date <sup>1</sup>	Entitlements under the Offer	Holdings if Offer not taken Up	Approximate % post Offer
Shareholder 1	50,000,000	9.88%	6,250,000	50,000,000	8.37%
Shareholder 2	25,000,000	4.94%	3,125,000	25,000,000	4.19%
Shareholder 3	10,000,000	1.98%	1,250,000	10,000,000	1.67%
Shareholder 4	1,000,000	0.20%	125,000	1,000,000	0.17%
Shareholder 5	100,000	0.02%	12,500	100,000	0.02%

**Notes:**

1. This is based on a share capital of 506,096,222 Shares at the date of this Offer Document and 597,119,614 Shares immediately after completion of the Offer.

## 4.10 Directors Interests and Participation

Each Director's relevant interest in the Shares of the Company at the date of this Offer Document and their Entitlement (subject to rounding) is set out in the table below.

Director	Shares	Voting Power (%)	Entitlement	\$
Ian Gandel <sup>1</sup>	113,261,217	22.38%	14,157,652	7,786,709
Nicholas Earner	146,666	0.03%	18,333	10,083
David (Ian) Chalmers	4,152,124	0.82%	519,016	285,459
Anthony Lethlean	640,076	0.13%	80,010	44,005
Gavin Smith	295,000	0.06%	36,875	20,281

**Notes:**

1. Mr Gandel holds Shares indirectly through Abbotsleigh and Citicorp Nominees Pty Ltd (as custodian nominee for Abbotsleigh).

Each of the Directors have indicated an intention to take up their Entitlement in full.

## 4.11 Effect of the Offer on control and voting power in the Company

Substantial share holding information for Abbotsleigh (an entity associated with Mr Gandel, a Director) and its Entitlement prior to the Offer is set out in the table below:

Substantial Holder	Shares	Voting Power	Entitlement	\$
Abbotsleigh	113,261,217	22.38%	14,157,652	7,786,709

Following completion of the Capital Raising (assuming Shareholder approval is obtained in respect of Abbotsleigh's participation in the Placement for 8,602,273 Shares), the potential impacts to the voting power of Abbotsleigh is shown in the table below:

	Entitlement Take Up Scenarios			
	25%	50%	75%	100%
<b>Entitlements taken up in New Shares</b>	15,815,507	31,631,014	47,446,521	63,262,028
<b>Shares on completion of the Capital Raising</b>	558,275,366	574,090,873	589,906,380	605,721,887
<b>Abbotsleigh voting power</b>	24.36%	23.69%	23.06%	22.46%

#### 4.12 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document and the respective dates of those sales were:

	(\$)	Date
Highest	0.84	17 October 2019
Lowest	0.375	4 September 2019
Last	0.61	25 November 2019

#### 4.13 Opening and Closing Dates

The Offer opens on the Opening Date, being 4 December 2019, and closes on the Closing Date, being 5:00pm (WST) on 13 December 2019 (or such other dates as the Directors in their discretion shall determine subject to the ASX Listing Rules). The Company will accept Entitlement and Acceptance Forms until the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the ASX Listing Rules.

#### 4.14 Issue and dispatch

New Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the indicative timetable set out in Section 4.4 of this Offer Document. Additional Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis.

Pending the issue of the New Shares or payment of refunds pursuant to this Offer Document, all Application monies will be held by the Registry in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by completing and

returning the Entitlement and Acceptance Form.

The expected dates for issue of New Shares offered by this Offer Document and dispatch of holding statements is expected to occur on the dates specified in the Timetable set out in Section 4.4 of this Offer Document.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

#### **4.15 ASX listing**

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document will be made.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

#### **4.16 CHES**

The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **4.17 Risk Factors**

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are non-exhaustive. Please refer to Section 6 of this Offer Document for further details.

#### **4.18 Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

#### **4.19 Continuous disclosure obligations**

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is

subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for New Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website ([www.alkane.com.au](http://www.alkane.com.au)) or the ASX ([www.asx.com.au](http://www.asx.com.au)).

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and the ASX websites.

This Offer Document (including the Entitlement & Acceptance Form) and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

#### **4.20 Enquiries concerning Offer Document**

Enquiries relating to this Offer Document should be directed to the Company on +61 8 9227 5677.



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## 5. ACTION REQUIRED BY SHAREHOLDERS

### 5.1 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document. You may participate in the Offer as follows:

- (a) **if you wish to accept your Entitlement in full:**
  - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
  - (ii) attach your cheque or arrange payment by BPAY® for the amount indicated on the Entitlement and Acceptance Form; or
- (b) **if you wish to accept your Entitlement in full and apply for Shortfall:**
  - (i) complete the Entitlement and Acceptance Form for your full Entitlement, filling in the details in the spaces provided;
  - (ii) insert the number of Additional Shares over and above your full Entitlement that you wish to apply for under the Shortfall Offer; and
  - (iii) attach your cheque, bank draft or money order or arrange payment by BPAY® for the amount of your Entitlement plus the amount you are applying for under the Shortfall Offer; or
- (c) **if you only wish to accept part of your Entitlement:**
  - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque or arrange payment by BPAY® for the appropriate Application monies (at \$0.55 per New Share); or
- (d) **if you do not wish to accept all or part of your Entitlement**, you are not obliged to do anything.

Your completed Entitlement and Acceptance Form and payment must reach the Registry no later than 5:00pm (WST) on the Closing Date.

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

### 5.2 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any

Application monies, the Application may not be varied or withdrawn except as required by law.

### 5.3 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Alkane Resources Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry at the address set out on the Entitlement and Acceptance Form by no later than 5:00pm WST on the Closing Date.

### 5.4 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 2:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.**

### 5.5 Shortfall Offer

Any New Shares not taken up pursuant to the Offer will form the shortfall offer (**Shortfall Offer**). The Shortfall Offer is a separate offer made pursuant to this Offer Document and will remain open for up to three (3) months following the Closing Date. The issue price for each Additional Share issued under the Shortfall Offer shall be \$0.55, being the price at which New Shares have been offered under the Offer.

The Directors, in consultation with the Joint Lead Managers, reserve the right to issue Additional Shares under the Shortfall Offer at their absolute discretion and otherwise, in accordance with the Corporations Act. Additionally, the Company reserves the right to:

- (a) issue to an applicant a lesser number of Additional Shares than the number applied for in a Shortfall Application Form;
- (b) reject an application made using a Shortfall Application Form; and/or
- (c) not proceed with the issuing of Additional Shares under the Shortfall Offer (or part thereof).

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## **6. RISK FACTORS**

### **6.1 Introduction**

The New Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Offer Document in its entirety and consult their professional advisors before deciding whether to apply for the New Shares.

### **6.2 Key investment risks**

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. Prospective investors should read this Offer Document in its entirety before deciding whether to apply for New Shares under this Offer Document.

These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for New Shares pursuant to this Offer Document.

#### **(a) Project Delay**

To the extent that operational, construction and development activities are delayed for any of the production or development projects in which the Company is the operator or is to be granted management rights, this may affect the total development costs and the timing and level of proceeds derived from the operation which may have a material adverse effect on the Company.

#### **(b) Landholder Access Arrangements**

The Company's land and resource tenure may be disputed by various parties, such as community action groups, resulting in disruption and/or impediment in the operations or development of a resource. Any new mine development or expansion of existing operations will require landholder, native title and cultural heritage issues to be addressed, which can have significant timing and cost implications.

#### **(c) Tenure and native title risks**

Interests in exploration and mining tenements in Australia are governed by State legislation and are evidenced by the granting of leases or licences. Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance. These conditions include the requirement, for exploration licences, for reduction in the area held under licence from time to time unless it is considered that special circumstances apply.

Consequently, the Company could lose title to, or its interest in, its tenements if licence conditions are not met or if expenditure commitments are not met.

It is possible that, in relation to tenements in which the Company has an interest or may acquire such an interest, there may be areas over which legitimate native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to obtain the consent of any relevant land owner, or to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected.

It is possible that there will exist on the Company's mining tenements, areas containing sacred sites or sites of significance to Aboriginal people subject to the provisions of the *Aboriginal Heritage Act 1972* (WA), the *Northern Territory Aboriginal Sacred Sites Act 1989* (NT), the *Aboriginal Heritage Act 1988* (SA), the *Aboriginal Relics Act 1975* (Tas) and the *Aboriginal Cultural Heritage Act 2003* (Qld), or areas subject to the *Native Title Act 1993* (Cth) in Australia. As a result, land within the tenements may be subject to exploration, mining or other restrictions as a result of claims of Aboriginal heritage sites or native title.

(d) **Environmental Risks**

The operations and activities of the Company are subject to State and Commonwealth laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact can give rise to substantial costs for environmental rehabilitation, damage, control and losses. Further, where there are environmental rehabilitation conditions attaching to the mining tenements of the Company, failure to meet such conditions could lead to forfeiture of these tenements.

(e) **Exploration and development**

Exploration is a high-risk activity that requires large amounts of expenditure over extended periods of time. The Company's exploration activities will be subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations.

There can be no assurance that any exploration or development activity in regard to the Company's properties, or any properties that may be acquired in the future, will result in the discovery or exploitation of an economic resource. Conclusions drawn during exploration and development are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

Mineral exploration, development and mining/extraction may be hampered by circumstances beyond the control of the Company. The planned increase in mining rate and mining production at the Tomingley Gold Operations may be hampered by delay or unforeseen circumstances or costs.

(f) **Resource and Reserve Estimates**

Resource and reserve estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates may change. Accordingly, the actual resources may materially differ from these estimates and assumptions and no assurances can be given that the resource estimates and the underlying assumptions will be realised. This could result in alterations to development and mining/extraction plans, which may, in turn, affect the Company's operations and ultimately the Company's financial performance and value.

(g) **Production and cost estimates and forecasts**

The Company undertakes its business planning using a range of estimates and forecasts using information available to it at that point in time. These plans include estimates of future production and of the cash costs and capital costs of that production. The ability of the Company to achieve production targets, or meet operating or capital expenditure budgets or estimates cannot be assured. Actual costs of production may be impacted by factors such as variations in ore grade, mine operating conditions, including geotechnical conditions, metallurgical recoveries, labour costs and availability, as well as accidents, poor performance and general economic factors. A failure to realise estimated forecasts and plans could have a material adverse impact on the Company's financial and operating performance.

(h) **Operational and technical risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades and/or resources in exploration and mining, operational and technical difficulties encountered in mining and extraction, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical or recovery problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(i) **Commodity price fluctuations**

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for commodities, forward selling by producers and the level of production costs in major commodity-producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, commodities.

(j) **Exchange rate fluctuations**

International prices of most commodities are denominated in United States dollars, whereas the income and expenditure of the Company, whilst operating on Australian projects, will be in Australian currency,

exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar, subject to any currency hedging that might be undertaken.

(k) **General economic conditions**

Economic conditions, both domestic and global, may affect the performance of Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and share price can be affected by these factors, all of which are beyond the control of the Company.

(l) **Equity market conditions**

Securities listed on the stock market, and in particular securities of mining and exploration companies, including the Company, can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of securities include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation (including any changes adopted to address climate change issues), changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

### **6.3 General Risks**

(a) **Additional requirements for capital**

The funds raised under the Offer are considered sufficient to meet the current proposed objectives of the Company. Additional funding may be required in the event future costs exceed the Company's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Failure to obtain sufficient financing for the Company's present and future operations may result in delay and indefinite postponement of its planned activities. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(b) **Change in government policy and legislation**

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of the

Company, and consequent returns to investors. The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

(c) **Other**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, weather and climate, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

#### **6.4 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Offer Document. Therefore, the securities to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Offer Document.

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## 7. DEFINED TERMS

**\$** means an Australian dollar.

**Abbotsleigh** means Abbotsleigh Pty Ltd (ACN 005 612 377).

**Additional Shares** means those New Shares not issued under the Offer.

**Applicant** refers to a person who submits an Entitlement and Acceptance Form, or submits a payment of subscription monies in respect of the Offer.

**Application** refers to the submission of an Entitlement and Acceptance Form or Shortfall Application Form (as the case may be).

**ASX** means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** means the Listing Rules of the ASX.

**Capital Raising** means the Offer and the Placement.

**Closing Date** means the closing date set out in Section 4.4 or such other date as may be determined by the Directors.

**Company** means Alkane Resources Limited (ACN 000 689 216).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** mean the directors of the Company.

**Eligible Shareholder** means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia, New Zealand or the United Kingdom.

**Entitlement** means the entitlement to subscribe for one (1) New Share for every eight (8) existing Shares held by an Eligible Shareholder on the Record Date.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form to be sent to Eligible Shareholders with this Offer Document.

**Hartleys** means Hartleys Limited (ACN 104 195 057) (AFSL 230052).

**Joint Lead Managers** means Petra Capital and Hartleys, and each is a **Joint Lead Manager**.

**JLM Mandate** means the mandate to act as joint lead manager entered into between the Company, Petra Capital and Hartleys dated 21 November 2019.

**New Share** means a new Share proposed to be issued pursuant to this Offer.

**Offer** or **Rights Issue** means the pro rata non-renounceable offer of New Shares at an issue price of \$0.55 each on the basis of one (1) New Share for every eight (8) existing Shares held on the Record Date subscribed for pursuant to this Offer Document.

**Offer Document** means this Offer Document.

**Opening Date** means the opening date set out in Section 4.4 of this Offer Document.



**Petra Capital** means Petra Capital Pty Ltd (ACN 110 952 782) (AFSL 317944).

**Performance Rights** means the various unlisted long-term incentive performance rights issued pursuant to the Alkane Resources Performance Rights Plan established in 2011 and last approved at the Company's 2019 annual general meeting.

**Placement** has the meaning given in Section 4.2.

**Record Date** means the record date set out in Section 4.4 of this Offer Document.

**Section** means a section of this Offer Document.

**Share** means an ordinary fully paid share in the capital of the Company.

**Shareholder** means a holder of Shares.

**Shortfall** means those New Shares under the Offer not applied for by Shareholders under their Entitlement.

**Shortfall Application Form** mean the Shortfall application form to be sent by the Company, at its discretion, in connection with the Shortfall Offer.

**Shortfall Offer** means as defined in Section 5.5 of this Offer Document.

**US Person** means a person who receives the Offer when they are located in either the United States of America.