

20 May 2020



Alkane and Australian Strategic Materials (ASM) progress towards Demerger

The board of Alkane Resources Ltd (Alkane; ASX: ALK) has resolved to progress the demerger of Australian Strategic Materials Limited (ASM) and listing ASM on the ASX (“Demerger”), subject to finalisation of outstanding regulatory matters and shareholder approval at an Alkane Shareholder Meeting expected to be convened in early July 2020. ASM is currently anticipated to list in mid-July 2020.

At the completion of the Demerger, if approved, shareholders of Alkane will have the same proportional ownership in both Alkane and ASM, with the exception of Ineligible Foreign Shareholders (refer to the upcoming Demerger Booklet for details relating to investors with registered addresses outside of Australia and New Zealand). Under the Demerger, the Alkane and ASM entities will be separated, and no cross-holdings between companies will exist.

It is anticipated that the Demerger Booklet, containing relevant information for Alkane shareholders and the resolutions to be considered at the Shareholder Meeting, will be lodged with the ASIC in the first week of June. Alkane has appointed BDO Australia to provide an Independent Expert Report on whether the potential advantages of the Demerger outweigh the potential disadvantages.

Alkane Chairman, Ian Gandel, made the following comments:

“The turbulence experienced in global equity markets in March and April has abated to the extent that the Alkane board has decided the time is right to make the final preparations to demerge and list ASM in the coming months, subject to shareholder approval.”

“Since joining in February, ASM Managing Director, David Woodall, and the ASM team have focused on distilling the key value drivers for ASM and the Dubbo Project, and have brought new focus, momentum and opportunity to the team which is working hard to realise catalysts for the Dubbo Project and the ‘Clean Metal’ metallisation technology in South Korea.”

“The demerger of ASM will provide investors two opportunities to grow value; in Alkane as a growing gold exploration, development and production company, and in ASM as an exciting critical materials business leveraged to the changing world economy.”

All Alkane shareholders are encouraged to read the Demerger Booklet in its entirety as it contains relevant information to consider when voting on the resolutions at the Shareholder Meeting.

CONTACT : **NIC EARNER, MANAGING DIRECTOR, ALKANE RESOURCES LTD, TEL +61 8 9227 5677**
INVESTORS : **NATALIE CHAPMAN, CORPORATE COMMUNICATIONS MANAGER, TEL +61 418 642 556**
MEDIA : **JOHN GARDNER, CITADEL-MAGNUS, TEL +61 413 355 997**



Given the impact of COVID-19 and the associated government guidelines around social distancing, it is likely that the Shareholder Meeting will be held electronically.

If the Demerger Resolution is approved by Alkane shareholders at the Shareholder Meeting, Eligible Shareholders will receive one (1) ASM share for every five (5) Alkane shares held on the Record Date. Shareholders with registered addresses outside of Australia and New Zealand will have their ASM allocations transferred to a sale agent, who will sell the ASM shares once listed on the ASX and remit the net proceeds of sale to the relevant shareholder in cash, in accordance with their respective entitlements.

Details on Australian Strategic Materials (ASM)

Subject to Alkane shareholder and ASX approval, ASM will be listed on the Australian Securities Exchange under the ticker ASM.

ASM will be led by its Managing Director, David Woodall, an experienced mining executive, who joined ASM in February 2020. In addition to Mr Woodall, the ASM board will comprise Ian Gandel as Chairman, with Gavin Smith, Ian Chalmers and Nic Earner serving as Non-Executive Directors.

It is the intention of Mr Earner to resign from the ASM board within the first year following the Demerger once a sufficient handover has been completed to Mr Woodall. At or before that time, it is likely that additional and suitably qualified non-executive directors will be sought and welcomed onto the Board.

The board of Alkane allocated \$20,000,000 of cash to ASM as at 1 April 2020, from which point ASM has been operating its own balance sheet. Alkane and ASM have also entered into an Intercompany Services Agreement (ISA) providing lease and agreed corporate services at cost during the transition, and potentially beyond. ASM can notify Alkane of its intention to procure some or all of these services elsewhere, with 30 days' notice.

Substantial preparation has already occurred in readiness for ASM to operate as an independent listed entity. Details can be found at the new ASM website www.asm-au.com.au.



This document has been authorised for release to the market by Nic Earner, Managing Director.

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 through investments in other gold exploration and mining companies.

Alkane's gold production is from the Tomingley Gold Operations (TGO) which has been operating since early 2014 and it'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 the Central West NSW prospective for gold and copper. The recently announced significant porphyry gold-copper mineralisation intersected at Boda is an example of this potential.

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. 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.

