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## *TGO Executes Gold Hedge for Working Capital Facility*

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- Tomingley Gold Operations Pty Ltd (TGO), a wholly owned subsidiary of Alkane Resources Ltd, executes initial documentation for credit approved \$14M loan and hedging facility with Macquarie Bank Ltd.
- TGO has entered into A\$ gold forwards for 48,633 ounces at A\$1,715/oz in satisfaction of a key condition precedent to financial close.
- The new forwards, in conjunction with the existing contracts for 24,000 ounces at A\$1,618/oz, will be delivered into over the next 16 months to underpin strong operating cash flows.
- The funding package is subject to conditions precedent customary to a facility of this type.

### **TGO WORKING CAPITAL FACILITY**

Alkane is pleased to announce that subsidiary TGO has executed initial documentation for a credit approved loan and hedging facility with Macquarie Bank Ltd (MBL) for \$14M which will be applied to working capital as set out below. The facility is comprised of:

- a \$7M loan facility repayable by 30 June 2017;
- a \$7M performance bond facility repayable by 29 September 2017; and
- an A\$ gold hedging facility of 72,633 ounces.

The facility proceeds will be used:

- to complete the definitive feasibility study for underground operations at TGO to allow for the final investment decision to be made;
- to perform near mine exploration to target additions to the TGO mineral inventory and mine life extension;
- to repay the Group's existing \$4M working capital facility; and
- to provide additional working capital for the Group to bring the consolidated working capital in line with targeted levels after outflows expended during the financial year to date on development of the Dubbo Zirconia Project (DZP), including the completed purchases of key parcels of land.

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The facility will be secured by a general security interest over all of the assets of TGO and supported by a guarantee provided by Alkane Resources Ltd.

The gold forwards just executed have led to the satisfaction of one of the key remaining conditions precedent to drawdown for the facility. There remains a number of specific and customary conditions precedent that require satisfaction to achieve financial close and enable drawdown on the facilities, including finalisation of loan facility documentation.

TGO anticipates achieving financial close in the coming weeks and will inform shareholders of the completion in due course.

### **CAPITAL RAISING TO PROGRESS DZP**

As previously announced, Alkane is currently seeking to raise \$16M through a pro-rata non renounceable entitlement offer to progress the DZP.

Over the 9 months to 31 March 2016, \$12M has been expended on development of the DZP which has been funded through cashflows generated from TGO and existing working capital (including the \$4M working capital facility executed in December 2015). Four key parcels of land covering the majority of the project footprint were required to be purchased in 2015/16 financial year, with the acquisition of three parcels completed. Acquisition of the remaining key parcel remains to be completed with the Group intending to fund this with the capital raising proceeds.

The balance of funds expected to be raised will be applied to critical activities required to enable financing for the DZP to commence, as set out in the offer documents.

#### ***Disclaimer***

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ABOUT ALKANE - [www.alkane.com.au](http://www.alkane.com.au) - ASX: ALK and OTCQX: ANLKY

Alkane is a multi-commodity company focused in the Central West region of NSW, Australia. Currently Alkane has two advanced projects - the Tomingley Gold Operations (TGO) and the nearby Dubbo Zirconia Project (DZP). Tomingley commenced production early 2014. Cash flow from the TGO has provided the funding to maintain the project development pipeline and has assisted with the pre-construction development of the DZP.

The NSW Planning Assessment Commission granted development approval for the DZP on 28 May 2015 and on 24 August 2015 the Company received notification that the federal Department of the Environment gave its approval for the development. Mining Lease 1724 was granted on 18 December 2015 and the Environment Protection Licence was approved on 14 March 2016. Financing is in progress and this project will make Alkane a strategic and significant world producer of zirconium, hafnium and rare earth products when it commences production in 2018.

Alkane's most advanced gold copper exploration projects are at the 100% Alkane owned Wellington and Bodangora prospects, and Elsenora farm-in. Wellington has a small copper-gold deposit which can be expanded, while at Bodangora a large 12km<sup>2</sup> monzonite intrusive complex has been identified with porphyry style gold copper mineralisation. Encouraging gold mineralisation was drilled earlier at Elsenora.

