

26 April 2016



## ***ALKANE LAUNCHES \$16M CAPITAL RAISING TO PROGRESS DZP***

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### **Key Metrics of the Offer**

- **Alkane to raise approximately \$16 million through a pro-rata traditional non-renounceable entitlement offer of one new share for every five existing shares held, at an issue price of \$0.20 per share**
- **Offer open to eligible Alkane shareholders with a registered holding as at 7.00pm Sydney time on 29 April 2016**
- **The funds raised will be applied to the advancement of the Dubbo Zirconia Project through to receipt of project financing funds**

### **Background**

Alkane Resources Ltd (**Alkane** or the **Company**) (ASX: ALK) announces a raising of approximately \$16 million in new capital through a pro-rata traditional non-renounceable entitlement offer (the **Entitlement Offer** or **Offer**).

Alkane is a multi-commodity company focused in the Central West region of NSW, Australia. The Company successfully developed and operates a gold mine at Tomingley (Tomingley Gold Operations) and is progressing the development of the nearby Dubbo Zirconia Project (**DZP**) which is a world class deposit of zirconium, hafnium, niobium and rare earths for which the Company has received:

- Approval from the New South Wales Planning Assessment Commission, as delegate for the NSW Minister of Planning and Environment (announced 2 June 2015),
- Federal environmental approval for mining of the Toongi deposit (announced 25 August 2015),
- Approval from NSW Department of Industry, Division of Resources and Energy for the granting of the necessary mining lease (announced 21 December 2015), and
- Approval from the NSW Environmental Protection Agency covering the construction period of the DZP (announced 14 March 2016).

Other recent milestones achieved in the path to development of the DZP include:

- Front end engineering and design (**FEED**) investigations completed confirming robust economics of the project (announced 27 August 2015),
- Commencement of Early Contractor Involvement to find further value in project design (announced 29 September 2015), and
- Toll treatment Letter of Intent with Vietnam Rare Earth JSC to process the rare earth concentrate recovered by the DZP, to produce a suite of marketable separated rare earth products (announced 7 April 2016).

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## Purpose of the Offer

The proceeds of the Offer will be used to meet anticipated expenditures to progress the DZP in accordance with the published timetable until the main financing process is scheduled to complete. Proceeds from the Entitlement Offer will supplement existing cash reserves and be utilised used for:

- (a) Acquisitions of the remaining key parcels of land within the DZP project area;
- (b) Perform DZP pilot plant run(s) to confirm FEED and other process changes and produce product samples for potential offtake customers;
- (c) Development of strategic partnerships to provide value enhancement to published project financials
- (d) Other DZP related expenditures; and
- (e) General working capital requirements including fees associated with the Offer

## Entitlement Offer

The Offer consists of an entitlement offer to all eligible shareholders to raise approximately \$16 million.

Under the Offer, eligible shareholders will be entitled to apply for 1 new share for every 5 Alkane shares held by them at the record date of 7.00 pm (Sydney time) on 29 April 2016 at a price of \$0.20 per new share. Eligible shareholders may also apply for additional new shares in excess of their entitlement at the offer price, although any application for additional new shares may be scaled back at the Company's discretion.

The offer price represents a discount of approximately 7.8% to the closing price of \$0.217 on Friday 22 April 2016, the last trading day before the announcement of the Offer.

The Offer is not underwritten, however, Alkane's largest shareholder, Abbotsleigh, an entity associated with Mr Ian Gandel, a director of Alkane, which has a shareholding of approximately 22.1%, has committed to subscribe for its pro-rata entitlement, provided that the number of new shares it has agreed to subscribe for is to be limited so that its voting power immediately following completion of the Entitlement Offer does not exceed 25.1%. In addition, all directors of the Company who are shareholders intend to participate in the Offer to the full extent of their entitlement, subject to compliance with the *Corporations Act 2001* (Cth).

The Company has 414,218,670 shares on issue. The maximum number of shares that may be issued under the Offer is 82,843,734 new shares. New shares issued under the Offer will rank equally with existing shares. The Company will apply for official quotation on ASX of the new shares issued under the Offer.

The entitlements are non-renounceable therefore not transferrable and cannot be sold or traded, and Alkane shareholders will not receive any value in respect of entitlements that they do not take up or which they are ineligible to receive.

Any shortfall from the Offer may be placed at the Company's discretion, at a price not less than the offer price, within 3 months of the closing date of the Offer. Petra Capital Pty Ltd has been appointed as lead manager of the Offer and has undertaken, on a best endeavours basis, to assist the Board in placing any shortfall shares.

## Eligible Shareholders

Eligible Shareholders are those persons who:

- are the registered holder of Alkane shares at 7.00 pm (Sydney time) on 29 April 2016
- have a registered address in Australia, New Zealand, the United Kingdom, Switzerland, Germany, Luxembourg, Belgium, Hong Kong, Singapore, the Philippines or Thailand;
- are not in the United States or a U.S. Person or acting for the account or benefit of a U.S. Person (to the extent such person holds ordinary shares in the Company for the account or benefit or such person in the United States); and



- are eligible under all applicable securities laws to receive an offer under the Offer without any requirement for a prospectus or offer document to be lodged or registered.

Subject to the following, the Offer is not being extended to any Alkane shareholders with a registered address outside Australia, New Zealand, the United Kingdom, Switzerland, Germany, Luxembourg, Belgium, Hong Kong, Singapore, the Philippines or Thailand. In Alkane's absolute discretion Alkane may elect to treat as Eligible Shareholders certain shareholders who would otherwise not be Eligible Shareholders because their registered addresses are not in Australia, New Zealand, the United Kingdom, Switzerland, Germany, Luxembourg, Belgium, Hong Kong, Singapore, the Philippines or Thailand.

### No Prospectus/Shareholder approval

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 which permits Alkane to conduct the Offer without issuing a prospectus. Instead, Alkane will today lodge with ASX a notice in accordance with section 708AA(2)(f) of the Corporations Act and Eligible Shareholders will receive the offer booklet that contains information detailing how to participate in the Entitlement Offer.

Shareholder approval is not required for the Offer.

### Indicative Timetable

Event	Date
Lodgement of Appendix 3B, Offer Cleansing Notice and Offer Booklet with ASX	Tuesday, 26 April 2016
Existing Alkane shares quoted on an ex-Entitlements basis	Thursday, 28 April 2016
Record Date for determining Entitlements under the Offer	Friday, 29 April 2016
Offer Booklet and Entitlement and Acceptance Forms despatched, and Offer open for acceptances	Friday, 29 April 2016
Offer closes at 5pm Perth time (7pm Sydney time)	Monday, 23 May 2016
New shares under the Offer quoted on a deferred settlement basis	Tuesday, 24 May 2016
Shortfall notification	Thursday, 26 May 2016
New Shares under the Offer issued and updated Appendix 3B lodged	Monday, 30 May 2016
New Shares under the Offer commence trading on ASX on a normal settlement basis	Tuesday, 31 May 2016
Holding statements despatched	Thursday, 2 June 2016

The timetable is indicative only and may change without notice, subject to the requirements of the ASX Listing Rules and the Corporations Act.

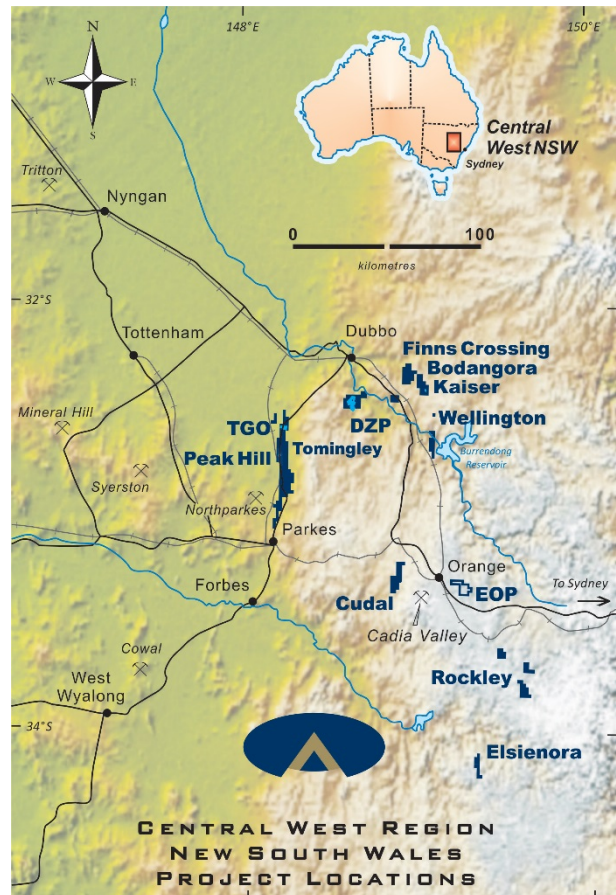


ABOUT ALKANE - [www.alkane.com.au](http://www.alkane.com.au) - ASX: ALK and OTCQX: ANLKY

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 will assist 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 anticipated to be in 2018.

Alkane's most advanced gold copper exploration projects are at the 100% Alkane owned Wellington and Bodangora prospects, and Elsienera 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 at Elsienera early in 2015.



#### Disclaimer

This report may contain certain forward looking statements and forecasts, including possible or assume, production levels and rates, costs, prices, future performance or potential growth of Alkane Resources Ltd, industry growth or other trend projections. Such statements are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors which are beyond the control of Alkane Resources Ltd. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. Nothing in this report should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities.

This document has been prepared in accordance with the requirements of Australian securities laws, which may differ from the requirements of United States and other country securities laws. Unless otherwise indicated, all ore reserve and mineral resource estimates included or incorporated by reference in this document have been, and will be, prepared in accordance with the JORC classification system of the Australasian Institute of Mining, and Metallurgy and Australian Institute of Geoscientists.