



1 March 2012

Alkane to raise \$107 million in new capital

Multi commodity explorer and miner, Alkane (ASX: ALK) is to raise approximately \$107 million in new capital through an entitlement offer and placements.

Over the next two years, Alkane is planning to develop two significant resource projects in central west New South Wales, namely the Tomingley Gold Project and the Dubbo Zirconia Project which will have a combined capital expenditure of approximately \$1 billion.

Alkane is considering various funding alternatives and the capital raising advised today is an initial step in this program.

The capital raising of approximately \$107 million comprises:

- up to \$30 million through a partially underwritten 1 for 10 non-renounceable entitlement offer of fully paid ordinary shares in Alkane at \$1.10 per new share;
- \$44 million from a placement of approximately 40.3 million Alkane shares at \$1.10 per new share to professional and sophisticated investors within Alkane's 15% placement capacity; and
- \$33 million, subject to shareholder approval, from a placement of approximately 30 million Alkane shares at \$1.10 per new share to professional and sophisticated investors.

The price of \$1.10 per new share represents a discount of approximately 8% to the volume weighted average price (VWAP) of Alkane shares for the 20 trading days since 31 January 2012.

The funds raised will be used for the construction and commissioning of the Tomingley Gold Project; preparation of an Environmental Impact Statement and continuing development of the Dubbo Zirconia Project; working capital for general purposes; and the costs of the capital raising.

The last date for acquiring Alkane shares in order to participate in the entitlement offer is Friday, 2 March. Alkane shares traded after Friday, 2 March will not be entitled to participate in the entitlement offer. The record date for determining entitlement to participate in the entitlement offer is 4.00pm (Perth Time) on Friday, 9 March.

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All the directors and key management personnel who own shares have indicated that they will take up their full entitlements, including Abbotsleigh Proprietary Limited, a company associated with non-executive director Mr Ian Gandel, who is entitled to 7,091,196 new shares.

The placements have been arranged by Petra Capital Pty Ltd and are supported by a number of institutions. The placement amount was substantially oversubscribed and Alkane has firm commitments for the full \$77 million. The entitlement offer does not apply to shares acquired from the placements. Alkane shares acquired under the initial placement are scheduled to be issued on 14 March 2012 and under the second placement (if approved) on 23 April 2012.

Purpose and use of funds raised

The purpose of the capital raising is to provide funds for the construction and commissioning of the Tomingley Gold Project, preparation of an Environmental Impact Statement and continuing development of the Dubbo Zirconia Project, working capital for general purposes and costs of the capital raising.

Basis of participation

Under the offer to existing shareholders, eligible shareholders (as defined below) will be entitled to apply for 1 new share at a price of \$1.10 per new share for every 10 Alkane shares held by them at the record date of 4.00 pm (Perth time) on 9 March 2012 subject to the terms of the entitlement offer, the full terms of which are outlined in the offer booklet that will be released to ASX today and will be mailed to eligible shareholders following the record date.

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.

Eligible Shareholders

Eligible Shareholders are those persons who:

- are the registered holder of Alkane shares at 4.00 pm (Perth time) on the record date and have a registered address in Australia or New Zealand;
- are not in the United States or a U.S. Person or acting for the account or benefit of a U.S. Person (each as defined in rule 902(k) of the U.S. Securities Act of 1933, as amended); and
- are eligible under all applicable securities laws to receive an offer under the entitlement offer without any requirement for a prospectus or offer document to be lodged or registered.

Subject to the following, the entitlement offer is not being extended to any Alkane shareholders with a registered address outside Australia and New Zealand. 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 or New Zealand.

Underwriting

Any shortfall under the entitlement offer is underwritten (up to an amount of approximately \$12.2 million) by Regal Funds Management Pty Ltd who has appointed Gandel Metals Pty Ltd as trustee for the Gandel Metals Trust, an investment company associated with Alkane director, Mr Ian Gandel, to sub-underwrite its obligations. Petra Capital has undertaken, on a best endeavours basis, to place any shortfall not underwritten.



No Prospectus/Shareholder approval

The entitlement offer is being made pursuant to section 708AA of the Corporations Act 2001 (Cth) (Corporations Act) which permits Alkane to conduct the entitlement 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. A copy of the offer booklet will be lodged with ASX today.

Shareholder approval is not required for the entitlement offer or the initial placement. The second placement is subject to obtaining shareholder approval at a general meeting of shareholders to be held on or about 16 April 2012.

Timetable

| Event | Date |
|---|--|
| Announcement of Entitlement Offer and Share Placement | Thursday 1 March 2012 |
| Lodgement of Appendix 3B, Entitlement Offer Cleansing Notice and Entitlement Offer Booklet with ASX | Thursday 1 March 2012 |
| Existing Alkane shares quoted on an ex-Entitlements basis | Monday 5 March 2012 |
| Record Date for determining Entitlements under the Entitlement Offer | 4.00 pm (Perth time) Friday 9 March 2012 |
| Alkane shares issued under Unconditional Placement and holding statements despatched | Wednesday 14 March 2012 |
| Entitlement Offer Booklet and Entitlement and Acceptance Forms despatched, and Entitlement Offer open for acceptances | Wednesday 14 March 2012 |
| Notice of general meeting sent to Alkane shareholders | Wednesday 14 March 2012 |
| Closing time for acceptances | 5.00 pm (Perth time) Thursday 29 March 2012 |
| New shares under Entitlement Offer quoted on a deferred settlement basis | Friday 30 March 2012 |
| Shortfall notification | Tuesday 3 April 2012 |
| New Shares under Entitlement Offer issued and holding statements despatched | Tuesday 10 April 2012 |
| New Shares under Entitlement Offer commence trading on ASX on a normal settlement basis | Wednesday 11 April 2012 |
| General Meeting | Monday 16 April 2012 |
| Alkane shares issued under Conditional Placement (if approved) and holding statements despatched | Monday 23 April 2012 |

The timetable is indicative only and may change, subject to the requirements of the ASX Listing Rules and the Corporations Act.