



Australian Securities Exchange Announcement

10 May 2016

Exploration and Development Incentive Scheme

Highlights

- Tychean has been successful in its application for participation in the Federal Government's Exploration and Development Incentive Scheme (EDI).
- ATO confirms modulation factor of 1, meaning 100% of 2015 EDI credits can be distributed to eligible shareholders.
- EDI credits will be issued to shareholders by Tychean on Monday, 20 June 2016. To be eligible, shareholders must be on the Company's share register by Friday, 20 May 2016 (Record Date).
- The EDI credits will be applied by the ATO to income tax assessed for the year ended 30 June 2016.
- 31.7% return (estimated) for eligible shareholders based on the Company's closing share price on, Monday, 9 May 2016 of \$0.007.
- Tychean will distribute EDI credits in respect of \$2,103,840 of estimated greenfields minerals expenditure for the previous income year.

Exploration Development Incentive Scheme

Tychean Resources Limited (ASX: TYK) has been advised by the Australian Taxation Office (ATO) that its application to participate in the Exploration Development Incentive Scheme (EDI) has been accepted. Tychean will distribute EDI credits in respect of \$2,103,840 of estimated greenfields minerals expenditure for the previous income year to shareholders under the EDI.

In March 2015, the Federal Parliament passed legislation introducing the EDI scheme with effect from 1 July 2014 to run for three years based on an annual application process. The ATO is the administrator of the scheme.

The EDI scheme enables eligible exploration companies to create exploration credits to pass on to shareholders by forgoing a portion of the carried forward tax losses. The tax losses must have arisen from allowable expenditure on greenfields exploration.

Australian resident shareholders that are issued with EDI credits will generally be entitled to refundable tax offsets (for individual shareholders or superannuation funds) or franking

credits (for companies). Non-residents receiving credits will not be able to use them.

The ATO has confirmed that a modulation factor of 1 has been applied to successful applicants; therefore one hundred percent of the estimated greenfields minerals expenditure applied for by the Company of \$2,103,840 will be available. At the Company tax rate of 30%, this translates into \$631,152 EDI credits that will be available for distribution to eligible shareholders on a pro rata basis. Based on the 284,413,766 shares currently on issue, this equates to \$0.002219 (0.2219 cents) per share. The EDI credit per share to be distributed will be finally determined based on the number of shares on issue at the record date.

There are currently 16,764,833 options exercisable at \$0.04 (four cents) on or before 4 June 2016. Although it is unlikely that options will be exercised, as they are currently out of the money, if you are an eligible option holder, and are intending to exercise your options in order to participate in the EDI scheme, please exercise your options prior to Friday, 20 May 2016.

The EDI credits will apply to the 2015-16 tax year and must be issued by Tychean by 30 June 2016.

EDI credits are to be distributed to shareholders with equity interests based on the number of shares held by the shareholder as a proportion of the total equity interest of the company.

The relevant cut-off time to determine the number of shares that the shareholder holds is 30 days (Record Date) before the exploration credits are issued.

RECORD DATE – Friday, 20 May 2016

The Directors are pleased to confirm the Record Date for shareholder eligibility for EDI credits will be Friday, 20 May 2016.

For shareholders to be eligible to receive a pro-rata distribution of EDI credits from the Company they must hold ordinary shares in the Company as of **7pm (Adelaide time) on Friday, 20 May 2016.**

Eligible shareholders will be notified by the Company of their EDI credit entitlement in the approved form on Monday, 20 June 2016, and the EDI credits will apply to income tax assessed for the year ended 30 June 2016.

For further information about the EDI refer to the ATO website at <https://www.ato.gov.au/Business/Exploration-Development-Incentive>

Before making any decision based on this document, you should assess your own circumstances or seek advice from a financial adviser and seek tax advice from a registered tax agent.

For further information please contact:

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