

29 October 2018



Strategic Investment in Explaurum Resources

The Board of multi commodity miner and explorer, Alkane Resources Limited (ASX: ALK) ("Alkane") is pleased to advise it has approved an investment into gold exploration company Explaurum Limited (ASX:EXU) ("Explaurum"), subject to Explaurum shareholder approval. This represents Alkane's second strategic investment following its financing transaction with Calidus Resources Limited announced on 17 October 2018.

With a strong cash position Alkane's strategy for increasing shareholder value includes investing part of its cash balance in junior gold companies and projects that have passed its due diligence review and investment criteria, namely investments that have high exploration potential and/or require near term development funding. Explaurum has announced positive exploration and feasibility results in recent months, and the Alkane investment is timed to provide funding to accelerate exploration and finalise the bankable feasibility study for the Tampia Gold Project.

Explaurum is currently the subject of a takeover offer from Ramelius Resources Limited (ASX:RMS) (please refer to Explaurum announcements to the ASX including the Target's Statement and Supplementary Target's Statements) ("Ramelius Offer"). Explaurum directors have unanimously recommended that its shareholders reject the Ramelius Offer. Due to the Ramelius Offer, Alkane's investment will be the subject of a vote at a Explaurum shareholder meeting to be convened in the coming weeks. Explaurum directors have unanimously recommended that shareholders vote in favour of the Alkane investment at the general meeting in the absence of a superior proposal.

For further details of the Explaurum investment, we refer you to Explaurum's ASX announcement released today, which includes a copy of the subscription agreement.

About Explaurum (www.explaurum.com.au)

- Explaurum is an ASX listed gold exploration company which controls the Tampia Gold Project centred ~250km east of Perth in the Central Wheatbelt region of Western Australia.
- The Tampia Gold Project includes an initial ore Resource containing 675,000oz @ 1.79g/t Au (as released by Explaurum to the ASX on 30 May 2018).
- Alkane considers that the project has strong exploration upside and that other opportunities to make discoveries similar to the Mace discovery (oxide gold and capable of open pit extraction) exist on the Explaurum tenement package which could enhance the already strong economics of the Tampia Gold Project.

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- Funds from the Alkane placement put Explaurum in a strong position to complete necessary exploration, studies and financing arrangements for the Tampia Gold Project as well meet general corporate expenditure ahead of a final investment decision targeted by 2Q CY2019.

Investment Arrangement (subject to Explaurum shareholder approval)

- Alkane to invest A\$8.0 million in Explaurum through placement of 66,666,675 ordinary shares at an issue price of 12.0 cents per share to become a 12.2% shareholder in Explaurum.
- Explaurum to grant Alkane 53,406,594 Explaurum options exercisable on or before 1 November 2019 in two tranches comprising: (i) 18,692,308 options exercisable at 13.0 cents per share; and (ii) 34,714,286 options exercisable at 14.0 cents per share. If Alkane were to exercise the 53,406,594 options, it would hold 19.96% of Explaurum's issued capital (assuming there are no other share issues during this period, including the exercise of any options or performance rights).
- Alkane will receive certain shareholder rights, including anti-dilution rights and a right of first refusal on fundraisings in certain circumstances (see announcement by Explaurum for details).
- Alkane has provided a deposit on the placement proceeds of \$800,000. Once shareholder approval has been obtained, this amount will be offset against the placement proceeds. The deposit will be repayable within 30 business days if Explaurum shareholders do not vote in favour of the placement, and in certain other circumstances.
- Alkane will be entitled to receive a break fee of \$400,000 under certain circumstances, including where the Explaurum directors recommend a Competing Proposal.
- Alkane has the right to terminate the agreement under certain circumstances, including where the Explaurum directors recommend a Competing Proposal, and where acceptances under the Ramelius Offer reach 30%.

Cooperative Arrangement

Post the investment, Alkane and Explaurum will form a technical steering committee with a view to accelerating the progress the feasibility and development of the Tampia Gold Project. This arrangement is expected to bring even greater experience and current commercial cost understanding to the smaller but highly capable Explaurum team and its consultants. The Alkane team has recent and extensive experience in project approvals, feasibility studies, commercial arrangements, commissioning and operation commencement with its development of Tomingley Gold Operations as well as the large body of work it has undertaken on its Dubbo Project.

In addition to the technical steering committee arrangement, Alkane has the right to nominate a director to the Explaurum board if Alkane's interest is 12% or above.

Alkane's Managing Director, Nic Earner, said "The Explaurum investment is an exciting opportunity for Alkane shareholders, which we have been examining for some months, well



before the Ramelius Offer was announced. Working collaboratively alongside the existing Explaurum board and management team, Alkane brings additional capital and operating capability that will assist in the finalisation of the Tampia Gold Project feasibility study and the critical project financing process in 2019."

Alkane's cash and bullion position as at 30 September 2018 was A\$82.4M.

Disclaimer regarding Explaurum information

Alkane has prepared the information on Explaurum from publicly available information, which has not been independently verified by Alkane. Accordingly, none of Alkane or any of its officers, employees and advisers makes, subject to the Corporations Act, any representation or warranty, express or implied, as to the accuracy or completeness of such information or assumes any responsibility for it.

ABOUT ALKANE - www.alkane.com.au - **ASX: ALK and OTCQX: ANLKY**

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

The DP is a large in-ground resource of zirconium, hafnium, niobium, yttrium and rare earth elements. As it is an advanced poly-metallic project outside China, it is a potential strategic and independent supply of critical minerals for a range of sustainable technologies and future industries. It has a potential mine life of 75+ years. 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.

Alkane's most advanced gold copper exploration projects are at the 100% Alkane owned Bodangora, Wellington, Rockley and Elsenora prospects. Wellington has a small copper-gold deposit which can be expanded, while at Bodangora a large monzonite intrusive complex has been identified with porphyry style gold copper mineralisation. Gold and base metal mineralisation has been identified at Rockley and Elsenora.

