

17 October 2018



Strategic Investment in Calidus Resources

The Board of multi commodity miner and explorer, Alkane Resources (ASX: ALK) “Alkane” has approved an investment into gold exploration company Calidus Resources Limited (ASX:CAI) “Calidus”, which has been executed today. With a strong cash position Alkane’s growth strategy for increasing shareholder value includes investing part of its cash balance in junior gold mining companies and projects that meet its investment criteria, namely potential investments that have high exploration potential and/or require near term development funding. Calidus, with its excellent exploration potential and path through feasibility to development fits the criteria well, and Alkane’s involvement is expected to generate superior returns for both companies’ shareholders.

About Calidus (www.calidus.com.au)

- Calidus is an ASX listed gold exploration company which controls the Warrawoona Gold Project centred 30km south-east of Marble Bar in the East Pilbara district of the Pilbara Goldfield in Western Australia.
- The Warrawoona Gold Project includes a 712,000 oz Resource @ 2.11g/t Au (as released by Calidus to the ASX on 18 December 2017).
- The project has very high exploration upside as mineralisation outcrops at surface at all deposits and is open along strike and down dip at all deposits and many identified targets not yet tested.
- The surface mineralisation suggests that any initial mining operation will be open cut.
- The project has reached the position where it is ready to progress through feasibility.
- With existing cash reserves, funds from the Alkane placement and potentially through the exercise of Alkane’s options, Calidus is in a position to increase resources, test exploration targets and accelerate feasibility work.

Investment Arrangement

- Alkane will subscribe for 125M ordinary shares via a placement at 2.95c/share (\$3,687,500 total consideration). The price was set near the 5-day VWAP leading to the transaction.
- Post the acquisition of these shares Alkane will hold ~8.8% of Calidus on an undiluted basis.
- Alkane will also be granted share options for 70M shares at 3.5c/share. These options have an expiry date of 1 November 2019.

CONTACT : **NIC EARNER, MANAGING DIRECTOR, ALKANE RESOURCES LTD, TEL +61 8 9227 5677**
INVESTORS : **NATALIE CHAPMAN, CORPORATE COMMUNICATIONS MANAGER, TEL +61 418 642 556**
MEDIA : **HILL+KNOWLTON STRATEGIES: MARCHA VAN DEN HEUVEL, TEL +61 2 9286 1226 OR +61 468 960 457**



- If these options, as well as all current Calidus options and performance shares are executed (that is, a fully diluted basis), Alkane's 195M shares will represent ~10.0% of Calidus.

Cooperative Arrangement

Post the investment Alkane and Calidus will form a technical committee with a view to accelerate the Warrawoona Gold Project feasibilities. This arrangement is expected to bring even greater experience and current commercial cost understanding to the smaller but highly capable Calidus team. 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 committee arrangement Alkane has the right to seek a director's position if its' holding is above 10%.

Alkane's Managing Director, Nic Earner, said "The Calidus investment represents an exciting opportunity for Alkane shareholders. Working collaboratively alongside the existing Calidus board and management team, Alkane brings additional capital and operating capability that will bolster the Warrawoona Gold Project as it moves through the critical feasibility phases in 2019."

Alkane's cash and bullion position as at 30 June 2018 was A\$80.0M.

For personal use only

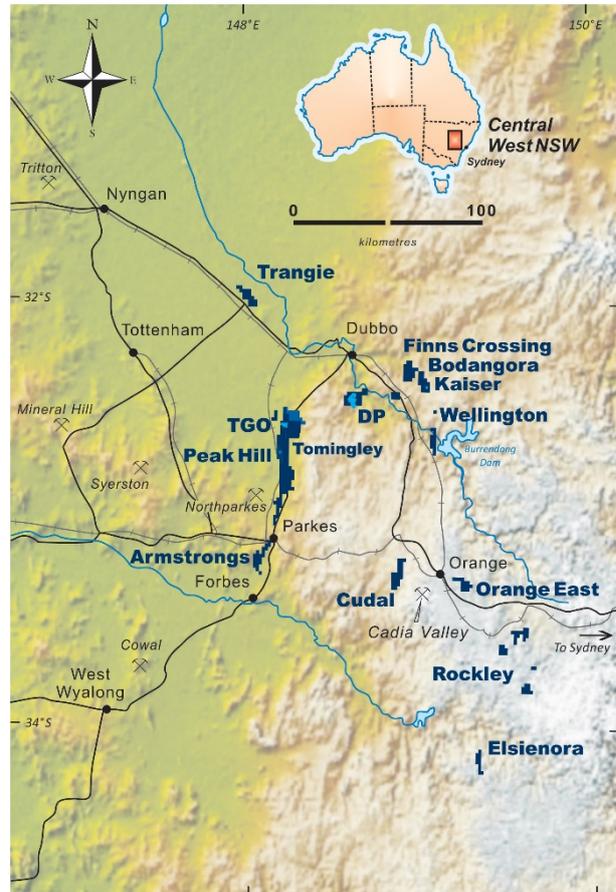


ABOUT ALKANE - www.alkane.com.au - ASX: ALK and OTCQX: ANLKY

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.



For personal use only