



## *ASX ANNOUNCEMENT 1 September 2006*

### **SIGNIFICANT RESULTS FROM McPHILLAMYS CORE**

- **Significant gold and base metal results from core drilling at the McPhillamys Prospect.**
- **Core hole KPD 001 tested the down dip extensions to near surface gold mineralisation has confirmed both gold and zinc rich zones.**
- **Half core results include:**

<b>KPD 001</b>	<b>77 metres grading 1.65g/t gold from 140 metres</b>
<b>including</b>	<b>13 metres grading 2.78g/t gold from 165 metres</b>
<b>also</b>	<b>7 metres grading 5.56g/t gold from 191 metres</b>
<b>KPD 001</b>	<b>31 metres grading 1.64% zinc, 12g/t silver, 0.18g/t gold from 64 metres</b>
<b>including</b>	<b>7 metres grading 2.49% zinc, 17g/t silver, 0.22g/t gold from 65 metres</b>
- **Follow up drilling will be recommended.**

The **McPhillamys** prospect is located within the **Moorilda Project** which is centred about 35 kilometres south east of Orange in the Central West Region of New South Wales. The Project covers 175km<sup>2</sup> and forms part of the **Orange District Exploration Joint Venture (ODEJV)** with **Newmont Australia Limited**. **Newmont** are funding the first A\$5 million expenditure to earn a 51% interest in the ODEJV.

As previously reported, a small reconnaissance aircore drilling program tested a gold soil anomaly and results have identified gold, silver and base metal mineralisation over a north-south strike length of at least 450 metres and within a 200 metre wide envelope.

Diamond core hole **KPD 001** was drilled to test the down dip continuity of the mineralisation intersected in aircore holes KP 006, 007 and 008, which appeared to have penetrated the western and central zones of the possible three north-south trending zones. The hole cored altered felsic volcanic rocks with a variable percentage of pyrite and quartz veins, with zones containing visible chalcopyrite and sphalerite. Half core results indicated that low grade gold and base metal mineralisation was evident throughout the core to a down hole depth of 220 metres, however two distinct zones of elevated zinc and gold were defined.

The results have confirmed that the mineralisation dips steeply east and appears to be zoned into separate gold and base metal rich sections. The gold zone intersected in KPD 001 is around 50 metres in width and extends down dip to at least 150 metres vertical depth. The significance of the base metal mineralisation is not yet clear but individual one metre intervals have peaked at 4.59% zinc, 0.58% lead, 0.33% copper and 25.8g/t silver.

Summary results are:

Hole No	East	North	Azimuth	Inclin	Intercept (m)	Grade	Interval (m)	EOH (m)	Comments
<b>KPD 001</b>	<b>715798</b>	<b>6292017</b>	<b>270°</b>	<b>-60°</b>	<b>77</b>	<b>1.65g/t Au</b>	<b>140 – 217</b>	<b>240.4</b>	<b>Gold Zone</b>
<b>incl</b>					<b>13</b>	<b>2.78g/t Au</b>	<b>165 – 178</b>		
<b>also</b>					<b>7</b>	<b>5.56g/t Au</b>	<b>191 – 198</b>		
<b>KPD 001</b>	<b>715798</b>	<b>6292017</b>	<b>270°</b>	<b>-60°</b>	<b>31</b>	<b>1.64% Zn</b>	<b>64 – 95</b>		<b>Base Metal</b>
					<b>31</b>	<b>12g/t Ag</b>	<b>64 – 95</b>		<b>Zone</b>
					<b>31</b>	<b>0.18g/t Au</b>	<b>64 – 95</b>		
<b>incl</b>					<b>7</b>	<b>2.49% Zn</b>	<b>65 - 72</b>		
					<b>7</b>	<b>17g/t Ag</b>	<b>65 - 72</b>		
					<b>7</b>	<b>0.22g/t Au</b>	<b>65 - 72</b>		

Gold analysis by 30g fire assay of half NQ core samples. Base metals and silver analysed by ICPMS. True widths are approximately 70% of intersected interval.

Previous aircore results include:

**KP 006**            **24 metres grading 2.03g/t gold from 4 metres**  
**including**        **5 metres grading 5.69g/t gold from 5 metres**

**KP 007**            **17 metres grading 1.50g/t gold from 32 metres (to EOH)**

**KP 028**            **26 metres grading 1.46g/t gold from 6 metres (to EOH)**  
**including**        **15 metres grading 2.12g/t gold from 17 metres (to EOH)**

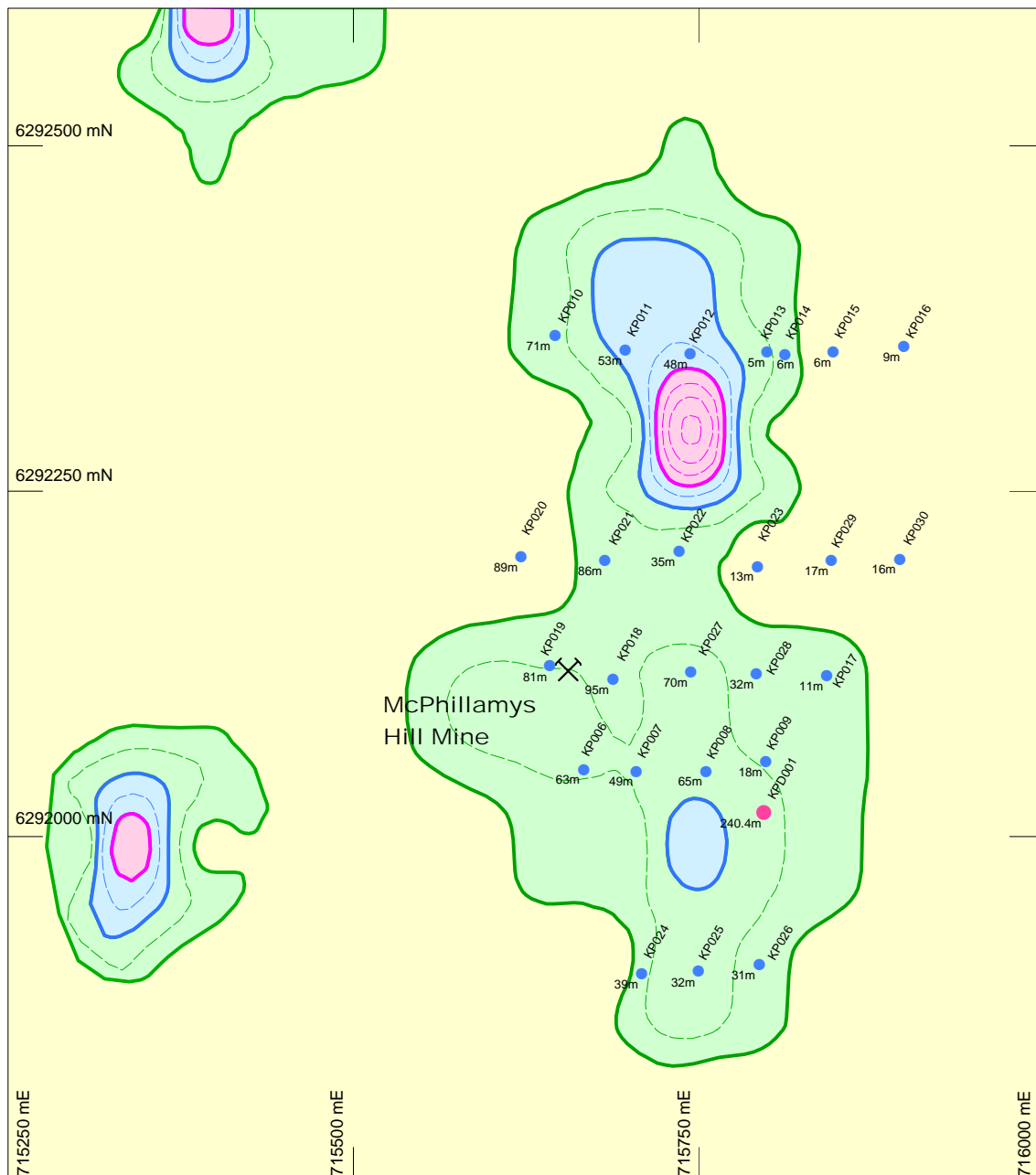
**KP 029**            **10 metres grading 4.08g/t gold and 55.17g/t silver from 6 metres**  
**including**        **1 metre grading 12.47g/t gold and 438g/t silver from 6 metres**

As a follow up, a scoping RC drilling program will be proposed to test the continuity of the mineralisation between and below the aircore drill holes within the known **McPhillamys** zones. Further RC holes will also be proposed as a preliminary test of the **McPhillamys East** target, which is centred about one kilometre south-east of McPhillamys. Previous soil auger sampling has defined another north-south trending gold and trace element anomaly approximately 750 metres in length and up to 200 metres in width.

Additional aircore drilling and soil auger sampling has also been recommended to test for extensions to the McPhillamys zones.

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*Mr D I Chalmers, FAusIMM, FAIG, (director of the Company) has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ian Chalmers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*



### Legend

- Diamond Drill Hole (Results Reported This Announcement)
- Air Core Drill Hole (Results Reported Previously)

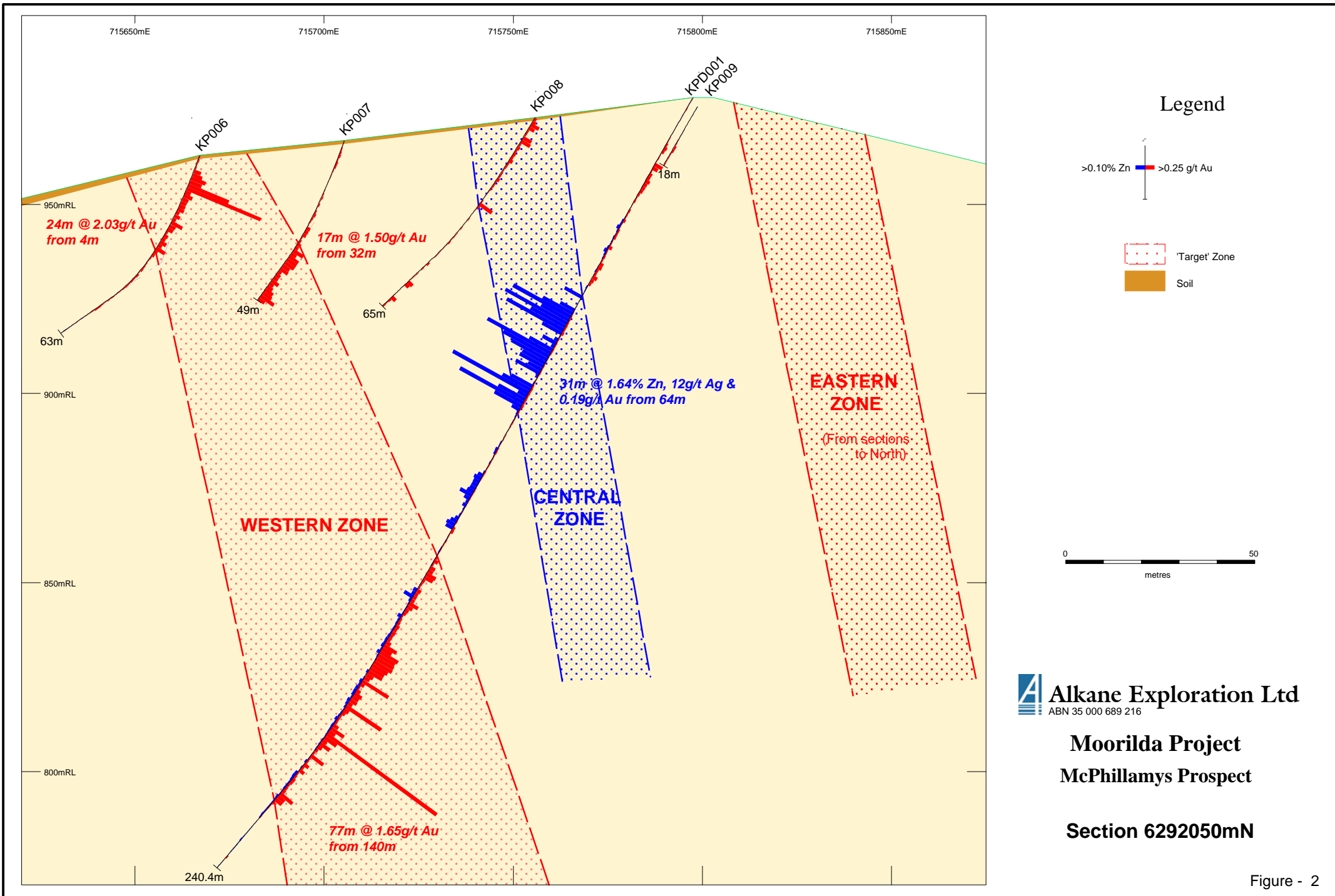
### Soil Geochemistry

- >100ppb Au
- >500ppb Au
- >1000ppb Au



**Alkane Exploration Ltd**  
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**Moorilda Project**  
**McPhillamys Prospect**  
**Drill Hole Location**  
**over Gold Soil Geochemistry**



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**Moorilda Project**  
**McPhillamys Prospect**

**Section 6292050mN**

Figure - 2