



ASX ANNOUNCEMENT – 8 November 2007

RECONNAISSANCE DRILL RESULTS EXTEND TARGET AREA AT McPHILLAMYS

- **The McPhillamys prospect is part of the Moorilda Project within the ODEJV with Newmont Australia.**
- **Reconnaissance RC and AC drilling has been completed in the immediate area of the McPhillamys discovery.**
- **Results include:**
 - KP 081 16 metres grading 1.60g/t gold from 3 metres
including 1 metre grading 8.44g/t gold and 343g/t silver
 from 18 metres**
 - KP 100 3 metres grading 3.90g/t gold from 32 metres**
 - KP 082 29 metres grading 0.40g/t gold from 6 metres**
 - KP 060 5 metres grading 0.59g/t gold from 30 metres**
 - KP 078 3 metres grading 0.95g/t gold from 18 metres**
 - CON 001 3 metres grading 1.45g/t gold from 27 metres**
- **Mineralisation now demonstrated over a north-south extent of 3 kilometres.**
- **Detailed Pole-Dipole Induced Polarisation survey to commence shortly on McPhillamys prospect.**
- **Two deep diamond core holes scheduled to be completed at McPhillamys before the end of the year.**

Corporate Profile

Alkane Board

J. S. F. Dunlop (Chairman)

D. I. Chalmers (Managing Dir)

A. D. Lethlean

I. J. Gandel

I. R. Cornelius

L A Colless (Secretary)

Contact

Ian Chalmers

Managing Director

96 Parry Street

PERTH WA 6000

Telephone +61 8 9328 9411

Facsimile +61 8 9227 6011

Email ichalmers@alkane.com.au

Web – www.alkane.com.au

12 month share price
range

A\$0.45 - \$0.20

Market Cap 8 November 07

~A\$73 million

ASX Code: ALK

200.9 million shares (Sept 07)

September 2007 Cash

~ \$2.5 million

No debt

Media Relations

Westbrook Communications

Level 1, 17 Castlereagh Street

SYDNEY NSW 2000

Telephone +61 2 9231 0922

Facsimile +61 2 9231 0131

Web – www.westbrookfin.com.au



As reported in the 30 September Quarterly Report, reconnaissance RC and AC drilling tested several regional targets around the **McPhillamys** discovery (figure 1) in the central part of the Moorilda Project. The Project forms part of the **ODEJV with Newmont Australia Limited**.

At McPhillamys North three RC holes tested an IP chargeability anomaly and weak surface geochemistry about 300 metres north of the last drill section at McPhillamys. The two western most holes (KP050 and KP051) intersected strongly altered sediments and volcanics but with generally lower levels of sulphide than that associated with the McPhillamys deposit. Widespread low tenor gold and base metal/silver values were recorded with the best being 1 metre grading 0.57g/t gold. A third hole (**KP100**) to the east intersected an epiclastic volcanic unit similar to that hosting the Eastern Gold Zone (KP048 123m @ 1.96g/t gold), again with widespread low grade gold but with a peak zone of **3 metres grading 3.90g/t gold**.

Two RC holes (KP052 and KP056) drilled the McPhillamys East structure with sporadic low gold and base metal values intersected. Two holes also tested an IP chargeability anomaly at McPhillamys South, immediately west of the McPhillamys East structure. Only minor gold and base metal results were returned.

Reconnaissance AC drilling tested various targets to the north and south of the McPhillamys prospect. Four holes (KP058 - 061) drilled a recent colluvium soil anomaly and some small historic workings to the northwest of McPhillamys, and intersected altered argillic schist similar to that hosting the western gold zone (KPD001 77 metres @ 1.65g/t gold) at McPhillamys. Bottom of hole samples (30-37m) from **KP060** assayed **7 metres grading 0.59g/t gold**. Five holes (KP063 – 066) tested a weak soil anomaly to the north of McPhillamys, intersecting the eastern epiclastic unit. A highly anomalous silver and zinc zone was intersected in **KP065 (12m grading 36g/t Ag and 0.22% Zn from 9m)**.

A gold-in-soil anomaly and nearby zinc rich (up to 1.5% zinc) gossanous outcrop were tested by eleven holes (KP067 – 077) at the north end of the McPhillamys East structure. Sporadic values up to 0.21g/t gold and 0.18% copper were recorded over 3 metre intervals.

In the Kings Plains area, approximately 1.5 kilometres southeast of McPhillamys, ten holes (KP078 – 087) drilled a gold soil anomaly and three holes intersected interesting mineralisation. **KP078 3 metres @ 0.95g/t gold; KP081 16 metres @ 1.60g/t gold which included 1 metre @ 8.44g/t gold and 343g/t silver; and KP082 29 metres @ 0.40g/t gold**. The latter two holes both stopped in mineralisation.

Approximately 500 metres to the south, two AC traverses (KP088 – 098) tested a surface geochemical anomaly to the north of the historic Last Chance workings. No anomalous results were returned and it is thought that the anomaly may be due to contamination from the mine workings.

Eight AC holes (CON001 – 008) tested the southern extensions of the Confidence prospect where historic gold mineralisation hosted by a northerly trending unit of mixed felsic volcanic rocks and volcanoclastic sediments was mined from a shallow open pit and shafts. Veining and alteration was intersected in several holes with **CON001** returning **3 metres grading 1.45g/t gold** at the bottom of the hole. CON007 and CON008 also intersected 1 metre @ 0.27g/t gold and 3 metres 0.56g/t gold respectively. Other holes returned anomalous gold and base metal values. Confidence is located about 2.5 kilometres east of McPhillamys.

The results of this wide spaced reconnaissance drilling in the immediate McPhillamys area has now demonstrated mineralisation over a north-south extent of about 3 kilometres. This has expanded the potential of the prospect and provides a substantial future target area.

A detailed pole-dipole IP survey of the main McPhillamys prospect is scheduled to commence shortly to assist with the understanding of the geometry of the gold and base metal mineralisation.

Two diamond core holes have also been programmed to test the continuity of the mineralised zones at McPhillamys down plunge and down dip by a further 100 metres vertical depth (approximately 250



metres deep). This drilling will also provide additional geological information on the controls of the mineralisation, as well as expand the resource potential of the system. Subject to rig availability, this drilling should be completed before the end of the year.

Table 1: RC and AC summary drill results McPhillamys Regional @ 7 November 2007

Hole No	East	North	RL (m)	Azimuth	Inclin	Intcpt (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
KP060	715350	6292800	970	270°	60°	5	0.59	30 – 35	35*	in min'sation
KP078	716625	6290450	970	270°	60°	3	0.95	18 – 21	23	
KP081	716730	6290450	970	270°	60°	16	1.60	3 – 18	19*	in min'sation
including						1	8.44	18 – 19	19*	incl 343g/t Ag
KP082	716775	6290450	970	270°	60°	29	0.40	6 – 35	35*	in min'sation
KP100	719525	6292800	970	270°	60°	3	3.90	32 – 35	78	
CON001	718407	6291810	970	270°	60°	3	1.45	27 – 30	30*	in min'sation
CON008	718322	6291955	970	270°	60°	3	0.56	63 – 66	75	

Gold analysis by 30g fire assay at generally 3 metre composite intervals. All true widths are not clear at this time.

BACKGROUND

Alkane is a multi commodity explorer and miner with its operations focussed in the **Central West of New South Wales**, centred about 400km northwest of Sydney. Over several years, including experience in developing the Peak Hill Gold Mine, Alkane has built a substantial resource base and is proceeding towards several developments:

The **Tomingley Gold Project** currently has a **606,000 ounce gold resource** within the **Wyoming deposits**, of which 75% is in the Measured and Indicated categories. A recent discovery at **Caloma** could add significantly to the resource base and a substantial drilling program is scheduled to be completed by early 2008 to define this resource. A feasibility study for the development of the deposits is anticipated in the second half of 2008.

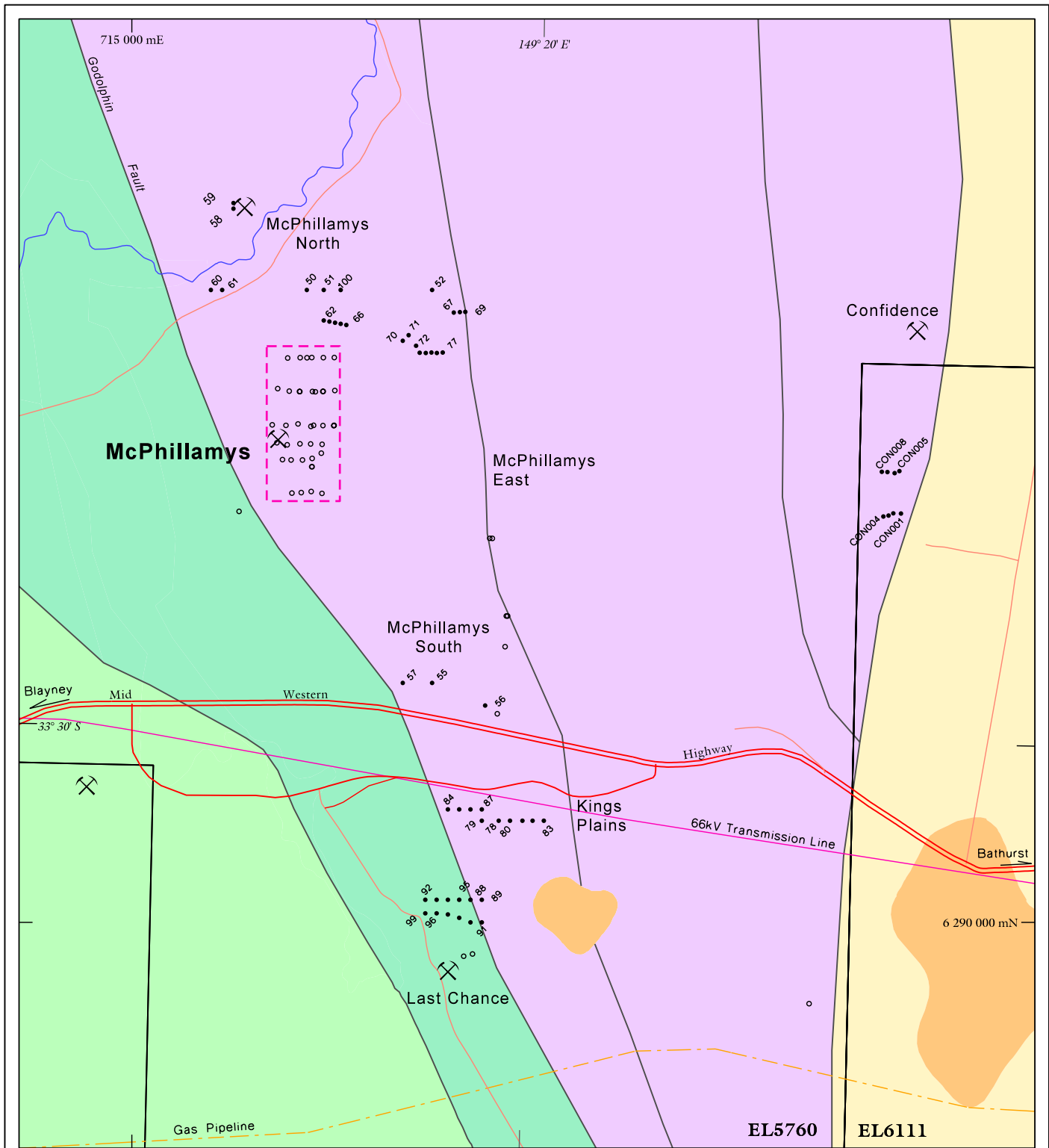
The **Dubbo Zirconia Project** is based upon a world class resource of the metals zirconium, hafnium, niobium, tantalum, yttrium and rare earth elements. The deposit also contains significant uranium. Over several years Alkane has developed a flow sheet which can recover a variety of products which have expanding applications in electronics, ceramics, special alloys and glasses, fuel cells, nuclear power and as environmental drying agents and catalysts. A feasibility study is in progress, which includes the construction and operation of a Demonstration Pilot Plant, and a development commitment is anticipated by the end of 2008.

Near **Orange**, the Company has a joint venture (**ODEJV**) with Newmont, one of the world's largest gold miners, which resulted in the discovery in 2006 of a potentially significant gold deposit at **McPhillamys** within the **Moorilda Project**. This discovery includes intersections of 123 metres grading 1.96g/t gold and 77 metres at 1.65g/t gold within a 300 metre by 200 metre mineralised zone. Exploration is continuing.

Elsewhere within the region, Alkane has defined a 2 million tonne 1.00% copper deposit which is being reviewed for its development potential at **Galwadgere** within the **Wellington Project**, and several other advanced exploration projects with encouraging drill intercepts.

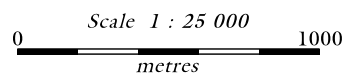
In **Western Australia** the company holds 9 million shares (17%) of listed iron ore explorer **BC Iron Limited** and a diluting 25% residual interest in a nickel sulphide joint venture with **Jubilee Mines** near **Leinster**.

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

- Tertiary Basalt
- Devonian Sediments & volcanics
- Silurian Felsic volcanics & sediments
- Ordovician Blayney Volcanics - mafic volcanics & sediments
- Ordovician Byng Volcanics - mafic volcanics & sediments
- Major prospects
- Historic workings
- Drill hole 2007 (All holes prefixed KP... unless otherwise stated)
- Alkane Drill hole pre 2007



ALKANE RESOURCES LTD
MOORILDA PROJECT
 NEW SOUTH WALES
McPhillamys Prospect

Geology and Drill Hole Location

Projection - AMG Zone 55
 Datum (horizontal) - ag66
 PLAN No.: ALK MOO 1GA-009
 Geology after GSNSW