



19 November 2007

Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir,

ENTITLEMENT ISSUE - PROSPECTUS

The Board of Alkane Resources Ltd wishes to advise that a prospectus dated 19 November 2007 has been lodged with Australian Securities and Investments Commission today for a non-renounceable entitlement issue of approximately 40,178,694 ordinary shares at an issue price of 32 cents each on the basis of one new share for every five shares held on 27 November 2007.

The offer is fully underwritten by Gandel Metals Pty Ltd as trustee of the Gandel Metals Trust.

The purpose of the issue is to raise funds for

- Tomingley Gold Project (**TGP**) – advancing the definitive feasibility study for the development of the Wyoming and Caloma gold deposits;
- Dubbo Zirconia Project (**DZP**) – funding the definitive feasibility study on the Dubbo Zirconia Project;
- other priority targets in the region, including the Wellington Project – funding continuing exploration; and
- funding the costs of the Offer and other working capital requirements.

The prospectus, which is attached, is also available for perusal on the Company's website www.alkane.com.au.

Yours faithfully,
for **ALKANE RESOURCES LTD**

D I Chalmers
Managing Director



ALKANE RESOURCES LTD

ABN 35 000 689 216

Prospectus

for

**a non-renounceable rights offer of approximately
40,178,694 new fully paid ordinary shares at an issue
price of 32 cents per share on the basis of 1 new
share for every 5 shares held as at 27 November
2007.**

UNDERWRITER

Gandel Metals Pty Ltd as trustee for the Gandel Metals Trust

**THE SECURITIES TO BE ISSUED PURSUANT TO THIS PROSPECTUS ARE OF A
SPECULATIVE NATURE.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE
ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT
ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER
WITHOUT DELAY.**

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1. CORPORATE DIRECTORY

<p>DIRECTORS</p> <p>John SF Dunlop (Chairman) D Ian Chalmers (Managing Director) Ian R (Inky) Cornelius (Non-executive Director) Ian J Gandel (Non-executive Director) A D (Tony) Lethlean (Non-executive Director)</p> <p>SECRETARY</p> <p>Lindsay A Colless</p> <p>PRINCIPAL AND REGISTERED OFFICE</p> <p>129 Edward Street PERTH WA 6000 Telephone: +61 8 9227 5677 Facsimile: +61 8 9227 8178 Website: www.alkane.com.au</p> <p>SHARE REGISTRY</p> <p>Advanced Share Registry Services* 110 Stirling Highway NEDLANDS WA 6009 Telephone: +61 8 9389 8033 Facsimile: +61 8 9389 7871</p>	<p>LAWYERS</p> <p>Blake Dawson Level 32 Exchange Plaza 2 The Esplanade PERTH WA 6000</p> <p>UNDERWRITER</p> <p>Gandel Metals Pty Ltd as trustee for the Gandel Metals Trust Suite 3 51-55 City Road SOUTHBANK VIC 3006</p> <p>AUDITORS</p> <p>Rothsay Chartered Accountants 2 Barrack Street SYDNEY NSW 2000</p> <p>STOCK EXCHANGE LISTING</p> <p>ASX Limited*</p> <p>STOCK EXCHANGE CODE</p> <p>ALK</p>
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*These entities have not consented to be named in this Prospectus. Their names are included for information purposes only.

2. CHAIRMAN'S LETTER

Dear Eligible Shareholder,

On behalf of the Directors, I invite you to participate in the following entitlement issue to Eligible Shareholders. As advised to the ASX on 19 November 2007, the Board approved the issue of new shares to existing shareholders on the basis of one new share for every five held. This Offer is non-renounceable and will raise up to \$12,857,182 less costs, by the issue of 40,178,694 shares at a price of \$0.32 per share. The most recent traded price of Shares on ASX was \$0.335 on 16 November 2007, the business day before lodgement of this Prospectus.

The Offer is fully underwritten by Gandel Metals Pty Ltd as trustee for the Gandel Metals Trust, an investment company associated with Alkane director, Mr Ian Gandel. Details of the Underwriting Agreement (including the circumstances in which it can be terminated) are set out in section 8.5. Details of Mr Gandel's interest in Alkane are set out in sections 4.10 and 6.3. This Offer will add approximately A\$12.3 million in funds available to the Company to and provide financial security for furthering its exploration and development programs.

The Board considers that the Offer is the appropriate means of capital raising for Alkane in the circumstances. The Board has formed this view having regard to Alkane's limited cash at bank, its short term working capital requirements, a climate of rising interest rates and the current state of equity markets.

The proceeds of the Issue will be used to fund the two feasibility studies for the development of the Tomingley Gold Project (TGP) and the Dubbo Zirconia Project (DZP) which have been announced in earlier ASX releases. The funds will also be directed towards other advanced exploration projects in the Central West of New South Wales, and normal operational expenses.

A major RC resource drilling program of 10,000 metres is underway at the TGP site and an additional 2,500 metres of diamond core drilling will commence before the end of the year. These programs are designed to provide the data necessary for open pit mines to be planned at Wyoming-Caloma and generate geotechnical and metallurgical information to incorporate into a feasibility study for the development of the project. The feasibility study is anticipated to be completed by the third quarter of 2008 and a decision to develop the Project by the end of 2008.

Construction of a Demonstration Pilot Plant (DPP) at the facilities of ANSTO Minerals at Lucas Heights in the south of Sydney in relation to commercialisation of the DZP is nearing completion and it is expected to be operating by the end of November 2007. The DPP is designed to produce several tonnes of various products for distribution to potential customers around the world. The process, engineering and market data gathered by the operation of the DPP will be used to produce a feasibility study on the development of the Project by the end of 2008.

Exploration is also scheduled for other priority targets in the region, including the Wellington Project where an Indicated Resource of 2.09 million tonnes grading 0.99% copper and 0.3g/t gold has been identified.

We thank you for your continued support and look forward to continued progress of the Company in a positive manner in the next few years.

Yours sincerely

John S F Dunlop

Chairman

3. KEY DATES AND IMPORTANT NOTICES

3.1 Key dates*

Announcement of Offer and lodge Appendix 3B with ASX	19 November 2007
Lodge Prospectus with ASIC and ASX	19 November 2007
Send notice regarding Offer to security holders	20 November 2007
Shares quoted ex entitlement	21 November 2007
Record Date	27 November 2007
Prospectus and Entitlement and Acceptance Forms dispatched	30 November 2007
Closing Date - latest time and date for acceptances and payment of application moneys	21 December 2007
New Shares quoted on a deferred settlement basis	24 December 2007
Issue of New Shares	2 January 2008
Holding statements dispatched	2 January 2008
Normal trading resumes	3 January 2008

***These dates are indicative only and subject to change. Alkane reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable law and in consultation with the Underwriter, to vary the dates of the Offer without notifying you. This may include extending the Offer, closing the Offer early or accepting late applications, either generally or in particular cases. You are encouraged to submit your Entitlement and Acceptance Form as soon as possible.**

3.2 Important notices:

This Prospectus is dated 19 November 2007 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the New Shares offered by this Prospectus.

No securities will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Within 7 days after the date of this Prospectus, Alkane will apply to ASX for the New Shares to be admitted to quotation.

Applications for New Shares can only be made by completing the Entitlement and Acceptance Form in full in accordance with the instructions on it, and sending it to Alkane's Share Registry. A personalised Entitlement and Acceptance Form accompanies this Prospectus for use by Eligible Shareholders who are entitled to participate in the Offer. If you are entitled as an Eligible Shareholder to apply for New Shares under the Offer, your personalised Entitlement and Acceptance Form shows the number of New Shares for which you are entitled to apply pursuant to your Entitlement. Eligible Shareholders may not apply for New Shares in excess of their Entitlements.

Please refer to section 5 on how to accept your Entitlement. Eligible Shareholders who take no action in respect of their Entitlement will not receive any New Shares.

This Prospectus is important and should be read in its entirety before you decide to participate in the Offer. If, after reading this Prospectus, you do not understand any of its contents, have any questions about the Offer or are in doubt as to the course you should follow, you should consult your professional adviser.

Alkane will provide a copy of this Prospectus to any person who requests a copy during the application period for this Prospectus (other than a person resident in a jurisdiction the laws of which prevent distribution of this Prospectus).

A copy of this Prospectus (in read only format and without an Entitlement and Acceptance Form) may be viewed on Alkane's website at www.alkane.com.au from the date of this Prospectus until the Closing Date. No offer is made under the electronic form of this Prospectus, and there is no facility for electronic applications.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Offer is being made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder who holds Shares on the Record Date and whose address is in Australia or New Zealand, or an Eligible Foreign Shareholder (see section 4.11 for further details).

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by Alkane or the Directors.

Defined terms used in this Prospectus are explained in the glossary in section 10.

4. DETAILS OF THE OFFER

This section provides only an overview of the Offer. Please read the entire Prospectus carefully.

4.1 The Offer

By this Prospectus, Alkane is offering for subscription by Eligible Shareholders approximately 40,178,694 New Shares at the Offer Price to raise approximately \$12,857,182 (before costs of the Offer).

4.2 Purpose of the Offer

The purpose of the Offer is to raise approximately \$12,857,182 for the following purposes:

- (a) Tomingley Gold Project (TGP) – advancing the definitive feasibility study for the development of the Wyoming and Caloma gold deposits;
- (b) Dubbo Zirconia Project (DZP) – funding the definitive feasibility study on the Dubbo Zirconia Project;
- (c) Other priority targets in the region, including the Wellington Project – funding continuing exploration; and
- (d) funding the costs of the Offer and other working capital requirements.

TGP

The TGP is centred near Alkane's Peak Hill Gold Mine site in the Central West of New South Wales and was focussed on the identified 606,000 ounce gold resources defined on the Wyoming One and Three deposits. The recent discovery of the nearby Caloma mineralisation has the potential to expand this resource and provide the necessary additional open pitable reserves to secure an acceptable financial return for the project.

A major RC resource drilling program of 10,000 metres is underway and an additional 2,500 metres of diamond core drilling will commence before the end of the year. These programs are designed to provide the data necessary for open pit mines to be planned at Wyoming-Caloma and generate geotechnical and metallurgical information to incorporate into a feasibility study for the development of the project.

At this stage the conceptual development for the TGP comprises three open pit mines producing one million tonnes per year of ore feed to a conventional carbon-in-leach gold recovery circuit with an output of 70,000 ounce a year for a minimum of five years. Longer term the project may support an underground mining operation.

The feasibility study is anticipated to be completed by the third quarter of 2008 and a decision to develop the Project by the end of 2008. This could see first production by the end of 2009.

DZP

The DZP is located 30 kilometres south of the large regional centre of Dubbo, also in the Central West of New South Wales. The Project is centred on the world class resource of the metals zirconium, hafnium, niobium, tantalum, yttrium and rare earth elements. Over several years Alkane has developed a process that recovers a suite of high value products from the ore. These products have expanding applications in electronics, ceramics, special alloys and glasses, fuel cells, nuclear power and as environmental drying agents and catalysts.

In April 2006 Alkane received an Australian Federal Government Commercial Ready Grant of \$3.28 million to assist with commercialisation of the DZP process. This Grant was given on a dollar-for-dollar basis over a 27 month period. As a result Alkane commenced in July 2006 a program of process optimisation, and construction and operation of a Demonstration Pilot Plant (DPP) at the facilities of ANSTO Minerals at Lucas Heights in the south of Sydney. ANSTO Minerals is a division of the Australian Nuclear Science Technology Organisation, one of Australia's premier research establishments.

The DPP is nearing completion and is expected to be operating by the end of November 2007, and is designed to produce several tonnes of various products for distribution to potential customers around the world. The process, engineering and market data gathered by the operation of the DPP will be used to produce a feasibility study on the development of the Project by the end of 2008. With favourable outcomes, it is anticipated that a decision to develop the DZP could be concluded in 2009 and production later in 2010.

Wellington Project

The Wellington Project, where an Indicated Resource of 2.09 million tonnes grading 0.99% copper and 0.3g/t gold has been identified, has potential to expand this resource through further exploration and various programs have been considered.

4.3 Use of proceeds

The funds raised by the Offer will be applied by Alkane as follows:

Tomingley Gold Project	\$ 3,000,000
Dubbo Zirconia Project	\$ 5,000,000
Wellington Project	\$ 1,000,000
Other ongoing exploration projects/new opportunities	\$ 1,000,000
General working capital	\$ 2,325,000
Costs of the Offer	\$ 535,000
TOTAL	\$12,860,000

4.4 Entitlements

Eligible Shareholders will be entitled to subscribe for 1 New Share for every 5 Shares held by them at 5.00pm (WDT) on the Record Date.

Fractional Entitlements will be rounded down to the nearest whole New Share.

The number of New Shares to which you are entitled is shown on the personalised Entitlement and Acceptance Form which accompanies this Prospectus.

Eligible Shareholders may subscribe for all, part or none of their Entitlement.

Eligible Shareholders may not apply for New Shares in excess of their Entitlements.

4.5 Rights and liabilities attaching to New Shares

A summary of the rights and liabilities attaching to the New Shares is set out in section 8.1.

4.6 Dilution

Eligible Shareholders who take up their Entitlement in full will not have their percentage holding in Alkane diluted as a result of the Offer.

Eligible Shareholders who do not take up their Entitlement in full will have their percentage holding in Alkane diluted as a result of the Offer.

Instructions on how to accept your Entitlement are set out in section 5.

4.7 Offer is non-renounceable

The Offer is non-renounceable and Eligible Shareholders may not transfer, dispose of or otherwise deal with any part of their Entitlement that they do not take up. There will be no trading of Entitlements on ASX.

4.8 Stock exchange quotation

Within 7 days after the date of this Prospectus, Alkane will apply to ASX for the New Shares to be admitted to quotation. If the New Shares are not admitted to quotation within 3 months after the date of this Prospectus, all Application Monies will be refunded, without interest.

4.9 Issue of New Shares

The New Shares will be issued on 2 January 2008 and holding statements dispatched on 2 January 2008.

It is the responsibility of Eligible Shareholders applying for New Shares to determine their allocation of New Shares prior to trading in those shares. Eligible Shareholders who purport to sell their New Shares before they receive their holding statements will do so at their own risk. Alkane disclaims all liability in tort, under statute or otherwise to persons who trade in New Shares before receiving their holding statements, whether on the basis of a confirmation of allocation provided by Alkane, its Share Registry or otherwise.

4.10 Underwriting

The Offer is fully underwritten by Gandel Metals Pty Ltd as trustee for the Gandel Metals Trust (**Underwriter**). This means that even if all Entitlements are not taken up in full, the Offer will raise the full amount of \$12,857,182.08 before expenses. The Underwriter will subscribe for, or procure subscriptions for, any New Shares not taken up by Eligible Shareholders. A summary of the Underwriting Agreement (and the circumstances in which it can be terminated) is set out in section 8.5.

Gandel Metals Pty Ltd (an investment company) and Abbotsleigh Proprietary Limited (**Abbotsleigh**) are entities related to Alkane director, Mr Ian Gandel. Abbotsleigh is Alkane's largest shareholder and holds 18.26% of Alkane's issued Shares as at the date of this Prospectus. If Abbotsleigh takes up its full Entitlement under the Offer and all other Eligible Shareholders take up their full Entitlements under the Offer, Abbotsleigh's Shareholding will increase to 44,022,809 Shares but its percentage holding in the Company will not change significantly.

If no Eligible Shareholders take up their Entitlements, the Underwriter is required to subscribe for, or procure subscriptions for, all of the New Shares in the Offer in accordance with the Underwriting Agreement. The Underwriter has undertaken to Alkane that in circumstances where the interest of Mr Gandel, Gandel Metals Pty Ltd or any of their related entities (together, the **Gandel Group**) would in aggregate exceed 24.99% of the voting power in Alkane as a result of the Underwriter performing its obligations under the Underwriting Agreement, the Underwriter will procure that an unrelated, third party sub-underwriter subscribe for the amount of Shares necessary to ensure that the interest of the Gandel Group does not exceed 24.99% of Alkane immediately following the issue of the New Shares. On this basis, if no Eligible Shareholders take up their Entitlements, entities related to Alkane Director Mr Ian Gandel will hold up to 60,243,933 Shares, which will equate to approximately 24.99% of the issued Shares (assuming no further Shares are issued in the meantime). A summary of the potential effect on control of Alkane in relation to the Underwriting Agreement is set out in section 6.3.

The Directors consider that the terms of the Underwriting Agreement are arm's length terms, or arguably more favourable to the Company than a normal commercial arrangement.

4.11 Foreign shareholders

Alkane is making the Offer to Eligible Shareholders only.

An Eligible Shareholder is:

- a Shareholder who holds Shares on the Record Date and whose address (as registered on the Alkane share register) is in Australia or New Zealand; or
- an Eligible Foreign Shareholder.

An Eligible Foreign Shareholder is a Shareholder who holds Shares on the Record Date and whose address (as registered on the Alkane share register) is not in Australia or New Zealand but who resides in a jurisdiction in relation to which Alkane is satisfied that the making of the Offer, the receipt of this Prospectus and the accompanying Entitlement and Acceptance Form by that Shareholder, the exercise of that Shareholder's Entitlement and the subscription for New Shares by that Shareholder does not breach the securities laws applicable in that jurisdiction.

Alkane has decided that it is unreasonable to extend the Offer to Shareholders who are not Eligible Shareholders having regard to the number of those Shareholders, the number and value of New Shares those Shareholders would be offered, and the cost of complying with the legal and regulatory requirements in the relevant countries. Accordingly, where this Prospectus has been sent to Shareholders who are not Eligible Shareholders, it is sent to them for information purposes only.

Eligible Shareholders with registered addresses outside Australia to whom the Offer is made should allow for time constraints imposed by mail services.

This Prospectus (and the accompanying Entitlement and Acceptance Form) does not constitute an offer of, or invitation to subscribe for, New Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

4.12 Minimum subscription

There is no minimum subscription.

4.13 Over-subscriptions

Over-subscriptions will not be accepted.

4.14 Application monies

Until the issue of New Shares under this Prospectus, the Application Monies will be held on trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the Application Monies will be for the benefit of Alkane and will be retained by it irrespective of whether the issue of New Shares takes place.

4.15 Opening date and Closing Date

The Offer will open for receipt of acceptances at 9.00am (WDT) on Friday, 30 November 2007 and will close at 5.00pm (WDT) on the Closing Date, Friday, 21 December 2007 or such later date not exceeding 13 months from the date of this Prospectus as the Board, subject to compliance with the Corporations Act and the ASX Listing Rules and in consultation with the Underwriter, may determine. Applications received after the Closing Date will be rejected and the corresponding Application Monies will be returned without interest.

4.16 Enquiries

If you have any queries regarding your Entitlement or how to complete the Entitlement and Acceptance Form, please contact Alkane's Share Registry:

Advanced Share Registry Services
110 Stirling Highway
NEDLANDS WA 6009

or PO Box 1156,
NEDLANDS WA 6909

Telephone: +61 8 9389 8033
Facsimile: +61 8 9389 7871,

or your stockbroker, solicitor, accountant or other professional adviser.

5. ACTION REQUIRED BY SHAREHOLDERS

5.1 Entitlement and Acceptance Form

The accompanying Entitlement and Acceptance Form shows the number and cost of the New Shares to which you are entitled. The form also sets out instructions for taking up your Entitlement.

5.2 If you wish to take up your Entitlement in full

If you wish to take up all of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form.

Send your completed Entitlement and Acceptance Form (together with your cheque or bank cheque for the amount shown on the form) to reach Alkane's Share Registry:

Advanced Share Registry Services
110 Stirling Highway
NEDLANDS WA 6009

Or

PO Box 1156
NEDLANDS WA 6909

by no later than 5pm (WDT) on the Closing Date, Friday, 21 December 2007.

5.3 If you wish to take up only part of your Entitlement and allow the balance to lapse

If you wish to take up part of Entitlement and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form, indicating the Number of New Shares you wish to accept (being less than your Entitlement as specified on the Entitlement Form).

Send your completed Entitlement and Acceptance Form (together with your cheque or bank cheque for the amount shown on the form) to reach Alkane's Share Registry at the address specified above by no later than 5pm (WDT) on the Closing Date, Friday, 21 December 2007.

5.4 If you do not wish to take up any of your Entitlement

If you decide not to take up any of your Entitlement, you should take no action and allow it to lapse.

5.5 Payment for New Shares

The Offer Price of \$0.32 per New Share is payable in full on acceptance of your Entitlement (whether in whole or in part). No brokerage or stamp duty is payable on the issue of New Shares.

All payments are to be made in Australian currency either by way of:

- (a) a cheque drawn on and payable at any Australian bank or any bank operating in Australia; or
- (b) a bank cheque drawn on and payable at any Australian bank or any bank operating in Australia.

Other currency will not be accepted. Cash or Electronic Funds Transfer (EFT) payments will not be accepted. Other currency payments or cash payments will be returned and the acceptance will be deemed invalid.

Cheques or bank cheques should be made payable to "Alkane Resources Ltd – New Issue Account" and crossed "Not Negotiable". Receipts for payments will not be issued.

Alkane reserves the right to reclaim cheque dishonour fees from Eligible Shareholders whose cheques are dishonoured. Alkane may, in its discretion, deduct those fees from the Application Monies received and reduce the number of New Shares applied for accordingly.

6. EFFECT OF THE OFFER

6.1 Amount to be Raised

The Offer will raise approximately \$12,857,182 (before costs of the Offer).

6.2 Capital Structure

The effect of the Offer on Alkane's capital structure is set out below:

Issued Capital as at the date of this Prospectus*:

A. Shares

200,893,468 fully paid ordinary shares.

B. Options

9,025,000 options to acquire ordinary shares as follows:

Number	Exercise Price	Expiry Date	Vesting Date
975,000	\$0.45	29 May 2008	-
3,000,000	\$0.25	30 September 2008	-
3,000,000	\$0.30	30 September 2009	19 April 2008
850,000	\$0.25	30 September 2008	-
1,200,000	\$0.30	30 September 2009	19 April 2008

*Assumes no existing options are exercised after the date of this Prospectus.

Issued Capital immediately after the Offer*:

A. Shares

241,072,162 fully paid ordinary shares

B. Options

9,025,000 options to acquire ordinary shares as follows:

Number	Exercise Price	Expiry Date	Vesting Date
975,000	\$0.45	29 May 2008	-
3,000,000	\$0.25	30 September 2008	-
3,000,000	\$0.30	30 September 2009	19 April 2008
850,000	\$0.25	30 September 2008	-
1,200,000	\$0.30	30 September 2009	19 April 2008

*Assumes no existing options are exercised after the date of this Prospectus.

6.3 Control

The Offer is fully underwritten by Gandel Metals Pty Ltd as trustee for the Gandel Metals Trust (**Underwriter**). This is explained at section 4.10 and a summary of the Underwriting Agreement (and the circumstances in which it can be terminated) is set out in section 8.5.

Gandel Metals Pty Ltd (an investment company) and Abbotsleigh are entities related to Alkane director, Mr Ian Gandel. Abbotsleigh is Alkane's largest shareholder and holds 18.26% of Alkane's issued Shares as at the date of this Prospectus.

The Underwriter has also undertaken to Alkane that it will sub-underwrite a portion of the New Shares to an unrelated third party or third parties to the extent necessary to ensure that the interest of the Underwriter, Mr

Ian Gandel and any of their related parties in aggregate does not exceed 24.99% of the voting power in Alkane.

As explained in section 4.10, if all Eligible Shareholders, including Abbotsleigh, take up their full Entitlements, Abbotsleigh's Shareholding will increase to 44,022,809 Shares but its percentage holding in the Company will not change significantly. If Gandel Metals Pty Ltd and sub-underwriters are required to subscribe (recognising that another entity related to Mr Ian Gandel may subscribe for a portion of the New Shares pursuant to sub-underwriting arrangements) for all of the New Shares in the Offer in accordance with the Underwriting Agreement and the undertaking, entities related to Alkane Director Mr Ian Gandel will hold up to 60,243,933 Shares, which will equate to approximately 24.99% of the issued Shares (assuming no further Shares are issued in the meantime). An interest of 24.99% would be quite significant in the context of Alkane's current Share register, where ANZ Nominees Limited holds 21.22% and the next largest Shareholder is Sydney Equities Pty Ltd with a holding of 2.39%.

6.4 Financial impact

The effect of the Offer on the Company's balance sheet will be to increase shareholders' funds and net assets by up to \$12,857,182 (less costs). There will be no immediate effect on the Company's profit and loss account, although the investment of the proceeds of the Offer will eventually have an effect, depending on the success of that investment (which is presently not capable of being quantified).

EFFECT ON CONSOLIDATED BALANCE SHEET

Pro Forma Balance Sheet as at 30 June 2007

	Actual Audit reviewed as at 30 June 2007	Pro Forma as at 30 June 2007 (showing effect of the Offer only)
Current Assets		
Cash and cash equivalents	4,259,950	16,582,132
Receivables	364,663	364,663
Available for sale financial assets	2,160	2,160
Other financial assets	437,550	437,550
Total Current Assets	5,064,323	17,411,505
Non-Current Assets		
Available for sale financial assets	17,100,000	17,100,000
Property, plant & equipment	804,995	804,995
Other –tenements exploration & development	15,772,313	15,772,313
Total Non-Current Assets	33,667,308	33,667,308
Total Assets	38,741,631	51,088,813
Current Liabilities		
Payables	871,598	871,598
Provisions	30,202	30,202
Total Current Liabilities	901,800	901,800
Non-current liabilities		
Provisions	120,039	120,039
Total Non-current liabilities	120,039	120,039
Total Liabilities	1,021,839	1,021,839
Net Assets	37,719,792	50,066,974
Equity		
Contributed equity	46,411,750	58,733,932
Reserves	17,591,990	17,591,990
Accumulated losses	(26,401,681)	(26,401,681)
Minorities	117,733	117,733
Total Equity	37,719,792	50,066,974

ASSUMPTIONS FOR PREPARATION OF PRO FORMA BALANCE SHEET

- i. None of the existing options outstanding as at the date of this Prospectus are exercised on or prior to the Record Date.
- ii. All New Shares are subscribed for and issued.
- iii. The amount raised under this Prospectus will be \$12,857,182 less costs of \$535,000.
- iv. No issues of securities or other transactions between 30 June 2007 and the date of this Prospectus have been taken into account.

7. RISK FACTORS

There are a number of factors, both specific to Alkane and of a general nature, which may affect the future operating and financial performance of the Alkane and the value of an investment in Alkane.

Some of these factors can be mitigated by the use of safeguards and appropriate commercial action. However, many are outside the control of Alkane and cannot be mitigated.

This section describes certain risks associated with an investment in Alkane. Prior to accepting their Entitlements, Eligible Shareholders should carefully consider the following risk factors, as well as the other information contained in this Prospectus.

(a) Exploration, Development, Mining and Processing Risks

The business of mineral exploration, project development and mining by its nature contains elements of inherent risk. Ultimate success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable mineral reserves;
- access to adequate capital for project development;
- securing and maintaining title to tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining;
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants; and
- adverse weather conditions over prolonged periods, environmental hazards, industrial accidents, technical failures, labour disputes, unusual rock formations, fire, explosions and other incidents beyond Alkane's control which can adversely affect exploration, mine development and mining operations and the timing of revenues.

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

(b) General Economic Risks and Business Climate

Share market conditions may affect the price of Alkane's listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- taxation;
- movements in or outlook on interest rates and inflation rates;
- currency fluctuations;
- commodity price movements;
- changes in investor sentiment towards particular market sectors; and
- the demand and supply for capital.

(c) Environmental Considerations

The Company's operations and proposed activities are subject to State and Federal laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with most exploration and mining operations, the Company's activities are expected to have a variety of environmental impacts, especially if advanced exploration or mine development proceeds. The Company conducts its activities in an environmentally responsible manner and in accordance with applicable laws and regulations.

(d) Native Title and Aboriginal Heritage

The effect of the present laws in respect of Native Title that apply in Australia is that mining tenement applications and existing tenements may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining tenements and considerable expenses may be incurred negotiating and resolving issues, including under any compensation arrangement reached in settling native title claims lodged over any of the tenements held or acquired by Alkane.

The presence of Aboriginal sacred sites on tenements held by Alkane or its subsidiaries may limit or preclude exploration or mining activities within spheres of influence on those sites and delays and expenses may be experienced in obtaining clearances.

(e) **Commodity Prices**

If the Company achieves success which results in mineral production, it is anticipated that any revenues will primarily be derived from the sale of gold, copper, zirconium and other minerals. Consequently, any future earnings are likely to be closely related to the price of these commodities and the terms of any off-take agreements which the Company enters into.

Gold, copper and zirconium prices may fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for the minerals, forward selling by producers, and production cost levels in the various producing regions.

Moreover, gold, copper and zirconium prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates, currency and exchange rate fluctuations, and global and regional demand for, and supply of, the minerals as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(f) **Government**

Actions by the Australian Federal and State governments may affect Alkane's operations, including matters such as land access, compliance with environmental regulation, taxation and royalties. Mining industry activities are subject to discretionary regulations and approvals. The introduction of any new legislation or regulations could have an adverse affect on Alkane's operations.

(g) **Personnel**

The success of Alkane's existing and proposed operations depends to some extent on the ability of Alkane to attract and retain qualified and capable staff and consultants to perform geological, exploration, analytical, geotechnical, engineering, metallurgical and mining work.

(h) **Additional Financing Requirements**

Exploration and feasibility costs will reduce the cash reserves of Alkane, which may not be replaced through future mining operations, should these not eventuate, prove unsuccessful or perform below acceptance base levels. Alkane would then be dependent on seeking further capital elsewhere, through equity, debt or joint venture financing, to support long term exploration and evaluation of its projects. Alkane can give no assurances that, if such further capital is required, it can be obtained on terms favourable to the Alkane, if at all.

(i) **Title risk**

Under the mining and exploration permits and licences and certain other contractual agreements to which Alkane is or may in the future become party, Alkane is or may become subject to payment and other obligations. In particular, exploration licence holders are required to meet the prescribed expenditure conditions. Failure to meet these expenditure commitments will render licences liable to be forfeited unless a total or partial exemption is granted.

Further, there is no guarantee that current or future applications, extensions or renewals of the tenements in which the Company has an interest will be granted.

8. ADDITIONAL INFORMATION

8.1 New Shares

The New Shares will rank equally in all respects with Alkane's existing fully paid ordinary shares from their date of issue.

The rights attaching to ordinary shares are set out in Alkane's constitution, and are regulated by the Corporations Act, the ASX Listing Rules, the ASTC Settlement Rules and general law.

Alkane's constitution may be inspected during normal business hours at Alkane's registered office.

The following is a summary of the principal rights of the holders of ordinary shares of Alkane. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Alkane's members. This summary assumes that Alkane continues to be admitted to the Official List of ASX.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of Alkane and to receive all notices, accounts and other documents required to be sent to members under Alkane's constitution, the Corporations Act or the ASX Listing Rules.

If a share is held jointly, Alkane need only give notice of the meeting of members to the joint holder who is named first in the register.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of Alkane every holder of fully paid ordinary shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share, which is not fully paid, is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, Alkane will count only the vote cast by the most senior joint holder who tenders the vote. Seniority depends on the order on which names of joint holders appear on the register.

(c) Issue of further shares

The Directors may, on behalf of Alkane, issue, grant options over, or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by Alkane's constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

Alkane may also issue preference shares (including preference shares that are likely to be redeemed.)

(d) Variation of rights

If Alkane issues different classes of shares, or divides issued shares into different classes, the rights attached to shares in any class may (subject to the Corporations Act) be varied or cancelled only with the written consent of the holders of at least 75% of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

Further, subject to the terms of issue of shares, the rights attached to a class of shares are not treated as varied by the issue of further shares of that class.

(e) Transfer of shares

Subject to Alkane's constitution, the Corporations Act, the ASX Listing Rules, the ASTC Settlement Rules and any escrow restrictions, ordinary shares are freely transferable.

Shares may be transferred by a proper transfer effected in accordance with any computerised or electronic system established or recognised by the ASX Listing Rules, the Corporations Act or the ASTC Settlement Rules for the purpose of facilitating dealings in shares, by a written instrument of

transfer which complies with Alkane's constitution or by any other method permitted by the Corporations Act, the ASX Listing Rules or the ASTC Settlement Rules.

(f) **Partly paid shares**

The Directors may, subject to compliance with Alkane's constitution, the Corporations Act and the ASX Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(g) **Dividends**

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, Alkane may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (excluding any amount paid in advance of calls) bears to the total issue price of the share.

(h) **Winding up**

Subject to the rights of holders of shares with special rights in a winding-up, if Alkane is wound up, members will be entitled to participate in any surplus assets of Alkane in proportion to the percentage of the capital paid up on their shares when the winding up begins.

If Alkane is wound up, the liquidator may, with the sanction of a special resolution: divide the assets of Alkane in kind; for that purpose fix the value of assets and decide how the division is to be carried out as between members and different classes of members; and vest assets of Alkane in trustees on any trusts for the benefit of members as the liquidator thinks appropriate.

8.2 Matters relevant to foreign shareholders

The following matters should be noted by Eligible Shareholders with registered addresses outside Australia:

- (a) investing in securities of an Australian issuer may carry with it a currency exchange risk;
- (b) the financial reporting requirements applying in your home jurisdictions and those applying to Alkane may be different and so Alkane's financial reports may not be compatible in all respects with financial statements prepared in accordance the laws in your home jurisdictions;
- (c) Alkane may not be subject in all respects to the laws in your home jurisdictions;
- (d) the contract under which the New Shares will be issued may not be enforceable in courts in your home jurisdictions; and
- (e) this Prospectus has not been registered in any foreign jurisdiction and may not contain all the information that a registered prospectus in your home jurisdiction is required to contain.

8.3 Share price on ASX

The last sale price of Shares on ASX on 16 November 2007 (the date before the announcement of the Offer) was \$0.335. The highest and lowest market sale prices of Shares on ASX during the 12 months immediately preceding the date of this Prospectus were:

Highest – \$0.45 - on 25 June 2007

Lowest – \$0.20 - on 16 March 2007

8.4 Disclosure requirements

This Prospectus is issued pursuant to section 713 of the Corporations Act using the special prospectus content rules for continuously quoted securities.

Alkane is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations which require it to disclose immediately to ASX any information of which it is, or becomes, aware concerning Alkane and which a reasonable person would expect to have a material effect on the price or value of Alkane's securities.

Having taken such precautions and made such enquiries as are reasonable, Alkane believes that it has complied with the general and specific requirements of ASX (as applicable from time to time throughout the 12 months prior to the issue of this Prospectus) which required Alkane to notify ASX of information about specified matters

or events as they arose for the purpose of ASX making that information available to the stock market conducted by ASX.

Copies of documents lodged with ASIC in relation to Alkane may be obtained from, or inspected at, an office of ASIC. ASX maintains a file of all announcements lodged by Alkane. Copies of most documents lodged by Alkane with ASX can be found on the ASX website at www.asx.com.au. Copies of all material ASX announcements by Alkane are also available on the Alkane website at www.alkane.com.au.

Alkane will provide a copy of the following documents free of charge to any person who requests them during the period in which the Offer remains open:

- the annual financial report of Alkane for the period ended 31 December 2006 (being the most recent annual financial report lodged with ASIC);
- the half year financial report for Alkane for the period ended 30 June 2007; and
- all continuous disclosure notices given by Alkane to ASX since the lodgment of the annual financial report referred to above and before the lodgment of this Prospectus with ASIC, being the following documents:

Date Lodged	Document Description
19/11/2007	A\$12.9 Million 1 for 5 Rights Issue
08/11/2007	Drill Results Extend Target Area at McPhillamys
07/11/2007	Second Diamond Core Results from Caloma
31/10/2007	Quarterly Cashflow Report
30/10/2007	Quarterly Activities Report 30 September 2007
23/10/2007	Diamond core results confirm Caloma extends to depth
11/10/2007	Response to ASX price query
27/09/2007	Aircore drilling further extends Caloma target
20/09/2007	Becoming a substantial holder for BCI
12/09/2007	Half Year Accounts
11/09/2007	Presentation - Excellence in Mining and Exploration Conf.
04/09/2007	Open Briefing Update on Tomingley Gold Project
30/08/2007	CMR: Tomingley Gold Project proceeds to definitive feasibility
29/08/2007	Tomingley Gold Project to Proceed to Full Feasibility Study
27/08/2007	Presentation-NSW Mineral Exploration and Investment Conf.
30/07/2007	Quarterly Cashflow Report
17/07/2007	Quarterly Activities Report to 30 June 2007
04/07/2007	Open Briefing Update on Projects
27/06/2007	Sale of Unmarketable Parcels of Shares
25/06/2007	Section 708 notice
19/06/2007	High Grade Gold Results Extend Caloma Target
14/06/2007	Appendix 3B
06/06/2007	RC Drilling Results Confirm Resource Potential at Caloma
31/05/2007	Appendix 3B application for listing + Section 708A notice
18/05/2007	Results of AGM
18/05/2007	AGM Presentation
10/05/2007	Change in substantial holding
10/05/2007	Change of Director's Interest Notice
07/05/2007	New Gold Results Confirm Resource Potential at Caloma
30/04/2007	First Quarter Cashflow Report
24/04/2007	Sale of Unmarketable Parcels of Shares
20/04/2007	Appendix 3B on issue of unlisted options
19/04/2007	Results of Meeting
19/04/2007	First Quarter Activities Report

Date Lodged	Document Description
17/04/2007	Annual Report
17/04/2007	Notice of Annual General Meeting
11/04/2007	BCI ann: Extension of Vaalbara Heads of Agreement

All requests for copies of the above documents should be addressed to the Company Secretary, Lindsay Colless.

None of the documents listed above are incorporated into this Prospectus by reference.

8.5 Material contract

In the view of the Directors, the contract summarised below is material for the purposes of the Offer and, as such, is relevant to shareholders.

8.5.1 Underwriting Agreement

Alkane Resources Ltd (**Alkane**) and Gandel Metals Pty Ltd as trustee for the Gandel Metals Trust (**Underwriter**) have entered into an underwriting agreement dated 19 November 2007 (**Underwriting Agreement**). Under this Agreement, the Underwriter agrees to underwrite the New Shares to be issued in the Offer by subscribing for any shortfall shares and paying or arranging for payment of those shares. The Underwriter may procure any person to sub-underwrite a portion of the New Shares in its discretion. The Underwriter has also undertaken to Alkane that it will sub-underwrite a portion of the New Shares to an unrelated third party or third parties to the extent necessary to ensure that the interest of the Underwriter, Mr Ian Gandel and any of their related parties in aggregate does not exceed 24.99% of the voting power in Alkane.

8.5.1.1 Fees and Costs

Under the Underwriting Agreement, the Underwriter will receive the following fees:

- (a) an underwriting fee equal to 3.5% of the total amount calculated by multiplying the Offer Price by the total number of New Shares; and
- (b) any GST payable for any supply made or to be made under the Underwriting Agreement.

The Underwriter is responsible for any fees payable to any sub-underwriters.

Furthermore, Alkane agrees to reimburse the Underwriter for all reasonable costs and expenses occurred in relation to this Prospectus and the due diligence process in relation to this Prospectus.

8.5.1.2 Representation, Warranties and Obligations of Alkane

The Underwriting Agreement contains various representations and warranties that are usual for agreements of this type, including representations and warranties made by Alkane and the Underwriter. In addition, the Underwriting Agreement contains various obligations of Alkane concerning its conduct in relation to the Offer and this Prospectus and applying for quotation of the New Shares.

8.5.1.3 Indemnities

Alkane has agreed to indemnify the Underwriter and its directors, officers, employees and advisers against any action, demand, suit, proceeding, judgement, loss or expense or liability incurred or suffered by or brought or made or recovered against in the indemnified parties in connection with certain events occurring in relation to this Prospectus, the Offer and the Underwriting Agreement.

These indemnities are subject to the usual limitations including publicity released in relation to the Offer of this Prospectus by an indemnified party without the approval of Alkane; any fraud, negligent act or omission, wilful misconduct or default on the part of an indemnified party; and any material breach of the Underwriting Agreement by an indemnified party.

8.5.1.4 **Termination**

The Underwriter may, by notice in writing to Alkane, terminate its obligations under the Underwriting Agreement upon the occurrence of any of the events in paragraph (a) below. The Underwriter may exercise its right of termination at any time on or before the date the Underwriter is required to subscribe for any shortfall shares.

If any of the termination events in paragraph (b) below occurs, the Underwriters may, by notice to Alkane, terminate its obligations under the Underwriting Agreement if it believes that the relevant event has a material adverse effect on the Offer or the position, performance, profits and losses and the prospects of Alkane.

(a) **Ordinary termination events**

(i) **(prospectus):**

- (A) Alkane withdraws the Offer;
- (B) ASIC applies for an order under section 1324B of the Corporations Act in relation to this Prospectus and that application has not been dismissed or withdrawn;
- (C) this Prospectus does not comply with sections 710, 711, 713 or any other relevant provisions of the Corporations Act;
- (D) Alkane refuses or omits to lodge a supplementary or replacement prospectus in relation to this Prospectus which, in the reasonable opinion of the Underwriter, is required to be lodged in accordance with part 6D.2 of the Corporations Act;
- (E) a supplementary prospectus is lodged with ASIC in relation to this Prospectus which either:
 - (I) in the reasonable opinion of the Underwriter may have a material adverse affect on the Offer;
 - (II) is lodged without the prior approval of the Underwriter; or
- (F) ASIC issues a stop order or interim stop order or notice of intention to hold a hearing in relation to this Prospectus or any supplementary prospectus, under section 739 of the Corporations Act;

(ii) **(winding up)** there is a court order or resolution for the winding up of Alkane;

(iii) **(receiver)** a receiver or a receiver and manager or administrator or other controller is appointed to all or any parts of the assets or undertakings of Alkane;

(iv) **(scheme of arrangement)** Alkane enters into a scheme of arrangement with its creditors or any class of them or indicates its intention, or endeavours to do so;

(v) **(debts)** Alkane suspends payments of its debt or is unable to pay its debts within section 95A of the Corporations Act;

(vi) **(investigation)** ASIC commences, or Alkane or the Underwriter becomes aware of the intention to commence, an investigation under the Australian Securities and Investments Commission Act 1989 into all or any part of Alkane;

- (vii) **(liquidator)** a provisional liquidator is appointed to Alkane;
- (viii) **(offence)** Alkane, or an officer of Alkane, is charged or convicted of an offence in relation to:
 - (A) its constitution;
 - (B) any law relating to companies or securities; or
 - (C) the ASX Listing Rules;
- (ix) **(inspector)** an inspector is appointed pursuant to the Corporations Act to investigate all or any part of the affairs of Alkane;
- (x) **(ASX):**
 - (A) ASX refuses, does not grant on terms acceptable to the Underwriter, or withdraws approval for the granting of official quotation for the New Shares comprising the Offer or ASX makes a statement to that effect to Alkane, the Underwriter or any other person;
 - (B) ASX withdraws approval for Alkane to be listed on the official list or ASX makes a statement to that effect to Alkane, the Underwriter or any other person;
 - (C) the All Ordinaries Index of ASX falls below 5,600;
 - (D) the S&P/ASX 300 Resources Index falls below 4,600;
- (xi) **(Panel declaration)** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of Alkane, the issue of Shares, or the Offer are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (xii) **(repayment or withdrawal)** Alkane repays any application monies or gives the applicants the right to withdraw their submitted Application Forms under section 724(2) of the Corporations Act;
- (xiii) **(time for allotment)** Alkane is prevented from allotting the Underwritten Shares within the time required by the Underwriting Agreement, the Corporations Act and the ASX Listing Rules.

(b) **Material Termination Events**

These rights of termination occur where:

- (i) **(Underwriting Agreement)** Alkane defaults under any provision of the Underwriting Agreement and such a breach is not remedied to the Underwriter's satisfaction prior to the issue of the shortfall notice;
- (ii) **(representations etc)** any of the representations, warranties or undertakings of Alkane in the Underwriting Agreement cease to be, or are found not to have been, true and correct in all material respects;
- (iii) **(prospectus):**
 - (A) if this Prospectus contains a misstatement or inaccuracy or becomes misleading or deceptive in a material respect;

- (B) any party withdraws its written consent to the inclusion of statements made by it in this Prospectus pursuant to section 716 of the Corporations Act;
- (iv) **(financial position)** there is a material adverse change in the financial position or prospects of Alkane;
- (v) **(takeover)** the occurrence of an event as defined in section 652C of the Corporations Act in relation to Alkane, as though Alkane were a target company other than any allotment or issue of securities, and any grant of security contemplated in this Prospectus;
- (vi) **(material contract)** if a material contract is, without the prior written consent of the Underwriter:
 - (A) terminated by Alkane;
 - (B) rescinded, altered or amended in any way;
 - (C) found to be void, voidable or unenforceable;
- (vii) **(capital structure/constitution)** Alkane alters or announces an intention to alter its capital structure or its constitution without the prior consent of the Underwriter;
- (viii) **(ASX):** ASX refuses, does not grant on terms acceptable to the Underwriter, or withdraws approval for the granting of official quotation for the New Shares comprising the Offer or ASX makes a statement to that effect to Alkane, the Underwriter or any other person;
- (ix) **(government policy)** either the United States of America or Australian government adopts a change in fiscal or monetary or taxation policy which would materially and adversely affect companies in general or Alkane in particular or investment in securities generally, or adopts any law or prospective law which would restrain capital issues, corporate profits or foreign investment;
- (x) **(outbreak of hostility)** there is an outbreak of hostility involving any one of a number of countries, such as, Australia, the United Kingdom, the United States of America, the Commonwealth of Independent States, the People's Republic of China, Indonesia, Malaysia or Japan

Alkane must notify ASX immediately if the Underwriter terminates this Underwriting Agreement.

8.6 Litigation

Alkane and its subsidiaries are not involved in any material legal or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against Alkane or its subsidiaries.

8.7 Taxation Implications

Eligible Shareholders should be aware that there may be taxation liabilities arising from the subscription for New Shares and the sale of those New Shares. For this reason, it is very important that Eligible Shareholders consult their own taxation or other advisers in relation to the taxation laws and regulations applicable to their personal circumstances. Alkane and its officers accept no liability or responsibility in respect of any tax consequences connected with an investment in New Shares or the sale of those New Shares.

8.8 Interests of Directors

Other than as set out elsewhere in this Prospectus, the interests of the Directors in Alkane and the Offer are:

Security holdings

Directors are not required under Alkane's constitution to hold any securities in Alkane.

The Directors' interests in the issued shares and options of Alkane are as follows:

Name of Director	Shares Held Directly	Shares Held Indirectly	Options Held Directly	Options Held Indirectly
John SF Dunlop	-	-	-	1,000,000
D Ian Chalmers	3,780	805,958	-	1,000,000
Ian R Cornelius	7,875	1,291,500	-	1,000,000
Ian Gandel	-	36,685,674	-	1,000,000
A D Lethlean	-	-	-	1,000,000

Any Directors who are Eligible Shareholders will participate in the Offer on the same basis as all other Eligible Shareholders.

Directors' remuneration

Executive directors are paid remuneration as determined by the Board, which may consist of salary, bonuses and any other elements (excluding a commission on or percentage of profits or operating revenue).

Non-executive directors' fees not exceeding an aggregate of \$300,000 per annum have been approved by Alkane Shareholders in general meeting. The level of non-executive directors' fees may be varied by Shareholders in general meeting in accordance with its constitution.

Each Director is entitled to be paid additional remuneration for any extra services or special exertions undertaken by him for Alkane.

Alkane may also pay each Director travel and other expenses incurred by that Director in attending meetings of Alkane, the Board or a committee of the Board, in attending to Alkane business and in carrying out duties as a Director.

Alkane currently has no share-based remuneration plans for Directors.

Agreements and arrangements

John S Dunlop & Associates Pty Ltd (a company in which Mr Dunlop has a substantial financial interest) was paid \$62,500 for non-executive Chairman's fees and a further \$13,850 for per diem consulting fees in the period since Mr Dunlop's appointment as a director of the Company on 3 July 2006.

Goldtrek Pty Ltd as trustee of the Lewis Trust (of which Ian R Cornelius is a beneficiary) provided consulting services to Alkane pursuant to a consultancy agreement which expired on 30 June 2006 and subsequently for services as a non-executive director. Goldtrek received \$163,700 for these services during the last two years. Goldtrek also received a one off fee of \$80,000 on termination of Mr Cornelius's term as Executive Chairman.

Multi Metal Consultants Pty Ltd (a company in which D Ian Chalmers has a substantial financial interest) provided geological consulting and management services to Alkane pursuant to consultancy agreements expiring 30 June 2006 and commencing 1 October 2006. Several technical and support staff, including Mr Chalmers, were employed to carry out work programs for Alkane on an as needs basis. Multi Metal Consultants received \$1,095,678 for these services during the last two years.

Leefab Pty Ltd (a company in which D Ian Chalmers has a substantial financial interest) was paid a retainer for Mr Chalmers' services as Managing Director under a formal agreement commencing 1 October 2006. Leefab has received \$60,000 pursuant to this agreement.

Rocky Rises Pty Ltd (a company in which Mr Lethlean has a substantial financial interest) provided consulting services to the Company. Rocky Rises Pty Ltd received \$109,233 for these services and for director's fees during the last two years.

Gandel Metals Pty Ltd as trustee for the Gandel Metals Trust (a company related to Mr Ian Gandel) was paid \$46,667 for non-executive director's fees and a further \$4,400 for per diem consulting fees in the period since Mr Gandel's appointment as a director of the Company on 24 July 2006. In addition, Gandel Metals Pty Ltd as trustee for the Gandel Metals Trust was underwriter to the Company's non-renounceable rights offer under a prospectus dated 27 September 2006, receiving underwriting fees of \$71,580 and is Underwriter to this Offer.

8.9 Interests of named persons

Other than as set out elsewhere in this Prospectus, the interests of persons named in this Prospectus as having performed a function in a professional, advisory or other capacity in relation to Alkane or the Offer are:

Blake Dawson have acted as lawyers to Alkane in relation to this Prospectus. Blake Dawson has accrued fees of approximately \$45,000 (plus GST) for these professional services up to the date of this Prospectus. Further amounts may be paid to Blake Dawson in accordance with their normal time based charges. Blake Dawson have provided other professional services to Alkane during the last two years and were paid approximately \$80,832 for these services.

Rothsay Chartered Accountants are the auditors of Alkane. They have provided audit services to Alkane during the last two years and were paid approximately \$55,000 for these services. A further \$9,000 was paid to entities related to Rothsay Chartered Accountants for non-audit accounting services.

Gandel Metals Pty Ltd as trustee for the Gandel Metals Trust has acted as Underwriter to the Offer and will be paid an underwriting fee of approximately \$450,000 for these services.

Consents

Each of the parties named below:

- has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than as specified below:
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no presentation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to its name and the statement(s) and/or report(s) (including any statement(s) based on such statement(s) and/or report(s)) and included in this Prospectus with the consent of that party;
- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent:
 - to be named in this Prospectus in the form and context in which it is named; and
 - to the inclusion in this Prospectus of the statement(s) and/or report(s) (including any statement(s) based on such statement(s) and/or report(s)) by that person in the form and context in which they appear in this Prospectus.

Name of party	Role	Statement/report
Blake Dawson	Lawyers	-
Rothsay Chartered Accountants	Auditors	The audit reviewed financial report of Alkane for the half year ended 30 June 2006.
Gandel Metals Pty Ltd as trustee of the Gandel Metals Trust	Underwriter	-

8.10 JORC Code Reporting on mineral resource estimates

Mr David Ian Chalmers, FAusIMM, FAIG (Managing Director of Alkane) has provided Alkane with mineral resource estimates for the Tomingley Gold Project and the Wellington Project.

All references to Alkane's mineral resources and ore reserves have been reported in accordance with the requirements of the JORC Code.

Mr David Ian Chalmers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Consent

Mr David Ian Chalmers has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn his written consent:

- to be named in this Prospectus in the form and context in which he is named; and
- to the inclusion in this Prospectus of statement(s) (including any statement(s) based on such statement(s) and/or report(s)) by that person in the form and context in which they appear in this Prospectus.

8.11 Offer expenses

The estimated expenses of the Offer are:

ASIC lodgement fees	\$2010
ASX listing fees	\$17,693
Printing, postage and share registry	\$15,000
Legal, corporate advisory and other expert fees	\$45,000
Underwriting fees	\$450,000
Miscellaneous	<u>\$5,297</u>
	<u>\$535,000</u>

8.12 Governing law

This Prospectus and the contracts which arise on acceptance by Alkane of applications for Entitlements are governed by the law applicable in Western Australia and each Eligible Shareholder submits to the exclusive jurisdiction of the courts of Western Australia.

9. DIRECTORS' CONSENTS TO LODGEMENT

Each Director has consented to the lodgement of this Prospectus with ASIC as required by section 720 of the Corporations Act.

Signed for **Alkane Resources Ltd** by

A handwritten signature in black ink, appearing to read 'D Ian Chalmers', written in a cursive style.

D Ian Chalmers
Managing Director

10. GLOSSARY

In this Prospectus, the following words have these meanings:

\$ means Australian dollars unless otherwise specified.

Application Monies means monies in respect of an application for New Shares, payable in accordance with this Prospectus and the Entitlement and Acceptance Form.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Limited ABN 49 008 504 532.

ASTC Settlement Rules means the Settlement Rules of ASTC, which are applicable while Alkane is admitted to the Official List of ASX.

ASX means ASX Limited ABN 98 008 624 691.

ASX Listing Rules means the Listing Rules of ASX.

Board means the board of Directors.

CHESS means Clearing House Electronic Subregister System.

Closing Date means 21 November 2007 or such other date as the Board may determine.

Company or **Alkane** means Alkane Resources Ltd ABN 35 000 689 216.

Corporations Act means the Corporations Act 2001 (Cwlth).

Director means a director of Alkane.

Eligible Foreign Shareholder means a Shareholder who holds Shares on the Record Date and whose address (as registered on the Alkane share register) is not in Australia or New Zealand but who resides in a jurisdiction in relation to which Alkane is satisfied that the making of the Offer, the receipt of this Prospectus and the accompanying Entitlement and Acceptance Form by that Shareholder, the exercise of that Shareholder's Entitlement and the subscription for New Shares by that Shareholder does not breach the securities laws applicable in that jurisdiction.

Eligible Shareholder means:

- a Shareholder who holds Shares on the Record Date and whose address (as registered on the Alkane share register) is in Australia or New Zealand; or
- an eligible Foreign Shareholder.

Entitlement means the number of New Shares to which an Eligible Shareholder is entitled under the Offer.

Entitlement and Acceptance Form means the form accompanying this Prospectus which sets out the number of New Shares which are the subject of each Entitlement and provides the means for acceptance of all or part of an Entitlement.

New Shares means the Shares offered to Eligible Shareholders under this Prospectus.

Offer means the offer of New Shares to Eligible Shareholders under this Prospectus.

Offer Price means \$0.32 per New Share on the terms and conditions set out in this Prospectus.

Prospectus means this document, and any supplementary or replacement prospectus in relation to this document.

Record Date means 5.00pm WDT on 27 November 2007.

Share means a fully paid ordinary share in the capital of Alkane.

Share Registry means Advanced Share Registry Services.

Shareholder means a registered holder of Shares.

Underwriter means Gandel Metals Pty Ltd ABN 69 493 120 953 as trustee of the Gandel Metals Trust.

Underwriting Agreement means the underwriting agreement between Alkane and the Underwriter dated 19 November 2007.

WDT means Western Daylight Time in Australia.