



19 November 2007

[shareholder name and address]

Dear Shareholder

PRO-RATA NON-RENOUNCEABLE ENTITLEMENT ISSUE

As announced on 19 November 2007, Alkane Resources Limited (**Alkane** or the **Company**) is proceeding with a pro rata one (1) for five (5) non-renounceable entitlement issue (**Offer**). The Offer is for approximately 40,178,694 new fully paid ordinary shares in Alkane (**New Shares**) at \$0.32 per New Share and will be made to shareholders who hold ordinary shares in Alkane (**Existing Shares**) and who are recorded on Alkane's share registry at 5.00pm Australian Western Daylight Time (WDT) on Tuesday, 27 November 2007. The Offer seeks to raise up to A\$12,857,182

The funds raised will be applied to:

- 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 following additional information is provided to you in accordance with the requirements of the ASX Listing Rules:

1. The Company will apply for quotation of the New Shares issued pursuant to the Offer on the official list of the ASX.
2. The New Shares will rank equally in all respects with the Existing Shares from the date of allotment.
3. Following completion of the Offer, the following securities will be listed on ASX (assuming none of the existing options are exercised):

Ordinary shares (ALK)	241,072,162
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4. Following completion of the Offer, the securities of the Company not quoted on ASX are as follows:

Directors/officers options exercisable at 25 cents up to 30/09/2008 (ALKAS)	3,000,000
Directors/officers options exercisable at 30 cents up to 30/09/2009 (ALKAU)	3,000,000
Employee/consultants options exercisable at 25 cents up to 30/09/2008 (ALKAW)	850,000
Employee/consultants options exercisable at 30 cents up to 30/09/2009 (ALKAY)	1,200,000
Employee/consultants options exercisable at 45 cents on or before 29 May 2008 (ALKAK)	975,000

5. No dividends have been paid by the Company during this financial year and any dividends on the increased capital will depend on profits earned
6. Shareholder approval is not required for the Offer.



7. Holdings on different registers (or subregisters) will not be aggregated for calculating entitlements.
8. In determining the entitlement of shareholders, any fractional entitlement will be rounded down to the nearest whole number.
9. The Company will not be sending an offer under the Offer to security holders in the United States or Canada
10. The Offer is underwritten by Gandel Metals Pty Ltd as trustee of the Gandel Metals Trust for a fee of 3.5% of total funds raised.
11. There is no broker to the Offer.
12. The prospectus for the Offer ("**Prospectus**") and the accompanying Entitlement and Acceptance Form will be sent to you on: 30 November 2007. *You do not need to take any action on this letter as the information in it is being provided as advance notice only.*
13. Existing option holders may participate in the Offer upon exercise of their options. The Company will send a notice to option holders by no later than 19 November 2007 to notify option holders of their right to participate in the Offer upon exercise of their options.
14. The timetable for the Offer is as follows:

EVENT	DATE
Prospectus lodged with ASIC and ASX	19 November 2007
Shares quoted ex entitlement	21 November 2007
Record Date for determining entitlements	27 November 2007
Dispatch Prospectus	30 November 2007
Closing Date	21 December 2007
Deferred settlement trading commences	24 December 2007
Dispatch of Allotment Statements	2 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.

15. This Offer will be made pursuant to the Prospectus and if you wish to participate in the Offer, you will need to complete the relevant application form that will accompany the Prospectus.
16. The closing date for receipt of acceptances is 5.00pm WDT on 21 December 2007.

The Prospectus has been lodged with ASIC and with ASX.

If you have any queries regarding your entitlement or participation in the upcoming Offer, please do not hesitate to contact your stockbroker or financial advisor or the Company's share registry, Advance Share Registry Services on +61 8 9389 8033.

We look forward to your participation in the forthcoming Offer.

Yours faithfully,
for **ALKANE RESOURCES LTD**

L A Colless
Secretary