



28 December 2007

Dear Shareholder

Entitlements Issue - Supplementary Prospectus

Please find enclosed a Supplementary Prospectus which is to be read in conjunction with the prospectus issued by Alkane Resources Ltd (Alkane or the Company) dated 19 November 2007 in relation to the one for five non-renounceable rights issue to shareholders.

As detailed in section 1 of the Supplementary Prospectus, the Company and the Underwriter, Gandel Metals Pty Ltd, have agreed to vary the terms of the underwriting agreement. As set out in the Supplementary Prospectus, the effect of this variation is that the voting power of Gandel Metals Pty Ltd and Mr Ian Gandel (a director of Alkane) in Alkane may well be greater than anticipated at the time that prospectus was issued on 19 November 2007. The rights issue remains fully underwritten by Gandel Metals.

As a result of this variation, the board of Alkane has determined that it is appropriate to issue the Supplementary Prospectus and to allow shareholders who have subscribed to take up their rights in the issue the opportunity to withdraw their application and receive a full refund, should they wish to do so. The Supplementary Prospectus has been issued only because of this potential increase in voting power, and not because of any deterioration in the financial position or prospects of Alkane.

To receive the refund shareholders should fill out the attached form and return to Advanced Share Registry Services by 5.00pm WDT Monday, 4 February 2008. If you do not wish to receive the refund, you do not have to return the form.

If you are in doubt as to the course you should follow, you should consult your stockbroker, accountant, solicitor or other professional advisor. Any questions relating to the Supplementary Prospectus can be directed to Lindsay Colless or Karen Brown at Alkane on +61 8 9227 5677 or to the Company's share registry on +61 8 9389 8033

Yours faithfully

**D Ian Chalmers
Managing Director**