



*ASX ANNOUNCEMENT – 2 January 2008*

## **CALOMA RESOURCE DRILLING CONTINUES TO SHOW GREAT PROMISE**

- **The RC resource definition drilling program is continuing and results for a further twelve holes have been received.**

- **Results include:**

**PE 225            12 metres grading 2.92g/t gold from 9 metres  
including        6 metres grading 4.39g/t gold from 14 metres  
also                6 metres grading 6.70g/t gold from 25 metres  
PE 229            9 metres grading 5.37g/t gold from 25 metres  
PE 230            9 metres grading 2.33g/t gold from 75 metres  
including        5 metres grading 3.81g/t gold from 79 metres  
PE 231            32 metres grading 2.24g/t gold from 36 metres  
including        5 metres grading 3.30g/t gold from 44 metres  
and                10 metres grading 3.55g/t gold from 52 metres  
also                2 metres grading 5.36g/t gold from 115 metres  
also                4 metres grading 3.58g/t gold from 122 metres**

- **The drilling is enabling the development of a robust geological model for the Caloma mineralisation.**
- **The current RC drilling program will recommence shortly and diamond core drilling for geological and metallurgical data is anticipated to commence mid January.**

### **Corporate Profile**

Alkane Board

J. S. F. Dunlop (Chairman)

D. I. Chalmers (Managing Dir)

A. D. Lethlean

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12 month share price  
range

A\$0.45 - \$0.20

Market Cap 2 January 08

~A\$80 million

ASX Code: ALK

241.6 million shares (Jan 08)

January 2008 Cash

~ \$14 million

No debt

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The 10,000 metre reverse circulation (RC) resource definition drilling program commenced at Caloma late October and 38 holes (PE 215 – 252) have been completed to year's end (4,378m). Results received for the first six holes (PE 215-219 and PE 224) were reported 27 November and a further 12 holes (PE 219 – PE 231) have now been received and are summarised in Table 1.

Multiple mineralised structures have previously been identified within the Caloma target area and the main host is a Wyoming style porphyry which is 80 to 100 metres in width and 1,000 metres in north-south extent (figure 1). As a result of the recent drilling a more robust geological model is developing and it is apparent that most of the mineralised structures within the porphyry have an approximate northwest-southeast orientation, with a moderate south westerly dip. These structures range in width from a few metres to in excess of 20 metres and extend across the full width of the porphyry host. There are also apparent steep dipping north-south structures that lie near the porphyry contact or within the surrounding volcanoclastic sediments.

**Table 1: Caloma results greater than 0.5g/t gold PE 219 – PE 231 @ 2 January 2008**

Hole No	East	North	RL (m)	Azimuth	Inclin	Intcpt (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
PE 219	614790	6394000	~270	090°	60°	3	1.01	30 - 33	60	
PE 220	614770	6394000	~270	090°	60°	9	1.55	42 - 51	54	
PE 221	614750	6394000	~270	090°	60°	8	2.06	59 - 67	78	
PE 222	614900	6394370	~270	360°	60°	3	1.33	30 - 33	114	
PE 223	614750	6393960	~270	090°	60°	4	1.08	47 - 51	84	
also						1	1.57	61 - 62		
also						4	2.11	65 - 69		
PE 225	614785	6394040	~270	090°	60°	12	2.92	09 - 21	48	
incl						6	4.39	14 - 20		
also						6	6.70	25 - 31		
PE 226	614860	6394120	~270	360°	60°	7	1.51	65 - 72	120	
PE 229	614818	6394155	~270	180°	60°	9	5.37	25 - 34	114	
also						6	1.77	72 - 78		
also						9	1.66	86 - 95		
PE 230	614880	6394280	~270	360°	60°	6	1.03	63 - 69	102	
and						9	2.33	75 - 84		
incl						5	3.81	79 - 84		
PE 231	614880	6394260	~270	360°	60°	32	2.24	36 - 68	132	
incl						5	3.30	44 - 49		
and						10	3.55	52 - 62		
also						11	1.13	74 - 85		
also						1	1.04	93 - 94		
also						1	1.75	98 - 99		
also						2	5.36	115 - 117		
also						4	3.58	122 - 126		

Gold analysis by 30g fire assay of 1 metre riffle split samples, or rarely 3 metre composite samples. True widths are estimated to be about 75% to 85% of intersection width.

Gold mineralisation has been intersected over the full length of the porphyry. Grid line 6394000mN is centre to the target area and to the north the porphyry has up to 10 metres of transported clay cover, while to the south the cover deepens up to about 30 metres. The current program is targeting the area of shallower cover to prove up an open pitable resource as a priority for the feasibility study underway for the development of the Wyoming and Caloma deposits (Tomingley Gold Project).

Further results will be reported as they come to hand, and it is anticipated that the RC drilling will recommence early next week. Diamond core drilling for geological confirmation and metallurgical samples is anticipated to commence mid January.



## 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. The 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 (15.5%) 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.*

