



ALKANE
RESOURCES LTD
ABN 35 000 689 216

ASX ANNOUNCEMENT – 21 January 2008

CALOMA RC DRILLING RETURNS MORE HIGH GRADE GOLD INTERCEPTS

- **The RC resource definition drilling program is continuing and results for a further ten holes have been received. Significant high grade intercepts were recorded in several holes.**
- **Results include:**
 - PE 232 8 metres grading 11.54g/t gold from 72 metres**
including 6 metres grading 15.13g/t gold from 73 metres
 - PE 235 9 metres grading 4.13g/t gold from 33 metres**
 - PE 236 2 metres grading 8.21g/t gold from 85 metres**
and 7 metres grading 13.97g/t gold from 100 metres
 - PE 237 20 metres grading 2.39g/t gold from 96 metres**
including 3 metres grading 6.07g/t gold from 101 metres
and 3 metres grading 5.12g/t gold from 111 metres
 - PE 238 7 metres grading 4.18g/t gold from 86 metres**
 - PE 239 12 metres grading 3.06g/t gold from 36 metres**
including 5 metres grading 5.30g/t gold from 39 metres
 - PE 241 13 metres grading 19.96g/t gold from 8 metres**
including 4 metres grading 61.43g/t gold from 8 metres
- **The resource RC drilling program recommenced mid January and diamond core drilling for geological and metallurgical data is scheduled to commence next week.**

Corporate Profile

Alkane Board
J. S. F. Dunlop (Chairman)
D. I. Chalmers (Managing Dir)
A. D. Lethlean
I. J. Gandel
I. R. Cornelius
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12 month share price
range
A\$0.45 - \$0.20

Market Cap 18 January 08
~A\$77.3 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 the end of 2007 (4,378m), see figure 1. Results received for eighteen holes (PE 215-231) have previously been reported and a further ten holes (PE 232 – PE 241) 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 feldspar porphyry which is 80 to 100 metres in width and 1,000 metres in north-south extent. 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 north-northwest orientation, with a shallow south westerly dip. These structures range in width from a few metres to in excess of 20 metres and appear to extend across the full width of the porphyry host. There is also apparent steeper dipping mineralisation in north-south structures that lie at and near the footwall contact (east) of the porphyry and/or within the underlying volcanics and sediments.

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).

The RC drilling recommenced mid January after a Christmas-New Year break. Further results will be reported as they come to hand. Diamond core drilling for geological confirmation and metallurgical samples is scheduled to commence next week.

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**.

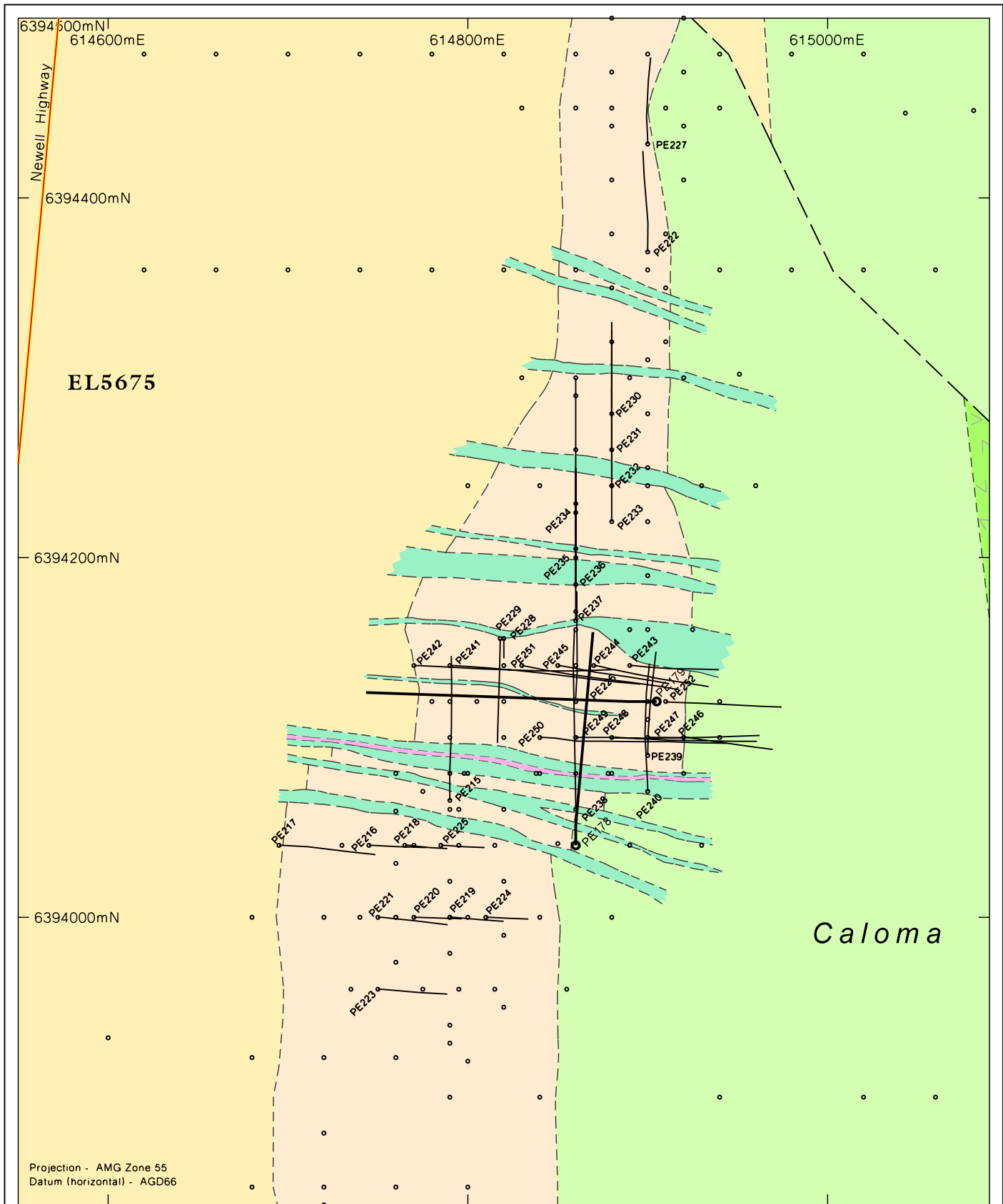
Mr D I Chalmers, FAusIMM, FAIG, (director of the Company) has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code 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.



Table 1: Caloma results greater than 0.5g/t gold PE 232 – PE 241 @ 21 January 2008

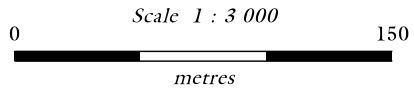
Hole No	East	North	RL (m)	Azimuth	Inclin	Intcpt (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
PE 232	614880	6394240	~270	360°	60°	1	1.35	29 - 30	150	
and						1	0.64	31 - 32		
also						8	11.54	72 - 80		
incl						6	15.13	73 - 79		
also						1	1.26	101 - 102		
also						5	2.34	128 - 133		
PE 233	614880	6394220	~270	360°	60°	3	1.31	64 - 67	135	
and						3	0.85	88 - 91		
also						1	0.63	100 - 101		
also						4	2.13	124 - 128		
PE 234	614860	6394225	~270	360°	60°	4	2.89	37 - 41	150	
and						3	1.57	57 - 60		
also						2	1.36	95 - 97		
also						3*	0.50	135 - 138		
also						3*	0.78	140 - 143		
PE 235	614860	6394205	~270	360°	60°	9*	4.13	33 - 42	150	
and						3*	1.01	84 - 87		
also						6*	0.96	93 - 99		
also						1	2.26	145 - 146		
also						1	0.57	147 - 148		
PE 236	614860	6394185	~270	360°	60°	2	8.21	85 - 87	126	
and						1	2.40	94 - 95		
also						7	13.97	100 - 104		
PE 237	614860	6394165	~270	360°	60°	3*	0.94	33 - 36	150	
and						6*	1.22	42 - 48		
also						20	2.39	96 - 116		
incl						3	6.07	101 - 107		
and						3	5.12	111 - 114		
PE 238	614860	6394060	~270	360°	60°	1	0.58	81 - 82	174	
and						7	4.18	86 - 93		
also						3	1.21	144 - 147		
also						6	2.30	158 - 164		
PE 239	614900	6394090	~270	360°	60°	2	3.22	17 - 19	108	
and						12	3.06	36 - 48		
incl						5	5.30	39 - 44		
also						1	1.09	94 - 95		
also						2	0.94	98 - 100		
PE 240	614900	6394070	~270	360°	60°	2	1.23	50 - 52	132	
and						3*	0.54	54 - 57		
incl						2	4.38	108 - 110		
PE 241	614790	6394140	~270	090°	60°	13	19.96	8 - 21	186	
incl						4	61.43	8 - 12		
and						10	1.13	28 - 38		
also						2	1.37	57 - 59		
also						3	1.06	95 - 98		
also						5	2.76	106 - 111		
also						3	0.85	132 - 135		
also						2	3.99	137 - 139		
also						1	0.99	141 - 142		
also						5	1.33	145 - 150		
also						7	2.94	165 - 172		
also						4	0.76	175 - 179		

Gold analysis by 30g fire assay of 1 metre riffle split samples, or *rarely 3 metre composite samples. True widths are not clear at this time.



- Dolerite
- Pegmatite
- Massive, well foliated pelitic siltstone (Cotton Formation)
- + Feldspar porphyry
- Undifferentiated volcaniclastic sediments
- v Feldspar ± augite phyric andesitic lava

- Drill holes - current phase
- Drill hole collars
- o Diamond drill holes collars



ALKANE RESOURCES LTD

TOMINGLEY GOLD PROJECT
CALOMA PROSPECT

Preliminary Geology and
Drill Hole Location

Figure No.: 4