



ALKANE
RESOURCES LTD
ABN 35 000 689 216

ASX ANNOUNCEMENT – 26 February 2008

FURTHER SIGNIFICANT GOLD RESULTS FROM McPHILLAMYS CORE

- **Preliminary results have been received for the second of two core holes drilled at the McPhillamys Prospect late 2007 as follow up to the 2006 drilling programs. Significant results include:**

**KPD 003 262.7 metres grading 1.32g/t gold from 134 metres
incl 203.7 metres grading 1.62g/t gold from 193 metres
and 26 metres grading 3.75g/t gold from 250 metres
and 9 metres grading 5.91g/t gold from 262 metres
also 48.7 metres grading 2.83g/t gold from 348 metres
incl 13.1 metres grading 4.73g/t gold from 320.9 metres**

also 15 metres grading 1.07% zinc from 53 metres

NOTE Only preliminary gold and no base metal results available from 207 metres down hole

- **The core was still in strong gold mineralisation at the end of the hole at 396.7 metres.**
- **These results extend the gold mineralisation to a vertical depth of 350 metres and confirm that McPhillamys hosts a large gold system.**
- **The McPhillamys Prospect is located within the Moorilda Project which is centred about 35 kilometres south east of Orange in the Central West Region of New South Wales and forms part of the Orange District Exploration Joint Venture (ODEJV) with Newmont Australia Limited.**

Corporate Profile

Alkane Board

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12 month share price range

A\$0.45 - \$0.20

Market Cap 25 February 08

~A\$100 million

ASX Code: ALK

241.6 million shares (Jan 08)

January 2008 Cash

~ \$14 million

No debt

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The **McPhillamys** prospect is located within the **Moorilda Project** which is centred about 35 kilometres south east of Orange in the Central West Region of New South Wales. The Project covers 175km² and forms part of the **Orange District Exploration Joint Venture (ODEJV)** with **Newmont Australia Limited**. **Newmont** are funding the first A\$5 million expenditure to earn an initial 51% interest in the ODEJV.

In 2006 the joint venture reported the discovery of significant gold mineralisation within altered Silurian aged felsic volcanics and sediments at McPhillamys (figure 1). The mineralisation defined by limited aircore (AC), RC drilling and one diamond core hole, extended over an open north-south 600 metre strike length. Within this area plus 1g/t gold was defined in at least two zones within an area of 300 metres by 200 metres. Zones of plus 1% zinc were also intersected by the drilling.

In late 2007 two diamond core holes, **KPD 002** (453.2m) and **KPD 003** (396.7m) were drilled into the central section of the McPhillamys deposit to test the down dip, down plunge extent of the gold and base metal mineralisation (figure 2). Both holes intersected extensively altered felsic volcanoclastic sediments, with extensive sulphide mineralisation and sporadic quartz veining.

Results for **KPD 002** were reported to the ASX on 18 February, and at that time only preliminary gold values and no base metal results were available below 227 metres down hole. Final results have confirmed those reported (Table 2).

Preliminary results have been received for **KPD 003**, which is located about 120 metres north of KPD 002, and have also confirmed extensive gold mineralisation with broad internal zones of higher grades over significant intervals (figure 3 and Table 1). Strong gold mineralisation was still evident at the bottom of the hole. The Eastern Zinc Zone was again intersected but base metal results are not yet available below 207 metres.

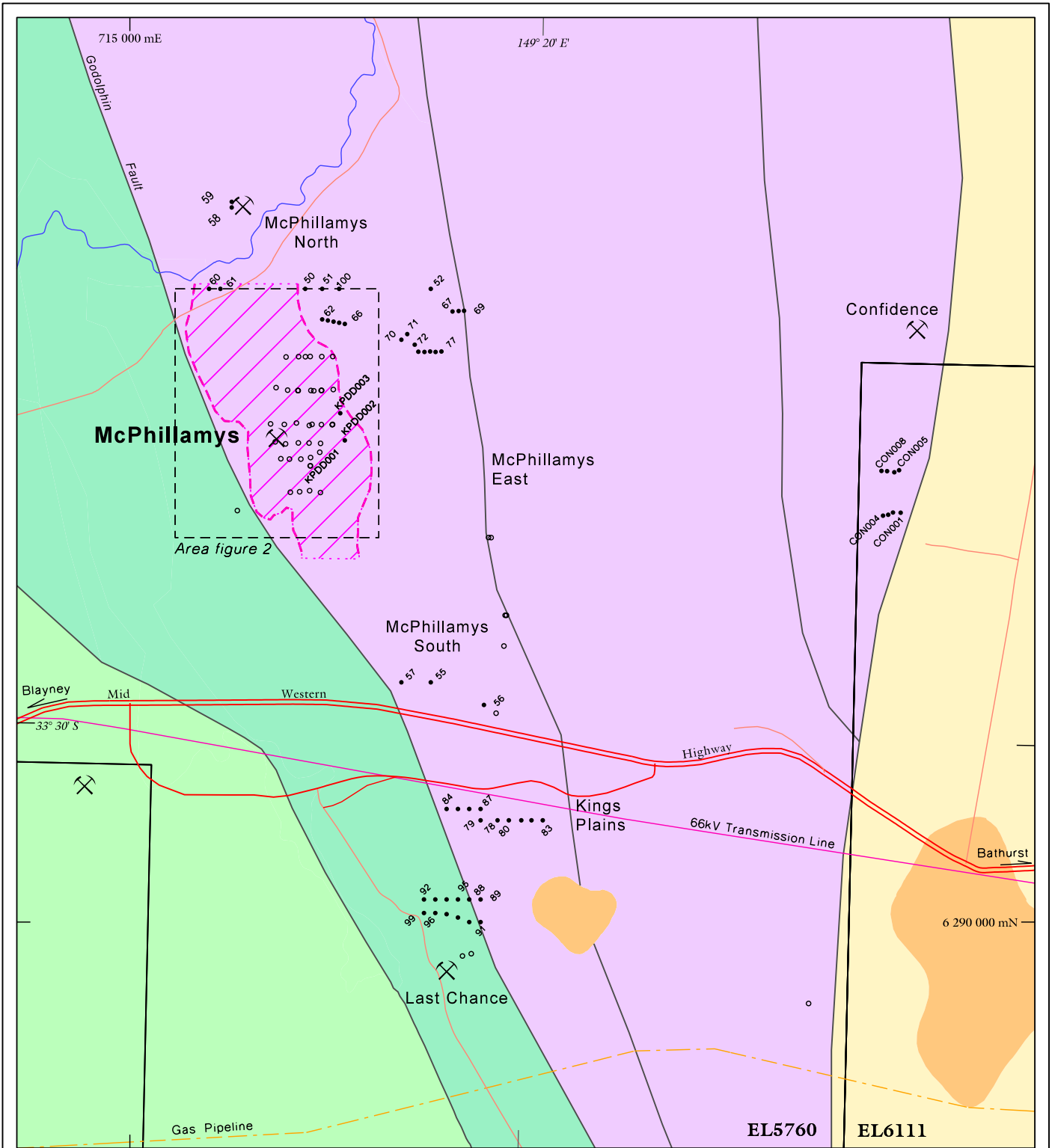
Table 1: Summary drill core results for KPD 003 McPhillamys Prospect 26 February 2008.

| Hole No | East | North | RL (m) | Azimuth | Inclin | Intcpt (m) | Grade (g/t Au) | Interval (m) | EOH (m) | Comments |
|----------------|-------------------|----------------|-------------|--------------------|--------------------|----------------------|-----------------------|---------------------|--------------|------------------------|
| KPD 003 | 715930 | 6292253 | ~950 | 270° | 70° | 262.7 | 1.32 | 134 – 396.7 | 396.7 | 0.2g/t envelope |
| incl | | | | | | 203.7 | 1.62 | 193 – 396.7 | | >0.5g/t Au |
| and | | | | | | 26 | 3.75 | 250 - 276 | | >1.0g/t Au |
| and | | | | | | 9 | 5.91 | 262 - 271 | | |
| also | | | | | | 48.7 | 2.83 | 348 – 396.7 | | >1.0g/t Au |
| and | | | | | | 13.1 | 4.73 | 320.9 - 334 | | |
| | | | | | | | | | | |
| | Intcpt (m) | | | Grade (%Zn) | Grade (%Pb) | Grade (g/tAg) | Grade (g/t Au) | Interval (m) | | |
| KPD 003 | 22 | | | 0.83 | 0.14 | 3.9 | 0.02 | 46 – 68 | | E zinc zone |
| incl | 15 | | | 1.07 | 0.19 | 4.6 | 0.03 | 53 - 68 | | E zinc zone |
| | | | | | | | | | | |

Gold analysis by 30g fire assay and base metals by ICP at generally 1 metre half core intervals. True widths are about 75% of intersection.

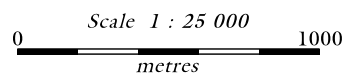
These intercepts extend the gold mineralisation to 350 metres vertical depth and have confirmed that McPhillamys hosts a large gold system.

Reconnaissance AC and RC drilling was also completed in mid 2007 locating additional mineralisation within a 3 kilometre north-south extent associated with the McPhillamys volcanic stratigraphy. A detailed pole-dipole Induced Polarisation survey was also completed over the main McPhillamys mineralised zone. This survey covered an area of approximately 1.1 kilometres by 1.1 kilometres (figure 1). A preliminary assessment of the data has indicated a broad, strong chargeability anomaly (generally indicative of sulphides) trending north north-westerly over an open strike length of 1.2 kilometres and up to 400 metres in width.



Legend

- Tertiary Basalt
- Devonian Sediments & volcanics
- Silurian Felsic volcanics & sediments
- Ordovician Blayney Volcanics - mafic volcanics & sediments
- Byng Volcanics - mafic volcanics & sediments
- IP anomaly
- Historic workings
- Alkane drill hole (All holes prefixed KP... unless otherwise stated)
- Alkane Drill hole pre 2007

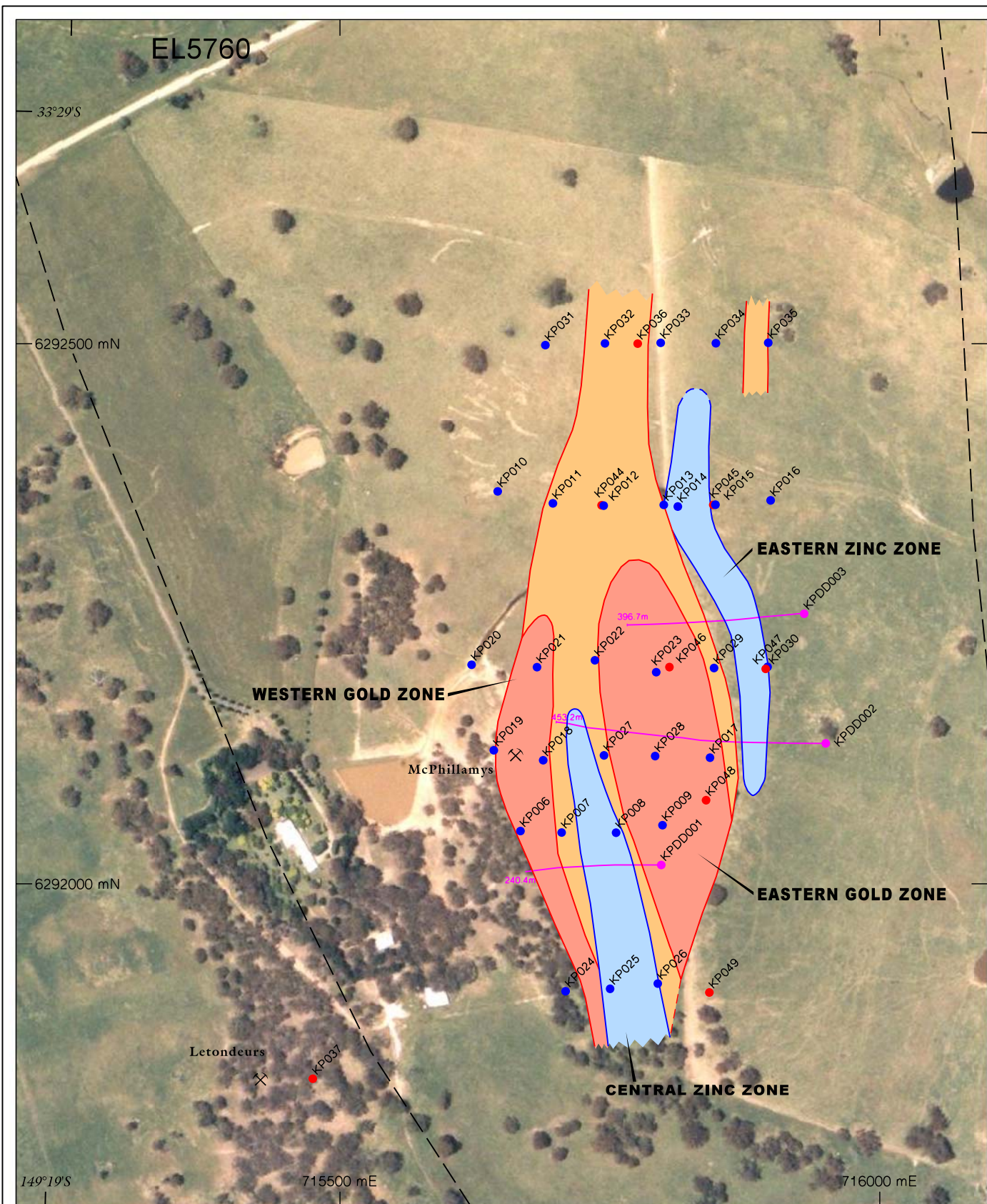


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MOORILDA PROJECT
 NEW SOUTH WALES
McPhillamys Prospect

Geology and Drill Hole Location

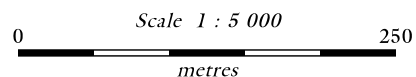
Projection - AMG Zone 55
 Datum (horizontal) - ag66
 PLAN No.: ALK MOO 1GA-009

Geology after GSNSW



Legend

- RC drill hole
- Air core drill hole
- Diamond drill hole and trace
- Gold zone >1.0 g/t Au
- Gold zone 0.2 - 0.99 g/t Au
- Zinc zone >0.25 % Zn



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 MOORILDA PROJECT
 McPhillamys Prospect

**Drill Hole Location
 & Gold Zinc Zones**

Figure No.: 2

0.94g/t Au

10m @ 4.08g/t Au

131 @ 0.49g/t Au

15m @ 1.07% Zn

262.7m @ 1.32g/t Au
203.7m @ 1.62g/t Au

26 @ 3.75g/t Au

48.7 @ 2.83g/t Au