



QUARTERLY REPORT TO 30 JUNE 2010

KEY HIGHLIGHTS

VALE - IAN CORNELIUS

Recently Alkane was saddened to report the death in Perth of long standing director, Mr Ian (Inky) Cornelius. Inky had been a director of Alkane since 1986, including Chairman to 2006. His wise counsel and commitment to exploration and the mining industry will be sadly missed.

➤ DUBBO ZIRCONIA – BENEFITS FROM CHINA ACTION

- Product prices for zirconia and rare earths are expected to increase following action by China to remove the 5% VAT refund on zirconia exports and reduce rare earth export quotas. This news reinforces the strategic significance of the DZP in global markets
- The DZP is one of the world's most advanced developments for zirconium, niobium, yttrium and rare earth production
- The Demonstration Pilot Plant continued to operate during the Quarter, trialling process innovations and improving product quality
- The Definitive Feasibility Study has been fully reactivated and is scheduled for completion in early 2011

➤ TOMINGLEY GOLD – DFS NEXT MONTH

- The feasibility study should be finalised in the next month with a base case development model of 400,000 ounces of gold recovered over an initial life of seven years
- Diamond core drilling below the proposed Caloma pit has identified multiple mineralised zones with some higher grade intercepts:

| HOLE NO. | INTERSECTION |
|-----------|---|
| PE641D | 7.1 metres grading 12.9g/t gold from 236.9 metres |
| including | 2.0 metres grading 40.7g/t gold from 239 metres |

➤ McPHILLAMYS – INITIAL RESOURCE ESTIMATE 2.96M OZ

- An independent resource assessment has defined an initial estimate for the McPhillamys gold discovery within the Moorilda project.
Indicated and Inferred Resource at a 0.3g/t gold cut-off:
**91.94 million tonnes grading 1.00g/t Au and 0.07% Cu
for 2.96 million ounces of gold and 60,000 tonnes of copper**

Corporate Profile

Alkane Board

J. S. F. Dunlop (Chairman)
D. I. Chalmers (Managing Dir)
A. D. Lethlean (Director)
I. J. Gandel (Director)
L A Colless (Joint Secretary)
K E Brown (Joint Secretary)

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12 month share price range

A\$0.48- \$0.18

Market Cap 21 July 2010

~A\$82 million

ASX Code: ALK

249 million shares

30 June 2010 Cash

Cash ~ \$8.5 million

No debt

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NEW SOUTH WALES

TOMINGLEY GOLD PROJECT (TGP) - gold

Alkane 100%

The TGP is located in the Central West of New South Wales, about 400 kilometres northwest of Sydney. The Project is centred on three gold deposits **Wyoming One**, **Wyoming Three** and **Caloma**, located 14 kilometres north of the Company's Peak Hill Gold Mine (Figures 1 and 2).

Definitive Feasibility Study (DFS)

Compilation of capital and operating costs, and associated infrastructure costs has continued and the recent effort has focussed on a review of the existing open pit resources, an assessment of the underground potential of the Wyoming One deposit, exploration for addition resource potential and a preliminary test of the underground potential of the Caloma deposit. This work was designed to improve the overall project economics and provide acceptable financial returns.

All three conceptual pits have been reviewed after incorporating the detailed geotechnical study recently completed. The current model indicates recovery of approximately 300,000 ounces over a five year period at a mining rate of 1 million tonnes per annum. At start up, an in-pit cut off grade of 1.00g/t gold would be applied through grade control to maximise the head grade to the CIL plant, with the 0.5g/t to 0.99g/t gold low grade stock pile blended with Wyoming One underground ore to provide mill feed for an additional two years and recovery of a further 100,000 ounces.

This development concept is the base case for the DFS which should be finalised in the next month.

South Caloma

Aircore drilling at South Caloma, centred about 250 metres south of the planned Caloma open pit (Figure 3), identified significant gold mineralisation over an east-west extent of 300 metres within the Caloma porphyry host below 20 to 30 metres of transported and unmineralised clay.

The orientation of this mineralisation appears to be similar to the east-west mineralised structures at the Wyoming Three deposit and the high grade '376' and '831' structures within the Wyoming One deposit and has potential for an open pitable resource.

An RC drilling program commenced mid June to scope the potential of the mineralisation and 13 holes (PE649 – 661) for 2139 metres had been completed when flooding due to persistent heavy rain at the site prevented completion of the remaining 7 holes. Depending upon the results of this drilling, further RC will be programmed to generate Identified Mineral Resources, and be incorporated into the longer term planning for the TGP.

Core Drilling at Caloma

Seven core holes (PE 641D – 647D for 3,507 metres) were completed in April to test for underground ore potential below the planned Caloma pit (Figure 3) with most holes intersecting alteration and mineralisation, including visible gold. An eighth hole (PE 648D of 150 metres) was drilled into South Caloma to help resolve the orientation of the mineralisation. This hole also intersected mineralisation and visible gold.

The results for the drilling, which are summarised in Table 1 (appended) have confirmed multiple shallow west dipping mineralised structures of variable width and grade, similar to that defined within the upper 200 metres of the deposit.

A detailed geological model of the deposit is being compiled, but preliminary assessment has indicated that the Caloma porphyry host may consist of several bodies separated by cross faulting and



volcano-sedimentary wedges. 3D modelling (Figure 4) has suggested that the mineralised system plunges shallowly to the south, which may explain the limited alteration and mineralisation intersected by the deep core hole, PE646D.

Wyoming One Underground Assessment

An underground mining feasibility study (PFS) was completed by Glastonbury Mining Consultants Pty Ltd (GMC) and consulting engineers Mining One Pty Ltd. This conceptual study used only the 3g/t cut off resource model and specifically targeted the east-west '376' and '831' deposits, and the north-west trending 'Hangingwall' deposit. The initial mine design and deposits targeted by the study are shown in Figure 5 below.

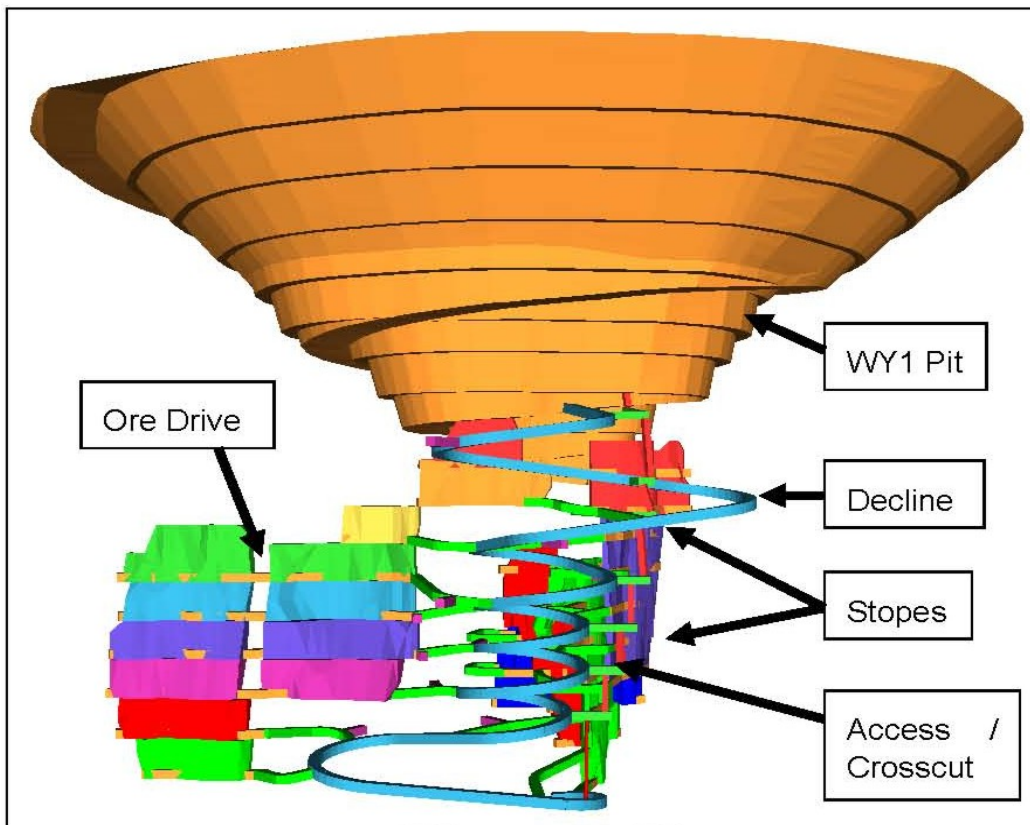


Figure 5 Wyoming One pit with conceptual underground development looking west

The underground mining concept requires the development of a 5 x 5 metre decline from the Wyoming One open pit to a depth of 200 metres below the pit floor and sub-level long hole open stope extraction of the ore. Approximately 80,000 ounces of gold could be recovered over a 30 month period from this operation.

A detailed study has commenced to confirm the PFS results and enable the underground development to be included in the Project's DFS.

Environmental Assessment and Development Consent

Finalisation of the Environmental Assessment for the project has been delayed to enable changes to the development plan to be incorporated into the EA. Similarly the Development Application has also been delayed.



DUBBO ZIRCONIA PROJECT (DZP) – zirconium, niobium, yttrium, rare earth elements

Australian Zirconia Ltd (AZL) 100%

The Dubbo Zirconia Project (DZP) is located 30 kilometres south of the large regional centre of Dubbo in the Central West Region of New South Wales. The DZP is based upon one of the world's largest in-ground resources of the metals **zirconium, hafnium, niobium, tantalum, yttrium, and rare earth elements**. Over several years the Company has developed a flow sheet consisting of sulphuric acid leach followed by solvent extraction recovery and refining to produce several products (figure 6).

A **Demonstration Pilot Plant (DPP)** has been operating at the laboratory facilities of **ANSTO Minerals** at Lucas Heights south of Sydney since May 2008 and to date has recovered 1,300kg of zirconium chemicals and nearly 300kg of niobium concentrate. The DPP has continued to operate for short periods to trial engineering and process innovations, and check aspects of the flowsheet.

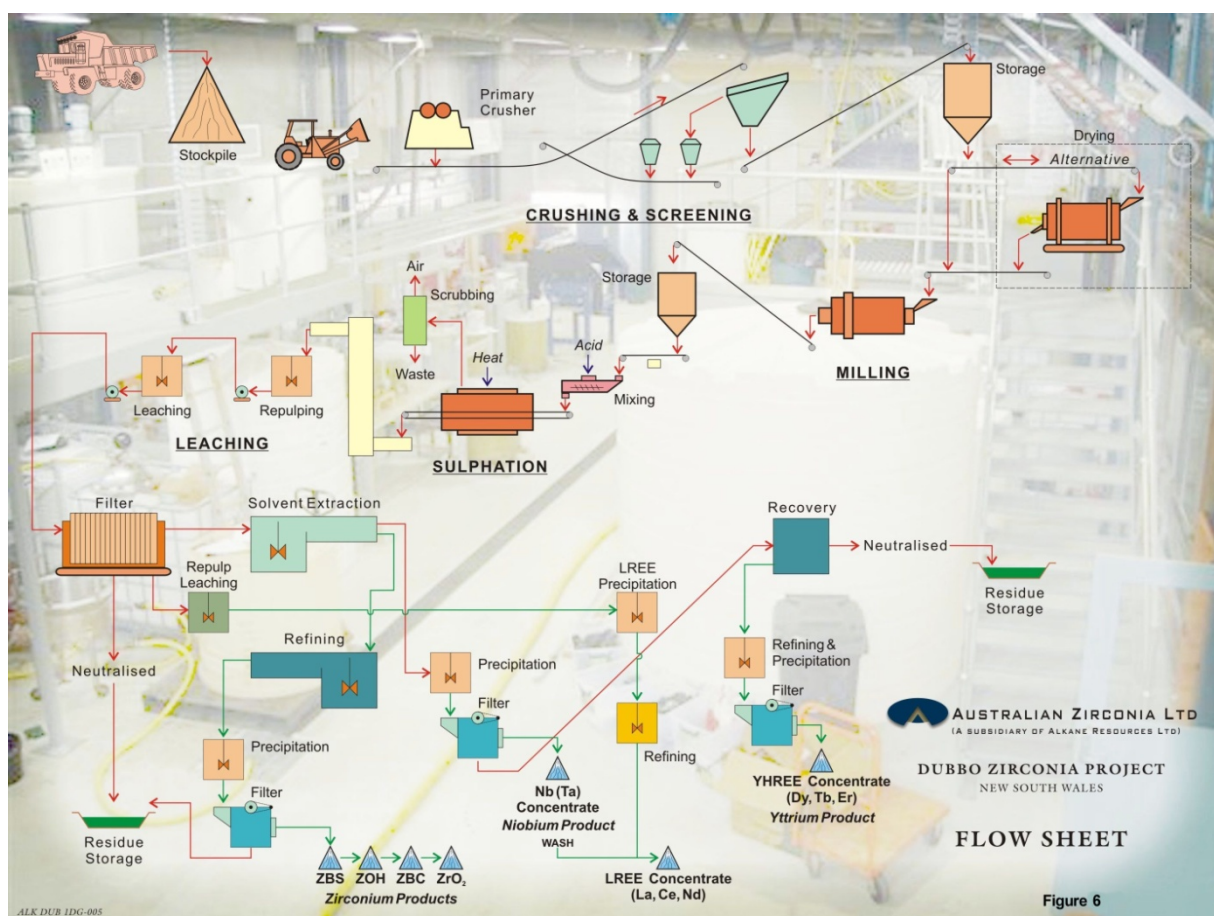


Figure 6

The recent operation of the DPP has focussed on improvement of the quality of existing zirconium and niobium products, while laboratory test work has continued to prove the recovery of yttrium and rare earths from the current flow sheet using solutions generated by the DPP. This flow sheet naturally separates the light rare earths (LREE = lanthanum, cerium, neodymium, praseodymium and samarium) from the yttrium and heavy rare earths (HREE = gadolinium, terbium, dysprosium and erbium) (Figure 6).

As previously advised, LREE and YHREE samples were produced from the plant in the December Quarter and development work has advanced to enable these circuits to be incorporated into the DPP during the current quarter. The DPP could then produce LREE and YHREE products for distribution.



Market Developments and Production Scenario

Discussions with potential customers continued throughout the period. As demonstrated in the 31 March Quarterly Report (ASX 29 April 2010), of particular importance is the growing awareness of a significant developing shortfall in the world supply of zircon. As well as being consumed in substantial quantities as zircon in the refractories and ceramics industries, zircon is the primary feed material for the downstream zirconium industry.

Early July, the Chinese Ministry of Commerce (Mofcom) announced that their export quotas for rare earths for the remainder of 2010 were to be reduced, such that the export of the primary products would be about 60% of 2009 levels. This decision will certainly impact on prices over the next few years and importantly emphasise the strategic significance of the yttrium and heavy rare earth production from the DZP.

In a similar move, the Chinese Government has removed the 5% VAT refund on zirconia exports, reflecting the growing concerns within China about supply and price of zircon, which feeds the Chinese zirconia and zirconium chemicals industry. This will also impact on the prices of these products and further advances the potential of the DZP to be a significant contributor to this business.

The base case development concept remains at **400,000 tonnes per annum** ore throughput, and during the Quarter the **Definitive Feasibility Study** (DFS) was fully re-activated under the management of TZ Minerals International Pty Ltd (TZMI) in Perth. The study is scheduled to be completed early 2011.

| Product | 400,000 tpa (Base Case) | 1,000,000 tpa (Blue Sky) |
|---------------------------------------|---|---|
| ZBS, ZOH, ZBC, ZrO₂ | 15,000tpa (6ktpa ZrO₂) | 37,000tpa (15ktpa ZrO₂) |
| Nb -Ta concentrate | 2,000tpa (1.4ktpa Nb₂O₅) | 5,000tpa (3.5ktpa Nb₂O₅) |
| LREE concentrate | 1,980tpa (REOs) | 4,950tpa (REOs) |
| YHREE concentrate | 600tpa (REOs) | 1,500tpa (REOs) |

ZBS = zirconium basic sulphate; ZOH = zirconium hydroxide; ZBC = zirconium carbonate; ZrO₂ = zirconia ; Equivalent ~99% ZrO₂ + HfO₂ basis. Nb-Ta concentrate = ~70% Nb₂O₅; 1.0% Ta₂O₅ calcined basis. LREE = Lanthanum, cerium, neodymium and praseodymium. YHREE = yttrium, gadolinium, dysprosium and terbium.

ORANGE DISTRICT EXPLORATION JOINT VENTURE - ODEJV (gold-copper)

Alkane Resources Ltd 49%, Newmont Australia Limited 51%

The ODEJV includes Alkane's **Molong** and **Moorilda** tenements located near the city of Orange in the Central West of New South Wales, adjacent to Newcrest Mining Ltd's Cadia Valley Operations.

Newmont Australia Limited (NAL) earned a 51% interest in the ODEJV in August 2009. In March 2010 NAL elected to proceed to 75% by completing a Bankable Feasibility Study (BFS) on the **McPhillamys Project**. NAL is a subsidiary of the US based Newmont Mining Corporation (**NYSE:NEM**).

McPhillamys

McPhillamys is located within the Moorilda project where several AC, RC and core drilling programs over the last few years have identified a large gold mineralised system within Silurian volcanics. This mineralisation is largely hosted by a north-south striking, generally steep east-dipping, altered coarse grained felsic to intermediate volcanic, volcanoclastic and intrusive sequence, with variable sulphide content up to 10%. Quartz veining is rare. Structurally overlying the mineralised system to the east



are unaltered fine-grained sediments with a package of intensely deformed intermediate volcanic/volcaniclastics flanking the system to the west.

The deposit crops out, forming a moderate hill at around 950 metres above sea level. The mineralisation is variably oxidised with the base of oxidation varying from about 10 metres to about 55 metres below the ground surface.

Wide spaced drilling has defined a plus 0.1g/t gold mineralised envelope (“**Outer Ore Envelope**”) extending over a north-south strike of at least 1000 metres with width up to 260 metres (Figure 7) and to depths of around 600 metres. Higher grade zones are identified within the core of this envelope (“**Inner Ore Zone**”).

The broad gold envelope has associated weak copper mineralisation as chalcopyrite and this increases to greater than 0.1% copper in the higher grade inner zone where gold increases to plus 2.00g/t. Other base metal mineralisation, such as zinc and lead occasionally form discrete zones peripheral to the gold mineralisation.

The mineralisation remains open at depth.

With NAL’s agreement, Alkane commissioned an independent review of the resource potential as defined by the existing drilling.

Resource Estimation

As advised in the ASX announcement of 5 July 2010, the resource assessment was completed by Richard Lewis of Lewis Mineral Resource Consulting Pty Ltd (LMRC) in Sydney. Mr Lewis (MAusIMM) has over 40 years experience in exploration and project development, including 25 years in resource estimation of gold and base metal projects and mines. Mr Lewis was the Manager of Resource Evaluation for Placer Dome Asia Pacific Limited from 1987 to 2006 and has more than 5 years experience in resource estimation of similar deposits.

For the resource assessment, an “**Inner Ore Zone**” with dimensions of approximately 600 metres by 200 metres and extending to approximately 525 metres below the ground surface, was defined by higher density drilling and overall higher grades within the “**Outer Ore Envelope**”. The higher drilling density provided a greater level of confidence in the continuity of widths and grade of the mineralisation. The resource estimate modelled mineralisation within both the zones however the majority of the resource lies within the “**Inner Ore Zone**”

Several different grade estimation methods were employed to generate comparative estimations and confirm the statement validity. The resources are summarised in the appended Table 2 and full details on the resource definition parameters are given in the attached Note 1 in the 5 July ASX announcement.

Indicated and Inferred Resources at a 0.3g/t gold cut-off were defined as:

**91.94 million tonnes grading 1.00g/t Au and 0.07% Cu
for 2.96 million ounces of gold and 60,000 tonnes of copper**

Development Concepts

NAL have previously completed a series of desk top studies to review development models which include various open pit scenarios and a possible underground block cave mining concept. These studies will be expanded as part of the BFS program.



A drilling program of four deep core holes is in progress to test the depth potential of the Inner Ore Zone and extend the mineralisation to depths of 800 metres to assist with the evaluation of the block cave concept (Figure 8).

Preliminary metallurgical testing on core samples indicated standard CIL recoveries of 86 to 91%. Further work will be programmed to expand on the CIL work and also examine the potential for gravity and flotation recovery to include the copper mineralisation.

Regional Targets

A number of regional targets have been identified (Figure 9) by geological mapping, soil sampling, multiple geophysical techniques and reconnaissance aircore drilling. These are currently being tested by AC drilling and 95 holes have been completed for a total 3852 metres. Several areas have returned anomalous gold, copper and other trace elements and the gold results are summarised in Table 3 appended.

CUDAL (gold-copper)

Alkane Resources Ltd 100%

Geological reconnaissance at the Bowen Park 1 target area has defined at least two structures with quartz-carbonate-hematite veining corresponding to distinct demagnetised zones, within an andesitic volcanoclastic sequence. Previous sampling of the veining had returned values up to 17.2g/t gold.

Reprocessing of the aeromagnetic and ground magnetic datasets has also highlighted the location of a major fold closure immediately north of the Bowen Park area. The tight, north-plunging folding appears to be a major control on the distribution of mapped volcanic units throughout the area, and may also influence the location of the structures.

A soil sampling program completed in the area, complimenting existing soil data, has identified a number of multi element anomalies with strike lengths up to 500 metres which are coincident with the two structures and have refined drilling targets within the structures. RC drilling will be programmed to test these targets in the last quarter of the year.

BODANGORA (gold-copper)

Alkane Resources Ltd 100%

Follow-up of exploration data, including the recently completed pole-dipole induced polarisation (IP) survey, has identified several targets considered highly prospective for porphyry related copper-gold mineralisation within a significant 10km² intrusive complex at Comobella. Surface geochemistry suggests that porphyry and skarn copper-gold mineralisation is concentrated at the contacts and roofs of monzonite intrusions within the complex and remain largely untested. Broad zones of hydrothermal breccias and skarns with associated surface gold and copper mineralisation have been confirmed (previous results up to 31g/t Au and 8.5% Cu).

A program of soil geochemistry to expand and enhance existing data is proposed prior to the completion of RC drilling in the last quarter of 2010.

WELLINGTON (copper-gold), CALULA (gold-base metals) and DIAMOND CREEK (gold-base metals) were inactive.

WESTERN AUSTRALIA

LEINSTER REGION JOINT VENTURE (nickel-gold)

Alkane Resources Ltd 22% diluting, Xstrata Nickel (Jubilee) 78%

*The three prospects - **Leinster Downs, Miranda and McDonough Lookout** - are subject to a farm-in agreement with Xstrata Nickel (Jubilee).*

Xstrata Nickel has advised that no field work was completed during the Quarter.



BACKGROUND

Alkane is a multi commodity explorer and miner with its operations focussed in the **Central West of New South Wales**, centred about 400 kilometres 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 an **840,000 ounce gold resource** within the **Wyoming and Caloma deposits**, (full details are in the 2008 Annual Report and the ASX announcements of 2 October and 16 December 2009). A feasibility study for the development of the project with potential 50,000 to 60,000 ounce per annum production is anticipated to be completed by mid 2010.

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, catalysts, special alloys and glasses, fuel cells, special batteries and permanent magnets, nuclear power and as environmental drying agents. Following a \$3.3 million Commercial Ready Grant from AusIndustry in 2006, the feasibility study was reactivated. The study includes the construction and operation of a Demonstration Pilot Plant, and a development commitment is anticipated early 2011.

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 significant gold deposit at **McPhillamys** within the **Moorilda Project**. An initial resource of Indicated plus Inferred resources containing **2.96 million ounces of gold and 60,000 tonnes of copper** has been defined (full details ASX announcement of 5 July 2010). Newmont are proceeding to complete a Bankable Feasibility Study for the development of the deposit.

Elsewhere within the region, Alkane has defined a 2 million tonne 1.00% copper Indicated Resource (details 2005 Annual Report) which is being reviewed for its development potential at **Galwagere** within the **Wellington Project**, and several other advanced exploration projects with encouraging drill intercepts. New exploration targets have been identified at several other locations.

In **Western Australia** the Company hold a diluting 23% residual interest in a nickel sulphide joint venture with **Xstrata Nickel (Jubilee)** near **Leinster**.



Unless otherwise stated, the information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr D I Chalmers, FAusIMM, FAIG, (director of the Company who 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 a 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 this report of the matters based on his information in the form and context in which it appears



Table 1: TGP – Caloma core results greater than 1.0g/t gold @ 30 June 2010

| Hole No. | East | North | RL (m) | Azimuth | Dip | Intercept (m) | Grade (g/t Au) | Interval (m) | EOH (m) | Comments |
|----------|--------|---------|--------|---------|-----|------------------------|----------------|---------------|---------|--------------|
| PE641D | 614720 | 6394300 | 271 | 089° | 70° | 7.1 | 12.9 | 236.9 – 244.0 | 387.1 | Caloma |
| | | | | | | 2.0 | 40.7 | 239 – 241 | | |
| PE642D | 614660 | 6394130 | 271 | 089° | 70° | 11.0 | 1.71 | 207 – 218 | 485.9 | Caloma |
| | | | | | | 7.0 | 2.41 | 207 - 214 | | |
| | | | | | | 1.0 | 4.16 | 229.2 – 230.2 | | |
| | | | | | | 4.7 | 1.81 | 296 – 300.7 | | |
| | | | | | | 2.95 | 1.02 | 316.05 - 319 | | |
| | | | | | | 15.0 | 1.09 | 332 - 347 | | |
| | | | | | | 4.7 | 1.89 | 341.3 - 346 | | |
| | | | | | | 1.0 | 1.07 | 351 - 352 | | |
| | | | | | | 2.15 | 3.35 | 353.85 - 356 | | |
| | | | | | | 1.3 | 1.72 | 382 – 383.3 | | |
| | | | | | | 2.0 | 1.5 | 395 - 397 | | |
| | | | | | | 1.0 | 1.69 | 420 - 421 | | |
| | | | | | | 1.0 | 1.25 | 473 - 474 | | |
| | | | | | | 5.0 | 1.41 | 495 - 500 | | |
| PE643D | 614635 | 6394040 | 271 | 089° | 70° | 1.0 | 1.34 | 257 – 258 | 429.0 | Caloma |
| | | | | | | 1.0 | 2.96 | 269 - 270 | | |
| | | | | | | 2.0 | 4.32 | 277 - 279 | | |
| | | | | | | 2.0 | 1.32 | 288 - 290 | | |
| | | | | | | 2.0 | 1.21 | 314 - 316 | | |
| | | | | | | 6.0 | 1.65 | 338 - 344 | | |
| PE644D | 614720 | 6394230 | 271 | 089° | 70° | 1.0 | 1.73 | 141 – 142 | 491.9 | Caloma |
| | | | | | | 0.65 | 2.32 | 148.9 – 149.5 | | |
| | | | | | | 0.8 | 5.77 | 151 – 151.8 | | |
| | | | | | | 3.45 | 2.42 | 164.25 –167.7 | | |
| | | | | | | 2.0 | 2.27 | 235 - 237 | | |
| | | | | | | 1.9 | 2.27 | 257.5 – 259.4 | | |
| | | | | | | 4.4 | 2.16 | 271.4 – 275.8 | | |
| PE645D | 614635 | 6394960 | 271 | 089° | 70° | 0.6 | 1.41 | 229.9 – 230.5 | 492.0 | Caloma |
| | | | | | | 6.1 | 1.33 | 267.7 – 273.8 | | |
| | | | | | | 1.4 | 3.71 | 272.4 – 273.8 | | |
| | | | | | | 2.7 | 2.81 | 317 – 319.7 | | |
| | | | | | | 1.65 | 1.14 | 326.35 - 328 | | |
| | | | | | | 1.0 | 1.14 | 345 - 346 | | |
| | | | | | | 11.9 | 2.52 | 355.2 – 367.1 | | |
| | | | | | | 4.4 | 4.76 | 358 – 362.4 | | |
| | | | | | | 1.0 | 2.41 | 383 - 384 | | |
| | | | | | | 0.6 | 1.11 | 450.8 – 451.4 | | |
| PE646D | 614592 | 6394100 | 271 | 090° | 70° | No significant results | | | 708.0 | Caloma |
| PE647D | 614635 | 6393880 | 271 | 090° | 70° | 3 | 5.53 | 185 - 188 | 513.0 | Caloma |
| | | | | | | 0.6 | 1.97 | 219.4 - 220 | | |
| | | | | | | 3 | 2.40 | 230 - 233 | | |
| | | | | | | 2 | 1.28 | 258 - 260 | | |
| | | | | | | 1 | 3.38 | 263.7 – 264.7 | | |
| | | | | | | 0.7 | 3.56 | 283.1 – 283.8 | | |
| | | | | | | 0.5 | 1.39 | 352.5 – 353 | | |
| PE648D | 614800 | 6393810 | 271 | 180° | 70° | 1.0 | 1.51 | 53.5 – 54.5 | 150.0 | South Caloma |
| | | | | | | 2.7 | 3.27 | 87 – 89.7 | | |
| | | | | | | 1.0 | 1.39 | 95 - 96 | | |
| | | | | | | 1.9 | 1.44 | 103.1 - 105 | | |
| | | | | | | 1.0 | 2.96 | 137.4 – 138.4 | | |

Gold analysis of generally one metre half core samples by 50g fire assay. True widths are close to intersected intervals



Table 2: Identified Mineral Resources at McPhillamys as at 5 July 2010

| DEPOSIT | INDICATED | | | INFERRED | | | TOTAL | | | | |
|----------------------------------|-------------------|----------------|---------------|-------------------|----------------|---------------|-------------------|----------------|---------------|------------------|------------------|
| McPhillamys 0.3g/t Au cut-off | Tonnage (t) | Grade (g/t) | Grade % Cu | Tonnage (t) | Grade (g/t) | Grade % Cu | Tonnage (t) | Grade (g/t) | Grade % Cu | k Ounces gold | tonnes copper |
| Inner Ore Zone | 51,650,000 | 1.10 | 0.07 | 23,504,000 | 1.19 | 0.07 | 75,154,000 | 1.13 | 0.07 | 2,723.6 | 55,091 |
| Outer Ore Envelope | 9,624,000 | 0.44 | 0.04 | 7,167,000 | 0.43 | 0.03 | 16,791,000 | 0.43 | 0.03 | 234.7 | 5,729 |
| Total | 61,274,000 | 0.99 | 0.07 | 30,671,000 | 1.01 | 0.06 | 91,945,000 | 1.00 | 0.07 | 2,958.3 | 60,820 |

| DEPOSIT | INDICATED | | | INFERRED | | | TOTAL | | | | |
|----------------------------------|-------------------|----------------|---------------|-------------------|----------------|---------------|-------------------|----------------|---------------|------------------|------------------|
| McPhillamys 0.5g/t Au cut-off | Tonnage (t) | Grade (g/t) | Grade % Cu | Tonnage (t) | Grade (g/t) | Grade % Cu | Tonnage (t) | Grade (g/t) | Grade % Cu | k Ounces gold | tonnes copper |
| Inner Ore Zone | 41,260,000 | 1.27 | 0.08 | 16,097,000 | 1.57 | 0.09 | 57,357,000 | 1.36 | 0.08 | 2,499.9 | 46,933 |
| Outer Ore Envelope | 2,169,000 | 0.69 | 0.03 | 1,338,000 | 0.62 | 0.03 | 3,507,000 | 0.66 | 0.03 | 74.6 | 1,170 |
| Total | 43,429,000 | 1.24 | 0.08 | 17,435,000 | 1.50 | 0.08 | 60,864,000 | 1.32 | 0.08 | 2,574.5 | 48,104 |

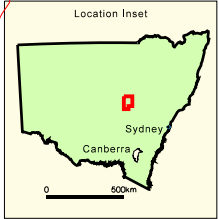
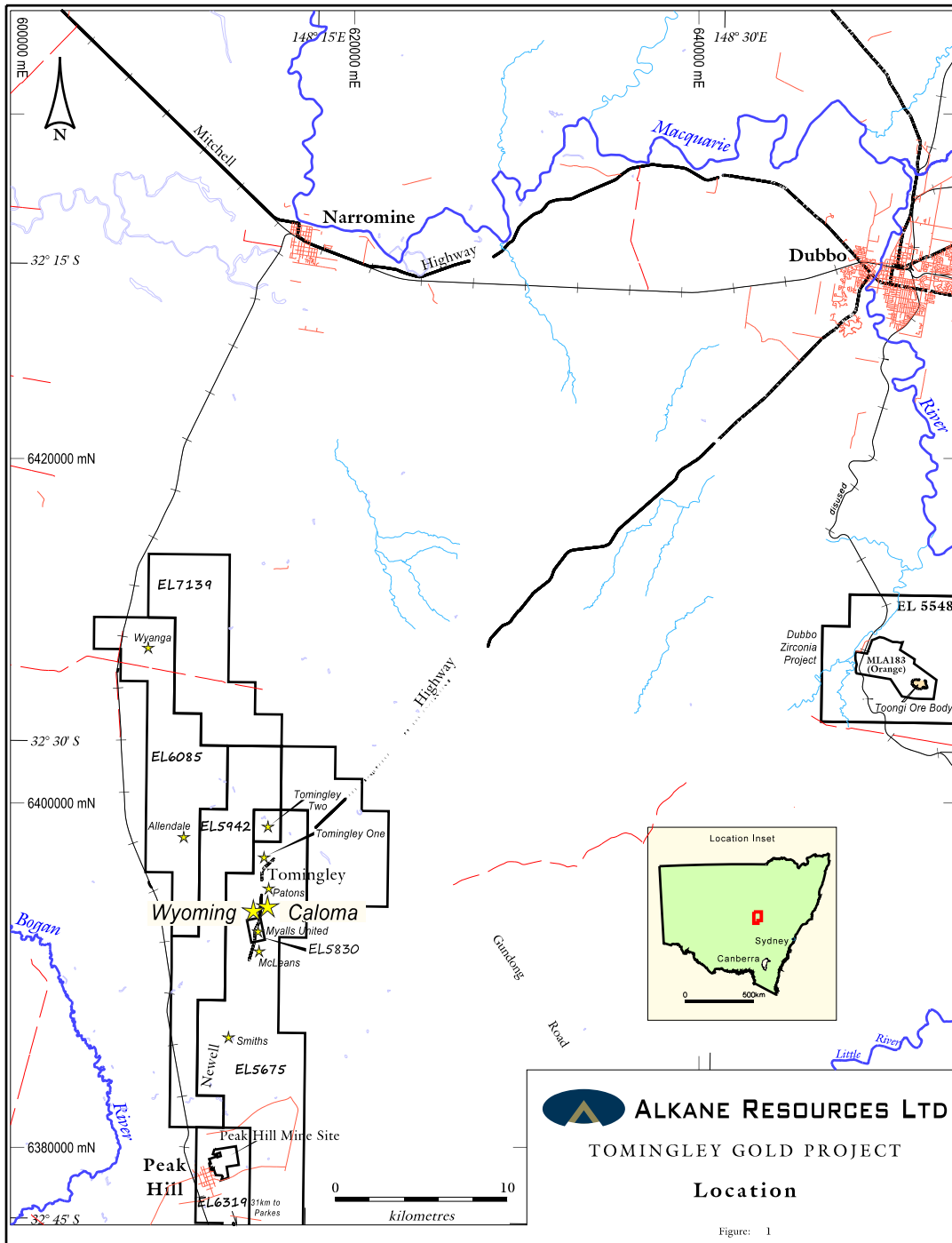
| DEPOSIT | INDICATED | | | INFERRED | | | TOTAL | | | | |
|----------------------------------|-------------------|----------------|---------------|------------------|----------------|---------------|-------------------|----------------|---------------|------------------|------------------|
| McPhillamys 1.0g/t Au cut-off | Tonnage (t) | Grade (g/t) | Grade % Cu | Tonnage (t) | Grade (g/t) | Grade % Cu | Tonnage (t) | Grade (g/t) | Grade % Cu | k Ounces gold | tonnes copper |
| Inner Ore Zone | 21,416,000 | 1.77 | 0.09 | 9,645,000 | 2.13 | 0.10 | 31,061,000 | 1.88 | 0.10 | 1,879.8 | 30,139 |
| Outer Ore Envelope | 281,000 | 1.06 | 0.07 | 73,000 | 1.05 | 0.08 | 354,000 | 1.05 | 0.07 | 12.0 | 264 |
| Total | 21,697,000 | 1.76 | 0.09 | 9,718,000 | 2.12 | 0.10 | 31,415,000 | 1.87 | 0.10 | 1,891.8 | 30,403 |

These Mineral Resources are based upon information compiled by Mr Richard Lewis MAusIMM (Lewis Mineral Resource Consulting Pty Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Richard Lewis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology are given in the Note 1 attached to the ASX announcement of 5 July 2010. Totals may not tally due to rounding.

Table 3: Summary 2010 drill AC results >0.2g/t Au for McPhillamys Regional @ 30 June 2010.

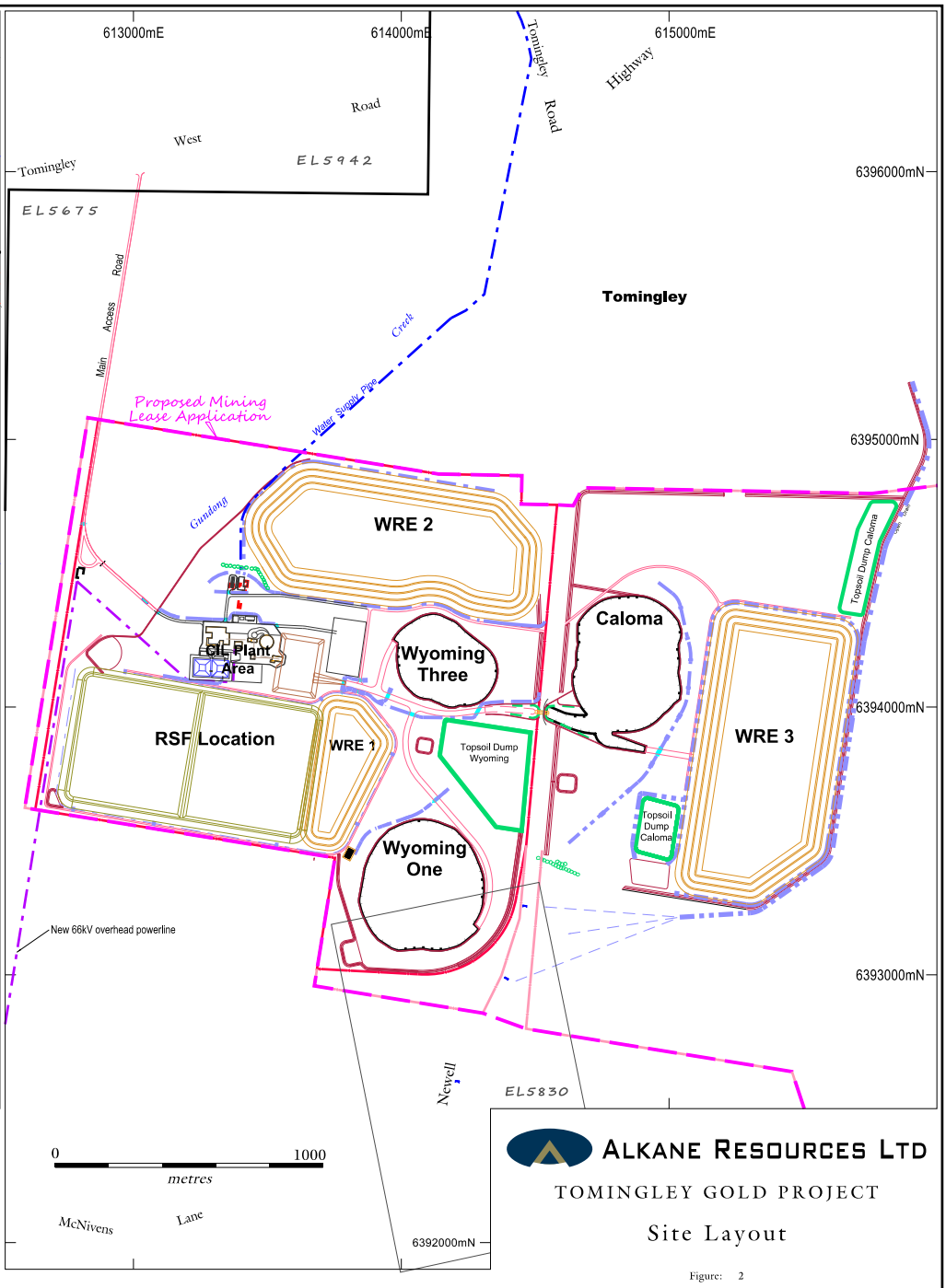
| Hole No | East | North | RL (m) | Azimuth | Inclin | Intcpt (m) | Grade (g/t Au) | Interval (m) | EOH (m) | Prospect |
|----------|--------|---------|-----------|---------|--------|---------------|-------------------|-----------------|------------|-------------|
| NEWAC224 | 717950 | 6298700 | 934 | 270° | 60° | 3 | 0.47 | 3 – 6 | 56 | Hodsons |
| and | | | | | | 3 | 0.49 | 42 - 45 | | |
| NEWAC227 | 718100 | 6298700 | 930 | 270° | 60° | 9 | 0.31 | 78 – 87 | 111 | Hodsons |
| NEWAC230 | 717750 | 6286570 | 950 | 270° | 60° | 3 | 0.25 | 24 – 27 | 28 | Hodsons |
| NEWAC234 | 718125 | 6286550 | 915 | 270° | 60° | 3 | 0.46 | 15 – 18 | 84 | Hodsons |
| and | | | | | | 9 | 0.34 | 36 - 45 | | |
| NEWAC241 | 718450 | 6295500 | 892 | 270° | 60° | 9 | 0.23 | 3 – 12 | 19 | Hodsons |
| NEWAC242 | 718500 | 6295500 | 890 | 270° | 60° | 11 | 0.20 | 30 – 41 | 41 | Hodsons |
| NEWAC246 | 715700 | 6291100 | 922 | 270° | 60° | 3 | 1.56 | 6 - 9 | 26 | McPhill Sth |

Gold analysis by 50g fire assay of 3 metre composite samples



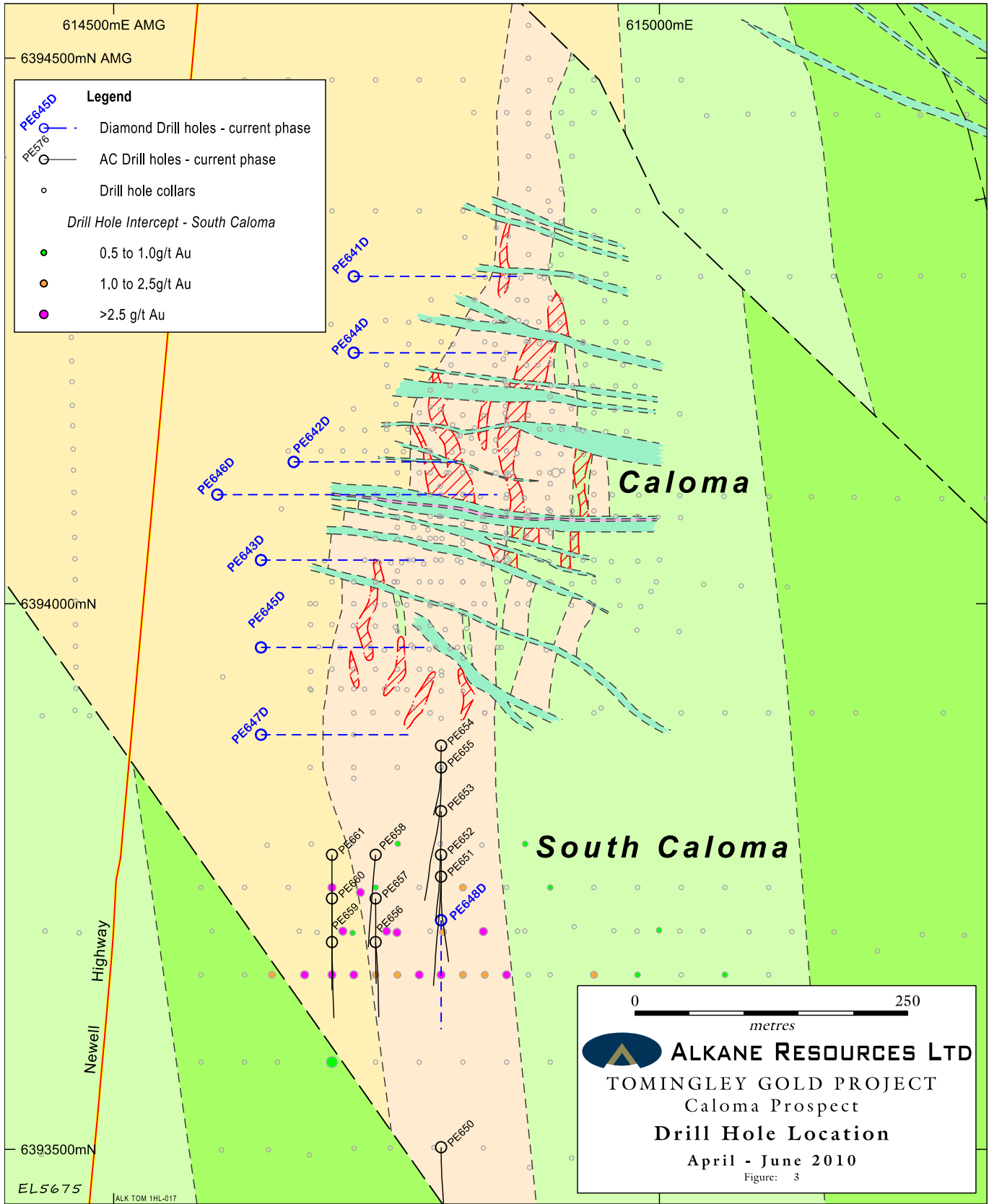
ALKANE RESOURCES LTD
TOMINGLEY GOLD PROJECT
Location

Figure: 1



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Site Layout

Figure: 2



Legend

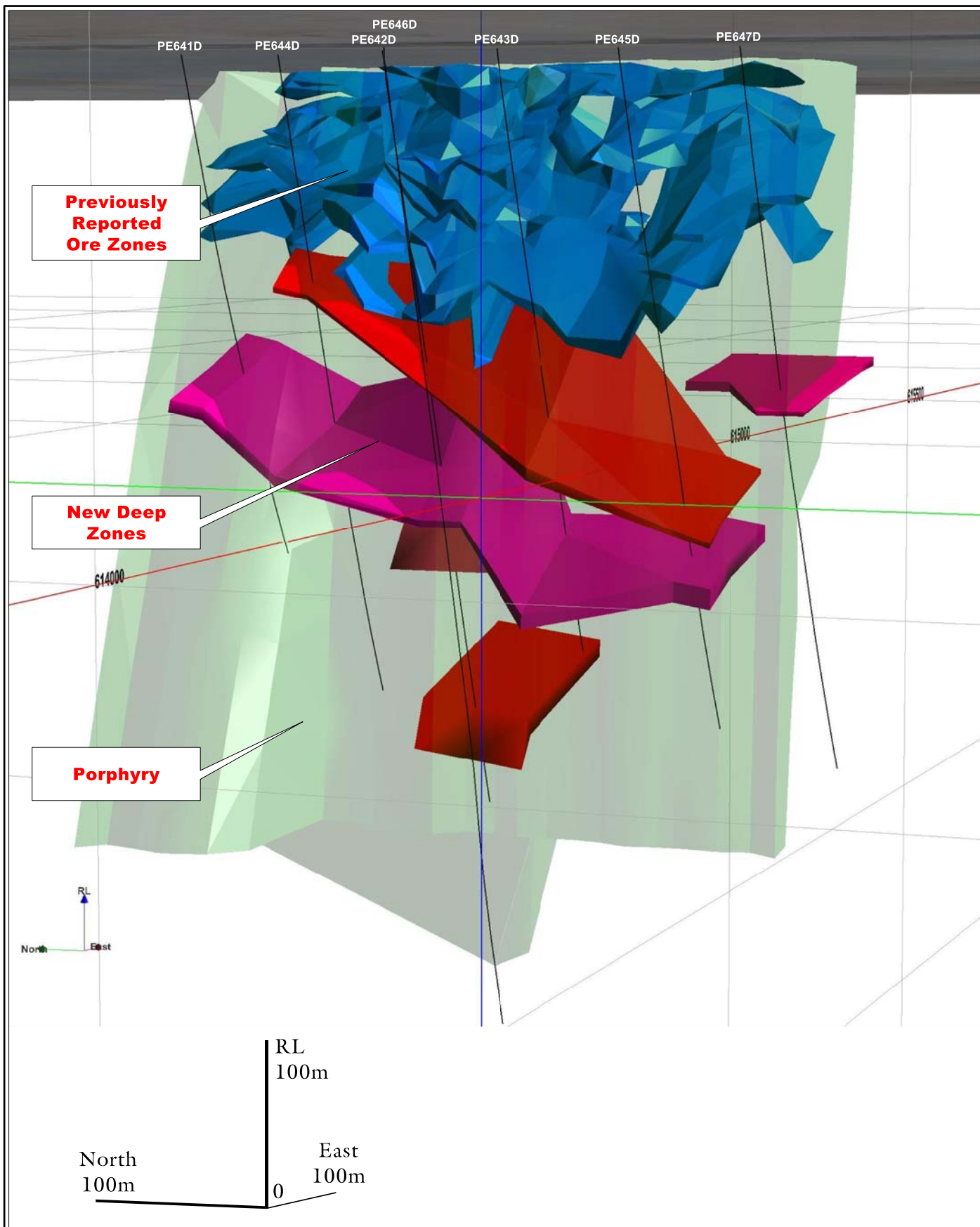
- Diamond Drill holes - current phase
- AC Drill holes - current phase
- Drill hole collars

Drill Hole Intercept - South Caloma

- 0.5 to 1.0g/t Au
- 1.0 to 2.5g/t Au
- >2.5 g/t Au

0 250
metres

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TOMINGLEY GOLD PROJECT
Caloma Prospect
Drill Hole Location
April - June 2010
Figure: 3

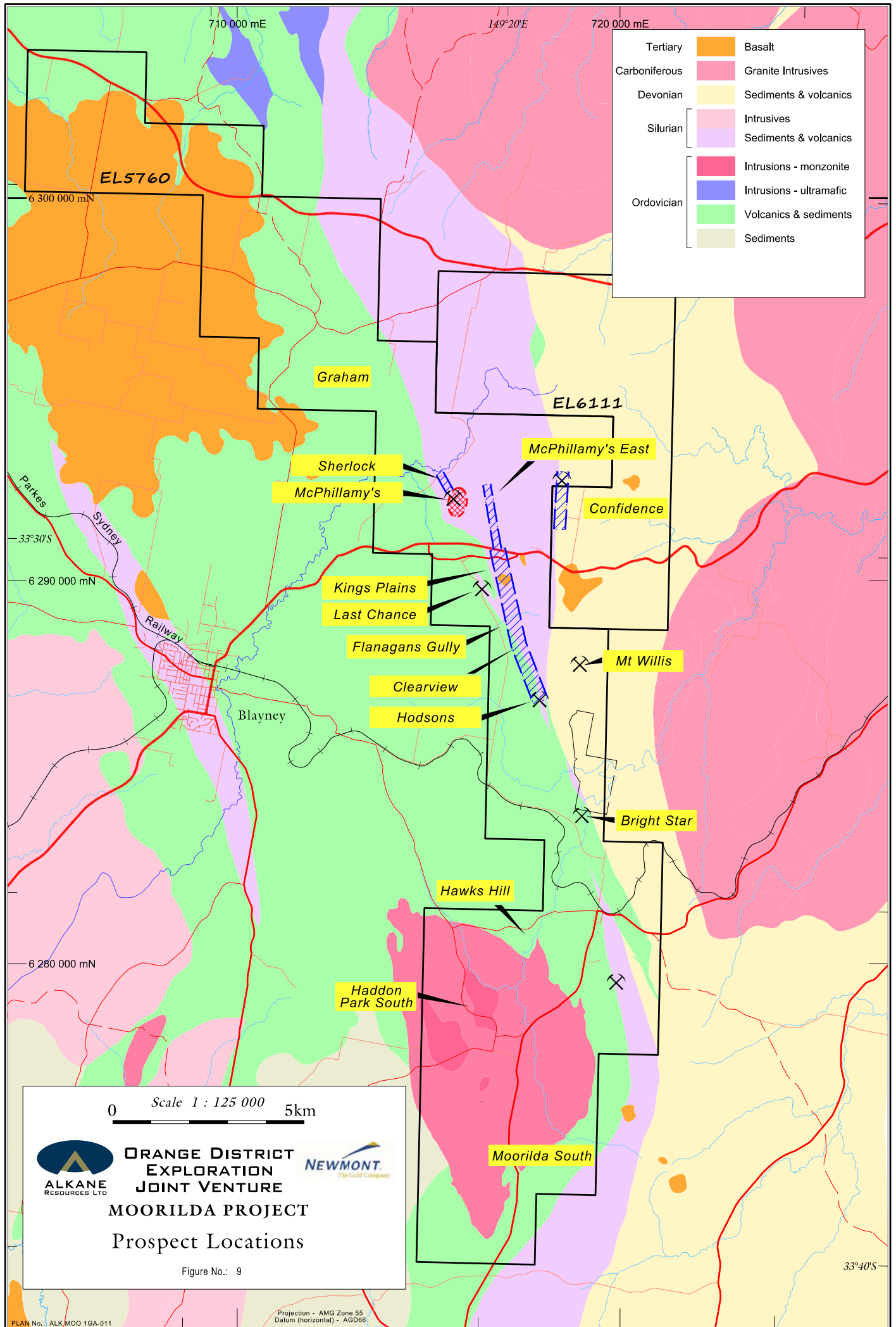


— Deep diamond drill holes



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TOMINGLEY GOLD PROJECT
NEW SOUTH WALES

Caloma Deposit
3D Ore Model



| | |
|---------------|-------------------------|
| Tertiary | Basalt |
| Carboniferous | Granite Intrusives |
| Devonian | Sediments & volcanics |
| Silurian | Intrusives |
| | Sediments & volcanics |
| Ordovician | Intrusions - monzonite |
| | Intrusions - ultramafic |
| | Volcanics & sediments |
| | Sediments |

0 *Scale 1 : 125 000* 5km

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ORANGE DISTRICT EXPLORATION JOINT VENTURE

NEWMONT
The Local Company

MOORILDA PROJECT

Prospect Locations

Figure No.: 9