



**ALKANE**  
RESOURCES LTD  
ABN 35 000 689 216

*ASX ANNOUNCEMENT – 23 July 2009*

## **McPHILLAMYS CORE DRILLING RECOMMENCES WITH SIGNIFICANT RESULTS**

- **Exploration activities recommenced within the Newmont ODEJV in May. This A\$2.2 million dollar program includes diamond core drilling at McPhillamys, RC and AC testing of regional targets as well as gravity and IP geophysical surveys.**
  
- **Four core holes have been completed and results received for the first two holes.**
  - NEWD001 135 metres grading 1.00g/t gold from 41 metres  
and 69.6 metres grading 1.04g/t gold from 225 metres  
Results not received from 294.6metres to 410.7metres**
  
  - NEWD002 299 metres grading 1.09g/t gold from 68 metres  
including 207 metres grading 1.38g/t gold from 160 metres  
and 30 metres grading 3.21g/t gold from 336 metres**
  
- **These results continue to confirm that McPhillamys hosts a significant mineralised system.**

### **Corporate Profile**

Alkane Board

J. S. F. Dunlop (Chairman)

D. I. Chalmers (Managing Dir)

A. D. Lethlean

I. J. Gandel

I. R. Cornelius

L. A. Colless (Joint Secretary)

K. E. Brown (Joint Secretary)

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12 month share price  
range

A\$0.515 - \$0.15

Market Cap 22 July 08

~A\$ 70 million

ASX Code: ALK

244.6 million shares (Dec 08)

June 30 2009 Cash

~\$4.0 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 175km<sup>2</sup> and forms part of the **Orange District Exploration Joint Venture (ODEJV)** with **Newmont Australia Limited (NAL)**. NAL is a subsidiary of Newmont Mining Corporation and is funding the first A\$5 million expenditure to earn an initial 51% interest in the ODEJV. NAL can earn an additional 24% by funding all expenditures to the completion of a Bankable Feasibility Study.

Newmont is the Manager of the JV and became Operator from 1 January 2009.

Exploration activities recommenced in McPhillamys area in May with a detailed gravity survey covering an area of approximately 10km by 7km as part of a A\$2.2 million exploration program designed to further test the main McPhillamys gold mineralisation and nearby regional targets.

This program included an initial 2,000 metres of core drilling, 2,000 metres of RC and 10,000 metres of AC drilling, and several areas of induced polarisation (IP) surveys (Figure 1).

Four core holes at McPhillamys have been completed and results have been received for two holes (table 1). The holes were spaced over a 250 metre strike length of the main zone at McPhillamys and were programmed to test the continuity and grade of the mineralisation between existing RC and deeper core holes. The results available have confirmed the extensive gold mineralisation and that there is vertical zonation within the system with grades and widths improving with depth.

**Table 1: Summary drill core results for McPhillamys Prospect @ 23 July 2009.**

Hole No	East	North	RL (m)	Azimuth	Inclin	Intcpt (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
NEWD001	715865	6292100	968	270°	61°	135	1.00	41 – 176	410.7	
and						69.6	1.04	225 – 294.6		
								sampling		incomplete
NEWD002	715877	6292150	967	270°	56°	299	1.09	68 – 367	449.7	
incl						207	1.38	160 - 367		
and						30	3.21	337 - 367		

Gold analysis by 50g fire assay and base metals by ICP at generally 1 metre full core intervals for HQ core and 1 metre half core NQ core. True widths are about 65% of intersection.

These new results will form part of a geological block model that will assist to determine the resource potential of the McPhillamys mineralisation.

Further core and RC/AC results will be released as they become available.



## 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 **840,000 ounce gold resource** within the **Wyoming and Caloma deposits**, (full details 2008 Annual Report). A feasibility study for the development of the project with potential 50,000 to 70,000 ounce per annum production is anticipated to be completed before the end of 2009.

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 mid 2010.

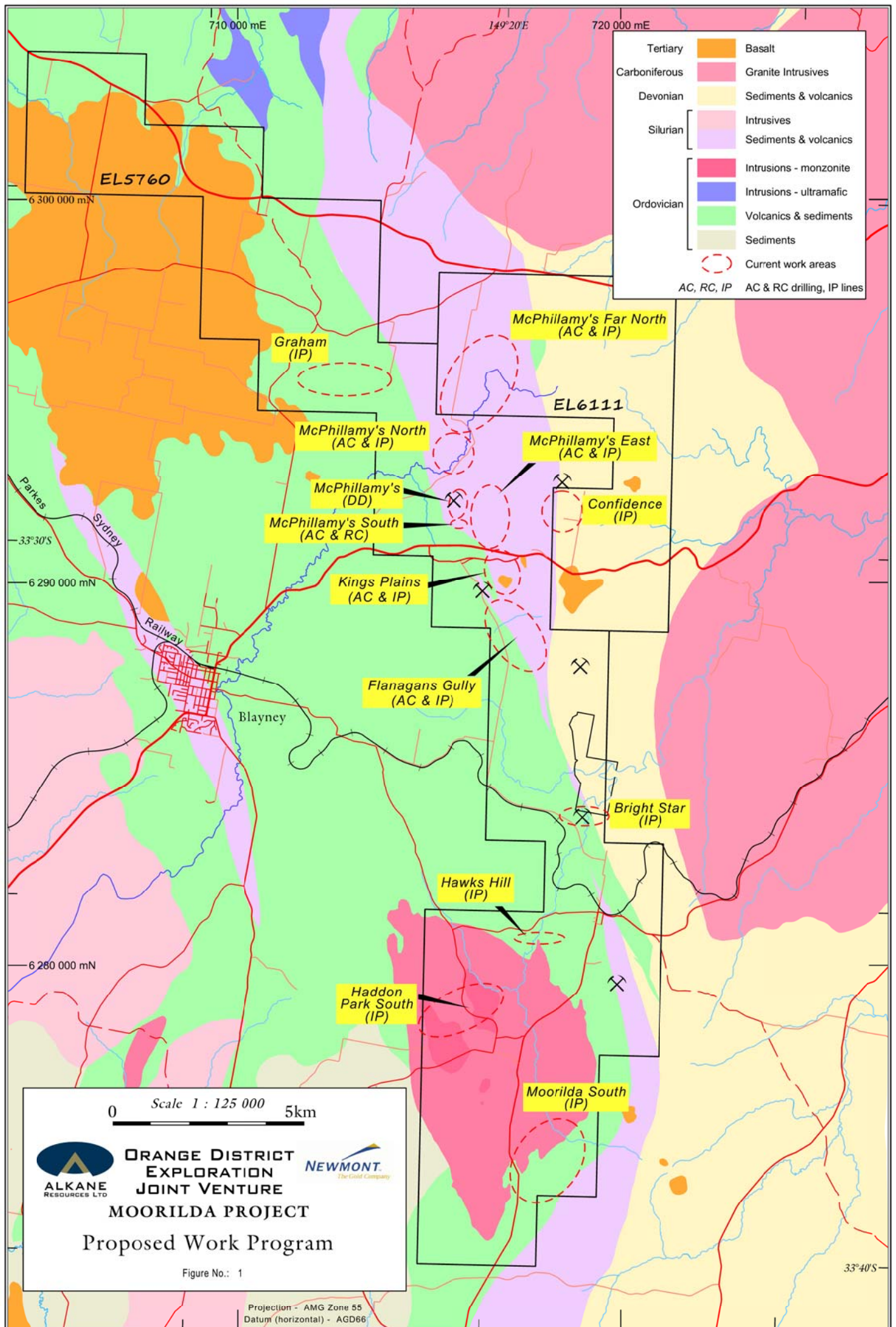
Near **Orange**, the Company has a joint venture (**ODEJV**) with Newmont, one of the world's largest gold miners, which resulted in the discovery in 2006 of a potentially significant gold deposit at **McPhillamys** within the **Moorilda Project**. This discovery includes intersections of **123 metres grading 1.96g/t gold** and **77 metres at 1.65g/t gold** within a 600 metre by 200 metre mineralised zone. Recent diamond drilling has confirmed the potential of the project to host a major gold system with an intersection in **KPD003 of 366 metres grading 1.85g/t gold**.

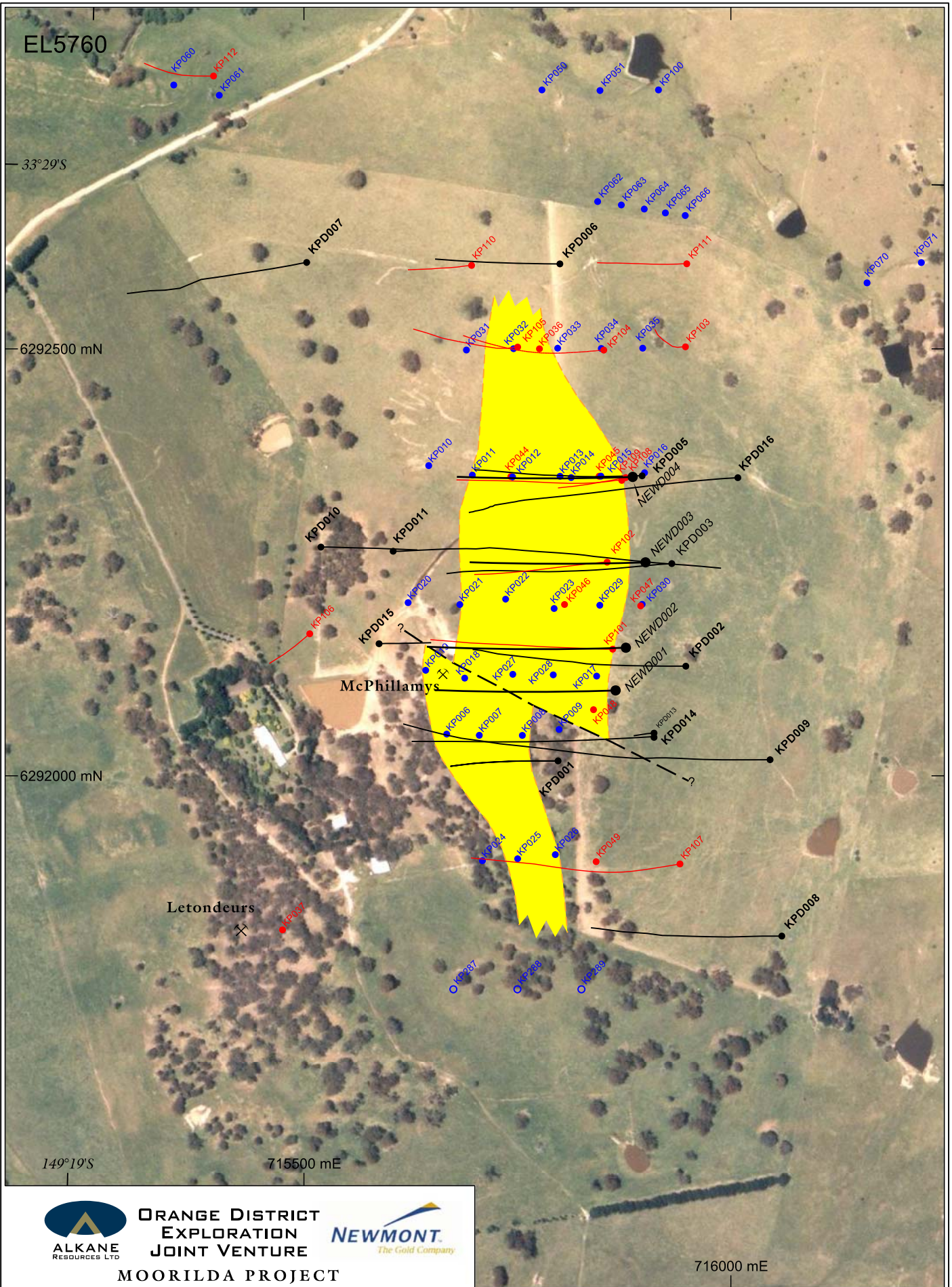
Elsewhere within the region, Alkane has defined a 2 million tonne 1.00% copper Indicated Resource (details 2005 Annual Report) which is being reviewed for its development potential at **Galwagere** within the **Wellington Project**, and several other advanced exploration projects with encouraging drill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

In **Western Australia** the Company holds 9 million shares (13%) of listed iron ore explorer **BC Iron Limited** and a diluting 23% residual interest in a nickel sulphide joint venture with **Xstrata Nickel (Jubilee)** 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*





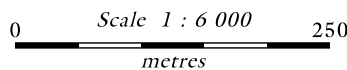
**ORANGE DISTRICT  
EXPLORATION  
JOINT VENTURE**



**MOORILDA PROJECT  
McPhillamys Prospect**

# Drill Hole Location with +0.5g/t Gold Outline

Figure No.: 2



- RC drill hole
- Air core drill hole / current program
- Diamond drill hole and trace
- Current diamond drill hole and trace