

20 April 2012



Tomingley Gold Project Update and Acquisition of Compass Royalty

- Alkane has reached agreement with Compass Resources Ltd to fully acquire a production royalty related to the Tomingley Gold Project.
- Tomingley is located in the Central West of NSW, near Dubbo, and has a base case operation for annual production of 50 – 60,000 ounces of gold.
- The royalty will be acquired by the issue of 6 million Alkane shares and the issue of 4 million options exercisable at \$1.50 within twelve months.
- Acquisition of the royalty removes a financial impost on the Project and allows it to proceed and achieve the best possible returns.
- The mandate for Credit Suisse to provide a debt facility up to \$45 million has been extended for six months.
- The additional resources in Tomingley's Caloma deposit recently announced will contribute to the ore reserve base and extend the life of the operation.
- Alkane has complied with all submissions required for Environmental Assessment of Tomingley, which is currently awaiting development approval from the NSW Department of Planning and Infrastructure.
- Approval in the near future would enable commencement of production in 2013.

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TOMINGLEY GOLD PROJECT (TGP) - gold

Alkane Resources Ltd 100%

The TGP is located in the Central West of New South Wales and is based 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). Previously reported Identified Mineral Resources totalled approximately 812,000 ounces of gold (ASX Report dated 29 March 2012) and a Definitive Feasibility Study (DFS) was completed late 2010 (ASX Report dated 13 December 2010).

Compass Royalty

Alkane acquired 100% of Exploration Licence 5675 in 2001 from Compass Resources Ltd subject to a production royalty for any minerals and metals recovered from the tenement. Alkane and Compass have reached agreement for Alkane to acquire 100% of that royalty by the issue of 6M shares and 4M options (exercisable at \$1.50 each within 12 months of the date of the agreement) in consideration for Compass surrendering all of its right, title and interest in and to that royalty.

This acquisition removes a financial impost on the Project and will allow it to proceed and generate the best possible returns.

Project Financing

As advised on 1 March 2012 (ASX announcement) the Company has raised \$107M which secures funding for the development of its two major projects, the TGP and Dubbo Zirconia Project.

Alkane has also recently agreed to extend for a further six months the mandate to Credit Suisse to provide a project financing facility. This financing comprises a Project Loan Facility of up to A\$45 million and a Gold Hedging Facility of up to 163,000 ounces. Last year the Company entered into an initial 90,000 ounce gold forward sale that will underwrite a minimum price of approximately A\$1,600 per ounce for the first two and a half years of production from the Project.

Mineral Resources and Ore Reserves

On 29 March an upgrade to the resources within the Caloma deposit was advised and this is currently being assessed to provide an upgrade to the ore reserves available for recovery. An initial review indicated a potential for an additional 1 million tonnes in Measured and Indicated resources within the existing pit shell. This could add 50-60,000 ounces to the ore reserves.

Table 1: 29 March 2012 TGP Mineral Resource

| DEPOSIT | MEASURED | | INDICATED | | INFERRED | | TOTAL | | |
|-----------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|-------------------|-------------|--------------|
| | Tonnage (t) | Grade (g/t) | Tonnage (t) | Grade (g/t) | Tonnage (t) | Grade (g/t) | Tonnage (t) | Grade (g/t) | kOunces |
| Top Cut sub-block model | | | | | | | | | |
| Wyoming One | 2,316,553 | 2.2 | 890,337 | 2.2 | 3,117,348 | 1.7 | 6,324,238 | 1.9 | 392.4 |
| Wyoming Three | 642,468 | 2.0 | 63,225 | 2.0 | 102,821 | 1.3 | 808,514 | 1.9 | 49.9 |
| Caloma | 2,690,528 | 2.3 | 567,855 | 2.1 | 2,194,490 | 1.9 | 5,452,874 | 2.1 | 369.4 |
| Total | 5,649,549 | 2.2 | 1,521,417 | 2.1 | 5,414,659 | 1.8 | 12,585,626 | 2.0 | 811.7 |

These Mineral Resources are based upon information compiled by Mr Richard Lewis FAusIMM (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 (JORC Code). 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 the methodology are given in the ASX release of 29 March 2012..



Drilling

Four diamond core holes, two at Wyoming Three and two at Caloma Two, have recently been drilled to test the potential of the deposits to host underground resources. All holes intersected mineralised structures and the results will be reported when available.

Development

Responses to the submissions on the Environmental Assessment (EA) following public exhibition were sent to the NSW Department of Planning and Infrastructure. There has been further clarification on some issues. Depending upon the approval timing the project should commence production in the third quarter of 2013 at an average annualised rate of 50-60,000 ounces.

In the interim, Alkane has continued to advance long lead time items such as the ball mill, production water supply, tendering for civil works and detailed design, and employment of key personnel.

Competent Person

Unless otherwise advised above, 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

Disclaimer

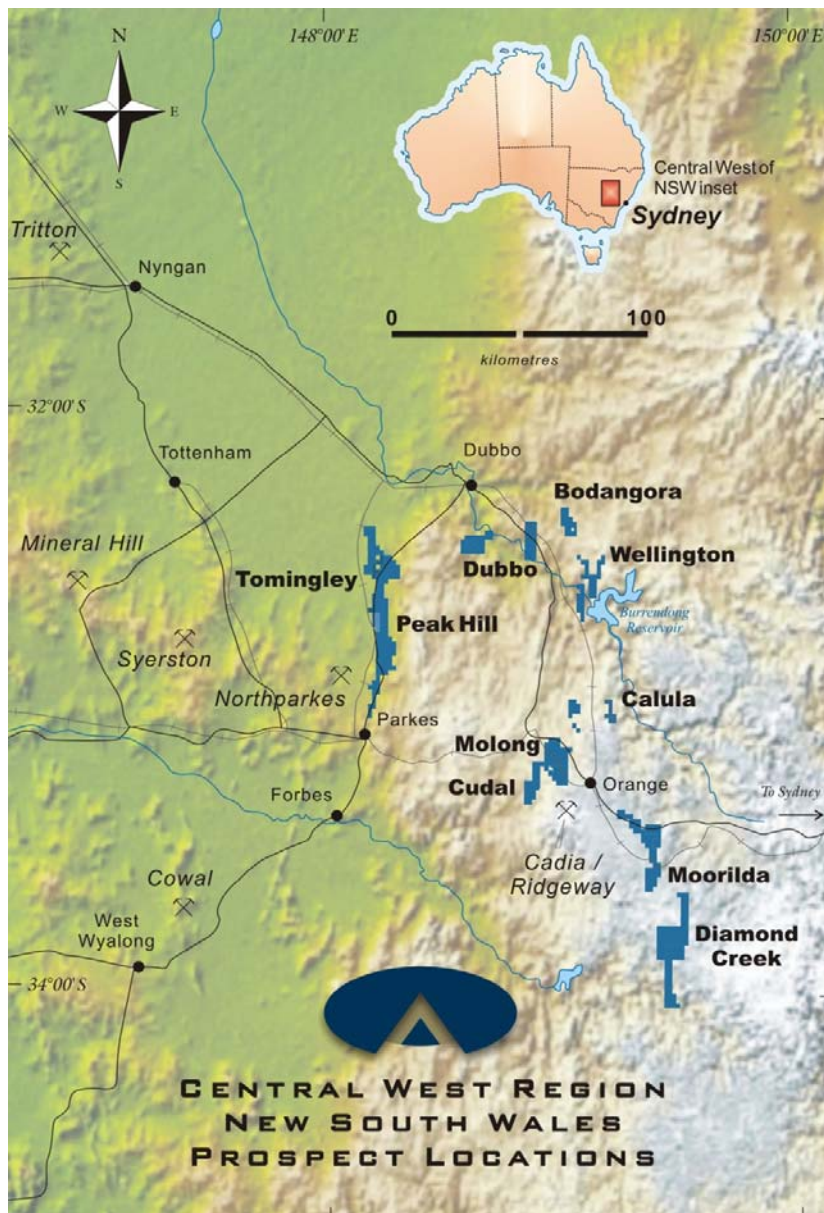
This report contains certain forward looking statements and forecasts, including possible or assumed reserves and resources, production levels and rates, costs, prices, future performance or potential growth of Alkane Resources Ltd, industry growth or other trend projections. Such statements are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors which are beyond the control of Alkane Resources Ltd. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. Nothing in this report should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities.

This document has been prepared in accordance with the requirements of Australian securities laws, which may differ from the requirements of United States and other country securities laws. Unless otherwise indicated, all ore reserve and mineral resource estimates included or incorporated by reference in this document have been, and will be, prepared in accordance with the JORC classification system of the Australasian Institute of Mining, and Metallurgy and Australian Institute of Geosciences.



ABOUT ALKANE - www.alkane.com.au - ASX: ALK and OTCQX: ANLKY

Alkane's strategy is to be focused on a single geographic area, the central west of New South Wales in Australia, allowing it to apply its geological, exploration and mining expertise across multiple commodities to achieve a spread of risk and return. Currently Alkane has two projects heading towards production in 2013/2015 - the Tomingley Gold Project (TGP) and the nearby Dubbo Zirconia Project (DZP). Tomingley is an 812,000 ounce gold resource currently awaiting development approval. Cash flow from Tomingley will provide the funding to maintain the project development pipeline and to contribute to development of the DZP. The DZP has a completed definitive feasibility study giving it a net present value of \$1.2 billion. This project will make Alkane a significant world producer of zirconium products and heavy rare earths. Both projects are wholly owned by Alkane while at Orange, Alkane is in a joint venture with Newmont Australia over an area containing a 3 million ounce gold resource at McPhillamys, with Newmont having elected to proceed towards a bankable feasibility study. Alkane's most advanced gold copper exploration projects in the region are at the 100% Alkane owned Wellington and Bodangora properties.





Mineral Resource and Ore Reserve Statement March 2012

Dubbo Zirconia Project – Mineral Resources (2011)

| Toongi Deposit | Tonnage (Mt) | ZrO ₂ (%) | HfO ₂ (%) | Nb ₂ O ₅ (%) | Ta ₂ O ₅ (%) | Y ₂ O ₃ (%) | REO (%) | U ₃ O ₈ (%) |
|----------------|--------------|----------------------|----------------------|------------------------------------|------------------------------------|-----------------------------------|-------------|-----------------------------------|
| Measured | 35.70 | 1.96 | 0.04 | 0.46 | 0.03 | 0.14 | 0.75 | 0.014 |
| Inferred | 37.50 | 1.96 | 0.04 | 0.46 | 0.03 | 0.14 | 0.75 | 0.014 |
| TOTAL | 73.20 | 1.96 | 0.04 | 0.46 | 0.03 | 0.14 | 0.75 | 0.014 |

These Mineral Resources are based upon information compiled by Mr Terry Ransted MAUSIMM (Alkane Chief Geologist) 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. Terry Ransted 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 were given in the 2004 Annual Report.

Dubbo Zirconia Project – Ore Reserves (2012)

| Toongi Deposit | Tonnage (Mt) | ZrO ₂ (%) | HfO ₂ (%) | Nb ₂ O ₅ (%) | Ta ₂ O ₅ (%) | Y ₂ O ₃ (%) | REO (%) |
|----------------|--------------|----------------------|----------------------|------------------------------------|------------------------------------|-----------------------------------|-------------|
| Proved | 8.07 | 1.91 | 0.04 | 0.46 | 0.03 | 0.14 | 0.75 |
| Probable | 27.86 | 1.93 | 0.04 | 0.46 | 0.03 | 0.14 | 0.74 |
| Total | 35.93 | 1.93 | 0.04 | 0.46 | 0.03 | 0.14 | 0.74 |

These Ore Reserves are based upon information compiled by Mr Terry Ransted MAUSIMM (Alkane Chief Geologist) 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. The reserves were calculated at a 1.5% combined ZrO₂+Nb₂O₅+Y₂O₃+REO cut off using costs and revenues defined in the notes in ASX Announcement of 16 November 2011. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Tomingley Gold Project – Mineral Resources (2012)

| DEPOSIT | MEASURED | | INDICATED | | INFERRED | | TOTAL | | Gold (koz) |
|----------------------------|------------------|-------------|------------------|-------------|------------------|-------------|-------------------|-------------|--------------|
| | Tonnage (t) | Grade (g/t) | Tonnage (t) | Grade (g/t) | Tonnage (t) | Grade (g/t) | Tonnage (t) | Grade (g/t) | |
| Top Cut 2.5x2.5x5.0m model | | | | | | | | | |
| Wyoming One | 2,316,550 | 2.2 | 890,340 | 2.2 | 3,117,350 | 1.7 | 6,324,240 | 1.9 | 392.4 |
| Wyoming Three | 642,470 | 2.0 | 63,225 | 2.0 | 102,820 | 1.3 | 808,510 | 1.9 | 49.9 |
| Caloma | 2,690,530 | 2.3 | 567,860 | 2.1 | 2,194,490 | 1.9 | 5,452,870 | 2.1 | 369.4 |
| Total | 5,649,550 | 2.2 | 1,521,420 | 2.1 | 5,414,660 | 1.8 | 12,585,630 | 2.0 | 811.7 |

These Mineral Resources are based upon information compiled by Mr Richard Lewis FAUSIMM (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 (JORC Code). 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 ASX Report dated 25 March 2009 and 2 October 2010, and this announcement.

Tomingley Gold Project – Ore Reserves (2011)

| DEPOSIT | PROVED | | PROBABLE | | TOTAL | | Ounces (minable) |
|---------------|------------------|-------------|----------------|-------------|------------------|-------------|------------------|
| | Tonnage (t) | Grade (g/t) | Tonnage (t) | Grade (g/t) | Tonnage (t) | Grade (g/t) | |
| Wyoming One | 1,700,000 | 1.6 | 200,000 | 1.3 | 1,900,000 | 1.6 | 94,500 |
| Wyoming Three | 500,000 | 1.6 | 0 | 0.0 | 500,000 | 1.6 | 28,100 |
| Caloma | 1,100,000 | 2.3 | 100,000 | 1.7 | 1,200,000 | 2.2 | 86,500 |
| Total | 3,300,000 | 1.8 | 300,000 | 1.5 | 3,600,000 | 1.8 | 209,100 |

These Ore Reserves are based upon information compiled under the guidance of Mr Dean Basile MAUSIMM (Mining One 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. The Reserves and Resources are estimated at an effective AS\$1,540 per ounce gold price. Dean Basile consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. The Caloma reserves are based on the 2009 resources, not the updated resources.

Peak Hill Gold Mine – Mineral Resources (2011)

| DEPOSIT | MEASURED | | INDICATED | | INFERRED | | TOTAL | | k oz |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------|
| | Tonnage (t) | Grade (g/t) | Tonnage (t) | Grade (g/t) | Tonnage (t) | Grade (g/t) | Tonnage (t) | Grade (g/t) | |
| 0.5g/t gold cut off | | | | | | | | | |
| Proprietary | | | 9,440,000 | 1.35 | 1,830,000 | 0.98 | 11,270,000 | 1.29 | 467.4 |
| 3.0g/t gold cut off | | | | | | | | | |
| Proprietary | | | | | 810,000 | 4.40 | 810,000 | 4.40 | 114.6 |

These Mineral Resources are based upon information compiled by Mr Terry Ransted MAUSIMM (Principal, Multi Metal Consultants 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. Terry Ransted 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 were given in the 2004 Annual Report.

Wellington – Galwadgere – Mineral Resources (2011)

| DEPOSIT | MEASURED | | INDICATED | |
|-----------------|-------------|--------------|-------------|--------------|
| | Tonnage (t) | Grade (% Cu) | Tonnage (t) | Grade (% Cu) |
| 0.5% Cu cut off | | | | |
| Galwadgere | - | - | 2,090,000 | 0.99 |

These Mineral Resources are based upon information compiled by Mr Terry Ransted MAUSIMM (Principal, Multi Metal Consultants 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. Terry Ransted 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 were given in the 2005 Annual Report.

Moorilda – McPhillamys (ODEJV) – Mineral Resources (2011)

| DEPOSIT | INDICATED | | | INFERRED | | | TOTAL | | | k oz gold | tonnes copper |
|-------------------------------|-------------------|-------------|-------------|-------------------|-------------|-------------|-------------------|-------------|-------------|----------------|---------------|
| | Tonnage (t) | Grade (g/t) | Grade % Cu | Tonnage (t) | Grade (g/t) | Grade % Cu | Tonnage (t) | Grade (g/t) | Grade % Cu | | |
| McPhillamys 0.3g/t Au cut-off | | | | | | | | | | | |
| 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 |

These Mineral Resources are based upon information compiled by Mr Richard Lewis FAUSIMM (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 (JORC CODE). 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 were given in the ASX Announcement 5 July 2010. Totals may not tally due to rounding.

