

31 July 2013



Quarterly Report to 30 June 2013

➤ *Dubbo Zirconia Project (DZP)*

- The EIS was lodged with the NSW Department of Planning and Infrastructure on 28 June.
- AZL signed a Joint Venture Framework Agreement with Treibacher Industrie AG for the production of ferro-niobium.
- Recent market discussions in Japan, China and Europe have confirmed strong interest in DZP's products.
- Advanced zirconia samples for customer evaluation being produced.
- The DZP financing program has commenced with detailed project review by the advising banks.

➤ *Tomingley Gold Project (TGP)*

- Construction of the CIL plant and associated infrastructure is well advanced with commissioning scheduled for early 2014.
- Tenders have been prepared for mining pre-strip and mining contracts.
- Scheduling optimisation in progress to reflect lower gold prices.
- Final core drilling results from Caloma Two continue to confirm significant gold mineralisation:
 - PE 806D 7.8 metres grading 7.01g/t gold from 81 metres
 - PE 839D 9 metres grading 5.23g/t gold from 57 metres
 - PE 846D 2.5 metres grading 18.4g/t gold from 57.5 metres
and 23 metres grading 4.05g/t gold from 182 metres
incl 5 metres grading 5.50g/t gold from 184 metres
- Caloma Two resource estimate anticipated by October.

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CORPORATE

As a result of materially lower gold prices and in accordance with Australian accounting standards, non-cash impairment charges of \$44M net of taxes are to be recorded as impairments of exploration, evaluation and mine development assets relating to the Group's gold interests, including the Tomingley Gold Project (TGP) (subject to completion and audit of the financial statements for the period ending 30 June 2013).

At current gold prices the TGP will still generate strong operating cash flows from commissioning in early 2014. The Company is of the firm belief that the operation contains significant resource/mine life upside not reflected in this valuation which is based on the existing life-of-mine and which will be unlocked through additional drilling and resource identification (for example Caloma Two).

An additional \$25M charge relating to impairment to fair value of the Group's investment in Regis Resources Limited (RRL) will also be recorded in accordance with Australian accounting standards. RRL, which closed at \$2.89 on the last trading day of the reporting period, is currently trading around \$3.50.

During the Quarter the Company took advantage of a brief window of price strength to sell 3,284,689 RRL shares for a net \$13.6M.

While the Company is writing down the carrying value of these assets, there are other assets within the Alkane portfolio, such as the Dubbo Zirconia Project, that the Company believes have a market value much greater than their current carrying value.

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 (Figure 1). The DZP is based upon the large in-ground resources of the metals **zirconium, hafnium, niobium, tantalum, yttrium and rare earth elements**. Over many years the Company has developed a flow sheet consisting of sulphuric acid leach followed by solvent extraction recovery and refining to produce several products.

Environmental Impact Statement (EIS)

The Environmental Impact Statement (EIS) for the Dubbo Zirconia Project (DZP) was delivered to the NSW Department of Planning and Infrastructure (DP&I) on 28 June and will be assessed against all the requirements issued by the Director General of DP&I prior to public exhibition. The DZP is classified as a State Significant Development.

The EIS was managed and compiled by R. W. Corkery & Co. Pty Limited (RWC), an environmental consultancy based in Orange with over 30 years' experience in the assessment of mining development proposals, and incorporated the expertise of 15 separate specialist consultants. RWC also successfully managed and compiled the Environmental Assessment for the TGP.

RWC has provided an indicative timeline based upon the DP&I guidelines to achieve development approval. While significant effort has been directed towards providing a comprehensive assessment of the Project and its potential impacts, it is acknowledged that this timeline could be extended should any of the components below require further detailed input during the approval process.

Process and Product Development

Operation of the demonstration pilot plant (DPP) at ANSTO has continued to optimise process operating conditions and improve recovery of all products. Current programs include improving rare earth recoveries and development of zirconia products for specific end use applications.



Indicative Approval Timeline	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Review of EIS for Adequacy	█								
Response to Adequacy submissions		█	█						
Public Exhibition				█					
Prepare response to submissions					█				
Prepare assessment report						█	█	█	
Determination									█

Marketing

Niobium

As advised (ASX announcement 17 July 2013), AZL signed a Joint Venture Framework Agreement with Treibacher Industrie AG (TIAG) to replace the MoU announced on 26 October 2011.

The Joint Venture will produce and market ferro-niobium (FeNb) using niobium concentrate from the DZP. The parties will form a company, initially wholly owned by AZL, to use TIAG's proprietary technology to process DZP niobium concentrate at a facility in Australia (Dubbo DZP, or other agreed location) to produce FeNb.

The Joint Venture expects to produce over 3,000 tonnes of FeNb utilising all of the niobium concentrate recovered from the 1 million tonnes per annum development of the DZP.

At current prices of US\$40-45/kg per niobium unit within FeNb, annual production of FeNb will generate revenue of approximately US\$90 million with AZL's share estimated to be about A\$80 million (depending upon A\$/US\$ exchange rate), which is 16% of total anticipated annual project revenue as determined by the recently completed definitive feasibility study (ASX announcement 11 April 2013).

AZL will be the only producer of niobium in Australia once production commences in 2016.

Zirconium

Recent marketing trips to Japan, China and Europe have confirmed significant interest in the DZP zirconium output for the key volume markets targeted by DZP zirconia. Until now, the majority of world zirconium products have relied on downstream processing of zircon to produce either fused zirconia or chemical zirconia, with China supplying ~75% of all products. In all cases, there is a very good appreciation of the strategic significance of the DZP which is independent of the zircon supply chain and traditional downstream suppliers.

DZP zirconia offers potential customers generally much higher purity product compared to fused zirconia, with significantly lower uranium and thorium levels. In addition, DZP zirconia offers all of the enhanced physical properties of chemical zirconia, such as control over the particle size and surface area, leading to improved reactivity.

The very long life (+70 years) of the DZP also provides a secure long term supply option for zirconium products, which are included as critical raw materials by a number of developed countries, such as Japan, which is one of the leaders in advanced materials manufacturing.

This interest is being supported by distribution of samples from the DPP for testing by potential customers. Successful testing is expected to provide opportunities for additional MoUs and letters of intent with leading companies to purchase DZP zirconium products.

The separate but parallel project initiated by AZL for the zirconia (ZrO₂) development facility established in Perth at TZ Minerals International Pty Ltd's wholly owned AML laboratory has commenced operation. The AZL facility will establish manufacturing pathways and produce a number of samples for customers to evaluate in specific end use applications. The AZL facility will also assist with optimising process



Construction at the site commenced shortly after grant of the ML and was proceeding on time and budget. Most site earth works are completed or nearing completion, the concrete works are nearing completion and all steel construction is in progress. Commencement of the Newell Highway underpass is subject to final agreement with NSW Roads and Maritime Services (RMS).

Significant rainfall during June (almost three times the average for the month) has impacted on the schedule but any potential flow-on to the overall budget and timetable is not yet clear.



Oblique aerial image of TGO site

Operations

The mining and processing team continued to focus on the organisation of safe operating procedures for the mine development, and has prepared tender documents for the mining pre-strip and mining contracts. Mine development optimisation has also been a priority to deal with the reduced gold price and anticipated reduction of operating costs.

While the final operating costs cannot be determined until tender pricing is received, current estimates indicate total C3 cash costs at approximately A\$1,000 per ounce produced.

Financing

While Alkane currently has the financial resources to fully fund the TGP development, management continues to review alternative project finance options which would yield favourable terms to progress the Company's overall development program.



Central CIL plant construction



Ball mill shell arriving at site



RC drilling at Caloma Two



Coarse free gold in RC hole PE873 (194-195m)

Resource Development

Results from the four remaining diamond core drill holes from the resource definition drilling program at Caloma Two were received during this quarter (Figure 3). The major drilling program consisted of 159 RC holes totalling 22,782 metres and 11 diamond core holes totalling 2,145 metres and was completed in late March 2013. Significant results from the four previously un-reported diamond core holes (Table 3) are:

- **PE 806D** **7.8 metres grading 7.01g/t gold from 81 metres**
- **PE 839D** **9 metres grading 5.23g/t gold from 57 metres**
 including **5.55 metres grading 7.92g/t gold from 58 metres**
- **PE 846D** **2.5 metres grading 18.4g/t gold from 57.5 metres**
 and **23 metres grading 4.05g/t gold from 182 metres**

The current geological interpretation of the deposit indicates that gold mineralisation is associated with quartz-sulphide veins in stacked, flat to moderate north dipping lodes. The lodes are spaced 20 – 40 metres apart, lie within a 100 metre wide east-west structural corridor and occur over a 370 metre strike length. This corridor appears to be located within the core of an apparent tight synformal fold structure within the host units.

Geological and resource modelling has commenced and a resource estimate is anticipated to be completed in September - October.



Two diamond core drill holes were also completed targeting the lode extensions beneath the historic Myalls United Mine located 600 metres south and along strike from the Wyoming One deposit (Figure 3). The mine produced in excess of 50,000 ounces working two steep east dipping lodes. The mine ceased production in 1913.

Both drill holes intersected broad zones of low grade gold mineralisation (Table 4) bounding high grade ore shoots:

- **MCD 003 including** **34 metres grading 0.51g/t gold from 294 metres**
 4 metres grading 2.98g/t gold from 294 metres
- **MCD 005 including** **17 metres grading 0.75g/t gold from 439 metres**
 2 metres grading 3.47g/t gold from 443 metres

Further deep diamond core drilling will be scheduled to test for improvements in grade of these lodes at depth and to test possible structural complexities of the system.

BODANGORA (copper-gold)

Alkane Resources Ltd 100%

A program of RC scout drilling was completed at the Driell Creek and Glen Hollow West Prospects within Bodangora. The drilling program comprised five holes totalling 996m and tested a range of targets including an alteration zone at Driell Creek and a prospective monzonite contact zone at Glen Hollow West. Assay results were generally low, however the drilling has improved the understanding of geological controls which will focus future exploration activity.

CUDAL (gold-zinc)

Alkane Resources Ltd 100%

A small RC drilling program was completed at the Bowen Park 1 Prospect. The drilling program comprised three holes totalling 792m and targeted geological and geochemical targets. The exploration has identified a multiphase intrusive complex within the volcanic pile and has extended the discontinuous strike length of gold-zinc mineralisation associated with the Bowen Park Fault Zone to ~800m (**3m @ 0.36g/t Au, 2.3% Zn from 210m - CUD029**). Hydrothermal alteration and mineralisation mapping continues to provide encouragement for the discovery of potentially significant porphyry related copper-gold mineralisation.

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

LEINSTER REGION JOINT VENTURE (nickel-gold)

*Alkane Resources Ltd 20% diluting, Xstrata Nickel Australasia 80% Two prospects - **Miranda** and **McDonough Lookout**. **Leinster Downs was relinquished during the Quarter.***

Xstrata have not advised any field activities for the Quarter to date.

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 is a multi-commodity company focused in the Central West region of NSW Australia. Currently Alkane has two projects heading towards production in 2014/2016 - the Tomingley Gold Project (TGP) and the nearby Dubbo Zirconia Project (DZP). Tomingley received project approval for its development early 2013 and is scheduled to commence production early 2014. Cash flow from the TGP will provide the funding to maintain the project development pipeline and will assist with the development of the DZP.

The DZP environmental impact statement has been completed and a development decision is anticipated early 2014. This project will make Alkane a strategic and significant world producer of zirconium products and heavy rare earths.

Alkane's most advanced gold-copper exploration projects are at the 100% Alkane owned Wellington and Bodangora prospects. Wellington has a small copper-gold resource which can be expanded, while at Bodangora a large 12km² monzonite intrusive complex has been identified with porphyry style copper-gold mineralisation. Encouraging gold-zinc mineralisation and alteration associated with a monzonite intrusive, has been identified at Cudal.





Table 1. Zirconium industry prices Q2 2011 to Q2 2013

PRODUCT	ZrO ₂	Q2 2011 US\$/T	Q2 2012 US\$/T	Q4 2012 US\$/T	Q2 2013 US\$/T
Zircon (producer/trader)	65%	\$1,700 - \$2,750	\$2,300 - \$2,600	\$1,300 - 1,500	\$1,250 - \$1,350
(100% ZrO ₂ basis)	100%	(\$2,620 - \$4,230)	(\$3,540 - \$4,000)	(\$2,000 - \$2,300)	\$1,920 - \$2,080
ZOC (zirconium oxychloride)	36%	\$3,600 - \$4,000	\$2,700 - \$3,000	\$1,800 - \$2,000	\$1,550 - \$1,650
(100% ZrO ₂ basis)	100%	(\$10,000 - \$11,110)	(\$7,500 - \$8,330)	(\$5,000 - \$5,560)	\$4,310 - \$4,580
ZBS (zirconium basic sulphate)	33%	\$6,000	\$3,200	\$2,700	\$2,250
(100% ZrO ₂ basis)	100%	\$18,180	\$9,700	\$8,180	\$6,820
ZBC (zirconium basic carbonate)	40%	\$5,400	\$4,200	\$3,000	\$2,420
(100% ZrO ₂ basis)	100%	\$13,500	\$10,500	\$7,500	\$6,000
Fused Zirconia	98.50%	\$6,000-\$7,000	\$5,600-\$7,000	\$4,000-\$6,000	\$3,500-\$6,000
Chemical Zirconia	99.50%	\$10,000-\$12,000	\$8,000-\$9,000	\$5,500-\$7,000	\$5,500-\$7,000
Chemical Zirconia	99.90%	\$12,000-\$15,000	\$9,000-\$10,000	\$6,500-\$8,000	\$6,500-\$8,000

Source: TCMS

Table 2. Rare earth prices Q2 2010 to Q2 2013

Rare Earths Prices (US\$/kg FOB China REO)						
Source: <i>Metal Pages</i> © Numbers have been rounded						
Light Rare Earth	DZP Distribution	Q2 2010 Average	Q2 2011 Average	Q2 2012 Average	Q4 2012 Average	Q2 2013 Average
Lanthanum Oxide	19.51%	\$7.13	\$138.00	\$23.00	\$12.50	\$8.00
Cerium Oxide	36.70%	\$5.58	\$138.00	\$24.00	\$14.00	\$8.00
Praseodymium Oxide	4.05%	\$30.60	\$215.00	\$118.00	\$85.00	\$75.00
Neodymium Oxide	14.12%	\$31.13	\$253.00	\$116.00	\$85.00	\$65.00
Samarium Oxide	2.20%	\$4.50	\$120.00	\$82.00	\$30.00	\$16.50
Heavy Rare Earth						
Europium Oxide	0.07%	\$521.67	\$1867.00	\$2365.00	\$1,800.00	\$1,050.00
Gadolinium Oxide	2.15%	\$8.25	\$167.00	\$103.00	\$70.00	\$45.00
Terbium Oxide	0.34%	\$545.00	\$1767.00	\$1982.00	\$1,400.00	\$900.00
Dysprosium Oxide	2.05%	\$196.67	\$983.00	\$1072.00	\$675.00	\$550.00
Ho, Er, Tm, Yb, Lu	2.89%					
Yttrium Oxide	15.84%	\$11.42	\$158.00	\$116.00	\$50.00	\$25.00
DZP LREE	76.68%	\$12.06	\$163.00	\$47.00	\$31.00	\$22.26
DZP YHREE	23.32%	\$42.23	\$240.00	\$218.00	\$125.00	\$85.62

Compiled by IMCOA

These prices are for individual separated rare earth oxides at 99% purity. The prices quoted above are averaged for the full quarter. Actual value for DZP output will depend on the final commercial terms of the MoU with Shin-Etsu Chemical.



Table 3: TGP – Caloma Two core drill results, greater than 1.0g/t gold, as at 30 June 2013

Hole No.	East	North	RL (m)	Azimuth	Dip	Intercept (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
PE806D	614916.9	6393693.2	271.2	180°	60°	7.8	7.01	81.0 – 88.8	234.6	Includes several narrow core loss intervals
and						11.0	1.45	162 - 173		
and						17.2	1.73	204 – 221.2		
incl						5.2	2.87	216 – 221.2		
PE839D	614959.3	6393698.5	271.6	180°	60°	9.0	5.23	57 - 66	231.8	
incl						5.55	7.92	58 – 63.55		
and						1.7	2.06	69 – 70.7		
and						3.0	0.94	122 - 125		
and						6.0	1.81	137 - 143		
and						0.75	1.03	155.75 – 156.5		
and						8.45	1.65	189.55 – 198.0		
incl						0.45	13.3	189.55 – 190.0		
and						8.0	1.96	212.0 – 220.0		
incl						3.4	3.90	213.0 - 216.4		
PE845D	614820.1	6393786.9	270.6	180°	62°	1.0	2.14	99.0 – 100.0	279.7	
and						1.9	2.26	104.1 – 106.0		
and						1.0	1.62	153.0 – 154.0		
and						1.7	1.02	183.3 – 185.0		
and						6.0	1.52	207.0 – 213.0		
and						7.0	1.28	226.0 – 233.0		
and						4.0	1.04	239.0 – 243.0		
PE846D	614999.7	6393687.0	271.9	180°	60°	1.0	1.01	33.0 – 34.0	240.8	
and						2.5	18.4	57.5 – 60.0		
and						0.8	1.11	147.0 – 147.8		
and						23.0	4.05	182.0 – 205.0		
incl						5.0	5.50	184.0 – 189.0		
incl						3.0	8.93	194.0 – 197.0		
and						1.0	1.38	231.0 – 232.0		
and						1.3	4.73	236.0 – 237.3		

Table 4: Myalls United core drill results as at 30 June 2013

Hole No	East	North	RL (m)	Azimuth	Inclin	Intcpt (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
MCD003	614566.5	6392500.7	269.4	250°	50°	34	0.51	294 - 328	456.5	
incl						4	2.98	294 - 298		
and						1	1.78	394 - 395		
MCD004	614600.1	6392378.2	270.3	250°	55°				102.9	failed hole
MCD005	614601.5	6392379.9	270.2	250°	58°	7	0.38	373 - 380	544.9	
incl						0.35	2.82	378.65 - 379		
and						17	0.75	439 - 456		
incl						2	3.47	442 - 444		



JORC Table 1 Checklist of Assessment and Reporting Criteria

Sampling Techniques and Data	
<i>Drilling Techniques</i>	RC – conventional RC drilling using 100mm rods and 144mm face sampling hammer DD – ‘pre-collared’ to competent material using un-oriented PQ3 core. Holes are completed using oriented HQ3 core. Core orientation using the “Ace” orientation tool. (Only DD drilling results reported here)
<i>Sampling Techniques</i>	Reverse Circulation (RC) - All samples are collected at 1m intervals via a cyclone and riffle splitter. Approximately 10% (3kg) of sample is delivered into a calico bag with the remaining sample delivered to large plastic bag. Diamond Drilling (DD) – all core is laid out in suitably labelled core trays. A core marker (core block) is placed at the end of each drilled run (nominally 3 or 6m) and labelled with the hole number, down hole depth, length of drill run and core returned from drill run.
<i>Drill Sample Recovery</i>	RC – visually estimated and generally very good, even sized samples DD – identified by drillers and calculated by geologists when logging. Generally $\geq 95\%$
<i>Logging</i>	RC – each one metre interval is geologically logged for characteristics such as lithology, weathering, alteration (type, character and intensity), veining (type, character and intensity) and mineralisation (type, character and volume percentage). A representative sample of each one metre interval is retained in chip trays for future reference. DD - all core is laid out in core trays and geologically logged for characteristics such as lithology, weathering, alteration (type, character and intensity), veining (type, character and intensity) and mineralisation (type, character and volume percentage). A brief geotechnical log is also undertaken collecting parameters such as core recovery, RQD, fracture count, and fracture type and orientation. All unsampled core is retained for reference purposes.
<i>Sub-sampling Techniques and sample preparation</i>	RC – for each one metre interval with visual mineralisation and/or alteration the calico sample bag is numbered and submitted to the laboratory for analysis. Intervals without visual mineralisation and/or alteration are spear sampled and composited over three metres. DD – zones of visual mineralisation and/or alteration are marked up by the geologist and cut in half using an Almonté (or equivalent) core cutting saw. Sampling intervals are generally based on geology but do not exceed 1.2 metres in length. Laboratory Preparation – the entire RC sample (3kg) is dried and pulverised in an LM5 (or equivalent) to $\geq 85\%$ passing $75\mu\text{m}$. Drill core is first crushed using a jaw crusher to $< 6\text{mm}$, split to 3kg if required then pulverised as per RC samples. Bulk rejects for all samples are discarded. A pulp packet ($\pm 100\text{g}$) is stored for future reference.
<i>Quality of assay data and laboratory tests</i>	Gold is determined using a 50g charge fused at approximately 1100°C with alkaline fluxes, including lead oxide. The resultant prill is dissolved in aqua regia and gold determined by flame AAS. For other geochemical elements samples are digested in aqua regia with each element concentration determined by ICP Atomic Emission Spectrometry or ICP Mass Spectrometry. These additional elements are generally only used for geological interpretation purposes, are not of economic significance and are not routinely reported. Commercially prepared Certified Reference Materials (CRM) are inserted at 1 in 50 samples. CRM’s are not identifiable to the laboratory. Field duplicate samples are inserted at 1 in 50 samples (alternate to CRM’s). Laboratory QAQC sampling includes insertion of CRM samples, internal duplicates and screen tests. This data is reported for each sample submission. Failed standards result in re assaying of portions of the affected sample batches.
<i>Verification of sampling and assaying</i>	Drill data is compiled into an electronic database with verification protocols in place. Drill data is compiled and collated and reviewed by senior staff. External consultants do not routinely verify exploration data until resource estimation procedures are deemed necessary. Twinned holes have not been used at Caloma Two.
<i>Location of data points</i>	RC – all drill holes are surveyed down hole at nominal 30 metre intervals using single shot electronic camera. DD – are surveyed at nominal 30m down hole during drilling to maintain drilling direction and then at 6m intervals on retrieval of rod string using a multi shot electronic camera. Drill holes are laid out using hand held GPS (accuracy $\pm 2\text{m}$) then surveyed accurately ($\pm 0.1\text{m}$) by licenced surveyors on completion. All drill holes reported here have not had final survey pick up.
<i>Data spacing and distribution</i>	Diamond drill holes at Caloma Two are sited to best assist with grade and geological interpretation. Holes at Myalls United are spaced at positions thought to provide the best indication of mineralisation below the old workings.
<i>Orientation of data in relation to geological structure</i>	Much care is given to attempt to intersect structure at an optimal angle but in complex ore bodies this can be difficult. It is not thought that drilling direction will bias assay data at Caloma Two. The Myalls United holes were oriented perpendicular to the historic workings.
<i>Sample security</i>	The Company has in place protocols to ensure data security
<i>Audits or reviews</i>	The Company does not routinely have external consultants verify exploration data until resource estimation procedures are deemed necessary.



Reporting of Exploration Results	
<i>Mineral tenement and land tenure status</i>	EL5675 wholly owned by ALK with overlying ML1684 in the name of Tomingley Gold Operations Pty Ltd a wholly owned subsidiary of ALK. All drilling at Caloma Two lies within the developing Tomingley Gold Mine. Myalls United drilling within EL5830 wholly owned by Alkane.
<i>Exploration done by other parties</i>	All reported drilling completed by ALK
<i>Geology</i>	Geological nature of the Tomingley Deposits is well documented elsewhere
<i>Drill hole information</i>	All material information is included in the table. Do data has been excluded.
<i>Data aggregation methods</i>	Intercepts quoted are for uncut gold grades Grades are calculated by length weighted average.
<i>Relationship between mineralisation and intercept lengths</i>	The mineralisation is at Caloma Two structurally complex and true widths are variable depending on the ore zone intersected however range between 60% and 80% of drill intersection. True widths of mineralisation at Myalls United are estimated at 85% of drilled intercept.
<i>Diagrams</i>	Plan of drill location and representative cross sections are included
<i>Balanced reporting</i>	All exploration data is reported for the period.
<i>Other substantive exploration data</i>	Results for previous drilling in this program have been reported in separate announcements dated 30/04/2013, 07/03/2013, 11/02/2013, 30/01/2013 and 26/11/2012
<i>Further work</i>	Caloma Two data is being compiled and interpretation being undertaken in preparation for a resource assessment.



Mineral Resource and Ore Reserve Statement December 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)

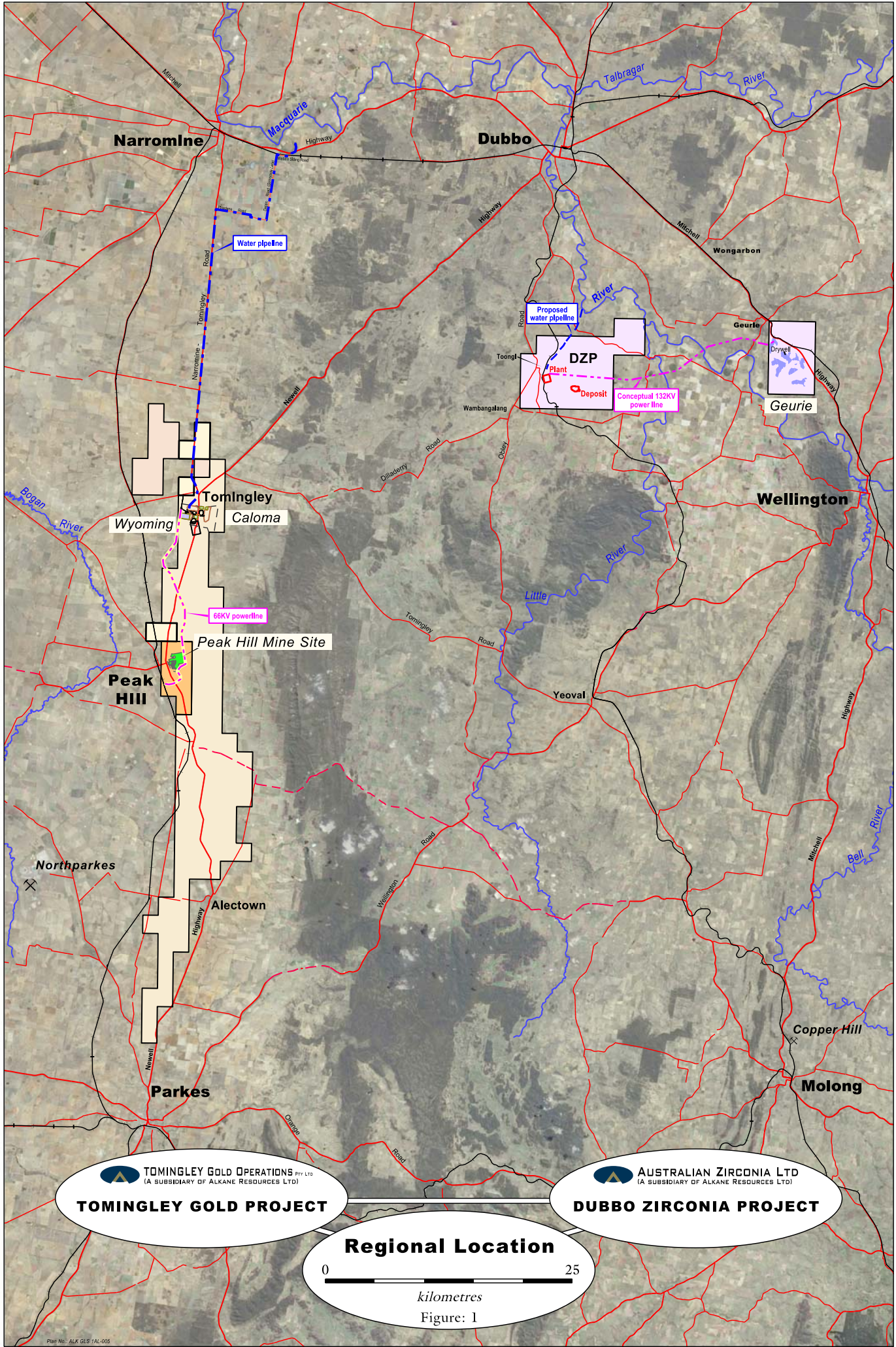
DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		k oz
	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	
0.5g/t gold cut off									
Proprietary			9,440,000	1.35	1,830,000	0.98	11,270,000	1.29	467.4
3.0g/t gold cut off									
Proprietary					810,000	4.40	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)	Grade (g/t)
	Tonnage (t)	Grade (% Cu)	Grade (% Cu)	Grade (g/t)			
0.5% Cu cut off							
Galwadgere	-	-	-	-	2,090,000	0.99	0.3

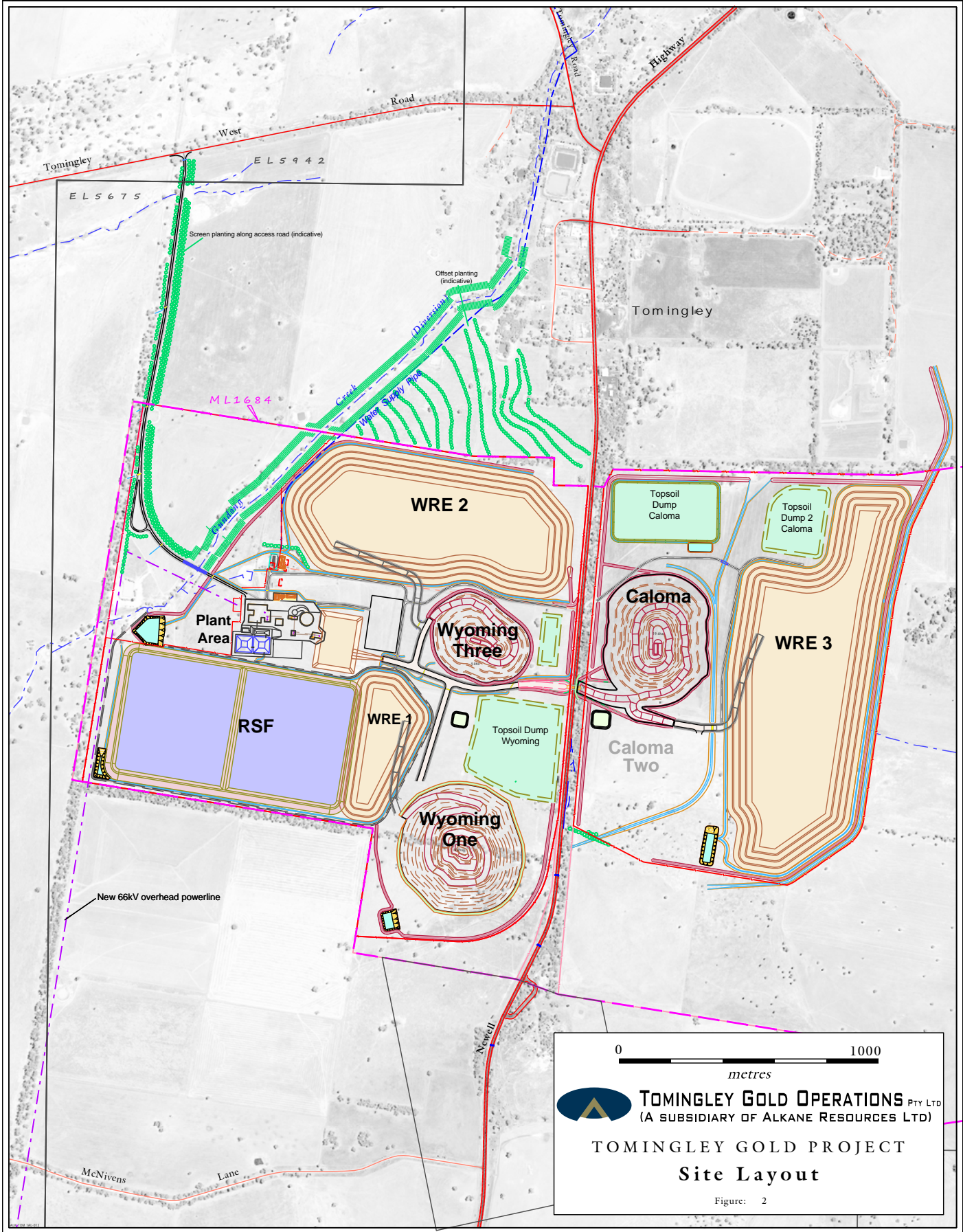
These Mineral Resources are based upon information compiled by Mr Terry Ransted MAusIMM (Principal, Multi Metal Consultants Pty Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Terry Ransted 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.




TOMINGLEY GOLD OPERATIONS PTY LTD
(A SUBSIDIARY OF ALKANE RESOURCES LTD)
TOMINGLEY GOLD PROJECT


AUSTRALIAN ZIRCONIA LTD
(A SUBSIDIARY OF ALKANE RESOURCES LTD)
DUBBO ZIRCONIA PROJECT

Regional Location
 0  25
 kilometres
 Figure: 1

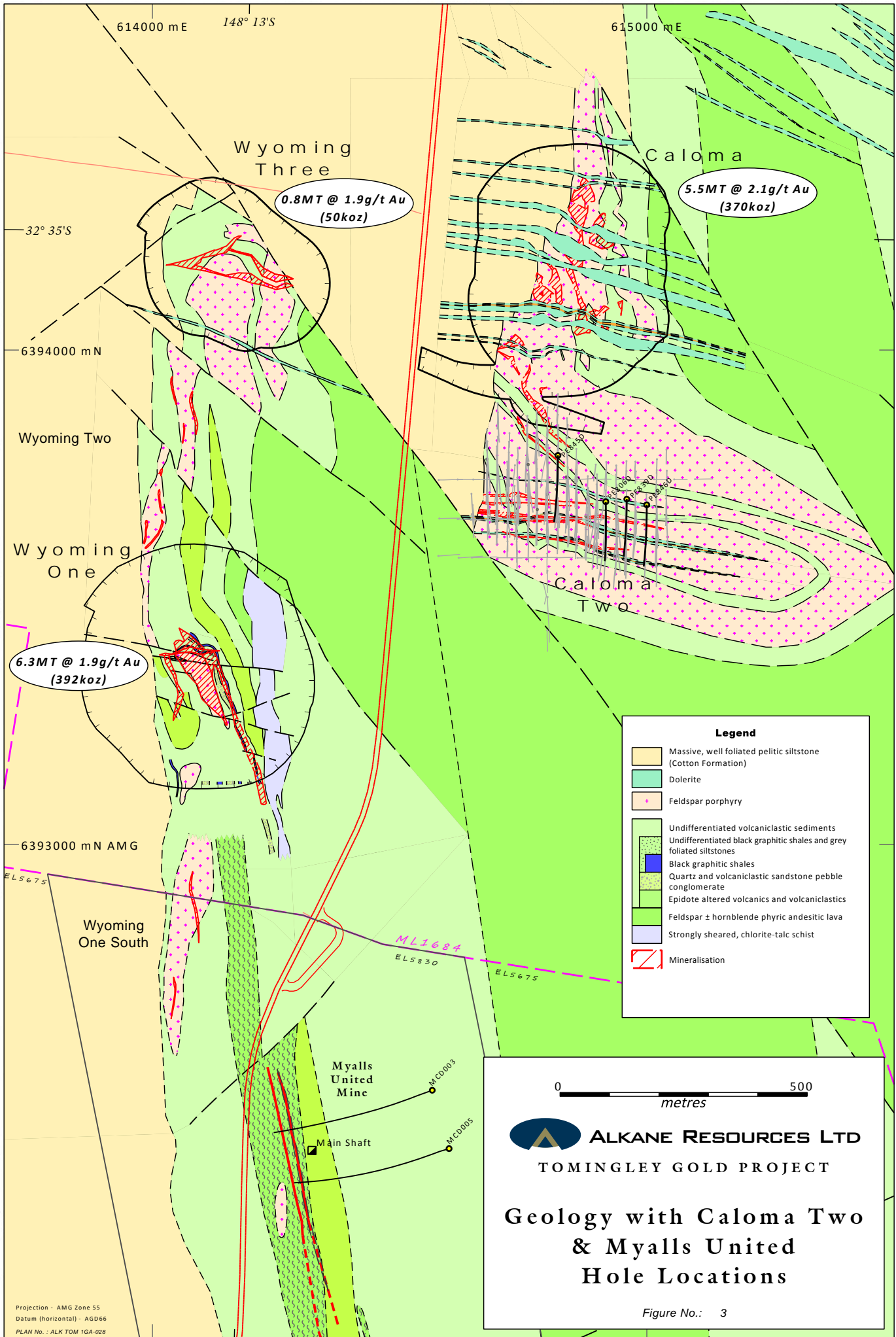


0 1000
metres

TOMINGLEY GOLD OPERATIONS PTY LTD
(A SUBSIDIARY OF ALKANE RESOURCES LTD)

TOMINGLEY GOLD PROJECT
Site Layout

Figure: 2



Legend

- Massive, well foliated pelitic siltstone (Cotton Formation)
- Dolerite
- Feldspar porphyry
- Undifferentiated volcaniclastic sediments
- Undifferentiated black graphitic shales and grey foliated siltstones
- Black graphitic shales
- Quartz and volcaniclastic sandstone pebble conglomerate
- Epidote altered volcanics and volcanoclastics
- Feldspar ± hornblende phyrlic andesitic lava
- Strongly sheared, chlorite-talc schist
- Mineralisation

0 500 metres

ALKANE RESOURCES LTD
TOMINGLEY GOLD PROJECT

Geology with Caloma Two & Myalls United Hole Locations

Figure No.: 3

Projection - AMG Zone 55
Datum (horizontal) - AGD66
PLAN No. : ALK TOM 1GA-028