



ASX ANNOUNCEMENT – 6 MAY 2011

DRILL RESULTS EXTEND GALWADGERE COPPER-GOLD MINERALISATION TO DEPTH

- **The Galwadgere Deposit is located within the Wellington Project, 15km south-east of Wellington township in the Central West of New South Wales.**
- **Galwadgere is also located 30km south of the recently announced porphyry gold-copper discovery at Glen Hollow within Alkane's Bodangora Project.**
- **Previous drilling had identified a shallow Indicated Resources of: 2 million tonnes grading 0.99% copper and 0.3g/t gold**
- **A diamond core drill hole has been completed to test the down plunge extensions to the known mineralisation with results from 363 metres down hole:**

HOLE NO.	INTERSECTION
GAL032	14 metres grading 1.13 g/t gold, 0.94% copper and 0.89% zinc
including	4 metres grading 0.94g/t gold, 1.69% copper and 2.98% zinc
- **These results have extended the mineralisation 200 metres down plunge and add to the resource potential.**
- **Further drilling will be scheduled to evaluate this extended resource potential.**

Corporate Profile

Alkane Board

J. S. F. Dunlop (Chairman)

D. I. Chalmers (Managing Dir)

A. D. Lethlean

I. J. Gandel

L. A. Colless (Joint Secretary)

K. E. Brown (Joint Secretary)

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12 month share price range

A\$2.73 - \$0.23

Market Cap 5 May 2011

~A\$617 million

ASX Code: ALK

269 million shares

OTCQX Code: ANLKY

ADR Ratio 1:10

31 March 2011 Cash

Cash ~ \$22.0 million

No debt

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The Wellington Project is centred 15 kilometres to the southeast of the town of Wellington. The project hosts several targets, including the **Galwadgere** copper-gold deposit. The deposit has been the focus of most of the recent exploration effort and is located adjacent to favourable infrastructure, being three kilometres from the main Western Railway, and near to power and water.

The Company carried out a drilling program in 2004-5 which enabled an initial shallow resource to be calculated (see Table 2 below). The main zone of mineralisation outcrops over a strike length of approximately 350 metres and was modelled over a total strike length of about 500 metres extending below Permian cover to the north (Figure 1). The zone dips east at approximately 55°, plunges north at about 30° and varies in thickness from 5 to 35 metres. The mineralisation consists of disseminated and stringer pyrite-chalcopyrite lenses within altered felsic volcanic rocks. The system is structurally overturned and appears to be capped by a zinc-lead-silver-gold rich bedded massive sulphide.

Recent shallow reconnaissance RC drilling was completed at various prospects near the Galwadgere deposit targeting high chargeable Induced Polarisation (IP) anomalies within the prospective Silurian felsic volcanics which host the Galwadgere deposit. These holes returned minor gold and copper results.

A diamond core drill hole (418.3m) with a RC precollar was completed to test a high chargeable IP anomaly for the continuation down plunge of the Galwadgere mineralisation beneath the Permian cover. The core drill hole (GAL032) intersected a 30 metre thick pyrite with minor associated chalcopyrite stringer zone capped by a narrow massive sulphide horizon within a package of felsic tuffs. Results are summarised in Table 1.

Table 1: Significant results from the GAL032 at Galwadgere

Hole No	East	North	RL (m)	Azimuth	Inclin	Intcpt (m)	From	Grade				EOH (m)
								Au (g/t)	Cu (%)	Pb (%)	Zn (%)	
GAL032	692480	6384284	400	274°	-60°	4	308	0.16	0.03	0.20	0.85	418.3
and						14	318	0.11	0.18	0.04	0.30	
and						8	346	0.16	0.31	0.01	0.14	
and						14	363	1.13	0.94	0.08	0.89	
incl						4	373	0.94	1.69	0.24	2.98	

Gold analysis by 50g fire assay and base metals by ICP at 1 metre half core samples. True widths are about 75% of intersection.

The intercept has extended the mineralisation down plunge by 200 metres and demonstrates the potential to expand the resource (Figure 2). The mineralisation remains open down plunge and down dip.

The nearby Christies gossan (surface samples of 1% Cu, 14% Pb, 8% Zn, 400g/t Ag and 7.5g/t Au) remains untested due to access difficulties. The Galwadgere deposit is located about 30 kilometres south of the recently discovered porphyry style gold-copper mineralisation at Glen Hollow within the Bodangora Project. The RC drill results returned 45 metres @ 0.9g/t gold and 0.24% copper, including 15 metres grading 1.51g/t gold and 0.41% copper (ASX Announcement 19 April 2011).

Table 2: Identified Mineral Resources Galwadgere at 31 December 2010

DEPOSIT		INDICATED RESOURCE	
0.5% Cu cut off	Tonnage (t)	Grade (% Cu)	Grade (g/t)
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



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

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:

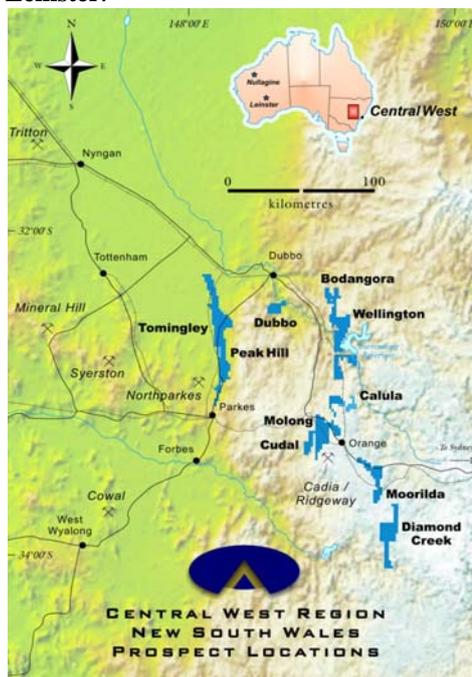
The **Tomingley Gold Project** currently has an **840,000 ounce gold resource** within the **Wyoming and Caloma deposits**, (full details are in the 2008 Annual Report and the ASX announcements of 2 October and 16 December 2009). A feasibility study for the development of the project with potential 50,000 to 60,000 ounce per annum production was completed late 2010 and development financing options are now being investigated.

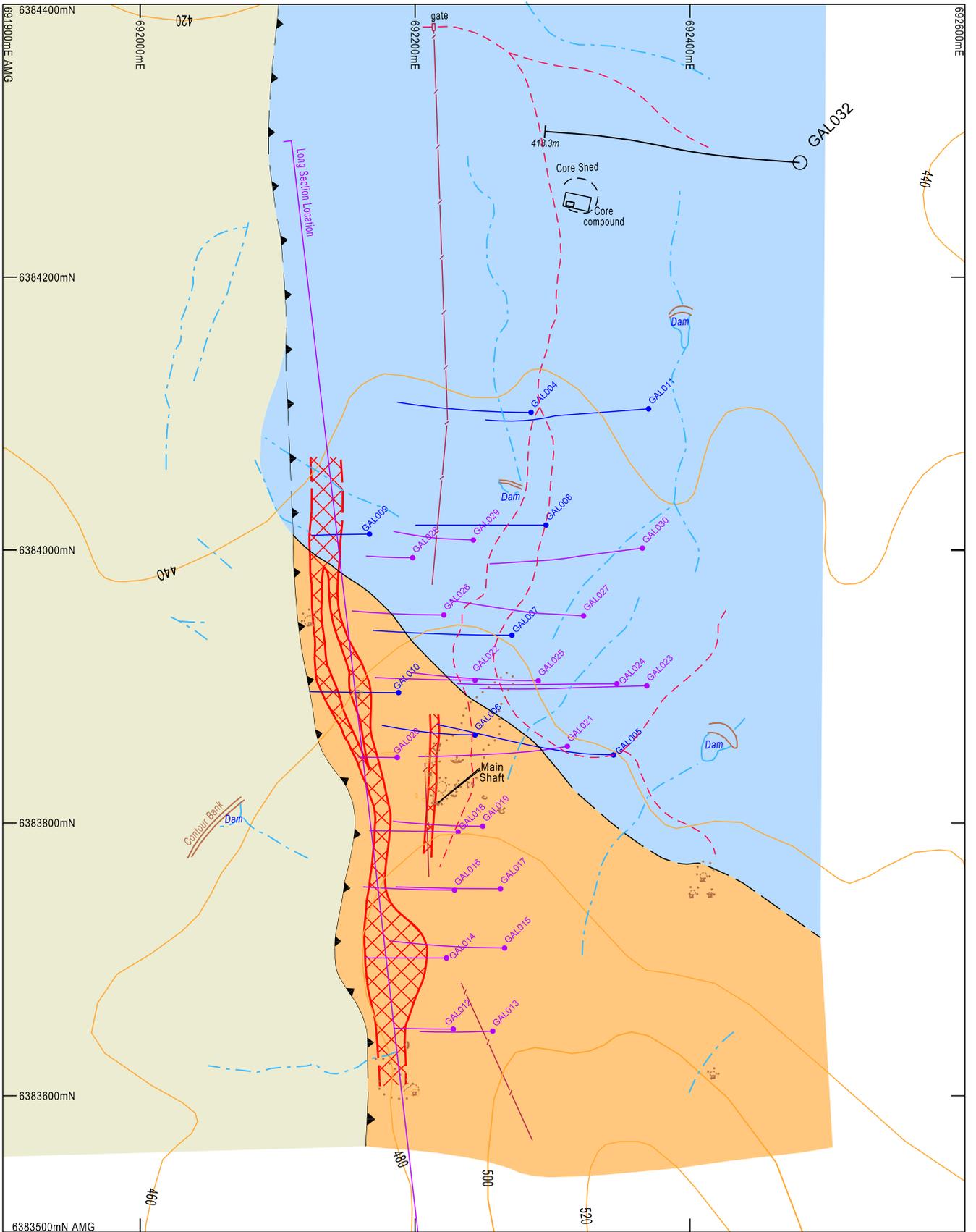
The **Dubbo Zirconia Project** is based upon a world class resource of the metals zirconium, hafnium, niobium, tantalum, yttrium and rare earth elements. The deposit also contains significant uranium. Over several years Alkane has developed a flow sheet which can recover a variety of products which have 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 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 **Galwadgere** 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**.



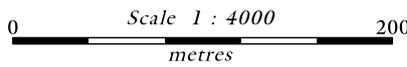


- Permian sediments
- Devonian sediments - Cunningham Formation
- Silurian volcanics - Gleneski Formation - Rhyolitic breccia
- Projection of mineralisation



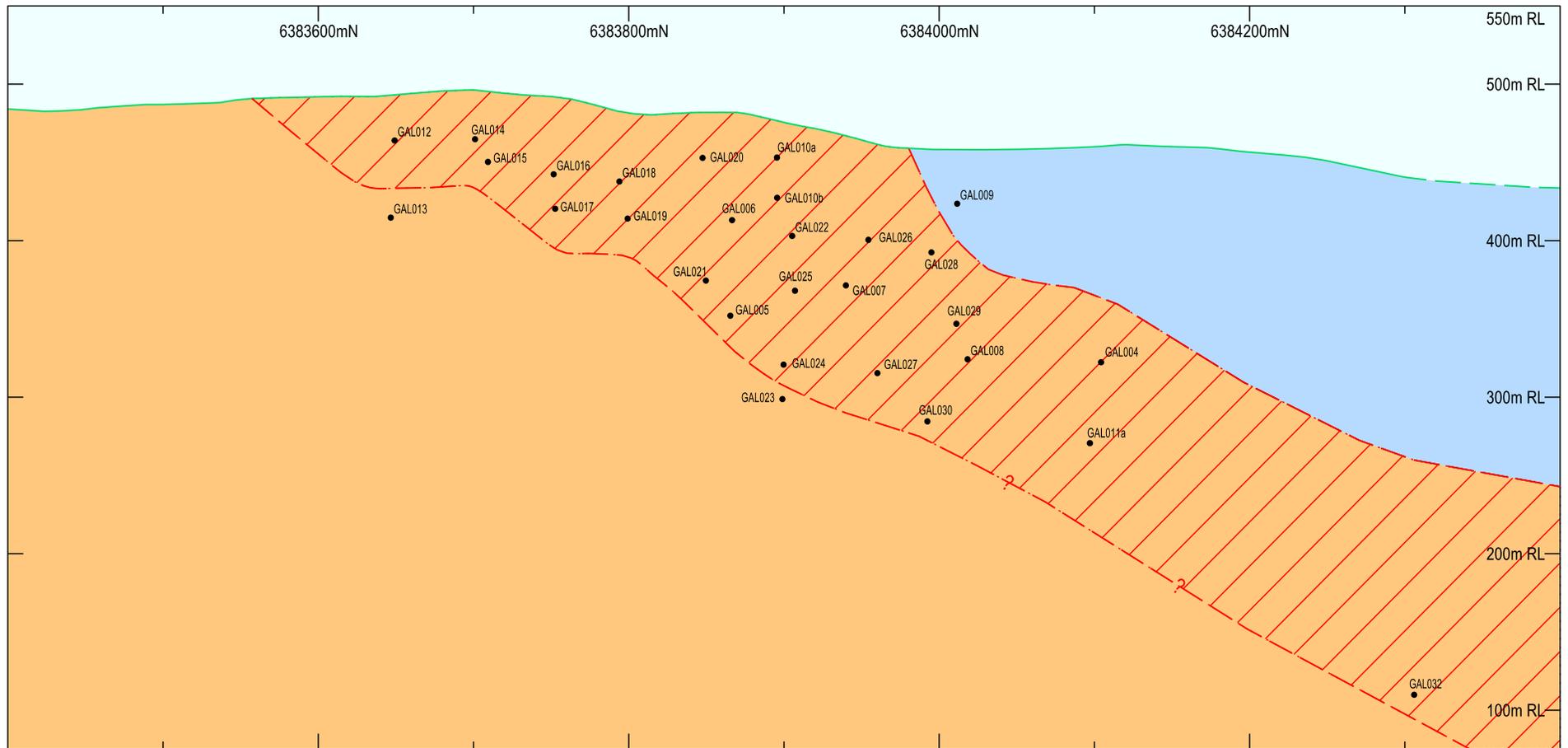
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WELLINGTON PROJECT
 NEW SOUTH WALES
Galwadgere Prospect

Geology



Projection - AMG Zone 55
 Datum (horizontal) - AGD66

Compiled : Multi Metal Consultants Pty Ltd Plan No. : ALK WEL 1GA-003
 Drafted : DJM Date : May 2005 Figure No. : 1

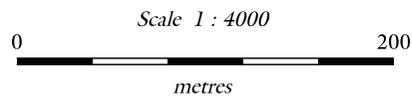


Legend

-  Permian sediments (off section)
-  Glenski Formation - Rhyolitic volcanics

Mineralisation

-  >0.25% Cu



ALKANE RESOURCES LTD

WELLINGTON PROJECT

Galwadgere Prospect

Diagrammatic Long Section

Compiled : Multi Metal Consultants Pty Ltd (TRW) Plan No. : ALK WEL 1DG-002
Drafted : DJM Date : May 2011 Figure No. : 2