



ASX ANNOUNCEMENT 18 October 2011

**ALKANE SIGNS AGREEMENT WITH
NSW GOVERNMENT
FOR INFRASTRUCTURE SUPPORT
TOMINGLEY GOLD PROJECT**

Alkane Resources Ltd (Alkane) has signed a Deed of Agreement with the **NSW Department of Trade and Investment, Regional Infrastructure and Services (DTIRIS)** to receive financial assistance for infrastructure for the development of the Tomingley Gold Project (TGP). Tomingley Gold Operations Pty Ltd (TGO), a wholly owned subsidiary of Alkane, will construct and operate the TGP.

The assistance by the Government of New South Wales forms part of its objective to promote economic development in regional NSW. The assistance is for a proportion of the total water and infrastructure cost budgeted at \$9.7M, subject to formal development approval and will be used to:

- upgrade water supply infrastructure comprising the drilling and equipping of a water bore and construction of a 45.9km water supply pipeline from the bore to the TGP site and the Tomingley town site (Figure 1); and
- upgrade electricity supply to the TGP site, comprising construction of a 66kV electricity transmission line from the Peak Hill Substation and transformer at the TGP Substation (Figure 1); and construction of a 22kV electricity distribution line of 950 metres to the water bore.

At the end of the mine life, the water pipeline and upgraded electricity supply will remain and will provide sustainable alternate development opportunities for the local community.

Alkane welcomes this infrastructure support from the State Government and believes that this is a win-win result for the local community and the Company.

Corporate Profile

Alkane Board

J S F Dunlop (Chairman)

D I Chalmers (Managing Director)

A D Lethlean (Director)

I J Gandel (Director)

L A Colless (Joint Secretary)

K E Brown (Joint Secretary)

Contact

Ian Chalmers

Managing Director

Email: ichalmers@alkane.com.au

12 month share price range

A\$0.65 - A\$2.73

Market Cap 11 Oct 2011

~A\$326 million

ASX Code: ALK

269 million shares

OTCQX Code: ANLKY

ADR ratio 1:10

30 June 2011 Cash

Cash ~A \$18.3 million

No debt

Senior Management

Terry Ransted – Chief Geologist

Mike Sutherland – GM NSW

Tony Wright – Commercial Manager

Alister MacDonald – DZP Marketing

Media Relations

Westbrook Communications

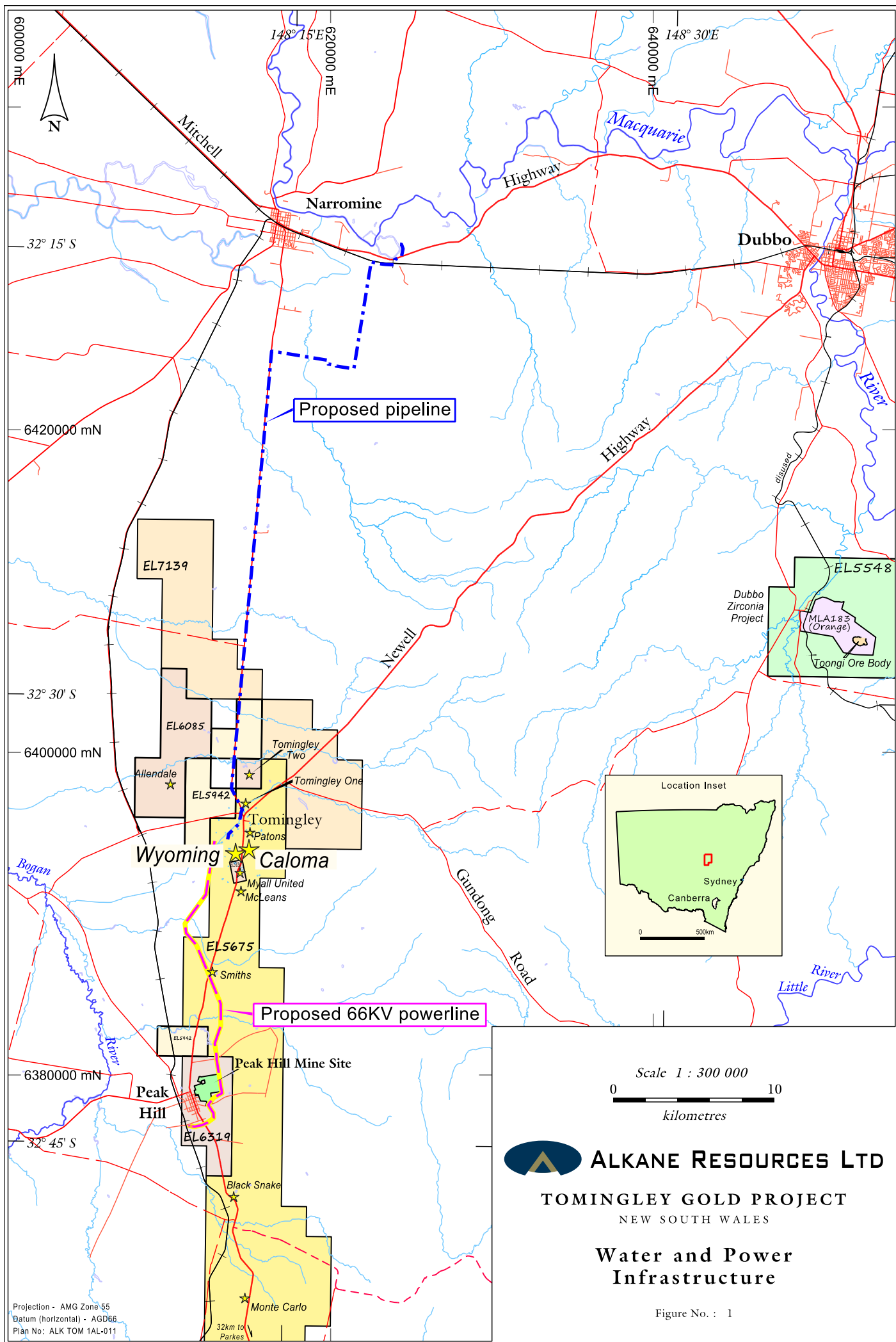
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Competent Person

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.

BACKGROUND

Alkane is a multi commodity explorer and miner with its operations focused in the **Central West of New South Wales**, 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 **Dubbo Zirconia Project** is based upon a world class resource of the metals zirconium, hafnium, niobium, tantalum, yttrium and rare earth elements. 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 included the construction and operation of a Demonstration Pilot Plant, and a development commitment is anticipated Q4 2011 leading to production possibly in 2014.

The **Tomingley Gold Project** currently has a **660,000 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 in late 2010 and development financing options are well advanced.

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 is proceeding to complete a Bankable Feasibility Study for the development of the deposit.

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

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





Mineral Resource and Ore Reserve Statement October 2011

Dubbo Zirconia Project – Mineral Resources

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 (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.

Dubbo Zirconia Project – Ore Reserves

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

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 nominal 1.0% ZrO₂ cut off using costs derived from vendor quotes and revenue documented within this report. 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. ASX 19 Aug 2011

Tomingley Gold Project – Mineral Resources

DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		
Top Cut 2.5x2.5x5.0m model	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Gold (koz)
Wyoming One	2,227,000	2.07	882,000	2.25	3,478,000	1.62	6,587,000	1.86	393.2
Wyoming Three	630,000	1.87	58,000	1.73	154,000	1.25	842,000	1.75	47.3
Caloma	2,047,750	2.04	440,050	1.71	1,371,620	1.36	3,859,420	1.76	218.5
Total	4,904,750	2.03	1,380,050	2.06	5,003,620	1.54	11,288,420	1.82	658.9

These Mineral Resources are based upon information compiled by Mr Richard Lewis MAusIMM (Lewis Mineral Resource 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. 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 2009.

Tomingley Gold Project – Ore Reserves

DEPOSIT	PROVED		PROBABLE		TOTAL		
	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Ounces (minable)
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 A\$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.

Peak Hill Gold Mine – Mineral Resources

DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		
0.5g/t gold cut off	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	k oz
Proprietary			9,440,000	1.35	1,830,000	0.98	11,270,000	1.29	467.4
3.0g/t gold cut off	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	k oz
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 – Galwagere – Mineral Resources

DEPOSIT	MEASURED		INDICATED		
0.5% Cu cut off	Tonnage (t)	Grade (% Cu)	Grade (g/t)	Tonnage (t)	Grade (% Cu)
Galwagere	-	-	-	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

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 oz 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

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 were given in the ASX Announcement 5 July 2010. Totals may not tally due to rounding.