

Appendix 5B

Mining exploration entity quarterly report

Name of entity

ALKANE RESOURCES LTD

ABN

35 000 689 216

Quarter ended ("current quarter")

31 DECEMBER 2010

Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (12 Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	7	26
1.2 Payments for		
(a) exploration and evaluation	(2,058)	(7,718)
(b) development	-	(21)
(c) production	-	-
(d) administration	(421)	(1,373)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	71	260
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (mine rehabilitation & maintenance)	(27)	(129)
Other (Commercial Ready Grant)	-	165
Other	(46)	(46)
Net operating cash flows	(2,474)	(8,836)
Cash flows related to investing activities		
1.8 Payment for purchases of		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(32)	(1,033)
1.9 Proceeds from sale of		
(a) prospects	-	-
(b) equity investments	-	9,605
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details of material)	(13)	(23)
Net investing cash flows	(45)	8,549
1.13 Total operating and investing cash flows (carried forward)	(2,519)	(287)

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1.13	Total operating and investing cash flows (brought forward)	(2,519)	(287)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net Financing Cash Flows	-	-
	Net increase (decrease) in cash held	(2,519)	(287)
1.20	Cash at beginning of quarter/year to date	6,811	4,579
1.21	Exchange rate adjustments to Item 1.20	-	-
1.22	Cash at end of quarter	4,292	4,292

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	240
1.24	Aggregate amount of loans to the parties included in item 1.10	-

Explanation necessary for an understanding of the transactions

Payments to companies associated with directors for:	\$ A,000
Directors fees/corporate consulting fees	\$66
Administration/accounting fees (paid to entity related to director of subsidiaries)	\$40
Geological consulting fees	\$134

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

No expenditures on the Miranda/McDonoughs Lookout/Leinster Downs have been reported by Xstrata Nickel Australasia for the December quarter.

No expenditure has been reported on the Orange District Exploration Joint Venture by Newmont Australia Limited for the quarter to 31 December 2010.

Financing facilities available

add notes as necessary for an understanding of the position

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outlays for next quarter

	\$A'000
4.1 Exploration and evaluation	1950
4.2 Development	-
4.3 Production	-
4.4 Administration	270
TOTAL	2220

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the statement of cash flows) to the related items in the accounts is as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	104	141
5.2 Deposits at call	388	670
5.3 Bank overdraft	-	-
5.4 Other * term deposits of less than 12 months	3,800	6,000
Total: cash at end of quarter (item 1.22)	4,292	6,811

Changes in interests in mining tenements

	Tenement Reference	Nature of Interest [note (2)]	Interest at Beginning of Quarter	Interest at End of Quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2	EL 7631	Equity on granting of ELA 3964	100%	100%

See tenement schedule for details

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preferences⁺ securities <i>(description)</i>				
7.2 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buy-backs, redemptions				
7.3 ⁺Ordinary securities	249,028,158	249,028,158		
7.4 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buy-backs				
7.5 ⁺Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) increases through issues (b) decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does/~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: *[signed L A Colless]* Date: 19 January 2011.....
(~~Director~~/Company Secretary)

Print name: L A COLLESS

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
 - 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
 - 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
 - 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
 - 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address the topic, the Australian standard on that topic (if any) must be complied with.
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ITEM 6.1 & 6.2 Schedule of mining tenements –as at 19 January 2011

Prospect	Tenement	Interest	Nature of interest
Peak Hill, NSW	GL 5884 (Act 1904)	100%	Equity
	ML 6036	100%	Equity
	ML 6042	100%	Equity
	ML 6277	100%	Equity
	ML 6310	100%	Equity
	ML 6389	100%	Equity
	ML 6406	100%	Equity
	ML 1351	100%	Equity
	ML 1364	100%	Equity
	MLA 79 Orange	100%	Equity (application)
	ML 1479	100%	Equity
	EL 6319	100%	Equity
	Dubbo, NSW	EL 5548	100%
EL 7631		100%	Equity through subsidiary (application)
MLA 183 Orange		100%	Equity through subsidiary (application)
Orange-Molong, NSW	EL 6025	49%	Equity through subsidiary Newmont 51% with the right to earn a further 24%
Borenore	EL 6091	49%	Equity through subsidiary Newmont 51% with the right to earn a further 24%
Wellington, NSW	EL 6320	100%	Equity
	EL 6700	100%	Equity
Moorilda	EL 5760	49%	Equity through subsidiary Newmont 51% with the right to earn a further 24%
	EL 6111	49%	Equity through subsidiary Newmont 51% with the right to earn a further 24%
Tomingley	EL 5675	100%	Equity
	EL 5830	100%	Equity
	EL 5942	100%	Equity
Wyanga	EL 6085	100%	Equity
	EL 7139	100%	Equity
Cudal	EL 7020	100%	Equity
Bodangora	EL 4022	100%	Equity
Calula	EL 7235	100%	Equity
	EL 7383	100%	Equity
Diamond Creek	EL 7456	100%	Equity
	EL 7583	100%	Equity
Nullagine, WA	EL 46/522	0%	60% retained interest in diamond potential
	EL 46/523	0%	60% retained interest in diamond potential
	EL 46/524	0%	60% retained interest in diamond potential
Miranda Well, WA	M 36/303	25%	Equity - XNA holds 75%
McDonough Lookout, WA	M 36/329 & 330	25%	Equity - XNA holds 75%
Leinster Downs, WA	M 36/622	25%	Equity - XNA holds 75%
	P 36/1601-1605	25%	Equity - XNA holds 75%

XNA Xstrata Nickel Australia
Newmont Newmont Australia Ltd