

3 SEPTEMBER 2013



ALKANE EXPANDS EXPLORATION TENEMENTS TO TARGET McPHILLAMYS STYLE GOLD DEPOSITS

Alkane has expanded its exploration portfolio in the Central West of New South Wales with the acquisition of two projects considered prospective for McPhillamys style gold deposits.

Alkane, in joint venture with Newmont Australia Ltd, discovered the McPhillamys gold deposit near Blayney in 2006. Subsequent drilling of the deposit defined a substantial gold resource of 2.96 million ounces (ALK ASX announcement 5 July 2010). The project was sold to Regis Resources Ltd for the issue of 35.7 million shares (Alkane 17.5 million shares) in August 2012.

Alkane developed considerable technical knowledge with the discovery and evaluation of the McPhillamys deposit, and has been applying this knowledge to its targeting for McPhillamys style gold mineralisation in the Central West region. As a result two properties, Elsenora and Rockley, have been acquired.

Elsenora

Alkane has reached agreement with Balamara Resources Limited ("Balamara") (ASX: BMB) to farm into two exploration licences (EL 6082 and EL 6767) located approximately 75 kilometres south of Blayney and the McPhillamys deposit.

Under the agreement, Alkane can earn up to an 80% interest in the tenements by spending \$500,000 on exploration over three years, with a minimum \$250,000 spend over two years. After Alkane has earned the 80% interest, Balamara will have the option to pro-rata contribute or dilute according to a standard industry formula.

The geology of the project area comprises a package of variably pyritic, intermediate to felsic volcanoclastics which hosts several zones of elevated gold geochemistry. Two broad styles of gold mineralisation are recognised within the area, the most common are typically small, sulphide-poor quartz veins, being developed within a late-stage brittle-ductile strain regime. A less common style is characterised by sulphide-rich disseminated mineralisation associated with pervasively argillic-altered volcanoclastics. This second style appears to be related to earlier sub-seafloor processes, with several similarities to McPhillamys-style mineralisation and with bulk tonnage mining potential.

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Balamara's activity over the past six years, like most of the historical exploration activity in the area, has been focussed on the major historic workings at the Elsenora Prospect. Activity has involved RC drilling (9 holes for 1658m) and diamond drilling (2 holes for 938.8m) with sporadic regional surface geochemical surveys, including rock chip and BLEG stream sediment sampling. The best intercept was **21m @ 0.89g/t gold in core hole SEDD 013** (BMB ASX Announcement 17 February 2012).

The potential for disseminated gold mineralisation elsewhere in the lease has also been demonstrated at the Cuddyong Prospect, where disseminated gold mineralisation is described associated with argillic-altered pyritic, volcanoclastic units and is currently defined by trench geochemistry (**50m @ 2.3g/t gold, including 25m @ 3.6g/t gold - Trench 4**), and nearby sporadic drilling (incl **24m @ 0.9g/t Au from 6m in RC hole WL2**) completed by other companies in the late 1980's.

Additional areas, characterised by coincident pyritic volcanoclastics and anomalous surface gold geochemistry exist throughout the area, including a 1.5km long zone defined by the Nobbs-Picker-Barite Prospect trend.

Rockley

Alkane's 100% owned Rockley Project is comprised of two exploration licence applications (ELA 4808 and ELA 4851) totalling 85 km² centred approximately 30 kilometres southeast of Blayney.

The geology of the Rockley area is similar to Elsenora and McPhillamys, with extensive altered and pyritic intermediate to felsic volcanoclastics.

Historic mining and past exploration has identified multiple target areas but recent exploration has focussed on the Rosedale prospect within ELA4808 where previous drilling has recorded intercepts of **24m @ 0.3g/t gold in RRC 004** and **13m @ 0.8g/t gold to EOH in core hole RJ1** (PDM ASX announcement 23 June 2009). This mineralisation is within a 1,000 metre long by 200 metre wide gold anomaly defined by soil sampling and RAB drilling. Untested, strongly chargeable IP anomalies occur along strike and down dip from existing drilling within interpreted McPhillamys-equivalent stratigraphy and form high priority drill targets.

Full data compilation and targeting has commenced.

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



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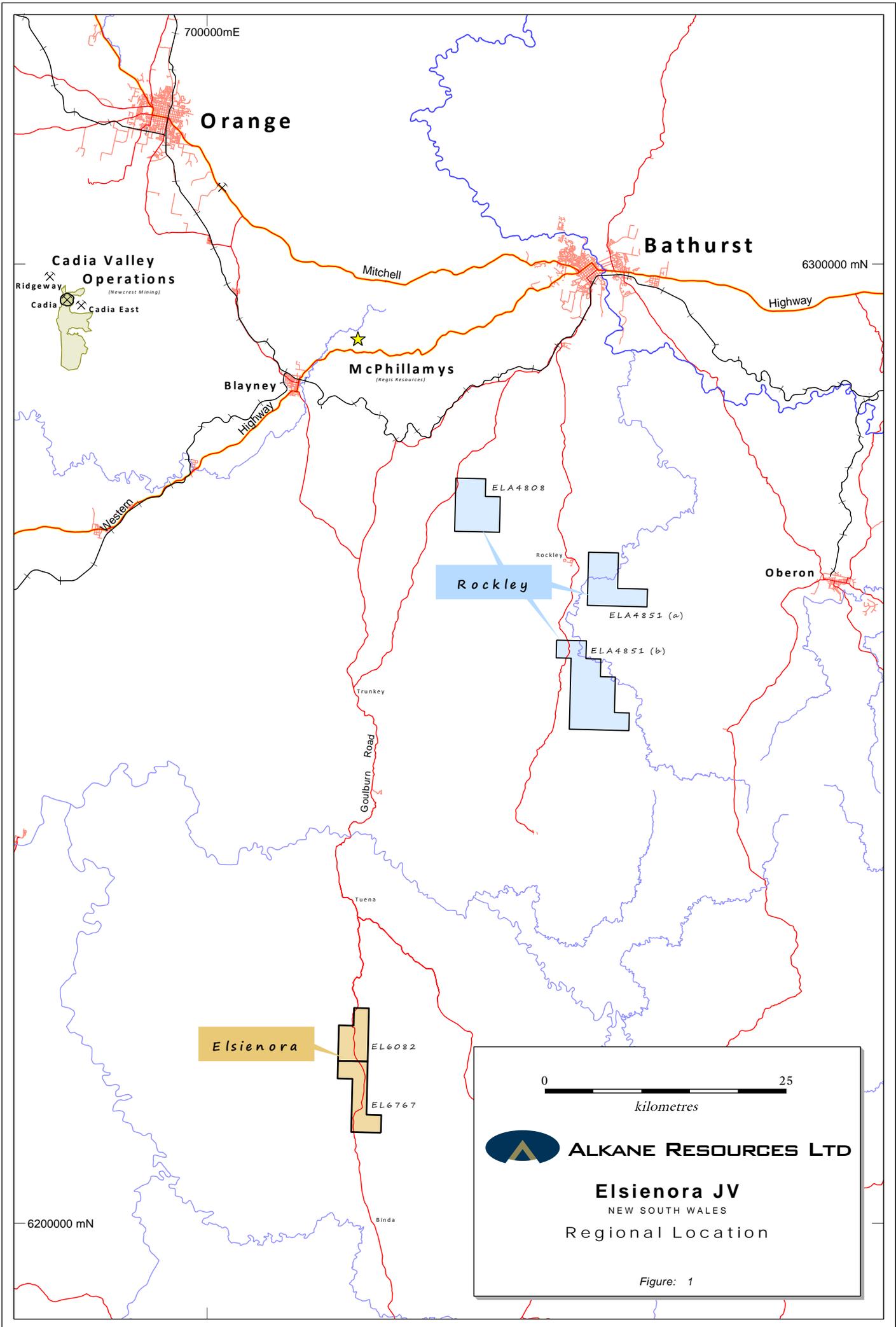
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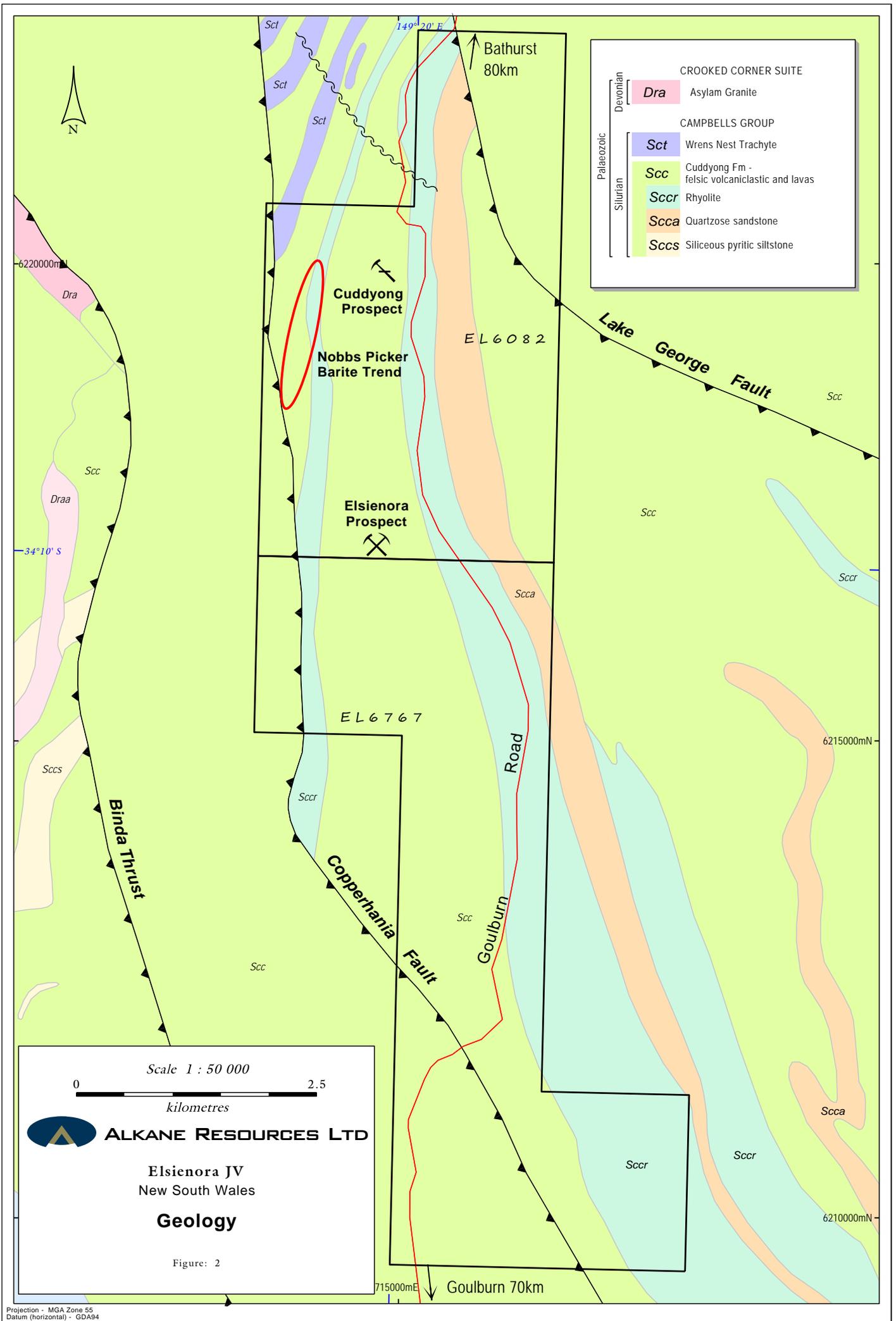
Alkane is a multi-commodity company focused in the Central West region of NSW Australia. Currently Alkane has two projects heading towards production in 2014/2016 - the Tomingley Gold Project (TGP) and the nearby Dubbo Zirconia Project (DZP). Tomingley received project approval for its development early 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.







CROOKED CORNER SUITE		
Devonian	Dra Asylam Granite	
CAMPBELLS GROUP		
Palaeozoic	Devonian	Sct Wrens Nest Trachyte
	Silurian	Scc Cuddyong Fm - felsic volcaniclastic and lavas
		Sccr Rhyolite
		Scca Quartzose sandstone
		Sccs Siliceous pyritic siltstone

Scale 1 : 50 000

0 2.5 kilometres



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Geology

Figure: 2