

27 April 2012



Quarterly Report to 31 March 2012

➤ Dubbo Zirconia Project (DZP)

- Enhancements to rare earth recovery circuit to optimise recoveries - early results indicate significant improvements for important heavy rare earth elements
- Product development continues and MOU discussions for the rare earth output are progressing well
- Further process improvements have also been identified and will be trialled on the demonstration pilot plant
- A Planning Focus Meeting with several State Government and Local Government agencies held on site at Toongi
- A deep diamond core hole completed at Toongi and reconnaissance RC drilling at nearby Railway deposit – possible resource expansion, analysis under way
- Rare earths prices stabilise but all prices substantially above feasibility study of September 2011

➤ Tomingley Gold Project (TGP)

- The Caloma deposit resource upgrade has delivered a 69% increase in total ounces to:
5.45Mt grading 2.1g/t for 369,400 ounces
Increasing the total for TGP resource by 24% to:
12.59Mt grading 2.0g/t for 811,700 ounces
- Development approval of the project is still awaited from the NSW Department of Planning and Infrastructure

➤ Exploration and Development

- Promising drill results at Bodangora (Comobella) and Wellington (Galwadgere):

Comobella COMDD002	7.8m grading 1.04% Cu and 0.23g/t Au from 368.2m
incl	0.6m grading 10.5% Cu and 2.45g/t Au from 370.2m

Galwadgere GAL033	25.3m grading 0.41% Cu and 0.56g/t Au from 336.7m
incl	3.3m grading 1.47% Cu and 2.43g/t Au from 336.7m

➤ Corporate

- Capital raising of \$107 million completed

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DUBBO ZIRCONIA PROJECT (DZP) – zirconium, niobium, yttrium, rare earth elements

Australian Zirconia Ltd (AZL) 100%

The Dubbo Zirconia Project (DZP) is located in the Central West Region of New South Wales. The DZP is based upon a large in-ground resource of the metals zirconium, hafnium, niobium, tantalum, yttrium, and rare earth elements. Over several years the Company has developed a flow sheet consisting of sulphuric acid leach followed by solvent extraction recovery and refining to generate a suite of products.

The Demonstration Pilot Plant (DPP) has been operating at the laboratory facilities of ANSTO Minerals at Lucas Heights south of Sydney since May 2008 and to date has recovered substantial quantities of zirconium products and niobium concentrate. The DPP has continued to operate for short periods to trial engineering and process innovations, and has demonstrated recovery of an yttrium rich heavy rare earth concentrate and a light rare earth concentrate.

The definitive feasibility study (DFS) was completed by TZ Minerals International (TZMI) in September (ASX Announcement 19 September 2011). This study focused on the 400,000 tonne per annum project but an estimate was included for the expanded 1 million tonne per annum concept. The project was shown to be financially robust based on an initial 20 year mine life (expected to be in excess of 50 years), and a revised financial assessment of the DZP to confirm the 1 Mtpa model is being compiled.

Production from Dubbo is scheduled for late 2014 and about 60 per cent of the total output is already pre-committed through MOUs for zirconium and niobium, with arrangements for the heavy and light rare earth concentrates currently being discussed.

Resource Development

A 228.4 metre diamond core drill hole, TOD003, tested the thickness of the mineralised trachyte at Toongi. The previous deepest drilling was 100 metres. The drill hole intersected 118.7 metres of massive trachyte that terminated in sediments of the Napperby Formation. These Triassic sediments are intruded by basalt and trachyte sills thought to be of a similar age as the Jurassic Toongi trachyte. A 7.9 metre thick trachyte sill was intersected from 196.2m – 202.1m.

The drilling suggests that the Toongi mineralised trachyte is probably not a volcanic plug as previously thought but is more likely a volcanic sill or flow. Further drilling would be required to determine the underlying geometry of the body however the depth extension to the mineralisation identified by TOD 003 could add an immediate 10 to 20% to the resource.

A reconnaissance RC drilling program was also completed to assess the thickness and nature of trachyte at the Railway Prospect, located 4 kilometres north-west of the Toongi orebody. The drilling comprised 7 RC drill holes totalling 492 metres scattered across the trachyte outcrop.

Drilling identified a broadly subhorizontal sheet of trachyte flows, unconformably over sediments of the Napperby Formation. The trachyte package appears to gradually increase in thickness towards the east (~55-65m) before dramatically thickening in the easternmost drill hole (RWRC006), where a minimum of 84 metres of trachyte was intersected before the drill hole was abandoned due to mechanical failure. The full external dimensions of the trachyte have not been defined.

The Railway trachyte has an approximate surface area of 27 hectares compared to the Toongi deposit at 36 hectares, and therefore could host about 75% of the main resource. While surface grades at Railway are approximately 50% of Toongi, the deposit could add to the Project's total resource inventory.

Analytical results for the drilling programs are anticipated this Quarter.



Process and Product Development

Process development continued at ANSTO focussing on optimisation and recovery improvement with the rare earth circuits, and optimising water consumption and recycling. Laboratory scale work continues to show encouraging results, including higher heavy rare earth recoveries, and DPP testing of these improvements and innovations is in progress. Even small improvements in the recoveries can have a positive impact on product revenues.

An update on this program and the process improvements will be summarised before the end of May.

Market Developments – Zirconium

The zircon- zirconium industry stabilised early 2012 after a very dramatic shift during 2011 as growth in demand exceeded supply and zircon and zirconium product prices doubled or tripled during the year. In the last quarter of the year, the increasing world financial uncertainty impacted on demand and prices remained flat or fell slightly. The general consensus is that demand and prices will resume the upward trend in the second half of 2012, and long term the industry is predicted to be very robust.

Table 1. Zirconium industry prices Q2 2010 to Q1 2012

PRODUCT	ZrO ₂	Q2 2010 US\$/T	Q2 2011 US\$/T	Q4 2011 US\$/T	Q1 2012 US\$/T
Zircon (producer/trader)	65%	\$900 - \$1,150	\$1,700 - \$2,750	\$2,100 - \$2,900	\$2,000 - \$2,800
(100% ZrO ₂ basis)	100%	(\$1,380 - \$1,770)	(\$2,620 - \$4,230)	(\$3,230 - \$4,460)	(\$3,080 - \$4,310)
ZOC (zirconium oxychloride)	36%	\$1,350 - \$1,450	\$3,600 - \$4,000	\$2,850 - \$3,100	\$2,700 - \$3,000
(100% ZrO ₂ basis)	100%	(\$3,750 - \$4,030)	(\$10,000 - \$11,110)	(\$7,920 - \$8,610)	(\$7,500 - \$8,330)
ZBS (zirconium basic sulphate)	33%	\$1,770	\$6,000	\$4,150	\$3,950
(100% ZrO ₂ basis)	100%	\$5,360	\$18,180	\$12,580	\$11,970
ZBC (zirconium basic carbonate)	40%	\$2,100	\$5,400	\$4,500	\$4,250
(100% ZrO ₂ basis)	100%	\$5,250	\$13,500	\$11,250	\$10,625
Fused Zirconia	98.50%	\$2,900 - \$3,100	\$6,000 - \$7,000	\$5,500 - \$7,000	\$6,000 - \$7,000
Chemical Zirconia	99.50%	\$4,200 - \$4,400	\$10,000 - \$12,000	\$10,000 - \$12,000	\$10,000 - \$12,000
Chemical Zirconia	99.90%	\$5,300 - \$5,500	\$12,000 - \$15,000	\$12,500 - \$14,000	\$12,500 - \$14,000

Source: TCMS

Market Developments – Rare Earth Elements (REE)

Prices for rare earths continued to weaken during the Quarter caused by slow demand and a perception that the light rare earth output from the planned developments at Mountain Pass (Molycorp) and Mt Weld (Lynas) would result in the large volume light rare earths, Lanthanum and Cerium, becoming oversupplied.

Future supply of heavy rare earths remains problematic and the DZP, with its 25% HREE distribution, is regarded as a strategically important supplier.

Consolidation within the dominant Chinese rare earth industry continued and it is anticipated that this consolidation will stabilise rare earth prices into the near future.

The current quarterly average prices are tabled below, and while some current individual REO prices have fallen, the important products of neodymium, dysprosium, terbium and yttrium are above the level of 12 months ago. Importantly these prices are all substantially above the values used in the DFS for the DZP published last September (ASX Announcement 19 September 2011).



Table 2. Rare earth pricing Q2 2010 to Q1 2012

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	Q4 2010 Average	Q2 2011 Average	Q4 2011 Average	Q1 2012 Average
Lanthanum Oxide	19.51%	\$7.13	\$53.00	\$138.00	\$64.00	\$39.00
Cerium Oxide	36.70%	\$5.58	\$50.00	\$138.00	\$56.00	\$35.00
Praseodymium Oxide	4.05%	\$30.60	\$77.00	\$215.00	\$204.00	\$157.00
Neodymium Oxide	14.12%	\$31.13	\$80.00	\$253.00	\$235.00	\$170.00
Samarium Oxide	2.20%	\$4.50	\$34.00	\$120.00	\$92.00	\$71.00
Heavy Rare Earth						
Europium Oxide	0.07%	\$521.67	\$625.00	\$1867.00	\$3783.00	\$3583.00
Gadolinium Oxide	2.15%	\$8.25	\$44.00	\$167.00	\$135.00	\$102.00
Terbium Oxide	0.34%	\$545.00	\$605.00	\$1767.00	\$2938.00	\$2617.00
Dysprosium Oxide	2.05%	\$196.67	\$295.00	\$983.00	\$1973.00	\$1333.00
Ho, Er, Tm, Yb, Lu	2.89%					
Yttrium Oxide	15.84%	\$11.42	\$56.00	\$158.00	\$128.00	\$98.00
DZP LREE	76.68%	\$12.06	\$57.20	\$163.00	\$100.00	\$68.00
DZP YHREE	23.32%	\$42.23	\$78.70	\$240.00	\$327.00	\$262.00
DZP LREE Concentrate		\$8.44	\$40.00	\$114.00	\$70.00	\$48.00
DZP YHREE Concentrate		\$29.59	\$55.00	\$168.00	\$229.00	\$183.00
<i>Compiled by IMCOA</i>						

These prices are for individual separated rare earth oxides at 99% purity, and the actual value for DZP concentrates will depend on market acceptance of the concentrate, but for this table 70% of the value has been assumed. The prices quoted above are averaged for the full quarter.

Market Developments – Niobium

The market for niobium pentoxide (Nb₂O₅) and ferro-niobium (FeNb) remains stable and prices for the main traded product, FeNb, are US\$40 - \$45/kg.

Development

A Planning Focus Meeting was hosted by AZL on site at Toongi on 28 March. This meeting attracted representatives of a number of State Government and Local Government agencies. The PFM and site visit enables these organisations to define requirements that will be covered by the Environmental Impact Statement (EIS).

Most of the environmental studies are in progress and remain on track to be completed in October this year.

TOMINGLEY GOLD PROJECT (TGP) - gold

Alkane Resources Ltd 100%

The TGP is based on three gold deposits (Wyoming One, Wyoming Three and Caloma) located 14 kilometres north of the Company's Peak Hill Gold Mine, approximately 50 kilometres south west of Dubbo (figure 2). A Definitive Feasibility Study (DFS) was completed late 2010 (*ASX Report dated 13 December 2010*). The development of the Project is awaiting NSW Government approval.



The Company believes that approval should be confirmed this Quarter, and subject to grant of the Mining Lease, construction should be able to commence in July. This timetable should see production commence mid 2013 at an average annualised rate of 50-60,000 ounces.

Resources and Ore Reserves

Recent RC drilling at Caloma within the current planned open pit was designed to raise Inferred Resources to Indicated and increase the ore reserves available for the mining model. The drilling data is being incorporated into the geological model to estimate revised resources and reserves. An updated resource estimate was released on 29 March and is summarised below.

Table 3: 29 March 2012 TGP Mineral Resource

DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		
Top Cut	Tonnage	Grade	Tonnage	Grade	Tonnage	Grade	Tonnage	Grade	Ounces
sub-block model	(t)	(g/t)	(t)	(g/t)	(t)	(g/t)	(t)	(g/t)	000s
Wyoming One	2,317,000	2.2	890,000	2.2	3,117,000	1.7	6,324,000	1.9	392.4
Wyoming Three	642,000	2.0	63,000	2.0	103,000	1.3	808,000	1.9	49.9
Caloma	2,691,000	2.3	568,000	2.1	2,195,000	1.9	5,454,000	2.1	369.4
Total	5,650,000	2.2	1,521,000	2.1	5,415,000	1.8	12,586,000	2.0	811.7

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 this information in the form and content in which it appears. The full details of methodology are given in the ASX Report dated 29 March 2012.

The revised resource is currently being assessed to provide an upgrade to the ore reserves available for mining recovery. An initial review indicated a potential for an additional 1 million tonnes in Measured and Indicated resources within the existing pit shell. This could add 50-60,000 ounces to the ore reserves and extend the mine life to 8.5 years.

As previously reported, significant mineralisation was also intersected at Caloma Two, which is located about 250 metres south of the planned Caloma open pit, confirming a total strike length of at least 300 metres. While this drilling is still wide spaced, it will be modelled to determine if the data is robust enough to support an identified mineral resource.

Drilling

Four diamond core holes, two at Wyoming Three and two at Caloma Two, have recently been drilled to test the potential of the deposits to host underground resources. All holes intersected mineralised structures and the results will be reported when available.

Development

Responses to the submissions resulting from the public exhibition of the Environmental Assessment (EA) were sent to the Department of Planning and Infrastructure mid March. Further discussion has resolved any outstanding issues and Alkane considers that the development proposal has met all conditions and requirements.

As previously reported, purchase of, or placement of orders for, long lead capital items was initiated in the September Quarter.

As advised in the ASX Announcement of 20 April, Alkane and Compass Resources Ltd have reached agreement for Alkane to acquire 100% of that royalty by the issue of 6M shares and 4M options (exercisable at \$1.50 each within 12 months of the date of the agreement) in consideration for Compass surrendering all of its right, title and interest in and to that royalty.



This acquisition removes a financial impost on the Project and will allow it to proceed and generate the best possible returns.

Alkane has also recently agreed to extend for a further six months the mandate to Credit Suisse to provide a project financing facility. This financing comprises a Project Loan Facility of up to A\$45 million and a Gold Hedging Facility of up to 163,000 ounces. Last year the Company entered into an initial 90,000 ounce gold forward sale that will underwrite a minimum price of approximately A\$1,600 per ounce for the first two and a half years of production from the Project. This contract is recently been extended to 29 June 2012.

BODANGORA (copper-gold)

Alkane Resources Ltd 100%

Two diamond drill holes were completed late in 2011 to provide geological information in the Glen Hollow target within the 12km² Comobella Intrusive Complex as follow-up of the COMRC009 intercept earlier in 2011 (figure 3).

COMRC009
incl 46m grading 0.9g/t Au and 0.25% Cu from 60m
18m grading 1.7g/t Au and 0.45% Cu from 85m

The holes confirmed that the mineralisation is closely related to a monzonite intrusive contact and hydrothermal breccia on that contact with COMDD002 intersecting 7.8 metres at 1.04% copper and 0.23g/t gold. Extensive potassically altered, multiple generations of monzonite-monzodiorite-syenite intrusives have been identified, confirming the potential of this system to host "Cadia-Ridgeway style" porphyry copper-gold deposits.

Recent drilling activity at Glen Hollow included 8 RC holes totalling 1303 metres. Drilling focussed on testing a series of geophysical and geological targets, with the best results returned from a native copper bearing fault zone in COMRC014. Critical 3D geological information was also acquired through the drilling which will guide future exploration activity, including confirming a moderately east dipping orientation of the fault zone, a likely key control on the location of bornite bearing monzonite intersected in diamond drill hole COMDD002.

Table 4: Significant drill results from the Glen Hollow prospect at Bodangora Q1 2012

Hole No	East	North	RL (m)	Azim	Inclin	Intercept (m)	Grade Cu %	Grade Au g/t	Interval (m)	EOH (m)
COMDD001	687365	6417480	418	088°	-60°	2.15	0.17	Tr	285.85 – 288.0	452.0
COMDD002	687477	6417412	422	349°	-60°	6.7	0.12	Tr	52.0 – 48.7	522.8
and						60.1	0.10	0.15	81.4 – 141.5	
incl						15.9	0.16	0.33	81.4 – 97.3	
and						7.8	1.04	0.23	368.2 – 375.0	
incl						0.6	10.5	2.45	370.2 – 370.8	
and						6.0	0.20	Tr	475.0 – 481.0	
and						17.5	0.24	Tr	495.8 – 512.3	
incl						1.0	1.80	0.45	509.3 – 510.3	
COMRC014	687402	6417532	417	270°	-60°	14.0	0.32	Tr	183 - 197	240
incl						3.0	1.06	0.05	194 - 197	
COMRC018	687543	6417486	422	307°	-60°	6.0	0.37	Tr	102 - 108	156

Gold analysis by 50g fire assay and base metals by aqua regia digest/ ICPMS on half HQ3 core over generally 1 metre lengths. RC drill samples are riffle split 3m composites. Native copper checks by multiple analysis of coarse and fine fractions.



ORANGE DISTRICT EXPLORATION JOINT VENTURE - ODEJV (gold-copper)

Alkane Resources Ltd 49%, Newmont Australia Limited 51%

The ODEJV includes Alkane's Molong and Moorilda tenements located near the city of Orange in the Central West of New South Wales, adjacent to Newcrest Mining Ltd's Cadia Valley Operations.

Newmont Australia Limited (NAL) earned a 51% interest in the ODEJV in August 2009. In March 2010 NAL elected to proceed to 75% by completing a Bankable Feasibility Study (BFS) on the McPhillamys Project. NAL is a subsidiary of the US based Newmont Mining Corporation (NYSE:NEM).

NAL advised that the third core hole at the Charlies prospect, NEWELD22, had intersected 24 metres at 0.14g/t Au and 0.06% Cu from 312m. This is the up dip continuation of the mineralisation in NEWELD21 11.8m at 0.32 g/t gold and 56ppm molybdenum from 430m

WELLINGTON (copper-gold)

Alkane Resources Ltd 100%

The down plunge potential of the Galwadgere copper-gold deposit highlighted by an induced polarisation chargeability anomaly (IP) was tested with two diamond core drill holes (figure 4) completed 60 metres north and south of the encouraging core hole GAL032 (13m @ 1.15g/t Au, 0.96% Cu, 0.96% Zn from 364m). Both holes intersected Silurian felsic tuffs hosting stringer pyrite-chalcopyrite-(sphalerite) mineralisation in contact with narrow more massive pyrite-sphalerite-galena bands below approximately 200 metres of Permian sediment overburden (figure 4).

A subsequent review of the IP data indicated the drilling in this area is beneath the plunge of the main Galwadgere mineralisation. Further drilling targeting the centre of the IP anomaly is recommended to intersect the potential higher grade zone similar to that hosting the existing defined shallow resource.

Table 5: Significant diamond drill core results from the Galwadgere Prospect Q1 2012

Hole No	East	North	RL (m)	Azimuth	Inclin	Intcpt (m)	From	Grade				EOH (m)
								Au (g/t)	Cu (%)	Pb (%)	Zn (%)	
GAL033	692445	6384220	435	270°	60°	4	316	0.28	0.43	0.07	0.28	388.8
and						25.3	336.7	0.56	0.41	0.02	0.06	
incl						3.3	336.7	2.43	1.47	0.14	0.43	
GAL034	692475	6384340	431	266°	63°	24	256	0.14	0.05	0.06	0.40	378.5
incl						1	257	0.74	0.03	0.10	1.62	
and						2	310	0.07	0.54	Tr	0.04	
and						10.3	328.7	0.16	0.68	0.03	0.15	
incl						3	329	0.05	1.14	Tr	Tr	

Gold analysis by 50g fire assay and base metals by ICP at 1 metre half core samples. True widths are about 90% of intersection.

CUDAL (gold-copper-zinc),

Alkane Resources Ltd 100%

Recent RC drilling at the Bowen Park One prospect has comprised 4 RC drill holes totalling 804m. Drilling was designed to test surface gold and base metal geochemical anomalies associated with a magnetic andesitic volcanic unit that hosted gold-zinc mineralisation.



While low grade gold and zinc mineralisation was intersected in all holes, the best results were returned from CUD023 located approximately 500m north from the previous intersection at CUD006 (17m @ 1.2g/t Au, 2.85% Zn)., where a ~240m wide, intensely sericitic-pyritic zone was delineated.

CUD023: 23m @ 0.1g/t Au and 0.09% Zn from 128 metres
Including: 6m @ 0.17g/t Au and 0.12% Zn from 145 metres

The prospect area remains a very interesting target and further drilling will be programmed.

CALULA (gold-base metals) and DIAMOND CREEK (gold-base metals)

Inactive.

LEINSTER REGION JOINT VENTURE (nickel-gold)

Alkane Resources Ltd 21% diluting, Xstrata Nickel Australasia 79%

*The three prospects - **Leinster Downs**, **Miranda** and **McDonough Lookout** - are subject to a farm-in agreement with Xstrata Nickel Australasia.*

Xstrata advised that no field work was completed during the quarter.

CORPORATE – CAPITAL RAISING

Recently the Company finalised a major capital funding program that has raised over A\$100 million. This was achieved via:

- **\$30 million through a partially underwritten 1 for 10 non-renounceable entitlement offer of fully paid ordinary shares in Alkane at \$1.10 per new share;**
- **\$44 million from a placement of approximately 40.3 million Alkane shares at \$1.10 per new share to professional and sophisticated investors within Alkane's 15% placement capacity; and**
- **\$33 million, subject to shareholder approval, from a placement of approximately 30 million Alkane shares at \$1.10 per new share to professional and sophisticated investors.**

The funds raised will be used for the construction and commissioning of the Tomingley Gold Project; preparation of an Environmental Impact Statement and continuing development of the Dubbo Zirconia Project; working capital for general purposes; and the costs of the capital raising. Total shares on issue at the completion are **366,231,500**.

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's strategy is to be focused on a single geographic area, the central west of New South Wales in Australia, allowing it to apply its geological, exploration and mining expertise across multiple commodities to achieve a spread of risk and return. Currently Alkane has two projects heading towards production in 2013/2015 - the Tomingley Gold Project (TGP) and the nearby Dubbo Zirconia Project (DZP). Tomingley is an 812,000 ounce gold resource currently awaiting development approval. Cash flow from Tomingley will provide the funding to maintain the project development pipeline and to contribute to development of the DZP. The DZP has a completed definitive feasibility study giving it a net present value of \$1.2 billion. This project will make Alkane a significant world producer of zirconium products and heavy rare earths. Both projects are wholly owned by Alkane while at Orange, Alkane is in a joint venture with Newmont Australia over an area containing a 3 million ounce gold resource at McPhillamys, with Newmont having elected to proceed towards a bankable feasibility study. Alkane's most advanced gold copper exploration projects in the region are at the 100% Alkane owned Wellington and Bodangora properties.





Mineral Resource and Ore Reserve Statement March 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		
Top Cut	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Gold (koz)
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		
	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. 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		
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 (2011)

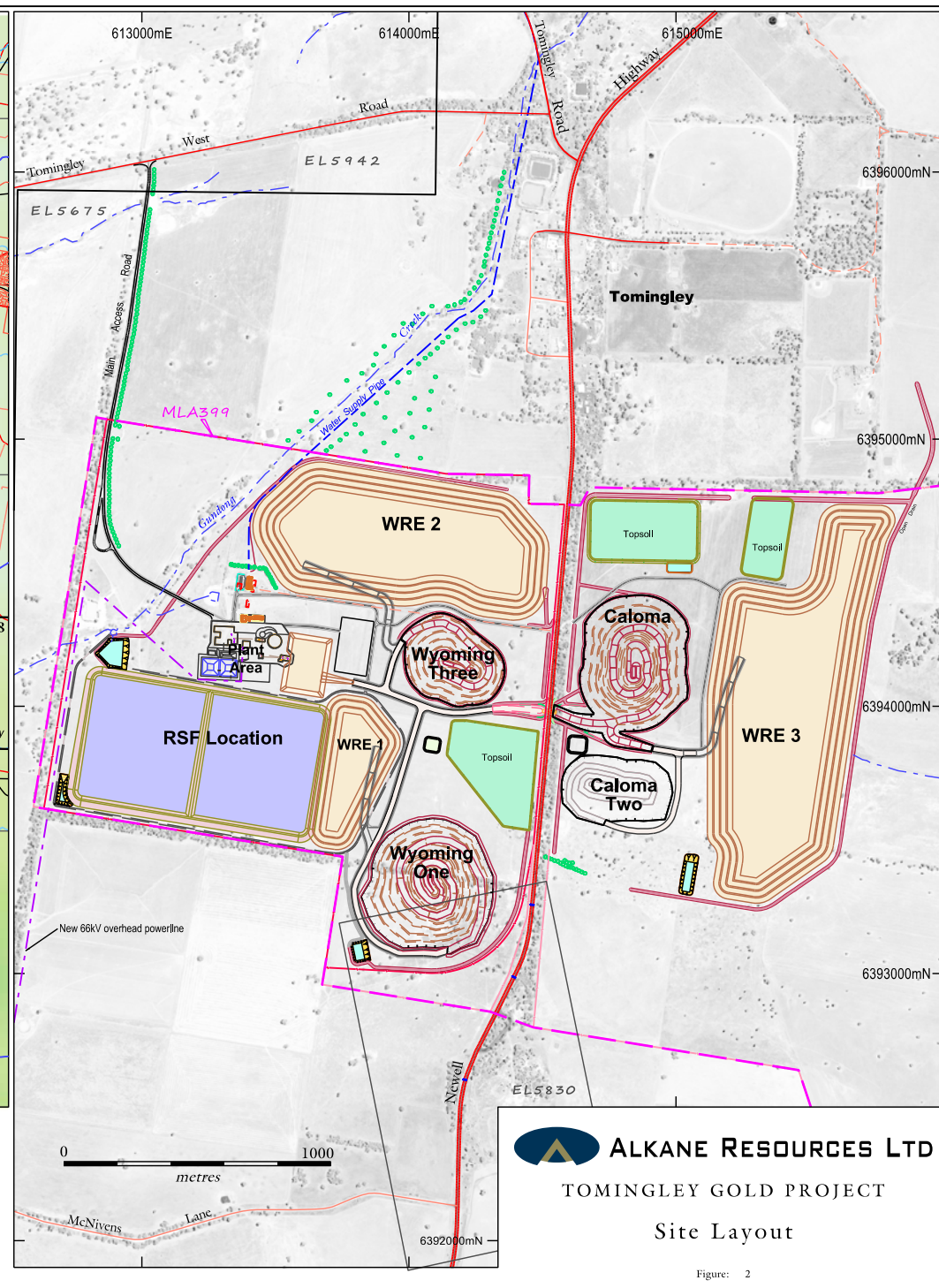
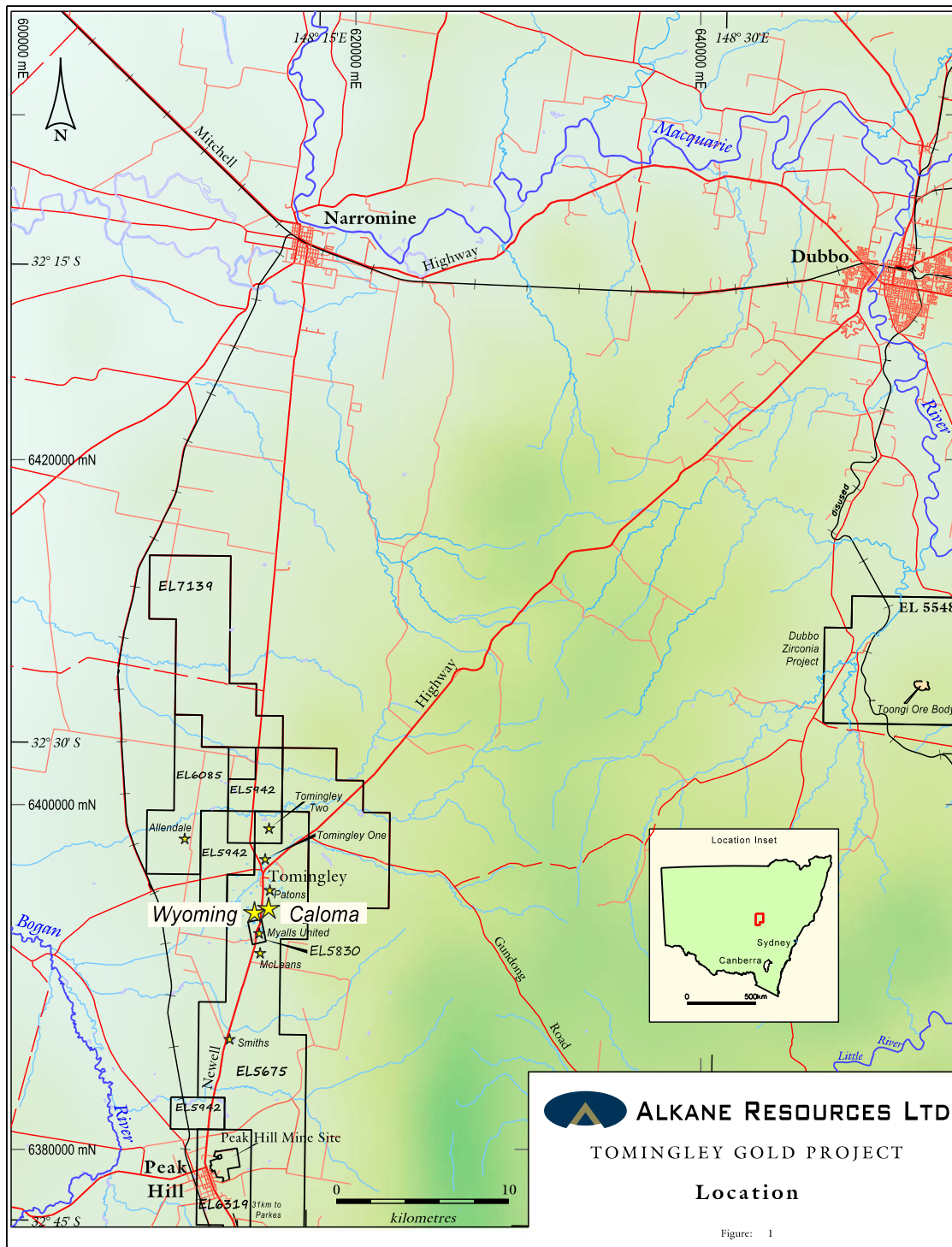
DEPOSIT	MEASURED		INDICATED		
0.5% Cu cut off	Tonnage (t)	Grade (% Cu)	Grade (g/t)	Tonnage (t)	Grade (% Cu)
Galwagere	-	-		2,090,000	0.99
					0.3

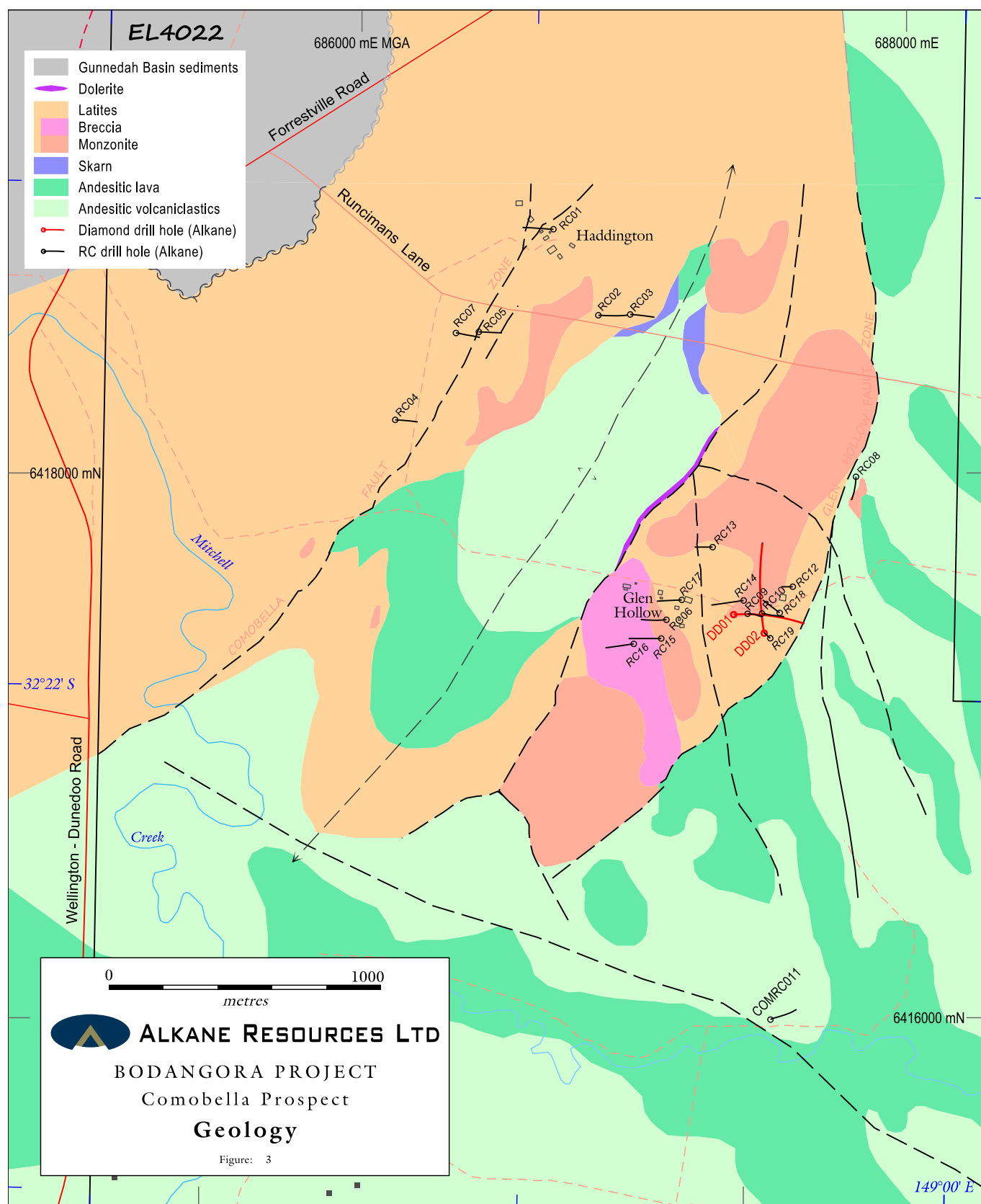
These Mineral Resources are based upon information compiled by Mr Terry Ransted MAUSIMM (Principal, Multi Metal Consultants Pty Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Terry Ransted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

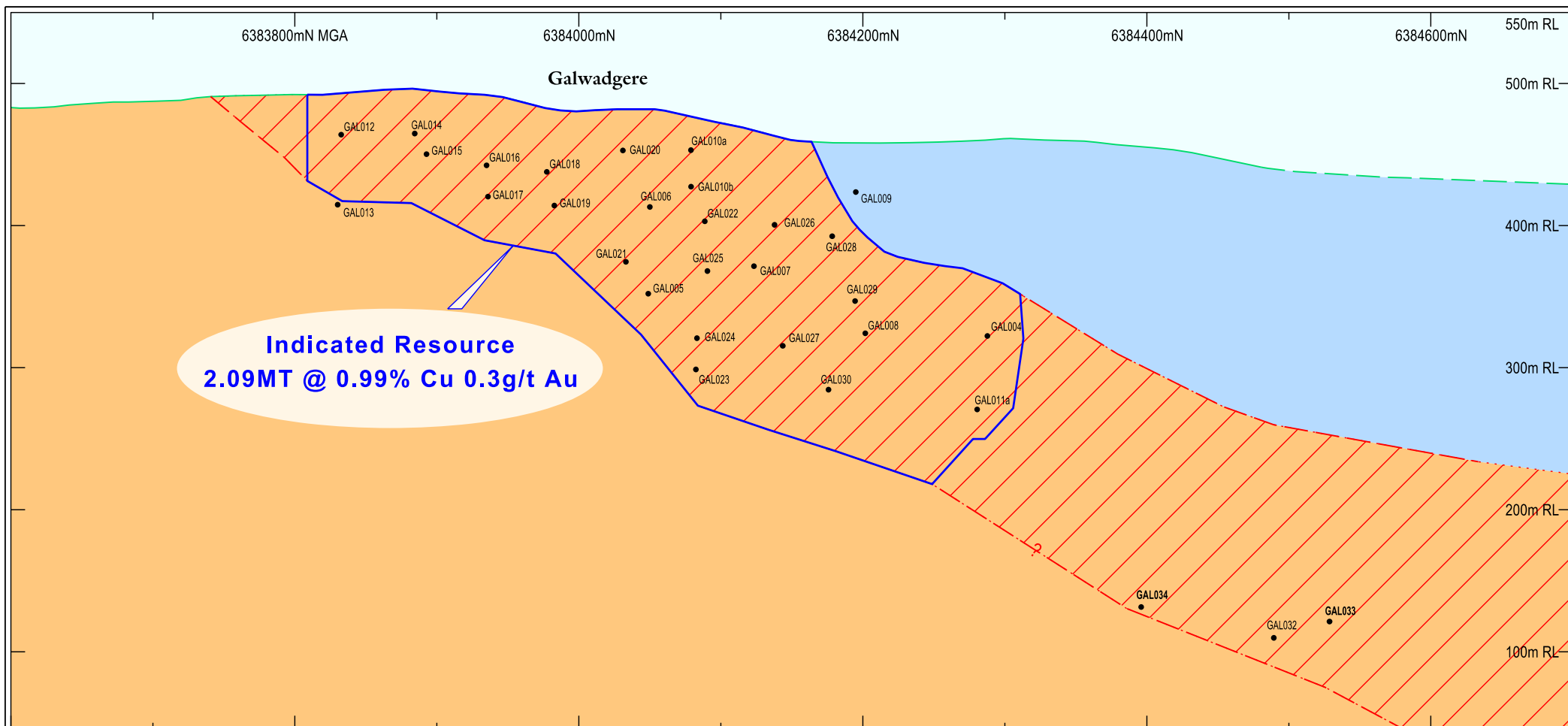
Moorilda – McPhillamys (ODEJV) – Mineral Resources (2011)

DEPOSIT	INDICATED			INFERRED			TOTAL				
McPhillamys	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
0.3g/t Au cut-off											
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 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 were given in the ASX Announcement 5 July 2010. Totals may not tally due to rounding.







Legend

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

Mineralisation

- >0.25% Cu

Scale 1 : 4000

0 200

metres



ALKANE RESOURCES LTD

WELLINGTON PROJECT

Galwadgere Prospect

Diagrammatic Long Section

Figure No. : 4