

NEW SOUTH WALES

TOMINGLEY GOLD PROJECT (TGP)

Alkane 100% subject to separate royalty agreements with Compass Resources NL, Golden Cross Operations Pty Ltd and Climax Mining Ltd.

Total resources for the **Wyoming** gold deposits stand at **7.13Mt grading 2.70g/t gold (606,400 ounces)** and work during the Quarter was focussed on improving the understanding of the **Hangingwall Zone (HWZ)** mineralisation at depth to assist with the optimisation of the development model.

Wyoming Resource Development Drilling

An initial program of six core holes commenced in May to target the high grade shoot within the **HWZ** at **Wyoming One** with the aim of checking its strike length at 000mRL (250m vertical depth) and width/grade distribution down to -200mRL where **WY811D intersected 10m @ 5.39g/t Au, including 4.6m @ 9.85g/t Au**. The current drilling should enable a more coherent resource model for the **HWZ** to be compiled and assist with the planning for an underground development.

The drilling has proceeded slowly with some operational difficulties experienced by the drill rig. Three holes have been completed for a total of 1,346m. The location and target intersection points are shown on the attached figure 1.

WY 822D intersected alteration and mineralisation in the **HWZ** between 321m and 349m. The hole was pushed through to the porphyry contact, and although unmineralised at this location, the contact provides valuable information on the geometry of the porphyry at depth. **WY 823D** intersected the **HWZ** between 487m and 531.28m but the hole also encountered an unusual thickness (490-529m) of quartz veining and although mineralisation is evident throughout, it appears that higher grade zones are dominant on the margins of the vein system. Results from these holes were reported to the ASX on 26 May and 28 June.

The recently completed **WY 824D** penetrated the **HWZ** from 361m to 387m with significant mineralisation near the lower contact. This hole is located near the interpreted southern margin of the shoot but the results suggest that the zone may continue further to the south.

The drilling has continued to confirm the continuity of the **HWZ** at depth with the shoot currently remaining open to the north, south and down dip.

Summary Results available to date:

Hole No	East	North	Azimuth	Intercept (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Target Zone
WY 822D	614380	6393235	270°	321 – 347	1.95	26	395	Hangingwall
incl				329 – 341	3.45	12		
incl				337 – 341	5.37	4		
WY 823D	614424	6393280	270°	487–531.28	1.82	44.28	537	Hangingwall
incl				487 – 490	4.58	3.00		
and				529– 531.28	7.65	2.28		
WY 824D	614410	6393182	270°	368 – 387	1.73	19	414.3	Hangingwall
incl				375 - 387	2.59	12		
incl				381 - 387	4.65	6		
WY 825	614375	6393275	270°				163*	Temp halted

Holes drilled at a nominal inclination of -60°. Gold analysis by 50g fire assay of half core samples. True width is approximately 80% of intersection.

Deviation within the pre-collar of **WY825** was significant and the hole would have substantially missed the main **HWZ** target. The hole has been temporarily plugged and could be re-entered later to provide geological

information structurally above the currently defined high grade zone.

Pre-feasibility Study

Pre-feasibility work continued and focussed on the underground mining plan, incorporating a decline development from the Wyoming One open pit to the base of the currently defined HWZ. Further underground mine planning will await the completion of the current drill program and additional core holes into the deeper porphyry mineralised zones.

Geological modelling of the Wyoming area is continuing and the data is enhancing the overall understanding of the mineralised system, and demonstrating potential new target areas in close proximity to the existing resource.

DUBBO ZIRCONIA PROJECT (DZP)

Australian Zirconia Ltd (AZL) 100%

Alkane has appointed D J Carmichael Pty Limited (DJC) to provide corporate advice to facilitate the separation of Alkane's wholly owned subsidiary AZL via a simultaneous admission to the London AIM and the ASX markets, combined with a contemporaneous capital raising. The new structure of AZL and level of capital to be raised are still to be finalised.

DJC is a subsidiary of the W H Ireland Group plc (WHIG), a public company listed on the Alternative Investment Market of the London Stock Exchange. WHIG is one of the leading broker/NOMADS on the AIM market.

The developing world supply deficit and increasing price for zircon are impacting on the value of downstream products and Alkane remains convinced of the strategic importance of the DZP as a long term supplier of zirconium and niobium-tantalum products into the developing electronics, advanced ceramics and specialty alloy industries.

PEAK HILL GOLD MINE

Alkane Exploration Ltd 100%

Decommissioning of the heap was nearing completion at the end of the quarter. Earthmoving equipment has been mobilised and shaping of the heap to create a long-term stable landform has commenced.

204 ounces of gold were produced for the quarter. Drain-down return solution from the heap continues to be processed, recovering minor quantities of gold which will be poured in a final gold clean up later in the year.

WELLINGTON (copper-gold)

Alkane Exploration Ltd 100%

Following compilation of the initial resource estimate at **Galwadgere** of **2.09 million tonnes grading 0.99% Cu and 0.3g/t Au (Indicated Resource 0.5% Cu cut off)**, an internal scoping study was completed to determine if the deposit could be developed as an open pit mine with flotation recovery to produce a copper-gold concentrate.

Using fairly simple parameters of A\$1.79 per pound of copper metal (currently A\$2.20/lb), A\$550/oz of gold and 85% recovery, with standard industry mining and processing costs, a conceptual open pit to 350mRL (approximately 110m depth) recovering 1.46 million tonnes grading 1.00% Cu and 0.26g/t Au at a waste to ore ratio of 7.8:1 (see figures 2 and 3).

This basic model generated **A\$14.7 million** cash flow and gives enough encouragement to warrant a more detailed look at the potential of the project.

A preliminary metallurgical program was also undertaken on percussion chips from various mineralisation types within the ore body and a series of grind optimisation–flotation tests were completed. This work generated a clean copper concentrate which ranged from 20-27% Cu and 1.59-3.38g/t Au with recoveries of copper estimated to be around 85-90%.

Further drilling will be scheduled to attempt to expand the resource base and to raise the status to Measured Resource. A component of this drilling will be diamond core to facilitate a more detailed metallurgical study on fresh sulphide ore. It is planned to incorporate this data with marketing, infrastructure and environmental review into a pre-feasibility study.

MOORILDA (copper-gold), BODANGORA (gold-copper), CUDAL (gold-copper) and ORANGE-MOLONG (copper-gold) were inactive. .

WESTERN AUSTRALIA

LEINSTER REGION JOINT VENTURE (nickel-gold)

Alkane Exploration Ltd 49%, Jubilee Mines NL 51%

*The three prospects - **Leinster Downs, Miranda and McDonough Lookout** - are subject to a farm-in agreement with Jubilee Mines NL where Jubilee can earn a 75% interest in the properties by spending \$4.5M before March 2006. In March 2002 Jubilee reported expenditures to earn a 51% interest and have elected to continue to earn a further 24%.*

Jubilee have advised that no field work was carried out during the Quarter.

Mt KEITH (gold) was inactive.

NULLAGINE DIAMOND PROJECT (diamonds, iron, gold)

Alkane Exploration Ltd 60%, Randolph Resources Syndicate 40%

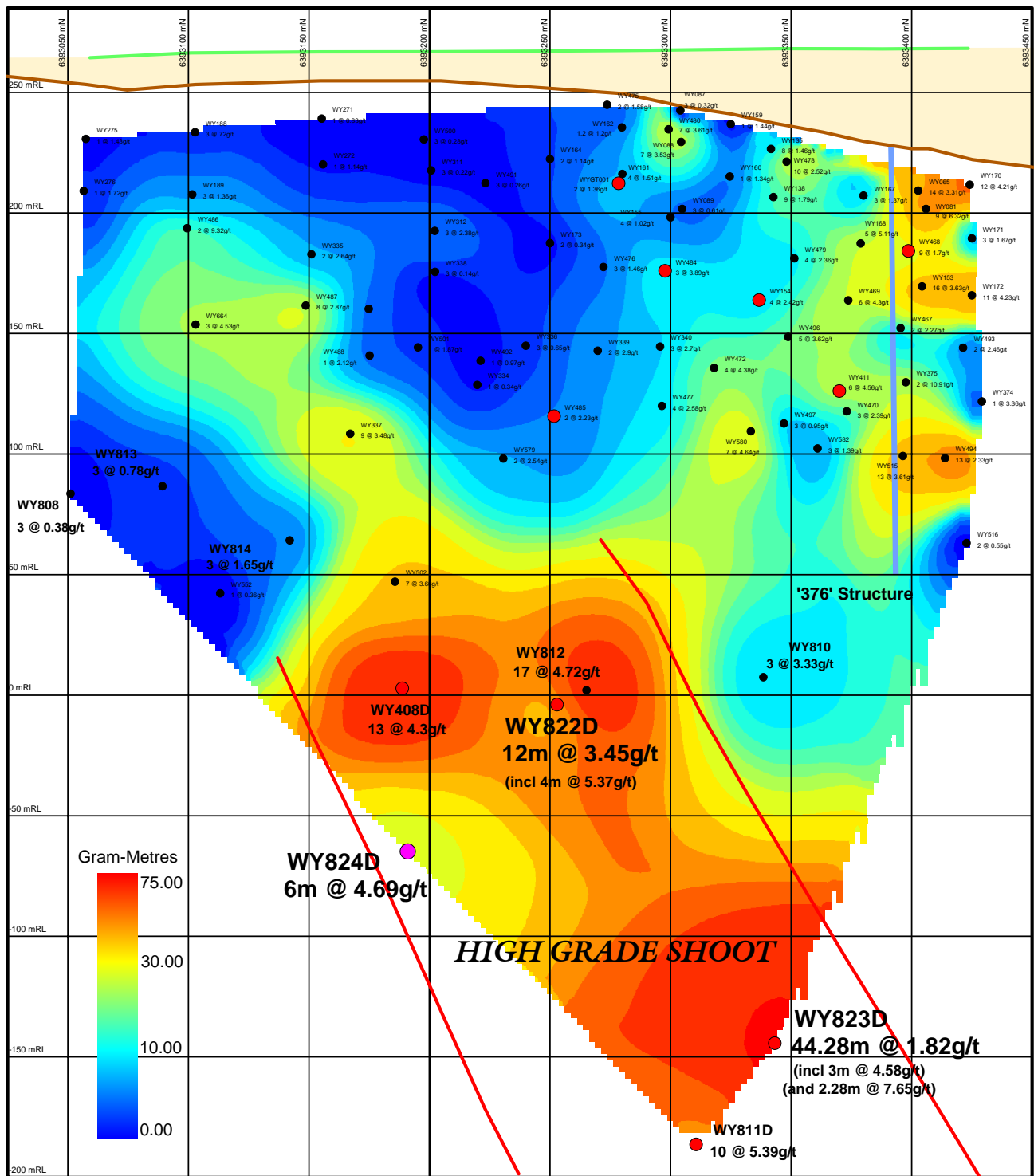
Discussions continued with groups interested in advancing the potential 150 to 220 million tonne channel iron deposits within the Nullagine tenements. The East Pilbara Native Title–Heritage Agreement has been signed with the registered claimant parties, but grant of the Exploration Licences may not be finalised until late October or early November.

DI Chalmers

Technical Director

ALKANE EXPLORATION LTD

Mr DI Chalmers, FAusIMM, FAIG, (director of the Company) 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 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 the report of the matters based on his information in the form and context in which it appears.



GEOLOGICAL LEGEND

Alluvials

DRILL HOLE LEGEND

- WY170 ● RC/AC drill hole showing intercept & grade
12 @ 4.21g/t
- WY411D ● Diamond drill hole showing intercept & grade
6 @ 4.56g/t
- WY824D ● Recently completed drill hole showing intercept & grade
6 @ 4.69g/t

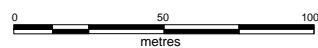


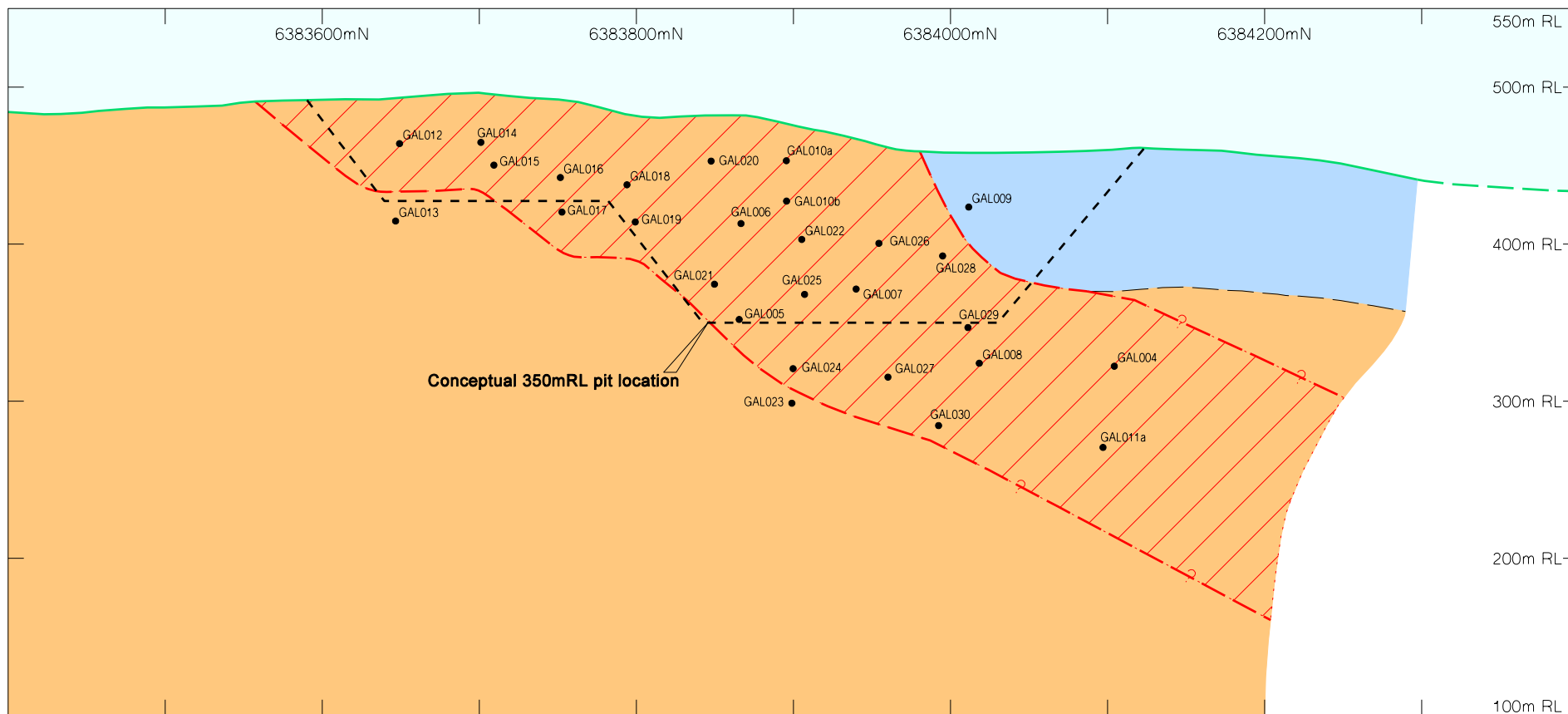
ALKANE EXPLORATION LTD
ABN 35 000 689 216

TOMINGLEY GOLD PROJECT
NEW SOUTH WALES

Wyoming One Prospect
Hangingwall Zone
Long Section

JULY 2005



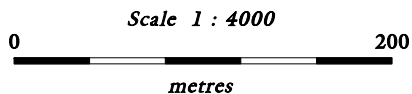


Legend

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

Mineralisation

- >0.25% Cu



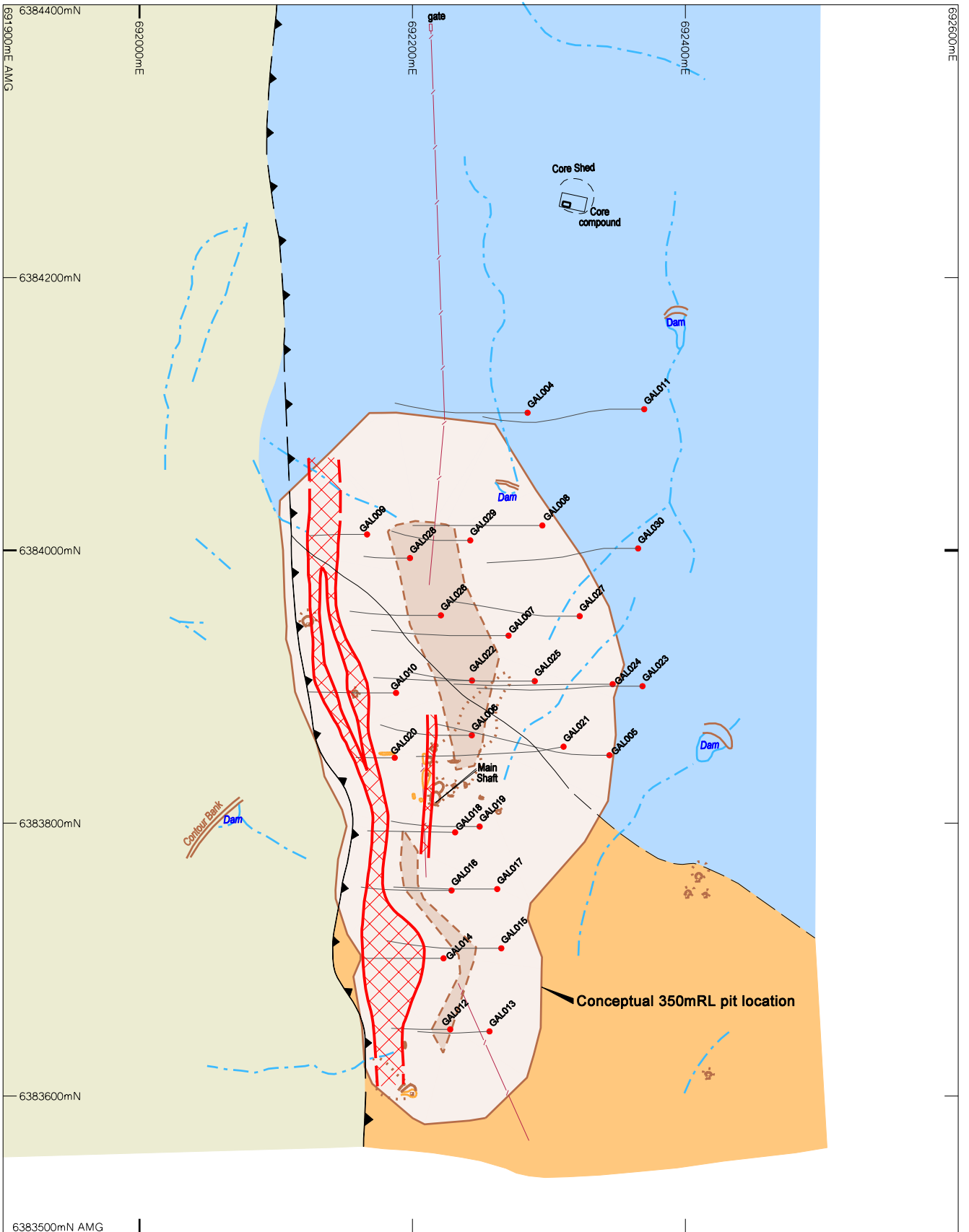
ALKANE EXPLORATION LTD

WELLINGTON PROJECT

Galwadgere Prospect

**Diagrammatic Long Section
showing Conceptual 350mRL Pit**

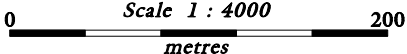
Compiled : Multi Metal Consultants Pty Ltd (TRW) Plan No. : ALK WEL 1DG-002
 Drafted : DJM Date : May 2005 Figure No. : 2



- Permian sediments
- Devonian sediments - Cunningham Formation
- Silurian volcanics - Gleneski Formation - Rhyolitic volcanics
- Projection of mineralisation
- Drill hole - Alkane

ALKANE EXPLORATION LTD
WELLINGTON PROJECT
 NEW SOUTH WALES
Galwadgere Prospect

**Drill Hole Locations & Geology
 (conceptual 350mRL pit)**



Projection - AMG Zone 55
 Datum (horizontal) - AGD66

Compiled : Multi Metal Consultants Pty Ltd Plan No. : ALK WEL 1DG-003
 Drafted : DJM Date : May 2005 Figure No. : 3