



*ASX ANNOUNCEMENT – 12 May 2008*

## **CALOMA RC DRILLING CONTINUES TO RETURN SIGNIFICANT GOLD RESULTS**

- **The RC resource definition drilling program is continuing and results for a further 34 holes have been received. High grade intercepts continue to be recorded.**
- **Selected results include:**
  - PE 313            13 metres grading 4.30g/t gold from 130 metres**
  - PE 319            13 metres grading 2.39g/t gold from 75 metres**
  - including        6 metres grading 4.14g/t gold from 81 metres**
  - and                9 metres grading 3.88g/t gold from 158 metres**
  - PE 320            5 metres grading 6.23g/t gold from 106 metres**
  - including        2 metres grading 13.24g/t gold from 106 metres**
  - PE 322            7 metres grading 12.26g/t gold from 102 metres**
  - PE 335            15 metres grading 5.26g/t gold from 90 metres**
  - including        4 metres grading 8.09g/t gold from 90 metres**
  - PE 336            16 metres grading 5.80g/t gold from 35 metres**
  - including        8 metres grading 10.75g/t gold from 37 metres**
  - and                7 metres grading 6.70g/t gold from 76 metres**
  - PE 339            15 metres grading 4.62g/t gold from 21 metres**
  - PE 343            12 metres grading 4.49g/t gold from 45 metres**
  - PE 346            15 metres grading 4.30g/t gold from 21 metres**
  - including        8 metres grading 6.01g/t gold from 22 metres**

### **Corporate Profile**

Alkane Board

J. S. F. Dunlop (Chairman)

D. I. Chalmers (Managing Dir)

A. D. Lethlean

I. J. Gandel

I. R. Cornelius

L A Colless (Secretary)

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12 month share price range

A\$0.515 - \$0.215

Market Cap 9 May 08

~A\$98 million

ASX Code: **ALK**

241.6 million shares (Jan 08)

March 2008 Cash

~ \$12.3 million

No debt

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The reverse circulation (RC) and diamond core resource definition drilling program commenced at Caloma within the Tomingley Gold Project (TGP) late October. As at the end of April, 144 RC holes (PE 215 – 370) totalling 17,453 metres of the planned 20,000 metre program had been completed. Also 11 core holes (PE 253D – 257D, PE 271D – 273D, PE 289D and PE 292D – 293D) totalling 2,475 metres have been completed. The drilling program is currently focussed on a 400 metre long central sector of the 1,000 metre north-south trending Wyoming style feldspar porphyry host. Results have now been received for 34 holes (PE 313 – 346, figure 1) and are summarised in Table 1.

Nine core holes (WY 840D – 848D) totalling 3,720 metres have also been completed for metallurgical testing and geotechnical data on the Wyoming One and Wyoming Three deposits. No core results are available to date.

Gold mineralisation was intersected in earlier reconnaissance drilling over the full length of the porphyry but the current program is targeting the area of shallower cover in the central-north where the porphyry has less than 10 metres of transported clay cover, while to the south the cover deepens up to about 30 metres. The drilling is an approximately 20 metre by 20 metre pattern to ensure the definition of a Measured and Indicated Resource to a depth of about 150 metres. This open pitable resource is a priority for the feasibility study underway for the development of the Wyoming and Caloma deposits within the TGP.

## BACKGROUND

**Alkane** is a multi commodity explorer and miner with its operations focussed in the **Central West of New South Wales**, centred about 400km 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 **Tomingley Gold Project** currently has a **606,000 ounce gold resource** within the **Wyoming deposits**, of which 75% is in the Measured and Indicated categories (full details 2007 Annual Report). The recent discovery at **Caloma** could add significantly to the resource base and a substantial drilling program is scheduled to be completed by early 2008 to define this resource. A feasibility study for the development of the deposits is anticipated to be completed late 2008.

The **Dubbo Zirconia Project** is based upon a world class resource of the metals zirconium, hafnium, niobium, tantalum, yttrium and rare earth elements. The deposit also contains significant uranium. 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 includes the construction and operation of a Demonstration Pilot Plant, and a development commitment is anticipated mid 2009.

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 potentially significant gold deposit at **McPhillamys** within the **Moorilda Project**. This discovery includes intersections of 123 metres grading 1.96g/t gold and 77 metres at 1.65g/t gold within a 300 metre by 200 metre mineralised zone. Late in 2007 two deep core holes produced substantial gold intercepts in KPD002 of 225 metres grading 1.16g/t gold and KPD003 with 263 metres at 1.30g/t gold, and within both holes there were several higher grade intervals (e.g. KPD002 51 metres at 1.67g/t gold and 52 metres at 1.55g/t gold; KPD003 26 metres at 3.75g/t gold and 48.7 metres at 2.74g/t gold)

Elsewhere within the region, Alkane has defined a 2 million tonne 1.00% copper Indicated Resource (details 2007 Annual Report) which is being reviewed for its development potential at **Galwaddere** within the **Wellington Project**, and several other advanced exploration projects with encouraging drill intercepts.

In **Western Australia** the Company holds 9 million shares (15.15%) of listed iron ore explorer **BC Iron Limited** and a diluting 25% residual interest in a nickel sulphide joint venture with **Xtrata Nickel (Jubilee)** near **Leinster**.



**Table 1: Caloma results greater than 1.0g/t gold PE 313 - PE 346 @ 12 May 08**

Hole No	East	North	RL (m)	Azimuth	Inclin	Intcpt (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
PE 313	614920	6394085	~270	092°	60°	9	2.17	12 – 21	162	
incl						5	3.32	14 - 19		
also						3*	2.53	78 - 81		
also						13	4.20	130 - 143		
PE 314	614740	6394020	~270	090°	60°	2	4.16	16 – 18	80	
PE 317	614980	6394080	~270	090°	60°	3*	1.87	33 – 36	173	
PE 318	614900	6394085	~270	090°	60°	4	2.14	21 – 25	162	
also						3	1.31	29 - 32		
also						4	2.19	86 - 90		
also						2	1.18	128 - 130		
also						3	1.60	148 - 151		
PE 319	614880	6394085	~270	090°	60°	4	2.10	35 – 39	174	
also						2	1.78	47 - 49		
also						13	2.39	75 - 88		
incl						6	4.14	81 - 87		
also						2	1.52	91 - 93		
also						2	1.79	130 - 132		
also						9	3.88	158 - 167		
PE 320	614860	6394085	~270	092°	60°	14	2.54	48 – 62	186	
incl						3	6.26	49 – 52		
also						8	2.03	89 - 97		
also						5	6.23	106 - 111		
incl						2	13.24	106 - 108		
also						12	2.36	141 - 153		
incl						4	4.70	149 - 153		
also						2	4.40	167 - 169		
PE 321	614700	6394020	~270	090°	60°	3	1.53	75 – 78	102	
also						3*	3.27	81 - 84		
PE 322	614800	6394040	~270	090°	60°	9	1.29	11 – 20	120	
also						7*	12.26	102 - 109		
PE 323	614890	6394120	~270	095°	60°	1	1.09	19 – 20	138	
also						7	1.73	33 - 40		
incl						2	4.16	35 - 37		
PE 325	614780	6394060	~270	090°	60°	9*	1.37	15 – 24	72	
and						2	8.31	39 - 41		
also						15*	1.95	57 - 72		
PE 326	614865	6394120	~270	090°	60°	7	2.45	50 – 57	150	
also						3	2.11	129 - 132		
also						13*	1.40	137 - 150		
PE 327	614760	6394070	~270	090°	60°	3*	2.24	48 – 51	172	
also						4*	1.85	68 - 72		
PE 328	614920	6394045	~270	090°	60°	6	1.21	16 – 22	66	
also						15*	1.19	48 - 73		
PE 329	614850	6394120	~270	095°	60°	17*	2.00	52 – 69	180	
incl						6	3.06	63 - 69		
also						4	1.53	136 - 140		
also						4	1.08	146 - 150		
PE 330	614780	6394175	~270	090°	60°	1	1.09	44 - 45	180	
also						2	7.07	63 - 65		
also						6	1.17	96 - 102		
also						5	1.47	160 - 165		
also						1	3.39	176 - 177		

Gold analysis by 30g fire assay of 1 metre riffle split samples, or \*rarely 3 metre composite samples. True widths are approx 90 - 95%.

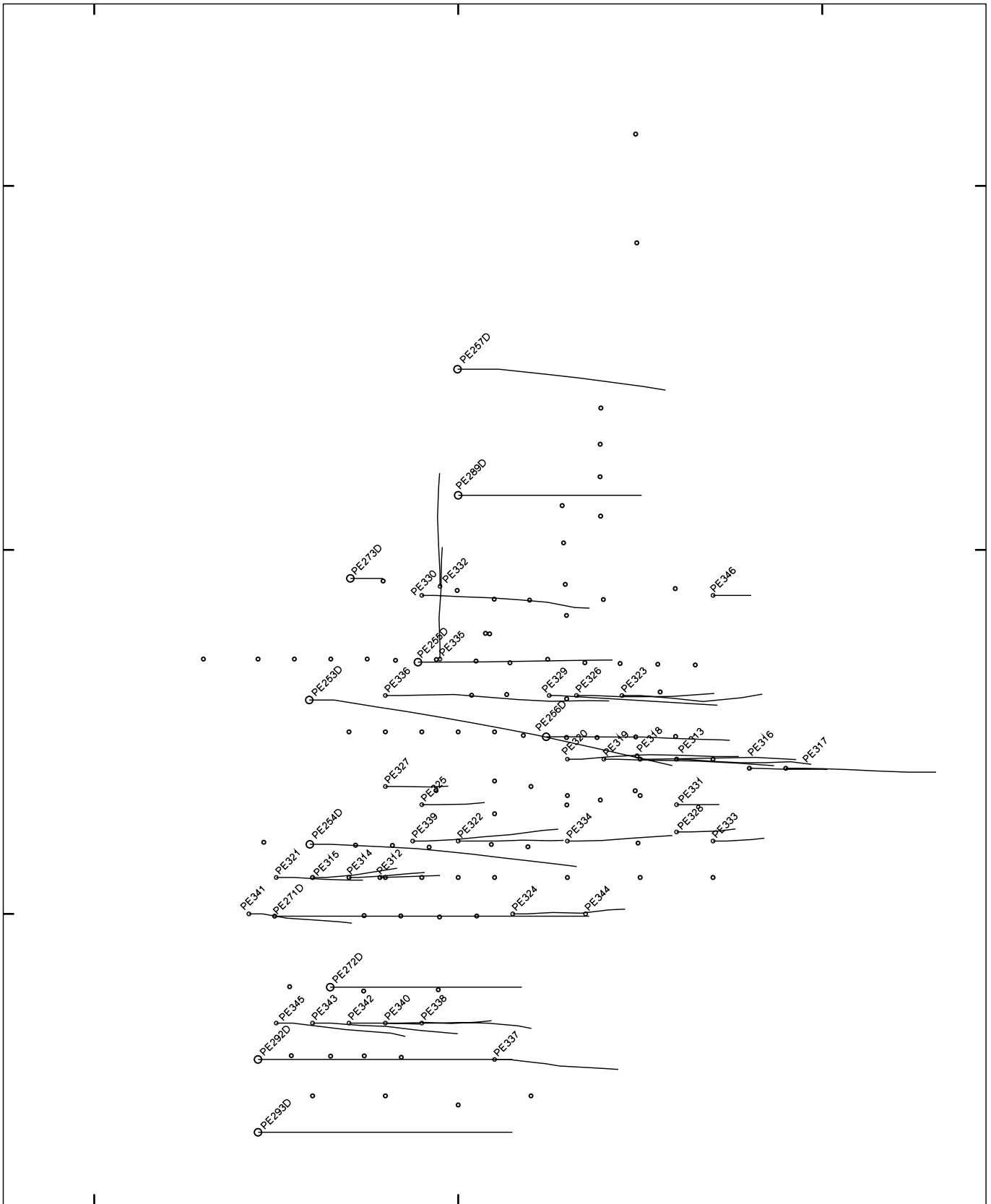


**Table 1: Caloma results greater than 1.0g/t gold PE 313 – PE 346 @ 12 May 08**

Hole No	East	North	RL (m)	Azimuth	Inclin	Intcpt (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
PE 333	614940	6394040	~270	090°	60°	9*	1.41	15 - 24	60	
also						2	3.15	37 - 39		
PE 334	614860	6394040	~270	090°	60°	1	8.03	23 - 24	114	
PE 335	614790	6394140	~270	360°	60°	15	5.26	90 - 105	120	
incl						4	8.09	90 - 94		
also						3*	2.96	114 - 117		
PE 336	614760	6394120	~270	090°	60°	4	5.46	26 - 30	210	
also						16	5.80	35 - 51		
incl						8	10.75	37 - 45		
also						7	6.70	76 - 83		
incl						5	8.71	78 - 83		
also						13	1.02	90 - 103		
also						2	1.75	133 - 135		
also						11	2.20	138 - 149		
also						5	1.64	184 - 189		
PE 338	614780	6393940	~270	090°	60°	3	1.04	43 - 46	120	
PE 339	614775	6394040	~270	090°	60°	15*	4.62	21 - 36	150	
also						6	2.29	121 - 127		
PE 340	614760	6393940	~270	090°	60°	4	1.77	94 - 98	120	
PE 341	614685	6394000	~270	090°	60°	2	2.00	69 - 71	126	
PE 342	614740	6393940	~270	090°	60°	9*	2.36	27 - 36	78	
also						1	1.16	60 - 61		
PE 343	614720	6393940	~270	090°	60°	6*	1.60	18 - 24	171	
also						12*	4.49	45 - 57		
also						6*	1.98	75 - 81		
also						6	1.99	113 - 119		
also						3	2.13	126 - 129		
also						1	2.34	132 - 133		
PE 346	614940	6394175	~270	090°	60°	15	4.30	21 - 36	42	
incl						8	6.01	22 - 30		

Gold analysis by 30g fire assay of 1 metre riffle split samples, or \*rarely 3 metre composite samples. True widths are approx 90 - 95%.

*Mr D I 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.*



Dolerite

Massive, well foliated pelitic siltstone  
(Cotton Formation)

Feldspar porphyry

Undifferentiated volcanoclastic sediments

Drill holes - current phase

Drill hole collars

Diamond drill holes collars

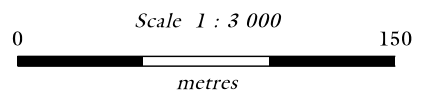


Figure No.: 1