ASX ANNOUNCEMENT – 17 August 2005

NEWMONT AUSTRALIA LIMITED TO FARMIN TO ALKANE'S ORANGE GOLD-COPPER TENEMENTS IN THE CENTRAL WEST OF NEW SOUTH WALES

- **Newmont to farmin to the Orange Gold-Copper Project comprising several tenements covering 551 km^2 adjacent to Newcrest Mining Limited's Cadia Valley Operations**
- **Newmont can earn an initial 51% interest by expenditure of $5 million within 5 years, with minimum expenditure in year one of $600,000**
- **Newmont may earn an additional 24% by electing to sole fund exploration to completion of a Bankable Feasibility Study**
- **Alkane will be the initial operator for the Project**

The **Orange Project** includes the **Molong** (EL's 6025 and 6091), **Moorilda** (EL's 5760 and 6111) and **Cudal** (EL's 4155 and 5851) tenements located near the city of Orange in the Central West of New South Wales (figure 1), adjacent to Newcrest Mining Ltd's Cadia Valley Operations (~30Moz total resources).

Newmont Australia Limited (Newmont) can earn an initial 51% interest (the Farmin Period) in the tenement package of Alkane and its wholly owned subsidiary LFB Resources NL by:

- Expenditure of $5 million within five years of the execution of the Heads of Agreement, including a minimum expenditure of $600,000 in year one.
- Alkane will be the initial operator, subject to Newmont being able to elect in November each year during the Farmin Period to become operator for the subsequent calendar year.
- Newmont may withdraw at any time within the Farmin Period with no residual interest, after the completion of the minimum expenditure.

Once Newmont has earned its 51% interest, a Joint Venture will be formed and subject to the following, the parties will contribute according to their interests:

- Newmont may elect to sole fund exploration until the completion of a Bankable Feasibility Study to increase its interest to 75%.
- Upon completion of a Bankable Feasibility Study, the Joint Venture may make a decision to mine and Alkane may:
  - (i) elect to participate in that mining venture in proportion to its Joint Venture interest;
  - (ii) dilute its Joint Venture interest via straight line dilution; or
  - (iii) divest itself of its interest in the Joint Venture.
- If Alkane elects to contribute in the mining venture, Alkane may require Newmont to arrange third party finance at market rates for Alkane's share of the costs, in return for which Newmont's Joint Venture interest will increase by a further 5%.
- If a party reduces to less than 10% and does not elect to recommence contributions, that party will be deemed to have withdrawn and its interest will revert to a 2% NSR on minerals produced.

The **Cudal** tenements (EL's 4155 and 5851) are subject to a 60% buy-back option held by Rio Tinto Exploration Pty Limited (Rio), and will not initially form part of the Farmin. Alkane and Newmont have been negotiating with Rio to restructure that buy-back option which is triggered by the discovery of a mineral resource of 5 million ounces of gold or equivalent value.

The Orange Project comprises 551 km^2 and lies within the central part of the Ordovician aged Molong Volcanic Belt (MVB) and includes andesitic volcanic and volcaniclastic sequences, limestones and intrusive monzonitic and dacitic rocks. A number of prospective targets exist within the Project area and these have been tested by various programs including geological mapping and sampling; auger soil geochemistry; Induced Polarisation; detailed aeromagnetics; and RC and diamond core drilling. The areas are considered prospective for monzonite associated gold-copper porphyry deposits (Cadia-Ridgeway type); sediment hosted replacement gold deposits (Carlin type); and structurally controlled gold deposits (Wyoming type).

Both Newmont and Alkane believe that the Project has the potential to host significant resources and a major exploration effort is being programmed.

Project Geological Background

The geological details of the project are summarised on the web page at www.alkane.com.au, in Alkane's 2004 Annual Report www.alkane.com.au/releases/annual.html and specifically at:-

Molong: www.alkane.com.au/Projects/nsw/molong.html

Moorilda: www.alkane.com.au/Projects/nsw/moorilda.html

Cudal: www.alkane.com.au/Projects/nsw/cudal.html

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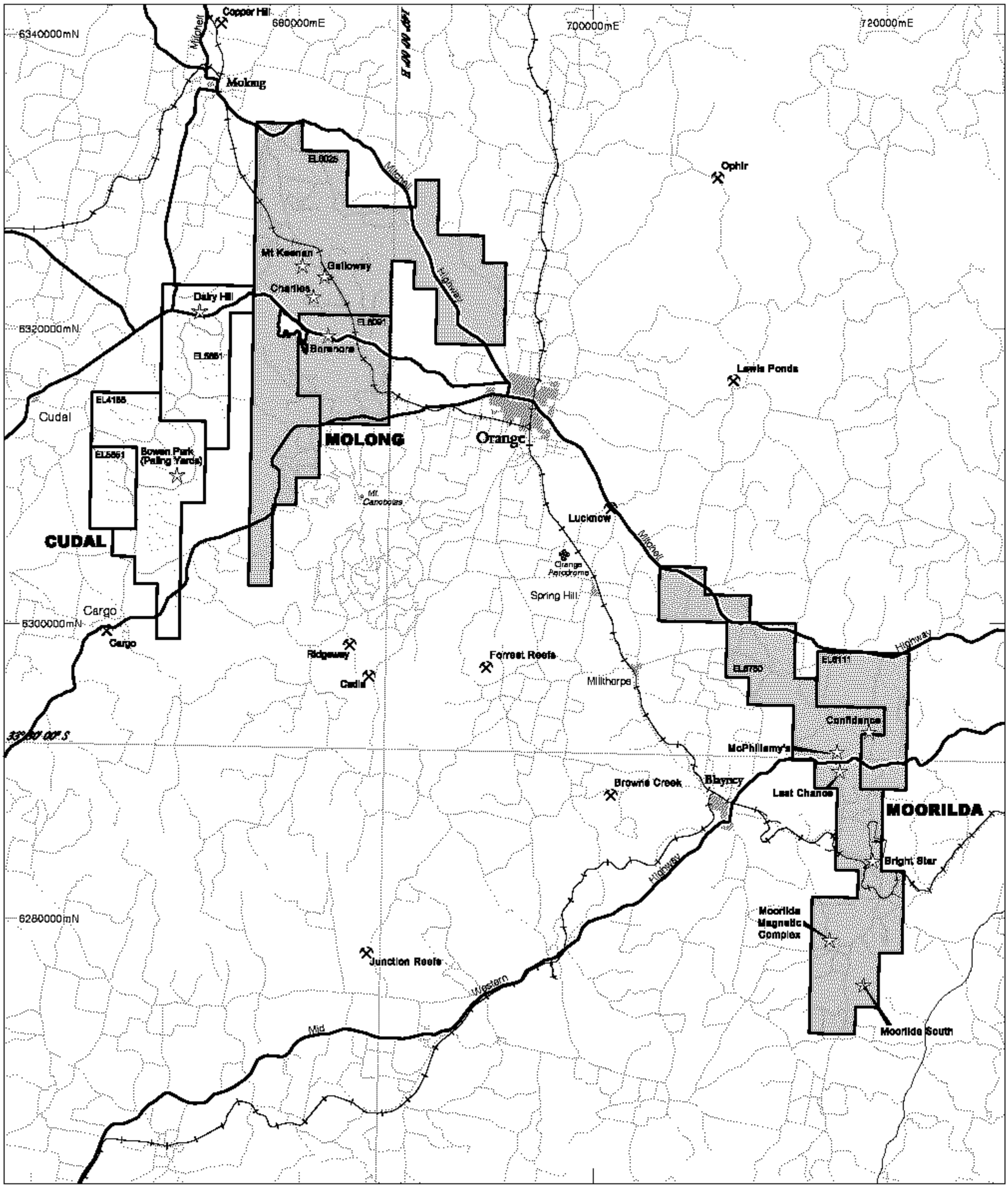
Mr D I Chalmers, FAusIMM, FAIG, (director of the Company) has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code 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.



LEGEND

☆ Alkane prospect

⚒ Current or historic mine

Scale 1 : 400 000

0 20

kilometres

ALKANE EXPLORATION LTD

ORANGE AREA

NEW SOUTH WALES

Location Plan

Plan No : AUC MOL 1AL-004