



QUARTERLY REPORT TO 30 JUNE 2007

KEY SUMMARY

➤ EXPLORATION – TOMINGLEY GOLD PROJECT

- **Infill RC drilling and reconnaissance AC drilling at the Caloma prospect within the TGP generates many significant intersections, including:**

PE 133 24 metres grading 4.80g/t gold from 12 metres
and 3 metres grading 5.63g/t gold from 45 metres

PE 136 27 metres grading 2.66g/t gold from 87 metres
including 12 metres grading 4.55g/t gold from 87 metres

PE 151 15 metres grading 6.79g/t gold from 24 metres
including 9 metres grading 10.45g/t gold from 24 metres

PE 152 33 metres grading 5.02g/t gold from 78 metres
including 15 metres grading 7.92g/t gold from 81 metres

PE 154 18 metres grading 3.99g/t gold from 9 metres
including 3 metres grading 11.35g/t gold from 21 metres

PE 155 15 metres grading 3.71g/t gold from 36 metres
including 3 metres grading 8.16g/t gold from 45 metres

PE 165 36 metres grading 2.47g/t gold from 33 metres
including 12 metres grading 5.35g/t gold from 51 metres

PE 168 6 metres grading 7.55g/t gold from 48 metres

- **The contribution of the positive results at Caloma to the ultimate resource inventory for the TGP should clear the last major barrier to secure the project's viability. A Caloma resource announcement and associated TGP go-ahead decision are expected by year's end.**

➤ DUBBO ZIRCONIA PROJECT

- **The shed to house the Demonstration Pilot Plant (DPP) at ANSTO has been completed and procurement of components is underway.**
- **Operation of the DPP is now scheduled for September.**
- **Market update study has commenced.**
- **Operation of the DPP and distribution of sample products should enable incorporation of formal product off-take agreements or letters of undertaking in the technical and market studies which will comprise the DZP feasibility study, scheduled to be completed by the end of 2008.**



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.

Activity for the Quarter continued to focus on the **Caloma** area (figure 2) which is located about 500 metres east of the Wyoming Three deposit and is considered to have the resource potential important for the proposed development of the 600,000 ounce **Wyoming** deposits.

A total of 40 holes (PE 117 to PE 156) were drilled for 3,542 metres at Caloma to infill existing reverse circulation (RC) and aircore (AC) intercepts to approximate 40 metre line spacing for a preliminary resource assessment within the central 300 metre strike extent. In addition, 21 AC holes totalling 1,486 metres (PE 157 to PE 177) tested strike extensions to the north and to the south.

Three metre composite results have been received for all holes and the data is summarised in table 1. The drilling has intersected significant gold mineralisation within and adjacent to a Wyoming style porphyry intrusive body which appears to be several hundred metres in north-south extent and 80 to 100 metres in width (figure 2). The porphyry is hosted by andesitic volcanic and volcanoclastic sediments to the east and pelitic sediments to the west. Several north-northwest trending faults have offset the porphyry and sediments, and these appear to be shallow east dipping structures that displace the mineralisation. Irregular unmineralised dolerite intrusives have been intersected that also displace mineralisation.

Within the porphyry, altered and mineralised zones have both a north-south and east-west orientation with generally steep dips (figure 3). Substantial widths of high grade mineralisation are often recorded where these structures intersect. Mineralisation is also evident on or near the east and west contacts of the porphyry. Typical cross sections are shown in figures 4 and 5.

The step out reconnaissance AC results have identified at least three new mineralised structures to the north of the previously defined Caloma body, and have extended the target north by at least 150 metres. The reconnaissance AC drill line to the south also intersected significant mineralisation near the western contact of the porphyry and opens significant potential within the target stratigraphy to the south.

Further reconnaissance drilling has been programmed but timing will depend upon rig availability and ground conditions.

Feasibility Study

The Caloma results are extremely encouraging with high grade mineralisation now intersected over a north-south strike extent of 600 metres, doubling the previously identified target zone. The mineralisation is generally at shallow depths and with less than 10 metres of transported clay cover. Interpretation of the mineralisation has commenced and it would appear that the body does present a potential open pitable resource.

The demonstration of additional open pitable resources is important to the overall Wyoming feasibility study and will assist the conceptual development to achieve a 1 million tonne per annum ore throughput.

Following completion of the preliminary resource assessment for Caloma, the results will be incorporated into the existing pre-feasibility study to provide impetus to full reactivation of the definitive feasibility study. This will include drill out of the Caloma deposit to Measured and Indicated Resource status.



DUBBO ZIRCONIA PROJECT (DZP)

Australian Zirconia Ltd (AZL) 100%

The Dubbo Zirconia Project (DZP) is located 30 kilometres south of the large regional centre of Dubbo (figure 1). The Project is held by Australian Zirconia Ltd (AZL), a wholly owned subsidiary of Alkane Resources Ltd, and is centred on the Toongi trachyte intrusive. The intrusive contains highly elevated levels of zirconium, hafnium, niobium, tantalum, yttrium, rare earth elements and uranium, and constitutes a world class resource of these metals.

Alkane has carefully evaluated the commercial viability of the DZP since the discovery of the orebody and has developed a process of acid leach – solvent extraction to produce a suite of high quality products that are used in the electronics, catalyst, advanced ceramics, special alloy and glasses, and nuclear power industries. The Company remains convinced that the Project will become an important contributor to the zirconium-hafnium chemicals and niobium-tantalum industries over many years. The Project is also capable of producing a suite of yttrium and rare earth products, and possibly uranium.

The large Toongi resource is capable of supporting an operation for hundreds of years and a program including the operation of a Demonstration Pilot Plant (DPP) is underway at the facilities of **ANSTO Minerals** at Lucas Heights, south of Sydney. A feasibility study is scheduled for completion by the end of 2008.

The shed to house the DPP at ANSTO has been completed and procurement of components for the DPP is underway. Delays in delivery of some components will cause the program time frames to be extended, and operation of the DPP is now anticipated to commence late in September. Distribution of sample products should commence before the end of this year.

Solvent extraction optimisation work at ANSTO is also continuing.

A market update study has been commenced by the Project's consultants, TZ Minerals International Pty Ltd. This study will review the changes in the supply and pricing of the key zirconium and niobium products. It will also review the developing demand for yttrium and rare earth products caused by changes to supply from China.

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

Alkane Resources Ltd 100%, subject to Newmont Australia Limited earning an initial 51%

Molong Project

Two pre-collared diamond drill holes totalling 674.8 metres were completed to test a strong IP target (chargeability anomaly) beneath a Tertiary basalt cap. The IP anomaly is associated with magnetic features which occur within a northwest trending structural corridor thought similar to that which hosts the Cadia-Ridgeway deposits to the south. The location of the drill holes was not optimal as they were drilled within a vineyard with restricted access. BOR012, drilled to the south west, tested the western margins of the anomaly and BOR013, drilled to the north east, tested the centre of the anomaly.

Approximately 60 metres of Tertiary basalt was intersected in each hole followed by a thick sediment and andesitic volcanic package which is similar to that hosting the Cadia and Ridgeway orebodies. The layered sequence is intruded by minor thin feldspar porphyry dykes.

The regional metamorphic alteration assemblage is overprinted by fracture controlled propylitic and hematite alteration which can be peripheral to copper-gold porphyry systems in the region. Strong and sometimes massive fracture controlled pyrite with trace chalcopyrite mineralisation was intersected in



both drill holes and is interpreted to be the source of the IP anomaly. A later fault controlled sericite-arsenopyrite alteration overprints the assemblage.

The core is currently being sampled but results will not be available for some time.

Moorilda Project

Regional exploration around the McPhillamys discovery continued with geological mapping and soil geochemistry programs to the north and south of McPhillamys, and at Grahams which is located 4.5 kilometres to the northwest.

While this work is continuing, drilling has been programmed to commence follow up of existing and new targets. Aircore (AC) is planned to test the Confidence area 5km east of McPhillamys and areas of deeper soil cover near McPhillamys where the auger was unable to penetrate to bed rock. RC drilling has also been programmed to test combined surface geochemical and IP chargeability anomalies located at McPhillamys North, McPhillamys East, McPhillamys South and Grahams (see figure 6).

Also at McPhillamys, two diamond core holes have been programmed to test the continuity of the mineralised zones down plunge and down dip by 100 metres vertical (approximately 250 metres deep). This drilling will also provide additional geological information on the controls of the mineralisation, as well as expand the resource potential of the system

Subject to rig availability, weather conditions and access, the drilling is scheduled to commence mid to late August.

CUDAL (gold-copper)

Alkane Resources Ltd 100%

Heavy rain in the prospect area has again delayed the RC drilling planned to test the Bowan Park geochemical – geophysical anomaly. The target is the mineralised contact of a micro-syenite intrusive where rock chip sampling returned values to 1g/t gold and 0.17% copper within a 300 metre long gold soil anomaly. The drilling will be re-scheduled as soon as access to the site is safe.

WELLINGTON (copper-gold)

Alkane Resources Ltd 100%

Ground checking of the 3D IP anomalies defined in the March Quarter was completed. The survey covered the **Galwadgere** copper deposit (**2.09Mt @ 0.99% Cu and 0.3g/t Au**) and the immediate area of 3km by 2km. A number of moderate to strong chargeability anomalies were generated and, importantly, the existing Galwadgere mineralisation was clearly mapped.

Subject to rig availability and ground access, a drilling program to test the targets will be scheduled for the December Quarter.

BODANGORA (gold-copper) was inactive.



WESTERN AUSTRALIA

LEINSTER REGION JOINT VENTURE (nickel-gold)

Alkane Resources Ltd 25%, Jubilee Mines NL 75%

*The three prospects - **Leinster Downs, Miranda and McDonough Lookout** - are subject to a farm-in agreement with Jubilee Mines NL.*

Jubilee has advised that no field work was carried out in the quarter.

NULLAGINE PROJECT (diamonds)

Alkane Resources Ltd 60%, Randolph Resources Syndicate 40%

BC Iron (BCI) has the rights to iron and all other minerals except diamonds. Alkane retains a 17% interest in BCI.

BCI have released initial drill results for the program to test the Bonnie Creek Channel Iron Deposits, indicating several areas with potential for Direct Shipping Ore resources. Drill testing of the Shaw River and Nullagine River systems is awaiting Heritage clearance and rig availability.

CORPORATE

During the Quarter, the sale of unmarketable shares announced on 24 April 2007 has been completed with 475,413 shares sold on behalf of 2,249 holders of less than a marketable parcel of shares. Alkane currently has approximately 2,600 shareholders.

The Company also received advice from ASIC that the change of name to **Alkane Resources Ltd** previously approved by shareholders, became effective on 21 June 2007.

DI Chalmers

Managing Director

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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.



Table 1: TGP RC and AC Drill Results greater than 0.5g/t gold for June 30 Quarter 2007

Hole No	East	North	RL (m)	Azimuth	Inclin	Intercept (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
PE 119	614735	6393960	~270	270°	60°	15	0.92	54 - 69	72	Caloma
PE 120	614755	6393960	~270	270°	60°	3	1.59	66 - 69	84	Caloma
PE 124	614795	6394040	~270	270°	60°	15	1.93	9 - 24	78	Caloma
and						18	3.94	54 - 72		Caloma
PE 125	614795	6394040	~270	270°	60°	12	1.28	6 - 18	120	Caloma
PE 128	614930	6394040	~270	270°	60°	15	0.84	27 - 42	102	Caloma
and						6	1.49	69 - 75		
PE 129	614775	6394070	~270	270°	60°	6	3.69	18 - 24	96	Caloma
and						3	1.21	60 - 63		
PE 130	614890	6394160	~270	270°	60°	3	1.11	24 - 27	144	Caloma
and						3	1.80	60 - 63		
and						3	1.66	66 - 69		
and						9	1.27	126 - 135		
PE 133	614805	6394120	~270	270°	60°	24	4.80	12 - 36	60	Caloma
and						3	5.63	45 - 48		
PE 134	614820	6394120	~270	270°	60°	Results	subject	to review	90	Caloma
and						3	3.77	75 - 78		
PE 135	614860	6394120	~270	270°	60°	15	2.69	69 - 84	90	Caloma
PE 136	614900	6394120	~270	270°	60°	27	2.66	87 - 114	87	Caloma
incl						12	4.55	87 - 99		
and						6	0.92	108 - 114		
PE 137	614940	6394120	~270	270°	60°	24	2.32	123 - 147	162	Caloma
PE 138	614798	6394080	~270	270°	60°	3	2.16	21 - 24	78	Caloma
PE 141	614860	6394160	~270	270°	60°	6	1.04	15 - 21	90	Caloma
PE 142	614860	6394100	~270	360°	60°	3	2.01	54 - 57	90	Caloma
and						6	3.01	75 - 81		
PE 143	614820	6394140	~270	360°	60°	3	2.50	42 - 45	48	Caloma
PE 144	614820	6394100	~270	360°	60°	3	0.94	12 - 15	96	Caloma
and						6	1.25	21 - 27		
and						6	1.76	36 - 42		
PE 146	614820	6394020	~270	360°	60°	12	2.71	6 - 18	90	Caloma
PE 147	614820	6393990	~270	360°	60°	6	1.96	12 - 18	84	Caloma
PE 148	614820	6393950	~270	360°	60°	9	1.20	57 - 63	90	Caloma
PE149	614860	6394140	~270	360°	60°	33	2.09	6 - 39	78	Caloma
incl						3	13.65	9 - 12		
incl						9	2.25	30 - 39		
PE150	614860	6394080	~270	360°	60°	3	0.66	66 - 69	120	Caloma
and						6	1.89	78 - 84		
PE151	614790	6394100	~270	360°	60°	6	2.03	9 - 15	126	Caloma
and						15	6.79	24 - 39		
incl						9	10.45	24 - 33		
and						3	1.49	66 - 69		
and						15	2.88	81 - 96		
and						3	1.34	108 - 111		
PE152	614790	6394080	~270	360°	60°	9	1.35	42 - 51	120	Caloma
and						33	5.02	78 - 111		
incl						15	7.92	81 - 96		
incl						6	10.96	81 - 87		
PE153	614795	6394060	~270	270°	60°	3	0.78	12 - 15	96	Caloma
and					60°	6	0.72	66 - 72		

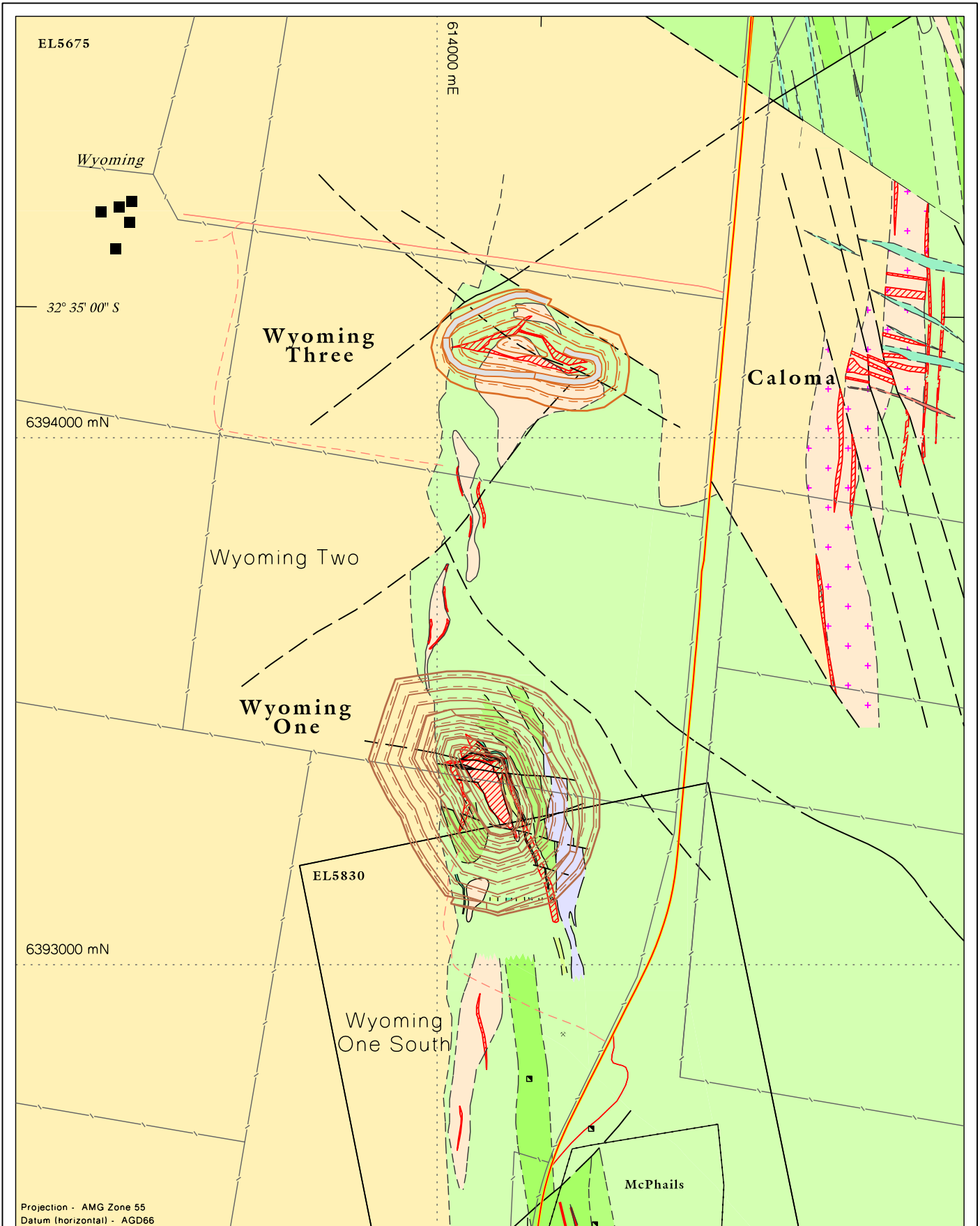


PE154	614790	6394120	~270	360°	60°	18	3.99	9 - 27	90	Caloma
incl						3	11.35	21 - 24		
and						6	2.12	51 - 57		
and						3	2.33	75 - 78		
PE155	614900	6394110	~270	360°	60°	15	3.71	36 - 51	96	Caloma
incl						3	8.16	45 - 48		
PE160*	613900	6394240	~270	270°	60°	3	0.64	30 - 33	59	Caloma
PE162*	614960	6394240	~270	270°	60°	6	1.23	12 - 18	69	Caloma
and						12	1.72	42 - 54		
incl						3	4.60	48 - 51		
PE164*	614900	6394280	~270	360°	60°	9	2.43	24 - 33	77	Caloma
incl						3	4.10	24 - 27		
and						9	1.25	45 - 54		
and						3	0.77	57 - 60		
and						3	0.66	63 - 66		
PE165*	614900	6394250	~270	360°	60°	36	2.47	33 - 69	73	Caloma
incl						12	5.35	51 - 63		
PE166*	614900	6394220	~270	360°	60°	3	3.60	27 - 30	64	Caloma
PE168*	614900	6394160	~270	360°	60°	6	7.55	48 - 54	56	Caloma
PE173*	614710	6393700	~270	270°	60°	3	1.51	72 - 75	96	Caloma
PE175*	614750	6393700	~270	270°	60°	21	2.30	33 - 54	89	Caloma
incl						6	3.94	39 - 45		
and						3	0.74	81 - 84		

Gold analysis by 30g fire assay of speared 3m composite Air Core or RC samples. All true widths are not clear at this time.

* Reconnaissance Air Core holes testing for other potential structures north and south of the Caloma 'Deposit'





Projection - AMG Zone 55
Datum (horizontal) - AGD66

Legend

- | | |
|---|--|
| Geology | |
| | Massive, well foliated pelitic siltstone (Cotton Formation) |
| | Feldspar porphyry |
| | Undifferentiated volcaniclastic sediments |
| | Undifferentiated black graphitic shales and grey foliated siltstones |
| | Black graphitic shales |
| | Quartz and volcaniclastic sandstone pebble conglomerate |
| | Feldspar ± hornblende phyric andesitic lava |
| | Strongly sheared, chlorite-talc schist |
| | Mineralisation |
| Geological Symbols and Ornamentation | |
| | Fault, inferred |
| | Shear zone |
| | Geological boundary, inferred |
| | Quartz zone |



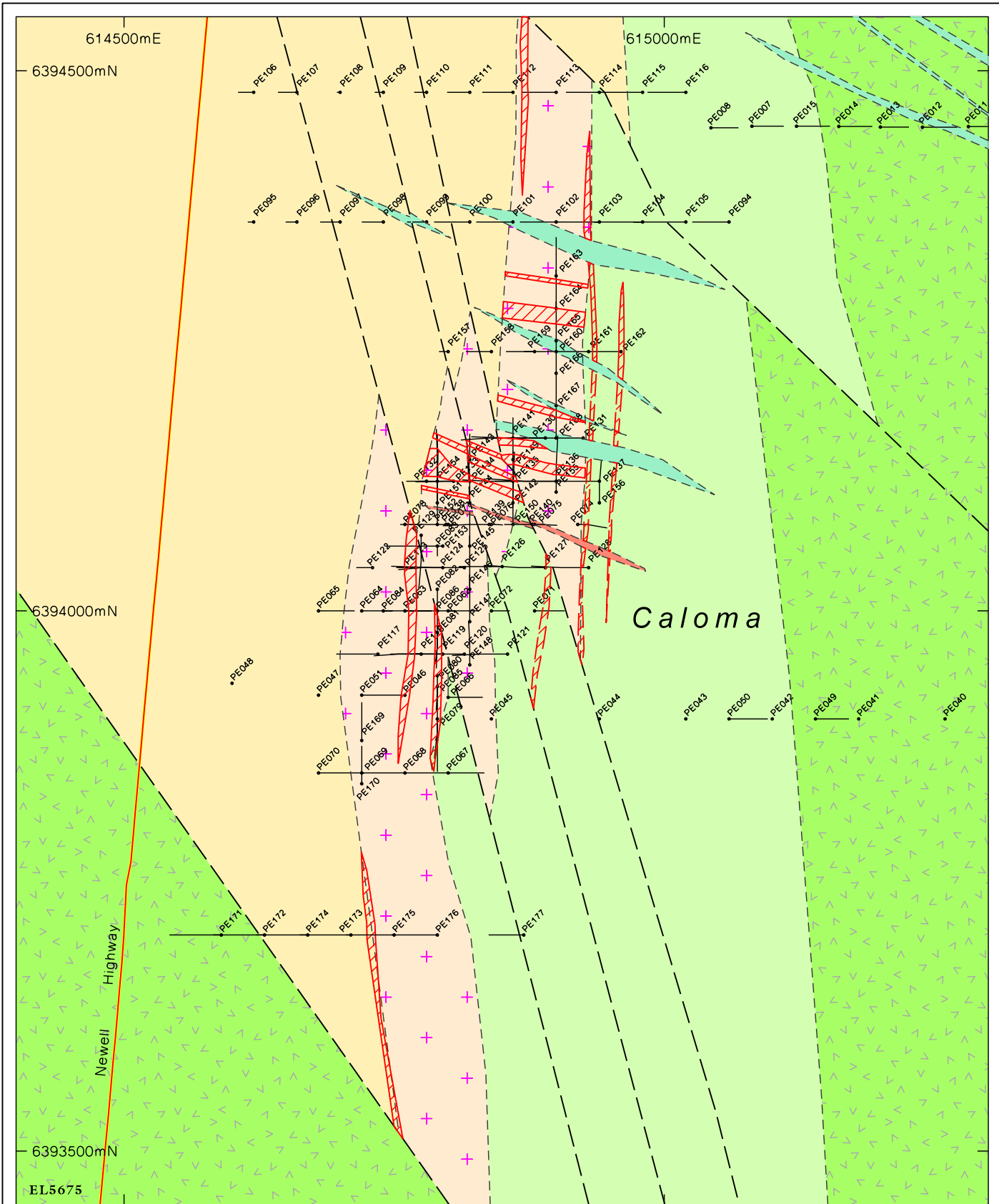
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TOMINGLEY GOLD PROJECT
WYOMING PROSPECT

**Proposed Pit Locations
& Geology**

Wyoming One to 100m RL
Wyoming Three to 210m RL

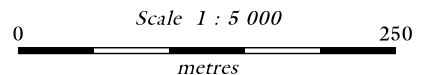
Figure No.: 2



Legend

- Magnetite bearing fine to medium grained dolerite (late stage) cross-cuts mineralisation
- Pegmatite
- Massive, well foliated pelitic siltstone (Cotton Formation)
- Feldspar porphyry - sub volcanic feldspar ± augite porphyritic intrusive
- Undifferentiated volcanoclastic sediments with minor volcanics
- Feldspar ± augite phric andesitic lava
- Mineralisation

Projection - AMG Zone 55
Datum (horizontal) - AGD66

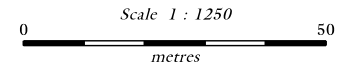
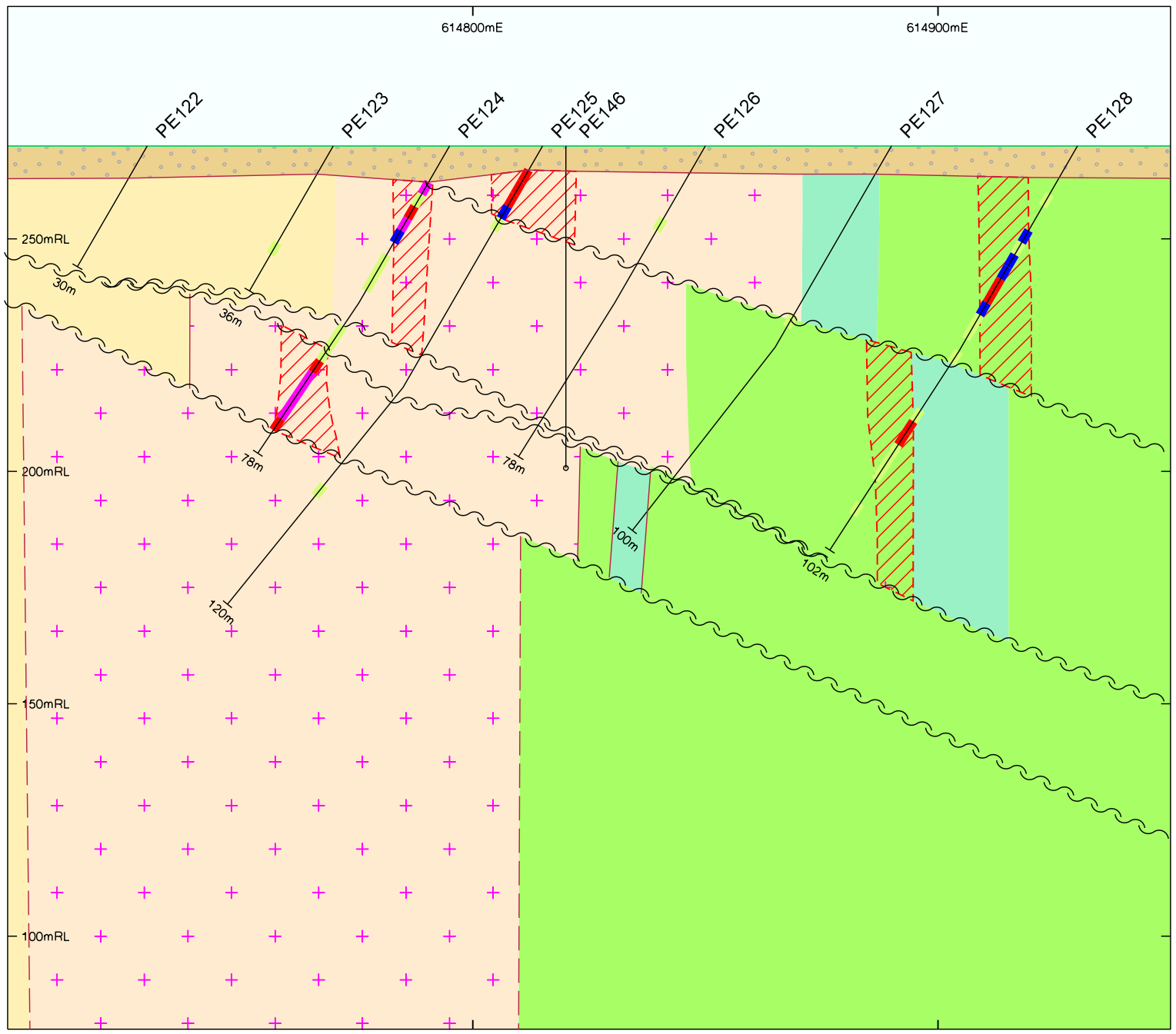



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**TOMINGLEY GOLD PROJECT
CALOMA PROSPECT**

**Preliminary Geology and
Drill Hole Location**

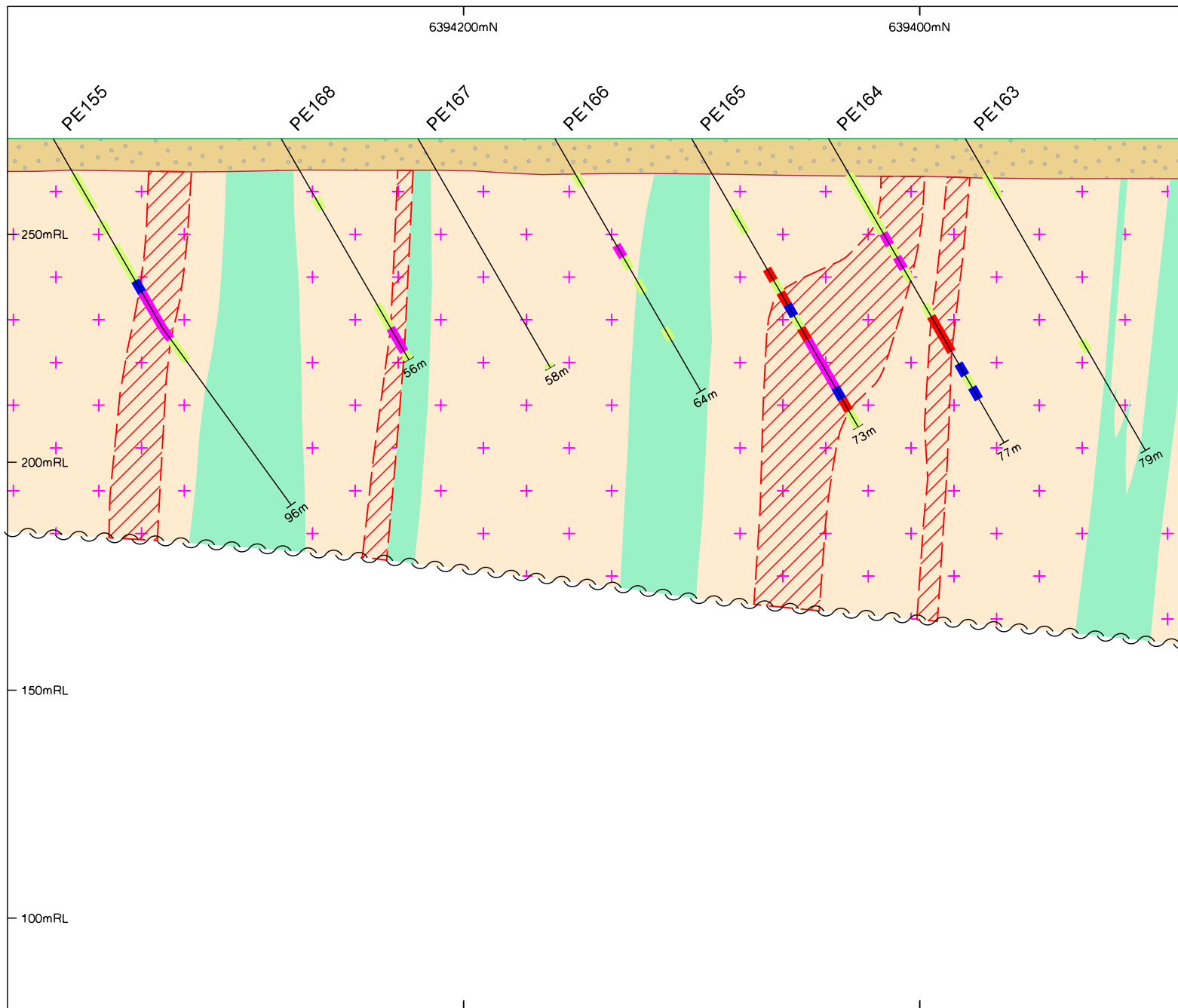
Geology: MMC Plan No.: ALK TOM 1GA-012
Drafted: DJM Date: July 2007 Figure No.: 3



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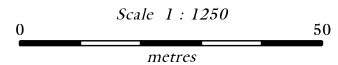
TOMINGLEY PROJECT
CALOMA PROSPECT
Cross Section
6394040mN

Geology: MMC Plan No.: ALK COM 1XD-020
 Drafted: DJM Date: July 2007 Figure: 4



Geology

-  Alluvium
-  Massive, well foliated pelitic siltstone
-  Magnetite bearing fine to medium grained dolerite (late stage) cross-cuts mineralisation
-  Feldspar porphyry - sub volcanic feldspar ± augite porphyritic intrusive
-  Feldspar ± augite phyric andesitic lava
-  >1.00g/t Gold ore outline

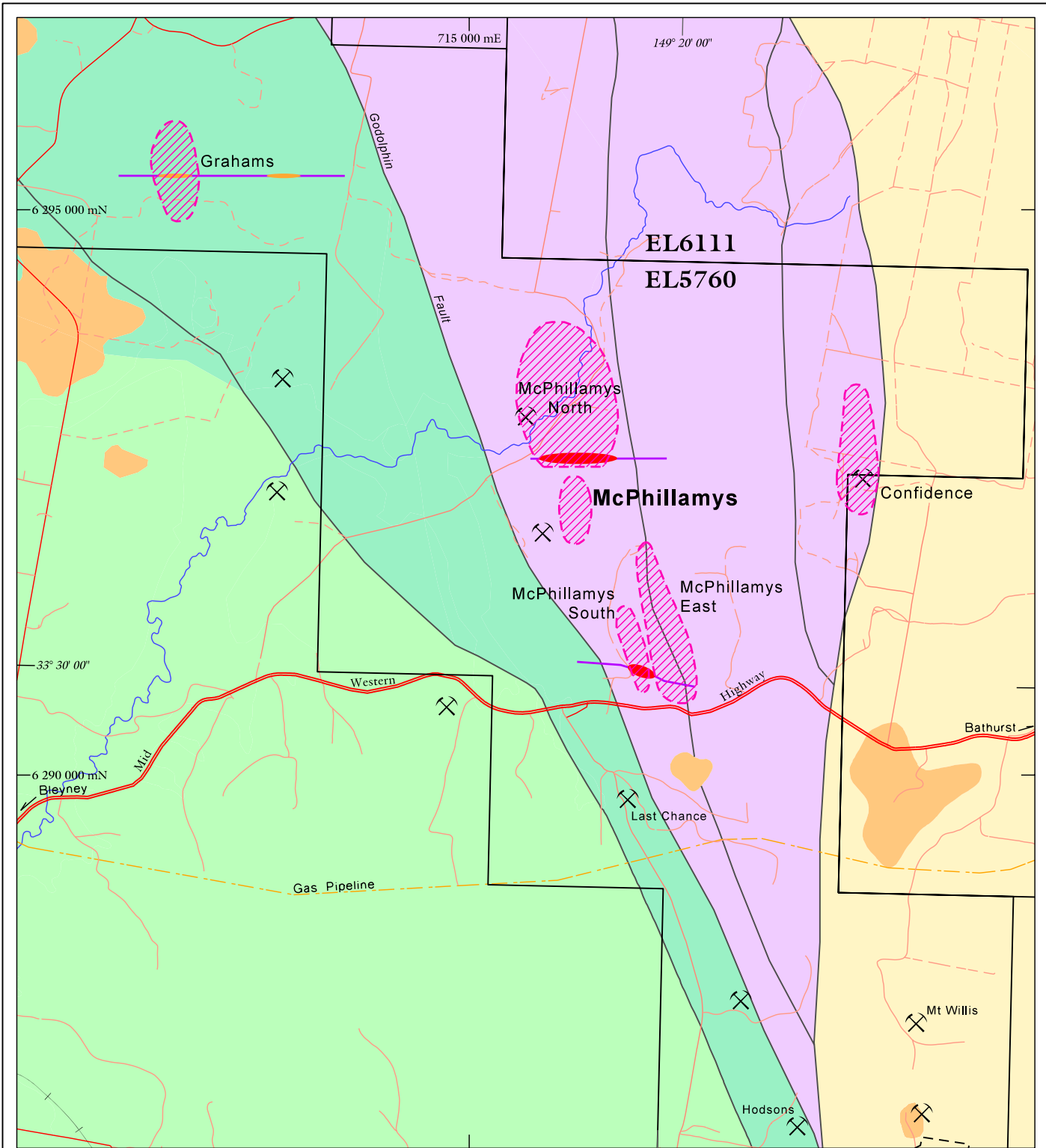


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**TOMINGLEY PROJECT
CALOMA PROSPECT**

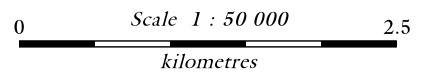
**Cross Section
614900mE**

Geology: MMC Plan No.: ALK COM 1XD-021
Drafted: DJM Date: July 2007 Figure: 5



Legend

- | | | | | |
|----------------|--|---|--|-------------------|
| Tertiary | | Basalt | | Major prospects |
| Devonian | | Sediments & volcanics | | Historic workings |
| Silurian | | Felsic volcanics & sediments | | |
| Ordovician | | Blayney Volcanics - mafic volcanics & sediments | | |
| | | Byng Volcanics - mafic volcanics & sediments | | |
| IP Survey Line | | | | |
| | | IP survey line | | |
| | | Chargeability anomaly - high | | |
| | | Chargeability anomaly - moderate | | |



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MOORILDA PROJECT

NEW SOUTH WALES

McPhillamys Prospect

Geology and IP Lines