ASX ANNOUNCEMENT – 5 February 2008

FLOW OF HIGH GRADE GOLD INTERCEPTS CONTINUES FROM CALOMA

- **The RC resource definition drilling program is continuing and results for a further eleven holes have been received. Significant high grade intercepts continue to be recorded.**
- **Results include:**

PE 242	**15 metres grading 6.73g/t gold from 21 metres**
and	**2 metres grading 8.67g/t gold from 59 metres**
also	**7 metres grading 3.58g/t gold from 82 metres**
PE 244	**8 metres grading 4.37g/t gold from 42 metres**
including	**5 metres grading 5.81g/t gold from 42 metres**
PE 247	**10 metres grading 3.34g/t gold from 23 metres**
including	**6 metres grading 4.41g/t gold from 24 metres**
PE 249	**12 metres grading 2.10g/t gold from 56 metres**
including	**6 metres grading 3.58g/t gold from 52 metres**
and	**17 metres grading 3.82g/t gold from 91 metres**
including	**5 metres grading 8.69g/t gold from 102 metres**
PE 250	**13 metres grading 3.23g/t gold from 64 metres**
including	**9 metres grading 4.15g/t gold from 68 metres**

- **As at the end of 2007, 4,378 metres of the initial 10,000 metre resource RC drilling program was completed. Due to expansion of the target area a further 10,000 metres has been added to the drill out. A second RC drill has been sourced to accelerate the program.**

Corporate Profile

Alkane Board

J. S. F. Dunlop (Chairman)

D. I. Chalmers (Managing Dir)

A. D. Lethlean

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12 month share price range

A$0.45 - $0.20

Market Cap 4 February 08

~A$83.3 million

ASX Code: ALK

241.6 million shares (Jan 08)

January 2008 Cash

~ $14 million

No debt

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The 10,000 metre reverse circulation (RC) resource definition drilling program commenced at Caloma late October and 38 holes (PE 215 – 252) were completed to the end of 2007 (4,378m). Results have now been received for the final eleven holes (PE 242-252) and are summarised in Table 1. The RC program recommenced mid-January after a Christmas-New Year break and further results will be reported as they come to hand. Diamond core drilling for geological confirmation and metallurgical samples also commenced mid-January.

Multiple mineralised structures have previously been identified within the Caloma target area and the main host is a Wyoming style feldspar porphyry which is 80 to 100 metres in width and 1,000 metres in north-south extent. As a result of the recent drilling a more robust geological model is developing and it is apparent that most of the mineralised structures within the porphyry have an approximate north-northwest orientation, with a shallow south westerly dip. These structures range in width from a few metres to in excess of 20 metres and appear to extend across the full width of the porphyry host. There is also apparent steeper dipping mineralisation in north-south structures that lie at and near the footwall contact (east) of the porphyry and/or within the underlying volcanics and sediments.

Gold mineralisation has been intersected over the full length of the porphyry. Grid line 6394000mN is centre to the target area and to the north the porphyry has up to 10 metres of transported clay cover, while to the south the cover deepens up to about 30 metres. The current program targeting the central area of shallower cover has been expanded and a further 10,000 metres of RC drilling have been programmed to ensure the definition of a Measured and Indicated Resource. This open pitable resource is a priority for the feasibility study underway for the development of the Wyoming and Caloma deposits (Tomingley Gold Project). A second RC rig has been sourced but will not be on site till mid-February.

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. 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 in the second half of 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, special alloys and glasses, fuel cells, nuclear power and as environmental drying agents and catalysts. A feasibility study is in progress, which includes the construction and operation of a Demonstration Pilot Plant, and a development commitment is anticipated by the end of 2008.

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. Exploration is continuing.

Elsewhere within the region, Alkane has defined a 2 million tonne 1.00% copper deposit which is being reviewed for its development potential at **Galwadgere** within the **Wellington Project**, and several other advanced exploration projects with encouraging drill intercepts.

In **Western Australia** the company holds 9 million shares (15.5%) of listed iron ore explorer **BC Iron Limited** and a diluting 25% residual interest in a nickel sulphide joint venture with **Jubilee Mines** near **Leinster**.

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: Caloma results greater than 0.5g/t gold PE 242 – PE 252 @ 5 February 2008

Hole No	East	North	RL (m)	Azimuth	Inclin	Intcpt (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
PE 242	614770	6394140	~270	090°	60°	15	6.73	21 - 36	198	
and						2	8.67	59 - 61		
also						7	3.58	82 - 89		
also						5	0.83	96 - 101		
also						1	0.76	112 - 111		
also						2	2.96	116 - 118		
also						2	1.06	146 - 148		
also						6*	1.17	157 - 163		
also						2	1.88	172 - 174		
also						4	2.52	183 - 187		
also						5*	0.95	193 - 198		In miner'ion
PE 243	614890	6394140	~270	091°	60°	20	1.54	20 - 40	90	
incl						2	8.83	32 - 34		
PE 244	614870	6394140	~270	095°	60°	8	0.70	19 - 27	120	
and						8	4.37	42 - 50		
incl						5	5.81	42 - 47		
PE 245	614850	6394140	~270	095°	60°	3	0.68	36 - 39	120	
and						3	2.55	60 - 63		
also						4	2.50	96 - 100		
PE 246	614920	6394100	~270	089°	60°	4	1.15	14 - 18	196	
PE 247	614900	6394100	~270	090°	60°	10	3.34	23 - 33	42	
incl						6	4.41	24 - 30		
PE 248	614880	6394100	~270	090°	60°	1	2.70	28 - 29	130	
and						4	2.75	44 - 48		
and						11	1.12	85 - 96		
incl						3	2.56	88 - 91		
and						1	1.50	101 - 102		
also						1	1.35	110 - 111		
also						3	2.33	133 - 136		
PE 249	614860	6394100	~270	090°	60°	2	1.03	40 - 42	174	
and						12	2.10	50 - 62		
incl						6	3.58	56 - 62		
and						17	3.82	91 - 108		
incl						5	8.69	102 - 107		
and						1	1.69	150 -151		
also						3	3.38	164 - 167		
PE 250	614840	6394060	~270	090°		13	3.23	64 - 77	186	
incl						9	4.15	68 - 77		
and						6	1.53	92 - 98		
also						12*	0.71	117 - 129		
also						4	2.38	175 - 179		
PE 251	614830	6394140	~270	100°	60°	2	1.50	16 - 18	162	
and						3	2.68	70 - 73		
also						26	0.84	136 - 162		In miner'ion
incl						6	1.27	147 - 153		
PE 252	614910	6394120	~270	090°	60°	6*	0.71	21 - 27	130	

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