ALKANE RESOURCES LTD
ABN 35 000 689 216

ASX ANNOUNCEMENT – 2 March 2010

McPHILLAMYS TO PROCEED TO BANKABLE FEASIBILITY STUDY

- **Newmont Australia Limited have advised they will proceed to increase their interest in the Orange District Exploration Joint Venture (ODEJV) to 75% by completing a Bankable Feasibility Study on the McPhillamys gold deposit.**
- **Drilling programs have defined a 600 metre long by 200 metre wide +0.5g/t gold mineralised envelope at McPhillamys. The system remains open at depth.**
- **Preliminary modelling of the mineralised envelope has defined a conceptual exploration target of 2 to 4 million ounces of gold with 50,000 to 100,000 tonnes of copper.**

  This is not an Identified Mineral Resource and further drilling and evaluation will be required to raise the conceptual exploration target mineralisation to this status.

- **Preliminary mining pit shells have been applied to the conceptual exploration target models to determine key economic issues. An underground block caving model has also been considered.**
- **Regional exploration has defined several targets with McPhillamys type stratigraphy and mineralisation over a strike length of at least 6 kilometres.**
- **The 2010 program will include drilling of regional targets and deeper drilling of the McPhillamys deposit, as well as further metallurgical and conceptual mining studies.**

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 (Joint Secretary)

K. E. Brown (Joint Secretary)

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12 month share price range

A$0.515 - $0.15

Market Cap 1 March 2010

~A$78 million

ASX Code: ALK

249 million shares

January 2010 Cash

Cash ~ $4.0 million

Investments ~ $6.0 million

No debt

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Newmont Australia Limited (NAL) have elected to increase their interest in the **Orange District Exploration Joint Venture (ODEJV)** to75% by completing a Bankable Feasibility Study (BFS) on the **McPhillamys Project**. NAL is a subsidiary of the US based Newmont Mining Corporation **(NYSE:NEM)**.

The ODEJV includes the **Molong** and **Moorilda** tenements located near the city of Orange in the Central West of New South Wales, adjacent to Newcrest Mining Ltd's Cadia Valley Operations (Figure 2).

NAL will sole fund all expenditures to complete the BFS and there is no time constraints to finalise this study. At Alkane's election, NAL can earn a further 5% interest by securing funding for Alkane's share of any capital costs for the development.

McPhillamys

Exploration by the joint venture in the last few years has focussed on the McPhillamys gold discovery which is located within the Moorilda Project, and centred about 35 kilometres south east of Orange (Figure 2). The Project of 175km^2 covers the structural boundary between the Ordovician aged andesitic volcanic and monzonitic intrusive complexes, and Silurian felsic volcanic and sedimentary sequences. At McPhillamys several AC, RC and core drilling programs have identified a large gold mineralised system within the Silurian volcanics which comprises a plus 0.5g/t gold mineralised envelope extending over a north south strike of at least 600 metres with widths up to 200 metres (figure 3). Higher grade gold within the central sector of the deposit has associated copper mineralisation which may also have economic potential.

Drilling within the mineralised envelope has returned several substantial intercepts including:

KP 048	**123metres grading 1.96g/t gold and 0.085% copper from the surface**
KPD 002	**224.7 metres grading 1.16g/t gold and 0.082% copper from 207 metres**
KPD 003	**366 metres grading 1.86g/t gold and 0.076% copper from 134 metres**

Mineralisation has been intersected to depths of 650 metres and remains open.

Resource Potential

NAL have run preliminary block models for resource compilation on the mineralised envelope and a conceptual exploration target of 2 to 4 million ounces of gold and 50,000 to 100,000 tonnes of copper can be assigned to McPhillamys at this stage.

Further drilling and evaluation will be required to raise the conceptual exploration target to Identified Mineral Resource status.

Metallurgy

Preliminary metallurgical testing on core samples indicated standard CIL recoveries of 86 to 91%. Further work will be programmed to expand on the CIL work and also examine the potential for gravity and flotation recovery to include the copper mineralisation.

Development Concepts

NAL have completed a series of desk top studies to review development models which includes various open pit scenarios and a possible underground block cave mining concept. These studies will be expanded as part of the BFS program.

Regional Targets

A number of regional targets have been identified by geological mapping, soil sampling, multiple geophysical techniques and reconnaissance aircore drilling where ore grade intercepts have been recorded (Figure 2). These include Sherlock (adjacent to McPhillamys), McPhillamys East, Kings Plains, Last Chance, Flanagans Gully and Clearview forming a six kilometre long McPhillamys-equivalent stratigraphic target zone.

The Confidence mine area, located 3 kilometres to the east of McPhillamys, also presents another two kilometre target zone.

Current Program

The joint venture is yet to meet to discuss the 2010 program and budget, but the program should include further drill testing of the McPhillamys deposit at depth; drilling of regional targets; metallurgical testing; and conceptual mine studies.

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. Apart from the ODEJV, projects include:

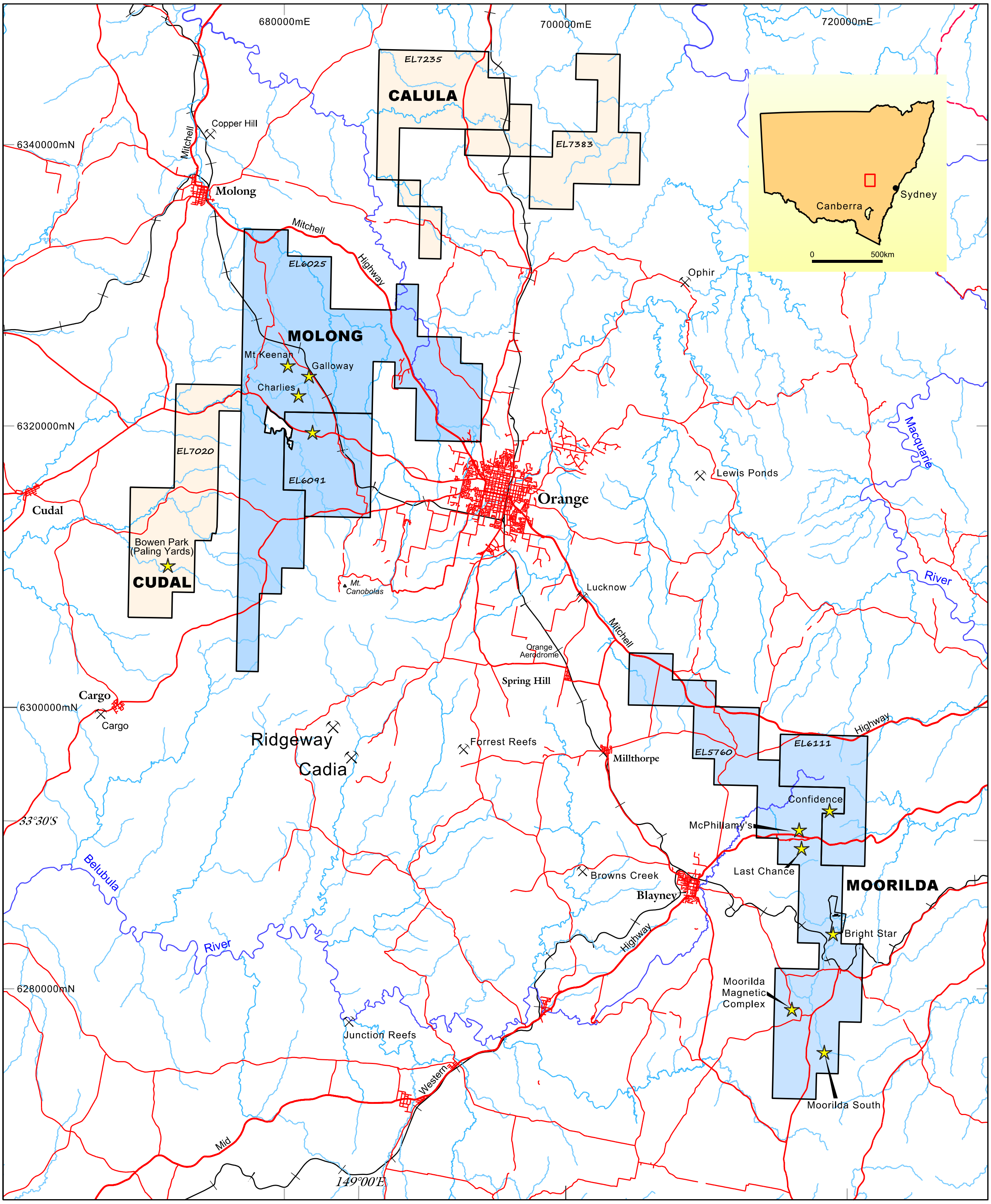
The **Tomingley Gold Project** currently has an **840,000 ounce gold resource** within the **Wyoming and Caloma deposits**, (full details are in the 2008 Annual Report and the ASX announcements of 2 October and 16 December 2009). A feasibility study for the development of the project with potential 50,000 to 60,000 ounce per annum production is anticipated to be completed by mid 2010.

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 late 2010.

Elsewhere within the region, Alkane has defined a 2 million tonne 1.00% copper Indicated Resource (details 2005 Annual Report) which is being reviewed for its development potential at **Galwadgere** within the **Wellington Project**, and several other advanced exploration projects with encouraging drill intercepts. New exploration targets have been identified at several other locations.

In **Western Australia** the Company holds 5 million shares (6%) of listed iron ore explorer **BC Iron Limited** and a diluting 23% residual interest in a nickel sulphide joint venture with **Xstrata Nickel (Jubilee)** near **Leinster**.

The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr D I Chalmers, FAusIMM, FAIG, (director of the Company who 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 a 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 this report of the matters based on his information in the form and context in which it appears.



LEGEND

- ★ Alkane prospect
- ⚒ Current or historic mine
- ODE Newmont JV

Scale 1 : 400 000

0 — 20

kilometres

Plan No : ALK MOL 1AL-004

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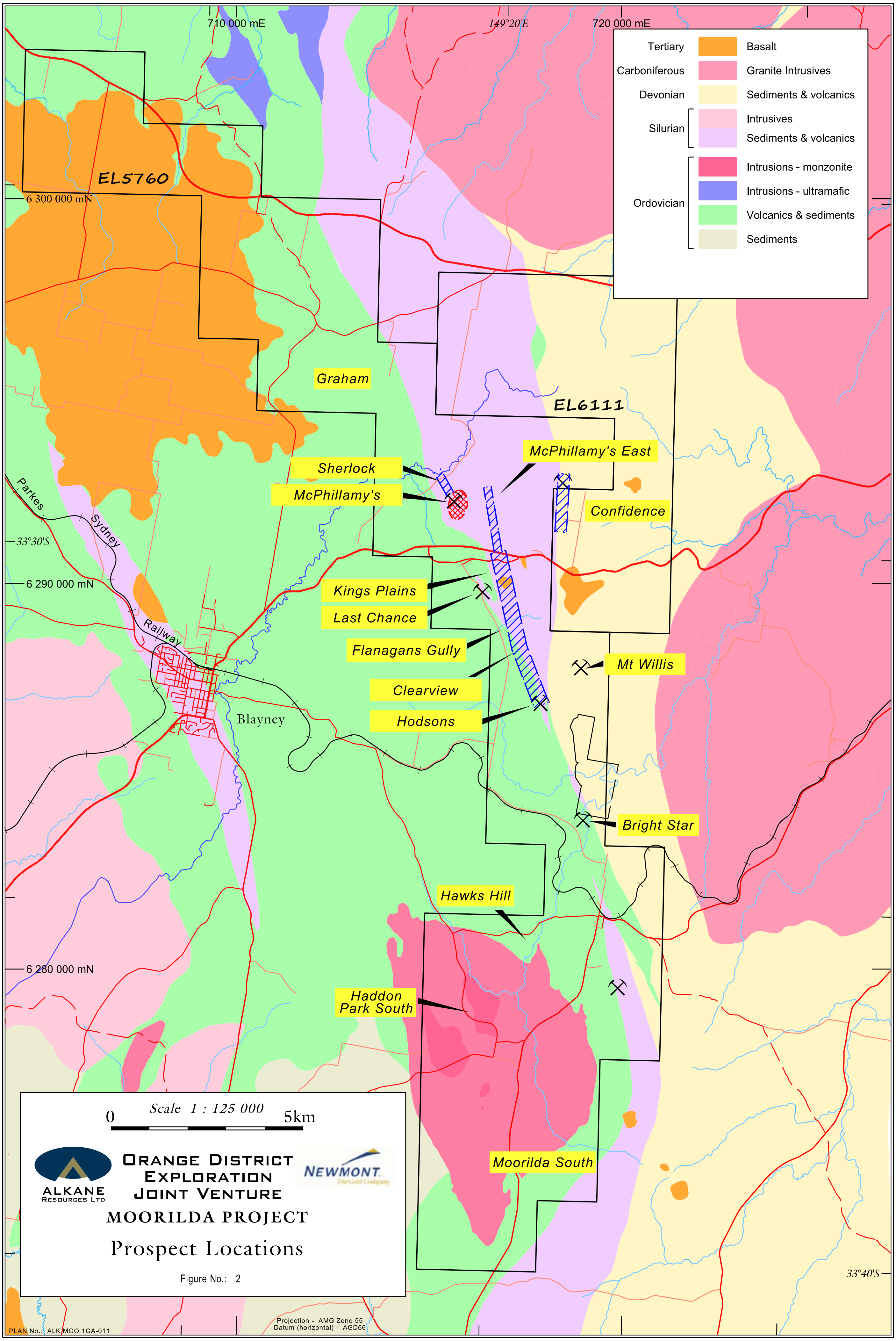
ORANGE DISTRICT JV AREA

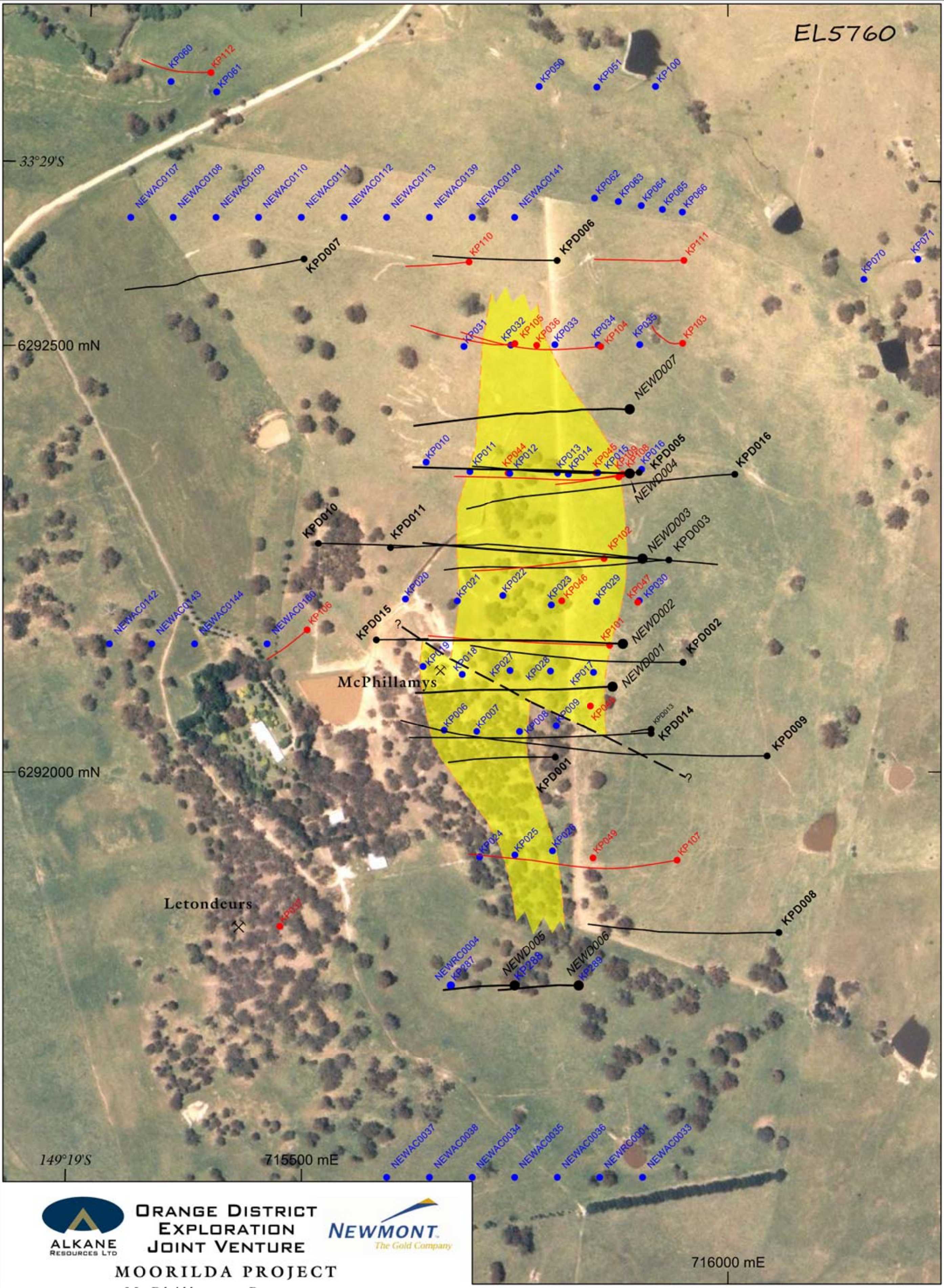
NEW SOUTH WALES

Regional Location

Figure No.: 1



710 000 mE
149°20'E
720 000 mE
Tertiary
Basalt
Carboniferous
Granite Intrusives
Devonian
Sediments & volcanics
Silurian
Intrusives
Sediments & volcanics
Ordovician
Intrusions - monzonite
Intrusions - ultramafic
Volcanics & sediments
Sediments
EL5760
6 300 000 mN
Graham
EL6111
McPhillamy's East
Sherlock
McPhillamy's
Confidence
Parkes
Sydney
33°30'S
6 290 000 mN
Kings Plains
Last Chance
Railway
Flanagans Gully
Mt Willis
Clearview
Hodsons
Blayney
Bright Star
Hawks Hill
6 280 000 mN
Haddon Park South
Moorilda South
Scale 1 : 125 000
0
5km
ALKANE RESOURCES LTD
ORANGE DISTRICT EXPLORATION JOINT VENTURE
NEWMONT
The Gold Company
MOORILDA PROJECT
Prospect Locations
Figure No.: 2
33°40'S
PLAN No.: ALK/MOO 1GA-011
Projection - AMG Zone 55
Datum (horizontal) - AGD66



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ORANGE DISTRICT EXPLORATION JOINT VENTURE

NEWMONT. The Gold Company

MOORILDA PROJECT

McPhillamys Prospect

Drill Hole Location

with +0.5g/t Gold Outline

Figure No.: 3

PLAN No. : ALK MOO 1HL-006

Scale 1 : 6 000

0 250

metres

- RC drill hole
- Air core drill hole
- Diamond drill hole and trace
- Current diamond drill hole and trace