ASX and MEDIA RELEASE

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ALKANE RESOURCES LTD
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Drill Results Point to Possible Resource Expansion For Dubbo Zirconia Project

- **Reverse circulation drilling of the Railway prospect within the Dubbo Zirconia Project (DZP) has identified extensive zirconium, niobium, yttrium and rare earth mineralisation.**

- **The Railway prospect is located 4 kilometres northwest of the main Toongi orebody, close to infrastructure planned for the DZP development.**

- **The grades within Railway are about 50% of the Toongi deposit and average:**

  0.912% ZrO_2, 0.022% HfO_2, 0.237% Nb_2O_5, 0.014% Ta_2O_5, 0.073% Y_2O_3, 0.343% REO (TREO 0.42%) (TREO = Y_2O_3 + REO)

- **The drilling is not sufficient to define a resource but an exploration target of approximately 40 million tonnes has been identified.**

- **The rare earth distribution at Railway is about 30% heavy rare earths and 70% light rare earths, slightly higher than Toongi which has a 25% / 75% distribution.**

- **The additional potential from Railway could add to the already long life Toongi resource/reserve base.**

- **A White Paper published by the Information Office of the State Council (PRC), "Situation and Policy of China's Rare Earth Industry" has again highlighted the strategic significance of the DZP heavy rare earth production.**

- **The Paper indicates China does not believe current market pricing for rare earths reflects their value, scarcity and world demand.**

- **China's Rare Earth Industry is now a US$15B per year business.**

- **The Company is working toward signing a strategic partnership agreement for the DZP's rare earth output by the end of July.**

CONTACT : IAN CHALMERS, MANAGING DIRECTOR, ALKANE RESOURCES LTD, TEL +61 8 9227 5677
INVESTORS : NATALIE CHAPMAN, CORPORATE COMMUNICATIONS MANAGER, TEL +61 418 642 556
MEDIA : WESTBROOK COMMUNICATIONS, CONTACT: IAN WESTBROOK, TEL +61 2 9231 0922 OR +61 407 958 137

65 Burswood Road, Burswood WA 6100, AUSTRALIA (PO Box 4384, Victoria Park WA 6979, AUSTRALIA)
Telephone: +61 8 9227 5677 Facsimile: +61 8 9227 8178
www.alkane.com.au mail@alkane.com.au

DUBBO ZIRCONIA PROJECT (DZP) – zirconium, niobium, yttrium, rare earth elements

Australian Zirconia Ltd (AZL) 100%

The Dubbo Zirconia Project is located in the Central West Region of New South Wales approximately 400 kilometres north west of Sydney**.** The DZP is based upon a large in-ground resource of the metals zirconium, hafnium, niobium, tantalum, yttrium, and rare earth elements. Over 13 years the Company has developed a flow sheet consisting of sulphuric acid leach followed by solvent extraction recovery and refining to generate a suite of products. A demonstration pilot plant (DPP) has been operating within the facilities of ANSTO Minerals since 2008 and to date has recovered substantial quantities of zirconium products and niobium concentrate, and has demonstrated recovery of an yttrium rich heavy rare earth concentrate and a light rare earth concentrate.

A number of MoUs for off-take of zirconium and niobium products have been completed and AZL is working toward signing a strategic partnership agreement for the rare earth output by the end of July.

Earlier this year a reconnaissance RC drilling program was completed to assess the thickness and nature of trachyte at the Railway Prospect, located 4 kilometres north-west of the main Toongi orebody (Figure 1). The drilling comprised 7 RC drill holes totalling 492 metres scattered across the trachyte outcrop (Figure 2).

Drilling identified a broadly subhorizontal sheet of trachyte flows, unconformable over sediments of the Triassic aged Napperby Formation. The trachyte package appears to gradually increase in thickness towards the east (~55-65m) before dramatically thickening in the easternmost drill hole (RWRC006), where a minimum of 84 metres of trachyte was intersected before the drill hole was abandoned due to mechanical failure (Figure 3). The full external dimensions of the trachyte have not been defined.

The results of the RC holes have been received and are summarised in Table 1. Like the main Toongi orebody, the Railway trachyte displays remarkable continuity of zirconium, niobium, yttrium and rare earth grades laterally and vertically. The total length weighted average grade of all drilling is:

0.912% ZrO_2, 0.022% HfO_2, 0.237% Nb_2O_5, 0.014% Ta_2O_5, 0.073% Y_2O_3, 0.343% REO (TREO 0.42%)

Overall the metal grades reported are approximately 50% the average grade within the Toongi body but the light rare earth elements (LREE) to heavy rare earth elements (HREE) distribution is approximately 70% to 30% for Railway against 75% to 25% for Toongi.

Individual average rare earth oxide distribution in Railway is:

820 ppm La_2O_3, 1520 ppm CeO_2, 140 ppm Pr_6O_{11}, 440 ppm Nd_2O_3, 120 ppm Sm_2O_3, 90 ppm Gd_2O_3, 20 ppm Tb_4O_7, 100 ppm Dy_2O_3, 20 ppm Ho_2O_3, 60 ppm Er_2O_3, 1.5 ppm Eu_2O_3, 10 ppm Tm_2O_3, 60 ppm Yb_2O_3 and 10 ppm Lu_2O_3).

Based on the outcrop surface area, the depth to the base of the trachyte and assuming near vertical sides the **exploration target for the Railway Trachyte is 40 million tonnes.** Combined with existing defined resources within the Toongi ore body of 73.4 Mt (see attached resource/reserve statement) the Railway prospect could add to the long term production from the project.

A 228.4 metre diamond core drill hole, TOD003, also tested the thickness of the mineralised trachyte at Toongi (Figure 2). The previous deepest drilling was 100 metres. The drill hole intersected 118.7 metres of massive trachyte overlying what appear to be volcanic sediments and tuffs associated with the volcanic activity, and not Napperby formation as previously reported. These sediments are associated with basalt flows and trachyte sills thought to be of a similar age as the Jurassic Toongi trachyte. A 7.9 metre thick trachyte sill was intersected from 196.2m – 202.1m and may form the base of the system. Results are awaited.

This recent drilling suggests that the mineralised trachytes are probably not vertical volcanic plugs as previously thought but are more likely volcanic sills or flows. Further drilling would be required to determine the underlying geometry of the bodies however the depth extension to the mineralisation identified by TOD 003 in Toongi could add an immediate 10 to 20% to the resource potential.

CHINA AIMS FOR SUSTAINABLE DEVELOPMENT OF RARE EARTHS

The Chinese government released a White Paper on 20 June 2012 assessing the current state of development of its rare earths industry and confirming its intention to implement sustainable development for the industry.

The paper affirms the increasing scarcity of rare earths, particularly the heavy rare earths, which is relevant as Alkane proceeds towards development of its Dubbo zirconium, niobium and rare earth project, and the strategic value of that production which is anticipated by end 2014.

Among key points from the paper are:

Current situation of China's rare earths industry

China has 23 per cent of the world's rare earth reserves. There are three main production areas – light rare earths are mined in the north, in inner Mongolia and Sichuan, with middle and heavy rare earths in five southern provinces around Ganzhou and Jiangxi. In 2011, China produced 96,900 tonnes of rare earth products, representing more than 90 per cent of the world's output and valuing its industry at 100 billion yuan (~US$15B).

Among some of the problems that have arisen from the rapid development of China's rare earths industry are excessive exploitation, severe ecological damage, an irrational industry structure, a severe divergence between price and value, and smuggling. While prices for rare earth products rose 2.5 times between 2000 and 2010, prices for gold, copper and iron ore rose 4.4 times, 4.1 times and 4.8 times respectively.

Principles and targets of development

China wants to achieve better environmental protection and resource conservation, optimisation of reserves, and more coordinated development in meeting the needs of local and international markets.

Effectively protecting and rationally utilising rare earths resources

Recognising the non-renewable nature of rare earths, China has been implementing protective exploitation in recent years. This has included higher taxes, quotas on production, curtailment of smuggling and support for recovery of rare earths wastes.

Better coordination of rare earth utilisation and environmental protection

China has committed not to develop the rare earth industry at the expense of the environment.

Promoting technological advancement and industrial upgrading

China is committed to technological innovation in the rare earth industry, particularly in adopting green technologies for mining and processing, involving only in situ leaching and avoiding harmful chemicals in separations. Existing rare earth operations which have not been adopting environmentally sound practices are prohibited from expanding.

Promoting fair trade and international cooperation

While strictly controlling mining volumes and production, China aims to set a reasonable quota for exports that satisfies normal international demand. Japan is China's biggest customer, taking 56 per cent of exports, with the US second, taking 14 per cent.

This document has been sourced from **http://treo.typepad.com/files/situation-and-policies-of-chinas-rare-earth-industry.pdf** compiled by The Information Office of the State Council, Peoples Republic of China, published on Wednesday 20 June 2012, and the country's first white paper on the rare earth industry.

Table 1: Railway RC Drill Results

Hole No	From	To	Int	ZrO_2 %	HfO_2 %	Nb_2O_5 %	Ta_2O_5 %	Y_2O_3 %	La_2O_3 %	CeO_2 %	Pr_6O_{11} %	Nd_2O_3 %	Sm_2O_3 %	Gd_2O_3 %	Tb_4O_7 %	Dy_2O_3 %	Ho_2O_3 %	Er_2O_3 %	Tm_2O_3 %	Yb_2O_3 %	Lu_2O_3 %	Tot REO	Tot YHREO	Tot LREO
RWRC001	**0**	**64**	**64**	**0.904**	**0.021**	**0.231**	**0.014**	**0.072**	**0.080**	**0.145**	**0.015**	**0.046**	**0.012**	**0.008**	**0.002**	**0.010**	**0.002**	**0.006**	**0.001**	**0.006**	**0.001**	**0.334**	**0.100**	**0.306**
RWRC002	3	10	7	1.07	0.024	0.280	0.016	0.084	0.062	0.211	0.013	0.041	0.014	0.011	0.002	0.012	0.002	0.008	0.001	0.007	0.001	0.387	0.117	0.353
	10	68	58	0.984	0.023	0.262	0.014	0.076	0.088	0.174	0.016	0.048	0.013	0.009	0.002	0.011	0.002	0.007	0.001	0.006	0.001	0.379	0.107	0.348
	3	**68**	**65**	**0.993**	**0.023**	**0.264**	**0.015**	**0.077**	**0.085**	**0.178**	**0.015**	**0.048**	**0.013**	**0.009**	**0.002**	**0.011**	**0.002**	**0.007**	**0.001**	**0.007**	**0.001**	**0.380**	**0.108**	**0.348**
RWRC003	0	53	53	0.917	0.023	0.250	0.012	0.070	0.084	0.154	0.014	0.043	0.012	0.008	0.002	0.010	0.002	0.006	0.001	0.006	0.001	0.343	0.098	0.315
	53	60	7	0.315	0.011	0.265	0.014	0.063	0.093	0.157	0.015	0.047	0.013	0.008	0.001	0.009	0.002	0.006	0.001	0.005	0.001	0.357	0.088	0.332
	0	**60**	**60**	**0.847**	**0.022**	**0.251**	**0.013**	**0.065**	**0.085**	**0.154**	**0.014**	**0.044**	**0.012**	**0.008**	**0.002**	**0.010**	**0.002**	**0.006**	**0.001**	**0.006**	**0.001**	**0.359**	**0.097**	**0.317**
RWRC004	1	18	17	0.880	0.023	0.257	0.014	0.073	0.061	0.126	0.010	0.035	0.012	0.009	0.002	0.011	0.002	0.007	0.001	0.006	0.001	0.281	0.102	0.252
	18	59	41	0.912	0.023	0.236	0.014	0.073	0.088	0.155	0.016	0.049	0.013	0.008	0.002	0.010	0.002	0.006	0.001	0.006	0.001	0.358	0.101	0.330
	1	**59**	**58**	**0.903**	**0.023**	**0.242**	**0.014**	**0.073**	**0.080**	**0.147**	**0.014**	**0.045**	**0.012**	**0.008**	**0.002**	**0.010**	**0.002**	**0.006**	**0.001**	**0.006**	**0.001**	**0.335**	**0.101**	**0.307**
RWRC005	0	12	12	0.948	0.024	0.227	0.014	0.074	0.067	0.134	0.012	0.038	0.012	0.008	0.002	0.010	0.002	0.007	0.001	0.006	0.001	0.299	0.103	0.270
	12	55	43	0.920	0.022	0.242	0.014	0.075	0.083	0.152	0.015	0.046	0.012	0.009	0.002	0.011	0.002	0.007	0.001	0.006	0.001	0.347	0.104	0.318
	0	**55**	**55**	**0.926**	**0.023**	**0.039**	**0.014**	**0.074**	**0.080**	**0.148**	**0.014**	**0.044**	**0.012**	**0.009**	**0.002**	**0.011**	**0.002**	**0.007**	**0.001**	**0.006**	**0.001**	**0.336**	**0.104**	**0.308**
RWRC006	0	19	19	0.848	0.020	0.025	0.013	0.070	0.073	0.138	0.013	0.040	0.011	0.005	0.002	0.010	0.002	0.006	0.001	0.006	0.001	0.311	0.098	0.283
	19	84	65	0.889	0.021	0.214	0.013	0.074	0.082	0.151	0.014	0.044	0.012	0.009	0.002	0.010	0.002	0.006	0.001	0.006	0.001	0.341	0.102	0.313
	0	**84**	**84**	**0.880**	**0.021**	**0.212**	**0.013**	**0.073**	**0.080**	**0.148**	**0.014**	**0.043**	**0.012**	**0.009**	**0.002**	**0.010**	**0.002**	**0.006**	**0.001**	**0.006**	**0.001**	**0.334**	**0.101**	**0.306**
RWRC007	0	9	9	0.957	0.021	0.204	0.013	0.073	0.086	0.153	0.015	0.046	0.012	0.008	0.002	0.011	0.002	0.006	0.001	0.006	0.001	0.351	0.102	0.322
	9	52	43	0.935	0.021	0.233	0.013	0.072	0.080	0.145	0.014	0.043	0.012	0.008	0.002	0.010	0.002	0.006	0.001	0.006	0.001	0.331	0.100	0.302
	0	**52**	**52**	**0.939**	**0.021**	**0.228**	**0.013**	**0.072**	**0.081**	**0.146**	**0.014**	**0.044**	**0.012**	**0.008**	**0.002**	**0.010**	**0.002**	**0.006**	**0.001**	**0.001**	**0.001**	**0.334**	**0.100**	**0.306**

Samples are RC 1 metre riffle split. Samples were sent to two laboratories with analysis by ICP-MS (lithium borate fusion/ aqua regia digest) or ICP-MS(sodium peroxide fusion/HCl digest), and XRF comparison

Table 2: Railway RC Drill Collars

Hole No	East	North	~RL(m)	Depth(m)	AZIM
RWRC001	650606	6411028	317	90	Vertical
RWRC002	650714	6411099	314	72	Vertical
RWRC003	650664	6411194	311	66	Vertical
RWRC004	650449	6411016	314	66	Vertical
RWRC005	650351	6410995	312	60	Vertical
RWRC006	650756	6411003	312	84	Vertical
RWRC007	650594	6410906	309	54	Vertical

Competent Person

Unless otherwise advised above, 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.

Disclaimer

This report contains certain forward looking statements and forecasts, including possible or assumed reserves and resources, production levels and rates, costs, prices, future performance or potential growth of Alkane Resources Ltd, industry growth or other trend projections. Such statements are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors which are beyond the control of Alkane Resources Ltd. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. Nothing in this report should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities.

This document has been prepared in accordance with the requirements of Australian securities laws, which may differ from the requirements of United States and other country securities laws. Unless otherwise indicated, all ore reserve and mineral resource estimates included or incorporated by reference in this document have been, and will be, prepared in accordance with the JORC classification system of the Australasian Institute of Mining, and Metallurgy and Australian Institute of Geosciences.

ABOUT ALKANE - www.alkane.com.au - ASX: ALK and OTCQX: ANLKY

Alkane's strategy is to be focused on a single geographic area, the central west of New South Wales in Australia, allowing it to apply its geological, exploration and mining expertise across multiple commodities to achieve a spread of risk and return. Currently Alkane has two projects heading towards production in 2013/2015 - the Tomingley Gold Project (TGP) and the nearby Dubbo Zirconia Project (DZP). Tomingley is an 812,000 ounce gold resource currently awaiting development approval. Cash flow from Tomingley will provide the funding to maintain the project development pipeline and to contribute to development of the DZP. The DZP has a completed definitive feasibility study giving it a net present value of $1.2 billion. This project will make Alkane a significant world producer of zirconium products and heavy rare earths. Both projects are wholly owned by Alkane while at Orange, Alkane is in a joint venture with Newmont Australia over an area containing a 3 million ounce gold resource at McPhillamys, with Newmont having elected to proceed towards a bankable feasibility study. Alkane's most advanced gold copper exploration projects in the region are at the 100% Alkane owned Wellington and Bodangora properties.

Mineral Resource and Ore Reserve Statement March 2012

Dubbo Zirconia Project – Mineral Resources (2011)

Toongi Deposit	Tonnage (Mt)	ZrO_2 (%)	HfO_2 (%)	Nb_2O_5 (%)	Ta_2O_5 (%)	Y_2O_3 (%)	REO (%)	U_3O_8 (%)
Measured	**35.70**	1.96	0.04	0.46	0.03	0.14	0.75	0.014
Inferred	**37.50**	1.96	0.04	0.46	0.03	0.14	0.75	0.014
TOTAL	**73.20**	1.96	0.04	0.46	0.03	0.14	0.75	0.014

These Mineral Resources are based upon information compiled by Mr Terry Ransted MAusIMM Alkane Chief Geologistd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology were given in the 2004 Annual Report.

Dubbo Zirconia Project – Ore Reserves (2012)

Toongi Deposit	Tonnage (Mt)	ZrO_2 (%)	HfO_2 (%)	Nb_2O_5 (%)	Ta_2O_5 (%)	Y_2O_3 (%)	REO (%)
Proved	**8.07**	**1.91**	**0.04**	**0.46**	**0.03**	**0.14**	**0.75**
Probable	**27.86**	**1.93**	**0.04**	**0.46**	**0.03**	**0.14**	**0.74**
Total	**35.93**	**1.93**	**0.04**	**0.46**	**0.03**	**0.14**	**0.74**

These Ore Reserves are based upon information compiled by Mr Terry Ransted MAusIMM (Alkane Chief Geologist) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The reserves were calculated at a1.5% combined ZrO_2+Nb_2O_5+Y_2O_3+REO cut off using costs and revenues defined in the notes in ASX Announcement of16 November 2011. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Tomingley Gold Project – Mineral Resources (2012)

DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		
Top Cut 2.5x2.5x5.0m model	**Tonnage** (t)	**Grade** (g/t)	**Tonnage** (t)	**Grade** (g/t)	**Tonnage** (t)	**Grade** (g/t)	**Tonnage** (t)	**Grade** (g/t)	**Gold** (koz)
Wyoming One	2,316,550	2.2	890,340	2.2	3,117,350	1.7	6,324,240	1.9	392.4
Wyoming Three	642,470	2.0	63,225	2.0	102,820	1.3	808,510	1.9	49.9
Caloma	2,690,530	2.3	567,860	2.1	2,194,490	1.9	5,452,870	2.1	369.4
Total	**5,649,550**	**2.2**	**1,521,420**	**2.1**	**5,414,660**	**1.8**	**12,585,630**	**2.0**	**811.7**

These Mineral Resources are based upon information compiled by Mr Richard Lewis FAusIMM (Lewis Mineral Resource Consulting Pty Ltd) who is a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Richard Lewis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology are given in the ASX Report dated 25March 2009 and 2 October 2010, and this announcement

Tomingley Gold Project – Ore Reserves (2011)

DEPOSIT	PROVED		PROBABLE		TOTAL		
	Tonnage (t)	**Grade** (g/t)	**Tonnage** (t)	**Grade** (g/t)	**Tonnage** (t)	**Grade** (g/t)	**Ounces** (minable)
Wyoming One	1,700,000	1.6	200,000	1.3	1,900,000	1.6	94,500
Wyoming Three	500,000	1.6	0	0.0	500,000	1.6	28,100
Caloma	1,100,000	2.3	100,000	1.7	1,200,000	2.2	86,500
Total	**3,300,000**	**1.8**	**300,000**	**1.5**	**3,600,000**	**1.8**	**209,100**

These Ore Reserves are based upon information compiled under the guidance of Mr Dean Basile MAusIMM (Mining One Pty Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Reserves and Resources are estimated at an effective A$1,540 per ounce gold price. Dean Basile consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. The Caloma reserves are based on the 2009 resources, not the updated resources

Peak Hill Gold Mine – Mineral Resources (2011)

DEPOSIT	MEASURED		INDICATED		INFERRED		TOTAL		
0.5g/t gold cut off	**Tonnage** (t)	**Grade** (g/t)	**Tonnage** (t)	**Grade** (g/t)	**Tonnage** (t)	**Grade** (g/t)	**Tonnage** (t)	**Grade** (g/t)	**k oz**
Proprietary			9,440,000	1.35	1,830,000	0.98	11,270,000	1.29	467.4
3.0g/t gold cut off	**Tonnage** (t)	**Grade** (g/t)	**Tonnage** (t)	**Grade** (g/t)	**Tonnage** (t)	**Grade** (g/t)	**Tonnage** (t)	**Grade** (g/t)	**k oz**
Proprietary					810,000	4.40	810,000	4.40	114.6

These Mineral Resources are based upon information compiled by Mr Terry Ransted MAusIMM (Principal, Multi Metal Consultants Pty Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology were given in the 2004 Annual Report

Wellington – Galwadgere – Mineral Resources (2011)

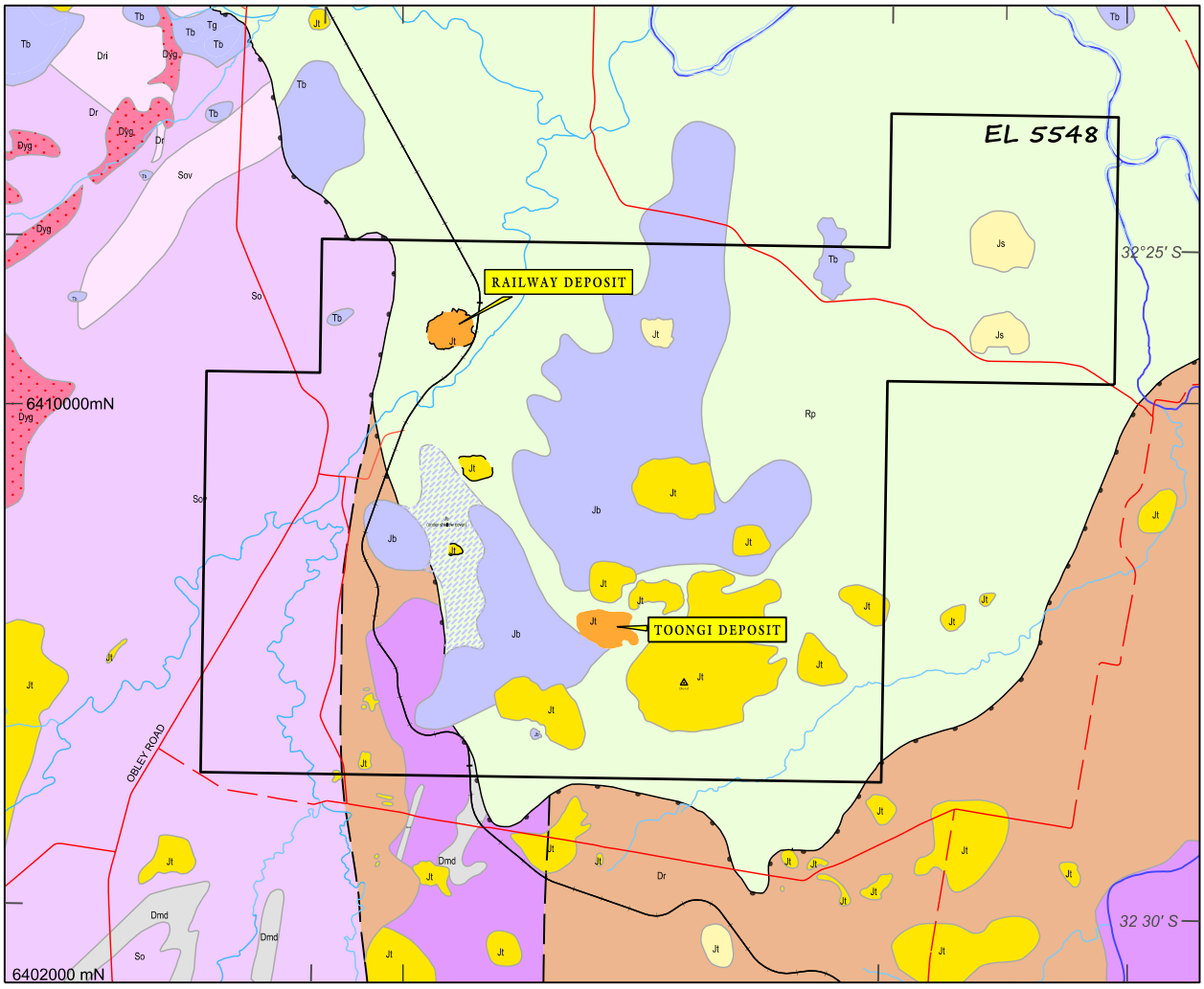
DEPOSIT	MEASURED			INDICATED		
0.5% Cu cut off	**Tonnage** (t)	**Grade** (% Cu)	**Grade** (g/t)	**Tonnage** (t)	**Grade** (% Cu)	**Grade** (g/t)
Galwadgere	-	-		2,090,000	0.99	0.3

These Mineral Resources are based upon information compiled by Mr Terry Ransted MAusIMM (Principal, Multi Metal Consultants Pty Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Terry Ransted consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology were given in the 2005 Annual Report

Moorilda – McPhillamys (ODEJV) – Mineral Resources (2011)

DEPOSIT	INDICATED			INFERRED			TOTAL				
McPhillamys 0.3g/t Au cut-off	**Tonnage** (t)	**Grade** (g/t)	**Grade** % Cu	**Tonnage** (t)	**Grade** (g/t)	**Grade** % Cu	**Tonnage** (t)	**Grade** (g/t)	**Grade** % Cu	**k oz** gold	**tonnes** copper
Inner Ore Zone	51,650,000	1.10	0.07	23,504,000	1.19	0.07	75,154,000	1.13	0.07	2,723.6	55,091
Outer Ore Envelope	9,624,000	0.44	0.04	7,167,000	0.43	0.03	16,791,000	0.43	0.03	234.7	5,729
Total	**61,274,000**	**0.99**	**0.07**	**30,671,000**	**1.01**	**0.06**	**91,945,000**	**1.00**	**0.07**	**2,958.3**	**60,820**

These Mineral Resources are based upon information compiled by Mr Richard Lewis FAusIMM (Lewis Mineral Resource Consulting Pty Ltd) who is a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC CODE). Richard Lewis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The full details of methodology were given in the ASX Announcement 5 July 2010. Totals may not tally due to rounding



GEOLOGICAL LEGEND

Cultural Symbols

- Road
- Gravel road
- Railway track
- Major River
- Minor river / creek

JURASSIC

- Jt — Trachyte complexes with interbedded silt and sands
- Jt — Mineralised trachyte
- Js — Intrusive syenite
- Jb — Tholeiites, alkali basalts

TRIASSIC

GUNNEDAH BASIN

- Rp — Napperby Formation
- Unconformity

DEVONIAN

- Dr — HYANDRA CREEK GROUP - mixed sedimentary and volcanic formations
- Dyg — YEOVAL BATHOLITH
- Dmd — Mafic - intermediate intrusives
- Dg — GREGRA GROUP mixed sedimentary and volcanic rocks

SILURIAN

- So — TOONGI GROUP - mixed sedimentary and volcanic formation
- Sc — CUDAL GROUP - mixed sedimentary formations

Coordinates & Projection:
MGA Zone 55 GDA94

Scale 1 : 100 000

0 5

kilometres

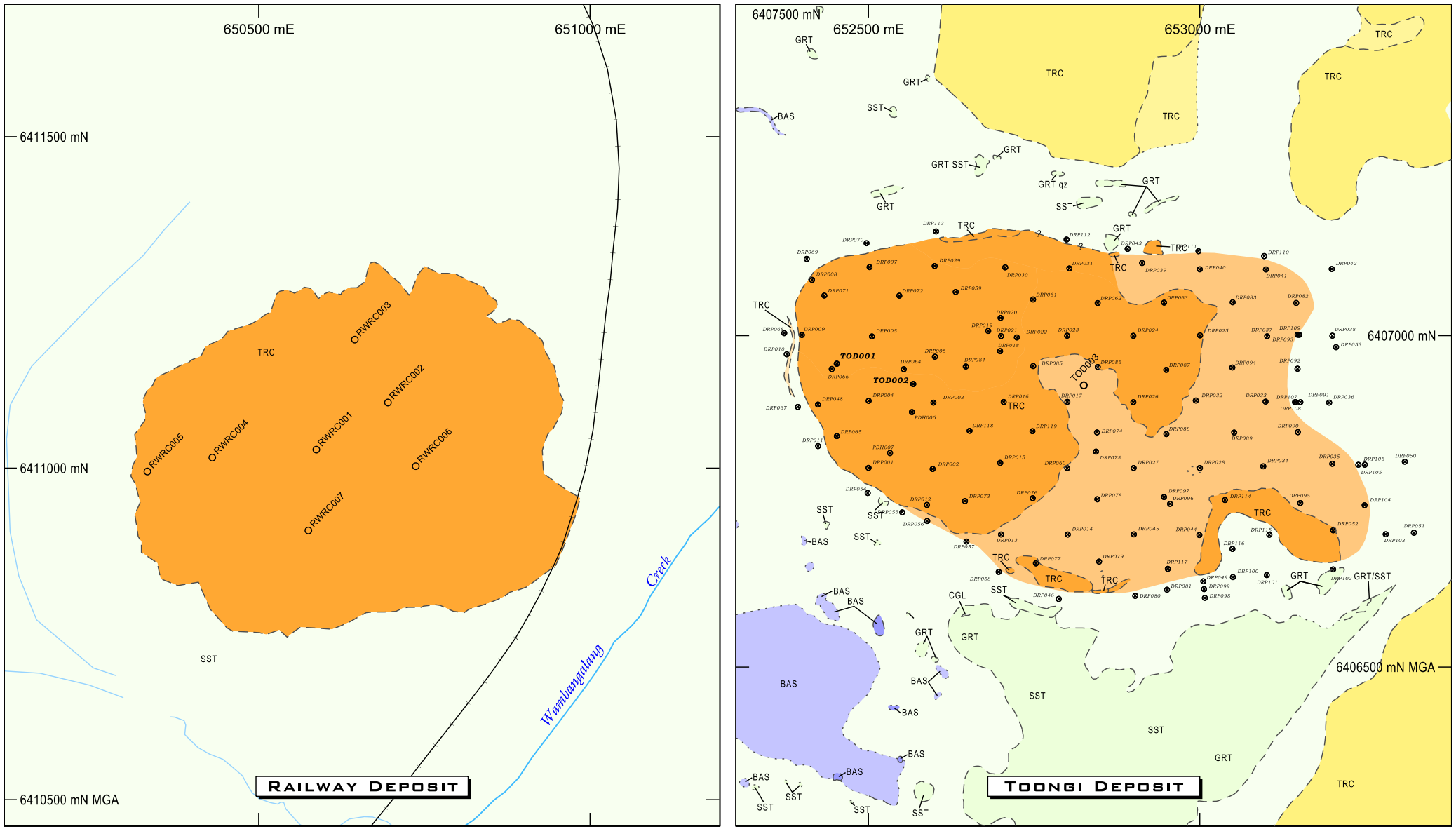
AUSTRALIAN ZIRCONIA LTD
(A SUBSIDIARY OF ALKANE RESOURCES LTD)

Dubbo Zirconia Project
New South Wales

Regional Geological Interpretation

Figure No. : 1

Plan No.: ALK DUB 1GA-008



AUSTRALIAN ZIRCONIA LTD
(A SUBSIDIARY OF ALKANE RESOURCES LTD)

DUBBO ZIRCONIA PROJECT

Scale 1 : 8 000

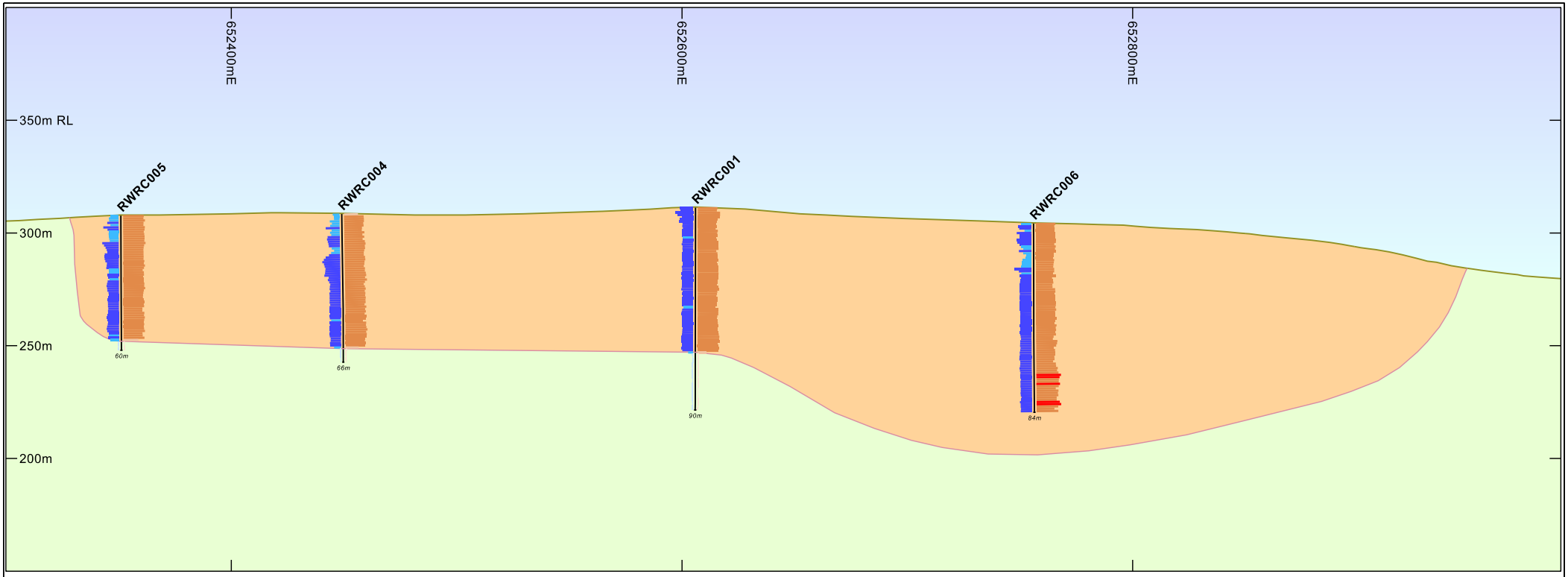
0 500

metres

2012 Drilling

Figure: 2

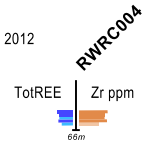
Plan No: ALK DUB 1DG-013



JURASSIC
Jt — Mineralised trachyte

TRIASSIC
Rp — GUNNEDAH BASIN
Napperby Formation

Alkane drill hole 2012



Assay histogram

TotREE	Zr ppm
< 10	<1
10 - 1000	1 - 1000
1000 - 2500	1000 - 5000
2000 - 5000	5000 - 7500
> 5000	> 7500

0 100
metres

AUSTRALIAN ZIRCONIA LTD
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Dubbo Zirconia Project
Railway Prospect

Section 6411000mN
(40m window)

Figure No. : 3

Plan No.: ALK DUB 1XD-001