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In late December, Alkane Exploration Ltd (ASX code – ALK) announced additional high grade intersections at the Wyoming One Prospect within the Tomingley Gold Project (ALK 100%) near Dubbo, NSW. These were step-outs to the known high grade shoots. Can you explain what this step-out drilling has revealed about the grade and depth extensions of the high grade shoots?

Technical Director Ian Chalmers

In the previous modelling of the orebody we concluded that there were a number of high grade shoots within the broader mineralised envelope at Wyoming One. In the latest drilling we specifically targeted the east-west '376' structure and the Hangingwall Zone (HWZ) which is a north-south structure. The idea of the recent drilling was to, first of all, confirm what our modelling was telling us about the overall geometry of the ore system and, secondly, to push out the limits of both these structures as much as we could.

The latest results were very positive and have certainly achieved those objectives.

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How important were the results of this step-out drilling towards achieving your objective of defining a resource that could justify an underground development?

Technical Director Ian Chalmers

Basically the latest results are very important in supporting the concept of a high grade underground development. In fact, the last one we reported, WY 811D, is probably the most significant hole we've drilled at Wyoming since the '376' hole in December 2002 which revealed that we had a very prospective project.

WY 811D has extended the main high grade shoot in the HWZ by 200 metres vertically to a depth of around 450 metres. We now believe that there is a substantial amount of mineralisation in that shoot and it still remains open. So that was a particularly important result.

The HWZ now really does look like it will support an underground minable orebody. Obviously we will have to do more confirmatory drilling but the geometry of it, the grade of it and its continuity gives us a lot of confidence. We've always felt that about the '376' structure but our understanding of HWZ at depth was always a bit vague until now. It is very satisfying that this last hole, WY 811D, has extended the ore system 200 metres vertically below our previous deepest intersection and within a few metres of where we predicted it should be. We came away thinking wow, okay, finally we are starting to understand this system.

The other particularly important result was from hole WY 821D. This has extended the '376' structure by another 75 metres vertically and it also intersected other higher grade zones within the porphyry.

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The current resource for Wyoming One is 6.38 million tonnes at 2.43 g/t containing 498,000 ounces of gold. Have you completed the latest drilling, when do you expect the last assay results and when do you expect to release an updated resource?

Technical Director Ian Chalmers

We've completed the programme that we set out to do at the end of last year and we have all the assay results. We're doing some screen fire assay checks on the visible gold sections in 821 and we'll check 811 at the same time. These could improve the reported grades.

We're still working on the remodelling of the resource although we will certainly be adding a substantial inferred resource to the current quoted resource, particularly from HWZ. I'm hopeful the revised resource will be ready in time for the quarterly report in late January.

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Can you summarise what you now know about the size of the structure at Wyoming One and its orientation, including the size of the high grade shoots such as the '376' Zone and the HWZ?

Technical Director Ian Chalmers

There are a number of structures that control the high grade mineralisation at Wyoming One. As I said there's the east-west '376' structure and the north-south hanging wall structure but also, within the porphyry, we have a very complex system of veins which are difficult to drill with one orientation and ultimately difficult for modelling a resource. For example we have near vertical east-west vein sets, we also have shallow north dipping vein sets and then we have moderately north dipping vein sets. We seem to be getting very high grade zones where these veins meet. These could be areas of bonanza grades.

The HWZ is the largest structure at this stage. It has north-south mineralisation extending over 300 metres strike length including a high grade shoot which is probably 150 metres long, 5 to 10 metres wide and with an apparent down-dip extent of some hundreds of metres.

'376' is a more finite feature. It's probably 75 or 100 metres in strike length and also 5 to 10 metres in width but, again, a reasonable size orebody given its gold grades.

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As you've said, the drilling results released on 22 December included an intersection that was 200 metres below the previous deepest intersection in the HWZ. Can you talk through some of the more recent results and how they compare with previous drilling at Wyoming One?

Technical Director Ian Chalmers

That deepest hole, WY 811D, has given us a similar sort of result to those we've previously seen in the shoots of the HWZ. We've just intersected widths such as 17 metres at 3.5 g/t including 10 metres at 5.4 g/t and 4.6 metres at 10 g/t. In one of the earlier holes in that same sequence, RC hole WY 812, we recorded 17 metres at 4.7 g/t including 9 metres at 6.7 g/t. So we're seeing the same sort of pattern emerging in the HWZ at depth. We also consistently got high grade intersections through the '376' structure and also within the porphyry such as 39 metres at 4.36 g/t, 6 metres at 5 g/t and 3 metres at 7g/t.

Overall, we're now very excited about the potential for Wyoming One.

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Thank you Ian.

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