



ASX ANNOUNCEMENT 22 August 2006

ADDITIONAL RESULTS CONFIRM POTENTIAL OF NEW GOLD DISCOVERY AT MOORILDA

- **Additional results from the reconnaissance aircore drilling at the McPhillamys Prospect within the Moorilda Project have confirmed the potential of the gold mineralisation.**
- **Gold mineralisation has now been identified within an initial 450 metre strike length and a 200 metre wide envelope.**
- **As reported earlier, several holes failed to reach target depth but new results include:**

KP 022 12 metres grading 0.94g/t gold from 6 metres
including 4 metres grading 1.54g/t gold from 8 metres

KP 026 15 metres grading 0.77g/t gold from 16 metres (to EOH)
including 2 metres grading 4.00g/t gold from 16 metres

KP 028 26 metres grading 1.46g/t gold from 6 metres (to EOH)
including 15 metres grading 2.12g/t gold from 17 metres (to EOH)

KP 029 10 metres grading 4.08g/t gold and 55.17g/t silver from 6 metres
including 1 metres grading 12.47g/t gold and 438g/t silver from 6 metres

- **Preliminary logging of diamond core hole KPD 001 drilled to test the system at depth, has confirmed alteration over the full length of the 240 metre hole.**

As advised on 14 August a small reconnaissance aircore drilling program of 25 holes (1040 metres) tested part of soil anomaly over a 450 metre strike length at the McPhillamys prospect within the Moorilda Project which is centred about 35 kilometres south east of Orange in the Central West Region of New South Wales. The Project covers 175 km² and forms part of the **Orange District Exploration Joint Venture (ODEJV)** with **Newmont Australia Limited**. **Newmont** are funding the first A\$5 million expenditure to earn a 51% interest in the ODEJV.

Nine holes failed to penetrate greater than 17 metres depth due to hard ground but a number have intersected highly altered volcanics with variable sulphide and quartz veining throughout. Results of the drilling have confirmed gold, silver and base metal mineralisation over a north-south strike length of at least 450 metres and within a 200 metre wide envelope. Within this area, there appears to be three individual zones of plus 0.5g/t gold up to 50 metres in width that trend north-south and dip moderately to steeply east.

Preliminary core logging of diamond hole KPD 001, drilled on section 6292052mN, has confirmed an extensively altered sequence of probable felsic volcanic rocks from the base of complete oxidation at 32 metres to the end of the hole at 240.4 metres. The un-oxidised core contains a variable percentage of pyrite and quartz veins, with zones containing visible chalcopyrite and sphalerite. Half core results are anticipated late August.

New results are:

Hole No	East	North	Azimuth	Inclin	Intercept (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
KP 020	715622	6292207	268°	-65°	1	3.07	85 – 86	89	
KP 021	715685	6292200	272°	-65°	6	0.83	20 – 26	86	
incl					1	1.78	22 – 23		
also					1	1.21	35 - 36		
KP 022	715737	6292202	270°	-65°	12	0.94	6 – 18	35	
incl					4	1.54	8 - 12		
KP 026	715800	6291900	265°	-65°	15	0.77	16 - 31	31	Mins at EOH
incl					2	4.00	16 - 18		
KP 027	715750	6292120	265°	-65°	10	0.90	10 - 20	70	
incl					3	1.63	16 - 19		
KP 028	715790	6292120	270°	-65°	26	1.46	6 - 32	32	Mins at EOH
incl					15	2.12	17 - 32		Mins at EOH
KP 029	715846	6292195	264°	-62°	10	4.08	6 - 16	17	+55.17g/t Ag
incl					1	12.47	6 - 7		+438g/t Ag

Gold analysis by 30g fire assay of 1m aircore samples. True widths are not clear at this stage. EOH = End of hole

Results reported 14 August:

Hole No	East	North	Azimuth	Inclin	Intercept (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
KP 006	715665	6292047	279°	-70°	24	2.03	4 – 28	68	
incl					5	5.69	5 – 10		
KP 007	715706	6292046	262°	-70°	17	1.50	32 – 49	49	Mins at EOH
KP 008	715756	6292045	270°	-60°	6	1.02	2 - 8	65	10m@10.25Ag
KP 011	715698	6292351	276°	-75°	24	0.47	18 - 42	53	0.1% Cu
incl					5	1.03	36 - 41		0.29% Cu
KP 013	715798	6292349	272°	-60°	5	0.71	0 - 5	5	Mins at EOH
KP 017	715844	6292117	273°	-60°	11	0.81	0 - 11	11	Mins at EOH
incl					4	1.76	4 - 8		
KP 018	715691	6292115	264°	-65°	61	0.48	0 - 61	95	
incl					5	1.13	30 – 35		
incl					6	1.00	47 - 53		
KP 019	715640	6292120	097°	-65°	81	0.60	0 - 81	81	Mins at EOH
incl					31	0.93	48 – 81		Mins at EOH
and					2	4.78	79 - 81		Mins at EOH

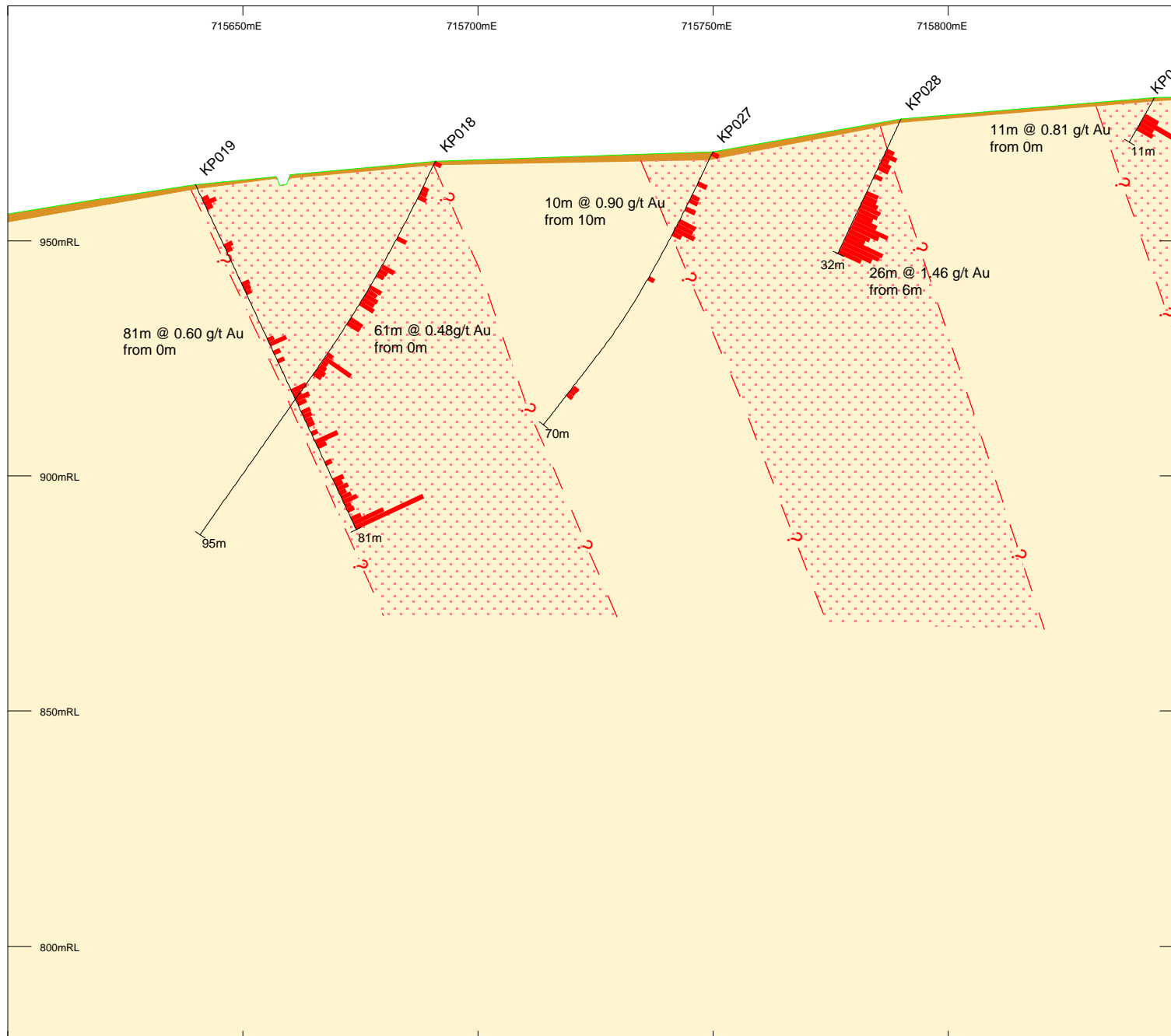
Gold analysis by 30g fire assay of 1m aircore samples. True widths are not clear at this stage. EOH = End of hole

As previously stated, while the exploration of the prospect is at a very early stage, the widespread distribution of gold mineralisation within an area of 450 metres by 200 metres suggests that it has potential for a bulk tonnage deposit

The next phase of exploration is currently under consideration.

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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.

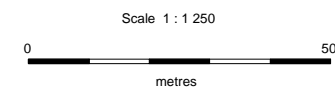


Legend

— >0.50 g/t Au

Target' Zone

Soil



Alkane Exploration Ltd
 ABN 35 000 689 216

Moorilda Project
McPhillamys Prospect

Section 6292120mN

Figure - 2