ALKANE
RESOURCES LTD
ABN 35000689216

ASX ANNOUNCEMENT – 29 May 2008

CALOMA RESOURCE DRILLING COMPLETED

- **The major resource definition drilling program at Caloma has been completed with 186 RC holes totalling 22,034 metres. Further extension drilling will be scheduled once the development has been approved.**
- **The resource model should be completed by the end of September and will be incorporated into the TGP Definitive Feasibility Study.**
- **Results for another 28 holes have been received and results for the remaining 37 RC holes and 19 core holes will be released as they become available.**
- **Selected results include:**

PE 347	**16 metres grading 3.10g/t gold from 36 metres**
including	**8 metres grading 5.62g/t gold from 37 metres**
PE 348	**19 metres grading 2.65g/t gold from 41 metres**
including	**6 metres grading 6.57g/t gold from 41 metres**
PE 350	**13 metres grading 2.19g/t gold from 50 metres**
including	**4 metres grading 3.88g/t gold from 55 metres**
PE 365	**15 metres grading 2.14g/t gold from 33 metres**
including	**6 metres grading 4.37g/t gold from 42 metres**
PE 368	**10 metres grading 2.26g/t gold from 160 metres**
including	**6 metres grading 3.28g/t gold from 160 metres**
PE 373	**4 metres grading 6.04g/t gold from 80 metres**
PE 374	**5 metres grading 10.26g/t gold from 82 metres**

Corporate Profile

Alkane Board

J. S. F. Dunlop (Chairman)
D. I. Chalmers (Managing Dir)
A. D. Lethlean (Director)
I. J. Gandel (Director)
I. R. Cornelius (Director)

L A Colless (Joint Secretary)
K E Brown (Joint Secretary)

Contact
Ian Chalmers
Managing Director
96 Parry Street
PERTH WA 6000
Telephone +61 8 9328 9411
Facsimile +61 8 9227 6011
Email ichalmers@alkane.com.au
Web – www.alkane.com.au

12 month share price range

A$0.515 - $0.215

Market Cap 28 May 08

~A$100 million

ASX Code: **ALK**

241.6 million shares (Jan 08)

March 2008 Cash

~ $12.3 million

No debt

Media Relations
Westbrook Communications
Level 1, 17 Castlereagh Street
SYDNEY NSW 2000
Telephone +61 2 9231 0922
Facsimile +61 2 9231 0131
Web – www.westbrookfin.com.au

The major reverse circulation (RC) and diamond core resource definition drilling program at Caloma, within the Tomingley Gold Project (TGP) has been completed. A total of 186 RC holes (PE 215 – 410) for 22,034 metres were drilled. The drilling program focussed on a 400 metre long central section of the 1,000 metre north-south trending Wyoming style feldspar porphyry host. Results have now been received for another 28 holes (PE 347 – 374, figure 1) and are summarised in Table 1.

The RC program was completed on a 20 metre by 20 metre pattern to ensure the definition of a Measured and Indicated Resource to a depth of about 150 metres. Gold mineralisation is known to extend further to the north and south within the porphyry host but it was decided to focus on the central section to compile the resource and open pit mining model as soon as possible. This will enable completion of the feasibility study by early 2009, proceeding towards development.

Prior to final mine planning, further drilling would be scheduled to determine possible north and south extensions to the Caloma deposit.

Ten core holes (PE 253D – 257D, PE 271D – 273D, PE 289D and PE 292D – 293D) totalling 2,571 metres have been drilled at Caloma and nine core holes (WY 840D – 848D) totalling 3,720 metres have also been completed at the Wyoming One and Wyoming Three deposits. The core drilling was designed to provide confirmatory geological information, and samples for metallurgical testing and geotechnical data. No core results are available to date.

The recent Caloma drilling has confirmed that multiple mineralised structures exist within the main feldspar porphyry host which is 80 to 100 metres in width and a robust geological model has been developed. It is apparent that most of the mineralised structures within the porphyry have an approximate northerly orientation, with a shallow 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. Intersecting structures, or structures intersecting lithological contacts, occasionally generate substantial intercepts. East-west, and apparently vertical, cross cutting dolerite dykes displace the mineralisation at irregular intervals (figure 1). The drilling has also demonstrated that the mineralised structures project through the eastern contact of the porphyry into the volcaniclastic sediments and have expanded the resource potential into that area.

Deeper RC and core drilling have also located an apparently new mineralised zone at depth within what appears to be lithologies footwall (east) to the porphyry. This structure is continuous over several sections at a depth of around 200 metres with an average width of about 10 metres, and in core displays extensive alteration, quartz veining and coarse pyrite/arsenopyrite, with occasional visible gold. Few results from this zone are available at this time.

Feasibility Study

Project infrastructure and site layout studies continue and initial metallurgical work on the Caloma deposit is underway. Geotechnical studies for the open pit development and site infrastructure have also commenced.

The overall timetable for completion of the DFS has been governed by the completion of the Caloma resource model, mine planning and scheduling. Finalisation of the study is now anticipated by early 2009.

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 1.0g/t gold PE 347 - PE 374 @ 29 May 08

Hole No	East	North	RL (m)	Azimuth	Inclin	Intcpt (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
PE 347	614900	6394175	~270	090°	60°	16	3.10	36 – 52	60	
incl						8	5.62	37 - 45		
PE 348	614920	6394200	~270	090°	60°	19	2.65	41 – 60	60	
incl						6	6.57	41 - 47		
PE 349	614680	6393940	~270	090°	60°	3	1.04	72 – 75	162	
also						5	1.27	99 – 104		
also						6*	2.35	126 – 132		
also						2	1.16	151 - 153		
PE 350	614900	6394200	~270	090°	60°	3*	1.27	36 – 39	72	
also						13	2.19	50 - 63		
incl						4	3.88	55 - 59		
PE 351	614880	6394200	~270	090°	60°	5	1.65	65 – 70	84	
PE 352	614860	6394200	~270	090°	60°	3*	4.54	30 – 33	102	
PE 354	614830	6394195	~270	090°	60°	9*	1.05	75 – 84	103	
PE 355	614690	6393960	~270	090°	60°	4	1.89	108 – 112	189	
also						3	2.70	120 - 123		
also						1	2.10	126 - 127		
also						2	1.99	145 - 147		
also						21	1.41	160 - 181		
incl						3	2.66	175 – 178		
PE 356	614790	6394195	~270	090°	60°	8	1.86	81 – 89	93	
PE 359	614830	6394155	~270	090°	60°	3*	1.09	15 – 18	45	
also						3*	2.09	42 - 45		
PE 362	614770	6393960	~270	090°	60°	3	1.58	93 – 96	114	
PE 363	614820	6393980	~270	090°	60°	2	2.49	110 – 112	120	
PE 364	614800	6393980	~270	090°	60°	3*	1.45	145 – 148	120	
PE 365	614780	6393980	~270	090°	60°	15	2.14	33 – 48	102	
incl						6*	4.37	42 - 48		
PE 367	614740	6393980	~270	090°	60°	5	2.55	42 – 47	144	
incl						2	5.19	43 - 44		
PE 368	614850	6394155	~270	090°	60°	3*	1.92	24 – 27	174	
also						4*	2.28	57 - 61		
also						10	2.26	160 - 170		
incl						6	3.28	160 – 166		
PE 369	614720	6393980	~270	090°	60°	3*	1.65	59 – 62	162	
PE 370	614700	6393980	~270	090°	60°	2	1.46	72 – 74	180	
PE 371	614810	6394165	~270	090°	60°	6*	2.73	45 – 51	114	
also						5	1.57	70 - 75		
PE 372	614790	6394160	~270	090°	60°	3	4.76	45 – 48	135	
also						4	1.53	85 – 89		
PE 373	614770	6394160	~270	090°	60°	4	6.04	80 – 84	135	
incl						1	18.20	80 – 81		
also						7	1.89	102 - 109		
PE 374	614680	6393980	~270	095°	60°	7	1.25	55 – 62	162	
also						4	1.09	66 - 70		
also						5*	10.26	82 - 87		
also						4	1.30	142 - 146		

Gold analysis by 30g fire assay of 1 metre riffle split samples, or *rarely 3 metre composite samples. True widths are approx 90 - 95%.

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:

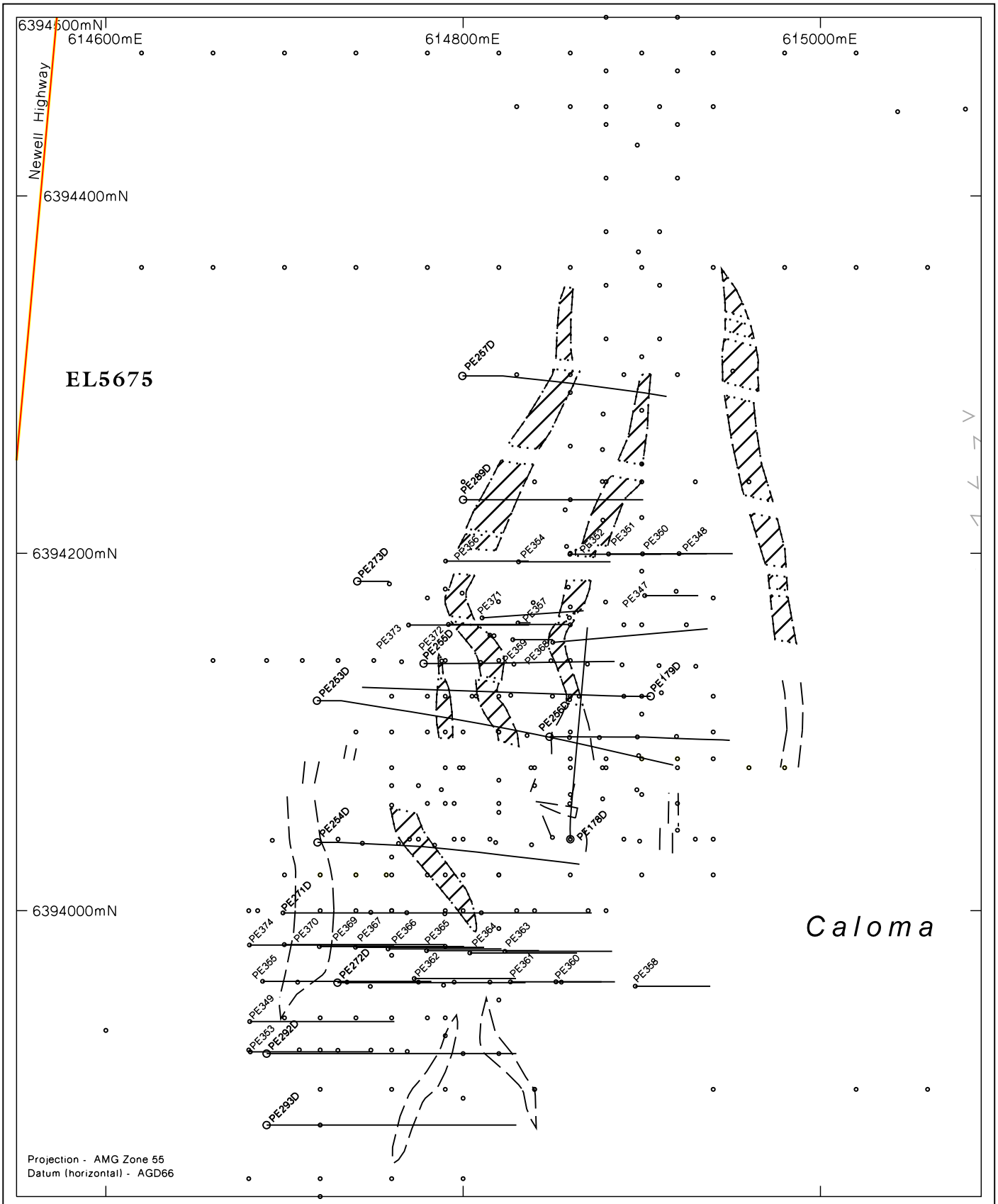
The **Tomingley Gold Project** currently has a **606,000 ounce gold resource** within the **Wyoming deposits**, of which 75% is in the Measured and Indicated categories (full details 2007 Annual Report). The recent discovery at **Caloma** could add significantly to the resource base and a substantial drilling program has been completed to define this resource. A feasibility study for the development of the project is anticipated to be completed early 2009.

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 mid 2009.

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. Late in 2007 two deep core holes produced substantial gold intercepts in KPD002 of 225 metres grading 1.16g/t gold and KPD003 with 263 metres at 1.30g/t gold, and within both holes there were several higher grade intervals (e.g. KPD002 51 metres at 1.67g/t gold and 52 metres at 1.55g/t gold; KPD003 26 metres at 3.75g/t gold and 48.7 metres at 2.74g/t gold)

Elsewhere within the region, Alkane has defined a 2 million tonne 1.00% copper Indicated Resource (details 2007 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.

In **Western Australia** the Company holds 9 million shares (15.15%) of listed iron ore explorer **BC Iron Limited** and a diluting 25% residual interest in a nickel sulphide joint venture with **Xtrata Nickel (Jubilee)** near **Leinster**.


6394600mN
614600mE
614800mE
615000mE
Newell Highway
6394400mN
EL5675
6394200mN
6394000mN
PE257D
PE289D
PE273D
PE253D
PE254D
PE271D
PE272D
PE292D
PE293D
PE179D
PE178D
PE256D
PE255D
PE358
PE354
PE352
PE351
PE350
PE348
PE371
PE357
PE347
PE373
PE372
PE359
PE369
PE374
PE370
PE369
PE367
PE366
PE365
PE364
PE363
PE355
PE362
PE361
PE360
PE358
PE349
PE353
Caloma
Projection - AMG Zone 55
Datum (horizontal) - AGD66
Dolerite
Pegmatite
Massive, well foliated pelitic siltstone (Cotton Formation)
Feldspar porphyry
Undifferentiated volcaniclastic sediments
Feldspar ± augite phyric andesitic lava
PE223
Drill holes - current phase
Drill hole collars
PE293D
Diamond drill holes collars
Plan No.: ALK TOM 1GA-014
Scale 1 : 3 000
0
150
metres
ALKANE RESOURCES LTD
TOMINGLEY GOLD PROJECT
CALOMA PROSPECT
Preliminary Geology and Drill Hole Location
Figure No.: 1