

31 July 2012



ALKANE
RESOURCES LTD
ABN 35 000 689 216

Quarterly Report to 30 June 2012

➤ Dubbo Zirconia Project (DZP)

- **MOU signed with Shin-Etsu Chemical Co., Ltd of Japan to produce a suite of separated heavy and light rare earths using the rare earth concentrates from the DZP**
- **A toll processing agreement will use Shin-Etsu Chemical's technology to process 100% of DZP heavy and light rare earth concentrates in Japan (or other agreed location) to produce high purity separated rare earth oxides**
- **Shin-Etsu will have priority to purchase at commercial prices a quantity of the rare earths that they toll process under the agreement via an initial 5 year off-take agreement**
- **Reverse circulation drilling of the Railway prospect within the DZP identified extensive zirconium, niobium, yttrium and rare earth mineralisation, indicating potential to expand the resources of the Project**
- **Community meetings held at Dubbo and Geurie**

➤ Tomingley Gold Project (TGP)

- **Draft consent conditions received and formal Project Approval anticipated**
- **Capital and operating cost reviews nearing completion**
- **Detailed design advanced and long lead capital acquisitions continue**
- **Core drilling at Wyoming Three and Caloma Two confirms continuity of mineralised structures**

➤ Exploration and Development

- **Deep core hole at Peak Hill did not reach target depth but intersects gold mineralisation of 6 metres grading 5.52g/t gold from 286 metres, below the Great Eastern pit**

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

Australian Zirconia Ltd (AZL) 100%

The Dubbo Zirconia Project (DZP) is located in the Central West Region of New South Wales, 30 kilometres south of the city of Dubbo. The DZP is based upon a large in-ground resource of the metals zirconium, hafnium, niobium, tantalum, yttrium, and rare earth elements. Over several 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 saleable products.

Resource Development

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. The drilling comprised 7 RC drill holes totalling 492 metres scattered across the trachyte outcrop (see ASX Announcement 27 June 2012).

Drilling identified a broadly subhorizontal sheet of trachyte flows, unconformable over sediments of the Triassic aged Napperby Formation. The results of the RC holes 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% ZrO₂, 0.022% HfO₂, 0.237% Nb₂O₅, 0.014% Ta₂O₅, 0.073% Y₂O₃, 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.

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 35 to 45 million tonnes** using the specific gravity determined from measurements of the Toongi deposit, and at a grade that ranges from **0.85% to 0.99% ZrO₂, 0.21% to 0.23% HfO₂, 0.21% to 0.26% Nb₂O₅, 0.013% to 0.15% Ta₂O₅ and 0.43% to 0.48% TREO (Y₂O₃ + REO).**

The potential quantity and grade are conceptual in nature, and there has been insufficient exploration to define a Mineral Resource and it is uncertain that further exploration will result in the determination of a Mineral Resource.

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.

Process and Product Development

Process development continued at ANSTO focusing on optimisation and recovery improvement with the rare earth circuits, optimising water consumption and recycling and other engineering innovations. Laboratory scale work had shown encouraging results, including higher heavy rare earth recoveries, and DPP testing of these improvements and innovations is in progress. Even small improvements in the recoveries can have a positive impact on product revenues.

Market Developments – Zirconium

Demand in the zircon - zirconium industry remains very soft due to a slowing of China's urbanisation program and increasing world financial uncertainty. Prices slipped for some specific products but the general consensus is that demand and prices will stabilise later in 2012, and long term the industry is predicted to be very robust.

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Table 1. Zirconium industry prices Q2 2010 to Q2 2012

PRODUCT	ZrO ₂	Q2 2010 US\$/T	Q2 2011 US\$/T	Q4 2011 US\$/T	Q2 2012 US\$/T
Zircon (producer/trader)	65%	\$900 - \$1,150	\$1,700 - \$2,750	\$2,100 - \$2,900	\$2,300 - \$2,600
(100% ZrO ₂ basis)	100%	(\$1,380 - \$1,770)	(\$2,620 - \$4,230)	(\$3,230 - \$4,460)	(\$3,540 - \$4,000)
ZOC (zirconium oxychloride)	36%	\$1,350 - \$1,450	\$3,600 - \$4,000	\$2,850 - \$3,100	\$2,700 - \$3,000
(100% ZrO ₂ basis)	100%	(\$3,750 - \$4,030)	(\$10,000 - \$11,110)	(\$7,920 - \$8,610)	(\$7,500 - \$8,330)
ZBS (zirconium basic sulphate)	33%	\$1,770	\$6,000	\$4,150	\$3,200
(100% ZrO ₂ basis)	100%	\$5,360	\$18,180	\$12,580	\$9,700
ZBC (zirconium basic carbonate)	40%	\$2,100	\$5,400	\$4,500	\$4,200
(100% ZrO ₂ basis)	100%	\$5,250	\$13,500	\$11,250	\$10,500
Fused Zirconia	98.50%	\$2,900 - \$3,100	\$6,000 - \$7,000	\$5,500 - \$7,000	\$5,600 - \$7,000
Chemical Zirconia	99.50%	\$4,200 - \$4,400	\$10,000 - \$12,000	\$10,000 - \$12,000	\$8,000 - \$9,000
Chemical Zirconia	99.90%	\$5,300 - \$5,500	\$12,000 - \$15,000	\$12,500 - \$14,000	\$9,000 - \$10,000

Source: TCMS

Market Developments – Rare Earth Elements (REE)

On 16 July 2012 the Company announced the signing of a non-binding Memorandum of Understanding (MOU) with **Shin-Etsu Chemical Co., Ltd**, a leading Japanese company specialising in the production of separated rare earths and associated downstream products, such as magnets, which consume rare earths.

Shin-Etsu operates Japan's only large scale separation and refining plant for rare earths, which uses a range of advanced separation and refining technologies. Shin-Etsu supplies high purity separated rare earths to a wide range of Japanese and international customers, while consuming significant quantities itself. Currently Shin-Etsu has a capitalisation of around US\$25 billion.

Shin-Etsu will have priority to purchase at commercial prices a quantity of the rare earths toll processed by it under the agreement via an initial 5 year off-take agreement. The remaining available quantity of separated rare earths will be sold to other companies with which AZL has been discussing off-take arrangements. Strong demand outside of China particularly for AZL's heavy rare earths, including yttrium, should ensure that all separated products are sold.

Shin-Etsu will also provide technical support and assistance to improve rare earths recoveries from the ore to the concentrate, particularly for heavy rare earths. This will complement recent improvements in heavy rare earths recoveries obtained at laboratory scale, which will be confirmed on the demonstration pilot plant at ANSTO. This has the potential to significantly increase the quantity of heavy rare earth concentrates produced, and subsequent revenues, following separation by Shin-Etsu. Similar improvements in light rare earths recoveries are also anticipated.

Prior to the recent improved rare earths recoveries, DZP output of approximately 1,120 tpa of heavy rare earth oxides and 3,050 tpa of light rare earth oxides were anticipated.

Prices for rare earths continued to weaken during the Quarter caused by poor demand with a slowing world economy, however the price weakening was not uniform with the larger volume lanthanum and cerium taking the major drops. As shown in Table 2 below, prices for the quarter are still well above the previous long term base line values of Q2 2010.

Importantly, the current quarter prices are well above the averages used in the definitive feasibility study of September 2011 (ASX Announcement 19 September 2011).

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Consolidation within the dominant Chinese rare earth industry continued and it is anticipated that this restructuring will stabilise rare earth prices into the near future. Supply of heavy rare earths remains problematic and the DZP, with its 25% HREE distribution, is regarded as a strategically important supplier.

Table 2. Rare earth pricing Q2 2010 to Q1 2012

Rare Earths Prices (US\$/kg FOB China REO)						
Source: <i>Metal Pages</i> © Numbers have been rounded						
Light Rare Earth	DZP Distribution	Q2 2010 Average	Q4 2010 Average	Q2 2011 Average	Q4 2011 Average	Q2 2012 Average
Lanthanum Oxide	19.51%	\$7.13	\$53.00	\$138.00	\$64.00	\$23.00
Cerium Oxide	36.70%	\$5.58	\$50.00	\$138.00	\$56.00	\$24.00
Praseodymium Oxide	4.05%	\$30.60	\$77.00	\$215.00	\$204.00	\$118.00
Neodymium Oxide	14.12%	\$31.13	\$80.00	\$253.00	\$235.00	\$116.00
Samarium Oxide	2.20%	\$4.50	\$34.00	\$120.00	\$92.00	\$82.00
Heavy Rare Earth						
Europium Oxide	0.07%	\$521.67	\$625.00	\$1867.00	\$3783.00	\$2365.00
Gadolinium Oxide	2.15%	\$8.25	\$44.00	\$167.00	\$135.00	\$103.00
Terbium Oxide	0.34%	\$545.00	\$605.00	\$1767.00	\$2938.00	\$1982.00
Dysprosium Oxide	2.05%	\$196.67	\$295.00	\$983.00	\$1973.00	\$1072.00
Ho, Er, Tm, Yb, Lu	2.89%					
Yttrium Oxide	15.84%	\$11.42	\$56.00	\$158.00	\$128.00	\$116.00
DZP LREE	76.68%	\$12.06	\$57.20	\$163.00	\$100.00	\$47.00
DZP YHREE	23.32%	\$42.23	\$78.70	\$240.00	\$327.00	\$218.00
DZP LREE Concentrate		\$8.44	\$40.00	\$114.00	\$70.00	\$33.00
DZP YHREE Concentrate		\$29.59	\$55.00	\$168.00	\$229.00	\$153.00

Compiled by IMCOA

These prices are for individual separated rare earth oxides at 99% purity, and the actual value for DZP concentrates will depend on market acceptance of the concentrate, but for this table 70% of the value has been assumed. The prices quoted above are averaged for the full quarter.

Market Developments – Niobium

The market for niobium pentoxide (Nb₂O₅) and ferro-niobium (FeNb) remains stable and prices for the main traded product, FeNb, are US\$40 - \$45/kg.

Development

An information meeting was held in Dubbo on 10 July 2012 to describe the project and possible impacts on the local community. Approximately 180 to 200 people attended and there was general discussion about issues, with possible reactivation of the railway through Dubbo to the operations site at Toongi generating the most interest. A smaller meeting was held at Geurie the following night to apprise that community of the possibility of a limestone mining operation required for the DZP process about 4 kilometres south east of the town.

Studies for the Environmental Impact Statement (EIS) are in progress.

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TOMINGLEY GOLD PROJECT (TGP) - gold

Alkane Resources Ltd 100%

The TGP is based on three gold deposits (Wyoming One, Wyoming Three and Caloma) located 14 kilometres north of the Company's Peak Hill Gold Mine, approximately 50 kilometres south west of Dubbo (figures 1 & 2). A Definitive Feasibility Study (DFS) was completed late 2010 (ASX Report dated 13 December 2010). The development of the Project is awaiting NSW Government approval.

Drilling

Four diamond core holes, two at Wyoming Three (WY940 and WY941A) and two at Caloma Two (PE767 and PE768), were drilled to test the potential of the deposits to host underground resources.

The drilling confirmed the sub vertical east-west gold lodes at these deposits continued at depth but further drilling would be required to determine resource potential.

Table 3: Summary 2012 diamond core drill results for Tomingley

Hole No	East	North	RL (m)	Azimuth	Inclin	Int'cept (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
WY940	614175	639401	270	360°	60°	2.8	3.76	207.2 - 210	404.6	W3
incl						0.8	9.49	207.2 - 208		
WY941A	614149	639401	270	330°	65°	7.9	1.09	216.1 - 224	399.9	W3
and						3.9	1.44	383.1 - 387		
PE767	614740	639382	270	180°	60°	8.5	2.40	176 - 184.5	427.2	C2
incl						2	4.76	177 - 179		
						1	6.84	182 - 183		
and						7.3	1.33	190 - 197.3		
incl						3.3	2.47	194 - 197.3		
and						1	3.85	230 - 231		
and						2.6	1.04	243.4 - 246		

Gold analysis by 50g fire assay. True widths are about 50% of the intersection.

Further drilling will also be programmed to test the open pittable potential of the Caloma Two mineralisation.

Development

The draft Consent Conditions were received from the NSW Department of Planning and Infrastructure early June and discussions have continued to formalise the Project Approval.

The Project development consists of three open pit mines, Caloma, Wyoming One and Wyoming Three, to be followed in year 3 or 4 by an underground operation initially focused on the Wyoming One deposit. The mining rate will average 1.0 million tonnes per annum from the open cut operations and 0.25 million tonnes per annum from underground. The higher grade underground ore will be blended with low grade stockpiled open pit ore to maintain a processing rate of 1.0 million tonnes per annum through a conventional CIL gold recovery circuit, pending development of other potential resources.

This treatment rate would recover an average 50 - 60,000 ounces of gold a year for a minimum of seven and a half years. Longer term there is potential to expand the resources through development of the Caloma Two deposit and Caloma underground and regional exploration.

Detailed design by the EPCM contractors, Mintrex Pty Ltd, is well advanced. Some off-site construction work could begin in September, assuming all approvals are in place, with the upgrade of primary and secondary road access and commencement of the water and power lines. Some long-lead items such as the ball mill were ordered last year to minimise construction delays and it is planned to commence production by quarter four 2013.

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As with the mining industry in general, both capital and operating costs have increased over the last two years and a recent review of the TGP has seen capital costs rise to A\$107 million (\$116 million with contingencies). As at the end of the Quarter \$9.37 million have been expended on development and capital costs, including \$2.11 million for EPCM expenditure

An update of operating costs is in progress and these will be incorporated into the financial model to ensure the Project maintains adequate returns.

Recently Alkane agreed to extend to 31 December 2012 the mandate to Credit Suisse to provide a project financing facility. This financing comprises a Project Loan Facility of up to A\$45 million and a Gold Hedging Facility of up to 163,000 ounces. Last year the Company entered into an initial 90,000 ounce gold forward sale that will underwrite a minimum price of approximately A\$1,600 per ounce for the first two and a half years of production from the Project. This contract has been extended to 28 September 2012.



TGP ball mill: mill end and trunion



TGP ball mill: shell

Peak Hill Gold Mine

A 700 metre diamond core drill hole was planned to test beneath the high sulphidation epithermal gold mineralised lithocap for the gold-copper porphyry source at Peak Hill Gold Mine. The hole was abandoned at 399.4 metres due to extremely adverse drilling conditions. The hole ended still within the advanced argillic clay altered lithocap. A high grade vuggy silica structure was intersected 150 metres beneath the base of the Great Eastern pit returning 6m at 5.52g/t Au from 286m.

Table 4: Significant diamond drill core results for Peak Hill Gold Mine

Hole No	East	North	RL (m)	Azimuth	Inclin	Int'cept (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
PHD083	612370	637888	324	270°	70°	6	5.52	286 - 292	399.4	
incl						1	25.1	287 - 288		

Gold analysis by 50g fire assay. True widths are about 40% of the intersection.

Further regional exploration including mapping and soil geochemistry is scheduled to generate new targets within the project area.

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BODANGORA (copper-gold), WELLINGTON (copper-gold), CUDAL (gold-copper-zinc) and CALULA (base metals-gold) were inactive.

ORANGE DISTRICT EXPLORATION JOINT VENTURE - ODEJV (gold-copper)

Alkane Resources Ltd 49%, Newmont Australia Limited 51%

The ODEJV includes Alkane's 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.

Newmont Australia Limited (NAL) earned a 51% interest in the ODEJV in August 2009. In March 2010 NAL elected to proceed to 75% by completing a Bankable Feasibility Study (BFS) on the McPhillamys Project. NAL is a subsidiary of the US based Newmont Mining Corporation (NYSE:NEM).

NAL advised that no field work was completed during the Quarter.

DIAMOND CREEK (gold-base metals) was relinquished.

LEINSTER REGION JOINT VENTURE (nickel-gold)

Alkane Resources Ltd 20% diluting, Xstrata Nickel Australasia 80%

*The three prospects - **Leinster Downs, Miranda and McDonough Lookout** - are subject to a farm-in agreement with Xstrata Nickel Australasia.*

Xstrata advised that two RC drill holes tested two geophysical targets on the Miranda project generated from FLEM surveys reported in 2011. A total of 518 metres of drilling were completed. Although substantial sulphide mineralisation was intersected in sediments, neither hole returned any significant nickel assays (maximum Ni value of 0.25%).

Soil sampling on Leinster Downs generated one robust gold, arsenic and copper anomaly associated with an ultramafic – mafic volcanic/dolerite contact.

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

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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.

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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 the TGP will provide the funding to maintain the project development pipeline and to contribute to development of the DZP.

The DZP has a completed feasibility study giving it a net present value of A\$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 near Orange, Alkane is in a joint venture with Newmont Australia over a 3 million ounce gold resource at McPhillamys.

Alkane's most advanced gold copper exploration projects in the region are at the 100% Alkane owned Wellington and Bodangora prospects.



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Mineral Resource and Ore Reserve Statement June 2012

Dubbo Zirconia Project – Mineral Resources (2011)

Toongi Deposit	Tonnage (Mt)	ZrO ₂ (%)	HfO ₂ (%)	Nb ₂ O ₅ (%)	Ta ₂ O ₅ (%)	Y ₂ O ₃ (%)	REO (%)	U ₃ O 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 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. 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 ₂ O ₅ (%)	Ta ₂ O ₅ (%)	Y ₂ O 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 a 1.5% combined ZrO₂+Nb₂O₅+Y₂O₃+REO cut off using costs and revenues defined in the notes in ASX Announcement of 16 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		Gold (koz)
	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	
2.5x2.5x5.0m model									
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 25 March 2009 and 2 October 2010, and this announcement.

Tomingley Gold Project – Ore Reserves (2011)

DEPOSIT	PROVED		PROBABLE		TOTAL		Ounces (minable)
	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	
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		k oz
	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	
0.5g/t gold cut off									
Proprietary			9,440,000	1.35	1,830,000	0.98	11,270,000	1.29	467.4
3.0g/t gold cut off									
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		
	Tonnage (t)	Grade (% Cu)	Grade (g/t)	Tonnage (t)	Grade (% Cu)	Grade (g/t)
0.5% Cu cut off						
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			k oz gold	tonnes copper
	Tonnage (t)	Grade (g/t)	Grade % Cu	Tonnage (t)	Grade (g/t)	Grade % Cu	Tonnage (t)	Grade (g/t)	Grade % Cu		
0.3g/t Au cut-off											
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.

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