

Appendix 5B

Mining exploration entity quarterly report

Name of entity

ALKANE EXPLORATION LTD

ABN

35 000 689 216

Quarter ended ("current quarter")

30 September 2006

Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (9Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	317	359
1.2 Payments for		
(a) exploration and evaluation	(412)	(1092)
(b) development	-	-
(c) production	-	-
(d) administration	(453)	(1041)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	39	81
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (mine rehabilitation & maintenance)	(102)	(503)
Other (Commercial Ready Grant)	-	233
Net operating cash flows	(611)	(1963)
Cash flows related to investing activities		
1.8 Payment for purchases of		
(a) prospects	-	-
(b) equity investments	(9)	(9)
(c) other fixed assets	-	-
1.9 Proceeds from sale of		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	1
1.10 Loans to other entities	(103)	(118)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	(126)	(131)
Net investing cash flows	(238)	(257)

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1.13	Total operating and investing cash flows (carried forward)	(849)	(2220)
1.13	Total operating and investing cash flows (brought forward)	(849)	(2220)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3735	3735
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) - costs of issues	(25)	(29)
	Net Financing Cash Flows	3710	3706
	Net increase (decrease) in cash held	2861	1486
1.20	Cash at beginning of quarter/year to date	1399	2774
1.21	Exchange rate adjustments to Item 1.20	-	-
1.22	Cash at end of quarter	4260	4260

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	279
1.24	Aggregate amount of loans to the parties included in item 1.10	-

Explanation necessary for an understanding of the transactions

Payments to companies associated with directors for:

Corporate consulting fees	\$92
Non executive director's fees	\$17
Administration/accounting fees	\$7
Geological consulting fees	\$163

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

No expenditure on the Miranda/McDonoughs Lookout/Leinster Downs was reported by Jubilee Mines NL. Under the terms of the farm in agreement Jubilee has earned 51% of the joint venture and is proceeding to earn an additional 24%.

Expenditure on the Orange District Exploration Joint Venture by Newmont Australia Limited totalled \$176,680 for the quarter.

Financing facilities available

add notes as necessary for an understanding of the position

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outlays for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	-
TOTAL	500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the statement of cash flows) to the related items in the accounts is follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	468	613
5.2 Deposits at call	552	637
5.3 Bank overdraft	-	-
5.4 Other * investment securities of 3 months or less	3240	149
Total: cash at end of quarter (item 1.22)	4260	1399

Changes in interests in mining tenements

	Tenement Reference	Nature of Interest [note (4)]	Interest at Beginning of Quarter	Interest at End of Quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	ELA 2817 Orange	0%	100%

See tenement schedule for details

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preferences securities <i>(description)</i>				
7.2 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buybacks, redemptions				
7.3 Ordinary securities	190,899,426	190,899,426		
7.4 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buybacks	24,899,925	24,899,925	15	15
7.5 Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) increases through issues (b) decreases through securities matured, converted				
7.7 Options <i>Directors - ALKAQ</i> <i>Consultants - ALKAI</i> <i>Consultants/staff - ALKAK</i>	4,750,000 500,000 975,000	- - -	<i>Exercise price</i> 50 / 60 40 45	<i>Expiry date</i> 24/05/2007 24/05/2007 29/05/2008
7.8 Issued during quarter		-		
7.9 Exercised during quarter				
7.10 Expired during quarter				

7.11 Debentures (totals only)		
7.12 Unsecured notes (totals only)		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does/~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: *[signed L A Colless]* Date: 31 October 2006

(~~Director~~/Company Secretary)

Print name: L A COLLESS

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
 - 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
 - 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
 - 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
 - 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address the topic, the Australian standard on that topic (if any) must be complied with.
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ITEM 6.1 & 6.2

Schedule of mining tenements –as at 31 October 2006

Prospect	Tenement	Interest	Nature of interest
Peak Hill, NSW	GL 5884 (Act 1904)	100%	Equity
	ML 6036	100%	Equity
	ML 6042	100%	Equity
	ML 6277	100%	Equity
	ML 6310	100%	Equity
	ML 6389	100%	Equity
	ML 6406	100%	Equity
	ML 1351	100%	Equity
	ML 1364	100%	Equity
	MLA 79 Orange	100%	Equity (application)
	ML 1479	100%	Equity
EL 6319	100%	Equity	
Dubbo, NSW	EL 5548	100%	Equity
	MLA 183 Orange	100%	Equity (application)
Orange-Molong, NSW	EL 6025	100%	Equity through subsidiary Newmont earning 51%
Borenore	EL 6091	100%	Equity through subsidiary Newmont earning 51%
Wellington, NSW	EL 6320	100%	Equity
	ELA 2817 Orange	100%	Equity
Moorilda	EL 5760	100%	Equity through subsidiary Newmont earning 51%
	EL 6111	100%	Equity through subsidiary Newmont earning 51%
Tomingley	EL 5675	100%	Equity
	EL 5830	100%	Equity
	EL 5942	100%	Equity
Wyanga	EL 6085	100%	Equity
Cudal	EL 4155	100%	Equity
	EL 5851	100%	Equity
Bodangora	EL 4022	100%	Equity
Nullagine, WA	EL 46/522	60%	Equity
	EL 46/523	60%	Equity
	EL 46/524	60%	Equity
Miranda Well, WA	M 36/303	49%	Equity - JBM earning further 24%
McDonough Lookout, WA	M 36/329 & 330	49%	Equity (conv.application) - JBM earning further 24%
Leinster Downs, WA	E 36/201	49%	Equity – JBM earning further 24%
	M 36/477	49%	Equity (conv.application) - JBM earning further 24%
	M 36/478	49%	Equity (conv.application) - JBM earning further 24%
	M 36/479	49%	Equity (conv.application) – JBM earning further 24%
	M 36/480	49%	Equity (conv.application) - JBM earning further 24%
	P 36/1371	49%	Equity – JBM earning further 24%
	P 36/1372	49%	Equity - JBM earning further 24%
JBM Newmont	Jubilee Mines NL Newmont Australia Ltd		