

26 November 2014

ASX Code: AGS

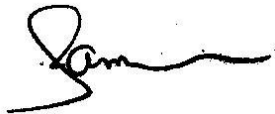
No. of pages: 21

## COMPANY PRESENTATION

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Please find attached a copy of a presentation made by the Managing Director, Mr Steve Johnston at the 2014 Annual General Meeting in Melbourne, Victoria today.

For and on behalf of the Board.



**Ian Pamensky**  
Company Secretary

### **About Alliance Resources**

Further information relating to the Company and its various exploration projects can be found on the Company's website at [www.allianceresources.com.au](http://www.allianceresources.com.au).



# ALLIANCE RESOURCES LIMITED

**Annual General Meeting  
26 November 2014**

*HWL Ebsworth Lawyers  
Level 26, 530 Collins Street  
Melbourne Vic*

## Structure

### Board & Management

Extensive minerals sector experience  
(exploration and mining)

### Capital Structure

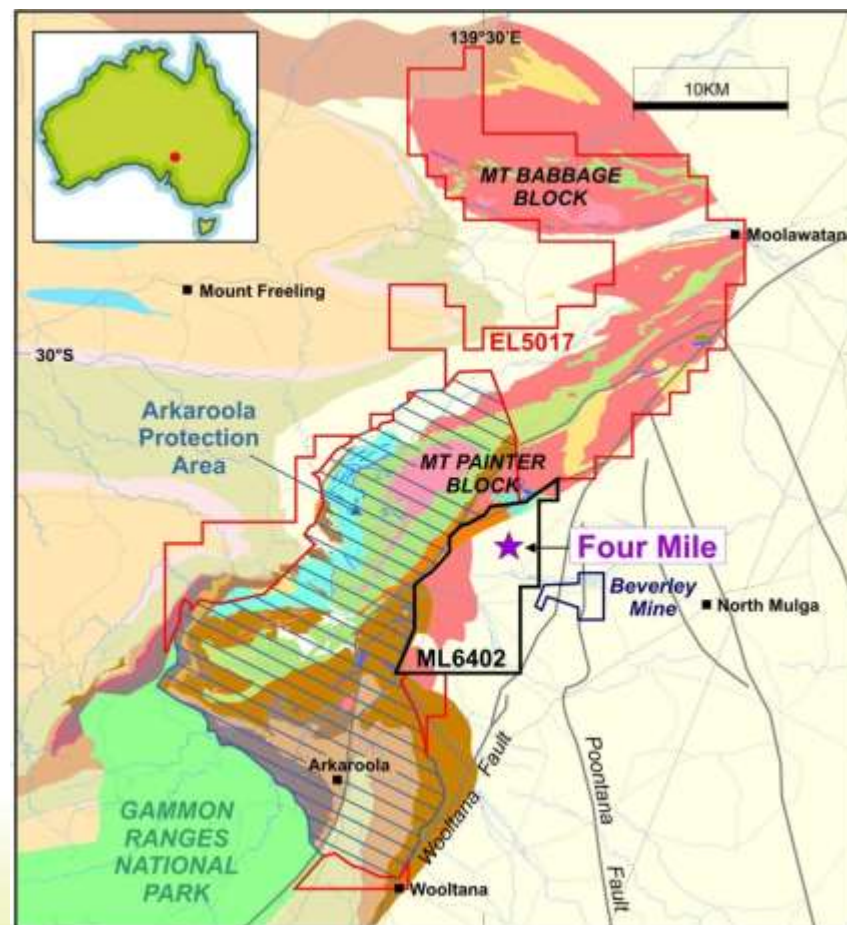
**Market Capitalisation (25-11-14)**      **A\$37.5M**  
**Cash Reserves (30-09-14)**              **A\$6M**  
**No debt**

### Major Shareholders

**Abbotsleigh**                                      **25.8%**  
**Top 20 shareholders**                        **46.7%**  
**Board & Management**                      **30.5%**

## Main Asset

### Four Mile Uranium Project (25%)



# Four Mile Uranium Project

- **Alliance Craton Explorer (ACE) Pty Ltd 25%\*; Quasar Resources Pty Ltd (Quasar) 75%**
  - \*ACE has elected not to contribute to the 2015 Program and Budget
- **Two large, high-grade uranium deposits (Mineral Resource<sup>1</sup> 71Mlb @ 0.33% U<sub>3</sub>O<sub>8</sub> (100%))**
  - Four Mile East & Four Mile West
  - Long mine life (20 years)
- **New discovery at Four Mile Northeast**
  - Potential to substantially extend mine
- **Proposed Sale of ACE's 25% interest suspended on 18 November 2014**
- **UxC Broker Average Price US\$40.38/lb, 25 November 2014**

1. Refer to ASX announcement 20 December 2013 for details of the Mineral Resource estimate and competent persons' consents.

## Revised Start-Up Plan approved on 29 January 2014, as follows:

- Uranium capture at Heathgate's Pannikan satellite plant
- Elution, precipitation, drying and packing at Heathgate's Beverley processing plant

## Program and Budget runs from 1 Nov 2013 to 31 Dec 2014 (now 30 Nov 2014):

- Production of 1.886 million lb of uranium oxide concentrates (**UOC**) and sales of 1.5 million lbs UOC
- Cash expenditure (Nov 13-Nov 14) of \$77.7 million (ACE's share \$19.4 million)<sup>1</sup>
- C1 operating cost \$31.48/lb (excludes wellfield development costs<sup>2</sup>)
- C2 operating cost \$40.13/lb (includes wellfield development costs<sup>3</sup>)
- Sale prices forecast US\$44.42 per lb (A\$49.36 @ FX=0.9)
- \$12 million of regional delineation drilling<sup>4</sup>

(1) ACE disputes the validity of the cash calls made by Quasar and, in making these payments, has reserved all of its rights. The payments are made to preserve ACE's participatory rights in the Four Mile Uranium Project.

(2) Includes mining, processing, shipping, marketing/sales & royalties.

(3) Includes mining, processing, shipping, marketing/sales, royalties, wellfield drilling & construction, engineering & infrastructure, but excludes regional drilling costs.

(4) ACE and Quasar disagree about the nature of the regional delineation drilling. Quasar asserts it is a mining development cost and ACE must pay its share. ACE asserts it is an exploration cost which Quasar must pay in full.

## Production

- In-situ recovery (ISR) mining commenced April 2014
- Production April to September 1,125,476 lbs (**ACE share 281,369 lbs**)
- Sep Q 2014 C1 costs \$24.48/lb<sup>1</sup> (C2 costs \$32.99/lb<sup>2</sup>)
- Life-of-mine C1 costs \$27.40/lb<sup>1</sup> (C2 costs 33.23/lb<sup>2</sup>)
- 510,000 lbs UOC shipped September 2014 (**ACE share 127,500 lbs, valued at \$5.7 million<sup>3</sup>**)

## Forecast CY2014

- CY2014 production to Nov 1,468,476 lbs (**ACE share 367,119 lbs, valued at \$16.3 million<sup>3</sup>**)

1. Excludes shipping, marketing and royalties as no sales have occurred.

2. Includes depreciation and amortisation, but excludes shipping marketing and royalties as no sales have occurred.

3. Assuming a uranium price of US\$40.00/lb and 1 AUD = 0.90 USD (= A\$44.44/lb). Excludes marketing and selling costs.



## What does not contributing to 2015 Program and Budget mean?

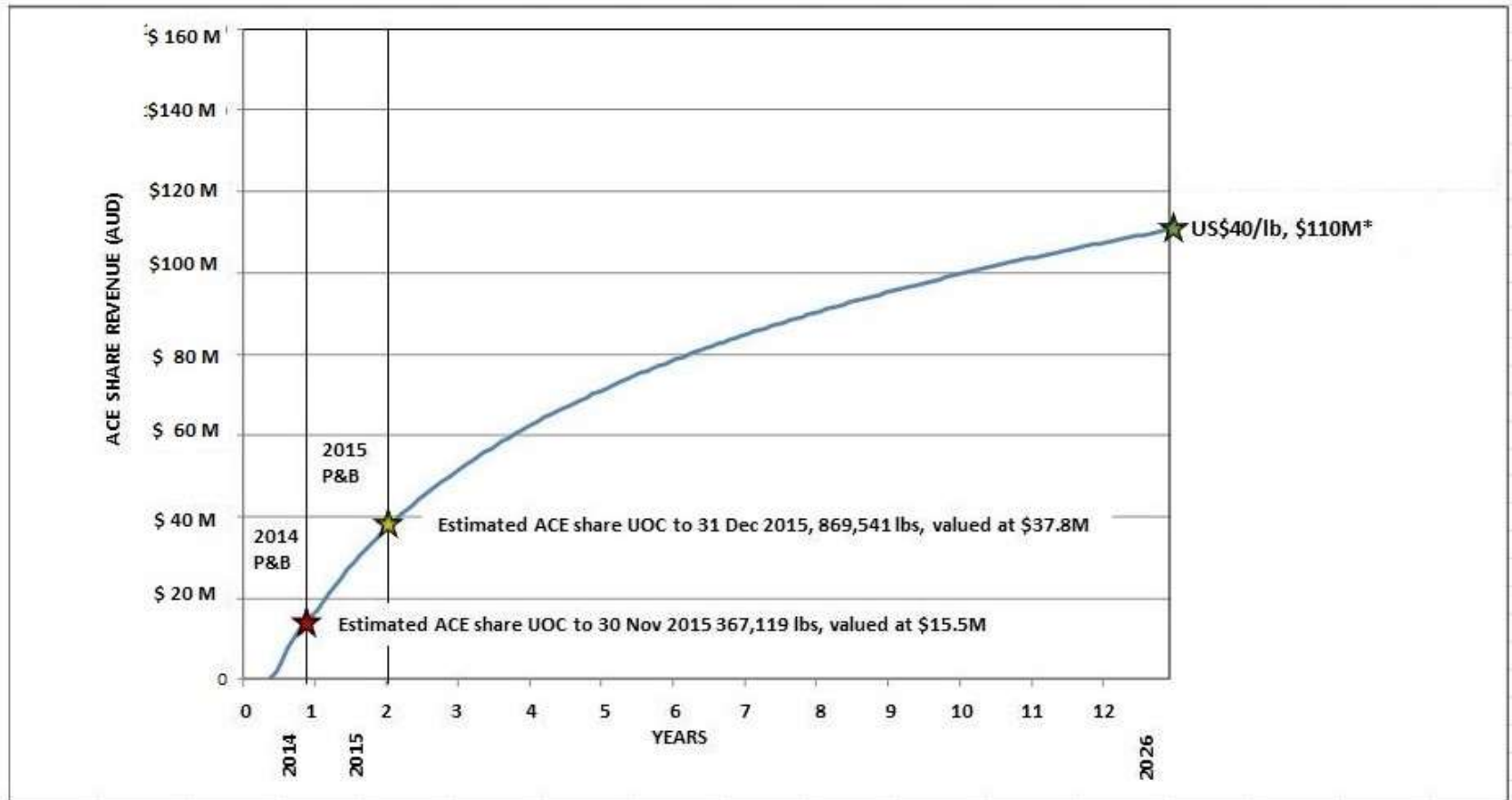
- ACE will still have an interest in the Four Mile Project (**Project**) and is required to contribute to future programs and budgets unless it elects not to do so
- By way of example, if ACE elects not to contribute to any future programs and budgets, then ACE estimates that its interest in the Project will be diluted from 25%
  - to approximately 15% by 31 December 2015;
  - to approximately 11% by 31 December 2016 (**Period**), etc.;
  - to 0% by 31 October 2026 (ACE deemed to have withdrawn from the JV Mine Development Area)
  - ACE will receive approx. \$110 million for its share of uranium production (approx. 2.5 million lbs) to 2026

### Assumptions:

1. Constant uranium price of US\$40.00/lb;
2. Constant exchange rate of 1 AUD = 1 USD;
3. ACE dilutes in accordance with a “standard” formula for dilution as set out in the JVA;
4. Project is in production until 31 October 2026 (including production from Four Mile West for which regulatory approval is yet to be granted);
5. Project rate of production is 2.5 million lbs per annum consistent with the projected production rate for 2015; and
6. Expenditure for each calendar year over the Period is at the same rate as projected by 2015 Program and Budget.

# Four Mile Uranium Project

**Cumulative value of ACE's share of uranium oxide concentrates (UOC), assuming ACE continues to elect not to contribute to future budgets (and dilutes to nil equity)\***



\* Forward looking example beyond 2015 Program and Budget is illustrative only and is based on projected production and costs in line with 2015 Program and Budget. 1 AUD = 0.9 USD. ACE dilutes out after October 2026. Excludes royalties, converter fees (if any), transportation costs and tax. Statements or assumptions as to future matters may prove to be incorrect and differences may be material.



# Four Mile Project – Infrastructure

*Injection booster and filter skids*



*Creek crossing trunkline supports*



*Installation of FME wellhouse 1 and filter skids*



*Lateral 'spiders' from wellhouse to FME wellfield*



# In Situ Recovery (ISR) Mining Technology

- Used at nearby Beverley uranium mine since 2000
- Mining method for 45% of global  $U_3O_8$  production<sup>(1)</sup>
- Lower cost compared to conventional mining methods
- Typical ISR recovery ~70% in 12 months

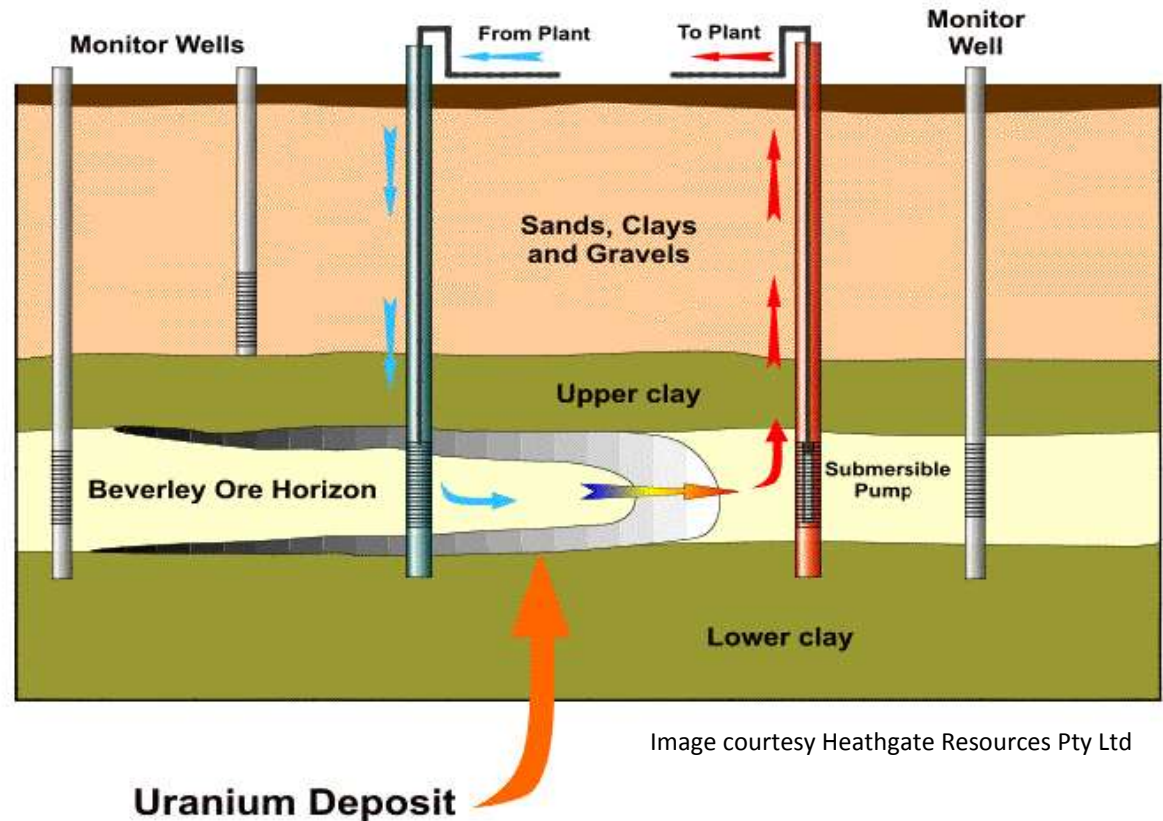


Image courtesy Heathgate Resources Pty Ltd

*...low environmental impact*

(1) - 2011 production statistic; World Nuclear Association

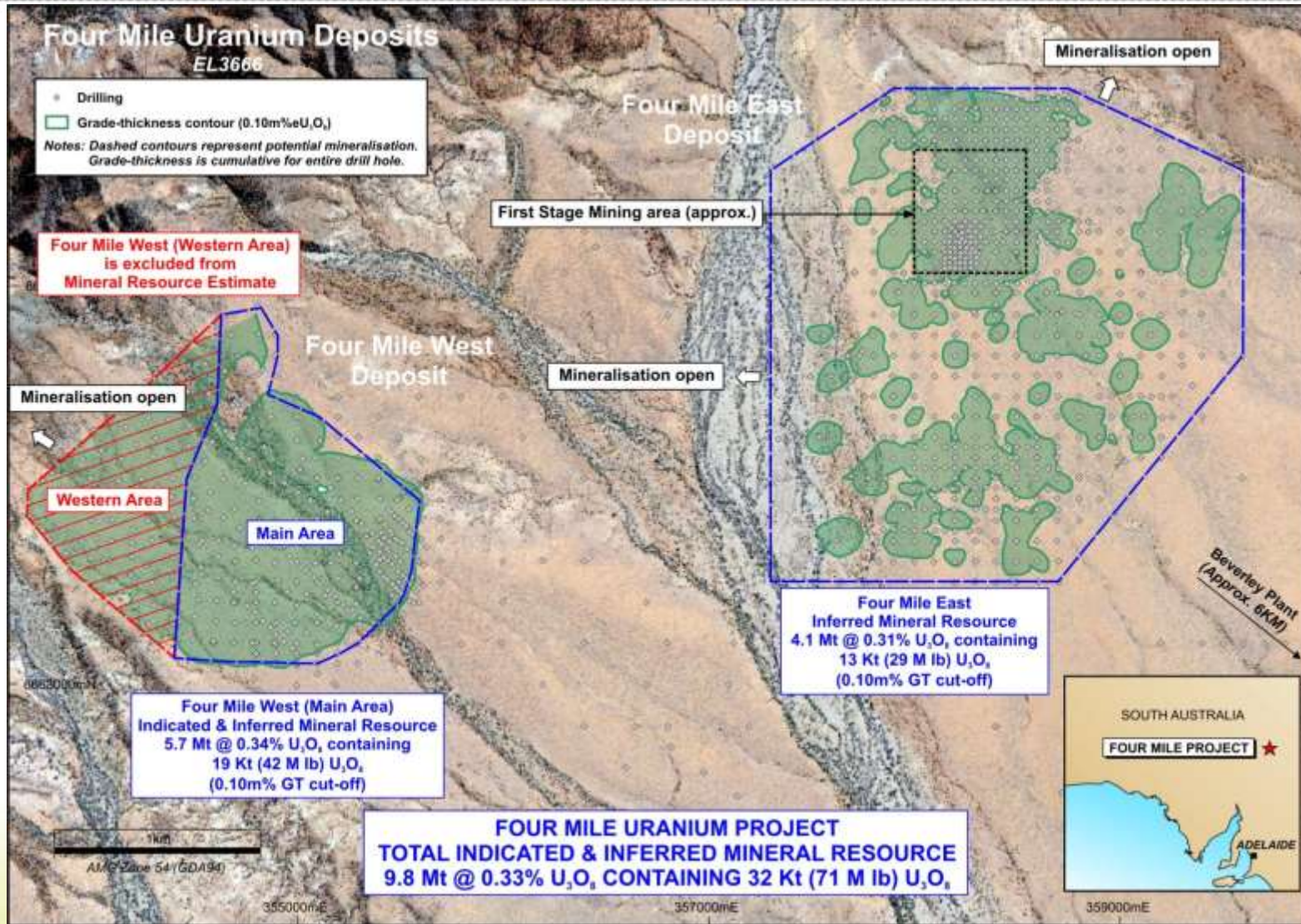
# Four Mile Project - Mineral Resource

Deposit	GT Cut-off m%	Mass Tonnes	U <sub>3</sub> O <sub>8</sub> %	U <sub>3</sub> O <sub>8</sub> Tonnes	U <sub>3</sub> O <sub>8</sub> Mlb	JORC Classification
Four Mile West	0.10	4,100,000	0.34	14,000	32	Indicated
Four Mile West	0.10	1,500,000	0.31	4,700	9	Inferred
<b>Four Mile West</b>	<b>0.10</b>	<b>5,700,000</b>	<b>0.34</b>	<b>19,000</b>	<b>42</b>	
<b>Four Mile East</b>	<b>0.10</b>	<b>4,100,000</b>	<b>0.31</b>	<b>13,000</b>	<b>29</b>	<b>Inferred</b>
Mined to 30 June 2014	0.10	101,000	0.26	264	0.6	
<b>TOTAL</b>		<b>9,699,000</b>	<b>0.33</b>	<b>31,736</b>	<b>70</b>	

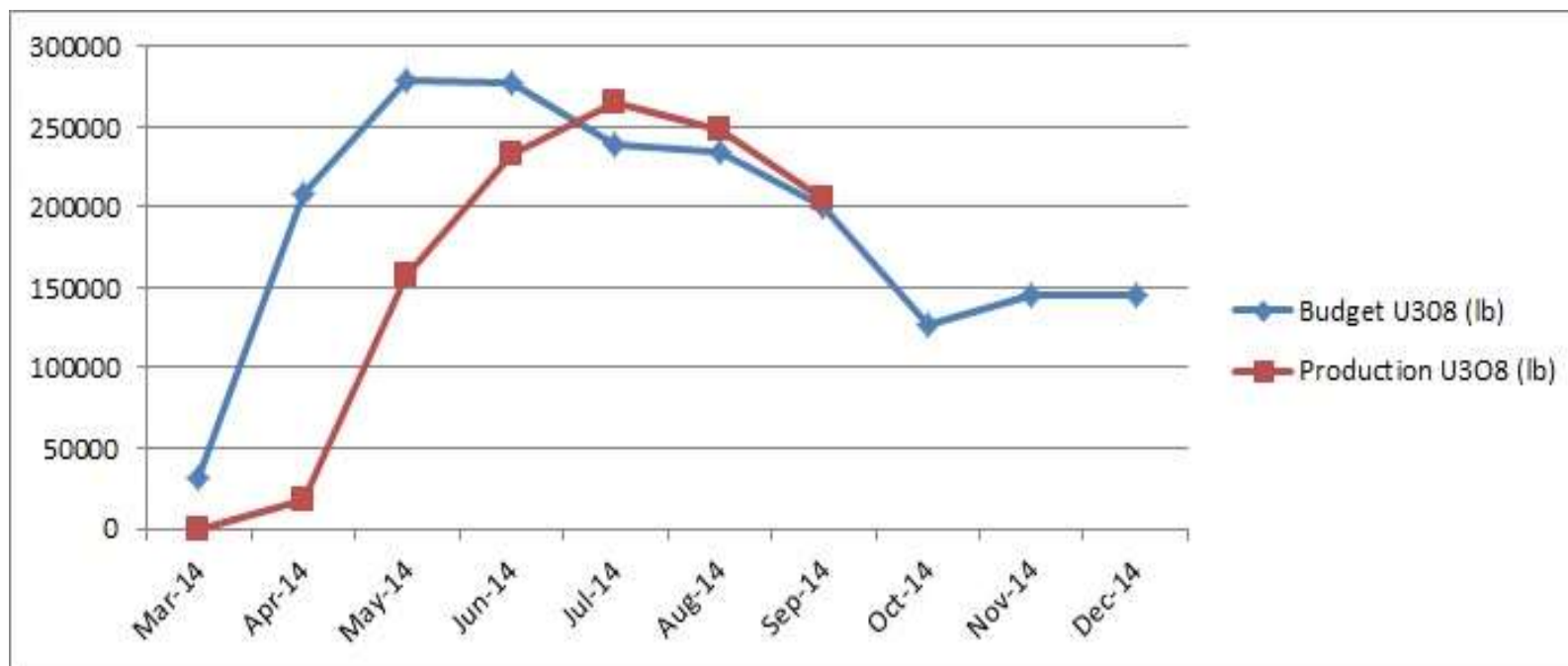
Refer ASX announcement dated 20 December 2013



# Four Mile Project - Mineral Resource



## Monthly ISR Production:





*Alliance has three project areas in Atacama Region III, located in northern Chile's iron-oxide copper-gold belt with potential for copper, gold, silver and uranium*





# Monardes Copper-Uranium Project (100%)

- Located within the Monardes basin adjacent to the Maricunga Belt metallogenic province of Atacama Region III, 95 km east of Copiapo in northern Chile
- Recent airborne magnetic and radiometric survey over the eastern limb of the Monardes Basin identifies two sub-parallel uranium-anomalous units with a combined strike length of 9 km within Alliance's concessions
- The primary target of the geophysical survey was a quartz-pebble conglomerate containing a small excavation for copper which Alliance geologists recognised to be locally anomalous with U-Th based on results from a portable spectrometer
- Limited rock chip sampling of the eastern anomalous unit over a strike length of 1.8 km has reported copper >10,000 ppm in 6 out of 8 samples with uranium >2000 ppm in 2 of the samples
- The discovery of high grade uranium and copper mineralisation in a reduced conglomerate within a lower red-bed sandstone sequence represents, in Alliance's view, a previously unrecognised or underexplored exploration target requiring systematic follow-up
- Additional rock chip sampling has been carried out. Results are awaited.

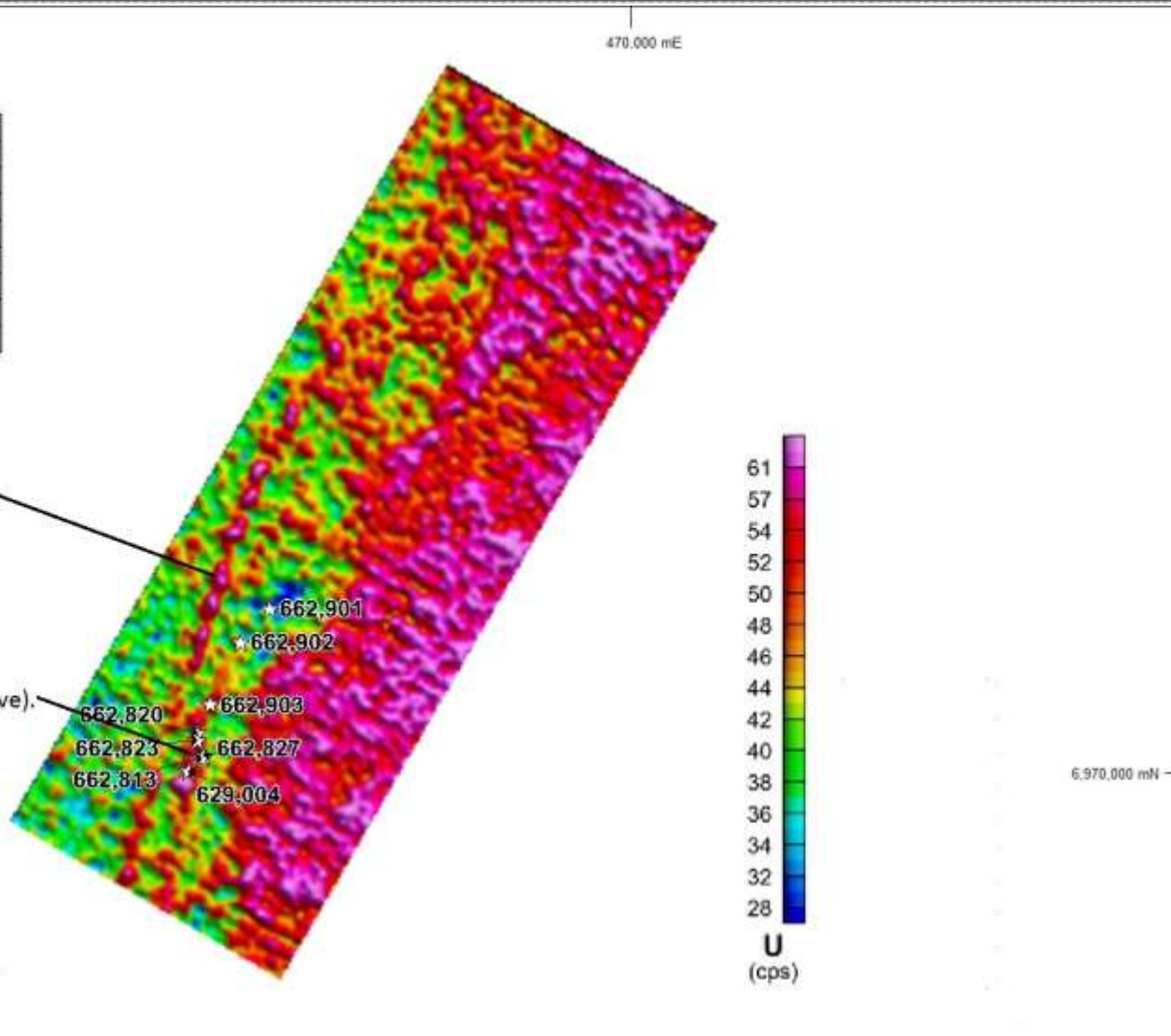
# Monardes Copper-Uranium Project (100%)

Uranium (U) channel spectrometer image and locations of rock chip samples

Sample No.	Cu (ppm)	U (ppm)
662827	>10000	>2000
662902	>10000	329
662903	>10000	>2000
629004	>10000	766
662820	>10000	10
662823	651	113
662901	198	17
662813	>10000	1456

Parallel (western) U channel anomalous unit defined by airborne radiometric survey (not yet sampled)

Eastern Cu-U mineralised unit identified at small excavation. Sampled over 1.8 km (results above). Further sample results awaited.



**2KM**

**U**  
(cps)

# Monardes Copper-Uranium Project (100%)



New-Sense Geophysics Ltd helicopter, Monardes Basin survey, October 2014



# Monardes Copper-Uranium Project (100%)



Excavation for secondary copper mineralisation, eastern mineralised unit



# Monardes Copper-Uranium Project (100%)



Pebble conglomerate with secondary copper, eastern mineralised unit



# Cautionary Statement

## Cautionary Statement

*This presentation has been prepared by Alliance Resources Limited (“Alliance”). The information contained in this presentation is of a general nature only and does not constitute and offer to issue, or to arrange an issue, of securities or the financial products. The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. This presentation has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person.*

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## Competent Person Statements

*The information in this report that relates to Mineral Resources for the Four Mile Uranium Project was reported to the ASX on 20 December 2013 (‘ASX Announcement’). Alliance Resources Ltd confirms that it is not aware of any new information or data that materially affects the information included in the ASX Announcement, and that all material assumptions and technical parameters underpinning the estimates in the ASX Announcement continue to apply and have not materially changed.*

*The information in this report that relates to Exploration Results for the Four Mile Uranium Project and Chilean Projects is based on information compiled by Mr Andrew Bowden who is a Chartered Geologist and Fellow of the Geological Society of London, a Recognised Overseas Professional Organisation included in a list promulgated by the ASX from time to time. Mr Bowden is a part-time employee of Alliance Resources Ltd and 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 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.’ Mr Bowden consents to the inclusion in the report of the matters based on information provided to him by Quasar Resources Pty Ltd in the form and context in which it appears and subject to the qualifications entered in the JORC 2012 Table 1 Reports in the relevant ASX Announcements.*

*The information in this report that relates to the Exploration Target is based on information compiled by Mr Andrew Bowden who is a Chartered Geologist and Fellow of the Geological Society of London, a Recognised Overseas Professional Organisation included in a list promulgated by the ASX from time to time and Mr Stephen Johnston who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Bowden and Mr Johnston are part-time and full-time employees, respectively, of Alliance Resources Ltd and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Bowden and Mr Johnston consent to the inclusion in the report of the matters based on their information the form and context in which it appears.*





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