

QUARTERLY REPORT

FOR THE PERIOD ENDING 31 DECEMBER 2014

30 January 2015

ASX Code: **AGS**

No. of pages: 17

QUARTERLY REPORT - FOR THE PERIOD ENDED 31 DECEMBER 2014

DETAILS OF ANNOUNCEMENT

- Quarterly Activity Report for the period ending 31 December 2014 (11 pages)
- Appendix 5B for the period ending 31 December 2014 (5 pages)

For and on behalf of the Board



Bob Tolliday
Company Secretary

Further information relating to the Company and its various mining and exploration projects can be found on the Company's website at www.allianceresources.com.au

30 January 2015

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QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

HIGHLIGHTS

FOUR MILE URANIUM PROJECT (25%)

- Quarterly production (100%) 538,823 lbs of uranium ore concentrate (**UOC**) at an estimated cash operating cost of \$32.41 per lb produced.
- Total production (100%) since commencement 1,664,299 lbs of UOC at an estimated cash operating cost of \$28.12 per lb produced.
- ACE estimates its share of production is 414,684 lbs of UOC with a current value of A\$19.9 million¹.
- 510,000 lbs of UOC was shipped to a converter in Ontario, Canada, however no sales of UOC have occurred and no sales are budgeted for 2015.
- On 12 November 2014, ACE terminated Quasar's appointment as sales and marketing agent of ACE's share of Four Mile product and instituted proceedings in the Supreme Court of South Australia seeking a declaration that the termination is valid and orders that ACE's share of product be delivered up to ACE.

MONARDES COPPER-URANIUM PROJECT, CHILE (100% or RTE 100%)

- 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.
- Rock chip sampling of the eastern anomalous unit reported copper mineralisation over 1.8 km with 17 samples reporting copper (Cu) >3000ppm (including a highest Cu value of 3.36%) and 9 samples reporting uranium (U) >300ppm (including a highest U value of 2660ppm).
- Preliminary rock chip sampling of the western anomalous unit reported copper mineralisation over 2.3km with 4 samples reporting Cu >3000ppm (including a highest Cu value of 3.34%).

CORPORATE

- Post reporting, Alliance announced that it had allotted and issued 31,416,910 ordinary shares and 31,416,910 unquoted options to applicants under the Rights Issue (inclusive of shortfall placement to date) which raised a total of \$2,513,352.80 (before issue costs).
- Post-reporting, ACE received \$577,869 from Quasar representing a refund of surplus payments it made towards the Four Mile 2014 Program and Budget.

¹ Assuming a uranium price of US\$37.50 per lb and 1 AUD = 0.78 USD

FOUR MILE URANIUM PROJECT (Alliance Craton Explorer Pty Ltd 25%)

The Four Mile Uranium Project (**Project**) area is located 550 kilometres north of Adelaide in South Australia. Alliance's 100% owned subsidiary, Alliance Craton Explorer Pty Ltd (**ACE**) is the registered holder of 25%² of ML6402 and EL5017. Quasar Resources Pty Ltd (**Quasar**) is the registered holder of 75% and acts as the manager of the Project.

Production

Project production (100%) of uranium ore concentrate (**UOC**) for the quarter ended 31 December 2014 of 538,823 pounds³ (lbs) at an estimated cash operating cost^{3,4} of \$32.41 per lb produced (excluding some shipping costs, marketing costs and royalties as no sales have occurred).

Total production (100%) of UOC since commencement of mining to 31 December 2014 is 1,664,299 lbs³ at an estimated cash operating cost^{3,4} of \$28.12 per pound produced (excluding some shipping costs, marketing costs and royalties as no sales have occurred).

ACE estimates its share of UOC production from Four Mile as follows:

- From commencement to 30 November 2014, 376,594 lbs³ (25% of production), and
- From 1 to 31 December 2014, 38,090 lbs (24.12% of production)³;

being a total of 414,684 lbs with an estimated value as at 30 January 2015 of A\$19.9 million (assuming a uranium price of US\$37.50/lb and 1 AUD = 0.78 USD), excluding royalties, convertor fees (if any), transportation costs and tax.

Shipping & Sales

As previously reported, Alliance announced that the first two shipments of product from the Four Mile Project occurred in September and October 2014. Approximately 510,000 lbs of UOC was shipped to Cameco Corporations' facility at Blind River, Ontario, Canada, where it will undergo further processing prior to sale.

Quasar has advised ACE that no sales of uranium ore concentrate have occurred and no sales are budgeted for 2015.

Termination of Sales and Marketing Agency

On 12 November 2014, ACE terminated Quasar's appointment as sales and marketing agent of ACE's share of Four Mile product and instituted proceedings in the Supreme Court of South Australia seeking a declaration that the termination is valid and orders that ACE's share of product be delivered up to ACE.

² Reducing to approximately 15% by 31 December 2015 in respect of the Four Mile Mine Development Area as a result of Alliance Craton Explorer Pty Ltd electing not to contribute to the Four Mile 2015 Program and Budget. Refer ASX announcement dated 20 November 2014.

³ UOC production for the quarter ended 31 December 2014 revised to 538,823 pounds. Alliance estimate based on Quasar's production reports which are also estimates and may be subject to revision.

⁴ October and November costs are actuals. The December cost is based on the cash call for that month and the actual costs may vary from that estimate.

ACE not contributing to 2015 Program and Budget

On 20 November 2014, Alliance announced that the Board of Directors of Alliance reluctantly resolved that its wholly owned subsidiary ACE should elect not to contribute to the 2015 Program and Budget. This decision has been forced upon it due to Quasar's refusal to sell ACE's share of product from Four Mile (thereby depriving ACE of funds that it would have used to defray those expenses). The impacts of this decision are:

- ACE will have no outgoings associated with Four Mile after December 2014 until 1 January 2016 (but may recommence contributions as at 1 January 2016); and
- ACE's interest in the Four Mile Mine Development Area will reduce from 25% to approximately 15% by 31 December 2015 (based on the 2015 Program and Budget forecast expenditure).

This decision does not preclude ACE participating in programs and budgets beyond 31 December 2015, albeit at its reduced equity at that time. The dilution only applies to the Four Mile Mine Development Area and, accordingly, ACE will maintain its 25% interest, and continue to be free carried for exploration, in the area outside the Four Mile Mine Development Area.

Refer to the ASX announcement dated 20 November 2014 for further details.

2015 Program and Budget

On 6 November 2014, Quasar, with ACE dissenting, approved by majority vote the Four Mile Program and Budget for the period 1 December 2014 to 31 December 2015 (**2015 Program and Budget**).

The 2015 Program and Budget is summarised as follows (all costs in AUD):

- Production of 2.640 million lbs of UOC.
- Cash expenditure of \$107.75 million (ACE's share \$26.937 million), including capital development of \$23.73 million.
- Cash operating costs (includes mining, processing, shipping, marketing and royalties) of \$31.83 per lb UOC produced with development costs of \$8.99 per lb UOC produced (includes capital development). Total costs are estimated at \$40.81 per lb UOC.

As noted above, ACE voted against the 2015 Program and Budget.

As detailed above, ACE elected not to contribute to the 2015 Program and Budget.

Delineation Drilling and Exploration

On 30 January 2014 (post reporting), Alliance announced further uranium intercepts from drilling at the Project during September, October and November 2014.

Quasar reports no exploration activities were undertaken during the above period.

Delineation⁵ drilling commenced at Four Mile East to the north of the First Stage Mining Area during the quarter ended 31 December 2014. Six delineation (exploration) holes were also drilled within the southern part of ML6402. The locations of drill holes are shown in Figures 1 and 2.

A total of 117 delineation holes were completed during the Reporting Period. One hundred and eleven (111) holes (FED0185 to FED0295) were drilled within Four Mile East. The FED holes series are infill holes within the footprint of Four Mile East and are included here for completeness.

Six (6) holes (FMD0216 to FMD0221) were drilled in Stage 4 within the southern part of ML6402.

A further 38 holes (FED0147 to FED0184) reported by Quasar for September 2014 but only received during the reporting period are included in this report.

Seventy holes (70) holes returned significant uranium intersections with grade-thickness (GT-PFN) values greater than 0.5m%, including 40 holes that returned GT-PFN values greater than 1.0m% and 17 holes that returned GT-PFN values greater than 2.0m%.

Significant uranium intersections >2.0m% (GT-PFN):

Hole ID	m @ % pU ₃ O ₈	GT (m%pU ₃ O ₈)
FED0155	5.8m @ 0.63%	3.65
FED0170	1.7m @ 1.49%	2.53
FED0174	7.0m @ 0.85%	5.95
FED0184	3.0m @ 1.04%	3.12
FED0195	3.9m @ 0.59%	2.30
FED0198	5.6m @ 0.45%	2.52
FED0199	1.6m @ 5.19%	8.30
FED0218	2.1m @ 1.18%	2.48
FED0221	2.8m @ 1.37%	3.84
FED0226	2.7m @ 1.28%	3.46
FED0234	1.7m @ 1.45%	2.42
FED0241	4.1m @ 0.55%	2.26
FED0255	4.4m @ 1.77%	7.89
FED0267	2.2m @ 0.91%	2.00
FED0272	2.1m @ 1.03%	2.16
FED0284	5.7m @ 0.49%	2.79
FED0290	2.2m @ 1.26%	2.77

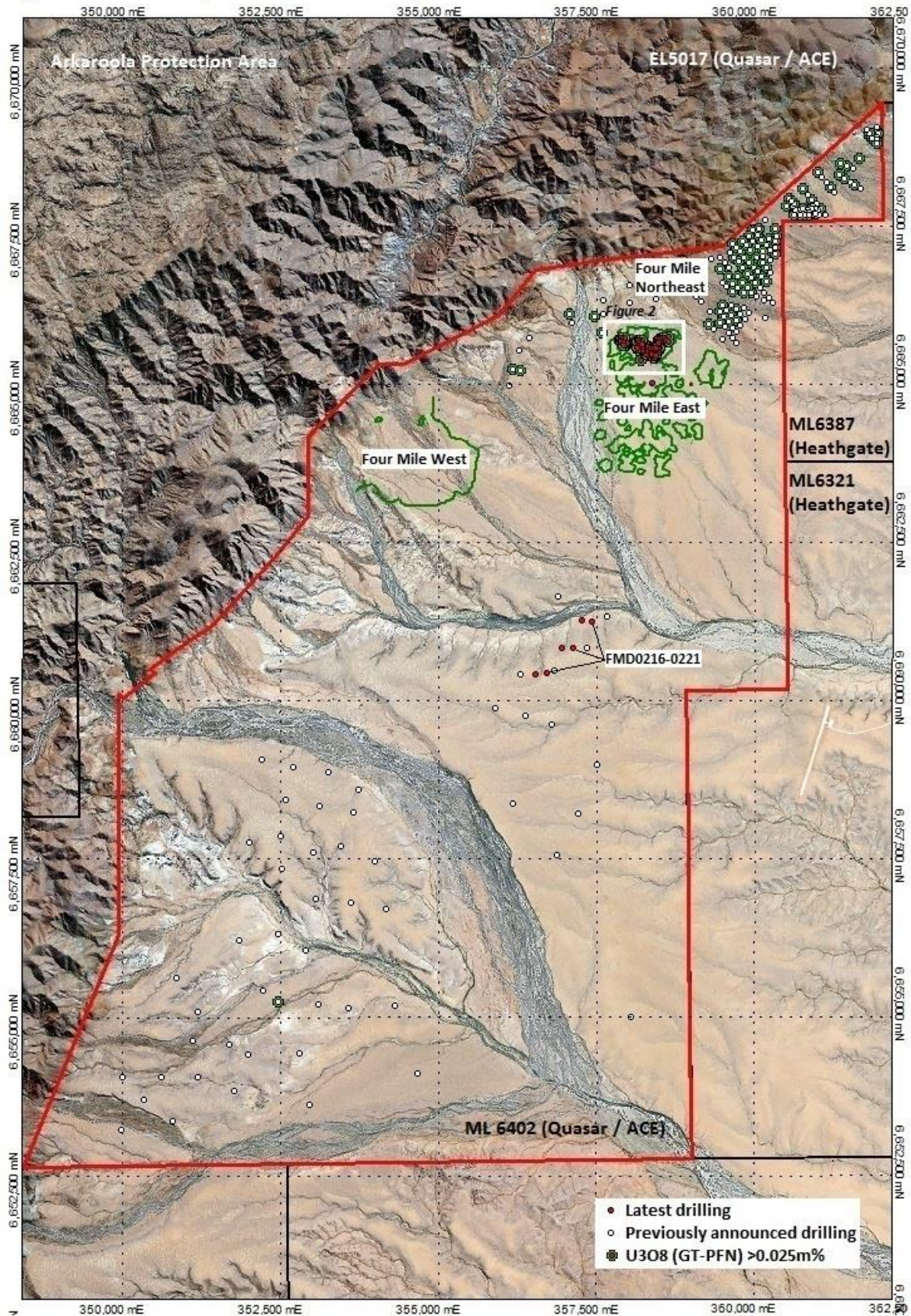
pU₃O₈ is the equivalent grade as estimated from Prompt Fission Neutron (PFN) logging. GT = grade (%pU₃O₈) x thickness (m).

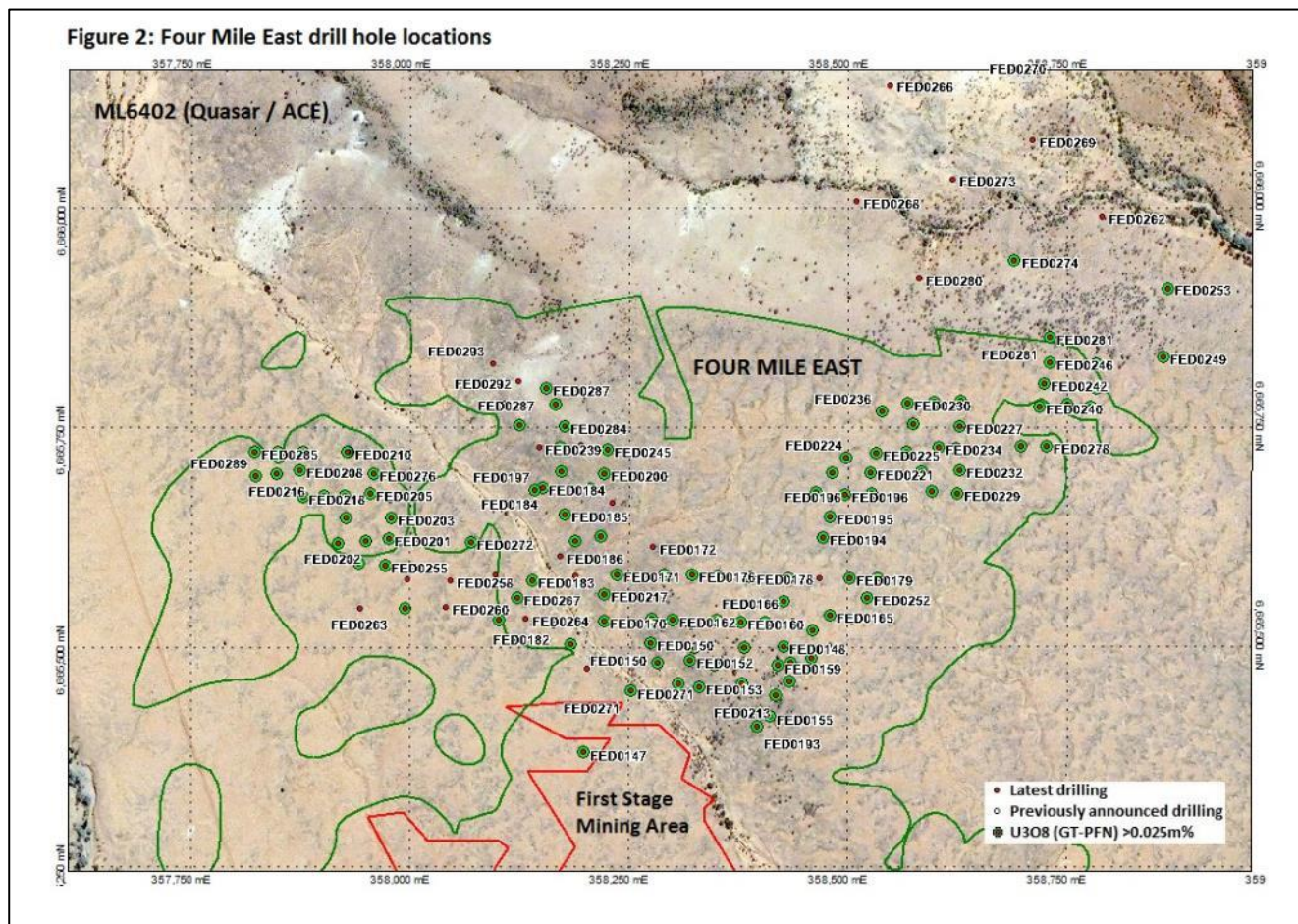
The results continue to support the Four Mile region as one of Australia's great uranium provinces.

It is emphasised that results may be subject to revision once the geophysical logs are made available to Alliance.

⁵ ACE and Quasar disagree about the nature of the regional delineation drilling. Quasar asserts it is a mining development cost for which ACE must pay its share. ACE asserts it is an exploration cost for which Quasar must pay in full.

Figure 1: Four Mile Project drill hole locations (since November 2013)





Refer to the ASX announcement dated 30 January 2015⁶ for details of the drilling results and competent person's consent.

Contributions to Development

ACE paid \$3,477,094 towards the cost of development of the Four Mile Project during the quarter (\$31,908,212 to-date). ACE disputes the validity of the cash calls made by Quasar and, in making these payments, has reserved all of its rights. The payments have been made to preserve ACE's participatory rights in the Four Mile Project.

On 23 January 2015 (post-reporting), ACE received \$577,869 from Quasar representing a refund of surplus payments it made towards the Four Mile 2014 Program and Budget.

Sale of ACE's share in Four Mile

The proposed sale process for Alliance's interest in the Project was slower than anticipated due to protracted negotiations on the form of confidentiality deed between the third parties and Quasar.

⁶ Quasar advises corrections to the announcement dated 30 January 2014 entitled 'Four Mile Drilling Update' as follows: the correct Northing for FED0184 is 6,665,652; the correct depth for FED0226 is 233m; and, in FED0227, the correct 'Gamma eU308%' at 'From (m)' 202.0 is 0.09.

The Board of Directors of Alliance has resolved to suspend the process for the sale of its 25% interest in the Four Mile Uranium Project until the proceedings (referred to above) in the Supreme Court of South Australia have been finalised.

CHILEAN COPPER-GOLD-SILVER-URANIUM PROJECTS

Alliance Chile Pty Ltd has two projects in Atacama Region III, located in northern Chile's iron-oxide copper-gold belt with potential for copper, gold and silver.

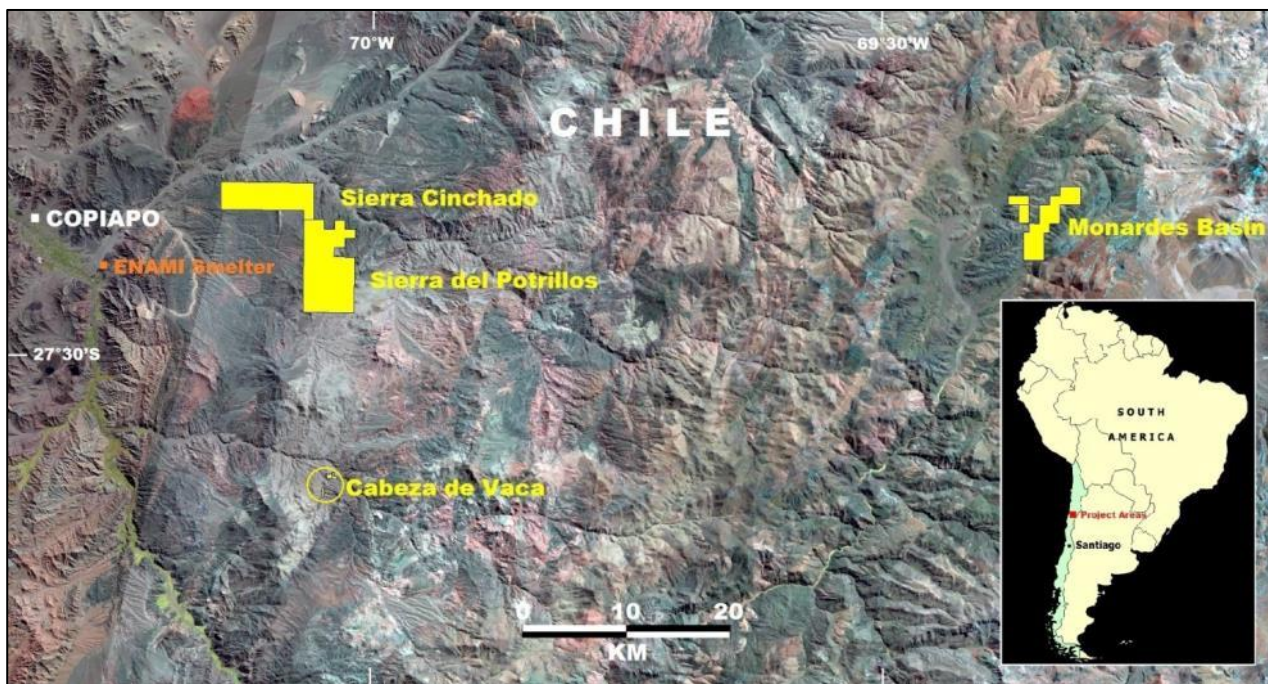


Figure 3: Project Locations, Chile

MONARDES COPPER-URANIUM PROJECT (ALLIANCE (CHILE) PTY LTD 100% OR RIGHT TO EARN 100%)

On 27 October 2014, Alliance reported the completion of a detailed airborne magnetic and radiometric survey, together with significant copper and uranium geochemistry at its 100% owned Monardes Project concessions in the eastern margin of the Monardes basin, located in Region III, 95 km east of Copiapo in northern Chile.

The primary target of the geophysical survey was a quartz-pebble conglomerate containing a small artisanal excavation for copper (465150E, 6970140N), which Alliance geologists recognised to be locally anomalous with uranium-thorium based on results from a portable spectrometer. The uranium values are associated with the contact between a basalt and carbonate veining within a coarse grained arkose to pebble conglomerate striking N10°E and dipping 70°SE within the otherwise oxidised red-bed environment of the Monardes Formation.

The results of the airborne radiometric survey (uranium channel spectrometer) have confirmed and extended the potential strike length of the known (eastern) anomalous unit and identified a second parallel unit of potential interest some 300m to 500m west of the known unit. **The combined strike length of the uranium anomalous units is 9 km within Alliance's concessions.**

On 30 January 2015 (post reporting), Alliance reported the results of additional rock chip sampling results at Mondardes.

A total of forty nine rock chip samples around known occurrences of uranium and copper have been analysed, including 43 samples from discontinuous outcrop localities within the **eastern anomalous unit** and 6 samples from discontinuous outcrop localities within the **western anomalous unit**.

Inclusive of the previously reported results, 29 samples have returned copper (Cu) >100ppm (including 21 >3000ppm and 13 >10000ppm) and 9 samples have returned uranium (U) >300ppm (including 5 >1000ppm).

Rock chip sampling results from eleven separate discontinuous outcrops of mineralised pebble conglomerate on the **eastern anomalous unit** have reported copper mineralisation over 1.8 km with 17 samples reporting Cu >3000ppm (including a highest Cu value of 3.36%) and 9 samples reporting U >300ppm (including a highest U value of 2660ppm).

Preliminary rock chip sampling results from five separate discontinuous outcrops on the **western anomalous unit** have reported copper mineralisation over 2.3km with 4 samples reporting Cu >3000ppm (including a highest Cu value of 3.34%).

Refer Table 1 for sample results and Figure 4 for sample locations.

Table1: Cu and U results (for Cu >100ppm)

Sample ID	Sample No.	Easting	Northing	Cu (ppm)	U (ppm)	U-anomalous unit
352	662813	465128	6970131	>10000	1456	East*
392	662827	465159	6970154	>10000	2000	East*
MDR001	662940	464965	6969793	9275	2660	East
MDR002	662941	464956	6969788	3533	39	East
MDR003	662942	464956	6969788	8200	60	East
MDR004	662943	464951	6969770	287	9	East
MDR005	662944	464950	6969769	5626	49	East
MDR009	662948	464923	6969791	21980	715	East
MDR010	662949	464923	6969791	20790	232	East
MDR011	662950	464923	6969791	129	9	East
MDR013	662952	464923	6969791	5697	13	East
MDR015	662954	465218	6970724	172		East
MDR018	662953	465225	6970739	15640	30	East
MDR020	662967	465574	6971444	13230	61	East
MDR021	662968	465573	6971464	33620	1410	East
MDR050	662875	464974	6969665	184	10	East
MDR063	662961	465274	6970800	14190	690	East
MDR064	662969	465080	6971323	147	23	East
MDR065	662970	465083	6971142	33420	22	West
MDR066	662971	465013	6971156	164		East
MDR067	662972	464915	6970621	6864		West
MDR068	662973	464807	6970330	8354	11	West
MDR069	662974	464413	6968876	7607		West
MN04D	662820	465087	6970414	>10000	10	East*
MN05D	662823	465078	6970328	651	113	East*
MN06D	662901	465902	6971828	198	17	East*
MN07D	662902	465572	6971449	>10000	329	East*
MN08D	662903	465229	6970741	>10000	2000	East*
MN09D	629004	464985	6969981	>10000	766	East*

*previously reported results

The discovery of high grade uranium and copper mineralisation in a reduced conglomerate within a lower red-bed sandstone sequence represents a previously unrecognised or underexplored exploration target requiring systematic follow-up.

Further work is warranted, including: costeaning, drilling and associated sampling and analysis to investigate the continuity, mineralogy and grade of the known Cu-U mineralisation along strike and down dip and follow-up of radiometric anomalies along the full strike length of the newly identified anomalous units from the airborne survey.

Refer to ASX announcements dated 27 October 2014 and 30 January 2015 for details of the sampling results and competent person's consent.

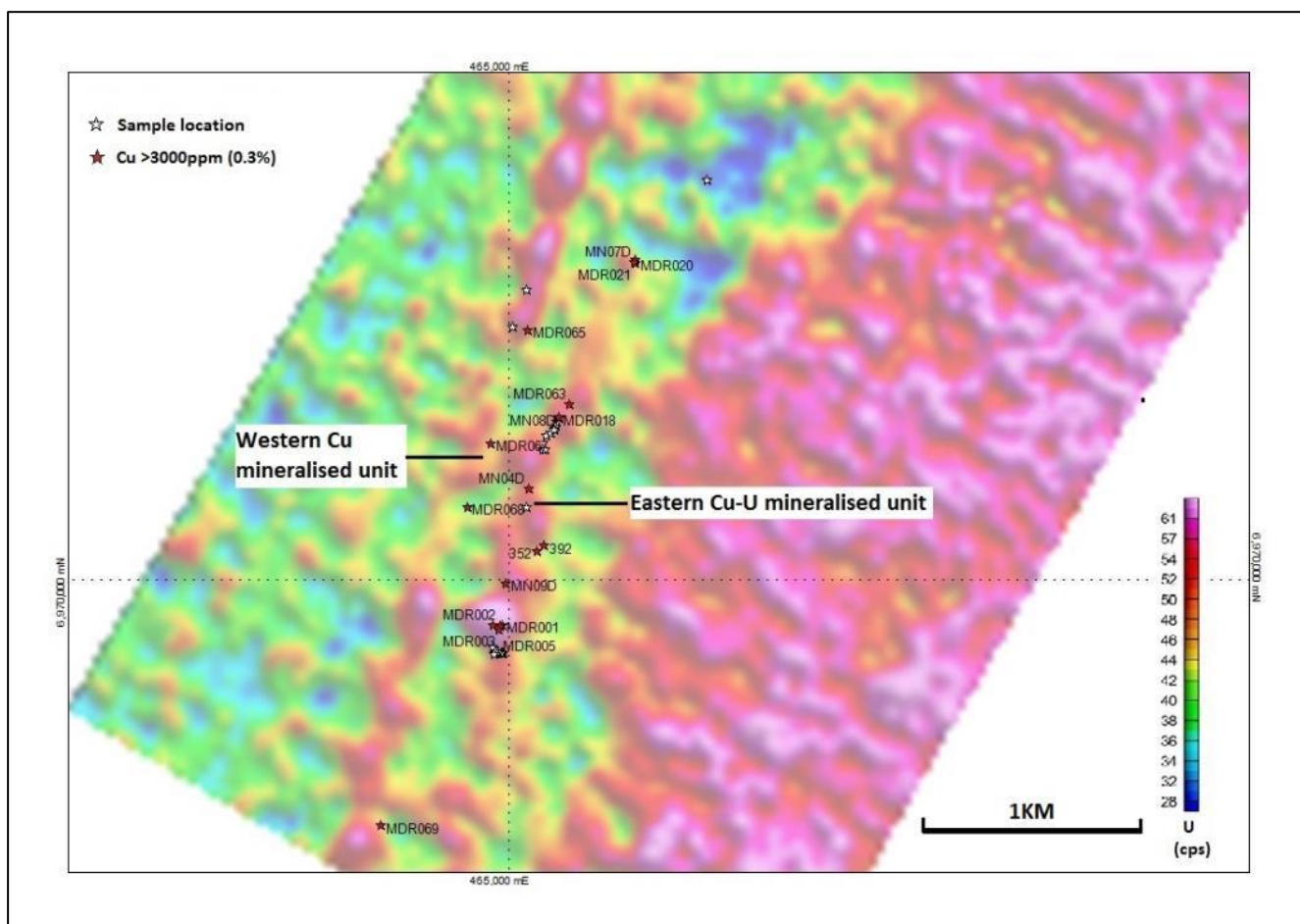


Figure 4: Uranium (U) channel spectrometer image and locations of rock chip samples

SIERRA CINCHADO/SIERRA DEL POTRILLOS (ALLIANCE (CHILE) PTY LTD 100%)

Alliance has applications for exploration concessions over two areas approximately 25 km east of Copiapo, in Atamaca Region III. Both areas have a number of mine workings which appear to be Manto style copper and silver.

No fieldwork was undertaken during the quarter ended 31 December 2014.

CABEZA DE VACA (ALLIANCE (CHILE) PTY LTD 90%)

All concessions and option agreements to purchase concessions were terminated during the quarter. Alliance has no further interest in this project.

EAST FROME COPPER-BASE METALS PROJECT (Alliance (NSW) Pty Ltd 100%)

EL7210 and EL7636 were allowed to expire during the quarter. Alliance has no further interest in this project.

CORPORATE

Entitlement Issue

On 2 December 2014 Alliance announced a non-renounceable rights issue to Shareholders on the basis of 2 new Shares for every 11 Shares held at the record date at 8 cents per new Share to raise approximately \$4.96 million (before costs) (**Rights Issue**).

Each Shareholder will also be entitled to receive one (1) attaching unquoted New Option for every new Share subscribed for, each exercisable into one Share at an exercise price of 15 cents per Share and expiring on 30 September 2015, for no additional cash consideration. The Rights Issue was not underwritten and was made pursuant to a Prospectus which was lodged with the ASX on 2 December 2014 and a Supplementary Prospectus lodged with ASX on 16 December 2014.

On 27 January 2015 (post reporting), Alliance announced that it had allotted and issued 31,416,910 ordinary shares and 31,416,910 unquoted options to applicants under the Rights Issue (inclusive of shortfall placement to date) which raised a total of \$2,513,352.80 (before issue costs).

The remaining shortfall is 30,614,419 shares plus the free attaching unquoted option (being \$2,449,153.52). Under the terms of the Rights Issue, the Directors may place the shortfall within 3 months of the Rights Issue Closing Date (being by 19 April 2015).

ITOCHU Deferred Share Rights

On 29 December 2014, Alliance announced that ITOCHU Corporation, through its wholly owned subsidiary NURA 3 Pty Ltd, has not elected to convert its deferred share rights granted under a deed dated 23 May 2012 into shares in either Alliance or ACE and those rights have now lapsed.

Cash Reserves and Other

Alliance has available cash reserves of \$0.2 million (unaudited) at 31 December 2014 and has 372,589,219 ordinary shares on issue at 30 January 2014.

Alliance holds 22,000,000 ordinary shares in Octagonal Resources Ltd (Octagonal) which equates to 8.9% of Octagonal's issued share capital.

TENEMENTS

Tenement	Name	Location	Beneficial percentage held at end of quarter	Beneficial percentage acquired or disposed of during the quarter
South Australia (Alliance Craton Explorer Pty Ltd)				
EL5017	Four Mile	300km NE of Port Augusta, South Australia	25%	
ML6402	Four Mile	300km NE of Port Augusta, South Australia	25%	
New South Wales (Alliance (NSW) Pty Ltd)				
EL7210	East Frome	40km W of Broken Hill, New South Wales	0%	100%
EL7636	East Frome	40km W of Broken Hill, New South Wales	0%	100%
Chile (Alliance (Chile) Pty Ltd)				
Paola	Cabeza de Vaca	40km SE of Copiapo, Chile	0%	0% (option to purchase 90%*)
Ceci I 1/8	Cabeza de Vaca	40km SE of Copiapo, Chile	0%	0% (option to purchase 90%*)
Kamikaze A1/II	Cabeza de Vaca	41km SE of Copiapo, Chile	0%	0% (option to purchase 90%*)
Plano 01, 02 and 03	Cabeza de Vaca	40km SE of Copiapo, Chile	0%	90%*
Remolinos 6, 1 AL 20	Cabeza de Vaca	39km SE of Copiapo, Chile	0%	0% (option to purchase 90%*)
Remo Uno	Cabeza de Vaca	39km SE of Copiapo, Chile	0%	90%* (application)
10 concessions	Sierra Cinchado	25km east of Copiapo	100%	
17 concessions	Sierra del Potrillos	25km east of Copiapo	100%	
Vega 1 and 2	Monardes Basin	95km east of Copiapo	100%	
Monardes 1-3, 4-9-1/20; Huachi 1/20	Monardes Basin	95km east of Copiapo	0% (option to purchase 100%)	

*Under the terms of an agreement between Alliance (Chile) Pty Ltd and Minera Abre Fuego Ltda (MAF), Alliance (Chile) Pty Ltd holds 90% and MAF 10% respectively of the exploration, prospecting or mining rights within defined areas of the project.

Further information relating to the Company and its various mining and exploration projects can be found on the Company's website at www.allianceresources.com.au

Steve Johnston
Managing Director

Competent Person's Statement

The information in this report that relates to Exploration Results 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 his information in the form and context in which it appears.

The information in this report that relates to Four Mile delineation drilling results is based on information compiled by Mr Stephen Johnston who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Johnston is a full 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 Johnston consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ALLIANCE RESOURCES LIMITED

ABN

38 063 293 336

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

		Current quarter	Year to date (12 Months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(274)	(401)
	(b) development ⁽¹⁾	-	-
	(c) production ⁽¹⁾	(3,477)	(9,281)
	(d) administration	(2,538)	(8,342)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	35	164
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (GST paid/recouped)	88	130
Net Operating Cash Flows		(6,166)	(17,730)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (Transfer to deposit)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(6,166)	(17,730)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(6,166)	(17,730)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,278	1,278
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Cost of Capital Raising/Prospectus)	-	-
	Net financing cash flows	1,278	1,278
	Net (decrease) increase in cash held	(4,888)	(16,452)
1.20	Cash at beginning of quarter/year to date	5,975	17,539
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,087	1,087

Notes:

1. Includes cash calls for the Four Mile Project based on programmes and budgets adopted by Quasar (with Alliance dissenting) in October 2012 and January 2014. Quasar is registered as the holder of 75% of EL5017 and ML6387 and manages the Project. In the period from 1 October 2014 to 31 December 2014 Alliance continued to make payments in order to preserve its participatory rights in the Four Mile Project. Alliance disputes the validity of both programmes and budgets and contends that cash calls made by Quasar include amounts not payable by Alliance and, in making each payment Alliance reserved all of its rights.

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	121
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

- 1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and associates were on normal commercial terms. These payments represent Director fees, Director consulting fees, re-imbursments of expenses and payments in terms of a management service agreement with a Director related entity.

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

NIL

Appendix 5B Mining exploration entity quarterly report

- 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

NIL

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 ⁽²⁾	1,278	1,278
3.2 Credit standby arrangements	NIL	NIL

Notes:

2. On 8 December 2014 an unsecured loan agreement was entered into with Gandel Metals Pty Ltd, a company related to Alliance's director, Mr Ian Gandel, to secure immediate funding of \$1,278,184. Refer ASX announcements dated 8 December 2014, 16 December 2014 (Supplementary Prospectus) and 22 January 2015 for further details, including confirmation of the full repayment of the loan by conversion into ordinary shares subsequent to the 31 December 2014 quarter end.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	0
4.2 Development ^(3,4)	0
4.3 Production ^(3,4)	0
4.4 Administration	1,300
Total	1,300

Notes:

3. Alliance Craton Explorer Pty Ltd ("ACE") elected not to contribute to the Four Mile 2015 Program and Budget and, accordingly, has no commitment to fund Four Mile costs for the 13 months commencing 1 December 2014. Refer ASX announcement dated 20 November 2014 for further details.
4. On 23 January 2015 ACE received \$577,869 from Quasar representing a refund of surplus payments it had made towards the Four Mile 2014 Program and Budget.
5. On 27 January 2015 Alliance announced it had raised \$2,513,352.80 from its Rights Issue. This figure is inclusive of the \$1,278,184 referred to in Note 2 above.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	217	5,109
5.2 Deposits at call	0	0
5.3 Bank overdraft	0	0
5.4 Other (provide details) – Term Deposit	870	866
Total: cash at end of quarter (item 1.22)	1,087	5,975

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (Note 2 - Below)	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL7210 (NSW)	Lapsed (expired)	100%	0%
	EL7636 (NSW)	Lapsed (expired)	100%	0%
	Plano 01, 02 and 03 (Chile)	Lapsed (terminated)	90%	0%
	Paola, Ceci I 1/8, Kamikaze A1/II, Remolinos 6,1 AL 20 (Chile)	Lapsed (terminated options to purchase)	0%	0%
	Remo Uno (Chile)	Lapsed (terminated)	90%	0%
6.2 Interests in mining tenements acquired or increased				

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 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	341,172,309	341,172,309		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	(Unlisted Managing Director Options) 1,000,000	Unlisted	Exercise price A\$ \$0.50	Expiry date 30 Apr 2015
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 Act or other standards acceptable to ASX (see note 4 below).
- 2 This statement does ~~does not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here:

Date: 30 January 2015

Company Secretary

Print name:

BOB TOLLIDAY

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 precedents, 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 a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.