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ALLIANCE RESOURCES LTD

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ABN: 38 063 293 336

Market Cap: $32 M @ $0.08

Shares on issue: 400,816,419

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Projects:

Four Mile (25%[3]): uranium

Monardes Chile (RTE 100%): copper-gold-uranium

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MINERAL RESOURCE ESTIMATE

Four Mile Northeast Uranium Prospect

The Directors of Alliance Resources Ltd (Alliance) are pleased to advise a Mineral Resource Estimate for the Four Mile Northeast (FMNE) uranium prospect, as follows:

At a cut-off of 0.1 m% U_3O_8, the estimated Inferred Mineral Resource for FMNE is:

- **7.5 million tonnes averaging 0.30% U_3O_8, containing 50.0 million pounds U_3O_8**

Remaining exploration potential at FMNE, expressed as an Exploration Target[1] estimate, is:

- **4 Mt to 7 Mt averaging 0.25% to 0.30% U_3O_8**

The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource for the areas covered by the Exploration Target.

Background

AMC Mining Consultants (Canada) Ltd (AMC) was retained by Alliance Craton Explorer Pty Ltd (ACE) to prepare a Mineral Resource estimate for the FMNE uranium prospect located in South Australia, and to report in accordance with the requirements of the 2012 JORC Code. Previous Exploration Target estimates[2] for FMNE were reported by ACE in February 2014 and March 2015.

The Project area is located 550 kilometres north of Adelaide. Alliance's 100% owned subsidiary, Alliance Craton Explorer Pty Ltd (ACE) is the registered holder of 25%[3] of ML6402 and EL5017. Quasar Resources Pty Ltd (Quasar) is the registered holder of 75% and acts as manager of the Project.

The FMNE prospect is located approximately 8 km northwest of the Beverley uranium mine, operated by Heathgate Resources Pty Ltd (Heathgate), an affiliate of Quasar, using in-situ recovery (ISR) extraction.

[1] Reported in accordance with Clause 17 of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) (JORC Code)
[2] Reported in accordance with Clause 17 of the JORC Code in Alliance press releases dated 18 February 2014 and 20 March 2015 respectively.
[3] Reducing to approximately 15% by 31 December 2015 in respect of the Four Mile Mine Development Area as a result of ACE electing not to contribute to the Four Mile 2015 Program and Budget. Refer ASX announcement dated 20 November 2014.

FMNE lies immediately north-east of the Four Mile East (FME) and Four Mile West (FMW) uranium deposits. Mining commenced at FME in April 2014.

Criteria

Geology and geological interpretation: The Four Mile East (FME) deposit is a roll-front uranium deposit, formed in a fluvio-deltaic system that has been covered by more-recent sediments. The fluviatile channels are filled with porous, permeable sandstones that are bounded above and below by impermeable clays, mudstones and mixed sandstones/mudstones. Uranium occurs within the porous sandstones, generally as stacked roll fronts. FMNE is contained within the same strata as FME. The Four Mile West (FMW) deposit is hosted within a Cretaceous diamictite of glacial origin.

Drilling techniques: FMNE mineralization is currently defined on the basis of downhole geophysical survey results from 149 vertical, rotary mud (RM) holes drilled between late 2013 and mid-2014. Hole spacing is generally 100 m intervals on lines oriented at 135°, and at nominal 200 m lateral spacings, although line orientation and drillhole spacings vary(Figure 1). Two areas, close to the Pepegoona and Pannikan deposits on Heathgate's adjoining tenement, have been drilled at closer spacings.

Sampling and sub-sampling techniques, including sample analysis method: Uranium content has been estimated using both Prompt Fission Neutron (PFN) and natural gamma-ray logging techniques, with readings being taken at 10 cm intervals down the hole. Most of the significant U_3O_8 values have been encountered between 100 m and 150 m below sea level (approximately 230 m to 280 m below surface). For Mineral Resource estimation purposes, PFN-derived grades were preferred over gamma-derived grades. There are no assays of physical samples of FMNE mineralization with which to compare the radiometric readings of U_3O_8.

Estimation methodology: Wireframes (77 in total) of mineralized zones were interpreted on the basis of a cut-off parameter of 0.025m% U_3O_8, being the product of a minimum thickness of 0.5 m at a minimum grade of 0.05% U_3O_8. The spatial distribution of the wireframes indicates that the mineralization is present in a number of continuous to discontinuous, sub-horizontal layers that are separated vertically by approximately 1 m to 10 m of unmineralized or weakly mineralized strata.

U_3O_8 grades were composited to 50 cm and a top cut of 2.5% U_3O_8 applied. Spatial continuity of U_3O_8 grades was examined. However, the variograms were very poorly structured and so an inverse distance squared (ID^2) interpolation method was applied. The search ellipse was 60 m by 60 m by 2 m (vertical). U_3O_8 grades were interpolated into blocks of 20 m by 20 m by 0.5 m (vertical), with 5 m by 5 m by variable height sub-blocks being assigned the grades of the parent block.

Cut-off grade: The cut-off parameter selected for Mineral Resource estimation and reporting was in units of grade x thickness, or m% U_3O_8, in order to be consistent with common practice in uranium deposits of this type, and with the approach adopted for FME and FMW resource estimates. This required the creation of a second block model with blocks and block grades accumulated to the full height of the wireframe, and integration of the two block models. Average grades were then calculated by dividing accumulated m% values by accumulated block heights.

Criteria used for classification: The Mineral Resource was classified as Inferred, mainly because no testwork has yet been undertaken to establish the geotechnical, hydrogeological, chemical and leaching characteristics that are necessary to allow "*the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit*" (part of the JORC Code definition of an Indicated Resource). In addition, there are no assays of physical samples of FMNE mineralization with which to compare the radiometric readings of U_3O_8.

At a cut-off of 0.1 m% U_3O_8, AMC has estimated an Inferred Mineral Resource for FMNE as at 30 April 2015[4] of:

- 7.5 million tonnes averaging 0.30% U_3O_8, containing 50.0 million pounds U_3O_8

and remaining exploration potential at FMNE, expressed as an Exploration Target estimate, of:

- 4 Mt to 7 Mt averaging 0.25% to 0.30% U_3O_8

Basis for Exploration Target

The area of remaining exploration target was arrived at by deducting the area of the Inferred Mineral Resource (refer to Figure 1 below) and the area shown by drilling to have no economic potential from the area of original exploration potential as defined by the Exploration Target boundary in Figure 1[5]. This area was converted to volume by assigning the average thickness of the Inferred Mineral Resource, and to tonnes by multiplying the resulting volume by a bulk density value of 1.8 t/m^3. The resulting tonnage was adjusted downwards to allow for the proportion of the area of remaining exploration potential that might convert to Mineral Resources based on the conversion already experienced. A further downward adjustment was made based on an assumption that Quasar's drill programmes to date would have targeted what it perceived to be the more prospective areas. A range of grades was assigned based on the estimated Inferred Mineral Resource grades and the assumption that Quasar would have preferentially drilled the areas with the best potential.

The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource for the areas covered by the Exploration Target.

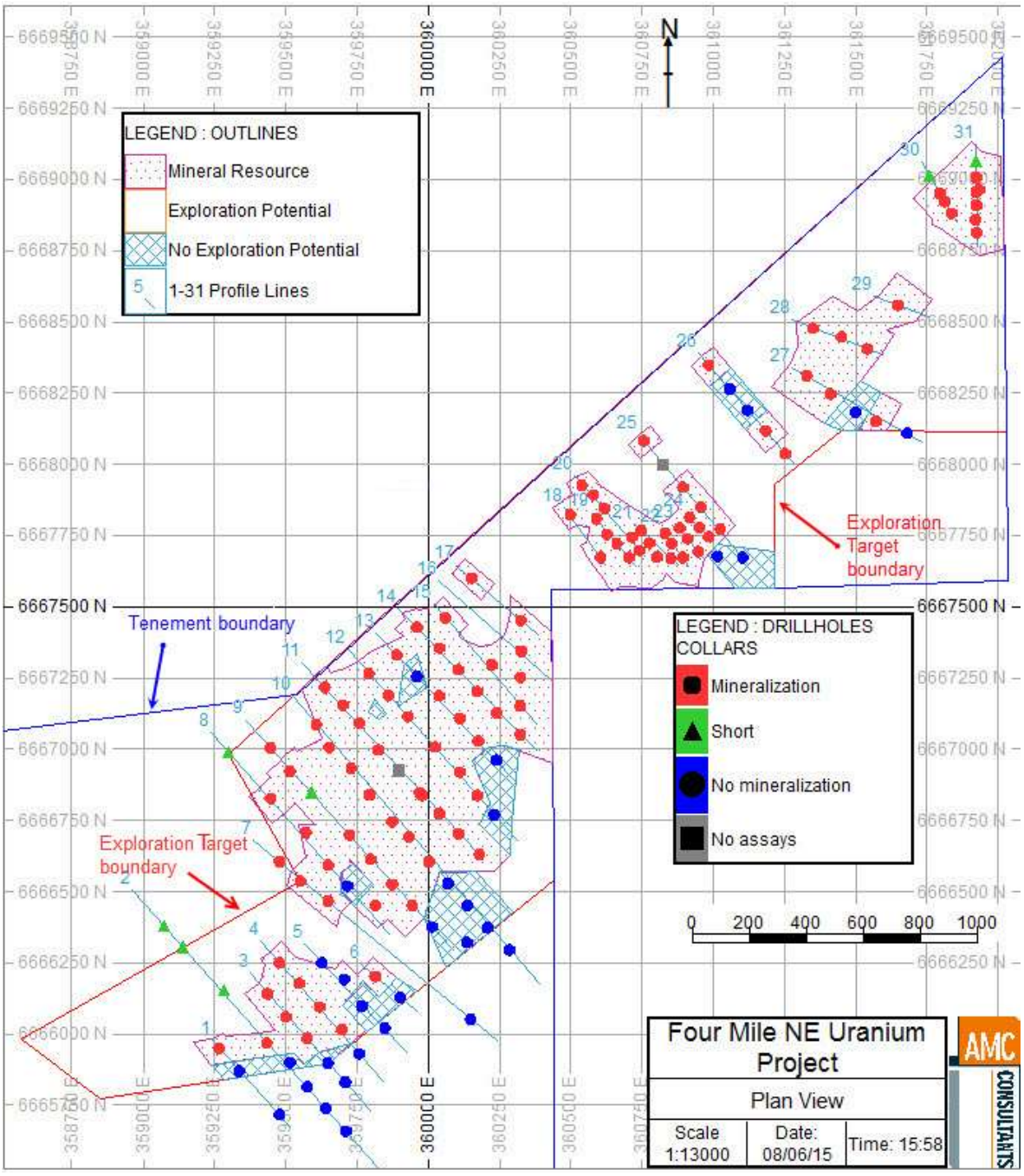
The next step is to conduct infill drilling of the existing Inferred Mineral Resources and undertake further exploration drilling of the remaining exploration potential. This work is not included in the current program and budget, however ACE will recommend this work for inclusion in the 2016 budget period.

The information in this report that relates to the Mineral Resources and Exploration Target for the Four Mile Northeast deposit is based on information compiled by Mr Pat Stephenson, a Competent Person, who is a Fellow with Chartered Professional status of The Australasian Institute of Mining and Metallurgy. Mr Stephenson is a Director and Principal Geologist with AMC Mining Consultants (Canada) Ltd. He is independent of Alliance Resources Ltd and Alliance Craton Explorer Pty Ltd. Mr Stephenson 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 Stephenson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Steve Johnston
Managing Director

[4] Non-public report from AMC to ACE dated 12 June 2015.
[5] This boundary, which is partly coincident with and partly separate from, the tenement boundary, was used by ACE to constrain its Exploration Target estimates reported in 18 February 2014 and 20 March 2015 respectively.

Figure 1 **Plan view, FMNE Mineral Resource estimate**



APPENDIX - JORC Code Table 1

Sampling Techniques and Data	
Sampling techniques	The Four Mile Northeast (FMNE) uranium Prospect has been explored by rotary mud (RM) drilling (149 holes). Cuttings were collected from these holes in 2 m intervals. These samples were logged for lithology, but because the drilling technique gives rise to the possibility of sample lag and mixing, the cuttings were not used for assaying. Uranium content (U^{235}) was estimated using both Prompt Fission Neutron (PFN) and natural gamma-ray logging. The PFN technique measures U^{235} directly and therefore avoids the potential disequilibrium between the source uranium and gamma-emitting daughter products. In the absence of PFN measurements, U_3O_8 content was estimated from the natural gamma measurements. Holes were also logged for azimuth, inclination, hole diameter, gamma-ray radiation, induction, neutron activation and resistivity. Readings were taken at 10 cm intervals down the hole. Downhole instruments are checked on a weekly basis and are re-calibrated if responses in a test hole (AKC029 at FME) indicate that drift of greater than +/-10% has occurred since the last check. The test hole has permanent slotted stainless steel casing (well screen) over mineralized sections to preserve its integrity under repeated use conditions. The depth calibration of logging winches is checked by repeat measurement of depth to known sharp gamma peaks in the test hole. Accuracy is +/-0.02% (1 cm in 50 m to 4 cm over the total hole depth) against the 10 cm precision of grade assignment. Hole diameter, as measured by caliper, is incorporated into PFN grade hole-size corrections so these gauges must be quantitatively calibrated in accordance with the manufacturer's defined procedure using a calibration tool supplied with the instrument. Gamma instruments are calibrated at the Adelaide Model (AM) borehole logging calibration facility that is administered by the Australian Department of Water, Land, and Biodiversity (DWLBC). PFN instruments are calibrated in a purpose-built facility at Beverley. Grade calibrations are derived from duplicate runs in 108 mm diameter holes in three different pits with upper and lower barren zones flanking an interval of known grade and effective infinite thickness.
Drilling techniques	RM drilling was done by contractors. Collar locations were located by differential GPS. Downhole surveys for azimuth and dip were carried out simultaneously with wireline geophysical logging. Most hole diameters were 5¼" (133 mm) in diameter although a few holes have been drilled with bit diameters of 5⅝" (143 mm), 6½" (165 mm) or 9" (229 mm). Actual hole diameters were variable and a function of the competency of the various sediments that were penetrated.
Drill sample recovery	Drill sample recovery was not estimated, as the drill samples were not used for analysis, consequently the relationship between sample recovery and grade is not relevant.
Logging	Drill cuttings were collected at 2 m intervals downhole. Within the interval of interest, these cuttings were logged geologically and the piles of cuttings, each representing a 2 m interval, were photographed, generally collectively, at the completion of the hole. Lithological logs were entered into the database and a sub-sample of the cuttings was preserved as a physical record in plastic chip trays. An interpreted lithological log of the entire length of each drillhole was also generated on the basis of downhole geophysical responses to the various surveys (gamma, neutron, resistivity, and induction).
Sub-sampling techniques and sample preparation	Drill cuttings were not sampled for assay but were logged for lithology only. No sub-sampling or sample preparation was carried out.
Quality of assay data and laboratory results	No physical samples were assayed; all uranium grades used for the 30 April 2015 Mineral Resource estimate were either measured directly from PFN surveys (pU_3O_8), or calculated (eU_3O_8) on the basis of gamma-ray readings from natural gamma surveys.
Verification of sampling and assaying	The uranium grades derived from PFN surveys were compared with those derived from gamma-ray readings with generally acceptable results. There are no assays of physical samples of FMNE mineralization with which to compare the radiometric readings of U_3O_8.
Location of data points	Survey data are located in the Geocentric Datum of Australia (GDA) Zone 94, / Metric Grid of Australia (MGA) Zone 54 coordinate system with elevations referenced to the Australian Height Datum (AHD). Collar coordinates were determined using differential GPS and elevations from 2 m grid LIDAR (Light Detection and Ranging) data, acquired for Heathgate Resources Pty Ltd (Heathgate) by Fugro Spatial Solutions Pty Ltd in May 2007, using a Leica ALS50 airborne laser scanner at a mean flying height of 1,080 m above ground level.

	All holes were collared vertically. Downhole surveys of azimuth and dip were conducted at every 10 meters of depth as a component of geophysical surveying.
Data spacing and distribution	Holes were commonly drilled at 100 m intervals on lines oriented at 135° and at nominal 200 m spacings. This pattern is not consistent with the drillholes being clustered in three main groups. The data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource estimation procedure and classifications applied.
Orientation of data in relation to geological structure	All holes were drilled vertically. The sedimentary strata dips less than 10 degrees to the southeast. Uranium mineralization occurs in sandstone units that are bounded by shale horizons and is therefore generally stratabound and consequently nearly horizontal. Therefore vertical drill holes represent the optimal orientation by which to minimize sampling bias.
Sample security	As there are no physical samples from which assays were obtained, sample security pertains to electronic survey data. This was collected by Heathgate personnel. Data security measures followed by Heathgate are not known.
Audits or reviews	There have been no audits or reviews of sampling techniques and data.
Reporting of Exploration Results	
Mineral tenement and land tenure status	FMNE is located in South Australia, 300 km east-northeast of Port Augusta, between the eastern margin of the Northern Flinders Ranges and Lake Frome. The property is accessible by sealed and gravel roads and there is an airstrip at the Beverley Mine, approximately 8 km to the southeast. FMNE is located in the northeast corner of ML6402, which is 122.1 km^2 in area. This licence was granted on 26 April 2012 and expires on 26 April 2022. ML6402 is owned 25% by Alliance and 75% by Quasar Resources Pty Ltd (Quasar)[6]. Quasar is the JV manager.
Exploration done by other parties	Exploration for sediment-hosted uranium commenced in the Frome/Curnamona region of South Australia in 1968. Exploration practice followed that used in the Tertiary basins of Wyoming in the United States, focussing on the identification of potentially favourable, buried fluviatile sands adjacent to uranium-enriched source rocks. The genetic model assumed transport of dissolved uranium down the hydrological gradient and deposition at reduction-oxidation interfaces within permeable sands. Open-hole rotary drilling with wireline geophysical logging is the primary tool employed to explore for and evaluate these occurrences. Various companies had carried out prospecting and regional-scale exploration programs in the area for a variety of targets prior to the acquisition by Alliance in 2002 of the precursor tenement that subsequently became ML6402. A number of regional and local geophysical and geochemical surveys were undertaken by previous explorers, on the basis of which Quasar identified magnetic and radiometric geophysical exploration targets, few of which had historically been tested by drilling.
Geology	ML6402 is situated on the eastern margin of the Mt. Babbage Inlier of the northwestern Curnamona Craton. The oldest rocks in the region comprise highly-deformed and metamorphosed Palaeo-proterozic intrusives and metasedimentary sequences. These are overlain by Meso-proterozoic metasediments and volcanics and have been intruded by granites. ML6402 covers Mesozoic and Cainozoic or Tertiary cover sequences. The Four Mile East (FME) deposit is a roll-front uranium deposit, formed in a fluvio-deltaic system that has been covered by more recent sediments. The fluviatile channels are filled with porous, permeable sandstones that are bounded above and below by impermeable clays, mudstones and mixed sandstones/mudstones. Uranium occurs within the porous sandstones, generally as stacked roll fronts. The FMNE Prospect is contained within the same strata as the FME deposit. The Four Mile West (FMW) deposit is hosted within a Cretaceous diamictite of glacial origin. Mineralization at FMNE is interpreted to be of stacked roll-front origin, although at this stage of its exploration the morphology and distribution of the mineralization are not as well defined as for the FME and FMW deposits.
Drillhole information	All drillholes used for the 30 April 2015 Mineral Resource estimate, together with their collar coordinates, azimuth, dip and total length, have been provided in press releases by Alliance during 2014 and 2015.
Data aggregation methods	Not applicable because this announcement is not reporting exploration results.
Relationship between mineralisation widths and intercept lengths	Intercept lengths are close very to true mineralization widths, because all holes were drilled vertically and the sedimentary strata dips at less than 10 degrees

[6] ACE elected not to contribute to the 2015 Program and Budget and accordingly is reducing its interest in the Four Mile Mine Development Area.

Diagrams	See Figure 1.
Balanced reporting	Not applicable because this announcement is not reporting exploration results.
Other substantive exploration data	Not applicable because this announcement is not reporting exploration results.
Further work	The next step is to conduct infill drilling of the existing Inferred Mineral Resources and undertake further exploration drilling of the remaining exploration potential. This work is not included in the current program and budget, however ACE will recommend this work for inclusion in the 2016 budget period.
Estimation and Reporting of Mineral Resources	
Database integrity	The data used for the 30 April 2015 Mineral Resource estimate was received from Alliance Craton Explorer (ACE) in the form of Access databases together with Wellcad and Slumberger striplogs. The databases contained location (northing, easting and elevation), downhole survey (azimuth and dip), raw and composited uranium assays (expressed as % p or eU_3O_8 on the basis of downhole PFN and gamma survey readings, respectively), and lithological logs from both the interpretation of downhole geophysical survey responses (entire hole) and from visual observation of borehole cuttings (interval of interest for mineralization). The striplogs contained information for hole depth, azimuth, dip, natural gamma, neutron, and resistivity responses as well as lithological interpretations that are based on interpretations of the geophysical surveys. The data has not been independently verified by AMC
Site visits	The Competent Person has not visited site because Quasar Resources Pty Ltd did not make available its geological interpretations and he concluded that a visit would be unlikely to reveal information that would materially impact on the Mineral Resource estimate. He is satisfied that the lack of a site visit has not detracted from the reasonableness of the 30 April 2015 Mineral Resource estimate.
Geological interpretation	The genetic model of roll-front style uranium mineralization is well established, not only on the basis of the interpretation of drill results from FMNE, but also from comparison with the nearby and better-explored Four Mile East and Four Mile West deposits. The key assumption that underlies the geological interpretation of the FMNE deposit is that it is genetically similar to the Four Mile East and West deposits. AMC considers that this to be a reasonable assumption. The interpretation is based on borehole cuttings and geophysical logs. The cuttings provide direct physical evidence of the presence and setting of uranium mineralization and the geophysical logs permit the interpretation of areal distribution and correlation between and among boreholes. The Mineral Resource estimate is constrained by interpreted mineralization wireframes, which are based on a combination of lithology and grade. Alternative geological interpretations are unlikely to have a material impact on the Mineral Resource estimate. Continuity of geology is a function of the process of deposition of sediments that were eroded from the adjacent highlands; continuity of individual sedimentary units is a direct function of persistence of sedimentary transport. Likewise, continuity of uranium grade is a function of porosity and permeability of favourable sandstone units as well as the abundance of oxygenated groundwater.
Dimensions	Drill testing to date has encountered uranium mineralization along a strike length of approximately 5 km (northeast-southwest) and for approximately 1 km across strike. However, as there are numerous gaps in the pattern of drillholes, it cannot reasonably be assumed that potentially economic mineralization is present and continuous throughout these dimensions. Drillhole intercepts indicate that uranium mineralization varies in thickness from 10 cm to 10 m (average 3.5 m), at depths from 230 m to 280 m below surface.
Estimation and modelling techniques	Wireframes (77 in total) of mineralized zones were interpreted on the basis of a cut-off parameter of 0.025m% U_3O_8. U_3O_8 grades were composited to 50 cm, and a top cut of 2.5% U3O8 applied based on examination of a lognormal plot of composite grades. Spatial continuity of U_3O_8 grades was examined, however the variograms were very poorly structured, and so an inverse distance squared (ID^2) interpolation method was applied. The search ellipse was 60 m by 60 m by 2 m (vertical). U_3O_8 grades were interpolated into blocks of 20 m by 20 m by 0.5 m (vertical), with sub-blocks being assigned the grades of the parent block. The cut-off parameter selected for Mineral Resource estimation was in units of grade x thickness, or m% U_3O_8, in order to be consistent with common practice in uranium deposits of this type, and with the approach adopted for FME and FMW Resource estimates. This required the creation of a second block model with blocks and block grades accumulated to the full height of the wireframe, and integration of the two block models. Average grades were then calculated by dividing accumulated m% values by accumulated block heights. Validation was undertaken by visual and statistical comparison of block grades against drillhole grades and

	against average wireframe grades at comparable cut-offs. No by-products or deleterious elements were considered as part of the Mineral Resource estimate, and U_3O_8 was the only commodity estimated. No selective mining units were considered as it has been assumed that extraction will be by in-situ leaching.
Moisture	An allowance was made for estimated moisture content in arriving at the bulk density factor of 1.8 t/m3.
Cutoff parameters	A cut-off parameter of 0.1m% U_3O_8., was used for reporting of the preferred Mineral Resources, the same cut-off as was used for FME and FMW Mineral Resources.
Mining factors or assumptions	It is reasonable to infer from a comparison with mineralization at Four Mile and Beverley that the contained uranium could be successfully extracted using in-situ leach methods. However, testwork to establish geotechnical, hydrogeological, chemical and leaching characteristics will need to be undertaken before considering the conversion of Mineral Resources to Ore Reserves.
Metallurgical factors or assumptions	It is reasonable to infer from a comparison with mineralization at Four Mile and Beverley that the contained uranium could be successfully extracted using in-situ leach methods. However, testwork to establish geotechnical, hydrogeological, chemical and leaching characteristics will need to be undertaken before considering the conversion of Mineral Resources to Ore Reserves.
Environmental factors or assumptions	The Competent Person is not aware of any environmental restrictions that might materially impact on extraction of the Mineral Resources. The proximity of some of the FMNE mineralisation to the tenement boundary may limit the extraction of the resource by in-situ recovery (ISR) mining, however because the adjacent mining lease is owned by Heathgate, an affiliate of Quasar, this is not considered to be a significant impediment to ISR extraction.
Bulk density	A uniform bulk density factor of 1.8 t/m^3 was used for the Mineral Resource model, based on data from five holes in the FME deposit that were density logged in October/November 2007.
Classification	The Mineral Resource was classified as Inferred mainly because no testwork has yet been undertaken to establish the geotechnical, hydrogeological, chemical and leaching characteristics that are necessary to allow "the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit" (part of the JORC Code definition of an Indicated Resource). In addition, there are no assays of physical samples of FMNE mineralization with which to compare the radiometrically-derived readings of U_3O_8.
Audits or reviews	No audits or reviews have been undertaken of the 30 April 2015 Mineral Resource estimate
Discussion of relative accuracy / confidence	The accuracy / confidence in the 30 April 2015 Mineral Resource estimate is appropriately reflected in the Inferred classification applied. On the basis of drillhole spacing alone, some portions of the deposit could probably be classified as Indicated Resources if / when the limitations described under Classification above are satisfactorily addressed.