

23 October 2013

ASX Code: AGS

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## COMPANY PRESENTATION

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Please find attached a copy of a Company presentation to be made by the MD, Mr Steve Johnston, at the Mining 2013 Conference held in Brisbane, QLD today.

For and on behalf of the Board.



**Bob Tolliday**  
Company Secretary

### About Alliance Resources

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](http://www.allianceresources.com.au).



# ALLIANCE RESOURCES LIMITED

## *Investor Presentation*

**Mining 2013**

Brisbane, Queensland

23 October 2013

# Cautionary & CP Statements

## 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.

Before making an investment decision on the basis of this presentation, the investor needs to consider, with or without the assistance of a financial advisor, whether the investment is appropriate with due regard for their particular investment needs, objectives and financial circumstances.

This presentation is based on internal company and joint venture partner reports, stock exchange announcements, stockbroker research and technical information believed to be reliable. To the maximum extent permitted by law, none of Alliance’s directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault of negligence, for any loss arising from the use of the information contained in this presentation nor is any obligation assumed to update such information. In particular, no representation or warranty, express or implied, is provided as to its accuracy, completeness or currency of the information contained in this presentation. Alliance accepts no obligation to correct or update the information or opinions expressed in it. Opinions expressed are subject to change without notice and reflect the views of Alliance at the time of presenting.

## Competent Persons Statements

The information in this report that relates to Four Mile project uranium Mineral Resources is based on information compiled by Mr K Bampton who is a Corporate member of both the Australian Institute of Geoscientists and The Australasian Institute of Mining & Metallurgy. Mr Bampton trades as Ore Reserve Evaluation Services. Mr Bampton has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to 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’. Mr Bampton 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 Cabeza de Vaca project 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 2004 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.

- ASX listed resources company with uranium and copper-gold assets. Main assets:
  - ◆ 25% equity in Four Mile Uranium Project, South Australia
    - 71Mlb U<sub>3</sub>O<sub>8</sub> contained in Indicated + Inferred Resources\* (Alliance share ~18Mlb U<sub>3</sub>O<sub>8</sub>)
    - Potential to be one of the largest and highest grade in-situ recovery uranium mines in the world
  - ◆ \$25 million cash reserves

\*Refer mineral resources estimate page 11

## Capital Structure

<b>ASX code</b>	<b>AGS</b>
<b>Share price (22-10-13)</b>	<b>A\$0.14</b>
<b>Shares on Issue</b>	<b>341M</b>
<b>Market Capitalisation (22-10-13)</b>	<b>A\$47.8M</b>
<b>Net Cash (30-06-13)</b>	<b>A\$25.4M</b>
<b>Enterprise Value</b>	<b>A\$22.4M</b>
<b>Unlisted Options (30-06-13)</b>	<b>2M</b>



## Board & Management

<b>John Dunlop</b>	<b>Chairman</b>
<b>Steve Johnston</b>	<b>Managing Director</b>
<b>Ian Gandel</b>	<b>Director</b>
<b>Tony Lethlean</b>	<b>Director</b>
<b>Bob Tolliday</b>	<b>CFO &amp; Company Secretary</b>
<b>Andrew Bowden</b>	<b>Exploration Manager</b>

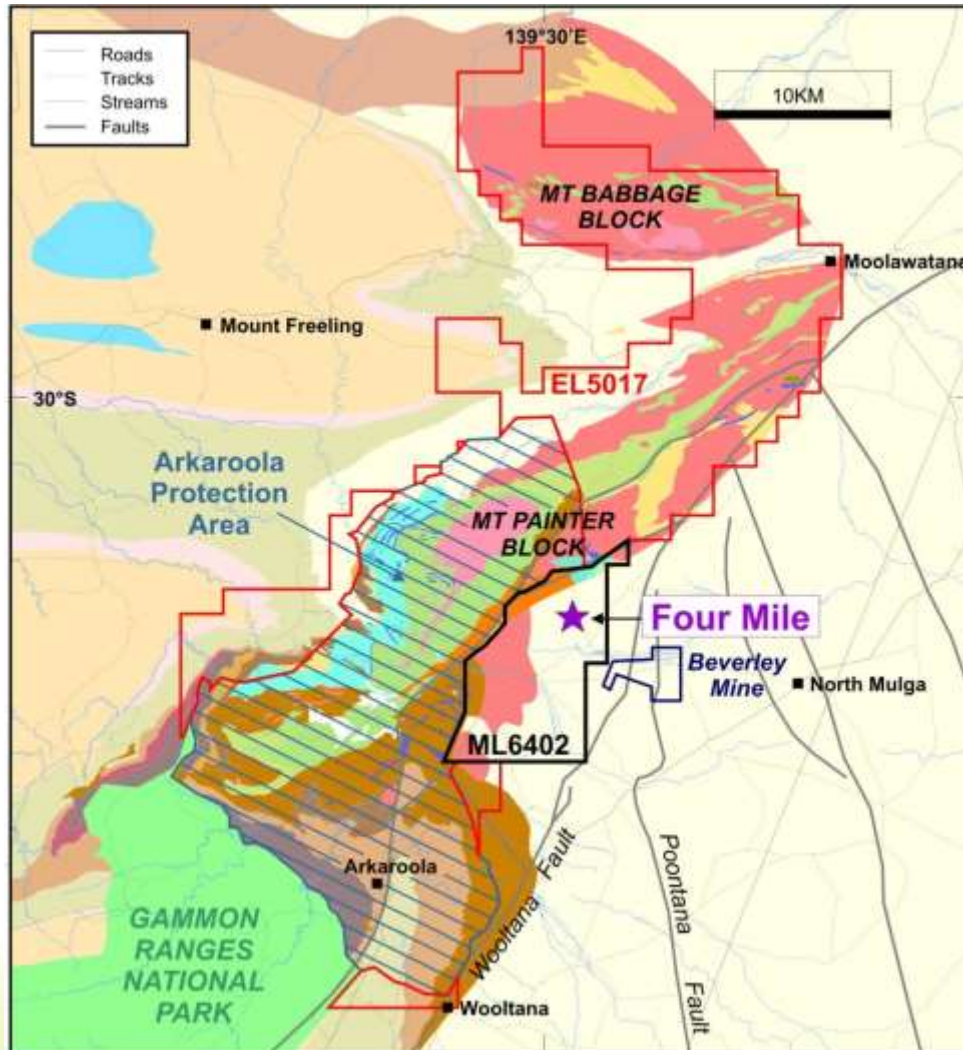
## Major Shareholders

<b>Abbotsleigh</b>	<b>25.8%</b>
<b>Top 20 shareholders</b>	<b>46.7%</b>
<b>Board &amp; Management</b>	<b>30.5%</b>

**...TradeTech Weekly U<sub>3</sub>O<sub>8</sub> Spot Price US\$35.25/lb @ 18 Oct 2013**



# Four Mile Uranium Project



- Alliance Craton Explorer P/L (**ACE**) 25%
  - ◆ Free carried outside mine development area
- Located 550 km NNE of Adelaide, S.A.
- Quasar Resources P/L (**Quasar**) 75% and manager
  - ◆ Affiliate of Heathgate Resources Pty Ltd (**Heathgate**); owner and operator of the Beverley uranium mine
  - ◆ Assumed 100% of costs on Four Mile project up to its 'decision to mine' in late 2008
- Two large, high-grade uranium deposits
  - ◆ Four Mile East & Four Mile West
- Long Project life of 15+ years

# Four Mile Project – Development Schedule

A decision to recommence development of the Four Mile Project was made in October 2012 with Quasar voting its 75% interest in favour and ACE voting its 25% interest against Quasar's proposed Start-Up Plan

The Start-Up Plan comprises:

- Uranium capture at Heathgate Resources Pty Ltd's (Heathgate's) Pannikan satellite plant with elution, precipitation, drying and packing at Heathgate's Beverley processing plant
- Development was scheduled for 2013 but has been delayed pending government approvals
- Final Commonwealth regulatory approvals received 2 September 2013
- Quasar is yet to provide Alliance with a revised development schedule to the program and budget



# Four Mile Project – Development Schedule

Quasar's Start-Up Plan and Program and Budget is for 16 months and includes the following production guidance:

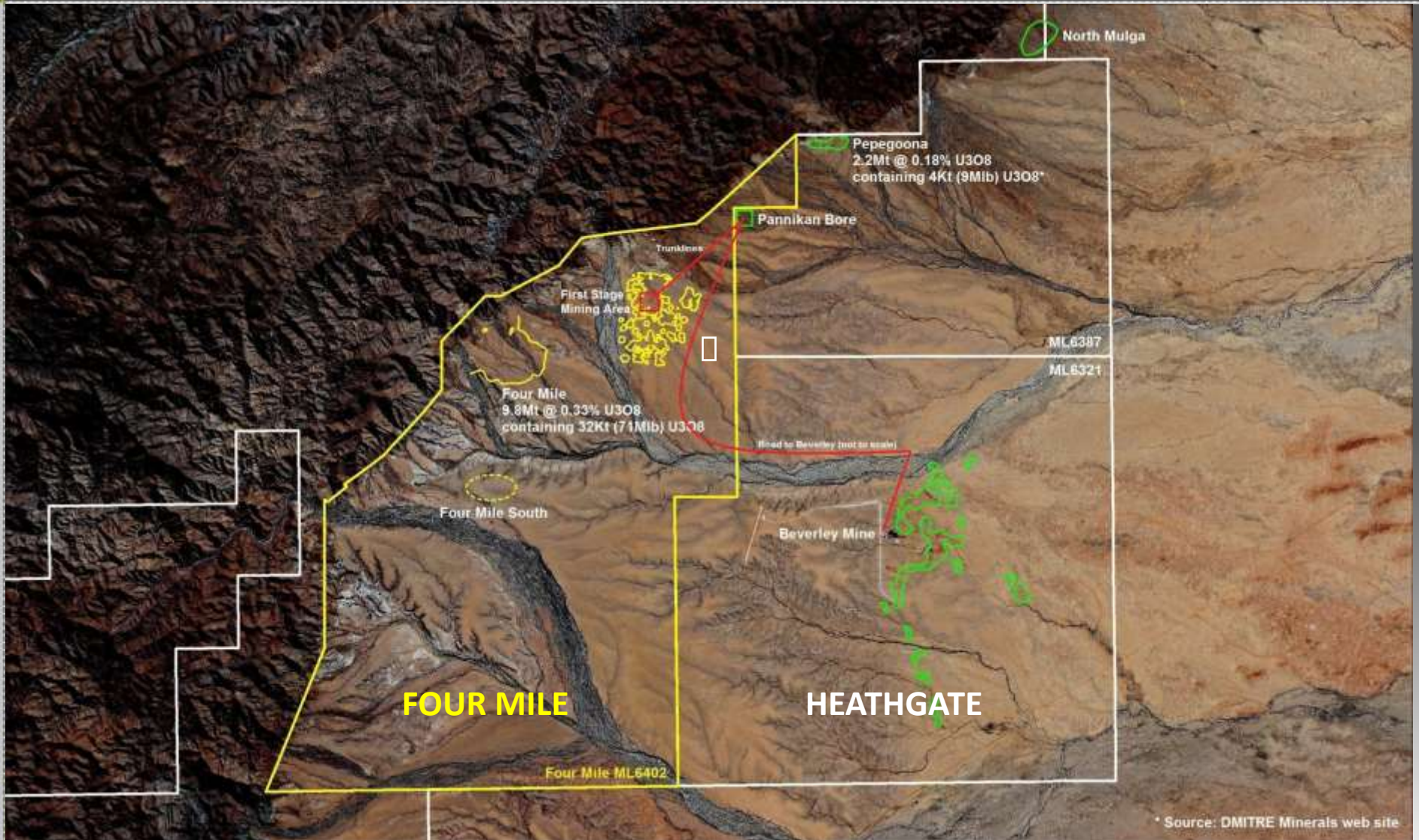
- Production of 2.128Mlb of uranium oxide (sales of 1.306Mlb) over 10 months
- Cumulative cash expenditure (capital & operating) of A\$97.8M (ACE share A\$24.45M)<sup>(1)</sup>
- Cash operating costs are budgeted to be A\$25.46<sup>(2)</sup> per lb uranium oxide (if wellfield development costs are excluded) or A\$40.33<sup>(2)</sup> per lb (inclusive of wellfield development costs)
- Sale prices were forecast to be US\$62.58 per lb uranium oxide for 2013 (Alliance considers this to be unrealistic)

Quasar has described the Start-Up Plan as a staged commencement of mining operations, the purpose of which is to permit actual production rates to be considered before full-scale production facilities are constructed.

(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) Excludes regional delineation drilling costs.

# Four Mile Project – Development Layout



# 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

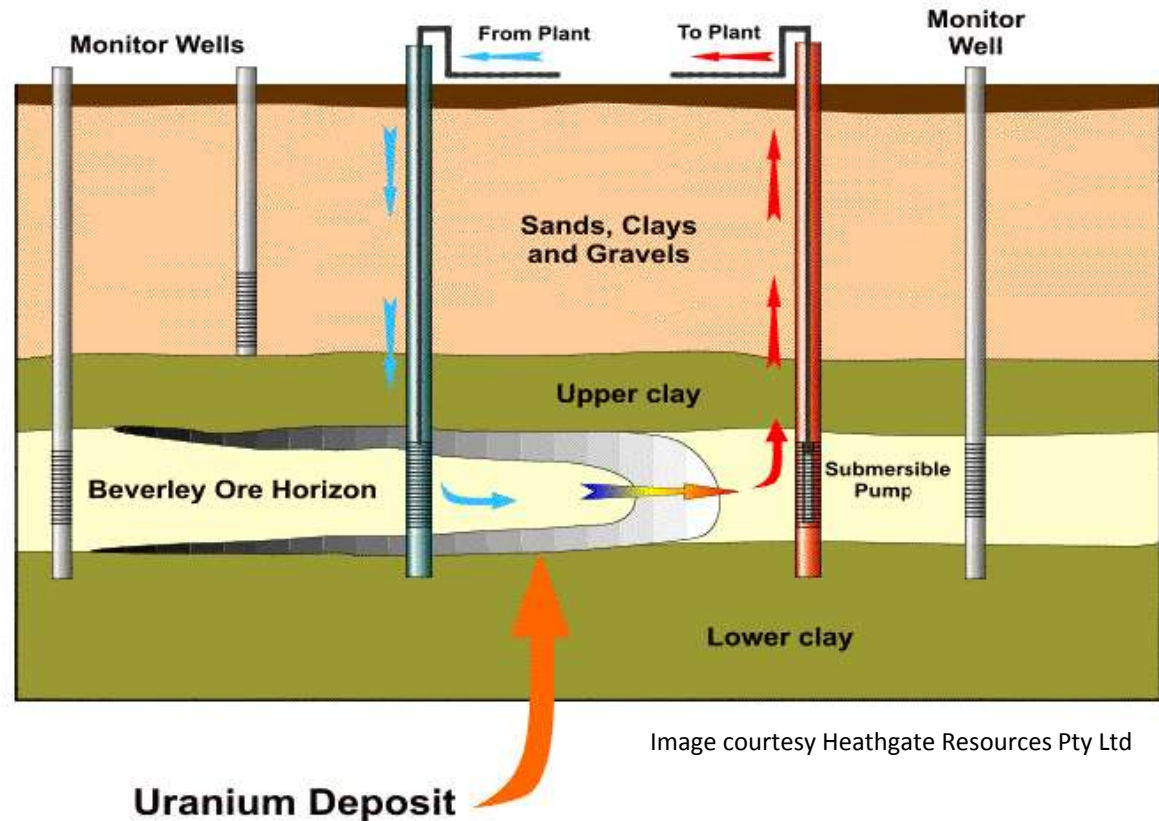


Image courtesy Heathgate Resources Pty Ltd

***...low environmental impact***

(1) - 2011 production statistic; World Nuclear Association

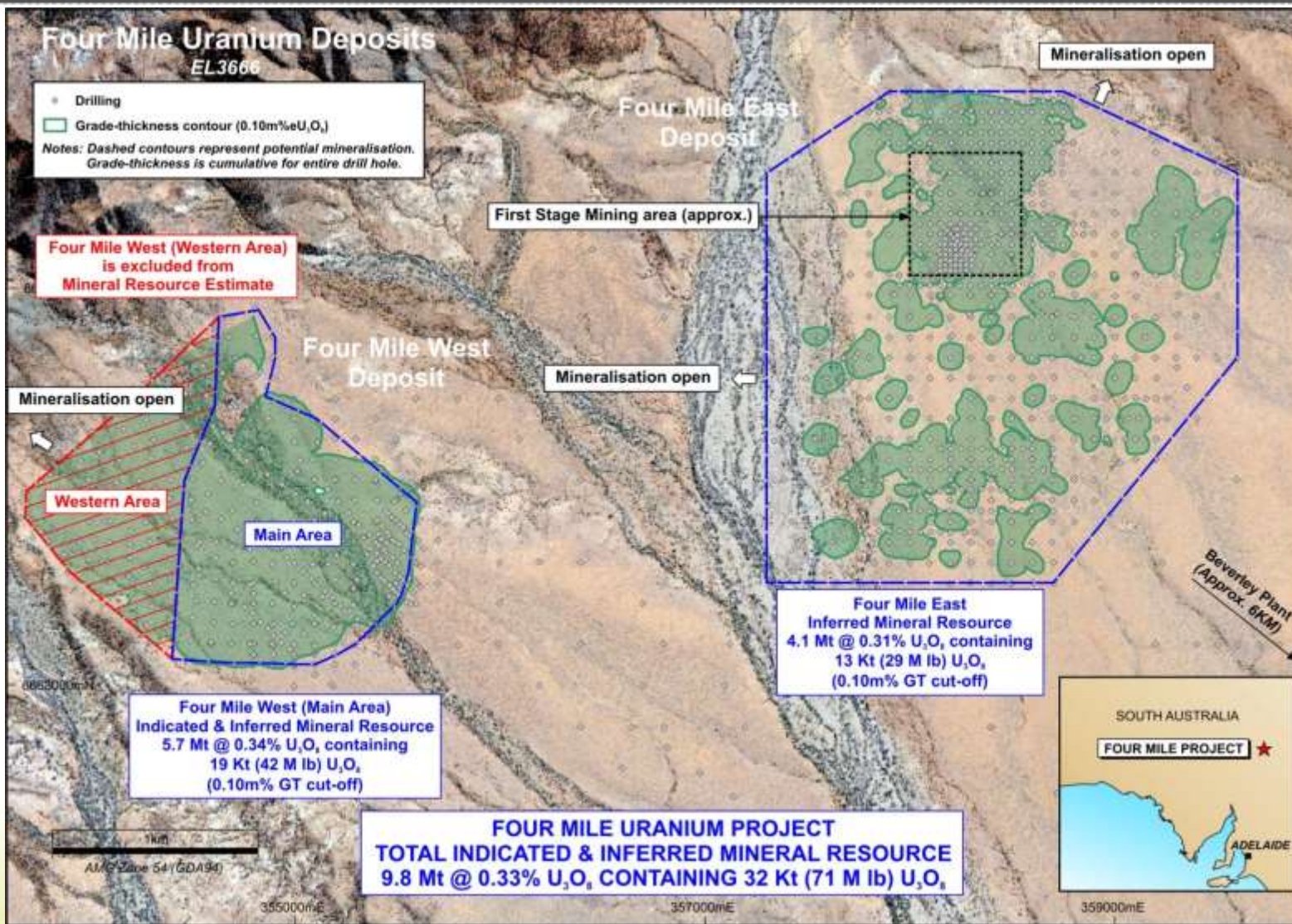
# Four Mile Project - Mineral Resources

*Large, high-grade resource (Alliance share ~18Mlb U<sub>3</sub>O<sub>8</sub>)*

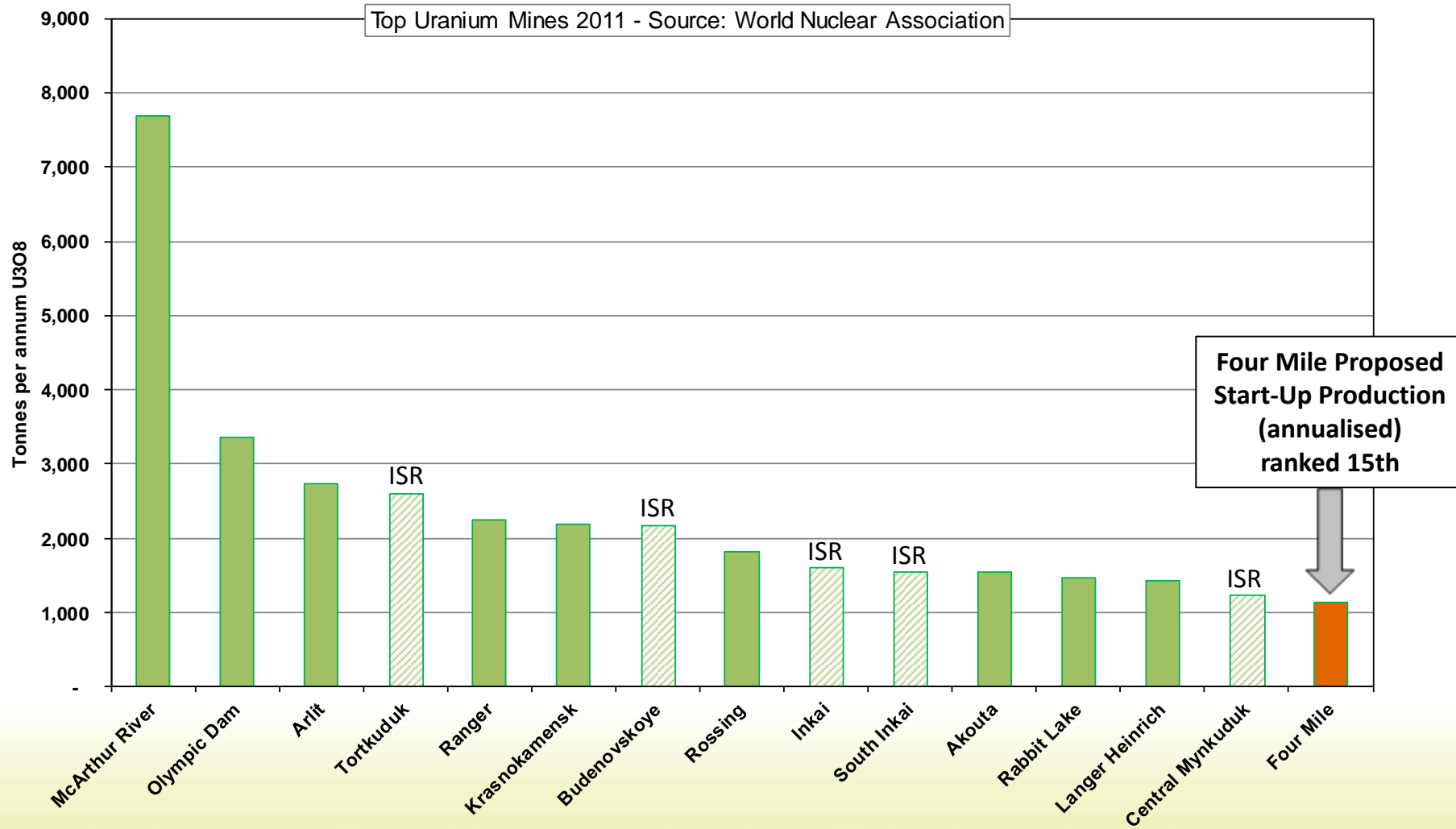
Deposit	GT Cut-off m%	Mass Tonnes	U <sub>3</sub> O <sub>8</sub> %	U <sub>3</sub> O <sub>8</sub> Tonnes	U <sub>3</sub> O <sub>8</sub> Mlb	JORC Classification
Four Mile West	0.10	4,100,000	0.34	14,000	32	Indicated
Four Mile West	0.10	1,500,000	0.31	4,700	9	Inferred
<b>Four Mile West</b>	<b>0.10</b>	<b>5,700,000</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>
<b>TOTAL</b>		<b>9,800,000</b>	<b>0.33</b>	<b>32,000</b>	<b>71</b>	

These estimates are classified in accordance with the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition) (JORC Code). Minor apparent multiplication mismatches are due to post-computational rounding of all entries to 2 significant figures. \*See Competent Persons Statement page 2.

# Four Mile Project - Mineralisation

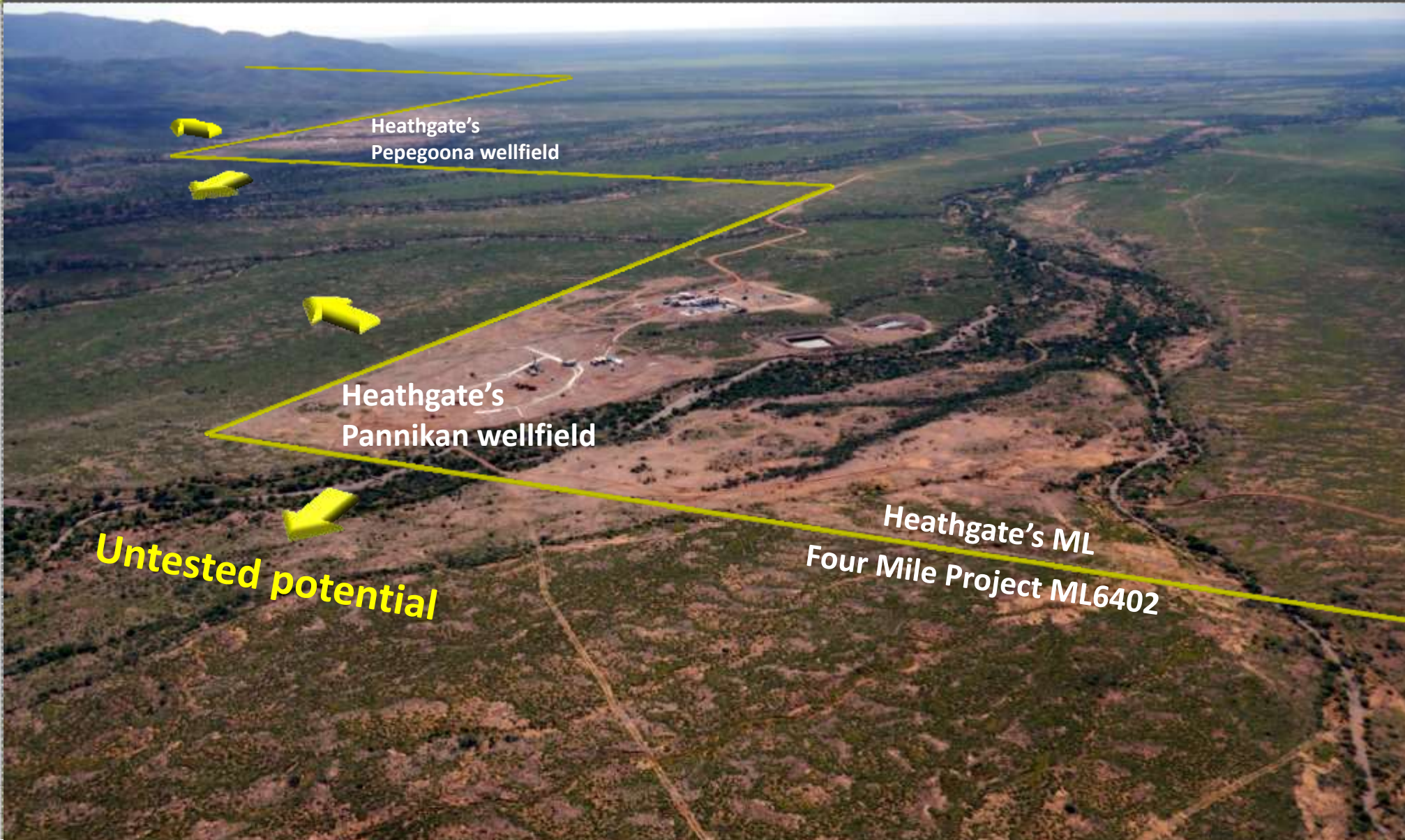


# Four Mile Project – Potential Global Ranking



# Four Mile Project – Prospectivity

Looking northeast from Four Mile East



Heathgate's  
Pepegoona wellfield

Heathgate's  
Pannikan wellfield

**Untested potential**

Heathgate's ML  
Four Mile Project ML6402

# Four Mile Project – Status of Legal Actions

- **Access to books and records (Federal Court of Australia, Adelaide)**
  - ◆ ACE issued proceedings against Quasar and Heathgate for an order giving ACE access to books, records and agreements pertaining to the Four Mile joint venture
  - ◆ In March 2012 orders were made refusing ACE's application. ACE appealed part of that decision, which was dismissed with costs awarded to Quasar and Heathgate
  - ◆ On 9 April 2013 ACE lodged an application for special leave to appeal to the High Court of Australia. The application was heard on 11 September 2013 and refused with costs.
- **Misleading and deceptive conduct (Federal Court of Australia, Adelaide)**
  - ◆ ACE is seeking damages from Heathgate and damages and restitution of the 75% interest in the exploration licence over the Four Mile from Quasar arising from Quasar's and Heathgate's failure to disclose to ACE information concerning the prospectivity of part of that tenement
  - ◆ The matter has been set down for trial commencing 30 June 2014. The trial is expected to run for 5 weeks.

Details of the legal actions may be found on [www.allianceresources.com.au](http://www.allianceresources.com.au) under the subheading Latest Status Update



# Strategic Alliance with ITOCHU

- Strategic alliance with ITOCHU Corporation announced May 2012, a *Fortune Global 500* company based in Japan which has extensive global interests
- Strategic alliance formalised in a Deferred Share Rights Deed (DSRD), approved by shareholders in August 2012, providing ITOCHU with:
  - The right to subscribe for 59,735,223 shares in Alliance or 14.9% of the issued share capital in ACE;
  - An option to subscribe for 25.1% of equity in ACE.
- If ITOCHU exercises its rights under the DSRD to take up shares in the Company and/or ACE, the Company will receive funds sufficient to fund the construction of a standalone ISR and uranium processing plant at the Four Mile project (if that were the best option)

# Chile Copper-Gold Project



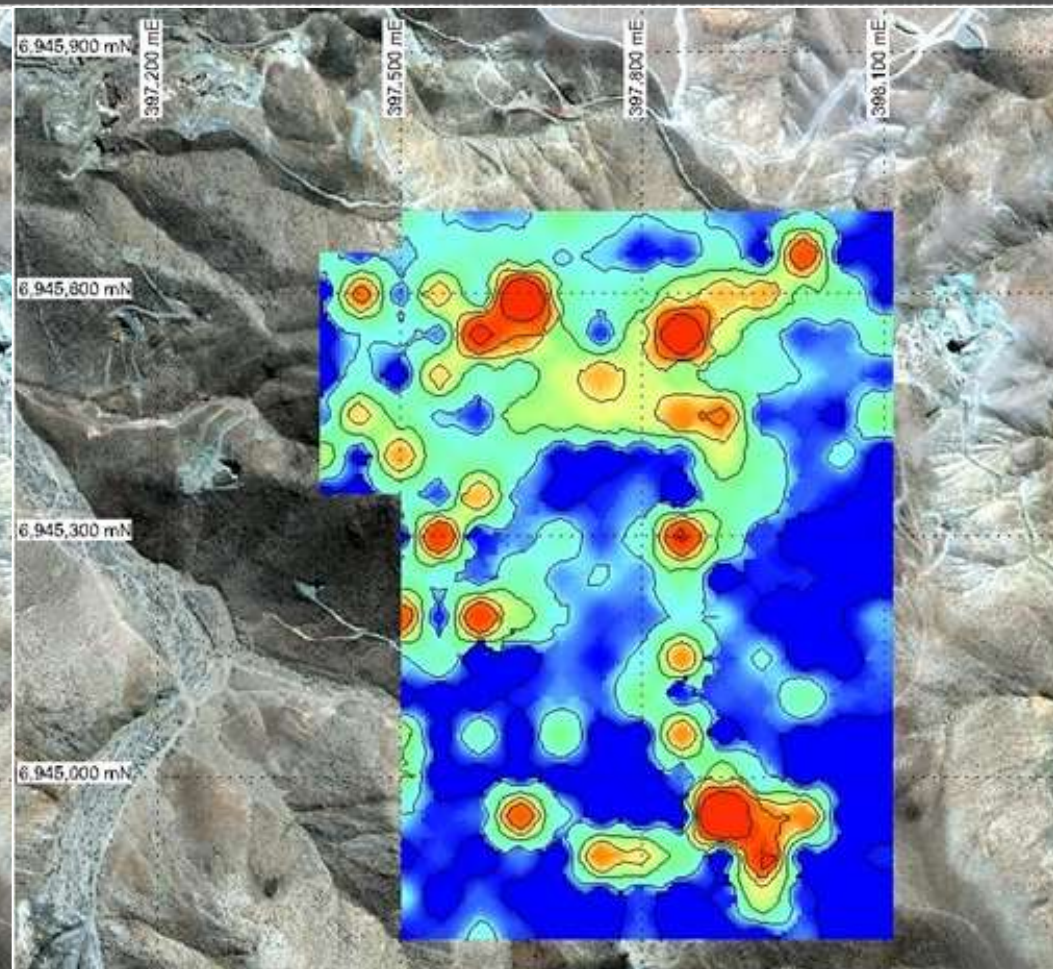
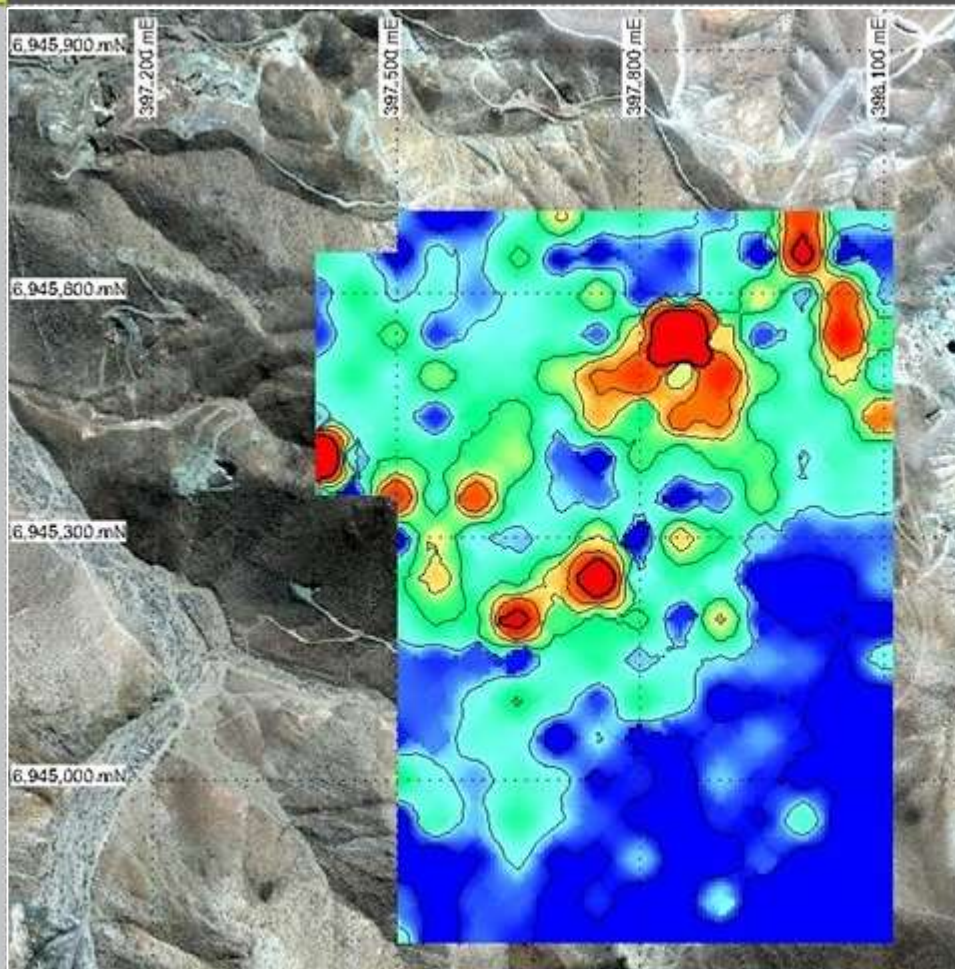
- Alliance has secured option agreements over copper-gold properties in the **Cabeza de Vaca** district in northern Chile
- Alliance 90% (rte 100%)
- Exploration targets include: (i) near surface copper-gold in breccia pipes and (ii) porphyry style copper-gold-molybdenum at depth
- Further ground acquisition is required at Cabeza de Vaca

# Chilean Copper-Gold Project

“Surface and underground mine workings, hydrothermal alteration, copper showings and geochemical rock chip sampling define a 10 km<sup>2</sup> area containing numerous distinct zones of copper-gold mineralization associated with quartz-tourmaline breccias and sheeted vein systems”



# Chilean Copper-Gold Project Ceci-Paola geochemistry



**Copper (ppm) Red = mean + 3stdev =  
>3238ppm**

**Gold (ppm) Red = mean +3stdev = >70ppm**

- Four Mile Uranium Project is a significant asset (however development has been delayed)
- Final Commonwealth regulatory approvals received
- Alliance is committed to the development of the Four Mile Project (but only if profitable) and has taken legal actions to protect the interests of its shareholders
- Strategic alliance with ITOCHU Corporation
- Strong cash reserves (\$25 million) to underpin growth



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