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# ANNUAL REPORT 2015



**ALLIANCE  
RESOURCES**  
LIMITED

# Contents

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## **Corporate Directory**

### **Directors**

John S F Dunlop

*Chairman*

Stephen F Johnston

*Managing Director*

Ian J Gandel

*Director*

Anthony D Lethlean

*Director*

### **Company Secretary**

Robert P Tolliday

*Chief Financial Officer & Company Secretary*

### **Notice of annual general meeting**

The details of the annual general meeting

of Alliance Resources Limited are:

10.00am, 27 November 2015

HWL Ebsworth Lawyers

Level 26, 530 Collins Street

Melbourne VIC 3000

### **Registered Office**

Suite 3, 51 - 55 City Road

Southbank Victoria 3006

Telephone +61 3 9697 9090

Facsimile +61 3 9697 9091

### **Share Registry**

Computershare Investor Services

GPO Box 2975

Melbourne, VIC 3001

Telephone 1300 850 505

Facsimile +61 3 9473 2500

### **Auditor**

BDO East Coast Partnership

Level 14

140 William Street

Melbourne, Vic 3000

### **Solicitors**

HWL Ebsworth Lawyers

Level 26, 530 Collins Street

Melbourne, Vic 3000

### **Bankers**

Australia and New Zealand Banking Group Limited (ANZ)

### **ASX Code**

Alliance Resources Limited shares are listed on the

Australian Securities Exchange (ASX code: AGS)

**Website** [allianceresources.com.au](http://allianceresources.com.au)

**E-mail** [info@allianceresources.com.au](mailto:info@allianceresources.com.au)

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# Chairman's and Managing Director's Report

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On behalf of the Board and management, we are pleased to present the 2015 Annual Report of Alliance Resources Limited (Alliance).

During the 2015 financial year, Alliance:

- Achieved its first full year of uranium production at the Four Mile Uranium Project in South Australia (Project);
- Post-reporting, announced that it had accepted a revised offer from Quasar Resources Pty Ltd (Quasar) to purchase all of Alliance Craton Explorer Pty Ltd's (ACE's) interest in the Project, including ACE's share of uranium oxide concentrates already mined, for a total consideration of \$73.975 million (Sale);
  - A General Meeting of Alliance was held in Melbourne on 11 September 2015 at which shareholders approved the Sale and a return of capital of \$0.12 per share for each share held on the Record Date;
  - The Sale completed on 18 September, 2015;
- Received total applications under a non-renounceable rights issue (Rights Issue) announced in December 2014 and placement of shortfall shares for 59,644,110 shares (\$4,771,529) representing 96.1% of the total Rights Issue securities offered of 62,034,123 shares (\$4,962,507);
- At the Monardes copper-uranium project in Chile,
  - Completed an airborne magnetic and radiometric survey over the eastern limb on the Monardes Basin in Chile and identified two sub-parallel uranium-anomalous units with a combined strike length of 9 km within Alliance's concessions;
  - Rock chip sampling results of the eastern anomalous unit reported copper mineralisation over 1.8 km with 17 samples >3000ppm copper and 9 samples >300ppm uranium, and
  - Rock chip sampling of the western anomalous unit reported copper mineralisation over 2.3km with 4 samples >3000ppm copper.

The Monardes copper-gold-uranium project in Chile represents a growth opportunity for a new exploration target in one of the world's most prospective porphyry copper belts.

As a consequence of the sale of ACE's interest in the Four Mile Project, Alliance is well funded to pursue exploration in Chile and other acquisition opportunities in the resource sector.

## FOUR MILE URANIUM PROJECT

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The Four Mile Uranium Project area is located 550 kilometres north of Adelaide in South Australia. Up until completion of the sale to Quasar, Alliance's 100% owned subsidiary, ACE was the registered holder of 25% of ML6402 and EL5017 and Quasar was the registered holder of 75% and acted as the manager of the Project. ACE elected not to contribute to 2015 program and budget for the Project and, as a consequence, was diluting its interest in the Mine Development Area<sup>1</sup> at the date of the Sale.

### Production and Legal Matters

During the 2015 financial year, the Company achieved its first full year of uranium production at the Project. Production (100%) of uranium oxide concentrate (UOC) from 1 July 2014 to 30 June 2015 is estimated by ACE to be 2,032,936 pounds.

Total production (100%) of UOC since commencement of mining on 14 April 2014 to 30 June 2015 is estimated by ACE to be 2,441,092 pounds<sup>2</sup> (lbs) of UOC.

ACE estimated its share of UOC production since commencement of mining to be 579,149 pounds. This production was sold to Quasar as part of the Sale.

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 (Proceedings). On completion of the Sale, ACE discontinued the Proceedings.

On 29 December 2014, Alliance announced that ITOCHU Corporation, through its wholly owned subsidiary NURA 3 Pty Ltd, had 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.

On 4 June 2015, Alliance announced that, pursuant to section 13 of the Nuclear Non-Proliferation (Safeguards) Act 1987, the Acting Director General ASNO had issued ACE with a Permit to Possess Nuclear Material (uranium oxide concentrate), which took effect on 27 May 2015. On 23 September 2015 (post-reporting) the Assistant Director of ASNO revoked the Permit & Possess at the request of ACE.

ACE paid \$10,786,513 towards Project cash calls for 1 July 2014 to 30 November 2014.

Project contributions by ACE total \$31,330,343 to date, inclusive of the refund of surplus payments.

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<sup>1</sup> Reducing to approximately 15% by 31 December 2015. Refer ASX announcement dated 20 November 2014.

<sup>2</sup> Based on Quasar's production reports and correspondence to 29 July 2015.

# Chairman's and Managing Director's Report

## Quasar Offer to Purchase ACE'S Interest in Four Mile Project (Post-reporting)

On 13 July 2015, Alliance announced that it had accepted a revised offer from Quasar to purchase all of ACE's interest in the Project, including ACE's share of uranium oxide concentrates already mined, for a total consideration of \$73.975 million (Sale). The Sale was subject to shareholder approval, the consent of the SA Minister to the transfer of ACE's interest in the tenements and the Commonwealth Treasurer having no objection to the acquisition of ACE's interest in the Project by Quasar. The Board of Alliance unanimously considered the Transaction to be in the best interests of Alliance's shareholders and recommended that shareholders approve the Transaction.

A General Meeting of Alliance shareholders was held at the offices of HWL Ebsworth, Level 26, 530 Collins Street, Melbourne on Friday, 11 September 2015 at 3.00pm (AEST). Two resolutions, (1) Approval of the disposal of the main undertaking and (2) Return of Capital (\$0.12 for each share held on the Record Date), were approved by shareholders.

The Sale was completed on Friday, 18 September, 2015.

## Mineral Resources Statement

The mineral resource estimates for the Four Mile Uranium Project at 30 June 2015 are as follows:

Deposit	GT Cut-off %	Tonnes (millions)	Grade (% U <sub>3</sub> O <sub>8</sub> )	U <sub>3</sub> O <sub>8</sub> (Mlb)	JORC Classification
Four Mile West <sup>1</sup>	0.10	4.1	0.34	32	Indicated
Four Mile West <sup>1</sup>	0.10	1.5	0.31	9	Inferred
Four Mile East (FME) <sup>1</sup>	0.10	4.1	0.31	29	Inferred
Four Mile Northeast <sup>2</sup>	0.10	7.5	0.30	50	Inferred
<b>Sub-Total</b>	<b>0.10</b>	<b>17.2</b>	<b>0.32</b>	<b>119</b>	
FME mining depletion <sup>3</sup>	0.10	0.4	0.4	3	Inferred
<b>TOTAL</b>	<b>0.10</b>	<b>16.8</b>	<b>0.32</b>	<b>116</b>	

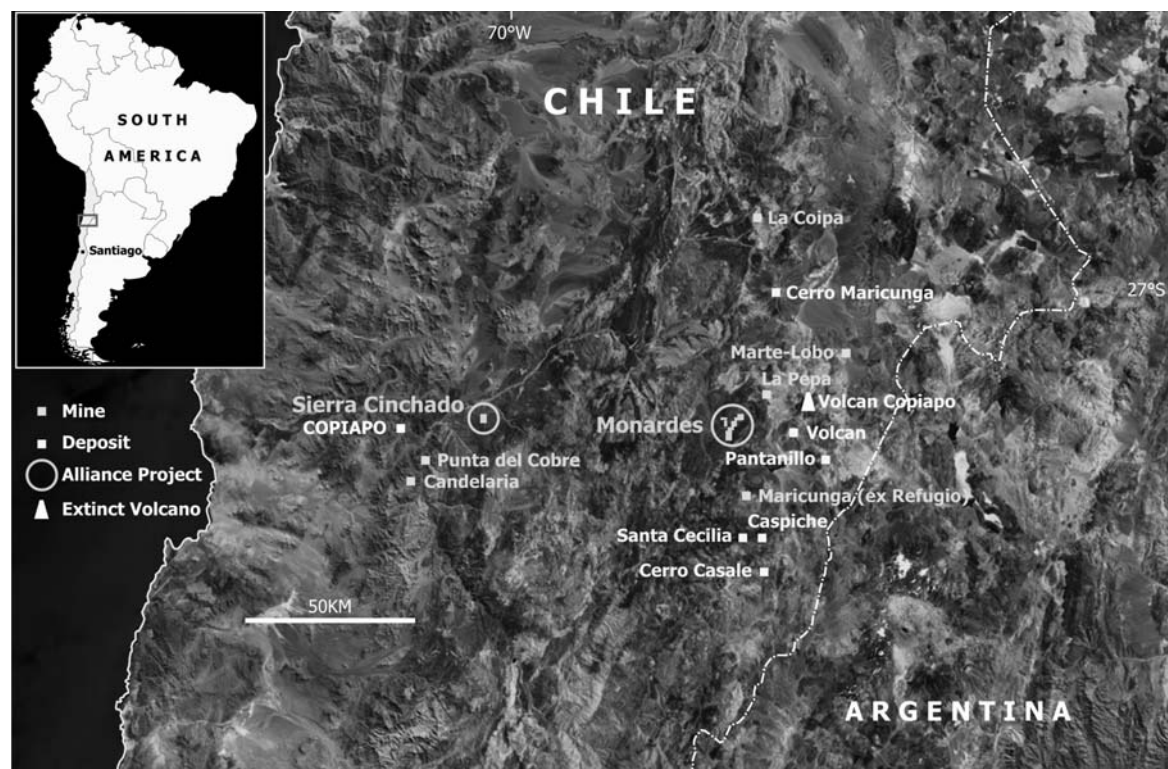
\*Minor apparent multiplication mismatches due to post-computational rounding of figures

- 1 Reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) (JORC Code) in an Alliance ASX announcement dated 20 December 2013. Alliance is not aware of any new information or data that materially affects the information included in the announcement of 20 December 2013. All material assumptions and technical parameters underpinning the mineral resource estimates in the announcement of 20 December 2013 continue to apply and have not materially changed.
- 2 Reported in accordance with the JORC Code in an Alliance ASX announcement dated 26 June 2015. Alliance is not aware of any new information or data that materially affects the information included in the announcement of 26 June 2015. All material assumptions and technical parameters underpinning the mineral resource estimates in the announcement of 26 June 2015 continue to apply and have not materially changed.
- 3 Non-public Alliance report dated 19 August 2015. Alliance does not consider the depletion to be a material change.

# Chairman's and Managing Director's Report

## 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, silver and uranium.



Project Locations, Chile

### Monardes Basin (Alliance Chile 100% or right to earn 100%)

Alliance's 100% owned Monardes Project concessions are located in the eastern margin of the Monardes basin, 95 km east of Copiapo.

Alliance Chile tenements consist of an option to purchase the Monardes concessions for a total of US\$2.5 million plus two 100% owned exploration concessions adjacent to the Maricunga Belt metallogenic province of the Atacama Region III. Alliance considers the area prospective for copper, gold and uranium.

The Monardes concessions are located east of Alliance Chile's Vega concessions and are positioned over the faulted eastern margin of the Monardes sedimentary basin which comprises the primary target for mineralisation.

During the financial year, Alliance completed a detailed airborne magnetic and radiometric survey, together with results of rock chip sampling which reported significant copper and uranium.

The primary target of the geophysical survey was a quartz-pebble conglomerate containing a small artisanal excavation for copper. 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, Alliance reported the results of additional rock chip sampling results at Monardes.

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 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 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 reported copper mineralisation over 2.3km with 4 samples reporting Cu >3000ppm (including a highest Cu value of 3.34%).

# Chairman's and Managing Director's Report

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 to follow-up of radiometric anomalies along the full strike length of the newly identified anomalous units from the airborne survey.

Reported in accordance with the JORC Code in Alliance ASX announcements dated 27 October 2014 and 30 January 2015. Alliance is not aware of any new information or data that materially affects the information included in those announcements.

## Sierra Cinchado/Sierra del Potrillos (Alliance Chile 100%)

This project area is located approximately 25 km east of Copiapo. The project area has a number of mine workings which appear to be prospective for Manto style copper and silver.

An induced polarisation (IP) survey was conducted during the reporting period, the results of which did not warrant any further work.

During the year ended 30 June 2015, Alliance surrendered all 17 concessions at Sierra del Potrillos and 8 out of 10 concessions at Sierra Cinchado (2 concessions retained).

## TENEMENTS

Tenement	Name	Location	Beneficial percentage held at 30 June 2015
<b>South Australia (Alliance Craton Explorer Pty Ltd)</b>			
ML6402	Four Mile	300km NE of Port Augusta, South Australia	25% <sup>(1),(2)</sup>
EL5017	Four Mile	300km NE of Port Augusta, South Australia	25% <sup>(2)</sup>
<b>Chile (Alliance (Chile) Pty Ltd)</b>			
Monardes 1-3, 4-9-1/20; Huachi 1/20	Monardes Basin	95km east of Copiapo, Chile	0% (option to purchase 100%)
Vega 1 and 2	Monardes Basin	95km east of Copiapo, Chile	100%
Cinchado 6 and 7	Sierra Cinchado	25km east of Copiapo, Chile	100%

1 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, November 2014.

2 Post-reporting, ACE sold all of its interest in the Four Mile Project to Quasar Resources Pty Ltd.

## COMPETENT PERSONS STATEMENTS

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 Competent Persons 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 the form and context in which it appears.

The information in this report that relates to the Four Mile Uranium Project depletion of Mineral Resources for the Four Mile East deposit is based on information compiled by Mr Stephen Johnston, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Johnston is Managing Director of Alliance Resources Ltd and a director of Alliance Craton Explorer Pty Ltd. Mr Johnston 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.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Alliance Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2015.

## Directors

The following persons were directors of Alliance Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

John SF Dunlop (Chairman)

Ian J Gandel (Non-Executive Director)

Anthony D Lethlean (Non-Executive Director)

Stephen F Johnston (Managing Director)

## Principal activities

The principal activities of the consolidated entity during the financial year were in the further development of and production from its interest in the Four Mile Uranium Project in South Australia and in realising value from its exploration interests.

## Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$3,125,566 (30 June 2014: \$16,978,190).

A review of the Company's operations and financial position for the financial year and up to the date of this report is included in the annual report and should be read as part of the Directors' Report.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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### Four Mile Uranium Project, South Australia

The Four Mile Uranium Project (Project) area is located 550 kilometres north of Adelaide in South Australia. During the reporting period, Alliance Craton Explorer Pty Ltd (ACE) was the registered holder of 25% of ML6402 and EL5017 and Quasar Resources Pty Ltd (Quasar) was the registered holder of 75% and acted as the manager of the Project. ACE elected not to contribute to 2015 program and budget for the Project and, as a consequence, was diluting its interest in the Mine Development Area<sup>1</sup>.

Production (100%) of uranium oxide concentrate (UOC) from 1 July 2014 to 30 June 2015 is estimated by ACE to be 2,032,936 pounds. ACE estimated its share of UOC production since commencement of mining on 14 April 2014 to be 579,149 pounds.

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 (Proceedings).

On 29 December 2014, Alliance announced that ITOCHU Corporation, through its wholly owned subsidiary NURA 3 Pty Ltd, had 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.

On 4 March 2015, Alliance announced that it received total applications under a non-renounceable rights issue (Rights Issue) announced in December 2014 and placement of shortfall shares for 59,644,110 shares (\$4,771,529) representing 96.1% of the total Rights Issue securities offered of 62,034,123 shares (\$4,962,507);

On 4 June 2015, Alliance announced that, pursuant to section 13 of the *Nuclear Non-Proliferation (Safeguards) Act 1987*, the Acting Director General ASNO had issued ACE with a Permit to Possess Nuclear Material (uranium oxide concentrate), which took effect on 27 May 2015. ACE paid \$10,786,513 towards Project cash calls for 1 July 2014 to 30 November 2014. Project contributions by ACE total \$31,330,343 to date, inclusive of the refund of surplus payments.

### East Frome Copper-Base Metals Project (Alliance (NSW) Pty Ltd 100%)

No fieldwork was conducted during the year.

### Chilean Projects

#### Monardes Basin Copper-Gold-Uranium Project (Alliance (Chile) Pty Ltd 100% or right to acquire 100%)

An airborne magnetic and radiometric survey over the eastern limb on the Monardes Basin Project and identified two sub-parallel uranium-anomalous units with a combined strike length of 9 km within Alliance's concessions.

Rock chip sampling results of the eastern anomalous unit reported copper mineralisation over 1.8 km with 17 samples >3000ppm copper and 9 samples >300ppm uranium.

Rock chip sampling of the western anomalous unit reported copper mineralisation over 2.3km with 4 samples >3000ppm copper.

#### Sierra Cinchado/Sierra del Potrillos Copper-Silver Project (Alliance (Chile) Pty Ltd 100%)

An induced polarisation (IP) survey was conducted during the reporting period, the results of which did not warrant any further work.

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<sup>1</sup> Reducing to approximately 15% by 31 December 2015. Refer ASX announcement dated 20 November 2014.

# Directors' Report

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## **Cabeza de Vaca Copper-Gold Project (Alliance (Chile) Pty Ltd 90% or right to acquire 90%)**

No fieldwork was conducted during the year.

### **Tenements**

East Frome, NSW - Exploration Licences 7210 and 7636 expired on 1 October 2014 and 25 October 2014, respectively.

Cabeza de Vaca, Chile – During the year, Alliance terminated the following option agreements to purchase concessions: Paola, Ceci, Kamikaze and Remolinos. The Plano 01, 02 and 03 and Remo Uno (application) concessions were surrendered.

Sierra Cinchado/Sierra del Potrillo, Chile – During the year, Alliance surrendered all 17 concessions at Sierra del Potrillo and 8 out of 10 concessions at Sierra Cinchado (2 concessions retained).

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

### **Matters subsequent to the end of the financial year**

On 13 July 2015, Alliance announced that it had accepted a revised offer from Quasar to purchase all of ACE's interest in the Project, including ACE's share of uranium oxide concentrates already mined, for a total consideration of \$73.975 million (Sale). The Sale was subject to shareholder approval, the consent of the SA Minister to the transfer of ACE's interest in the tenements and the Commonwealth Treasurer having no objection to the acquisition of ACE's interest in the Project by Quasar. The Board of Alliance unanimously considered the Transaction to be in the best interests of Alliance's shareholders and recommended that shareholders approve the Transaction.

A General Meeting of Alliance shareholders was held at the offices of HWL Ebsworth, Level 26, 530 Collins Street, Melbourne on Friday, 11 September 2015 at 3.00pm (AEST). Two resolutions, (1) Approval of the disposal of the main undertaking and (2) Return of Capital (\$0.12 for each share held on the Record Date), were approved by shareholders.

The Sale was completed on Friday, 18 September, 2015. On completion of the Sale, ACE discontinued the Proceedings.

On 23 September 2015, the Assistant Director of ASNO revoked the Permit & Possess Nuclear Material (uranium oxide concentrate) at the request of ACE.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

### **Likely developments and expected results of operations**

As described above the Four Mile Project sale has been completed and the Boards strategy for the immediate future is to explore the Company's existing projects in Chile and other acquisition opportunities in the resources sector.

### **Environmental regulation**

The environment protection matters pursuant to the proposed mining activities at the Four Mile Uranium Project are addressed in the Program for Environment Protection and Rehabilitation (PEPR) for ML6402, approved as PEPR No. PEPR2013/014 in accordance with Section 70B(5) of the Mining Act 1971 (SA) on 16 August 2013. The PEPR incorporates the requirements of both a PEPR under the Mining Act, including Radiation Management and Radioactive Waste Management Plans (RWMP) under the Radiation Protection and Control Act (RPC Act). The PEPR document also satisfies the relevant requirements currently established under the Commonwealth Environment Protection and Biodiversity Conservation Act (EPBC Act) for operational management plans.

The PEPR covers activities to be undertaken within the Four Mile Uranium Mine (Four Mile) Mining Lease (ML) 6402 in northern South Australia pursuant to a start-up plan and subsequent plans approved by the Management Committee of the Four Mile Project. This PEPR has been prepared by Heathgate Resources Pty Ltd in accordance with relevant guidelines issued by DMITRE and the EPA.

The Four Mile Uranium Mine Monitoring, Mine Closure and Community Engagement Plans as required under the Commonwealth Environment Protection and Biodiversity Conservation Act (EPBC Act) conditions were approved.

Exploration activities at the Company's other projects in New South Wales (now expired) and Chile are conducted in accordance with relevant guidelines appropriate to those jurisdictions.

### **Occupational Health & Safety**

The Company has in place policies to cover Induction of New Employees, Duty of Care, Safety, Environment, Return to Work, Harassment, Fitness for Work and Privacy, and to ensure Quality Assurance and Control of its operations.

The Company is committed to providing a safe working environment for employees, contractors and others who may be affected directly or indirectly by its activities, protection of the environment and respect for the indigenous cultures and communities in which it operates.



# Directors' Report

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## Information on directors

Name:	<b>John Stuart Ferguson Dunlop</b> (Appointed a Director on 30 November 1994 and Chairman on 9 September 1998)
Title:	Independent Non-Executive Chairman
Qualifications:	BE(Min), MEng Sc(Min), P Cert Arb., FAusIMM(CP), FIMMM, MAIME, MCIMM
Experience and expertise:	John Dunlop is a consultant mining engineer with almost 50 years surface and underground mining experience both in Australia and overseas spanning more than 30 countries. John is also a former director of the Australasian Institute of Mining & Metallurgy (AusIMM) (2001-2006) and former Chairman of the Mineral Industry Consultants Society (MICA).
Other current directorships:	John is also chairman of Alkane Resources Ltd (appointed 4 July 2006) and Tully Sugar Limited (appointed March 2013).
Former directorships (last 3 years):	Gippsland Ltd (appointed 1 July 2005 as non-executive, but took on executive responsibilities on a temporary basis until resignation on 12 July 2012) and Copper Strike Limited (non-executive Director from 9 November 2009 to 28 May 2014).
Special responsibilities:	John is a member of the Nominations, Remuneration and Audit & Risk Committees (appointed 5 August 2010).
Interests in shares:	6,715,938 (2014: 6,715,938)
Interests in options:	Nil (2014: Nil)
Name:	<b>Ian Jeffrey Gandel</b> (appointed on 15 October 2003)
Title:	Independent Non-Executive Director
Qualifications:	LLB, BEc, FCPA, FAICD
Experience and expertise:	Ian Gandel is a mining entrepreneur with extensive experience in retail and retail property management including Gandel Shopping Centres, Priceline Retail Chain and the Corporate Executive Offices serviced office chain. Ian is a former Director of Gandel Retail Trust. Ian has been an investor in the mining industry since 1994, is a substantial shareholder of a number of publicly listed Australian companies and is also involved in privately-funded exploration in his own right.
Other current directorships:	Ian is also a non-executive director of Alkane Resources Ltd (appointed on 24 July 2006) and Octagonal Resources Ltd (appointed on 10 November 2010).
Former directorships (last 3 years):	Gippsland Ltd (Non-executive Chairman from 24 June 2009 to 14 April 2015)
Special responsibilities:	Ian is a member of the Nominations, Remuneration and Audit & Risk Committees (appointed 5 August 2010).
Interests in shares:	103,852,450 (2014: 87,875,150)
Interests in options:	15,977,300 (2014: Nil)
Name:	<b>Anthony (Tony) Dean Lethlean</b> (Appointed on 15 October 2003)
Title:	Independent Non-Executive Director
Qualifications:	BAppSc(Geology)
Experience and expertise:	Tony Lethlean is a geologist with over 10 years mining experience specialising in underground operations, including Kalgoorlie's Golden Mile (WMC & KCGM) and Bellevue (Plutonic). For over 15 years he has been in banking and stock broking, including the global mining group at CIBC World Markets.
Other current directorships:	Tony is also a non-executive director of Alkane Resources Ltd (appointed 30 May 2002) and unlisted TIN International Ltd (appointed 12 September 2011).
Former directorships (last 3 years):	N/A
Special responsibilities:	Tony is the chairman of the Nominations, Remuneration and Audit & Risk Committees (appointed 5 August 2010).
Interests in shares:	1,950,001 (2014: 1,650,000)
Interests in options:	300,001 (2014: Nil)

# Directors' Report

Name:	<b>Stephen (Steve) Fredrick Johnston</b> (Appointed 19 October 2011)
Title:	Managing Director
Qualifications:	BAppSc(App. Geol.), MAusIMM, SEG
Experience and expertise:	Steve Johnston is a geologist with more than 30 years exploration and mining experience within Australia for commodities including gold, base metals and uranium. He has been employed by Alliance since 2003 in varying capacities including as General Manager and Chief Executive Officer. Prior to joining Alliance, Steve held executive roles with ASX listed Croesus Mining NL then Exco Resources NL between 1993 to 2001. Steve is a Corporate Member of the Australasian Institute of Mining and Metallurgy and a Member of the Society of Economic Geologists Inc.
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Special responsibilities:	N/A
Interests in shares:	5,647,113 (2014: 5,516,823)
Interests in options:	130,290 (2014: 1,000,000)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

## Company secretary

Robert Tolliday is a Chartered Accountant with over 27 years experience in business including accounting, audit, corporate finance, corporate recovery, treasury, HR, office management and company secretarial. Robert has worked for Gandel Metals Pty Ltd for the past 3 years providing CFO & Company Secretarial Services to a number of listed Mining entities under a management services agreement. Prior to this Robert worked for more than 10 years as the Company Secretary and General Manager Finance & Admin for the Professional Golfers Association of Australia Ltd (PGA), and before that Robert was a Senior Manager and spent over 13 years working for Chartered Accounting practices KPMG and Pitcher Partners in both Australia and the UK, participating in the corporate recovery and reconstruction, plus audit and accounting divisions, during which time Robert gained extensive experience in a wide and varied cross section of industry sectors and companies. Robert is also a director and the Company Secretary of Octagonal Resources Ltd (appointed on 17 January 2013 and 22 November 2012 respectively).

## Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board		Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr J Dunlop	7	8	1	1	2	3
Mr I Gandel	8	8	1	1	3	3
Mr T Lethlean	8	8	1	1	3	3
Mr S Johnston	8	8	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

## Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and senior management/executives (Key Management Personnel) remuneration arrangements for the consolidated entity and the company for the financial year ended 30 June 2015, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

## **Principles used to determine the nature and amount of remuneration**

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants, the Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration are separate.

## **Non-executive director remuneration**

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Remuneration Committee. The Remuneration Committee has also agreed in the past to the advice of independent remuneration consultants or remuneration publications to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors did not receive share options or other incentives during the reporting period.

ASX listing rules require that the aggregate non-executive director remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 16 November 2009, where the shareholders approved an aggregate remuneration of \$400,000.

## **Executive remuneration**

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remuneration.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional cost to the consolidated entity and adds additional value to the executive.

The short-term incentive ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') includes long service leave and share-based payments. These include an increase in shareholders value relative to the entire market and an increase when compared to the consolidated entity's direct competitors. The Remuneration Committee intends to revisit the long-term equity-linked performance incentives specifically for executives during the year ending 30 June 2016.

# Directors' Report

## Consolidated entity performance and link to remuneration

The company's remuneration policy seeks to reward staff members for their contribution to achieving significant milestones but there is no direct link between remuneration paid and growth in the company's share price or financial performance.

## Voting and comments made at the company's 2014 Annual General Meeting ('AGM')

The company received 41.41% of 'for' votes in relation to its remuneration report for the year ended 30 June 2014. The company did not receive any specific feedback at the AGM regarding its remuneration practices and considered the first strike to be a reflection of the state affairs of the company at the time and not remuneration related as apart from a CPI increase remuneration had not altered from the previous year. Accordingly, other than a review of remuneration in line with standard practice, the Directors do not propose any specific action in regard to its current remuneration.

## Details of remuneration

### Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of Alliance Resources Limited and the following persons:

- Mr R Tolliday (Chief Financial Officer & Company Secretary)
- Mr A Bowden (Exploration Manager)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Consulting Fees \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity settled \$	
<b>2015</b>							
<b>Non-Executive Directors:</b>							
Mr J Dunlop	121,900	-	-	11,580	-	-	133,480
Mr I Gandel	86,329	-	-	-	-	-	86,329
Mr T Lethlean	91,150	-	-	-	-	-	91,150
<b>Executive Directors:</b>							
Mr S Johnston	328,000	-	-	31,160	6,334	-	365,494
<b>Other Key Management Personnel:</b>							
Mr R Tolliday*	-	-	-	-	-	-	-
Mr A Bowden	176,525	-	-	14,934	4,413	-	195,872
	803,904	-	-	57,674	10,747	-	872,325

\* The Gandel Metals Trust employed Mr Tolliday. The Gandel Metals Trust is an entity associated with Mr I Gandel. Included in the fees paid in terms of The Gandel Metals management service agreement to The Gandel Metal Trust are professional fees of \$311,050 for accounting and company secretarial services including services provided by Mr Tolliday. All charges were on commercial terms.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Consulting Fees \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity settled \$	
<b>2014</b>							
<b>Non-Executive Directors:</b>							
Mr J Dunlop	118,993	-	-	11,007	-	-	130,000
Mr I Gandel	84,483	-	-	-	-	-	84,483
Mr T Lethlean	89,000	-	-	-	-	-	89,000
<b>Executive Directors:</b>							
Mr S Johnston	328,000	-	-	30,340	6,334	-	364,674
<b>Other Key Management Personnel:</b>							
Mr R Tolliday*	-	-	-	-	-	-	-
Mr A Bowden	240,930	-	-	18,817	5,533	-	265,280
	861,406	-	-	60,164	11,867	-	933,437

\* The Gandel Metals Trust employed Mr Tolliday. The Gandel Metals Trust is an entity associated with Mr I Gandel. Included in the fees paid in terms of The Gandel Metals management service agreement to The Gandel Metal Trust are professional fees of \$300,000 for accounting and company secretarial services including services provided by Mr Tolliday. All charges were on commercial terms.

# Directors' Report

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2015	2014	2015	2014	2015	2014
<b>Executive Directors:</b>						
Mr S Johnston	100%	100%	-%	-%	-%	-%

## Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Mr Steve Johnston  
 Title: Managing Director (Effective 19 October 2011)  
 Agreement commenced: 19 October 2011  
 Term of agreement: 2 Years  
 Details:
 

- Remuneration - \$328,000 (excluding Superannuation) this excludes - Benefits of Employment (including Options) and reimbursement of various expenses including parking, memberships & subscriptions and mobile phone charges (capped).
- Termination – The contract is capable of termination on standard employment terms, which include 3 months' notice if terminated by the Company (without cause) or by Mr Johnston. The Board retains the discretion to make a payment in lieu of notice based on base salary.
- Mr Johnston's employment agreement is in the process of being renegotiated and in the meantime continues on the existing terms and conditions.

Name: Mr A Bowden  
 Title: Exploration Manager  
 Agreement commenced: 1 June 2011  
 Details:
 

- Remuneration – Employment Cost is \$187,200 gross per annum (excluding superannuation), based on a 24 hour week. Any additional work completed will be charged at \$1,565.14 per day. The maximum annual salary is \$300,000 per annum (excluding superannuation). This excludes options granted and reimbursements for various expenses including parking, subscriptions and mobile phone costs.
- Termination – The contract is capable of termination on standard employment terms, which include 3 months' notice if terminated by the Company (without cause) or by Mr Bowden. The Board retains the discretion to make a payment in lieu of notice based on base salary.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

## Share-based compensation

### Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2015.

### Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
30/11/11*	31/05/12	30/04/15	\$0.50	\$0.266

\* 1,000,000 Unlisted Options were offered to Mr Johnston on 19 October 2011. The issue was approved at the Company's AGM on 10 November 2011 and granted on 30 November 2011. The terms of these Options were as follows:

\*\* 1,000,000 options with a \$0.50 exercise price vesting on the date being 6 months after the date of issue (subject to the continued employment of Mr Johnston at that date) and expired on 30 April 2015 and were not exercised.

Options granted carry no dividend or voting rights.

Executives, staff and approved specialist advisors/contractors who are involved with the business are all entitled to participate in the Employee Share Options Plan (ESOP). As at 30 June 2015 there were nil (2014: 1,000,000) unlisted options issued over ordinary shares of Alliance Resources Limited granted to the Managing Director and nil (2014: nil) unlisted options granted to Executives, Staff and contractors.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2015.

# Directors' Report

## Additional information

The earnings of the consolidated entity for the five years to 30 June 2015 are summarised below:

	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$
Sales revenue / Interest	1,954,560	1,655,460	1,193,352	807,407	221,425
EBITDA	(8,724,356)	(3,807,628)	(7,288,361)	(16,978,190)	(3,128,879)
EBIT	(8,644,090)	(3,807,928)	(7,276,233)	(16,971,430)	(3,125,566)
Share price at financial year end (cents)	19.00	20.00	10.00	16.00	8.20
Basic earnings per share (cents per share)	(1.66)	(1.12)	(2.14)	(4.98)	(0.86)

## Additional disclosures relating to key management personnel

### Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<b>Ordinary shares</b>					
Mr J Dunlop	6,715,938	-	-	-	6,715,938
Mr I Gandel	87,875,150	-	15,977,300	-	103,852,450
Mr T Lethlean	1,650,000	-	300,001	-	1,950,001
Mr S Johnston	5,516,823	-	130,290	-	5,647,113
	101,757,911	-	16,407,591	-	118,165,502

\* Mr A Bowden and Mr R Tolliday, Executives, currently hold no shares or options in the Company.

### Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	forfeited/ forfeited/other	Balance at the end of the year
<b>Options over ordinary shares</b>					
Mr I Gandel*	-	15,977,300	-	-	15,977,300
Mr T Lethlean*	-	300,001	-	-	300,001
Mr S Johnston	1,000,000	130,290	-	(1,000,000)	130,290
	1,000,000	16,407,591	-	(1,000,000)	16,407,591

**This concludes the remuneration report, which has been audited.**

### Shares under option

Unissued ordinary shares of Alliance Resources Limited held by key management personnel under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
27/01/15	30/09/15	\$0.15	16,407,591

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

### Shares issued on the exercise of options

There were no ordinary shares of Alliance Resources Limited issued on the exercise of options during the year ended 30 June 2015. However, since then and up to the date of this report 301,173 ordinary shares have been issued at \$0.15.

### Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Corporate Governance

In recognising the need for the highest standard of corporate behaviour and accountability, the Directors of Alliance support the principle of good corporate governance. As such, Alliance Resources Limited have adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The consolidated entity's Corporate Governance Statement for the financial year ending 30 June 2015 is dated as at 30 June 2015 and was approved by the Board on 25 September 2015. The Corporate Governance Statement is available on the Alliance website at <http://www.allianceresources.com.au/irm/content/corporate-governance.aspx?RID=320>

## Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

## Risk Management

The Company takes a proactive approach to risk management including monitoring actual performance against budgets and forecast and monitoring investment performance. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the consolidated entity's objectives and activities are aligned with the risks and opportunities identified by the Board.

## Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

## Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

## Officers of the company who are former partners of BDO East Coast Partnership

There are no officers of the company who are former partners of BDO East Coast Partnership.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

## Auditor

BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



**John Dunlop**  
Chairman

30 September 2015  
Melbourne

# Auditors' Independence Declaration

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Tel: +61 3 9603 1700  
Fax: +61 3 9602 3870  
www.bdo.com.au

Level 14, 140 William St  
Melbourne VIC 3000  
GPO Box 5099 Melbourne VIC 3001  
Australia

## DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF ALLIANCE RESOURCES LIMITED

As lead auditor of Alliance Resources Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Alliance Resources Limited and the entities it controlled during the period.

James Mooney  
Partner

**BDO East Coast Partnership**

Melbourne, 30 September 2015

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.



FINANCIAL  
REPORT  
2015

# Statement of profit or loss and other comprehensive income

## For the year ended 30 June 2015

	Notes	Consolidated 2015 \$	Consolidated 2014 \$
<b>Revenue</b>	5	221,425	807,407
<b>Expenses</b>			
Depreciation and amortisation expense	6	(3,313)	(6,760)
Impairment in value of available for sale investments		-	(847,561)
Share of net loss of associate & joint venture accounted for using the equity method	7	-	(4,155,334)
Tenement costs expensed		(1,102,947)	(794,334)
Occupancy expenses		(26,754)	(68,726)
Administration expenses		(1,297,943)	(2,276,520)
Legal expenses		(1,769,780)	(7,731,581)
Director fees'		(310,960)	(303,482)
Company secretarial		(105,049)	(102,785)
Marketing expenses		(11,207)	(25,331)
Deferred share rights and option	40	1,473,183	(1,473,183)
Four Mile Project - sale expenses		(192,221)	-
<b>Loss before income tax expense</b>		(3,125,566)	(16,978,190)
Income tax expense	8	-	-
<b>Loss after income tax expense for the year attributable to the owners of Alliance Resources Limited</b>	25	(3,125,566)	(16,978,190)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of available-for-sale financial assets, net of tax		-	309,909
Loss on the revaluation of available-for-sale financial assets, net of tax		(1,144,954)	-
Other comprehensive income for the year, net of tax		(1,144,954)	309,909
<b>Total comprehensive income for the year attributable to the owners of Alliance Resources Limited</b>		(4,270,520)	(16,668,281)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	38	(0.87)	(4.98)
Diluted earnings per share	38	(0.87)	(4.98)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

# Statement of financial position

As at 30 June 2015

	Notes	Consolidated 2015 \$	Consolidated 2014 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	926,595	16,672,697
Trade and other receivables	10	107,521	68,516
Other assets	11	52,951	124,096
		1,087,067	16,865,309
Non-current assets classified as held for sale	12	24,782,609	13,669,663
<b>Total current assets</b>		<b>25,869,676</b>	<b>30,534,972</b>
<b>Non-current assets</b>			
Other receivables	13	871,947	865,750
Available-for-sale financial assets	14	270,680	1,415,634
Property, plant and equipment	15	5,647	7,633
Exploration and evaluation	16	570,119	1,183,848
<b>Total non-current assets</b>		<b>1,718,393</b>	<b>3,472,865</b>
<b>Total assets</b>		<b>27,588,069</b>	<b>34,007,837</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	2,107,617	7,328,435
Employee benefits	18	42,396	70,482
Provisions	19	30,000	50,000
Other financial liabilities	20	-	1,473,183
		2,180,013	8,922,100
Liabilities directly associated with assets classified as held for sale	21	840,225	815,750
<b>Total current liabilities</b>		<b>3,020,238</b>	<b>9,737,850</b>
<b>Non-current liabilities</b>			
Employee benefits	22	96,197	85,450
<b>Total non-current liabilities</b>		<b>96,197</b>	<b>85,450</b>
<b>Total liabilities</b>		<b>3,116,435</b>	<b>9,823,300</b>
<b>Net assets</b>		<b>24,471,634</b>	<b>24,184,537</b>
<b>Equity</b>			
Contributed equity	23	103,475,639	98,918,022
Reserves	24	(781,145)	363,809
Accumulated losses	25	(78,222,860)	(75,097,294)
<b>Total equity</b>		<b>24,471,634</b>	<b>24,184,537</b>

The above statement of financial position should be read in conjunction with the accompanying notes

# Statement of changes in equity

For the year ended 30 June 2015

<b>Consolidated</b>	<b>Contributed Equity \$</b>	<b>Accumulated Losses \$</b>	<b>Reserves equity \$</b>	<b>Total</b>
Balance at 1 July 2013	98,918,022	(58,119,104)	53,900	40,852,818
Loss after income tax expense for the year	-	(16,978,190)	-	(16,978,190)
Other comprehensive income for the year, net of tax	-	-	309,909	309,909
Total comprehensive income for the year	-	(16,978,190)	309,909	(16,668,281)
Balance at 30 June 2014	98,918,022	(75,097,294)	363,809	24,184,537
Balance at 1 July 2014	98,918,022	(75,097,294)	363,809	24,184,537
Loss after income tax expense for the year	-	(3,125,566)	-	(3,125,566)
Other comprehensive income for the year, net of tax	-	-	(1,144,954)	(1,144,954)
Total comprehensive income for the year	-	(3,125,566)	(1,144,954)	(4,270,520)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 23)	4,557,617	-	-	4,557,617
Balance at 30 June 2015	103,475,639	(78,222,860)	(781,145)	24,471,634

The above statement of changes in equity should be read in conjunction with the accompanying notes

# Statement of cash flows

For the year ended 30 June 2015

	Notes	Consolidated 2015 \$	Consolidated 2014 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (inclusive of GST)		(9,236,397)	(3,725,811)
Interest received		199,477	807,407
Net cash used in operating activities	37	(9,036,920)	(2,918,404)
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation	16	(485,811)	(699,390)
Contributions to Joint Venture Development		(10,786,513)	(4,252,738)
Payment for Performance Bond		(24,475)	(815,750)
Refund of Performance Bond		30,000	-
Net cash used in investing activities		(11,266,799)	(5,767,878)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	23	4,771,529	-
Share issue transaction costs	23	(213,912)	-
Net cash from financing activities		4,557,617	-
Net decrease in cash and cash equivalents		(15,746,102)	(8,686,282)
Cash and cash equivalents at the beginning of the financial year		16,672,697	25,358,979
Cash and cash equivalents at the end of the financial year	9	926,595	16,672,697

The above statement of cash flows should be read in conjunction with the accompanying notes

# Notes to the financial statements

30 June 2015

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## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### *AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*

The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right to set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

#### *AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*

The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

#### *AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)*

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operation decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

### **Going Concern**

The consolidated entity has incurred a loss after tax for the year ended 30 June 2015 of \$3,125,566, had net cash outflows from operating activities of \$9,036,920 and had net cash outflows from investing activities of \$11,266,799. At 30 June 2015 the consolidated entity had cash and cash equivalents of \$926,595. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in Note 41 events after the reporting period, the consolidated entity sold its interest in the Four Mile uranium project for a total consideration of \$73,975,000. The consideration was received on 18 September 2015 and at the date of this report the consolidated entity has cash and cash equivalents of approximately \$73.78 million.

### **Accounting for the Four Mile Joint Venture**

The company's interest in the Four Mile Joint Venture had been equity accounted in accordance with Accounting Standard AASB 128 Investments in Associates to 30 June 2014. Due to the commencement of the sale, the company's interest has been reclassified as a Non-current Asset Held for Sale as per Accounting Standard AASB 5 as disclosed in note 12 to the financial statements. In preparing previous equity accounting entries for the Four Mile Joint Venture in the consolidated financial statements of Alliance Resources Limited, the company relied upon financial statements prepared by the manager of the Joint Venture, Quasar Resources Pty Ltd. The financial statements were audited by PricewaterhouseCoopers who issued an unqualified audit opinion. In addition to the legal matters actioned by a subsidiary of Alliance Resources Limited, Alliance Craton Explorer Pty Ltd against Quasar Resources Pty Ltd there are also matters that are in dispute between the Joint Venture parties regarding the Joint Venture including management fees that have been charged to the Joint Venture by Heathgate Resources Pty Ltd and cash calls advanced by Alliance Craton Explorer Pty Ltd which Alliance Craton Explorer Pty Ltd believes may have been used for non-Joint Venture expenses. In preparing the consolidated financial statements of Alliance Resources Limited these matters have not been adjusted for in the financial statements.

# Notes to the financial statements

30 June 2015

## **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

## **Historical cost convention**

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets.

## **Critical accounting estimates**

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

## **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 34.

## **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Alliance Resources Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Alliance Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

## **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

## **Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of the amount of goods and services tax (GST).

## **Sale of goods**

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

## **Interest**

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

## **Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

# Notes to the financial statements

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## Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

## Tax Consolidation

Alliance Resources Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

## Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

## Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

## Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.



# Notes to the financial statements

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An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

## **Joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

## **Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

## **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

## **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

## **Impairment of financial assets**

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

## **Property, plant and equipment**

All classes of property, plant and equipment are stated at cost less accumulated depreciation and any impairment write-downs. Depreciation is calculated on a reducing balance basis to write off the net cost of each item of property, plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets.

Major depreciation rates are:

Plant and equipment                    13% - 40%

Where items of plant and equipment have separately identifiable components, which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

# Notes to the financial statements

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## **Exploration and evaluation assets**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

## **Development expenditure**

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine.

## **Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

## **Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

## **Provisions**

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

## **Provision for restoration and rehabilitation**

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration, development, production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

## **Employee benefits**

### ***Short-term employee benefits***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

### ***Other long-term employee benefits***

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### ***Defined contribution superannuation expense***

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### ***Share-based payments***

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

# Notes to the financial statements

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The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

## Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

# Notes to the financial statements

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Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

## **Earnings per share**

### ***Basic earnings per share***

Basic earnings per share is calculated by dividing the profit attributable to the owners of Alliance Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

### ***Diluted earnings per share***

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

## **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

### ***AASB 9 Financial Instruments***

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

## **NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### ***Share-based payment transactions***

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### ***Fair value measurement hierarchy***

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

### ***Estimation of useful lives of assets***

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### ***Impairment of non-financial assets other than goodwill and other indefinite life intangible assets***

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### ***Income tax***

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

### ***Employee benefits provision***

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### ***Environmental provision***

A provision has been made for the present value of anticipated costs of the remediation work that will be required to comply with environmental and legal obligations. The provision is estimated based on currently available facts, technology expected to be available at the time of the clean up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of contaminated sites.

# Notes to the financial statements

30 June 2015

## NOTE 3. RESTATEMENT OF COMPARATIVES

### Reclassification

On 30 June 2014 the company's interest in the Four Mile Joint Venture had been reclassified from an investment accounted for using the equity method to a non-current asset classified as held for sale. In addition to the interest held in the joint venture, the company also recognised capitalised expenditure associated with Four Mile Project within Exploration and evaluation assets, the total of which was \$846,885 at 30 June 2014. The financial statements for the 30 June 2014 should also have included a reclassification of these capitalised costs to non-current assets classified as held for sale. The incorrect classification has been corrected by restating the 30 June 2014 financial statement line items as follows:

### Increase/(decrease):

	<b>Consolidated 2014 \$</b>
Non current assets classified as held for sale	846,885
Exploration and evaluation asset	(846,885)
Net Impact on Equity	-

The reclassification has not had any impact on the reported total assets, profit or loss, other comprehensive income or the cash flows for the period.

## NOTE 4. OPERATING SEGMENTS

### Identification of reportable operating segments

Alliance Resources operates in the mineral exploration and mining industry in Australia and Chile. The group has adopted AASB 8 Operating Segments whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the board of directors. At regular intervals the board is provided with management information at a group level for the group's cash position, the carrying values of exploration permits and a group cash forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

## NOTE 5. REVENUE

	<b>Consolidated 2015 \$</b>	<b>Consolidated 2014 \$</b>
Interest	200,454	807,407
Other revenue	20,971	-
Revenue	221,425	807,407

## NOTE 6. EXPENSES

Loss before income tax includes the following specific expenses:

### Depreciation

Plant and equipment	3,313	6,760
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### Superannuation expense

Defined contribution superannuation expense	46,094	49,157
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### Employee benefits expense excluding superannuation

Employee benefits expense excluding superannuation	511,330	598,536
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## NOTE 7. SHARE OF LOSS OF ASSOCIATE AND JOINT VENTURE ACCOUNTED FOR USING THE EQUITY METHOD

Share of loss - associates	-	(10,906)
Share of loss - joint ventures	-	(4,144,428)
Share of Loss of associate and joint venture using the equity method	-	(4,155,334)

# Notes to the financial statements

30 June 2015

## NOTE 8. INCOME TAX EXPENSE

The components of income tax expense / (benefit) comprise:

<b>Current income tax:</b>	<b>Consolidated 2015 \$</b>	<b>Consolidated 2014 \$</b>
Current income tax charge / (benefit)	(4,159,097)	(3,589,279)
Adjustments in respect of previous years	(701,165)	(1,284,420)
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	2,878,019	(1,058,952)
Deferred tax assets not brought to account	1,982,193	5,932,651
Income tax expense / (benefit)	-	-
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(3,125,566)	(16,978,190)
Tax at the statutory tax rate of 30%	(937,670)	(5,093,457)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share of net loss of Joint Venture and Associate accounted for using the equity method	-	3,272
Deferred share rights and option	(343,358)	441,955
	(1,281,028)	(4,648,230)
Adjustments in respect of prior years	(701,165)	(1,284,420)
Deferred tax assets not brought to account	1,982,193	5,932,651
Income tax expense	-	-
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	88,572,138	72,371,429
Potential tax benefit @ 30%	26,571,641	21,711,429
The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.		
<i>Deferred tax assets and liabilities not recognised</i>		
Deferred tax liabilities comprises:		
Prepayments	(5,179)	(3,146)
Exploration and evaluation	(3,195,051)	(254,066)
Accrued income	(387)	
Total deferred tax liabilities	(3,200,617)	(257,211)
Deferred tax assets comprises:		
Investments	1,878,934	1,066,931
Provisions and accruals	51,583	647,018
Equity raising costs	-	17,966
Tax losses	26,571,641	21,711,429
Total deferred tax assets	28,502,158	23,443,344

The above net potential tax benefit has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

# Notes to the financial statements

30 June 2015

## NOTE 9. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated 2015 \$	Consolidated 2014 \$
Cash on hand	5	4
Cash at bank	851,590	16,587,693
Cash on deposit	75,000	85,000
	926,595	16,672,697

## NOTE 10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Trade receivables	1,800	-
Accrued revenue	1,289	-
GST receivable	104,432	68,516
	107,521	68,516

## NOTE 11. CURRENT ASSETS - OTHER ASSETS

Prepayments	52,951	124,096
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## NOTE 12. CURRENT ASSETS - NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Asset held for sale - Four Mile Project	24,782,609	13,669,663
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## NOTE 13. NON-CURRENT ASSETS - OTHER RECEIVABLES

Loan - AGS NSW	1,658	-
Term Deposits*	870,289	865,750
	871,947	865,750

\* Held as performance bonds

## NOTE 14. NON-CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS

Ordinary shares	6,533,786	6,533,786
Revaluation of investments to fair value	(6,263,106)	(5,118,152)
	270,680	1,415,634

### Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	1,415,634	5,726
Additions - Investment in ORS	-	1,408,000
Revaluation of assets	(1,144,954)	1,908
Closing fair value	270,680	1,415,634

Refer to note 28 for further information on fair value measurement.

Note: The Ordinary shares are listed equity securities in Intec Limited (ASX Code: INL) and Octagonal Resources Limited (ASX Code: ORS). The INL shares were acquired on sale of investment in Encore Pty Ltd on 23 October 2006. The ORS shares were obtained on the listing of ORS in January 2011 at which time Alliance provided to ORS its gold operations assets in and around Maldon, Victoria. Shares in INL and ORS are valued by reference to the quoted market price at the close of business on balance date. The Shares are classified as available for sale financial assets.



# Notes to the financial statements

30 June 2015

## NOTE 15. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2015 \$	Consolidated 2014 \$
Plant and equipment - at cost	70,575	69,248
Less: Accumulated depreciation	(64,928)	(61,615)
	5,647	7,633

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant & Equipment \$	Total
Balance at 1 July 2013	14,393	14,393
Depreciation expense	(6,760)	(6,760)
Balance at 30 June 2014	7,633	7,633
Additions	1,327	1,327
Depreciation expense	(3,313)	(3,313)
Balance at 30 June 2015	5,647	5,647

## NOTE 16. NON-CURRENT ASSETS - EXPLORATION AND EVALUATION

	Consolidated 2015 \$	Consolidated 2014 \$
Exploration and evaluation costs carried forward - Chile	570,119	1,183,848

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration \$	Total \$
Balance at 1 July 2013	2,136,579	2,136,579
Expenditure during the year	699,390	699,390
Write off of assets	(805,236)	(805,236)
Reclassification to Assets Held for Sale	(846,885)	(846,885)
Balance at 30 June 2014	1,183,848	1,183,848
Expenditure during the year	485,811	485,811
Write off of assets	(1,099,540)	(1,099,540)
Balance at 30 June 2015	570,119	570,119

### Notes:

- (1) The recoverability of the carry forward amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.
- (2) At 30 June 2015 an intercompany loan owed by Chile to the Parent entity is reflected at approximately \$2.2M. With ongoing exploration occurring in Chile it is considered that the full value of this intercompany loan may be recovered and accordingly, the Parent has not impaired this receivable/loan.

## NOTE 17. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated 2015 \$	Consolidated 2014 \$
Trade payables	41,596	53,176
Accrued expenses	2,047,552	7,249,697
PAYG payable	18,469	25,562
	2,107,617	7,328,435

Refer to note 27 for further information on financial instruments.

# Notes to the financial statements

30 June 2015

	Consolidated 2015 \$	Consolidated 2014 \$
<b>NOTE 18. CURRENT LIABILITIES - EMPLOYEE BENEFITS</b>		
Annual leave entitlement	42,396	70,482

## NOTE 19. CURRENT LIABILITIES - PROVISIONS

For Environmental/ Rehabilitation	30,000	50,000
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### Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2015	Environmental (Rehabilitation) \$
Carrying amount at the start of the year	50,000
Reversal of prior year bond	(20,000)
Carrying amount at the end of the year	30,000

## NOTE 20. CURRENT LIABILITIES - OTHER FINANCIAL LIABILITIES

	Consolidated 2015 \$	Consolidated 2014 \$
Other financial liability	-	1,473,183

Refer to note 40 for further information on deferred share rights and option expense through profit or loss.

## NOTE 21. CURRENT LIABILITIES - LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

Environmental provision	840,225	815,750
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## NOTE 22. NON-CURRENT LIABILITIES - EMPLOYEE BENEFITS

Long service leave entitlement	96,197	85,450
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## NOTE 23. EQUITY - CONTRIBUTED EQUITY

	2015 Shares	2014 Shares	Consolidated 2015 \$	2014 \$
Ordinary shares - fully paid	400,816,419	341,172,309	103,475,639	98,918,022

### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2013	341,172,309		98,918,022
Balance	30 June 2014	341,172,309		98,918,022
Non-Renounceable Rights Issue at \$0.08 per share less costs	27 January 2015	31,416,910	\$0.08	2,299,441
Non-Renounceable Rights Issue at \$0.08 per share less costs	30 January 2015	625,000	\$0.08	50,000
Non-Renounceable Rights Issue at \$0.08 per share less costs	4 March 2015	27,602,200	\$0.08	2,208,176
Balance	30 June 2015	400,816,419		103,475,639

# Notes to the financial statements

30 June 2015

## Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

## Share buy-back

There is no current on-market share buy-back.

## Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is actively pursuing additional investments in the short term to supplement its existing businesses in order to maximise synergies.

The consolidated entity is not subject to any financing arrangement covenants.

The capital risk management policy remains unchanged from the 30 June 2014 Annual Report.

## NOTE 24. EQUITY - RESERVES

	Consolidated 2015 \$	Consolidated 2014 \$
Available-for-sale reserve	(835,045)	309,909
Share-based payments reserve	53,900	53,900
	(781,145)	363,809

### Available-for-sale reserve

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

### Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share option reserve* \$	Available for Sale reserve** \$	Total \$
Balance at 1 July 2013	53,900	-	53,900
Revaluation - gross	-	309,909	309,909
Balance at 30 June 2014	53,900	309,909	363,809
Revaluation - gross	-	(1,144,954)	(1,144,954)
Balance at 30 June 2015	53,900	(835,045)	(781,145)

\* The share based payments reserve is used to recognise the fair value of options issued to directors and employees.

\*\* The available for sale reserve is used to recognise the fair value of the investment in Intec Limited and Octagonal Resources Limited.

# Notes to the financial statements

30 June 2015

## NOTE 25. EQUITY - ACCUMULATED LOSSES

	Consolidated 2015 \$	Consolidated 2014 \$
Accumulated losses at the beginning of the financial year	(75,097,294)	(58,119,104)
Loss after income tax expense for the year	(3,125,566)	(16,978,190)
Accumulated losses at the end of the financial year	(78,222,860)	(75,097,294)

## NOTE 26. EQUITY - DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

## NOTE 27. FINANCIAL INSTRUMENTS

### Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

### Market risk

#### Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the Company's functional currency. The Company operates in Australia and Chile and at present has minimal foreign exchange exposure. The Company will potentially have greater exposure in the future as most commodities the Company explores for are traded in US Dollars.

#### Interest rate risk

Interest rate risk is the risk that the Company's financial position will be adversely affected by movements in interest rates. Interest rate risk on short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

At 30 June 2015 Alliance had the following cash instruments exposed to interest rate risk - Cash and cash equivalents totalling \$926,592 (2014: \$16,672,697) and receivables \$870,289 (2014: \$865,750).

The sensitivity of the fair value of financial instruments held at balance date, following a movement in interest rates, with all other variables held constant. A 1% interest rate change sensitivity is based on reasonably possible changes over a financial year. The post tax gain or loss and effect on equity assuming a 1% interest rate change is \$17,969 (2014: \$175,385)

As at the reporting date, the consolidated entity had the following variable rate items outstanding:

Consolidated	2015		2014	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance
Cash and cash equivalents	2.97%	926,595	3.47%	16,672,697
Term Deposits - non-current	3.09%	870,289	3.73%	865,750
Net exposure to cash flow interest rate risk		1,796,884		17,538,447

### Price risk

The Group is exposed to equity securities price risk. This arises from available for sale investments. The listed investments are traded on the ASX.

The following table sets out the carrying amount of the consolidated entity's equity securities price risk. Also included is the effect on profit and equity after tax if these prices at that date had been 25% higher or lower with all other variables held constant as a sensitivity analysis.

Given the current volatility in both Australian and international stock markets a sensitivity of 25% has been selected and is considered reasonable.

# Notes to the financial statements

30 June 2015

<b>Consolidated - 2015</b>	<b>Impact of Basis points increase</b>			<b>Impact of Basis points decrease</b>		
	<b>Basis points change -%</b>	<b>Effect on profit after tax</b>	<b>Effect on equity</b>	<b>Basis points change - %</b>	<b>Effect on profit after tax</b>	<b>Effect on equity</b>
Available for sale financial assets - ORS	25	66,000	66,000	(25)	(66,000)	(66,000)
Available for sale financial assets - INL	25	1,670	1,670	(25)	(1,670)	(1,670)
		67,670	67,670		(67,670)	(67,670)

<b>Consolidated - 2014</b>	<b>Impact of Basis points increase</b>			<b>Impact of Basis points decrease</b>		
	<b>Basis points change -%</b>	<b>Effect on profit after tax</b>	<b>Effect on equity</b>	<b>Basis points change - %</b>	<b>Effect on profit after tax</b>	<b>Effect on equity</b>
Available for sale financial assets - ORS	25	352,000	352,000	(25)	(352,000)	(352,000)
Available for sale financial assets - INL	25	1,909	1,909	(25)	(1,909)	(1,909)
		353,909	353,909		(353,909)	(353,909)

## **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

## **Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

## **Financing arrangements**

No Financing facilities are currently in place.

## **Hedging**

No hedging is currently in place.

## **Remaining contractual maturities**

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

# Notes to the financial statements

30 June 2015

<b>Consolidated - 2015</b>	<b>Weighted average interest rate</b>	<b>1 year or less</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Remaining contractual maturities</b>
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-%	41,596	-	-	-	41,596
Accrued expenses	-%	2,047,552	-	-	-	2,047,552
PAYG Payable	-%	18,469	-	-	-	18,469
<b>Total non-derivatives</b>		<b>2,107,617</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,107,617</b>

<b>Consolidated - 2014</b>	<b>Weighted average interest rate</b>	<b>1 year or less</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Remaining contractual maturities</b>
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-%	53,176	-	-	-	53,176
Accrued expenses	-%	7,249,697	-	-	-	7,249,697
PAYG Payable	-%	25,562	-	-	-	25,562
<b>Total non-derivatives</b>		<b>7,328,435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,328,435</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

## Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

## NOTE 28. FAIR VALUE MEASUREMENT

### Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

<b>Consolidated - 2015</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
<i>Assets</i>				
Ordinary shares available-for-sale	270,680	-	-	270,680
<b>Total assets</b>	<b>270,680</b>	<b>-</b>	<b>-</b>	<b>270,680</b>

<b>Consolidated - 2014</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
<i>Assets</i>				
Ordinary shares available-for-sale	1,415,634	-	-	1,415,634
<b>Total assets</b>	<b>1,415,634</b>	<b>-</b>	<b>-</b>	<b>1,415,634</b>

<i>Liabilities</i>				
Other financial liabilities	-	1,473,183	-	1,473,183
<b>Total liabilities</b>	<b>-</b>	<b>1,473,183</b>	<b>-</b>	<b>1,473,183</b>

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

# Notes to the financial statements

30 June 2015

## NOTE 29. KEY MANAGEMENT PERSONNEL DISCLOSURES

### Directors

The following persons were directors of Alliance Resources Limited during the financial year:

Chairman - Non-executive

Mr J Dunlop

Executive Director

Mr S Johnston

Non-executive Directors

Mr I Gandel

Mr T Lethlean

### Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Name	Position
Mr S Johnston	Managing Director
Mr R Tolliday	Chief Financial Officer & Company Secretary
Mr A Bowden	Exploration Manager

### Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2015 \$	Consolidated 2014 \$
Short-term employee benefits	803,904	861,406
Post-employment benefits	57,674	60,164
Long - term benefit	10,747	11,867
	872,325	933,437

## NOTE 30. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the company:

### Audit services - BDO East Coast Partnership

Audit or review of the financial statements	71,425	82,185
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### Other services - BDO East Coast Partnership

Other services - taxation compliance	13,600	24,425
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	85,025	106,610
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## NOTE 31. CONTINGENT LIABILITIES

### Rehabilitation bonds

The consolidated entity has given cash backed bank guarantees as at 30 June 2015 of \$870,225 (2014: \$865,750) with \$30,000 to the NSW Department of Primary Industries and \$840,225 to the SA Department of State Development regarding tenement rehabilitation bonds - refer note 19 and note 21.

### Alliance Resources Limited - Legal Proceedings

On 12 November 2014, ACE, concerned at the lack of sales revenue in the 2014 and 2015 programs and budgets, terminated Quasar's appointment as sales and marketing agent of ACE's share of product mined at the Four Mile Uranium Project. ACE also instituted proceedings in the Supreme Court of South Australia seeking a declaration that the termination is valid, orders that ACE's share of product be delivered up to ACE and damages (being the 2014 Proceeding). In accordance with the Sale and Purchase Agreement, on 14 July 2015, ACE and Quasar jointly applied for a stay of the 2014 Proceeding and the Supreme Court granted the stay on 16 July 2015.

On completion of the sale, ACE discontinued the proceedings.

# Notes to the financial statements

30 June 2015

## NOTE 32. COMMITMENTS

	Consolidated 2015 \$	Consolidated 2014 \$
<i>Exploration commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	50,000	205,000
One to five years	2,425,000	3,230,000
	2,475,000	3,435,000
<i>Development commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	5,083,755
One to five years	-	20,000,000
	-	25,083,755

Exploration Commitments - The consolidated entity must meet tenement expenditure commitments to maintain them until they expire, are otherwise disposed of, or are renegotiated. Exploration licenses have been granted for between 1 and 2 years for all States that the Company operates in.

## NOTE 33. RELATED PARTY TRANSACTIONS

### *Parent entity*

Alliance Resources Limited is the parent entity.

### *Subsidiaries*

Interests in subsidiaries are set out in note 35.

### *Joint ventures*

Interests in joint ventures are set out in note 36.

### *Key management personnel*

Disclosures relating to key management personnel are set out in note 29 and the remuneration report in the directors' report.

## NOTE 34. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

### *Statement of profit or loss and other comprehensive income*

	Parent 2015 \$	Parent 2014 \$
Loss after income tax	(1,235,507)	(11,862,591)
Total comprehensive income	(1,235,507)	(11,862,591)
<i>Statement of financial position</i>		
Total current assets	1,057,092	16,699,027
Total assets	39,141,056	42,427,798
Total current liabilities	1,022,825	7,580,902
Total liabilities	1,119,023	7,666,352
Equity		
Contributed equity	103,475,639	98,918,022
Available-for-sale reserve	(835,045)	309,909
Share-based payments reserve	53,900	53,900
Accumulated losses	(64,672,461)	(64,520,385)
Total equity	38,022,033	34,761,446



# Notes to the financial statements

30 June 2015

## Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2015 (2014: Nil).

## Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2015 (2014: Nil).

## Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2015 (2014: Nil).

## Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.
- At 30 June 2015 an intercompany loan owed by Alliance (Chile) Pty Ltd to the Parent is reflected at approximately \$2.2M. With ongoing exploration occurring in Chile it is considered that the full value of this intercompany loan may be recovered and accordingly, the Parent has not impaired this receivable/loan.
- At 30 June 2015 an intercompany loan owed by Alliance Craton Explorer Pty Ltd to the Parent is reflected at approximately \$37.3M. Post year end and following completion of the Four Mile Project sale this loan was fully repaid.

## NOTE 35. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2015 %	2014 %
Alliance (NSW) Pty Ltd	Australia	100.00%	100.00%
Alliance (SA) Pty Ltd	Australia	100.00%	100.00%
Alliance Craton Explorer Pty Ltd	Australia	100.00%	100.00%
Alliance (Chile) Pty Ltd	Australia	100.00%	100.00%

## NOTE 36. INTERESTS IN JOINT VENTURES

Name	Principal place of business / Country of incorporation	Ownership interest	
		2015 %	2014 %
Four Mile Project	Development of the Four Mile Uranium Project	19.52%	25.00%

The consolidated entity has a 19.52% interest in the Four Mile Uranium Project (FM Project) in South Australia. The FM Project partner is Quasar Resources Pty Ltd, an affiliate of Heathgate Resources Pty Ltd. The consolidated entity had a free carried interest until a decision to mine was made by Quasar in September 2008 (in respect of the Mine Development Area (MDA)) and came into effect on 22 October 2008. The consolidated entity is free carried outside the MDA. The consolidated entity received its first cash call in respect of the cost of development of uranium mining at Four Mile East in December 2008.

### Summarised financial information

	2014 \$
<i>Summarised statement of financial position</i>	
Assets	14,683,533
Total assets	14,683,533
Liabilities	2,641,069
Total liabilities	2,641,069
Net assets	12,042,464

### Summarised statement of profit or loss and other comprehensive income

Loss	(4,144,428)
Loss before income tax	(4,144,428)
Other comprehensive income	-
Total comprehensive income	(4,144,428)

The difference between the carrying amount of the FMJV (refer note 12) and the net assets of the FMJV is due to the differences in accounting for cash calls between the Joint Venture and Alliance Resources.

# Notes to the financial statements

30 June 2015

## Accounting for the Four Mile Joint Venture

The company's interest in the Four Mile Joint Venture has been equity accounted up to 30 June 2014 in accordance with Accounting Standard AASB 128 Investments in Associates and Joint Ventures, as disclosed in note 36 to the financial statements. On 30 June 2014 this interest was reclassified as a non current asset held for sale as disclosed in note 12.

In preparing the equity accounting entries for the Four Mile Joint Venture in the consolidated financial statements of Alliance Resources Limited up until 30 June 2014, the company relied upon financial statements prepared by the manager of the Joint Venture, Quasar Resources Pty Ltd. The financial statements have been audited by PricewaterhouseCoopers who issued an unqualified audit opinion. In addition to the legal matters, now settled or the subject of a stay of discontinuance, by a subsidiary of Alliance Resources Limited, Alliance Craton Explorer Pty Ltd against Quasar Resources Pty Ltd and its related entity Heathgate Resources Pty Ltd, the details of which are disclosed in the directors' report, there are also matters that are in dispute between the Joint Venture parties regarding the Joint Venture including management fees that have been charged to the Joint Venture by Heathgate Resources Pty Ltd and cash calls advanced by Alliance Craton Explorer Pty Ltd that may have been used for non-Joint Venture expenses.

In preparing the consolidated financial statements of Alliance Resources Limited these matters have not been adjusted for in the financial statements.

## NOTE 37. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	<b>Consolidated 2015 \$</b>	<b>Consolidated 2014 \$</b>
Loss after income tax expense for the year	(3,125,566)	(16,978,190)
Adjustments for:		
Depreciation and amortisation	3,313	6,760
Share of loss - associates	-	10,926
Share of loss - joint ventures	-	4,144,428
Impairment of investments	(954)	-
Impairment of associate	-	836,654
Write off of exploration and evaluation	748,147	805,236
Deferred share rights and option	(1,473,183)	1,473,183
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(39,005)	91,240
Decrease/(increase) in prepayments	71,146	(76,172)
Decrease in trade and other payables	(18,673)	(67,278)
(Decrease)/increase in accruals	(5,202,145)	6,834,809
Net cash used in operating activities	(9,036,920)	(2,918,404)

## NOTE 38. EARNINGS PER SHARE

Loss after income tax attributable to the owners of Alliance Resources Limited	(3,125,566)	(16,978,190)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	359,941,890	341,172,309
Weighted average number of ordinary shares used in calculating diluted earnings per share	359,941,890	341,172,309
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.87)	(4.98)
Diluted earnings per share	(0.87)	(4.98)

# Notes to the financial statements

30 June 2015

## NOTE 39. SHARE-BASED PAYMENTS

An Employee Share Option Plan (ESOP) has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Remuneration Committees, grant options over ordinary shares in the parent entity to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Remuneration Committees.

Set out below are summaries of options granted under the plan:

### 2015

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
01/01/2010	30/04/2015	\$0.50	1,000,000	-	-	(1,000,000)	-
			1,000,000	-	-	(1,000,000)	-

### 2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
01/01/2010	30/04/2014	\$0.30	1,000,000	-	-	(1,000,000)	-
01/01/2010	30/04/2015	\$0.50	1,000,000	-	-	-	1,000,000
			2,000,000	-	-	(1,000,000)	1,000,000

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2015 Number	2014 Number
30/11/2011	30/04/2015	-	1,000,000
		-	1,000,000

## NOTE 40. OTHER CURRENT FINANCIAL LIABILITY - ITOCHU - DEFERRED SHARE RIGHTS AND OPTIONS

	Consolidated 2015 \$	Consolidated 2014 \$
<b>Financial liabilities at fair value through profit or loss</b>		
Deferred Share Rights - re 14.9% of AGS	(1,144,527)	1,144,527
Option - re 25.1% of Alliance Craton Explorer	(328,656)	328,656
<b>Total</b>	<b>(1,473,183)</b>	<b>1,473,183</b>

As announced on 29 December 2014, ITOCHU Corporation did not exercise its Deferred Share Rights and Options and accordingly, the Deferred Share Rights and Options financial liability has been reversed as at 31 December 2014 (being the expiry date of the rights and options).

## NOTE 41. EVENTS AFTER THE REPORTING PERIOD

On 13 July 2015, Alliance announced that it had accepted a revised offer from Quasar to purchase all of ACE's interest in the Project, including ACE's share of uranium oxide concentrates already mined, for a total consideration of \$73.975 million (Sale). The Sale was subject to shareholder approval, the consent of the SA Minister to the transfer of ACE's interest in the tenements and the Commonwealth Treasurer having no objection to the acquisition of ACE's interest in the Project by Quasar. The Board of Alliance unanimously considered the Transaction to be in the best interests of Alliance's shareholders and recommended that shareholders approve the Transaction.

A General Meeting of Alliance shareholders was held at the offices of HWL Ebsworth, Level 26, 530 Collins Street, Melbourne on Friday, 11 September 2015 at 3.00pm (AEST). Two resolutions, (1) Approval of the disposal of the main undertaking and (2) Return of Capital (\$0.12 for each share held on the Record Date), were approved by shareholders.

The Sale was completed on Friday, 18 September, 2015.

On completion of the Sale, ACE discontinued the Proceedings.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

# Directors' Declaration

30 June 2015

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In the directors' opinion:

the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



**John Dunlop**  
*Chairman*

30 September 2015  
Melbourne



Tel: +61 3 9603 1700  
Fax: +61 3 9602 3870  
www.bdo.com.au

Level 14, 140 William St  
Melbourne VIC 3000  
GPO Box 5099 Melbourne VIC 3001  
Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of Alliance Resources Limited

### Report on the Financial Report

We have audited the accompanying financial report of Alliance Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

# Independent audit report

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## Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Alliance Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## Opinion

In our opinion:

- (a) the financial report of Alliance Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Alliance Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

## BDO East Coast Partnership

**James Mooney**  
Partner

Melbourne, 30 September 2015

# Shareholder information

30 June 2015

The shareholder information set out below was applicable as at 16 September 2015.

## Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	1,137
1,001 to 5,000	1,753
5,001 to 10,000	828
10,001 to 100,000	1,582
100,001 and over	361
	5,661
Holding less than a marketable parcel	2,383

## Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number held	Ordinary shares shares issued % of total
ABBOTSLEIGH PROPRIETARY LIMITED	103,852,450	25.91
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,664,761	3.66
HOME IDEAS SHOW PTY LTD (UB PROMOTIONS SPF A/C)	8,781,364	2.19
CITICORP NOMINEES PTY LIMITED	8,382,249	2.09
LEMPIP NOMINEES PTY LTD (LEMPIP SUPER FUND A/C)	7,950,000	1.98
NEFCO NOMINEES PTY LTD	7,752,000	1.93
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	6,573,900	1.64
INVIA CUSTODIAN PTY LIMITED (JOHN S DUNLOP FAM SUPER A/C)	6,070,000	1.51
HOLBROOK CORPORATION PTY LTD	5,611,062	1.40
JP MORGAN NOMINEES AUSTRALIA LIMITED	5,601,128	1.40
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	4,819,848	1.20
ONE MANAGED INVT FUNDS LTD (SANDOWN CAPITAL INV LTD A/C)	4,700,722	1.17
C E CONSULTANTS PTY LTD (C & E BAKER SUPER FUND A/C)	4,646,619	1.16
MR JASON MILES BARTLETT	3,640,000	0.91
MINLINK PTY LTD (STEPHEN JOHNSTON S/FUND A/C)	3,612,733	0.90
GUTHRIE CAD/GIS SOFTWARE PTY LTD	3,520,000	0.88
KLIP PTY LTD (BEIRNE SUPER FUND A/C)	3,080,497	0.77
MS CATHERINE PATRICIA BURROW + MR KEITH LAWRENCE BURROW (KL&CP BURROW SUPER FUND A/C)	2,900,000	0.72
MR YURI ALEXANDER ZYLEWICZ	2,700,000	0.67
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD (CUSTODIAN A/C)	2,346,097	0.59
	211,205,430	52.68

## Unquoted equity securities

	Number on issue	Number of holders
Unlisted Options - exercise price \$0.15, expire 30 September 2015	59,342,937	642

## Substantial holders

Substantial holders in the company are set out below:

	Number held	Ordinary shares shares issued % of total
ABBOTSLEIGH PROPRIETARY LIMITED	103,852,450	25.91

## Voting rights

The voting rights attached to ordinary shares are set out below:

### Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Suite 3, 51-55 City Road, Southbank, Victoria, 3006  
P +61 3 9697 9090 F +61 3 9697 9091

[info@allianceresources.com.au](mailto:info@allianceresources.com.au)  
[www.allianceresources.com.au](http://www.allianceresources.com.au)

ABN 38 063 293 336