



Alliance Resources Limited

ABN 38 063 293 336

Interim Report - 31 December 2015

Alliance Resources Limited
Corporate directory
31 December 2015

Directors	John SF Dunlop (Chairman) Stephen F Johnston (Managing Director) Ian J Gandel (Director) Anthony D Lethlean (Director)
Company secretary	Robert P Tolliday
Registered office	Suite 3 51-55 City Road Southbank Victoria 3006
Principal place of business	Suite 3 51-55 City Road Southbank Victoria 3006 Phone +61 3 9697 9090 Fax +61 3 9697 9091
Share register	Computershare Investor Services GPO Box 2975 Melbourne Victoria 3001
Auditor	BDO East Coast Partnership Level 14 140 William Street Melbourne Victoria 3000
Stock exchange listing	Alliance Resources Limited shares are listed on the Australian Securities Exchange (ASX code: AGS)
Website	www.allianceresources.com.au info@allianceresources.com.au

Alliance Resources Limited
Directors' report
31 December 2015

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 half-year ended 31 December 2015.

Directors

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

John Stuart Ferguson Dunlop
Stephen Frederick Johnston
Ian Jeffrey Gandel
Anthony Dean Lethlean

Principal activities

The principal activities of the consolidated entity during the six months ended 31 December 2015 were the sale of its interest in the Four Mile Uranium Project in South Australia, exploring its projects in Chile and applying for additional mineral exploration tenements in Western Australia.

Review of operations

The profit for the Consolidated Entity after providing for income tax amounted to \$50,056,752 (31 December 2014: loss of \$385,369).

During the period, Alliance Resources Limited released its Annual Report for the year to 30 June 2015. It also released Quarterly Activities Reports to 30 September 2015 and 31 December 2015, with significant events as follows:

Sale of Interest in the Four Mile Uranium Project

The Four Mile Uranium Project (Project) area is located 550 kilometres north of Adelaide in South Australia.

On 13 July 2015, Alliance announced that it had accepted an offer from Quasar Resources Pty Ltd (Quasar) to purchase all of Alliance Craton Explorer Pty Ltd's (ACE) interest in the Project, including ACE's share of uranium oxide concentrates already mined, for a total consideration of \$73.975 million.

The Sale was subject to a number of conditions precedent including 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.

On 11 August 2015, Alliance lodged a Notice of Meeting and Explanatory Statement with ASX and which was also sent to all shareholders of the Company.

The purpose of the meeting was to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

Resolution 1: Disposal of main undertaking: THAT for the purposes of Listing Rule 11.2, and for all other purposes, approval is given for the disposal of all of Alliance Craton Explorer Pty Ltd's interest in the Four Mile Uranium Project, in accordance with the terms of the Sale and Purchase Agreement, a summary of which is contained in the Notice of Extraordinary General Meeting & Explanatory Statement.

The Board of Alliance unanimously considered the Sale to be in the best interests of Alliance's shareholders and recommended that shareholders approve the Sale.

The Company engaged PPB Advisory to provide an Independent Expert's Report on the Sale and the Capital Return. The Independent Expert advised that, in its view, the Sale was "fair" and "reasonable" to shareholders of Alliance.

The Company also received tax advice in relation to the Sale to the effect that the Company will not be required to pay income tax on the Sale proceeds if the Company is able to utilise its tax losses or pay GST if the Sale is a supply of a going concern. The Company should be able to utilise its tax losses if it satisfies the company loss recoupment tests, being the continuity of ownership test, or, failing that, the same business test.

Resolution 2: Return of Capital: THAT, subject to the passing of Resolution 1 and Completion under the Sale and Purchase Agreement, for the purposes of Section 256B and 256C of the Corporations Act and for all other purposes, the issued share capital of the Company be reduced by \$48,097,970 (assuming 400,816,419 shares on issue as at the Record Date) by returning to Shareholders on a pro-rata basis \$0.12 for each Share held on the Record Date, as more fully described in the Notice of Extraordinary General Meeting & Explanatory Statement.

The Independent Expert advised that, in its view, the Capital Return was "fair" and "reasonable" to shareholders of Alliance.

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 3pm (AEST). Both resolutions were carried on a show of hands. As a consequence, all conditions precedent in relation to the Sale were fulfilled.

The sale was completed on 18 September 2015 and, as a consequence, a notice of discontinuance of Supreme Court of South Australia proceeding number SCCIVB-14-1480 was filed on the same day.

ATO Class Ruling Release

On 21 October 2015, Alliance announced that the Australian Taxation Office (ATO) issued a Class Ruling (CR 2015/81) that confirms the full amount of the distribution represents a Capital Return with no portion deemed to be a dividend from profits. The Class Ruling was consistent with the information previously provided in the Explanatory Statement for the general meeting held on 11 September 2015. The Class Ruling is available at the following link on the ATO website: <https://www.ato.gov.au/law/view/pdf/pbr/cr2015-081.pdf> or the Alliance Resources Ltd website via the Investor Centre – ATO Class Ruling October 2015 tab.

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.

Monardes Copper-Uranium Project

The Monardes project is located in the eastern margin of the Monardes basin, 95 km east of Copiapó. Alliance has an option to purchase 100% of the Monardes mining concessions and has 100% of two exploration concessions named Vega Uno and Vega Dos.

During the reporting period:

- Alliance (Chile) Pty Ltd secured an option to purchase tenements registered in the names of Mantos de Fuego SpA, a wholly owned subsidiary of Mantos Exploration Pty Ltd (Mantos), and Roland Mountford, located along strike from Alliance's Monardes Project. Refer to ASX announcement dated 27 October 2015 for further details of the key terms of the option.
- Planning continued for a 10 hole reverse circulation drilling program totalling 1,500m-2,000m to test for Cu-U mineralisation at Monardes.
- Alliance lodged applications for 14 additional exploration concessions at Vega (Vega 3 to Vega 16) to the west of Monardes and the Mantos tenements.

The option with Mantos, if exercised, and the additional Vega applications increase the total project area available to Alliance to 242 km² and the strike length of the targeted host rocks available to Alliance to 30 km.

Sierra Cinchado Copper-Silver Project (Alliance (Chile) Pty Ltd 100%)

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

No work was undertaken during the reporting period.

West Australian Nickel - Copper - Gold - Projects

During the reporting period Alliance lodged two exploration licence applications with potential for nickel-copper-gold in Western Australia: (1) Nepean South, located 26 km southwest of Coolgardie and (2) Gundockerta South, located 72 km east of Kalgoorlie.

Alliance Resources Limited
Directors' report
31 December 2015

Corporate

During the reporting period:

- Alliance issued 16,357,354 ordinary shares resulting from the exercise of unlisted options with an expiry date of 30 September 2015 (417,173,773 ordinary shares currently on issue).
- On 11 September 2015, a general meeting of Alliance shareholders was held and approved resolutions for (1) Disposal of the main undertaking, being the sale of ACE's interest in the Four Mile Uranium Project, and (2) Return of Capital. Refer to ASX announcements dated 11 August 2015, 11 September 2015 and 18 September 2015.
- On 12 October 2015, trading in Alliance shares began on an 'ex Capital return basis'. The Record Date for the previously announced Capital Return was 14 October 2015. Processing of payments totalling \$50.06 million commenced on 28 October 2015.
- On 21 October 2015, Alliance announced that the Australian Taxation Office (ATO) issued a Class Ruling (CR 2015/81) that confirms the full amount of the distribution represents a Capital Return with no portion deemed to be a dividend from profits. The Class Ruling was consistent with the information previously provided in the Explanatory Statement for the general meeting held on 11 September 2015. The Class Ruling is available at the following link on the ATO website: <https://www.ato.gov.au/law/view/pdf/pbr/cr2015-081.pdf> or the Alliance Resources Ltd website via the Investor Centre – ATO Class Ruling October 2015 tab.

Events after the reporting period

Events after the reporting period of the consolidated entity include:

On 8 February 2016, Alliance announced that it had commenced reverse circulation drilling at its Monardes copper-uranium project in Chile.

On 23 February 2016, Octagonal Resources Limited was delisted from the ASX following the implementation of a Scheme Of Arrangement ("Scheme") under which Alliance received cash of \$0.0055 per Octagonal share held (equating to \$121,000 from the 22,000,000 shares) and two shares in A1 Consolidated Gold Limited ("A1 Gold") (ASX Ticker code: AYC) for every 5 shares of Octagonal held (equating to 8,800,000 A1 Gold shares).

Significant changes in the state of affairs

Significant changes in the state of affairs are noted above in the Review of Operations.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Anthony Lethlean
Chairman - Audit & Risk Committee

10 March 2016
Melbourne

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

As lead auditor for the review of Alliance Resources Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 10 March 2016

Alliance Resources Limited

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31 December 2015

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General information

The financial statements cover Alliance Resources Limited as a Consolidated Entity consisting of Alliance Resources Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Alliance Resources Limited's functional and presentation currency.

Alliance Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Suite 3
51-55 City Road
Southbank Victoria 3006

Principal place of business

Suite 3
51-55 City Road
Southbank Victoria 3006
Telephone +61 3 9697 9090

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 10 March 2016. The Directors have the power to amend and reissue the financial statements.

Alliance Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015

		Consolidated	
	Note	31 Dec 2015	31 Dec 2014
		\$	\$
Revenue			
Interest income		286,582	171,741
Other income	3	49,619,779	20,000
		<u>49,906,361</u>	<u>191,741</u>
Expenses			
Depreciation and amortisation expense		(2,598)	(1,808)
Other expenses	4	(6,272)	(1,097,548)
Occupancy expenses		(8,464)	(16,509)
Administration expenses		(556,769)	(631,216)
Legal expenses		(129,162)	91,190
Director fees		(134,727)	(168,423)
Company secretarial		(117,471)	(61,589)
Marketing expenses		(3,000)	(11,207)
Deferred share rights and option		-	1,473,183
Four Mile Project - Sale Expenses		-	(153,183)
Reversal of Expense Accrual	5	1,108,854	-
		<u>50,056,752</u>	<u>(385,369)</u>
Profit/(loss) before income tax expense		50,056,752	(385,369)
Income tax expense	6	-	-
		<u>50,056,752</u>	<u>(385,369)</u>
Profit/(loss) after income tax expense for the half-year attributable to the owners of Alliance Resources Limited		50,056,752	(385,369)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain / (Loss) on the revaluation of available for sale financial assets, net of tax		22,000	(1,144,000)
		<u>22,000</u>	<u>(1,144,000)</u>
Other comprehensive income for the half-year, net of tax		22,000	(1,144,000)
		<u>22,000</u>	<u>(1,144,000)</u>
Total comprehensive income for the half-year attributable to the owners of Alliance Resources Limited		50,078,752	(1,529,369)
		<u><u>50,078,752</u></u>	<u><u>(1,529,369)</u></u>
		Cents	Cents
Basic earnings per share	15	12.26	(0.11)
Diluted earnings per share	15	12.26	(0.11)

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

Alliance Resources Limited
Statement of financial position
As at 31 December 2015

		Consolidated	
	Note	31 Dec 2015	30 Jun 2015
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	7	25,595,752	926,595
Trade and other receivables		48,689	107,521
Other current assets		58,908	52,951
		<u>25,703,349</u>	<u>1,087,067</u>
Non-current assets classified as held for sale	8	-	24,782,609
Total current assets		<u>25,703,349</u>	<u>25,869,676</u>
Non-current assets			
Receivables	9	30,000	871,947
Available-for-sale financial assets		292,680	270,680
Property, plant and equipment		37,352	5,647
Exploration and evaluation	10	1,115,504	570,119
Total non-current assets		<u>1,475,536</u>	<u>1,718,393</u>
Total assets		<u>27,178,885</u>	<u>27,588,069</u>
Liabilities			
Current liabilities			
Trade and other payables		104,382	2,107,617
Employee benefits		27,300	42,396
Provisions		30,000	30,000
		<u>161,682</u>	<u>2,180,013</u>
Liabilities directly associated with assets classified as held for sale		-	840,225
Total current liabilities		<u>161,682</u>	<u>3,020,238</u>
Non-current liabilities			
Employee benefits		101,361	96,197
Total non-current liabilities		<u>101,361</u>	<u>96,197</u>
Total liabilities		<u>263,043</u>	<u>3,116,435</u>
Net assets		<u>26,915,842</u>	<u>24,471,634</u>
Equity			
Issued capital	11	55,841,095	103,475,639
Reserves		(759,145)	(781,145)
Accumulated losses		(28,166,108)	(78,222,860)
Total equity		<u>26,915,842</u>	<u>24,471,634</u>

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

Alliance Resources Limited
Statement of changes in equity
For the half-year ended 31 December 2015

Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2014	98,918,022	(75,097,293)	363,809	24,184,538
Loss after income tax expense for the half-year	-	(385,369)	-	(385,369)
Other comprehensive income for the half-year, net of tax	-	-	(1,144,000)	(1,144,000)
Total comprehensive income for the half-year	-	(385,369)	(1,144,000)	(1,529,369)
<i>Transactions with owners in their capacity as owners:</i>				
Share Issue Costs	(76,750)	-	-	(76,750)
Balance at 31 December 2014	<u>98,841,272</u>	<u>(75,482,662)</u>	<u>(780,191)</u>	<u>22,578,419</u>
Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2015	103,475,639	(78,222,860)	(781,145)	24,471,634
Profit after income tax expense for the half-year	-	50,056,752	-	50,056,752
Other comprehensive income for the half-year, net of tax	-	-	22,000	22,000
Total comprehensive income for the half-year	-	50,056,752	22,000	50,078,752
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 11)	2,426,309	-	-	2,426,309
Distribution to shareholders	(50,060,853)	-	-	(50,060,853)
Balance at 31 December 2015	<u>55,841,095</u>	<u>(28,166,108)</u>	<u>(759,145)</u>	<u>26,915,842</u>

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

Alliance Resources Limited
Statement of cash flows
For the half-year ended 31 December 2015

	Note	Consolidated	Consolidated
		31 Dec 2015	31 Dec 2014
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(1,786,060)	(1,495,468)
Interest received		264,342	164,766
Legal fees per Settlement Deed		-	(4,556,991)
		<u> </u>	<u> </u>
Net cash used in operating activities		<u>(1,521,718)</u>	<u>(5,887,693)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(34,303)	-
Payments for performance bond		-	(4,475)
Payments for exploration and JV costs		(600,083)	(477,685)
Contribution to Joint Venture Development / Non-current asset classified as held for sale		-	(11,364,382)
Proceeds from disposal of joint venture, net of transactions costs		73,619,514	-
Proceeds from performance bond		840,291	-
		<u> </u>	<u> </u>
Net cash from/(used in) investing activities		<u>73,825,419</u>	<u>(11,846,542)</u>
Cash flows from financing activities			
Proceeds from issue of shares	11	2,426,309	-
Proceeds from borrowings		-	1,278,184
Payment for Capital Distribution		(50,060,853)	-
		<u> </u>	<u> </u>
Net cash from/(used in) financing activities		<u>(47,634,544)</u>	<u>1,278,184</u>
Net increase/(decrease) in cash and cash equivalents		24,669,157	(16,456,051)
Cash and cash equivalents at the beginning of the financial half-year		926,595	16,672,697
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial half-year		<u><u>25,595,752</u></u>	<u><u>216,646</u></u>

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

Alliance Resources Limited
Notes to the financial statements
31 December 2015

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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.

Note 2. Operating segments

The consolidated entity has adopted AASB 8 Operating Segments whereby segment information is presented using a 'management approach'. Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The consolidated entity operates predominately in one geographical location. The consolidated entity does not have any operating segments with discrete financial information. The consolidated entity does not have any customers, and all the consolidated entity's assets and liabilities are located within Australia and Chile.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cashflows. As a result no reconciliation is required because the information as presented is what is used by the Board of Directors to make strategic decisions including assessing performance and in determining the allocation of resources.

Note 3. Other income

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$	\$
Other income		
Gain on sale of Four Mile Uranium Project	49,619,779	-
Other income	-	20,000
	<hr/>	<hr/>
Total other income	<u>49,619,779</u>	<u>20,000</u>

Alliance Resources Limited
Notes to the financial statements
31 December 2015

Note 3. Other income (continued)

	Consolidated	
	31 Dec 2015	31 Dec 2014
Gain on sale of Four Mile Uranium Project		
Sale price	73,975,000	-
Less: Investment in Four Mile Uranium Project including selling expenses	<u>(24,355,221)</u>	<u>-</u>
Gain on sale of Four Mile Uranium Project	<u>49,619,779</u>	<u>-</u>

Other income for the half year ended 31 December 2015 relates to gain on sale of the Four Mile Uranium Project after selling costs and joint venture contributions.

Note 4. Other Expenses

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$	\$
Profit/(loss) before income tax includes the following specific expenses:		
Tenement costs expensed	-	1,092,491
Other	<u>6,272</u>	<u>5,057</u>
Total Other expenses	<u>6,272</u>	<u>1,097,548</u>

Note 5. Reversal of expense accrual

Due to the sale of the Four Mile Uranium Project, expense accruals relating to a consultant were reversed upon confirmation that the liability was no longer applicable.

Alliance Resources Limited
Notes to the financial statements
31 December 2015

Note 6. Income tax expense / (benefit)

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$	\$
<i>The components of income tax expense / (benefit) comprise:</i>		
Current income tax		
Current income tax charge / (benefit)	18,020,265	(4,159,047)
Adjustments in respect of previous years	79,220	(701,165)
Deferred tax		
Relating to origination and reversal of temporary differences	(2,999,879)	2,878,019
Deferred tax assets now recognised	(18,020,265)	-
Deferred tax assets not brought to account	2,920,659	1,982,193
Income tax expense / (benefit)	-	-
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(Loss) before income tax expense	50,056,752	(3,125,566)
Tax at the statutory tax rate of 30%	15,017,026	(937,670)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred share rights and option	-	(343,358)
Non-deductible expenses	3,360	-
	15,020,386	(1,281,028)
Adjustments in respect of prior years	79,220	(701,165)
Previously unrecognised tax losses now brought to account ⁽¹⁾	(18,020,265)	-
Deferred tax assets not brought to account	2,920,659	1,982,193
Income tax expense	-	-
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	28,504,586	88,572,138
Potential tax benefit @ 30%	8,551,376	26,571,641
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)
Exploration and evaluation	(274,651)	(3,195,051)
Accrued income	(7,019)	(387)
Total deferred tax liabilities	(281,670)	(3,200,617)
Deferred tax assets comprises:		
Investments	1,872,331	1,878,934
Provisions and accruals	50,898	51,583
Tax losses	8,551,376	26,571,641
Total deferred tax assets	10,474,605	28,502,158

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

¹ The Company has recognised a deferred tax asset in respect of tax losses totalling \$18,020,265 on the basis that there is future taxable profits against which the unused tax losses can be utilised. The Company is required to satisfy the continuity of ownership test (or failing that, the same business test) as at 30 June 2016 in order to utilise the tax losses against taxable profit. Based on the shareholdings as at 31 December 2015, the Company is expected to satisfy the continuity of ownership test as at that date. The Company will reassess its shareholding and whether it satisfies the continuity of ownership test position at 30 June 2016.

Alliance Resources Limited
Notes to the financial statements
31 December 2015

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$	\$
Cash at bank	5,520,752	851,595
Cash on deposit	20,075,000	75,000
	<u>25,595,752</u>	<u>926,595</u>

Cash on deposit includes a \$20 million 90 day Term Deposit with an Australian top four banking institution.

Note 8. Current assets - non-current assets classified as held for sale

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$	\$
Non-current assets classified as held for sale	-	24,782,609
	<u>-</u>	<u>24,782,609</u>

Completion of the sale of all the Company's interests in the Four Mile Project occurred on 18 September 2015 at which time \$73.975 million was received from the purchaser.

Note 9. Non-current assets - receivables

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$	\$
Loan - AGS NSW	-	1,658
Term Deposits - Performance Bond	30,000	870,289
	<u>30,000</u>	<u>871,947</u>

Note 10. Non-current assets - exploration and evaluation

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$	\$
Exploration and evaluation Western Australia - at cost	29,607	-
Exploration and evaluation Chile - at cost	1,085,897	570,119
	<u>1,115,504</u>	<u>570,119</u>

Note 11. Equity - issued capital

	Consolidated			
	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015
	Shares	Shares	\$	\$
Ordinary shares - fully paid	417,173,773	400,816,419	55,841,095	103,475,639
	<u>417,173,773</u>	<u>400,816,419</u>	<u>55,841,095</u>	<u>103,475,639</u>

A total of 16,357,354 options were exercised and converted at \$0.15 into 16,357,354 ordinary shares prior to expiry of the remaining options on 30 September 2015, resulting in the receipt of \$2,453,603 (before costs).

Alliance Resources Limited
Notes to the financial statements
31 December 2015

Note 11. Equity - issued capital (continued)

A capital return payment of \$0.12 per share was processed on 28 October 2015 totalling \$50,060,853. Included within this total was the following capital return payments to key management personnel in accordance with their respective shareholdings:

- Mr J Dunlop \$805,913
- Mr I Gandel \$14,379,570
- Mr T Lethlean \$234,000
- Mr S Johnston \$677,654

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.

Note 12. Equity - dividends

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

Note 13. 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

Consolidated - 31 Dec 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Ordinary shares available for sale	292,680	-	-	292,680
Total assets	292,680	-	-	292,680

Consolidated - 30 Jun 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Ordinary shares available for sale	270,680	-	-	270,680
Total assets	270,680	-	-	270,680

Ordinary shares available for sale consist mainly of shares in Octagonal Resources Limited ("Octagonal") (ASX ticker code: ORS). Refer to Note 13 below for further details.

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 half-year.

Alliance Resources Limited
Notes to the financial statements
31 December 2015

Note 14. Events after the reporting period

On 8 February 2016, Alliance announced that it had commenced reverse circulation drilling at its Monardes copper-uranium project in Chile.

On 23 February 2016, Octagonal Resources Limited was delisted from the ASX following the implementation of a Scheme Of Arrangement ("Scheme") under which Alliance received cash of \$0.0055 per Octagonal share held (equating to \$121,000 from the 22,000,000 shares) and two shares in A1 Consolidated Gold Limited ("A1 Gold") (ASX Ticker code: AYC) for every 5 shares of Octagonal held (equating to 8,800,000 A1 Gold shares).

No other matter or circumstance has arisen since 31 December 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.

Note 15. Earnings per share

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$	\$
Profit/(loss) after income tax attributable to the owners of Alliance Resources Limited	<u>50,056,752</u>	<u>(385,369)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>408,393,137</u>	<u>341,172,309</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>408,393,137</u>	<u>341,172,309</u>
	Cents	Cents
Basic earnings per share	12.26	(0.11)
Diluted earnings per share	12.26	(0.11)

Alliance Resources Limited
Directors' declaration
31 December 2015

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Anthony Lethlean
Chairman - Audit & Risk Committee

10 March 2016
Melbourne

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Alliance Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Alliance Resources Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Alliance Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Alliance Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO East Coast Partnership



James Mooney
Partner

Melbourne, 10 March 2016