



**Breakaway
Research**

June 2012

Grant Craighead | Research Manager
gcraighead@breakawayinvestmentgroup.com

Andrew McLeod | Research Analyst
amcleod@breakawayinvestmentgroup.com

Company Information

ASX Code	AGE
Share Price A\$	0.115
Ord Shares	155.6m
Options	21.2m
Market Cap A\$	17.9m
Cash A\$	8.0m
Debt A\$	-
Enterprise Value	9.9m

Board of Directors

Chairman	Denis Gately
Chief Executive Officer	Robert Sowerby
Non-Executive Director	Leigh Curyer
Non-Executive Director	Paul Dickson
Non-Executive Director	Andrew Vigar

Substantial Shareholders

Macquarie Bank	11.3%
Lagoon Creek Resources P/L	4.5%
Robert Sowerby	3.6%
MO U Investments Co Ltd	2.6%

Company Details

Address	Suite 1 36 Agnes Street Fortitude Valley, QLD, 4006
Phone	+617 3852 4712
Web	www.alligatorenergy.com.au

1 Year Price Chart



Source: Bloomberg

Alligator Energy (AGE)

One of the world's most active junior uranium explorers that's continuing to generate strong results from its Alligator Rivers uranium province in the NT

Recommendation: Speculative BUY

Company Update

Key Points

- **Strategic exposure to the world-class Alligator River Uranium Province (ARUP) in the Northern Territory, one of the world's best locations for large, high-grade uranium deposits**
- **ARUP boasts nearly 1 billion pounds of high-grade uranium resources and past production, including the operating Ranger uranium mine and the advanced Jabiluka uranium deposit**
- **High-grade uranium mineralisation continues to be identified throughout Alligator's granted Tin Camp Creek tenements. The project area remains under-explored due to historic access issues**
- **Alligator Energy has a strong cash position of ~A\$8m to support a continued high level of exploration and assessment activity**

Alligator Energy is a cashed-up, aggressive uranium exploration company with a large strategic acreage position in one of the world's best uranium provinces, the Northern Territory's Alligator Rivers region. The company derives its name from this highly prospective uranium address.

The company's singular focus is the search and discovery of uranium mineralisation in the region and the reasons are simple: firstly, it's a proven uranium location, hosting both large and high-grade deposits; and secondly, the Northern Territory welcomes uranium exploration and development.

Company Overview

Alligator Energy (ASX: AGE) is a uranium exploration company focused on the highly prospective Alligator Rivers Uranium Province in Australia's Northern Territory. The region has a rich uranium production history dating back to 1980. The company listed on the ASX in February 2011.

Alligator has implemented an active strategy to assemble exploration assets in the Alligator Rivers Province. Through the purchase of the Tin Camp Creek Project from Cameco and exploration licence applications covering favorable geology and structure, Alligator has secured a prospective land holding in the region and a pipeline of quality projects.

In total Alligator holds 283 sq km under three granted tenements and 1,025 sq km under 15 tenement applications. With \$8m cash on hand, the company is able to aggressively explore its acreage. It has recently announced a maiden JORC-compliant resource estimate at its Tin Camp Project.



Investment Review

\$15m IPO in late 2010

Alligator listed on the Australian Securities Exchange in February 2011 after a successful fully-subscribed IPO that raised the full subscription amount of \$15 million via the issue of 75 million Shares at \$0.20.

Focused on uranium exploration in the Alligator Rivers region

Alligator Energy's primary focus and major attraction is its strategic exposure to a highly prospective uranium exploration tenement package situated within the world-class Alligator Rivers Uranium Province (ARUP) in Arnhem Land, Northern Territory.

Alongside the Athabasca Basin in Canada, the Alligator Rivers province ranks as one of the world's premier uranium addresses in terms of hosting large, high-grade deposits. In fact the province hosts nearly 1 billion pounds of high-grade uranium resources and past production, including the operating Ranger mine and the nearby Jabiluka deposit.

The Alligator River region however has had significantly less exploration attention than the geologically-similar Athabasca Basin, which continues to produce new discoveries. We therefore believe the likelihood of further significant discoveries within the ARUP to be extremely good.

Tin Camp Creek tenements were purchased from Cameco

Alligator purchased its flagship Tin Camp Creek tenements from established uranium producer, Cameco Australia Pty Ltd, a subsidiary of Canada's Cameco. The project contains immediate drill targets, both to extend and validate known zones of uranium mineralisation, and to systematically explore prospects that have untested radiometric anomalies and/or limited previous drilling.

High-grade mineralisation identified

High-grade uranium mineralisation has previously been intersected at a number of prospects on Alligator's granted tenements, including the historic Caramal deposit. Some of the best high-grade intersections include 21 metres @ 0.5 % U₃O₈ and 22.7 metres @ 0.38% U₃O₈ at Caramal, 15 metres @ 0.47% U₃O₈ at South Horn and 15 metres @ 0.19% U₃O₈ at Gorrunghar.

Encouragingly from an exploration perspective, rocks of the Cahill Formation, which host in excess of 950Mlb U₃O₈ in uranium endowment within the Alligator Rivers Uranium Province, occur extensively throughout the company's main project area.

The company has resolved historical access problems

One of the major explanations for the lack of historical exploration in the company's project area, and also the wider region, relates to the fact that there were major historical access impediments. Importantly, these have now been resolved.

The company's flagship project (Tin Camp Creek Project) on the Tin Camp Creek Tenements (SEL 24921, SEL 24922 and EL 25002) comprises granted tenements for which access agreements with the Northern Land Council on behalf of traditional owners are in place.

The NT government is fully supportive of uranium development

Apart from its geological prospectivity and strong mining history, the other key factor that makes the Northern Territory the place to be from a uranium perspective is the fact that the Northern Territory Government actively encourages uranium exploration and project development.

Maiden JORC-compliant resource

During April the company's aggressive exploration program paid off, with the announcement of a maiden JORC-compliant resource estimate for its primary Caramal deposit comprising 944,000t @ 0.31% U₃O₈ for 6.5Mlb U₃O₈ (at a 0.1% U₃O₈ cut-off), located within its Tin Camp project area.



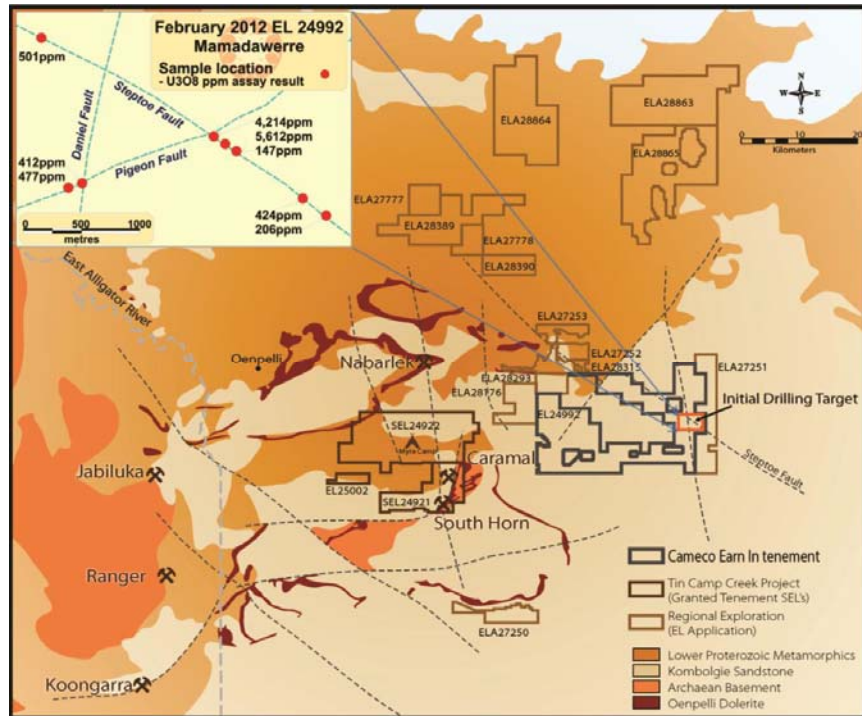
Exploration Update

Tin Camp Creek

Alligator holds more than 1,300 sq km of acreage under granted licences and applications

Alligator's principal assets are its interests in the Tin Camp Creek Project, located within the Alligator Rivers Uranium Province in the Northern Territory. Alligator has secured a prospective land holding in the region and a potential pipeline of quality projects. In total, Alligator holds 283 sq km under three granted tenements and 1,025 sq km under 15 tenement applications and are located in close proximity to the historic Nabarlek mine site.

Project Locations



One of the most prospective uranium locations within the ARUP

Source: Alligator Energy

Only limited historic exploration work

The Tin Camp Creek Project area has been explored intermittently since 1970, resulting in the discovery of the Caramal deposit, the South Horn prospect, the NE Myra prospect, the Two Rocks prospect and the Gorrunghar prospect. There are also a number of untested radiometric anomalies and the Razorback gold prospect, which has been subject to limited follow up work. Exploration potential exists for uranium (and gold) both at the known prospects and regionally with in the tenement package.

Caramal Deposit

The Caramal deposit and prospect is one of the more significant occurrences of uranium mineralisation in the ARUP outside of the Ranger-Jabiluka mining camp. The deposit was discovered in 1971 by QMPL, which undertook the initial resource drilling program. However historical exploration remained limited within the project area and also the wider region, due to the fact that there were major historical access impediments. Importantly, these have now been resolved.

The Caramal deposit is a continuous body of mineralisation which appears to trend in a ENE direction over a defined strike length of approximately 200 metres. The mineralised zone occurs broadly in proximity to a generally barren dolerite intrusion. This zone is relatively well defined by close-spaced drilling.

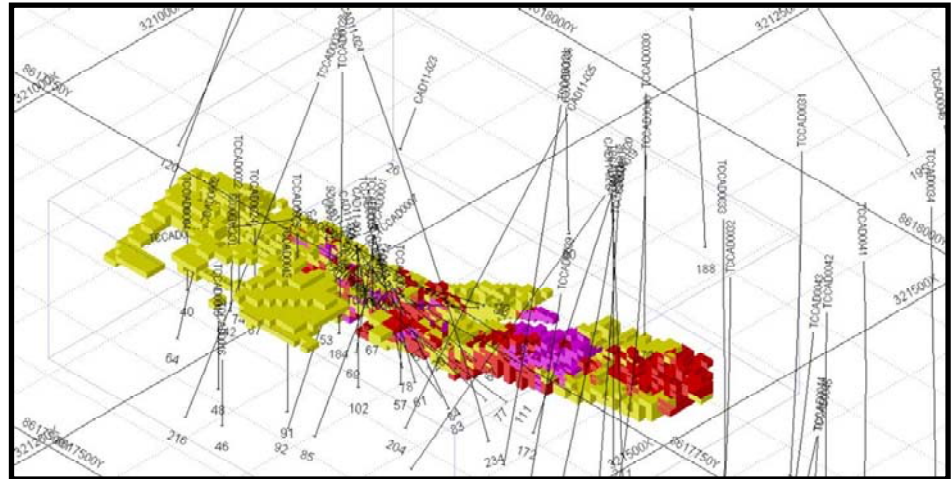
The western half of the deposit outcrops, whilst the eastern half of the deposit is overlain by Kombolgie Sandstone. To the east of this zone the drill spacing becomes wider. Encouragingly from an exploration perspective, rocks of the Cahill Formation that host in excess of 950Mlb U₃O₈ in uranium endowment within the Alligator Rivers Uranium Province, also occur extensively throughout the company's main project area.

High-grade uranium mineralisation has previously been intersected at a number of prospects on Alligator's granted tenements, including the historic Caramal deposit. Some of the best high-grade intersections include 21 metres @ 0.5% U₃O₈ and 22.7 metres @ 0.38% U₃O₈ at Caramal, 15 metres @ 0.47% U₃O₈ at South Horn and 8.6 metres @ 0.33% U₃O₈ at Gorrunghar.

Initial JORC-compliant resource announced

Given the prospectivity of the Tin Creek project area, it's no surprise that the company was recently able to announce a maiden JORC-compliant resource estimate for its primary Caramal deposit comprising 944,000t @ 0.31% U₃O₈ for 6.5Mlb U₃O₈ (at a 0.1% U₃O₈ cut-off). Drilling has confirmed high-grade Ranger-style uranium mineralisation, which remains both open along strike and down-dip.

Caramal Resource Model



The resource has been based on 79 diamond drill holes

Source: Alligator Energy

The Caramal resource estimate is based on the results of 32 diamond drill holes that have defined the deposit over three separate programs during 1972, 1996 and 2011. The resource has also been based on a wider geological model that has involved the drilling of a total of 79 diamond holes. AGE's drilling during 2011 was conducted at least in part to validate historic assay results using modern assay techniques.

The deposit model is based on a detailed geological interpretation of the geology and structure of the deposit area. Uranium mineralization at Caramal occurs within intensely altered breccias that occur within a specific stratigraphic position towards the base of the Cahill Formation. Breccias are interpreted to be associated with early, flat-lying faults, which in turn are important factors in helping to determine the distribution of the uranium mineralisation

Like major nearby discoveries, mineralisation is structurally controlled

Put simply, mineralisation is interpreted to be structurally-controlled, as is the case for other similar deposits in the region, including Narbalek, Koongarra and Ranger. The deposit and wider prospect area is cross-cut by major north-south trending faults. These faults are considered to post-date mineralisation and therefore displace the mineralised zone. The relative offset is interpreted from previous drilling results and airborne magnetic survey data.

Drilling will be balanced between resource definition and extension drilling

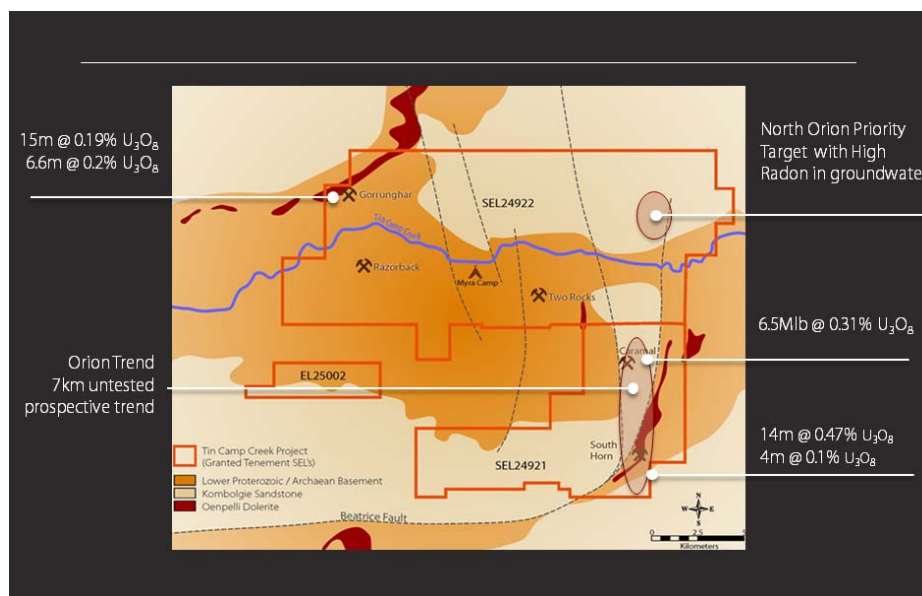
There is potential to discover extensions to the known mineralisation at Caramal. Alteration along strike of known mineralisation could indicate a continuation of the broader hydrothermal system to the east, with concealed Jabiluka-style mineralisation potentially being present. **The characteristics of the deposit and the results of surrounding exploration work provide clear validation of the company's exploration model, suggesting that Caramal could be part of a much larger mineralized system.**

Drilling for the remainder of 2012 will be divided between testing for extensions to the known mineralization at Caramal (including the offset continuation) and testing multiple targets along a 7km strike length of prospective geology between Caramal and South Horn. **The company plans to complete 5,000 metres of diamond drilling during 2012, with the program commencing during late May.**

The Orion Trend

The Orion trend is a 7km zone from Caramal to the uranium mineralization at South Horn and was identified in 2011 by regional drilling and detailed geophysical surveys. This work identified the presence of prospective Cahill Formation lithologies under relatively shallow sandstone cover indicating the potential for further uranium mineralisation between the outcropping mineralization at Caramal and South Horn, 7km to the south. This trend will be a focus of the company's 2012 drilling program, as a number of high-profile targets have been identified in this zone.

7km long complex of radiometric anomalism from Caramal to South Horn known as the Orion Trend



Caramal – South Horn Trend, Source: Alligator Energy

The best drill intersections included drill holes SHD-4 (15m @ 0.47% U₃O₈ from 63.0m) and SHD-6, (13m @ 0.21% from 30m). Anomalous uranium assays were also returned from drill holes SHD-18 (23m @ 238ppm U₃O₈ from 29m) and SHD-24 (17m at 392ppm U₃O₈ from 7m), which are located 3.5km and 2.5km further to the north respectively.

The area to the immediate west of these intersections hosts prospective Cahill Formation lithologies concealed by sandstone and is untested by drilling. This area will be a priority target during 2012.



Analyst Verification

We, Andrew McLeod and Grant Craighead, as the Research Analysts, hereby certify that the views expressed in this research accurately reflect our personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

Disclosure

Breakaway Investment Group (AFSL 290093) may receive consultancy fees and commissions on sale and purchase of the shares of Alligator Energy and may hold direct and indirect shares in the company. It has also received a commission on the preparation of this research note.

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Breakaway Investment Group

AFSL 290093 ABN 84127962387

T+61292621363

F+61292792727

PO Box H116 Australia Square

Sydney, NSW 2001

Suite 505, 35 Lime Street,

Sydney, NSW 2000