



**Breakaway
Research**

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Company Information

ASX Code	AGE
Share Price A\$	0.069
Ord Shares	155.6m
Options	22.5m
Market Cap A\$	10.7m
Cash A\$	3.1m
Debt A\$	-
Enterprise Value	7.6m

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%
Robert Sowerby	3.6%
Lagoon Creek Resources P/L	3.2%
MO U Investments Co Ltd	2.7%

Company Details

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Web	www.alligatorenergy.com.au

1 Year Price Chart



Source: Bloomberg

Alligator Energy (AGE)

Aggressive junior uranium explorer generating strong results likely to lead to sizeable resources boost

Recommendation: Speculative BUY

Company Update

Key Points

- **Strategic exposure to the world-class Alligator Rivers Uranium Province (ARUP) in the Northern Territory, one of the world's most prospective and proven locations for large, high-grade uranium deposits**
- **The ARUP boasts nearly 1 billion pounds of combined high-grade uranium resources and past production, including the currently operating Ranger uranium mine and the advanced Jabiluka 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**
- **Recent drilling focused on extensions to the Caramal deposit returned 15 metres at 4,371 ppm U₃O₈ from 75 metres and 15 metres at 3,005 ppm U₃O₈ from 130 metres, with mineralisation still open down-dip.**

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.

Alligator has conducted extensive drill programs over its project area, with a total of 10,991 metres of drilling completed during 2012. Results to date justify a more systematic drill out of the Caramal deposit area during 2013, which will likely lead to a revised and upgraded Resource estimate.

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 during 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.

The company holds 283km² under three granted tenements and 1,025km² under 15 tenement applications. With \$4.8m cash on hand, the company is able to aggressively explore its acreage. During 2012 the company announced a maiden JORC-compliant resource estimate at Tin Camp Creek with further resource upgrades likely as drilling continues.



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

The company'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.

ARUP is one of the world's great uranium provinces

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. Therefore the prospect of further significant discoveries within the ARUP should be considered 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 contained advanced drilling targets, both to extend and validate known zones of uranium mineralisation, as well to allow systematic exploration of prospects that have untested radiometric anomalies and/or limited previous drilling.

High-grade mineralisation identified

High-grade uranium mineralisation had previously been intersected at numerous prospects on Alligator's granted tenements, including the historic Caramal deposit. Some of the best high-grade intersections included 21m @ 0.5 % U₃O₈ and 22.7m @ 0.38% U₃O₈ at Caramal, 15m @ 0.47% U₃O₈ at South Horn and 15m @ 0.19% U₃O₈ at Gorrungar.

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'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 2012

During April 2012 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. The results from drilling during late 2012 at Caramal point to a **likely sizeable upgrade** in the resource base.



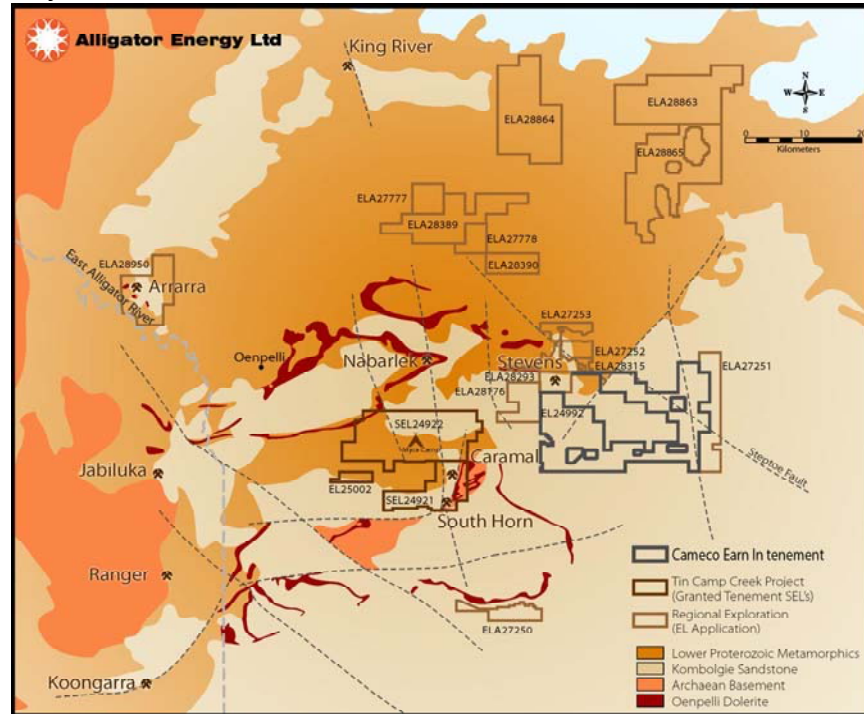
Exploration Update

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 283km² under three granted tenements and 1,025km² under 15 tenement applications and are located in close proximity to the historic Nabarlek mine site.

Project Locations



Source: Alligator Energy

One of the most prospective uranium locations within the ARUP

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 numerous 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; however due to prevailing land access impediments, exploration was limited. Encouragingly, the land access issues have now been resolved.

Initial JORC-compliant resource announced during April 2012

Given the prospectivity of the Tin Camp Creek project area, the company (during April 2012) was 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 highlighting the potential for resource upgrades as drilling continues.

The resource was based on 79 diamond drill holes

Mineralisation is structurally controlled like other regional uranium deposits

Encouraging new exploration drilling results were released during December

One of the best intercepts was intersected just north of the existing resource

Importantly, mineralisation is open to the north and down dip of this intersection

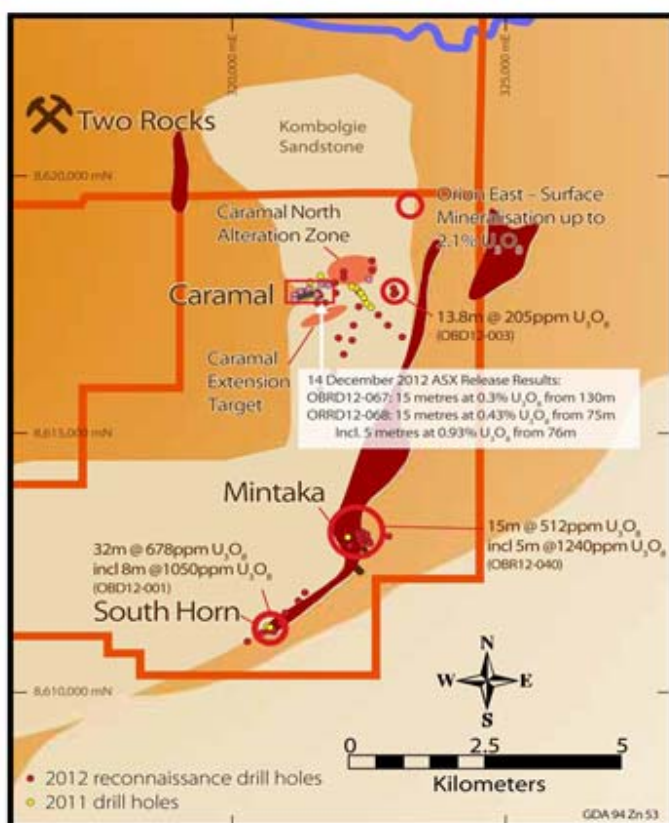
The Caramal Resource estimate is based on the results of 32 diamond drill holes that have defined the deposit over three separate programs during 1972, 1996 and 2011. The Resource has also been based on a wider geological model that has involved the drilling of a total of 79 diamond holes. The deposit model is based on a detailed geological interpretation of the geology and structure of the deposit area.

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.

During December 2012, the company announced the latest assay results from an ongoing program of drilling at its Tin Camp Creek Project. Recent drilling has focused on testing extensions to the Caramal deposit and on structural targets approximately 1km east of Caramal.

Drilling to the immediate north of the Caramal deposit intersected significant mineralization in drill-hole OBD12-068. **An intersection of 15 metres at 4,371ppm U_3O_8 from 75 metres depth was returned from a location to the immediate north of the defined Resource.** This hole was targeted on the basis of an interpreted vertical offset of mineralisation to the north of an east-northeast-trending fault zone, which defines the northern extent of the current Caramal JORC compliant Resource.

This latest intersection is therefore considered significant as it indicates the potential to extend the resource north of this fault and provides further vindication of Alligator's structural model for mineralisation in this area. Mineralisation is open to the north and down dip of this intersection.



Source: Alligator Energy

Uranium mineralisation 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.



Encouraging hits have also been received from the eastern end of the Caramal deposit

Drill-hole OBD12-067 was drilled to test structural relationships at the eastern end of the Caramal deposit. **This hole intersected 15 metres at 3,005ppm from 130 metres within a broader zone of 26 metres at 1,854 ppm U₃O₈ from 123 metres.** This hole was drilled primarily to test the location of offset faults; however the intersection of a broader than expected zone of mineralisation is considered to be encouraging.

Further drilling to the north of this intersection is planned to test for quartzite-hosted mineralisation. Unfortunately, follow-up drilling within the vicinity of OBD12-067 and OBD-068 was prevented by the onset of early wet season storms.

A total of nine drill-holes have been completed since November 2012, including holes OBR12-065 and OBR12-066, which were drilled to the west of the Caramal deposit. Both of these drill holes intersected dolerite through most of their lengths, indicating they have drilled down steep-dipping dykes. The position of gneiss intersected in these holes indicates that the prospective zone for mineralization could be expected to occur further to the north of these holes. This interpretation is supported by the high grade uranium intersection in drill-hole OBD12-068.

Drill-holes OBD12-062 – OBD12-064 were drilled further to the east of the Caramal deposit testing conceptual structural targets. While not intersecting significant uranium mineralisation, these drill-holes identified further broad zones of chlorite alteration.

Potential for Extensions to the Caramal Resource

Drilling has also successfully demonstrated mineralisation outside of the current resource boundaries

Recent drilling at the Caramal deposit has been successful in identifying mineralization outside of the existing defined resource boundaries. The intersection in hole OBD12-068 is considered to be particularly significant. Furthermore, this drilling has indicated the presence of offsets to geology and potentially mineralized structures as originally interpreted by Alligator. Mineralisation at Caramal has been shown to be a complex interplay between multiple structural events, rapid changes in stratigraphy and later barren dykes. Alligator considers there to be further potential to extend mineralization to the northwest and to the southeast of the known resource.

The latest results are considered by Alligator to provide sufficient encouragement to justify a more systematic drill-out of the Caramal deposit area during 2013.

The results of recent drilling have also provided important insights that will further assist in defining mineralisation not only at Caramal, but more broadly within the Orion Trend. Regional drilling completed this year has identified multiple occurrences of anomalous uranium and broad zones of alteration that Alligator considers to be indicative of a favourable regional mineralising system.

Aggressive Ongoing Exploration Activity

Aggressive ongoing exploration work will continue during 2013

A total of 10,991 metres of drilling in 69 holes was completed during 2012. The company views that this drilling program to have been highly successful in defining new zones of mineralization at **Mintaka** and **Orion East**, as well as identifying extensions to mineralization at **Caramal** and **South Horn**. The data generated has also been critical in improving the company's understanding of the complex geological setting at Tin Camp Creek. A large volume of new data has been generated including multi-element geochemistry, geological and structural data. Compilation and detailed interpretation of this data was a key focus over the New Year period, and has formed a major component of drilling program formulation for early 2013.



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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