

ASX Announcement : 4 JULY 2017

MD on Wilcherry Hill Project and Company Outlook

**ALLIANCE
RESOURCES
LIMITED**Open Briefing interview with Managing Director
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In this Open Briefing[®], MD Steve Johnston discusses:

- **Wilcherry Hill Drilling Program**
- **Airborne Heli Electromagnetic Survey**
- **Tin and Base Metals Prospects**
- **Project Planning and Budget**

Record of interview:

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Alliance Resources Limited (ASX: AGS, Alliance, the Company) is an ASX listed gold and base metals explorer with its core focus on the Wilcherry Project, a joint venture between Alliance Resources Limited (51%) and Tyranna Resources Limited (ASX: TYX,49%).

The Wilcherry Project is located within the southern part of the Gawler Craton in the northern Eyre Peninsula and comprises six exploration licences covering 1,074 km². There are 28 existing exploration targets within the Project area. The highest priority exploration targets at the Project are currently the Weednanna gold prospect and the Zealous tin prospect

The Wilcherry Project area is prospective for economic concentrations of gold, tin, copper, zinc, lead, silver, iron, bismuth, tungsten and uranium in a variety of mineralisation styles, including skarn, intrusion-related, sediment-hosted, shear-hosted and iron oxide copper-gold. The key focus at Wilcherry is for gold and tin.

Recent exploration at Wilcherry included a 24 hole RC drilling program that was completed in March this year at the Weednanna prospect, designed to test dip, strike and plunge in three identified high grade gold shoots. Bonanza intersections were returned including:

- **14m at 36.1 g/t Au from 118m (inc 5m at 95.6 g/t Au)**
- **7m at 7.4 g/t Au from 147m (inc 1m at 40 g/t Au)**
- **49m at 6.3 g/t from 45m (inc 21m at 10.7 g/t Au)**

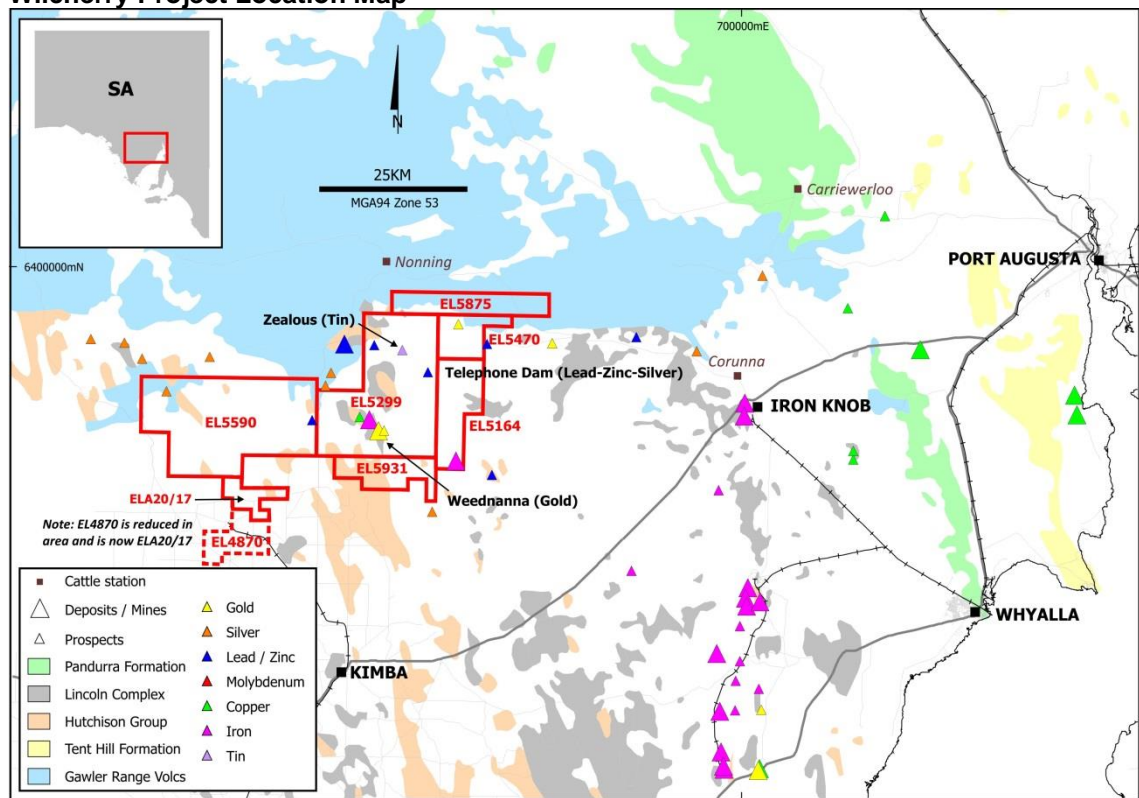
These results are exceptionally good and must give you confidence that the project has serious development potential. Given that Weednanna has been explored since the late 1990's, what are the key differences that the Alliance-led joint venture is now bringing to the table? Did follow up drilling recently bring any new information to understanding the mineralisation and potential?

MD Steve Johnston

The Weednanna gold prospect was discovered by Acacia Resources and then explored by Aquila Resources. It was considered to be one of the best targets for gold mineralisation in the region but was poorly understood. In 2006, Trafford Resources Limited acquired the tenements from Aquila and explored primarily for magnetite, as did IronClad Mining, therefore gold exploration has not been a pure focus from 2006 until now. Trafford merged with Ironclad Mining in 2015 to form Tyranna Resources.

Weednanna has a strike length of 1.3 kilometres and has some exceptionally high grade zones that are open in one or more directions. Our approach is to systematically review past exploration and to initially focus on three high grade areas (Targets 1, 2 and 3) and to drill out those areas in sufficient detail to enable a mineral resource estimate to be established. The recent follow-up drilling at Weednanna was completed in late June and we are waiting on the results. However, the drilling definitely enhanced our understanding of the geology and the gold mineralisation. Until all drilling has been completed it is too early to say when a mineral resource estimate will be completed.

Wilcherry Project Location Map



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What is the controlling geology and mineralisation style at Weednanna? Is it uniform across the prospect area?

MD Steve Johnston

Gold mineralisation is hosted by highly altered metamorphic rocks of granitic texture in the west (Target 1) and by sulphide replacement of magnetite at the contact with a calc-silicate in the east (Targets 2 and 3). Therefore, it is not uniform across the prospect area, however, that is part of the opportunity as our understanding of the geology of the Target 1 area increases.

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Once the recent drilling results are assessed, what will the Joint Venture plan for the next stage of exploration at Weednanna and other prospects in the Wilcherry project?

MD Steve Johnston

The next stage of exploration at Weednanna depends on the assays from the current round of drilling. However, there will be more RC drilling programs at Weednanna. In the interim, we have planned diamond drilling at Zealous and Telephone Dam in order to test those targets.

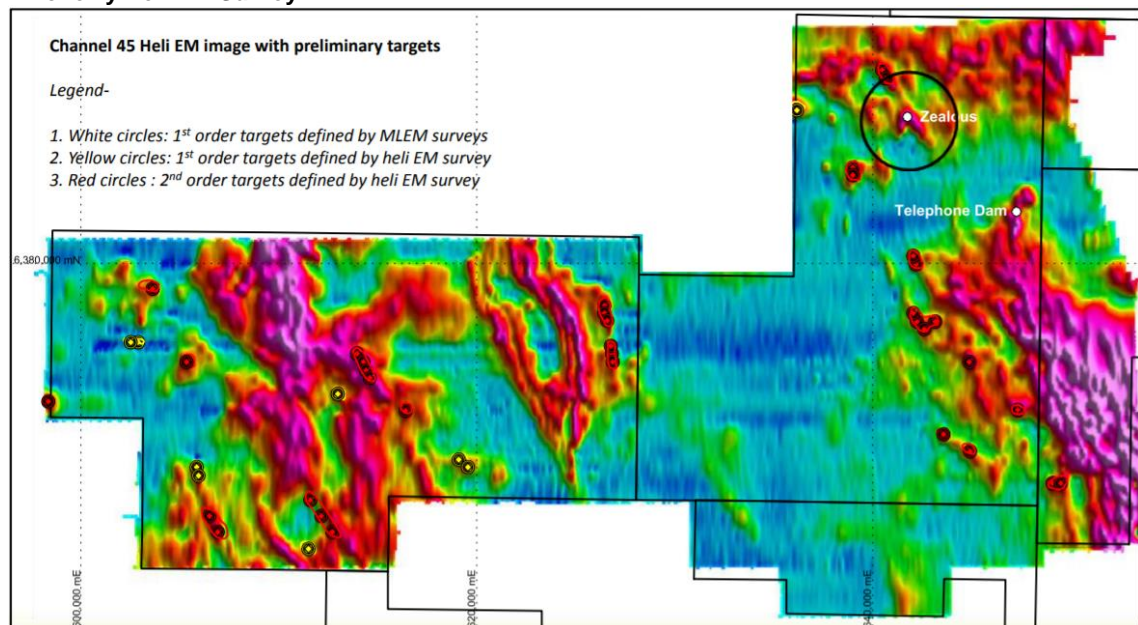
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Alliance has flown a helicopter borne electromagnetic (HEM) survey at Wilcherry and identified numerous conductors indicative of massive sulphide mineralisation including two large conductor systems at Zealous and Telephone Dam, which have potential for tin, and zinc-lead-silver, respectively. What ground exploration work has followed up the HEM conductors and what are early indications for the two conductors?

MD Steve Johnston

Ground moving loop electromagnetic (MLEM) surveys were completed at both Zealous and Telephone Dam and confirmed the bedrock conductors, allowing us to plan five drill holes at Zealous and three at Telephone Dam.

Wilcherry Heli EM Survey



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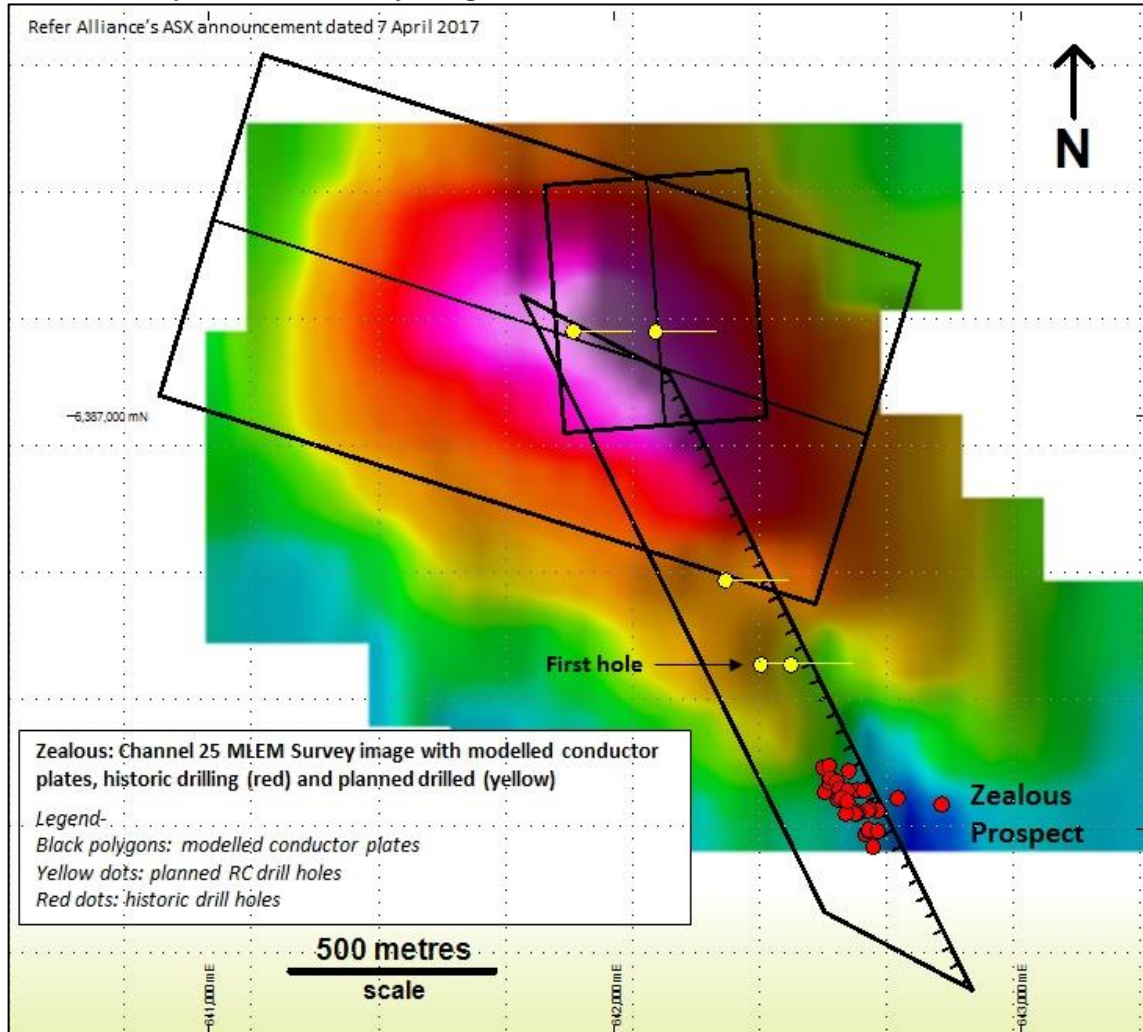
A 2010 drill program undertaken by previous owner of the tenement, Ironclad Mining, returned results for tin and drill hole (12ZLRC007) returned **7m @ 3.28 % Sn from 52m**. Is the tin at Zealous mineralised as a hard rock deposit? What sort of grades would you expect from this type of mineralisation if you were looking for it to be economic in grade? What does the early interpretation tell you about the potential strike and depth at Zealous?

MD Steve Johnston

The tin at Zealous is primary (hard rock), associated with a magnetite skarn which has been weathered to goethite and limonite. The benchmark primary tin deposit in Australia is

Renison in Tasmania which had historical ore reserves of 23Mt @ 1.4% Sn (322Kt contained Sn), so that is the average grade we'd like to see at Zealous. Some of the Ironclad intercepts are of that tenor, so we're quite encouraged. The existing drilling at Zealous has occurred over a strike length of 230m. The best indications we have are the geophysical (MLEM) conductors which are interpreted to be ~1500m x 1250m and ~1500m x 750m, respectively.

Zealous Prospect MLEM Survey Image



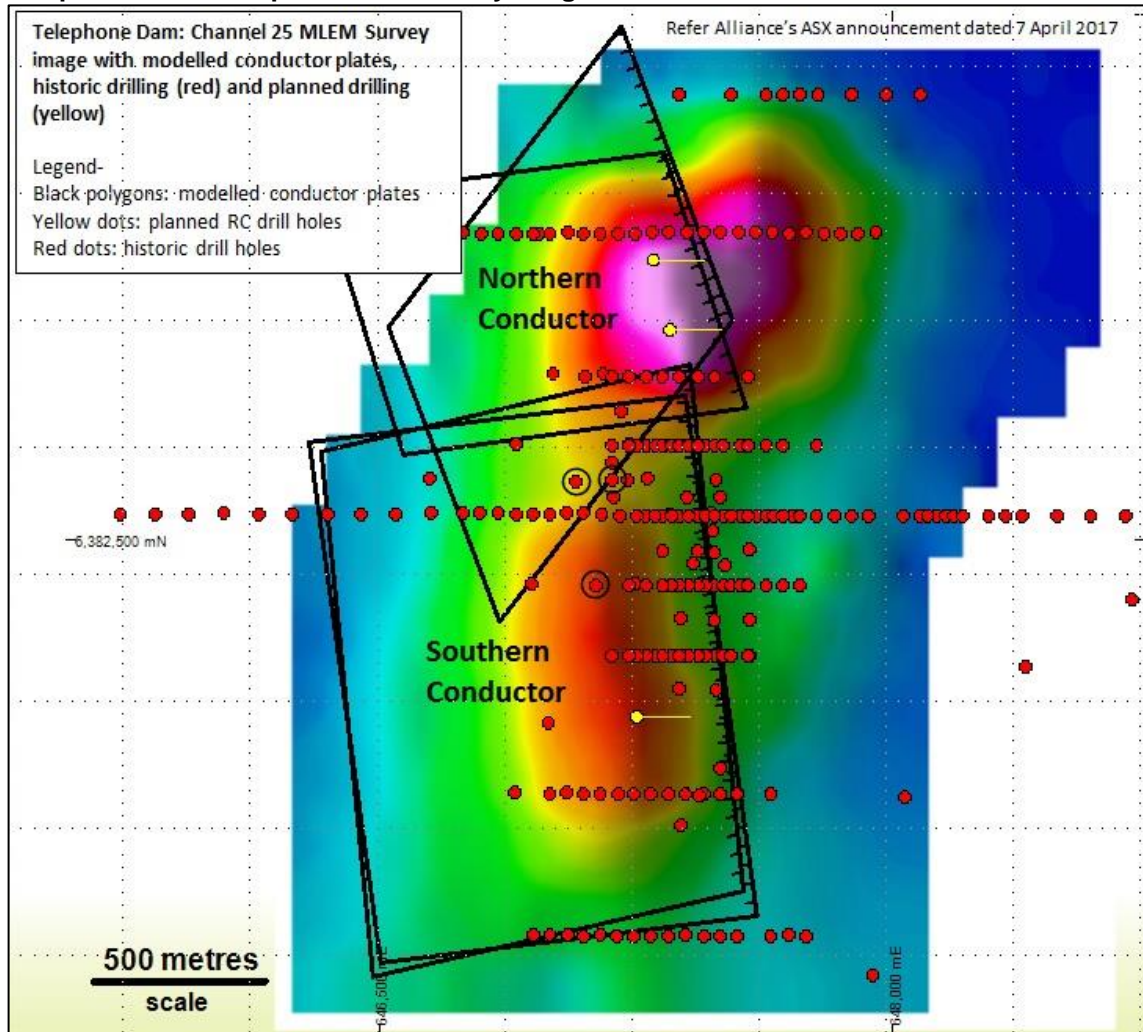
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What are your expectations for Telephone Dam in terms of project potential and what plans are there now for Zealous and Telephone Dam for the rest of 2017?

MD Steve Johnston

Our recent RC drilling program at Zealous encountered deep clay regolith and the RC drilling failed to reach the target depths in the two of the five planned holes. We then shifted the rig to Telephone Dam where we drilled one of the three planned holes and then moved the rig to Weednanna. Results are awaited. A diamond drill rig has been booked to drill three holes at Zealous (instead of five RC holes) and the two remaining holes at Telephone Dam. Zealous remains a key target for us. The Telephone Dam Zn-Pb-Ag prospect has been relatively well tested, with the exception that the most conductive zones within the northern and southern MLEM conductors occur in the least drilled parts of the prospect where the drill sections are approximately 400m apart. We wish to test these zones so we don't miss anything.

Telephone Dam Prospect MLEM Survey Image



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Weednanna, on the basis of those bonanza results would seem a significant discovery for the region. What are the plans by the Joint Venture, for ongoing exploration at Weednanna? What sort of budget and drilling plan do you envisage to be expended over the coming months?

MD Steve Johnston

There is no doubt that Weednanna is a significant gold prospect for the joint venture. It would be a feather in our cap if we could capitalise on the historic work of former explorers by extending the high grade zones at Targets 1, 2 and 3 and then by applying that knowledge to the remaining high-grade zones within the prospect – of which there are quite a few. Currently, we have planned diamond drilling at Zealous and Telephone Dam for July and into August, followed by RC drilling at Weednanna and elsewhere in October. Whilst the FY2018 budget is not yet finalised, it is likely to be in the same ball park as the current budget (\$>2 million).

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Alliance has other projects in Western Australia's Eastern Goldfields and in New South Wales which are prospective for nickel, copper and gold. In WA, the Nepean South Project is located 26 km southwest of Coolgardie and captures the interpreted southern extension of the ultramafic sequence hosting the now exhausted Nepean Nickel Mine. In NSW, Alliance

has two projects located in the Forbes-Parkes region in New South Wales. What is the ongoing work and planning on these assets?

MD Steve Johnston

At Nepean South, we've identified a large gold-in-soil anomaly (1350m long by up to 850m wide) which is open in the north and requires further sampling to define the limits of the anomaly, prior to aircore drilling in the next quarter. The NSW projects are grass roots and are not a priority at present due to the higher priority of the Wilcherry and Nepean South projects.

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At the end of the last quarter, Alliance had approximately \$9.967 million in cash. What is the expenditure for the Wilcherry project? How much will be contributed by your joint venture partner, Tyranna Resources?

MD Steve Johnston

The joint venture has spent approximately \$2 million from November last year until the end of June. Tyranna's share of that is 49%.

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What can shareholders expect in terms of coming news and milestones for Alliance as we head into the second half of 2017?

MD Steve Johnston

We anticipate strong news flow in the second half, e.g. results from Weednanna and Telephone Dam during July, diamond drilling commencing at Zealous and Telephone Dam in July until early August (results in September), followed by RC drilling at Weednanna and elsewhere in October (results in November).

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Thank you Steve

For more information about Alliance Resources Limited, visit www.allianceresources.com.au or call Steve Johnston on +61 3 9697 9090

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