5 October 2017

ALLIANCE RESOURCES LTD

ASX: AGS

ABN: 38 063 293 336

Market Cap: $9.4M @ $0.09

Shares on issue: 104,293,923

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Projects:

Wilcherry JV, SA (51%): gold and base metals

Nepean South, WA (100%): gold-nickel

Gundockerta Sth, WA (100%): gold-nickel

Bogan Gate, NSW (100%): gold-base metals

Garema, NSW (100%): gold

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TELEPHONE DAM AND ZEALOUS
Diamond Drilling Results

Telephone Dam

- **Best result of 12.7m @ 3.9% Pb, 0.2% Zn and 114 g/t Ag from 65.8m (including 5.6m @ 6.8% Pb, 0.2% Zn and 209 g/t Ag from 66.9m)**

Zealous

- **Best result of 8m @ 457ppm Cu from 160.5m, approximately 300m northwest of Zealous**
- **No significant tin results, however, it is uncertain if targeted conductors have been effectively tested**
- **Zealous remains an encouraging target for tin with historic intersections including[1] 7m @ 3.16 % Sn from 52m and 5m @ 2.29% Sn from 128m**

HEM Targets

- **Four separate HEM target areas at Wilcherry are planned to be RC drill tested during October, with the remainder in the first half of 2018**

The Directors of Alliance Resources Ltd (Alliance) are pleased to announce results of diamond drilling at the Telephone Dam zinc-lead-silver prospect and Zealous tin prospect, within the Wilcherry Project Joint Venture between Alliance (51%) and Tyranna Resources Ltd (ASX Code: TYX) (49%).

During July and August, three diamond holes for 1,029 metres, were drilled at the Zealous and Telephone Dam prospects to test Moving Loop electromagnetic (MLEM) conductors potentially associated with tin or silver-lead-zinc mineralisation.

Two diamond drill holes (17ZLDH001 and 002) were drilled for 731.3 metres at the Zealous Prospect (Figure 1). Hole 17ZLDH001 intersected a narrow iron-rich horizon that may be related to the ironstone that hosts tin in drilling to the south of the area tested. However, no obvious sulphide source for the MLEM conductors was observed in either drill hole.

One diamond drill hole (17TDDH001) was drilled for 297.7 metres at the Telephone Dam Prospect (Figure 2). This hole intersected chloritic meta-sediments containing disseminated graphite and lesser pyrite that is interpreted to be the source of this targeted conductor.

[1] Refer Tyranna Resources Ltd ASX announcement dated 2 August 2016.

A total of 357 approximately 1 metre samples were submitted for gold and base-metal analyses.

The best result was 12.7m @ 3.9% Pb, 0.2% Zn and 114 g/t Ag from 65.8m at a cut-off grade of 0.6% Pb (including 5.6m @ 6.8% Pb, 0.2% Zn and 209 g/t Ag from 66.9m) in Telephone Dam drill hole 17TDDH001. This mineralisation occurs in the supergene zone. Refer to Table A for significant intersections.

Down-Hole Electromagnetic Surveys

DHEM surveys were completed by GAP Geophysics during August and a preliminary interpretation has been completed by Alliance's consultant geophysicist.

DHEM surveys are completed in PVC casing that is run into the drill hole after the completion of drilling. The objective of a DHEM survey is to:

1. Confirm if the MLEM conductor targeted by drilling has been effectively tested (in-hole conductor);
2. Identify conductors adjacent to, but missed by the drill hole (off-hole conductor); and
3. Define the intensity, size, and geometry of in-hole and off-hole conductors for further drill testing.

Zealous hole 17ZLDH001 was blocked at 75 metres depth and could not be surveyed. It is therefore uncertain if this conductor has been effectively tested by the drill hole.

Zealous hole 17ZLDH002 could not be surveyed above 220 metres depth due to drill rods being stuck in the hole between 90 and 220 metres depth. As a result the source of the shallow conductive unit targeted by this drill hole could not be modelled. The deeper data defines a broad weak to moderate off-hole conductive response in the lower section of the hole. This conductive source is likely greater than 100 metres off-hole and most likely below/west and south of the hole position. Further modelling will be completed to better identify the source location, however, this conductor likely relates to the northern end of the Zealous conductor that strikes approximately NNW-SSE and is modelled in MLEM data further to the south.

Telephone Dam hole 17TDDH001 showed in-hole/off-hole anomalism over a broad section between approximately 180 and 240 metres depth. A clear in-hole response occurs at 180-190m depth, source centred below and left/north of hole. A sharp off-hole/minor in-hole anomaly is present at 225m depth, source strongly below and right/south. A minor in-hole anomaly of limited extent is also present at approximately 135-140m depth.

These conductive zones correlate with variably graphitic chloritic sandy meta-sediment (sandstone) and marble that also contain disseminated sulphide (mainly pyrite) and are interpreted to be the likely source of the conductance levels and models generated from the MLEM survey data.

Discussion

Between December 2016 and March 2017 the Wilcherry Joint Venture completed regional helicopter borne electromagnetic (HEM) survey flown over the Wilcherry Project. This HEM survey identified 28 conductive target areas that may be prospective for massive sulphide-associated base metal deposits including tin, silver-lead-zinc, copper-gold, and graphite. Ground MLEM surveys are used to better define HEM target areas to target drilling.

The Zealous and Telephone Dam prospects are the first two target areas to be tested with diamond drilling.

The two diamond holes drilled at Zealous encountered difficult ground conditions, resulting in only one hole being partly DHEM surveyed. Despite a lack of tin mineralisation and obvious conductors observed in the drill holes, the identification of an off-hole conductor towards the bottom of hole 17ZLDH002 and presence of known tin

mineralisation in historic drilling to the south continues to support, the Zealous prospect as an encouraging target for tin.

The diamond hole drilled at Telephone Dam has effectively tested the MLEM conductor targeted and while identifying graphitic meta-sediments as the conductive source, the presence of significant supergene lead-zinc-silver mineralisation continues to support the prospectivity of this target area.

It should be noted that silver-lead-zinc deposits may not present as MLEM conductive anomalies if the sulphide-bearing ore is disseminated in nature.

Planned Work

No further work is planned in the short-term at Zealous as the drilling was difficult, or Telephone Dam, and the Company prefers to conserve cash and to test other HEM targets as a higher priority.

Alliance has commenced an exploration program to systematically test the mineral potential of the remaining untested HEM target areas. This exploration program will consist of MLEM surveys to better define conductors for drill testing.

Four HEM target areas are planned to be RC drill tested during October, with the remainder in the first half of 2018.

Table A: Significant Intersections

Hole_ID	East MGA	North MGA	RL (m)	Azimuth	Dip	EOH	From (m)	To (m)	Interval (m)	Pb (ppm)	Ag (ppm)	Zn (ppm)	Cu (ppm)
17ZLRC001	642360	6386400	258	90.0	-60.0	186.0	No significant analyses						
17ZLRC002	642102	6387200	258	90.0	-60.0	180.0	No significant analyses						
17ZLDH001	642341	6386408	258	90.0	-60.0	386.0	160.5		8.0				457
17ZLDH002	642086	6387199	258	90.0	-60.0	345.3	No significant analyses						
17TDRC001	647250	6382000	244	90.0	-70.0	210.0	No significant analyses						
17TDDH001	**647299**	**6383299**	**248**	**90.0**	**-70.0**	**297.7**	52.0	53.1	1.1	10,750	29	1,160	
and							54.4	55.0	0.6	12,950	36	679	
and							**65.8**	**78.5**	**12.7**	**39,257**	**114**	**1,958**	
including							**66.9**	**72.5**	**5.6**	**67,804**	**209**	**2,046**	

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About Alliance

Alliance Resources Ltd (Alliance) is an Australian gold and base metals exploration company with projects in South Australia, Western Australia and New South Wales.

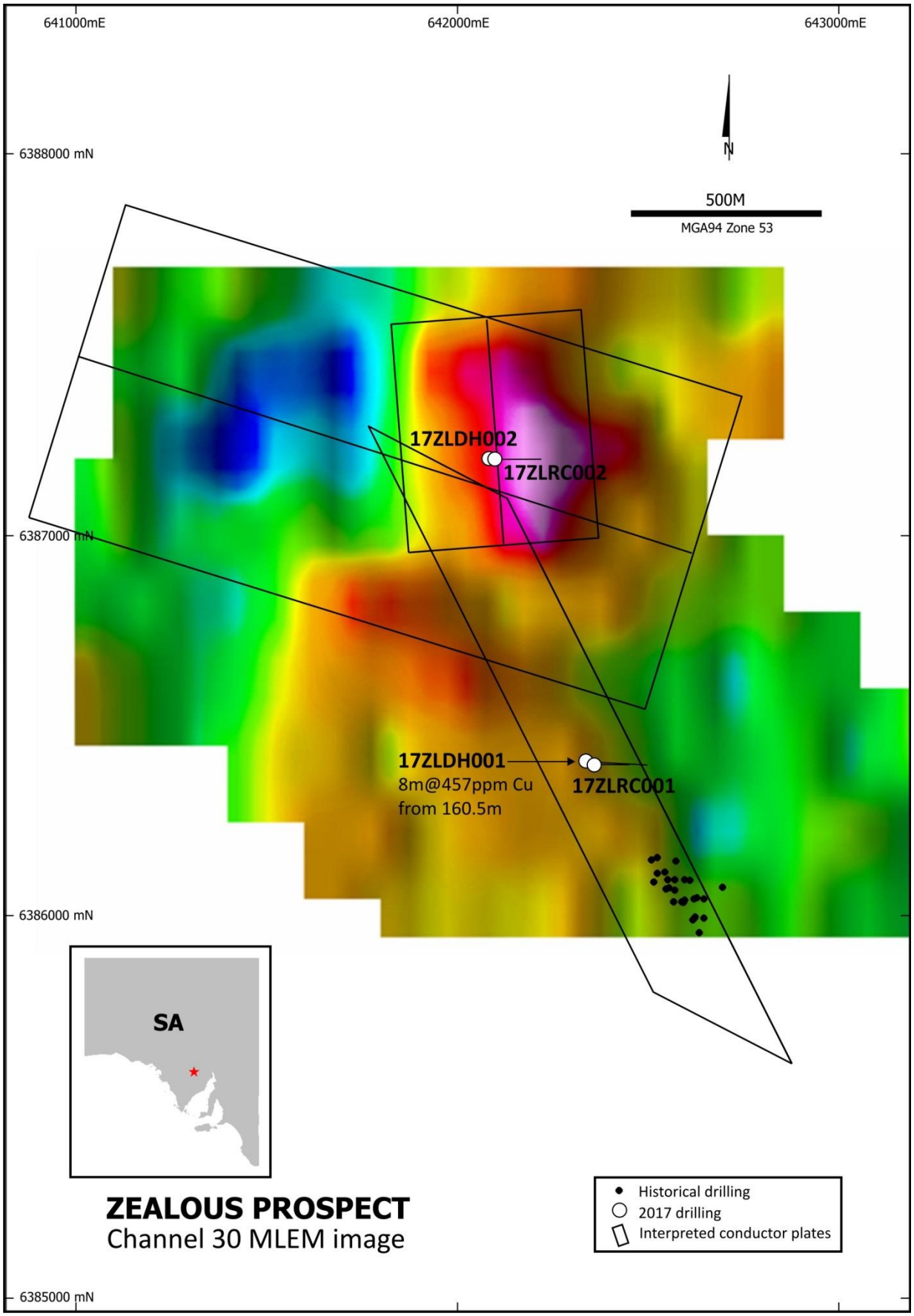

Figure 1. Zealous: Completed RC and diamond drilling

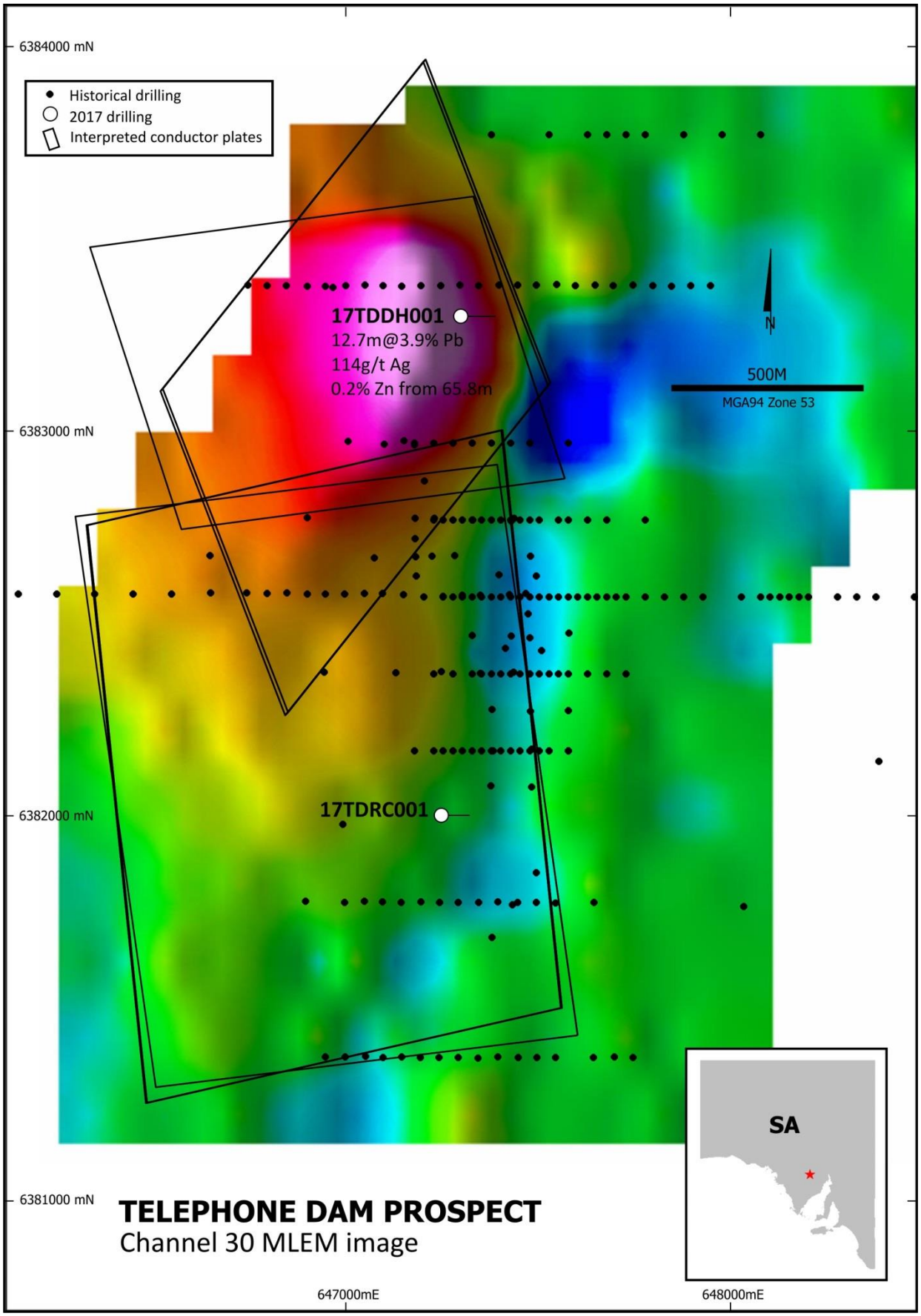

Figure 2. Telephone Dam: Completed RC and diamond drilling

Competent Person's Statement

The information in this report that relates to the Exploration Results is based on information compiled by Mr Stephen Johnston who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Johnston is a full 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 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.

Section 1 – Sampling Techniques and Data		
Criteria	**JORC Code explanation**	**Commentary**
Sampling techniques	*Nature and quality of sampling (eg. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	Half core sampled from HQ and PQ sized diamond drilling core.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Industry standard practice has been applied on site to ensure sample representivity. The laboratories have applied appropriate QA-QC to sample preparation and appropriate calibration/QA-QC to analytical instruments.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg. 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'	Diamond core was used to obtain 0.4 to 1.3m samples (average 0.99m) from which ~3kg was pulverised to produce appropriate sized samples for 50g fire assay and four acid digest analysis.
Drilling techniques	*Drill type (eg. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (eg. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	Diamond holes were drilled using PQ and HQ triple tube at an inclination of 60° at Zealous and 70° at Telephone Dam.
Drill sample recovery	*Method recording and assessing core and chip sample recoveries and results assessed.*	Samples were logged and sample recovery estimated on site by a geologist.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Diamond core was drilled from surface using triple tube to ensure good recovery of poorly and semi-consolidated rock
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	The drilling technique used has a low potential for sample bias.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Samples were logged by a geologist for recovery, weathering, moisture, colour, lithology, alteration, texture, mineralogy and mineralisation.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	Sample logging is both qualitative (e.g. colour) and quantitative (eg. % mineral present) in nature depending on the feature being logged.
	The total length and percentage of the relevant intersections logged.	All holes were logged from start to finish.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Diamond core was cut using a diamond saw and half core submitted for analyses.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	Not applicable.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation was carried out by ALS Minerals Laboratory in Adelaide as described above.
	Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.	Approximately 6% of analysed samples were in the form of Company submitted standards, blanks or duplicates.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	The sampling method described above ensured representivity of the in-situ material.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are considered appropriate to the grain size of the material being sampled.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	All samples were analysed by ALS Minerals in Perth for 50g charge fire assay for gold (Au-AA26) with AAS finish and four acid digest (ME-MS61) with ICPAES or ICPMS determination as appropriate. Fire assay is considered to be a total digestion technique for gold. Four acid digest is considered to be a total digestion technique for most of the base metal elements analysed. The four acid technique does not totally digest tin, however no significant levels of tin anomalism were identified to warrant accurate determination using the lithium borate fusion technique.
	For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibration factors applied and their deviation, etc.	Down hole electromagnetic (DHEM) surveys were completed by GAP Geophysics using a EMIT SMARTem24 with EMIT SMART 3-component fluxgate receiver system and Gap GeoPak EMTX-200 Geophysical Transmitter. Loop sizes vary depending on

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		conductor geometry, with in excess of 130 amps current and transmit frequency between 0.125 – 0.5Hz.
	Nature of quality control procedures adopted (eg. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie. lack of bias) and precision have been established.	ALS Minerals quality control (QC) protocol requires that each batch of 40 samples analysed include a reagent blank, 2 replicate determinations and 2 standard materials. Samples exhibiting anomalous values (high or low) are routinely reanalysed using either the original pulp or a second split. 6% of samples submitted by Alliance for analysis were in the form of standards, blanks or duplicates. Acceptable levels of accuracy and precision have been established by the two QC programs.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Alternative company geologists have verified the significant results that are listed in this report.
	The use of twinned holes.	Not applicable.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Each sample bag was labelled with a unique sample number assigned at the point of sampling in the field. Sample numbers are used to match analyses from the laboratory to the in-house database containing downhole drillhole data.
	Discuss any adjustment to assay data.	No assay data has been adjusted.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other location used in Mineral Resource estimation.*	Drill hole collars were surveyed by the Company using a hand-held GPS (+/- 3m). This level of accuracy is appropriate for regional exploration. Down hole surveying was completed by the drilling company in the collar and at 30m spaced intervals down hole using a single shot electronic survey camera.
	Specification of the grid system used.	GDA94, MGA Zone 53.
	Quality and adequacy of topographic control.	Quality as described above. Topographic control is adequate.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Data spacing is listed in Table A in the body of the report.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedures(s) and classifications applied.	The data spacing and distribution is <u>not</u> sufficient to establish geological and grade continuity appropriate for a Mineral Resource estimate.
	Whether sample compositing has been applied.	No composite sampling has been applied.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	At this stage of exploration it is unknown whether the orientation of sampling achieves unbiased sampling, however drilling has been planned using all available data to achieve this objective.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	It is unknown whether the drilling orientation and the orientation of key mineralised structures introduced a sampling bias.
Sample security	*The measures taken to ensure sample security.*	Diamond core was stored on site and then transported to a storage facility for cutting, sampling and storage.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No audits or reviews have been undertaken.

Section 2 – Reporting of Exploration Results		
Criteria	**JORC Code explanation**	**Commentary**
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	The Zealous and Telephone Dam Prospects are located within EL5299 which forms part of the Wilcherry Project Joint Venture (Project) owned by Alliance (51%) and Tyranna Resources Ltd (49%). The Project is located within the Gawler Craton in the northern Eyre Peninsula, South Australia. There is a royalty of 2% of the NSR payable to Aquila Resources Ltd.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The tenement is in good standing and there are no known impediments to obtaining a licence to operate in the area.
Exploration done by other parties	*Acknowledgement and appraisal of exploration by other parties.*	The area has been explored since the 1970's by companies including Pan Continental Mining, Asarco, Murumba Minerals, Shell (later Acacia), WMC, Aquila Resources Ltd, Trafford Resources Ltd, Ironclad Mining Ltd (later Tyranna).
Geology	*Deposit type, geological setting and style of mineralisation.*	The tin mineralisation at Zealous is associated with a goethite

Section 2 – Reporting of Exploration Results		
Criteria	**JORC Code explanation**	**Commentary**
		(after magnetite) calc-silicate skarn and interpreted to be proximal to a granite intrusion. The prospect contains concentrations of iron, tin, lead, zinc and copper. The lead-zinc-silver mineralisation at Telephone Dam prospect is hosted by dolomitic metasediments, calc-silicate and magnetite skarn and gneiss. The prospect contains concentrations of iron, lead, zinc, silver and manganese.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar;* • *elevation or RL (reduced Level - elevation above sea level in metres) of the drill hole collar;* • *dip and azimuth of the hole;* • *down hole length and interception depth;* • *hole length.* *If the exclusion of this information is justified on the basis that the information is not material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Refer to Table A in the body of this report for the location of all drill holes.
Data aggregation methods	*In reporting Exploration results, weighting averaging techniques, maximum and/or minimum grade truncation (eg. cutting of high grades) and cut-off grades are usually material and should be stated.*	The results are weighted averages by sample length. No high grade cuts have been applied. Results are reported for all intersections of Pb greater than 0.6% Pb. The mineralised intervals are listed in Table A in the body of the announcement.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregation should be shown in detail.	Lengths of low grade results have been incorporated where the adjacent higher grade results are of sufficient tenor such that the weighted average remains close to or above the lower cut-off grades.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg. 'down hole length, true width not known').*	The geometry of the mineralisation is still being assessed. Analytical results are reported at down hole lengths as the true width is not known.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer to figures in the body of the announcement.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	The result reported in Table A represent all significant assay results averaging greater than 0.6% Pb for Telephone Dam and 200ppm Cu for Zealous.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density; groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	All relevant exploration data collected so far has been reported.
Further work	*The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Refer to main body of announcement.