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ALLIANCE RESOURCES LTD

ASX Code: AGS

ABN: 38 063 293 336

Market Cap: $9.4 M @ $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-nicke

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

Garema, NSW (100%): gold

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DRILLING OF EM TARGETS TO COMMENCE MID-OCTOBER

WILCHERRY PROJECT JOINT VENTURE

- **Drilling of four regional ground moving loop EM (MLEM) targets to commence in mid-October**

- **Ground MLEM surveys over remaining regional heli-EM conductors to commence in October**

The Directors of Alliance Resources Ltd (Alliance) are pleased to announce that drilling of four regional ground MLEM targets at the Wilcherry Project, a Joint Venture between Alliance (51%) and Tyranna Resources Ltd (ASX: TYX) (49%) will commence in mid-October.

MLEM surveys were completed during the June quarter over four priority helicopter-borne electromagnetic (**HEM**) conductors identified during the December 2016 survey. This HEM survey identified 26 conductive targets that may be prospective for accumulations of massive sulphides, including copper, tin, zinc, lead and silver. Ground MLEM surveys are used to better define HEM target areas for drill testing.

A total of 29 traverse lines were surveyed for 41.0 line kms (439 stations). Refer Figure 1.

The aims of the MLEM survey were:

- To follow-up priority HEM anomalism and confirm the presence of significant bedrock conductors at the target areas; and

- To optimise drill targets in order to test bedrock conductors for economic concentrations of metals.

At Target 1, MLEM surveying has highlighted three localised moderate strength bedrock conductors. The central anomaly is the largest bedrock conductive source. Modelling of the bedrock anomalies has identified a correlation between the defined conductors, high-magnetic units, and likely cross-cutting structures. Three RC holes are planned to test the Target 1 conductors to depths between 150-200m. Refer Figure 2.

At Target 2, MLEM surveying has defined two bedrock conductors with varied signatures/strengths. A third anomaly in the western extents of the survey is interpreted to be a conductive near surface unit/corridor but not a primary target at this stage. Modelling of the two main bedrock anomalies (T2_N and T2_S) suggests that they are related/along strike from one another; however T2_S has the strongest conductance. One RC hole is planned to test T2_N, the northern and shallower Target 2 conductor, to depths between 75-150m.

Refer Figure 3. A diamond hole may be drilled to test the southern conductor (T2_S) during the first half of 2018.

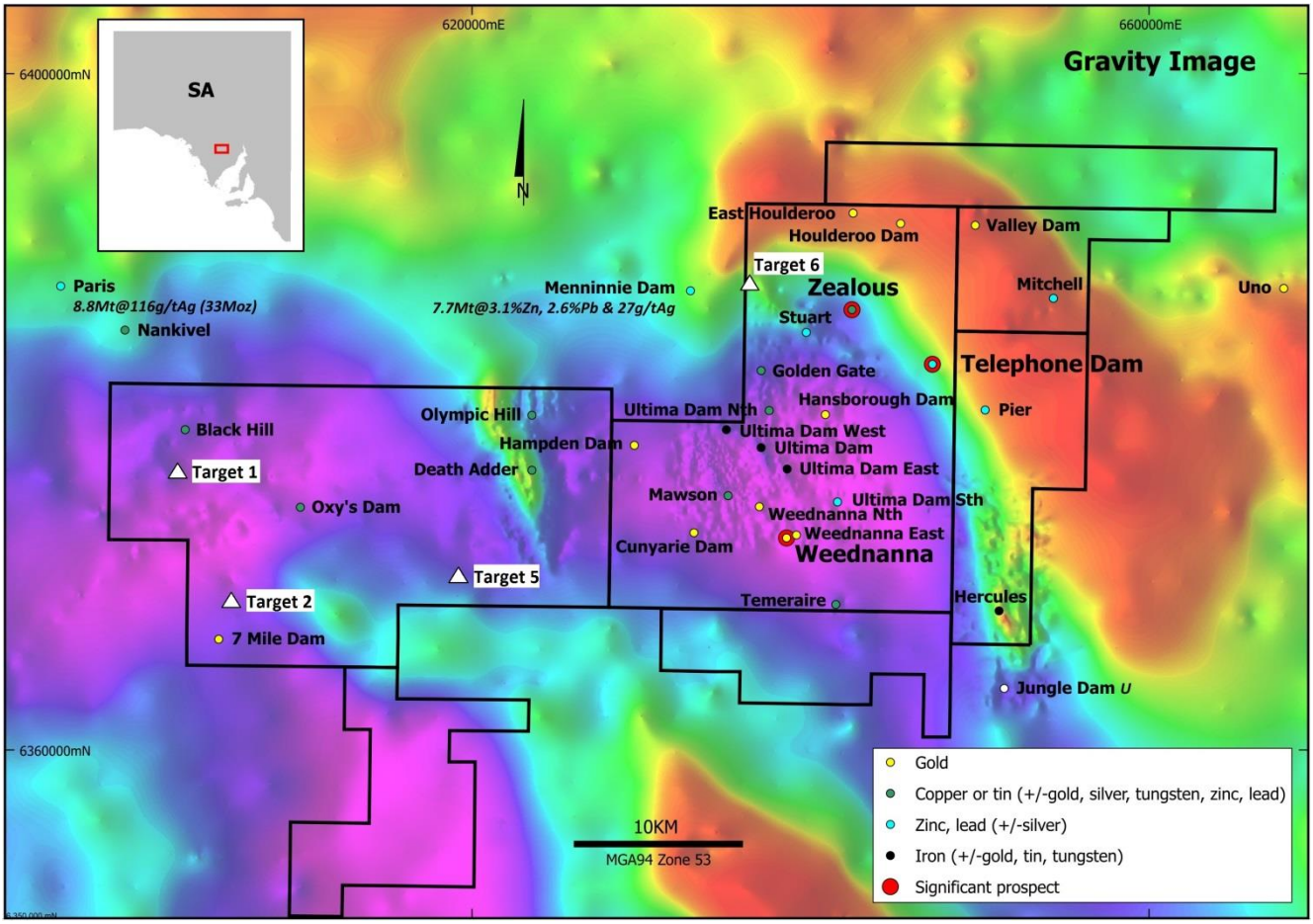

Figure 1 - Wilcherry Project plan showing locations of MLEM survey Targets 1, 2, 5 and 6

At Target 5, MLEM surveying has defined a single strong conductor of priority interest. Modelling of this conductor suggests that its geometry may be complex, with the potential for tight folding and/or potentially a thicker conductive unit. One RC hole is planned to test the Target 5 conductor to depths between 100-200m. Refer Figure 4. A deeper diamond hole may be drilled to the south of the conductive target during the first half of 2018, depending on the results of the RC hole.

At Target 6, MLEM surveying has defined a weak localised conductor. Modelling of this anomaly indicates that the conductor may represent a wide, deeply weathered geological source. One RC hole is planned to test the Target 6 conductor to depths between 50-125m. Refer Figure 5.

The geophysical model outcomes and planned drillhole designs are listed in Table 1.

Planned Work

Reverse circulation drill testing of the four MLEM target areas is planned to commence in mid-October.

Ground MLEM surveys over the remaining regional HEM conductors are also scheduled to commence in October to better define conductors for drill testing.

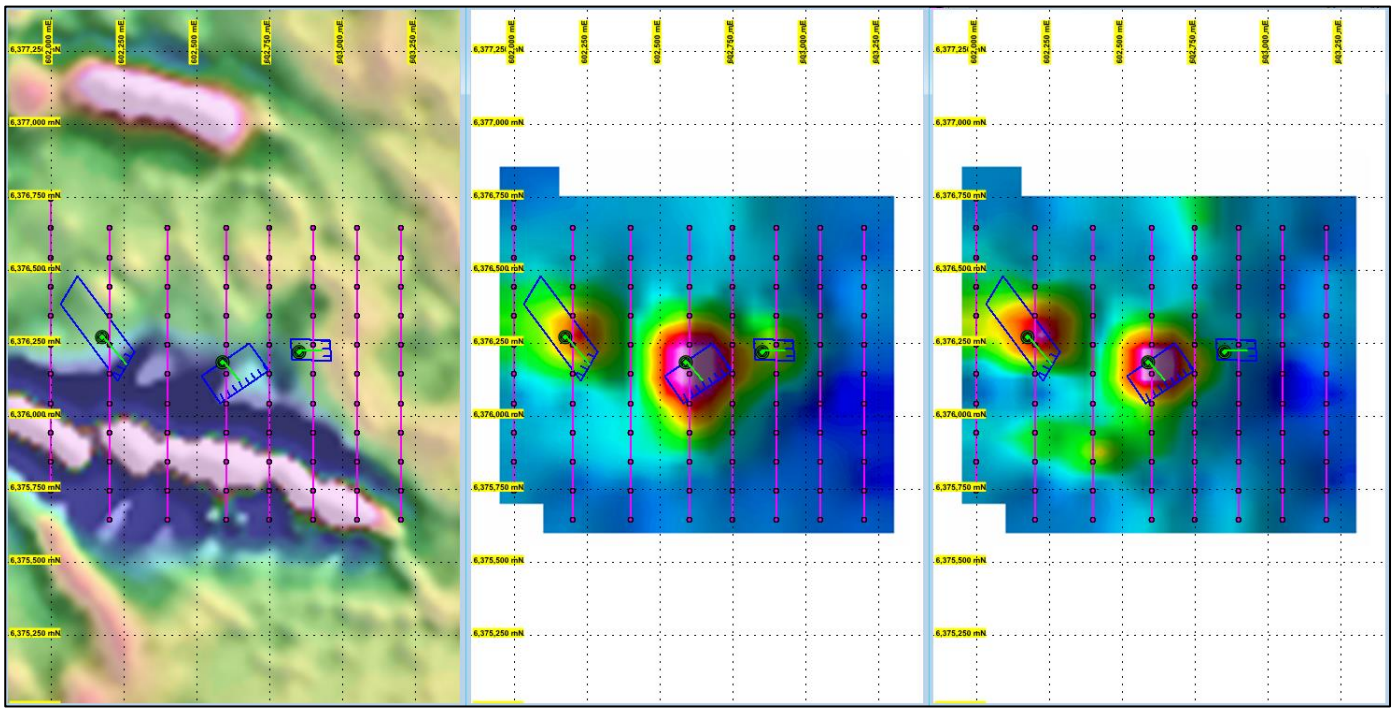

Figure 2: MLEM Surveying, Target 1 - Proposed Drill Targeting over 1VD/2VD AMAG, CH25BZ and CH30BZ (left to right)

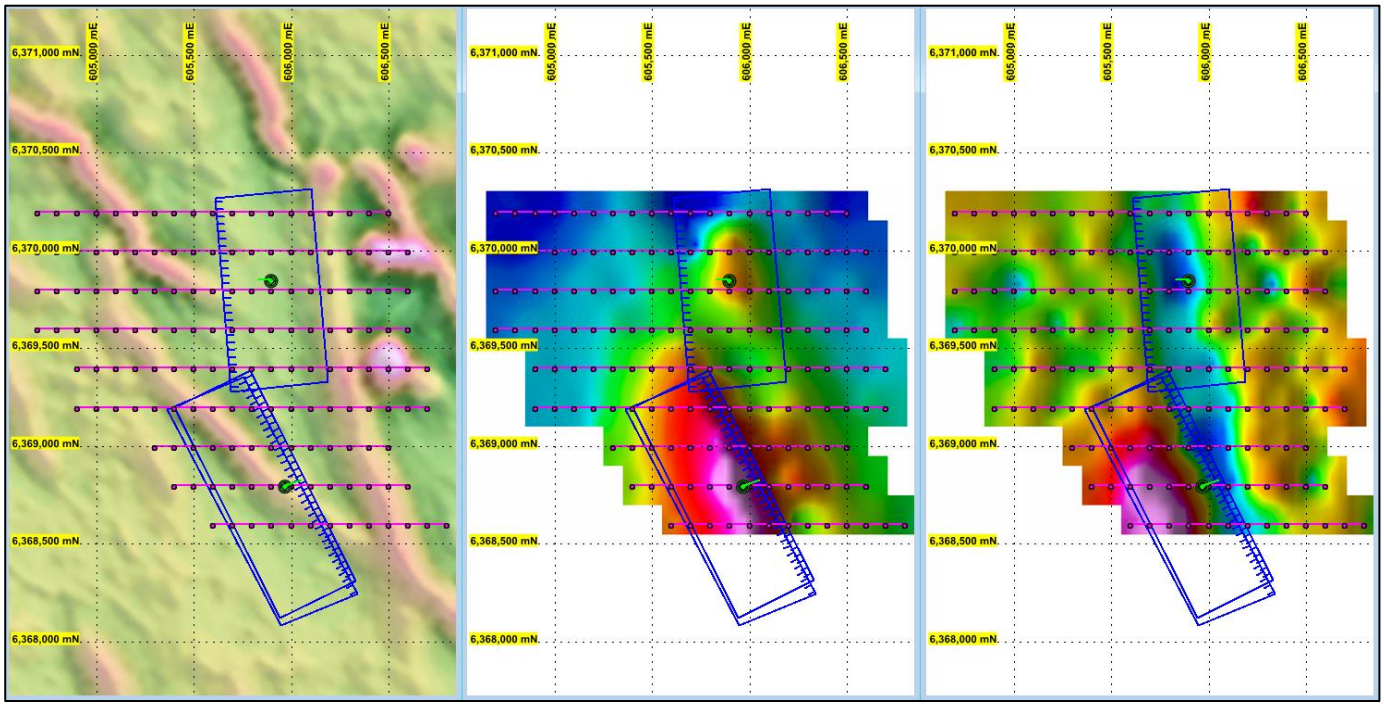

Figure 3: MLEM Surveying, Target 2 - Proposed Drill Targeting over 1VD/2VD AMAG, CH25BZ and CH35BZ (left to right)

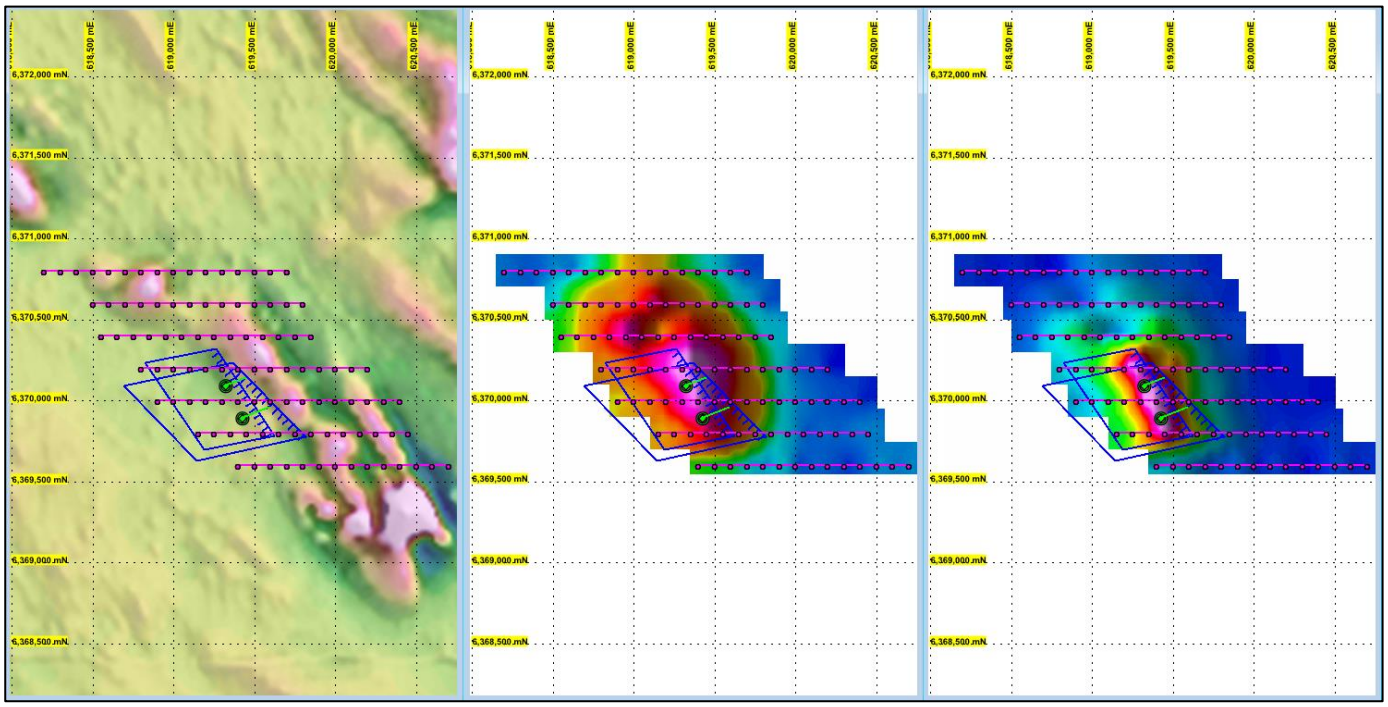

Figure 4: MLEM Surveying, Target 5 - Proposed Drill Targeting over 1VD/2VD AMAG, CH25BZ and CH35BZ (left to right)

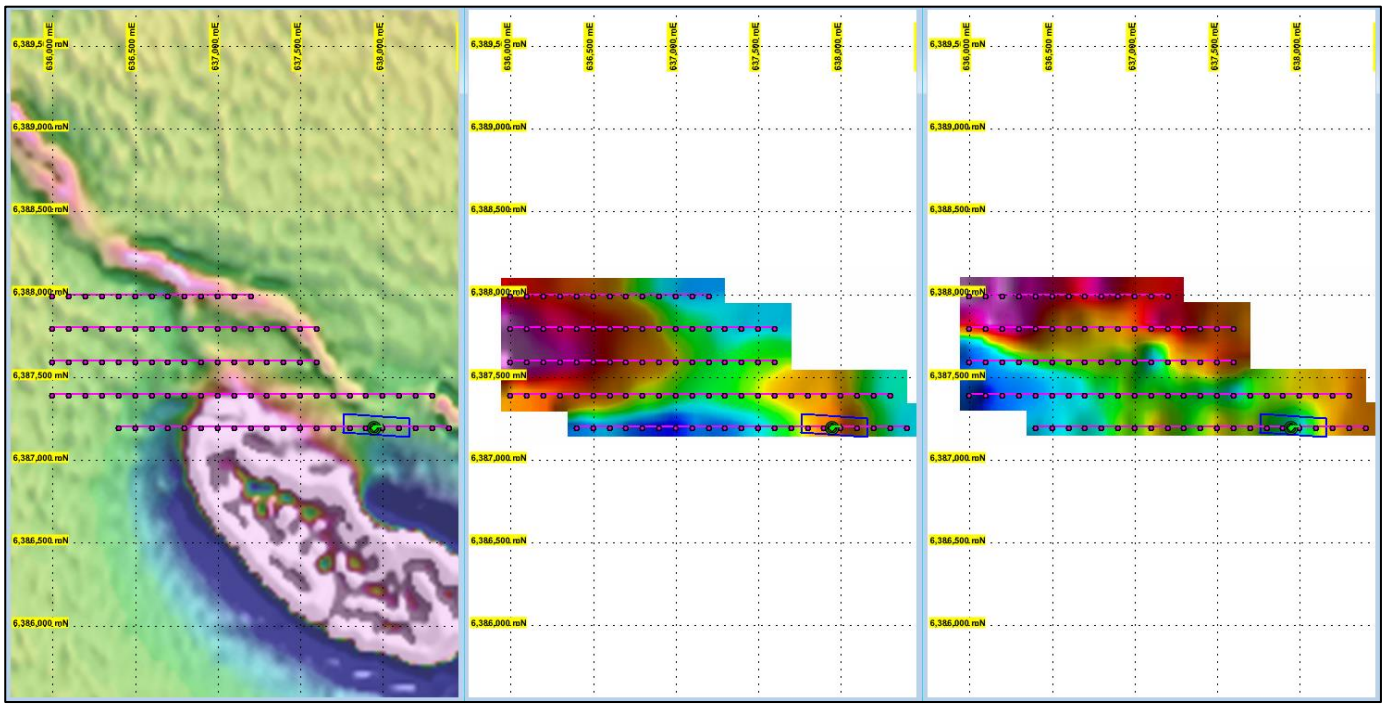

Figure 5: MLEM Surveying, Target 6 - Proposed Drill Targeting over 1VD/2VD AMAG, CH20BZ and CH25BZ (left to right)

Table 1

Geophysical Modelling Outcomes						Drill Hole Designs				
Conductor	Dimensions		Conductivity	Dip	Depth	MGA_E	MGA_N	Dip	Azimuth	Target
	(m)	(m)	(S)							Depth
T1_W	125	400	1500	55 WNW	75-100	602175	6376275	60	140	150-200
T1_C	125	200	1250	20 W/NW	125-150	602590	6376190	70	140	150-200
T1_E	75	150	875	37.5 W/SW	100-125	602850	6376225	70	90	125-175
T2_N	500	1000	75	12.5 E	40-60	605900	6369850	70	270	75-150
T2_S	1000	800	425	60 SW	125	605970	6368800	70	70	150-225
T5	600	1200	8500	65 SW	50-75	619325	6370100	60	70	100-200
						619425	6369900	60	70	175-275
T6_1	400	150	100	flat	50-100	637950	6387200	70	90	50-125

Note: Conductors with a target depth range of 200 metres or less are planned to be tested using RC drilling during October. Conductors with a target depth range of greater than 200 metres are planned to be tested with diamond drilling in the first half of 2018.

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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.

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.

JORC Code, 2012 Edition – Table 1 Report

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
Sampling techniques	High powered moving loop electromagnetic (MLEM) surveys were completed at regional prospects by Gap Geophysics Australia Pty Ltd. The surveys consisted of 29 x 200 metre spaced traverse lines for 41.0 line kms of surveying (439 stations) and 200 x 200m sized loops. All data was acquired with a SMARTem24 instrument combined with a Gap EMTX-200 HP transmitter and an EMIT SMART Fluxgate B-field sensor working at a low base frequency of 0.25-1Hz (250-1000ms time base)
Drilling techniques	Not applicable as no drilling was undertaken.
Drill sample recovery	Not applicable as no drilling was undertaken.
Logging	Not applicable as no drilling was undertaken.
Sub-sampling techniques and sample preparation	Not applicable as no drilling was undertaken.
Quality of assay data and laboratory tests	The geophysical equipment used: • Survey type: Moving Loop (inloop mode) • Transmitter: Gap EMTX-200 • Base Frequency: 0.25-1Hz (250-1000msec time base) • 200x200m MLEM loops • Current: 120 Amps (Single Turn Loop) • Receiver: SMARTem24 • Sensor: EMIT SMART Fluxgate B-Field Sensor – ZXY 3D Components • Multiple Readings @ 128 Stacks • Probe Noise Levels: Low average at <0.025pT/A or <3pT
Verification of sampling and assaying	Primary geophysical data was captured electronically in the field and transmitted to Southern Geoscience Consultants on a daily basis. The acquired data was internally validated by Gap Geophysics and checked by Southern Geoscience Consultants. The modelled and interpreted data was completed by Southern Geoscience Consultants and reviewed by Alliance geologists. All quality control and data analysis was carried out using Maxwell EM software.
Location of data points	All data has been collected in GDA94 MGA Zone 53 grid system. Data points were located using a GPS receiver nominally accurate to 5.0m.
Data spacing and distribution	200m x 200m transmitter loops, using a 100m station spacing, with 200m survey line spacing.
Orientation of data in relation to geological structure	The orientation of the geophysical survey was designed to be unbiased with respect to known geology and structures. The Targets 2, 5 and 6 surveys were completed using east-west oriented lines to best accommodate the predominately NW-SE geological strike direction. The Target 1 survey was completed using north-south oriented lines to best accommodate the predominately WNW-ESE geological strike direction.
Sample security	Not applicable as no drilling was undertaken.
Audits or reviews	No audits or reviews of the sampling technique or data have been completed.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	The geophysical surveys described in this report were undertaken on Wilcherry Project tenements EL5164, EL5299 and EL5590. The tenements are current and in good standing. The Wilcherry Project is being explored in joint venture by Alliance Resources Limited (51% and operator) and Tyranna Resources Limited (49%).
Exploration done by other parties	The Wilcherry Project area has been explored by numerous companies since the 1970's including Pan Continental Mining, Asarco, Marumba Minerals, the Shell Company of Australia, WMC, Aberfoyle Resources, Acacia Resources, Western Metals Resources, AngloGold Australasia, Aquila Resources, Trafford Resources, and Ironclad Mining.
Geology	The Wilcherry Project is situated in the southeastern part of the Gawler Craton, which is an ancient crystalline shield comprising Archean to Mesoproterozoic age metasediments, volcanics and granites. The region has undergone multiple events of tectonic deformation, granite intrusion and metamorphism. Regional geological and tectonic synthesis shows the Project area to be in the Cleve Domain of the Gawler Craton based on its structural, metamorphic and stratigraphic characteristics. The Project area is dominated by metasediments of the Palaeoproterozoic Hutchison Group sediments which unconformably overlie early Palaeoproterozoic Miltalie Gneiss and Achaean granulites and gneisses of the Sleaford Complex. The Hutchison Group consists of metamorphosed clastic marine sediments, iron formations, carbonates and mafic volcanics. Deformation and metamorphism occurred during the Kimban Orogeny (1850-1700 Ma) and was accompanied by the syntectonic intrusion of the Moody Suite granites. The result is a northwest trending igneous - metamorphic complex of metasedimentary rocks, amphibolite, schist, gneiss and granite. Palaeoproterozoic units are overlain by the younger Gawler Range Volcanics and are intruded by the contemporaneous Hiltaba Suite Granites. The Hiltaba Suite/Gawler Range magmatic event (1595-1575 Ma) represents a major Mesoproterozoic tectonic/tectonothermal event which affected much of the Gawler Craton; it is this event which is believed to have been responsible for widespread gold, uranium and base metal mineralisation. Widespread surficial cover obscures much of the bedrock whilst weathering has produced a regolith of kaolinised saprolite to depths of between 40 - 100m.
Drill hole Information	The locations of HP MLEM survey targets are shown in Figure 1. Survey results are presented in Figures 2 to 5 for Targets 1, 2, 5 and 6, respectively.
Data aggregation methods	Not applicable as no drilling or geochemical sampling was undertaken.
Relationship between mineralisation widths and intercept lengths	Not applicable as no drilling or geochemical sampling was undertaken.
Diagrams	See Figures 1 to 5 of this report.
Balanced reporting	The results reported for the HP MLEM survey are considered to be balanced.
Other substantive exploration data	Refer to the body of this announcement.
Further work	RC and diamond drilling is planned to test the source of the conductors. Refer to the body of this announcement.