QUARTERLY REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

29 October 2018

ASX Code: **AGS**

No. of pages: 20

QUARTERLY REPORT - FOR THE PERIOD ENDED 30 SEPTEMBER 2018

DETAILS OF ANNOUNCEMENT

- Quarterly Activity Report for the period ended 30 September 2018 (14 pages)
- Appendix 5B for the period ended 30 September 2018 (5 pages)

For and on behalf of the Board

Bob Tolliday
Company Secretary

Further information relating to the Company and its various mining and exploration projects can be found on the Company's website at www.allianceresources.com.au

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29 October 2018 ASX Code: AGS

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

HIGHLIGHTS

WILCHERRY PROJECT JOINT VENTURE, SOUTH AUSTRALIA

- Alliance increased its interest in the Wilcherry Project Joint Venture to 79.01%
- Maiden Mineral Resource Estimate for the **Weednanna Gold Deposit** of **1.097 Mt @ 5.1 g/t gold for 181,000 oz gold (constrained)**
    - Significant potential exists to increase the size of the Mineral Resource with further drilling as all gold shoots are open in at least one direction
    - Further RC drilling has been completed at Weednanna Shoots 1, 4, 5, 5E and the major Quartz Vein and are awaiting assays.
    - 3D Induced Polarisation survey Weednanna has commenced.
    - Mining and processing Scoping Study has commenced.
- Diamond drilling by Alliance at the **Yeltana Graphite Prospect** returns the following significant Total Graphitic Carbon (TGC) intersections:
    - **17.2m @ 5.05 % TGC from 234.1m in 18EMDH006**
    - **17.1m @ 8.54 % TGC from 148m in 18EMDH007, and**
    - **21.05m @ 9.28 % TGC from 171.75m in 18EMDH007**
    - All holes drilled to date show excellent correlation with a highly conductive source positioned below the existing holes.
    - **An Exploration Target has been estimated for the Yeltana Graphite Prospect of between 24.5 million and 59 million tonnes grading between 5.5% and 10.2% total graphitic carbon.** The potential quality and grade of this Exploration Target is conceptual in nature as there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.
    - The Yeltana Graphite Prospect could be one of the largest graphite deposits in Australia by mineral content.
    - Further work includes graphite flake size distribution testwork to better assess the economic potential of the prospect before planning further drilling.
- Regional high-resolution airborne magnetic survey completed.
- Post-period, aircore drilling at the **Weednanna East Gold Prospect** commenced.

CORPORATE

Cash reserves of $3.9 million at 30 September 2018

Alliance Resources Limited (ASX: AGS) ("Alliance" or "the Company") is pleased to provide shareholders with its Quarterly Report for the three-month period ending 30 September 2018.

WILCHERRY PROJECT JOINT VENTURE, SOUTH AUSTRALIA

Alliance Resources Limited's wholly owned subsidiary Alliance Craton Explorer Pty Ltd (ACE) increased its interest in the Wilcherry Project Joint Venture (WPJV) Exploration Area to 79.01% by sole funding expenditure for the quarter ended 30 September 2018.

ACE's interest in the WPJV Exploration Area may increase to 83.64% by 30 June 2019, should actual expenditure reach the approved FY2019 Programme and Budget expenditure.

Weednanna Gold Deposit

During the Quarter AGS released its maiden Mineral Resource Estimate for the Weednanna Gold Deposit of **1.097 Mt @ 5.1 g/t gold for 181,000 oz gold** (refer to Alliance ASX announcement dated 6 September 2018).

Following on from this announcement AGS immediately re-commenced RC drilling at the deposit with the intention of increasing the size of this resource. A total of 28 RC holes, for 4,278 metres, have been completed (Figure 1) as follows:

- 24 holes, for 3,726 metres, drilled to extend gold mineralisation at Shoots 1, 4, 5 and 5E, and
- 4 holes, for 552 metres, drilled to test for gold mineralisation associated with a major quartz vein in the immediate hangingwall at Shoot 1, where historic drill hole 00WDRC072 returned 48m @ 2.0 g/t Au from 54m, including 7m @ 5.4 g/t Au from 69m and 2m @ 16.0 g/t Au from 98m (refer to Alliance ASX announcement dated 16 July 2018).
- Results are awaited.

This drilling program is the first of several drilling programs planned with the aim of increasing the size of the Weednanna Mineral Resource.

Weednanna Maiden Mineral Resource Estimate

- Maiden Mineral Resource Estimate (Table 1) confirms Weednanna as a quality gold deposit with outstanding economic potential.

Table 1. Weednanna Mineral Resource Estimate

Classification	Tonnes	Grade (g/t gold)	Gold (Ounces)
Indicated	590,000	4.6	88,000
Inferred	507,000	5.7	93,000
Total	**1,097,000**	**5.1**	**181,000**

- The reported Mineral Resource is that proportion of gold contained within $2,000 AUD pit shells (>0.5 g/t gold) and >2.0 g/t gold underground potential;

- Significant potential to increase the size of the Mineral Resource with further drilling as all 13 modelled gold shoots are open at in at least one direction;
- 83% of the Mineral Resource occurs within 120 metres of surface (1,253 ounces per vertical metre) and is readily accessible using open pit or underground mining techniques;
- Potential exists for new gold shoots not included in the current Mineral Resource, e.g. previously announced major mineralised quartz vein, and
- Maiden mineral resource delivered 18 months after first drilling by the joint venture with a low discovery cost equivalent to $7.90 per ounce gold.

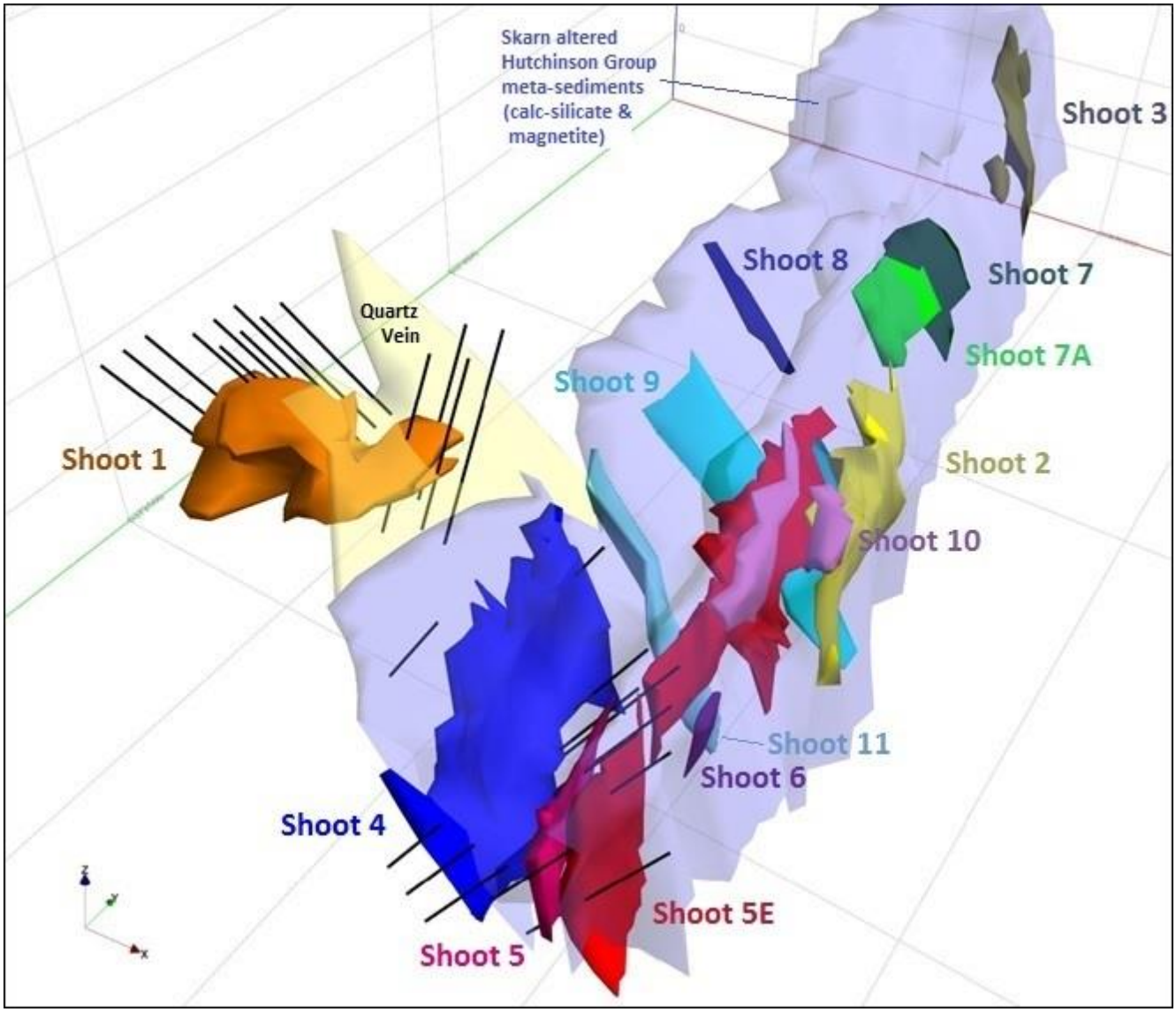

Figure 1: Weednanna 3D Model showing completed RC drilling, gold mineralised shoots and calc-silicate & magnetite skarn (view down to north-northwest)

Mining One Pty Limited was engaged by Alliance and completed the following scope of works:

1. Review the geology and mineralisation interpretations completed by the Alliance technical team;

2. Complete a site visit to review site protocols, discuss technical aspects with site team and JORC requirements;
3. Review the technical dataset that will support the JORC 2012 resource, including drilling and sampling QAQC, density measurements and assaying methodologies;
4. Complete a mineral resource estimate utilising the supplied geological interpretation and all relevant drilling and sampling data;
5. Compile a resource estimation report and sign off as per JORC 2012 guidelines, and
6. Run open pit optimisations on the Mineral Resource and derive underground potential above an appropriate cut-off grade.

The global resource at various cut-off grades are shown in Table 2.

Table 2. Weednanna Global Resource above selected cut-off grades

Cut-Off Au (ppm)	Indicated			Inferred			Total		
	Tonnes	Au ppm	Au oz	Tonnes	Au ppm	Au oz	Tonnes	Au ppm	Au oz
>0.5	1,142,657	2.81	103,140	1,669,350	2.38	127,891	2,812,007	2.56	231,031
>0.6	1,001,146	3.13	100,594	1,423,207	2.70	123,389	2,424,353	2.87	223,983
>0.7	877,569	3.47	97,942	1,240,324	3.00	119,646	2,117,893	3.20	217,588
>0.8	746,675	3.95	94,838	1,082,045	3.33	115,955	1,828,720	3.59	210,793
>0.9	640,719	4.47	91,998	940,323	3.71	112,170	1,581,042	4.02	204,167
>1.0	576,173	4.86	90,017	835,706	4.05	108,840	1,411,879	4.38	198,857
>2.0	319,340	7.68	78,841	357,815	7.66	88,080	677,155	7.67	166,921

Approximately 45% of the Mineral Resource >0.5 g/t Au has been classified as Indicated and 55% classified as Inferred. The Indicated classification corresponds with areas of higher drilling density and the Inferred classification corresponds with areas of lower drilling density. The Inferred classification also reflects a general decrease in the density of drilling with depth.

The dimensions of the Mineral Resource area are 1,100m (north-south), 500m (east-west) and from surface to a maximum depth of 200m. The bulk of the Mineral Resource (83%) occurs within 120m of surface where there is a higher drilling density, representing a gold endowment of 1,253 ounces per vertical metre (OPVM). The overall gold endowment is 900 OPVM which reflects the abovementioned lower density of drilling with depth.

All gold shoots contributing to the Mineral Resource are open either at depth, or down plunge.

In addition, there are zones within the top 100m of the Mineral Resource area that lack drilling and which have potential for the discovery of new gold shoots based on historical drilling.

Extensional drilling and drilling at depth is planned to identify additional gold mineralisation and infill drilling is planned to upgrade the Inferred Mineral Resource to an Indicated classification.

Open pit optimisation studies were completed on the Mineral Resource using Whittle software, with mining and processing cost assumptions provided by Mining One (Table 3). These were run at Australian dollar gold prices ranging between $1,200 and $2,500. For the purpose of the reporting Mineral Resource, the $2,000 AUD gold price case was selected by Mining One as appropriate (Table 3) given the August 2018 gold price of approximately $1,600 AUD.

Table 3. Pit Optimisation Assumptions

Parameter	Metric
Mining cost	$4.50/t
Processing Cost	$30/t
Mining Dilution	10%
Mining Recovery	90%
Processing Recovery	90%
State Royalty	3.5%
Average Pit Wall Angle	40°
Gold Price ($AUD)	$1,200 – $2,500 ($2,000 selected)

The underground mining potential was derived by the amount of Mineral Resource below pit shells and above a cut-off grade of 2.0 g/t gold (Table 4). The cut-off grade was defined using underground mining and processing costs based on Mining One's experience. In future, as the underground mining costs are better defined, underground optimisations will be run on the Mineral Resource which will model development and stope design.

Table 4. Weednanna Mineral Resource contained within pit shells using a gold price A$2,000/oz & >0.5 g/t gold plus underground potential above a cut-off grade of 2.0 g/t gold

Classification	**Tonnes**	**Grade (g/t gold)**	**Gold (Ounces)**
Above Pit Shells ($2,000 AUD) >0.5 g/t Au			
Indicated	488,000	3.8	59,000
Inferred	209,000	2.8	19,000
Sub-Total	**697,000**	**3.5**	**78,000**
Below Pit Shells ($2,000 AUD) >2.0 g/t Au – Underground Potential			
Indicated	102,000	8.8	29,000
Inferred	298,000	7.8	74,000
Sub-Total	**400,000**	**8.0**	**103,000**
Total – Open Pit & Underground			
Indicated	590,000	4.6	88,000
Inferred	507,000	5.7	93,000
Total	**1,097,000**	**5.1**	**181,000**

The results of the pit optimisation studies and assessment of the underground potential of the Weednanna Mineral Resource show that a majority of the global resource has been constrained, indicating a robust deposit with outstanding economic potential.

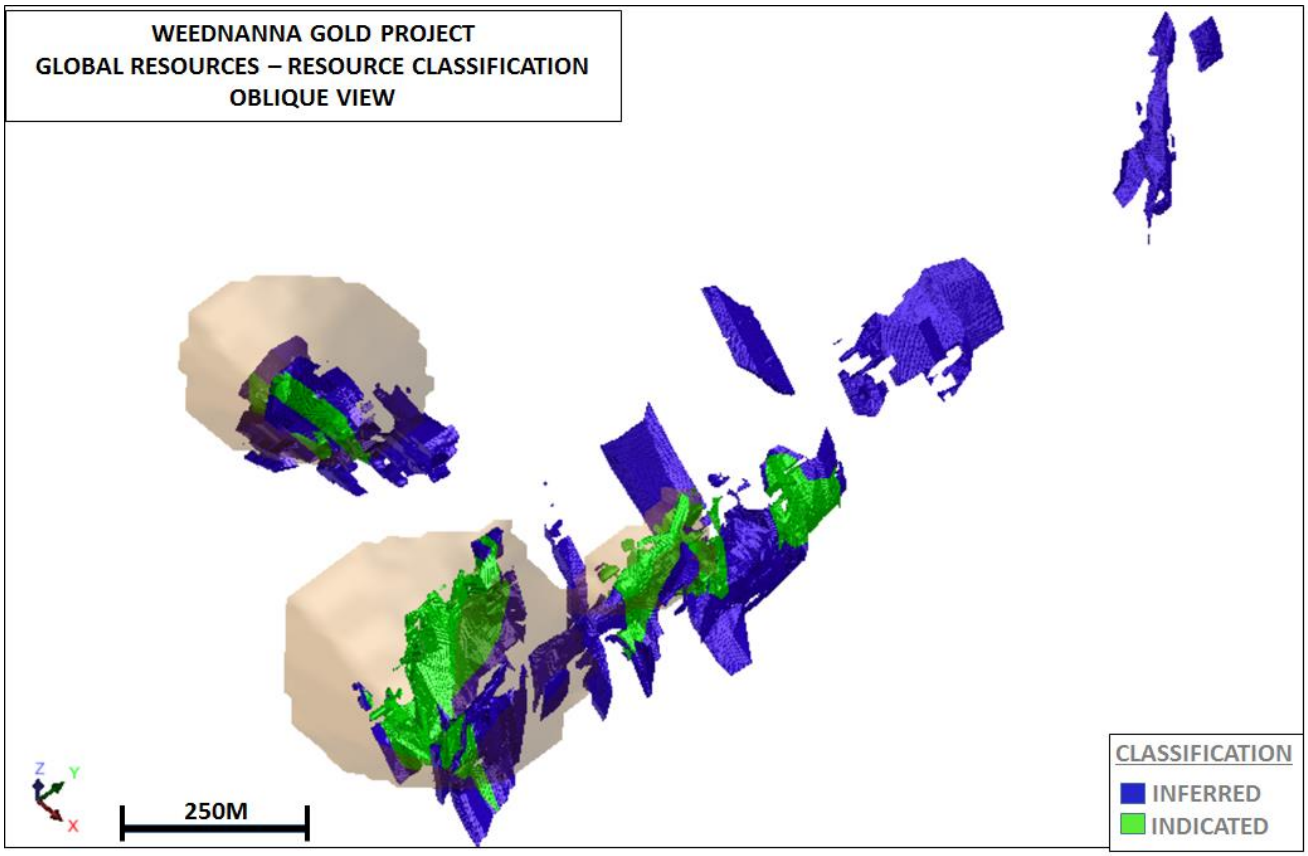

Figure 2. Mineral Resource block model >0.5 g/t Au showing Indicated and Inferred classifications

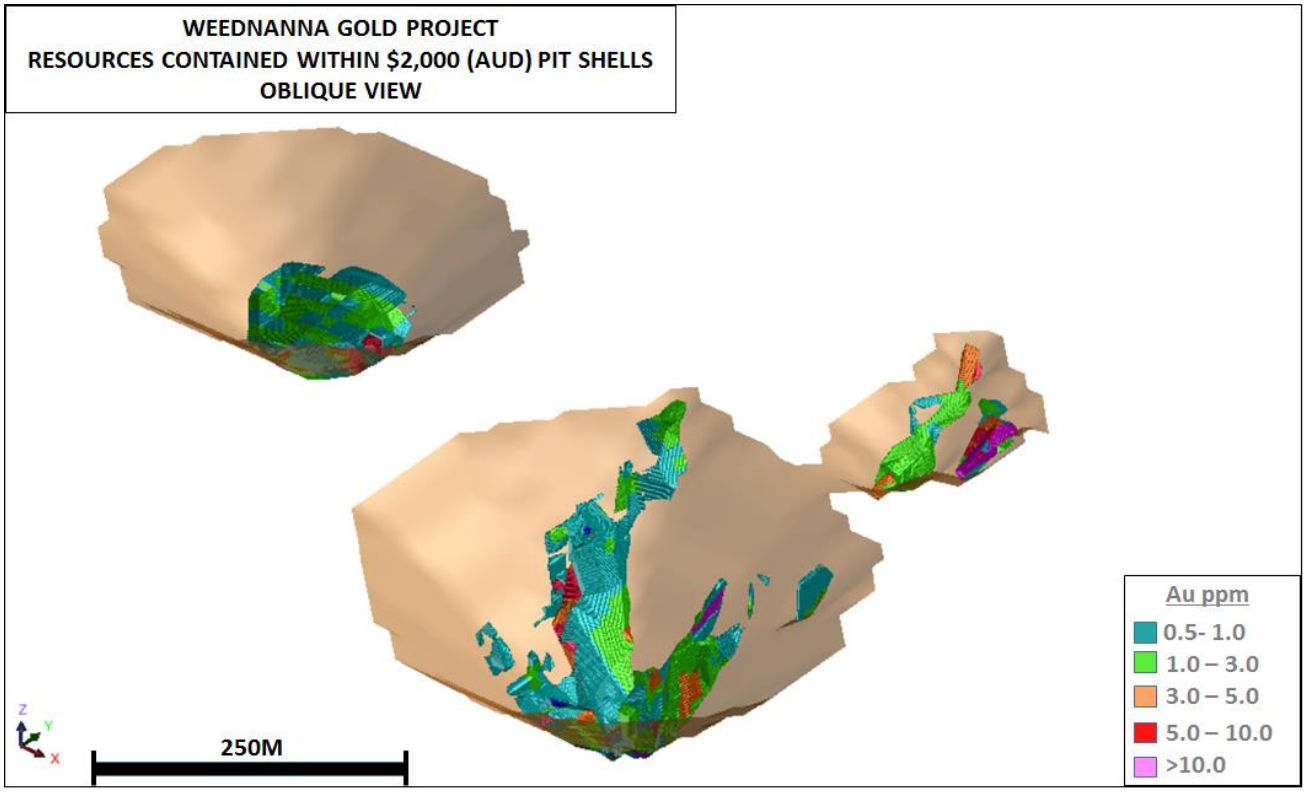

Figure 3. Mineral Resource Blocks (Au ppm) within $2000 AUD Pit Shells - Oblique View

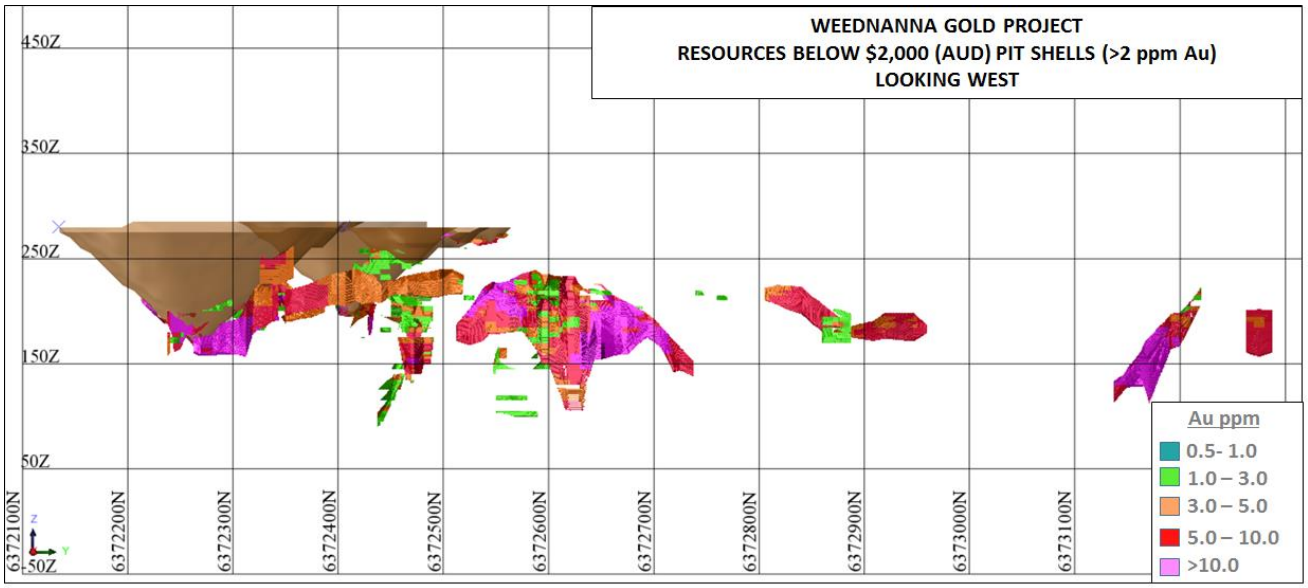

Figure 4. Mineral Resource Blocks (Au ppm) below $2000 AUD Pit Shell - Looking West

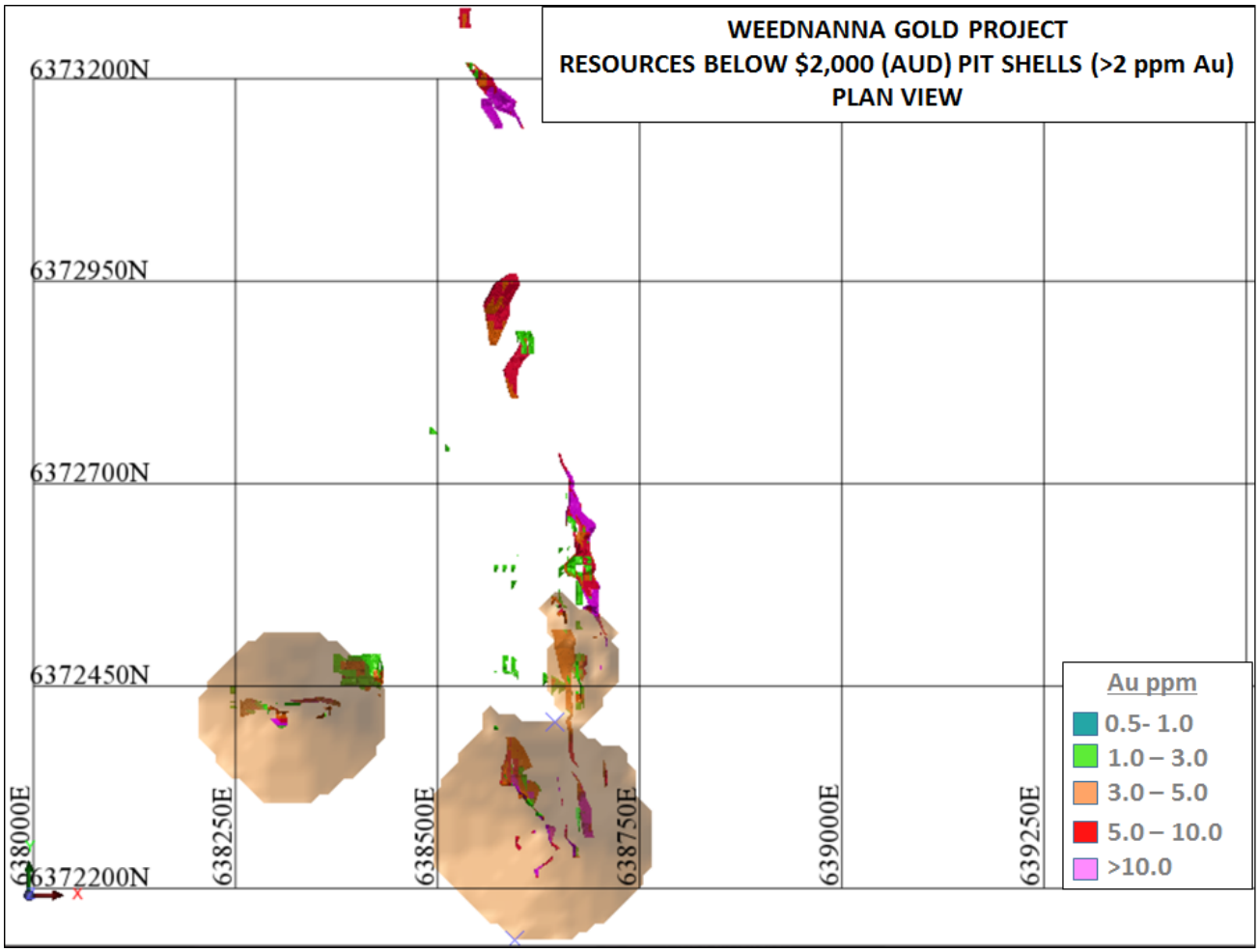

Figure 5. Mineral Resource Blocks (Au ppm) below $2000 AUD Pit Shell - Plan View

Yeltana Graphite Prospect

The Yeltana Graphite Prospect is located 40 kilometres north-northwest of Kimba, on the northern Eyre Peninsula in South Australia (Figure 6).

The prospect was first identified by a helicopter borne electromagnetic survey completed in early 2017 and more accurately defined by a high powered (HP) moving-loop electromagnetic (MLEM) survey completed in May and June 2017. This survey identified a single strong bedrock anomaly that was modelled as being ~600 metres by 1,200 metres in size, high strength (~7,000-10,000 siemens (S)), dipping ~60-70 degrees southwest, and starting between ~50 and 75 metres below surface.

In November 2017 one RC hole (17EMRC001), totalling 192 metres, was drilled to test the source of this conductor and confirmed it to be associated with a broad zone of graphite mineralisation. This hole returned 39 metres @ 8.0% TGC from 116 metres depth. (Refer to ASX announcement dated 30 November 2017.) Unfortunately a down-hole electromagnetic (DHEM) survey could not be completed in the hole as it blocked immediately upon completion.

During July and August 2018 two HQ sized diamond holes (18EMDH006 and 007), totalling 555.8 metres, were drilled at the Yeltana Graphite Prospect to confirm the initial RC drill intersection, complete DHEM surveys to better model the size and geometry of the graphite conductor, and provide empirical data to support the estimation of an Exploration Target.

The diamond drill holes were also planned to provide metallurgical samples for graphite flake size analysis to better assess the economic potential of the prospect.

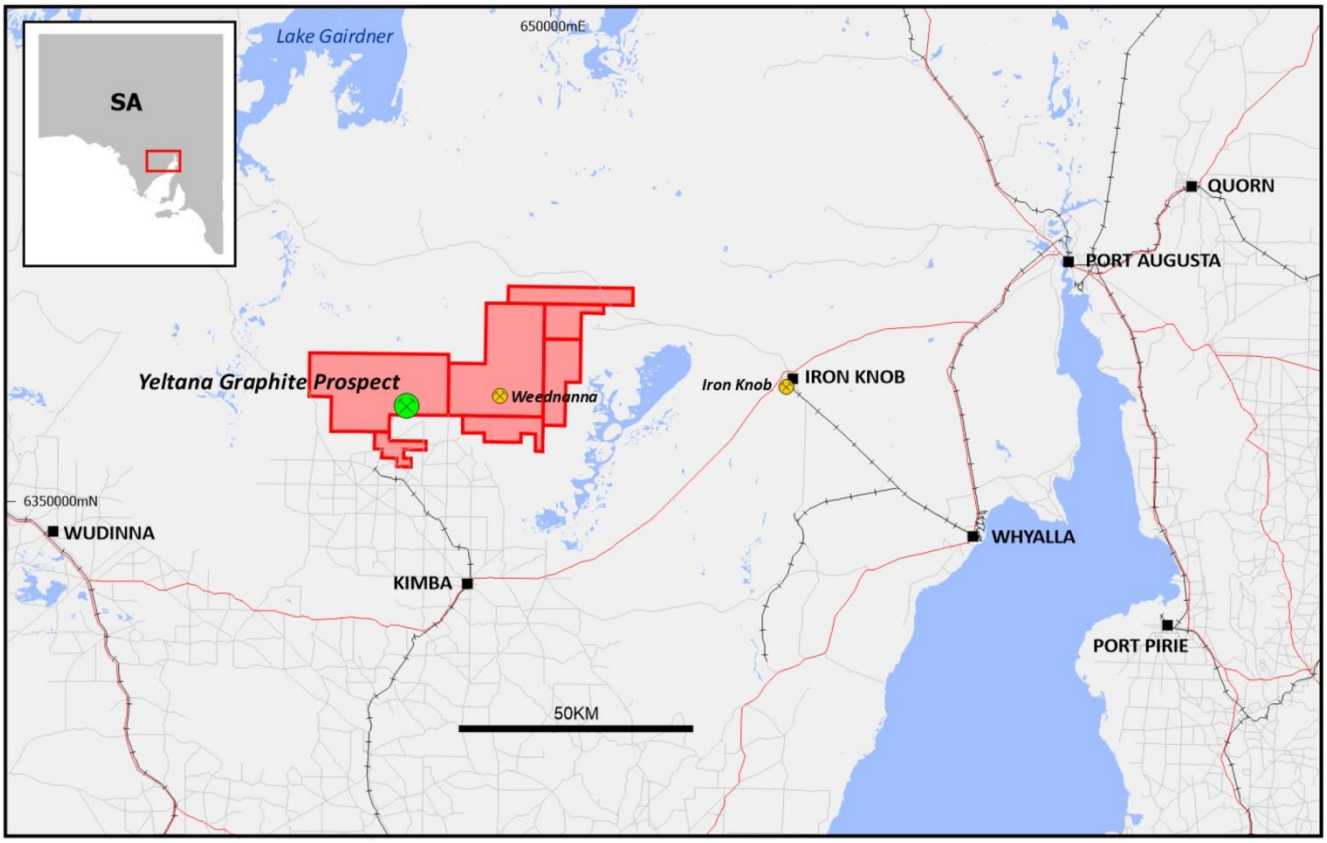

Figure 6. Location of Yeltana Graphite Prospect

Diamond Drilling

Diamond hole 18EMDH006 was drilled 220 metres to the south-southeast of RC hole 17EMRC001 (Figure 7) and designed to intersect a target zone between 175-275 metres depth. The hole was completed at 318.3 metres depth and intersected several zones of graphite mineralisation between 125.5-126.45m, 131.55-132.8m, and 234.1-251.3m depth.

Diamond hole 18EMDH007 was positioned 23 metres to the west of RC hole 17EMRC001 (Figure 7) and designed to intersect a target zone between 155-195m depth. This hole was completed at 237.5 metres depth and intersected a broad zone of graphite mineralisation between 148.6-192.8m depth.

Graphite mineralisation in both holes is hosted within pelite and bounded by chlorite-biotite schist, with occasional psammite, that is intruded by tourmaline-bearing granite/pegmatite. Bedding and mineralisation strikes northwest and dips ~60-70 degrees to the southwest.

The prospect is overlain by between 10 and 30 metres of transported cover and is weathered to between 70 and 115 metres depth.

Graphite-bearing intervals of diamond core were cut and sampled over 0.45 to 1.3 metre intervals and analysed for TGC using a LECO furnace with infrared detection.

Table 5 lists all significant graphite drill intersections averaging greater than 5.0 % TGC, with best results including:

- **17.2m @ 5.05 % TGC from 234.1m in 18EMDH006**
- **17.1m @ 8.54 % TGC from 148m in 18EMDH007**
- **21.05m @ 9.28 % TGC from 171.75m in 18EMDH007**

At the completion of each drill hole PVC was run down the hole to allow for the completion of a DHEM survey.

Table 5. Yeltana Graphite Prospect: Diamond Drilling Significant Analytical Results

Hole ID	East MGA	North_MGA	RL (m)	Azimuth	Dip	EOH (m)	Depth From (m)	Depth To (m)	Interval (m)	TGC (%)
17EMRC001*	619,330	6,370,101	260	68.9	-60.2	192	116	155	39	7.98
18EMDH006	619,423	6,369,900	260	70.0	-60.0	318	125.5	126.45	0.95	5.75
and							131.55	132.8	1.25	7.14
and							234.1	251.3	17.20	5.05
including							234.1	235.8	1.70	15.21
including							242.6	243.9	1.30	8.03
including							246.3	251.3	5.00	7.16
18EMDH007	619,307	6,370,094	260	70.0	-60.0	238	148.6	165.7	17.10	8.54
and							171.75	192.8	21.05	9.28
including							183.4	189.5	6.10	13.86
*Refer to Alliance ASX announcement dated 30 November 2017										

Down Hole Electromagnetic Surveys

In August, high-powered systematic DHEM surveys in diamond holes 18EMDH006 and 007 by GAP Geophysics Australia using a SMARTem24 instrument combined with high powered transmitters and optimised loop configurations. Quality control and data analysis was completed by Southern Geoscience Consultants using Maxwell EM software.

The data from hole 18EMDH006 highlighted a very strong and dominant in-hole anomaly centred at ~225- 250 metres down hole, with the source predominantly below the hole and clearly related to well-developed graphite and sulphides.

Modelling on this conductor was performed in conjunction with the neighbouring hole 18EMDH007 (discussed below) and confirms the presence of a highly conductive source with the strongest part positioned below and

northwest of the hole, with source areal size conservatively estimated to be ~400 metres by 800 metres, conductance ~15,000S+, and dip/geometry ~60-70 degrees southwest to west-southwest.

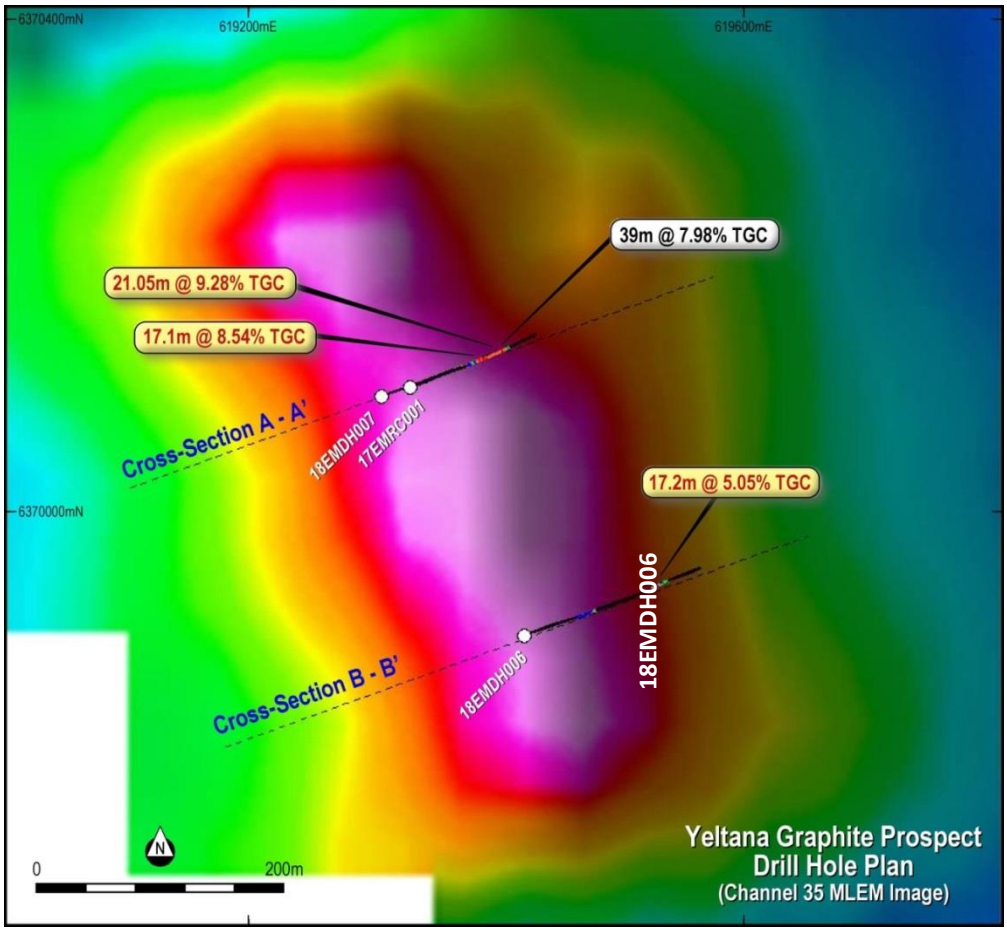

Figure 7. Drill hole location plan with trace on Channel 35 MLEM image

The DHEM data from hole 18EMDH007 also clearly defined a very strong and dominant/complex in-hole anomaly centred at ~155-195 metres down hole, with the source dominantly below the hole and clearly related to well-developed graphite and sulphides.

Maxwell modelling of this conductor was also performed in conjunction with the neighbouring hole (18EMDH006 discussed above). Modelling confirmed the presence of a highly conductive source with the strongest part positioned below the hole, with source/combined areal size conservatively estimated as being ~500 metres by 300 metres, conductance ~10,000-20,000S+, and dip/geometry ~60-70 degrees southwest to west-southwest.

The strike and dip of the conductors modelled in both diamond holes independently matches the geometry mapped between the three holes drilled at the prospect. By integrating the results from these two DHEM surveys and combining them with the more extensive MLEM survey completed in May and June 2017 Southern Geoscience Consultants have conservatively estimated the dimensions of the Yeltana Graphite Prospect conductor as having between ~500 metres and 600m strike length and between ~750 metres and 1,000 metres depth extent.

Figure 8 illustrates the position of the modelled DHEM conductors with respect to the drill hole locations and the original MLEM conductor plate.

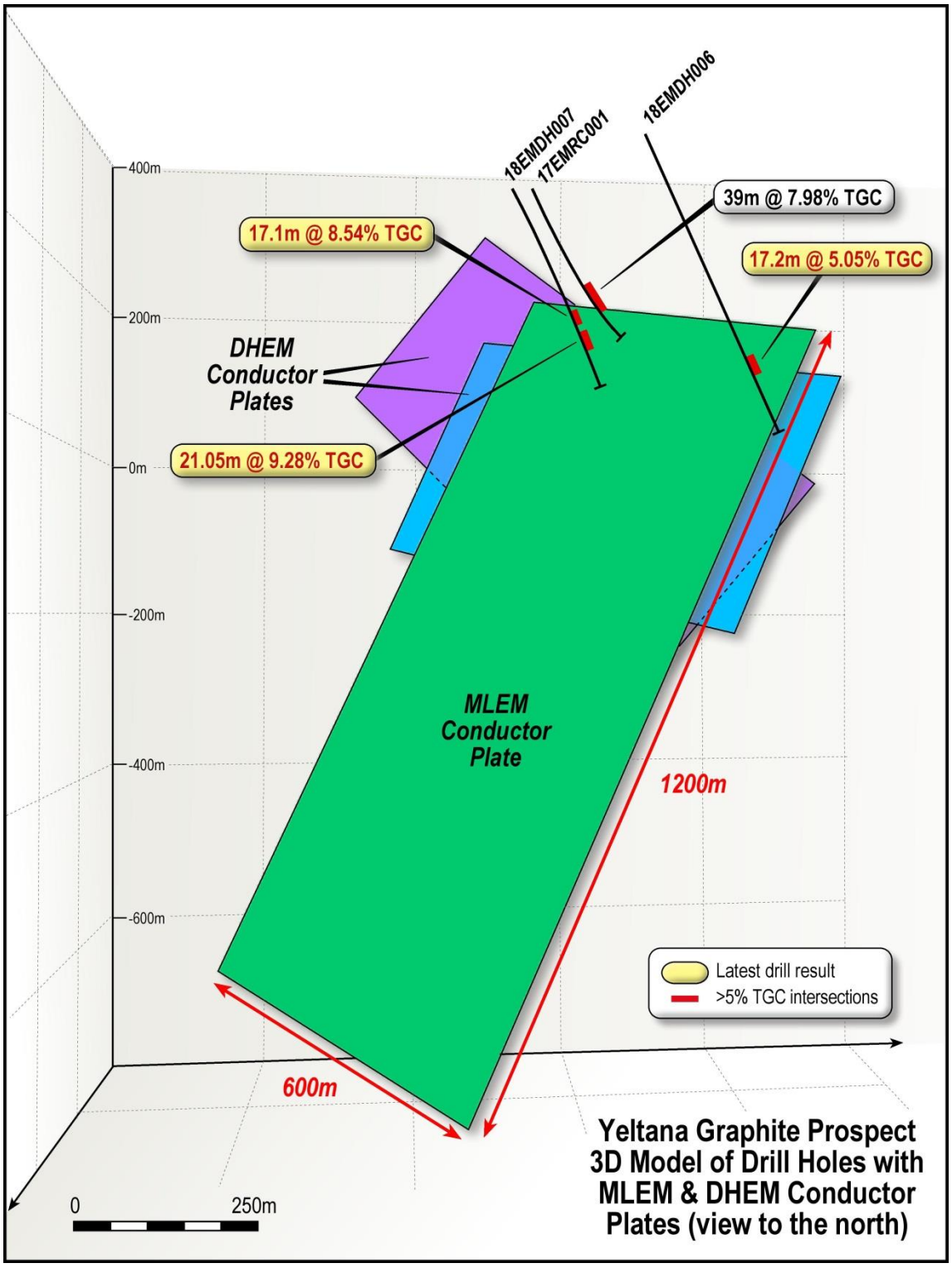

Figure 8. Yeltana Graphite Prospect: 3D Model of drill holes with MLEM and DHEM conductor plates (view to the north)

Yeltana Graphite Prospect Exploration Target

An Exploration Target has been estimated for the Yeltana Graphite Prospect of between 24.5 million and 59.0 million tonnes grading between 5.5 and 10.2 % total graphitic carbon (Table 6). The potential quality and grade

of this Exploration Target is conceptual in nature as there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Table 6. Yeltana Graphite Prospect: Exploration Target Details

	Length (m) [1]	Depth (m) [1]	Width (m) [2]	SG [3]	Tonnes	Grade (TGC%) [4]
Minimum	500	750	22.7	2.88	**24,500,000**	**5.5**
Maximum	600	1000	34.1	2.88	**59,000,000**	**10.2**

Notes to Table 6:

1. Length and Depth estimated by Southern Geoscience Consultants based on MLEM survey modelling and DHEM modelling of 18EMDH006 and 007
2. Width based on average true thickness of mineralised intervals in holes 17EMRC001, 18EMDH006 and 007 (28.4 metres - refer Table 7) plus and minus 20%
3. SG based on average of 57 immersion (wet/dry) method measurements collected by Alliance on mineralised zones in holes 18EMDH006 and 007
4. Weighted average grade of mineralised intervals in holes 17EMRC001, 18EMDH006 and 007 (7.84 % TGC - refer Table 7) plus and minus 30%

Table 7. Yeltana Graphite Prospect: Drill Results used in Exploration Target Estimate

Hole ID	From (m)	To (m)	Interval (m)	True Width (m)	TGC (%)
17EMRC001	116	155	39	37.3	7.98
18EMDH006	234.1	251.3	17.2	15.3	5.05
18EMDH007	148.6	165.7	17.1	14.5	8.54
and	171.75	192.8	21.05	18.0	9.28
Average				**28.4**	**7.84**

The Exploration Target defined at the Yeltana Graphite Prospect, while conceptual in nature, is based upon empirical geophysical and drilling data. The very strong and large MLEM conductor identified at the prospect during 2017 has been demonstrated in three drill holes and by DHEM surveys in two of those holes to be directly related to broad zones of moderate grade graphite mineralisation.

The size of this Exploration Target is nationally significant because the tonnage and grade ranges estimated indicate that the Yeltana Graphite Prospect could be one of the largest graphite deposits in Australia, by mineral content.

Further work includes graphite flake size distribution testwork to better assess the economic potential of the prospect before planning further drilling.

Refer to Alliance ASX announcement dated 4 October 2018 for further details.

Airborne Magnetic Surveys

The Company commenced a high-resolution magnetic survey over all of the tenements at the Wilcherry Project in August to better define the regional structure and magnetic iron formation with the potential to host gold similar to Weednanna.

A total of 18,946 line kilometres was surveyed using a flight line spacing of 100m, reducing to 50m line spacing over the central tenement (EL6188) and using fixed wing aircraft flying approximately 30m above the ground.

High-resolution magnetic data provides a powerful tool for regional gold exploration as it is able to define major structures that are the conduits for gold-bearing fluids and minor structures that trap and deposit gold. Magnetic data also allows for the mapping of high and low magnetic rock types that may be a favourable host for gold.

At Weednanna high grade gold mineralisation is associated with sulphide replacement of magnetite and within 10 km of Weednanna there is over 25 km strike length of magnetic iron formations that may be prospective for gold. These iron formations are known to host gold in three locations at the Mawson, Ultima Dam South and Weednanna North prospects.

The main purpose of this survey is to assess the regional gold potential of the Wilcherry district by acquiring high resolution magnetic data which will be used to better define the regional magnetic iron formations and for structural interpretation. This will in turn be combined with a review of regional litho-geochemical datasets to assist with gold target identification and prospect ranking.

Regional Gold Target Drilling

Post-period, Alliance announced it had commenced an 85-hole air core drilling program for 5,525m covering the first regional target proximal to the Weednanna Gold Prospect.

The aim of the program is to define gold in regolith anomalism and the first target to be tested is the Weednanna East Gold Prospect.

CORPORATE

Alliance has available cash reserves of $3.9 million at 30 September 2018.

Alliance holds 71,393,843 ordinary shares in Tyranna Resources Limited and 11,000,000 ordinary shares in Centennial Mining Limited.

TENEMENTS

Tenement	Name	Location	Nature of interest	Beneficial percentage acquired or disposed of during the quarter	Beneficial percentage held at end of quarter
South Australia (Wilcherry Project JV)					
EL5470	Uno/Valley Dam	105 km WSW of Port Augusta	Granted	4.00%	79.01%
EL5875	Mount Miccollo	100 km W of Port Augusta	Granted	4.00%	79.01%
EL5590	Peterlumbo	140 km W of Port Augusta	Granted	4.00%	79.01%
EL5931	Maratchina Hill	140 km W of Port Augusta	Granted	4.00%	79.01%
EL5961	Pinkwillinie	140 km W of Whyalla	Granted	4.00%	79.01%
EL6072 (formerly EL5164)	Eurila Dam	80 km W of Whyalla	Granted	4.00%	79.01%
EL6188 (formerly EL5299)	Wilcherry Hill	45 km N of Kimba	Granted	4.00%	79.01%
South Australia (Alliance 100%)					
EL6142	White Well	30 km north of Hawker	Granted	0%	100%
Western Australia (Alliance 100%)					
E15/1483	Nepean South	26 km southwest of Coolgardie	Granted	0%	100%
E15/1543	Nepean SE	26 km southwest of Coolgardie	Granted	0%	100%
P15/6072	Nepean SW	26 km southwest of Coolgardie	Granted	0%	100%
E28/2572	Gundockerta Sth	72 km east of Kalgoorlie	Granted	0%	100%
E25/569	Yindarlgooda	72 km east of Kalgoorlie	Granted	100%	100%

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About Alliance

Alliance Resources Ltd is an Australian gold and base metals exploration company with projects in South Australia and Western Australia.

The Company's flagship project is the Wilcherry Project Joint Venture (Alliance 79.01%), located within the southern part of the Gawler Craton in the northern Eyre Peninsula of South Australia.

Competent Persons

The information in this report that relates to the Exploration Results is based on information compiled by Mr Anthony Gray and Mr Stephen Johnston. Mr Gray is a Member of the Australian Institute of Geoscientists and is a part-time contractor to Alliance Resources Ltd. Mr Johnston is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Alliance Resources Ltd. Mr Gray and Mr Johnston have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gray and Mr Johnston consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Refer to Alliance's ASX announcements dated 6 September 2018 and 4 October 2018 for details of the Weednanna Gold Deposit Mineral Resource and the Yeltana Graphite Prospect Exploration Results and Exploration Target, respectively.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

ALLIANCE RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
38 063 293 336	**30 September 2018**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation (see note 4)	(1,193)	(1,193)
	(b) development		
	(c) production		
	(d) staff costs	(99)	(99)
	(e) administration and corporate costs	(268)	(268)
1.3	Dividends received (see note 3)		
1.4	Interest received	26	26
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (GST paid/recouped)	91	91
1.9	**Net cash from / (used in) operating activities**	**(1,443)**	**(1,443)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	5,340	5,340
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,443)	(1,443)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**3,897**	**3,897**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	1,147	2,265
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (31 day notice deposits)	2,750	3,075
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,897**	**5,340**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	261
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

All transactions involving Directors and associates were on normal commercial terms. These payments represent Director fees, Director consulting fees, re-imbursements of expenses and payments in terms of a management service agreement with a Director related entity.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

NIL

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	1,017
9.2	Development	
9.3	Production	
9.4	Staff costs	125
9.5	Administration and corporate costs	205
9.6	Other (provide details if material)	
9.7	**Total estimated cash outflows**	**1,347**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EL5961, SA	Increase due to sole funding JV	75.01%	79.01%
		EL6072, SA	Increase due to sole funding JV	75.01%	79.01%
		EL6188, SA	Increase due to sole funding JV	75.01%	79.01%
		EL5470, SA	Increase due to sole funding JV	75.01%	79.01%
		EL5590, SA	Increase due to sole funding JV	75.01%	79.01%
		EL5875, SA	Increase due to sole funding JV	75.01%	79.01%
		EL5931, SA	Increase due to sole funding JV	75.01%	79.01%
		E25/569, WA	Equity	0%	100%

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: Company secretary Date: 29 October 2018

Print name: BOB TOLLIDAY

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. In accordance with Australian Accounting Standards, Alliance Resources Ltd (Alliance) recognises the Wilcherry Project Joint Venture (WPJV) as a controlled entity of Alliance requiring consolidation. Alliance Craton Explorer Pty Ltd (ACE), a 100% owned subsidiary of Alliance, originally purchased a 51% interest in the WPJV in October 2016. The remaining 49% interest was owned by Trafford Resources Pty Ltd (Trafford), a subsidiary of Tyranna Resources Ltd (ASX: TYX), whose non-controlling interest has been eliminated from any relevant receipts and payments from Item 1, Cash Flows from Operating Activities, reported above. As Trafford is not contributing to the FY2019 Programme and Budget its interest has been diluted. At 30 September 2018 Trafford's interest is 20.99% and ACE's interest is 79.01%.