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ALLIANCE RESOURCES LTD

ASX: AGS

ABN: 38 063 293 336

Market Cap: \$14.4M @ \$0.098

Shares on issue: 146.9M

**Principal Office:**

Suite 3, 51-55 City Road  
Southbank Victoria 3006  
AUSTRALIA

Tel: +61 3 9697 9090

Fax: +61 3 9697 9091

**Email:**

[info@allianceresources.com.au](mailto:info@allianceresources.com.au)

**Web:**

[www.allianceresources.com.au](http://www.allianceresources.com.au)

**Projects:**

**Wilcherry, SA (100%):** gold,  
iron, base metals, graphite

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

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

**Share Registry:**

Computershare Investor  
Services

GPO Box 2975  
Melbourne Victoria 3001  
AUSTRALIA

Tel: 1300 850 505

Fax: +61 3 9473 2500

## WEEDNANNA DEPOSIT DIAMOND DRILL HOLE RESULTS *Assay Intervals Up To 32.5 g/t Gold*

**Significant gold (Au) results from diamond drilling at Weednanna Deposit include:**

- **39.1m @ 3.51 g/t Au from 46.9m (incl. 8.45m @ 8.52 g/t Au from 74.3m) in 19WDDH001**
- **9.4m @ 12.45 g/t Au from 97.3m (incl. 3.3m @ 32.47 g/t Au from 103.4m) in 19WDDH005**
- **2.1m @ 23.87 g/t Au from 100.9m in 19WDDH003**

**Further RC drilling to extend the gold mineralisation is planned to commence during July 2019**

Alliance Resources Ltd (Alliance) is pleased to announce the results of diamond drilling at the Weednanna Gold Deposit, 40 km north of Kimba on the Eyre Peninsula, South Australia.

Five HQ sized diamond holes were completed for 591.6 metres at Shoots 1, 2, 4, and 5 during January and February 2019 to provide core samples through gold mineralised zones for metallurgical test work. These holes were also logged by a geotechnical consultant and Hylogger scanned prior to cutting and assaying for gold.

Drill collar and location plans may be found in Figures 1 and 2 and intersections >1 g/t gold are detailed in Table A.

Results are based on 0.7 to 1.5m long cut core samples analysed for Au using 40g charge fire assay with AAS finish.

### Discussion

Five HQ sized diamond holes (19WDDH001-005) were completed for 591.6 metres during January and February 2019 to provide metallurgical samples for the fresh sulphide rock domains of Shoots 1, 2, 4, and 5 (Figure 1).

19WDDH001 was drilled to provide a representative fresh sulphide metallurgical sample for Shoot 1 and will form part of the grade control drilling program for the Western Pit. This hole was positioned to intersect

Shoot 1 near the centre of the planned open pit and intersected 39.1m @ 3.51 g/t Au from 46.9m (including 8.45m @ 8.52 g/t Au from 74.3m).

19WDDH002 was drilled to provide a representative fresh sulphide metallurgical sample for Shoot 4 and was designed to intersect the shoot half way between RC holes 17WDRC067 and 17WDRC069 on the 6372287mN Section. Unfortunately, the hole was drilled up-dip of the high-grade area of the ore shoot and did not intersect the target as planned. A new hole (19WDDH005) was re-drilled some 22m south of and 14m east of the original collar and was successful in intersecting Shoot 4. Refer below.

19WDDH003 was drilled to provide a representative fresh sulphide metallurgical sample for Shoot 5 and was designed to intersect the shoot half way between RC holes 18WDRC005 and 18WDRC027 on the 6372250mN Section. The hole intersected 2.1m @ 23.87 g/t Au from 100.9m.

19WDDH004 was drilled to provide a representative fresh sulphide metallurgical sample for Shoot 2 and was designed to intersect the shoot half way between holes 17WDRC011 and 17WDRC013 on the 6372637mN Section. This hole deviated moderately to the west and intersected 2.5m @ 6.81 g/t Au from 81.6m.

19WDDH005 was an additional hole near 19WDDH002 to provide a representative fresh sulphide metallurgical sample for Shoot 4 and was designed to intersect the shoot half way between holes 17WDRC067 and 17WDRC069. This hole intersected 9.4m @ 12.45 g/t Au from 97.3m (including 3.3m @ 32.47 g/t Au from 103.4m).

The diamond holes were also logged for geotechnical purposes for utilisation in future mine planning and Hylogger scanned at the Department for Energy and Mining's Adelaide Core Library. Measurements of magnetic susceptibility and density were also collected prior to cutting and assaying for gold.

### **Current and Future Work**

The diamond drilling results have been provided to Alliance's metallurgical consultants who are currently planning future metallurgical testwork to optimise the processing flowsheet and design of a gold processing facility for the Weednanna Deposit.

In addition, 38 RC holes were completed for 5,740 metres during May 2019. The assay results from this program are awaited.

A further 106 RC holes for 15,740 metres have been completed at Weednanna since estimation of the 2018 MRE.

Ongoing RC drilling programs are planned to continue to grow the size of the Weednanna Gold Deposit, with the next phase of drilling expected to commence during July 2019.

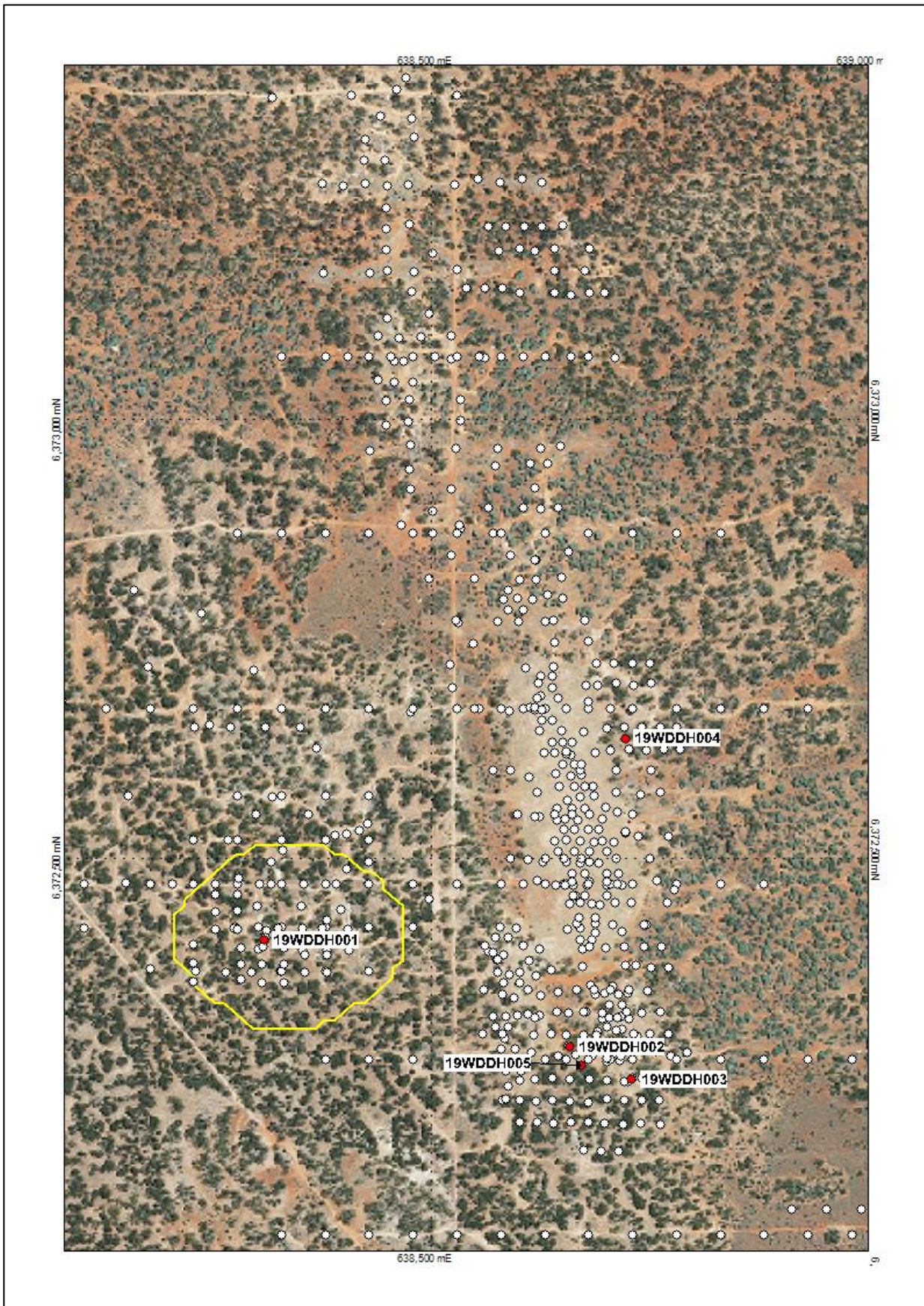


Figure 1. Weednanna Gold Deposit diamond drill hole locations. Yellow outline is A\$2,000/oz Whittle pit shell crest at Shoot 1.

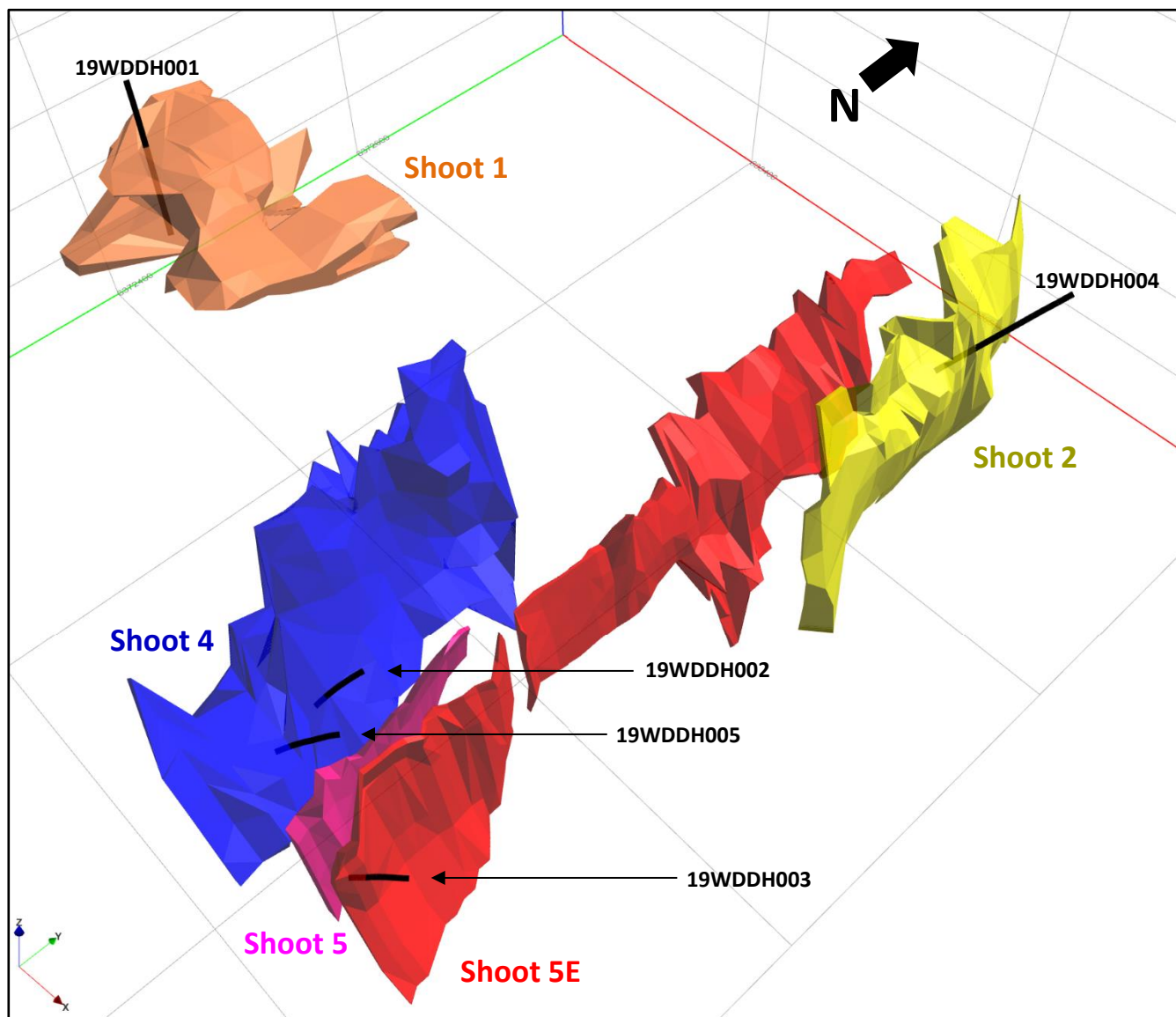


Figure 2. Weednanna gold mineralised shoots 1, 2, 4, 5, and 5E from the 2018 MRE (view down to northwest) showing locations of recent diamond drill holes

Table A: Weednanna Gold Intercepts >1 g/t Au. Intercepts >30 g/t Au x m (grade x length) highlighted

Hole_ID	Shoot	East_MGA	North_MGA	RL (m)	Azimuth	Dip	EOH	From (m)	To (m)	Interval (m)	Au (g/t)
19WDDH001	1	638,309	6,372,408	278.3	177.9	-89.3	102	46.9	86	39.1	3.51
incl.								74.3	82.75	8.45	8.52
19WDDH002	4	638,657	6,372,286	277.7	269.0	-60.4	120				NSA
19WDDH003	5	638,728	6,372,249	274.3	267.6	-60.4	126	65.45	66.35	0.9	1.33
and								100.9	103	2.1	23.87
19WDDH004	2	638,721	6,372,637	272.9	263.8	-60.1	111	65	66	1	2.04
and								81.4	83.9	2.5	6.81
19WDDH005	4	638,671	6,372,264	276.7	269.0	-57.5	132	81.3	82.5	1.2	2.49
and								97.3	106.7	9.4	12.45
incl.								103.4	106.7	3.3	32.47

**Steve Johnston**  
Managing Director

**Peter Taylor**  
Investor Relations  
0412 036 231  
peter@nwrcommunications.com.au

## **About Alliance**

Alliance Resources Ltd is an Australian gold and base metals exploration company with 100% owned projects in South Australia and Western Australia.

The Company's flagship project is the Wilcherry Project, located within the southern part of the Gawler Craton, approximately 45 km north of the township of Kimba, South Australia.

In 2018, Alliance announced a maiden Mineral Resource estimate for the Weednanna Gold Deposit, part of the Wilcherry Project, of 1.097 Mt grading 5.1 g/t gold for 181,000 oz gold.

An independent scoping study (18 April 2019) is positive and supports a new 250 ktpa gold plant at Weednanna. Total capital cost is approximately \$44 million, including an open pit pre-strip of approximately \$8 million.

There is significant potential to increase the size of this Mineral Resource with further drilling as the majority of gold shoots comprising this mineral resource are open in at least one direction.

Alliance also owns an 80 person camp located on leased land in the township of Kimba and which will be utilised during construction.

## **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.

Section 1 – Sampling Techniques and Data		
Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>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.</i>	Sample type was HQ sized diamond core.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	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.
	<i>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')</i>	Diamond core was quarter or fillet cut to obtain between 0.1 to 1.5m long samples (to preserve as much core as possible for later metallurgical testwork) from which up to 3kg was pulverised to produce appropriate sized samples for 40g fire assay analysis.
Drilling techniques	<i>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.).</i>	The drilling method was triple tube diamond drilling to deliver oriented HQ sized core.
Drill sample recovery	<i>Method recording and assessing core and chip sample recoveries and results assessed.</i>	Samples were logged and sample recovery estimated on site by a geologist.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Diamond holes were drilled using triple tube to ensure maximum sample recovery of poorly or semi-consolidated rock.
	<i>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.</i>	There is no observable relationship between sample recovery and grade.
Logging	<i>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.</i>	Diamond core was logged by a geologist for recovery, weathering, moisture, colour, lithology, alteration, texture, mineralogy and mineralisation as well as geotechnically logged.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	Sample logging is both qualitative (e.g. colour) and quantitative (eg. % mineral present) in nature depending on the feature being logged.
	<i>The total length and percentage of the relevant intersections logged.</i>	All holes were logged from start to finish.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Diamond core was quarter or fillet cut to preserve as much core as possible for later metallurgical testwork.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	Not applicable.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Sample preparation was carried out by Bureau Veritas Laboratory in Adelaide as described above.
	<i>Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.</i>	Approximately 4% of analysed samples were in the form of standards and blanks.
	<i>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.</i>	The sampling method described above ensured representivity of the in-situ material.
Quality of assay data and laboratory tests	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The sample sizes are considered appropriate to the grain size of the material being sampled.
	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	All samples were analysed by Bureau Veritas in Adelaide for 40g charge fire assay for gold (FA001) with AAS finish. Fire assay is considered to be a total digestion technique for gold.
	<i>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.</i>	Not applicable.
	<i>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.</i>	All Bureau Veritas Minerals laboratories work to documented procedures in accordance ISO 9001 Quality Management Systems. A nominal one in twenty (5%) of all samples are analysed in duplicate. In addition, re-splits if required are also analysed to determine the precision of the sample preparation

Section 1 – Sampling Techniques and Data		
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		and analytical procedures. Blanks and reference materials are randomly inserted into every rack of samples.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Alternative company geologists have verified the significant results that are listed in this report.
	<i>The use of twinned holes.</i>	Not applicable.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Each sample bag was labelled with a unique sample number assigned prior to core cutting. Sample numbers are used to match analyses from the laboratory to the in-house database containing downhole drillhole data.
	<i>Discuss any adjustment to assay data.</i>	No assay data has been adjusted.
Location of data points	<i>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.</i>	Drill hole collars were surveyed by a registered surveyor during May 2019. Expected horizontal and vertical accuracy is +/- 25cm. Down hole surveying was completed by the drilling company in the collar and at approximately 10m spaced intervals down hole using a Champ Gyro hired from Axis Mining Technology.
	<i>Specification of the grid system used.</i>	GDA2020, MGA Zone 53.
	<i>Quality and adequacy of topographic control.</i>	Quality as described above. Topographic control is adequate.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Data spacing is listed in Table A in the body of the report.
	<i>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 procedure(s) and classifications applied.</i>	The data spacing and distribution is considered sufficient to establish geological and grade continuity appropriate for a Mineral Resource estimate.
	<i>Whether sample compositing has been applied.</i>	No sample compositing has been applied.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	The orientation of the drilling and sampling has been planned with a view to achieving minimal sampling bias.
	<i>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.</i>	The main rock fabric at the prospect, indicated by high magnetism, strikes broadly north-south and hence drilling is orientated east-west. The drilling orientation has been planned with a view to achieving minimal sampling bias.
Sample security	<i>The measures taken to ensure sample security.</i>	Diamond core is stored in a secure off-site location prior to being transported to the laboratory for analyses. Sample pulps are currently stored at the laboratory and will be returned to the Company and stored in a secure location.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews have been undertaken.

Section 2 – Reporting of Exploration Results		
Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<i>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.</i>	The Weednanna Deposit is part of the Wilcherry Project (Project), comprising EL's 5470, 5590, 5875, 5931, 6072 and 6188, owned by Alliance (100%). 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.
	<i>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.</i>	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	<i>Acknowledgement and appraisal of exploration by other parties.</i>	The area has been explored since the 1970's by companies including Pan Continental Mining, Asarco, Murumba Minerals, Shell Co. of Australia Ltd (later Acacia Resources Ltd), WMC Resources Ltd, AngloGold Australia Ltd, Aquila Resources Ltd, Trafford Resources Ltd, Ironclad Mining Ltd (later Tyranna Resources Ltd) and now Alliance Resources Ltd. RC and diamond drilling has been completed at Weednanna by the following exploration companies- <ul style="list-style-type: none"> <li>• 1997-1998: Acacia Resources</li> <li>• 1999: Acacia Resources and AngloGold</li> <li>• 2000: AngloGold</li> <li>• 2002: Aquila Resources</li> <li>• 2006: Trafford Resources</li> </ul>

Section 2 – Reporting of Exploration Results		
Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> <li>• 2007: Ironclad Mining and Trafford Resources</li> <li>• 2008-2010: Ironclad Mining</li> <li>• 2012: Ironclad Mining and Trafford Resources</li> <li>• 2017-present: Alliance</li> </ul>
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>The geology at Weednanna is characterised by a north striking and moderate to steep east-dipping unit of Paleo-Proterozoic Hutchinson Group sediments, consisting of marl and dolomite with lesser sandstone and minor basalt, which have been metamorphosed under upper-amphibolite facies conditions and altered to produce interleaving calc-silicate and magnetite skarn with lesser gneiss and minor amphibolite.</p> <p>This altered meta-sedimentary package is bounded to the east and west by Archaean Sleaford Complex granite and gneiss. The Archaean rocks appear to truncate the meta-sediments at depth at the northern and southern ends of them prospect, with the meta-sediments extending below current drilling in the central area of the prospect.</p> <p>A keel of north-striking weathered granite of uncertain age occurs near-surface within the Hutchinson Group sediments along most of the prospect area. Pink potassium feldspar-rich granites, potentially of the Hiltaba Granite suite, intrude the Sleaford Complex on the eastern side of the prospect area and minor later stage granites cut the metasedimentary package. Gold mineralisation occurs within both the Archaean Sleaford Complex granite and gneiss and Paleo-Proterozoic Hutchinson Group meta-sediments and is associated with the intrusion of Hiltaba Granites and skarn alteration.</p> <p>Gold was deposited in favourable structural and lithological areas during both the peak metamorphic event and as the host rocks have cooled.</p> <p>Due to the high regional metamorphic temperate during gold emplacement, shoots are relatively discrete and high grade.</p>
Drill hole Information	<p><i>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:</i></p> <ul style="list-style-type: none"> <li>• <i>easting and northing of the drill hole collar;</i></li> <li>• <i>elevation or RL (reduced Level - elevation above sea level in metres) of the drill hole collar;</i></li> <li>• <i>dip and azimuth of the hole;</i></li> <li>• <i>down hole length and interception depth;</i></li> <li>• <i>hole length.</i></li> </ul> <p><i>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.</i></p>	Refer to Table A in the body of this announcement for the location of all drill holes.
Data aggregation methods	<p><i>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.</i></p> <p><i>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.</i></p> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	<p>The results are weighted averages by sample length. No high grade cuts have been applied. Results are reported for all intersections of gold greater than 1.0 g/t Au. The mineralised intervals are listed in Table A in the body of this announcement.</p> <p>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.</p> <p>No metal equivalents are reported.</p>
Relationship between mineralisation widths and intercept lengths	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p><i>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’).</i></p>	The geometry of the mineralisation is still being assessed. Assay results are reported are down hole lengths as the true width is not known.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being</i>	Refer to figures in the body of this announcement.



<b>Section 2 – Reporting of Exploration Results</b>		
<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
	<i>reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	
<i>Balanced reporting</i>	<i>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.</i>	The result reported in Table A represent all significant assay results averaging greater than 1.0 g/t Au.
<i>Other substantive exploration data</i>	<i>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.</i>	Preliminary metallurgical test work has been completed on samples collected from Shoots 1, 2, 3 and 4. This test work has revealed that gold at Weednanna is fine grained and evenly distributed across all size fractions. The mineralisation contains minor deleterious elements and is not refractory. Average gold recoveries in excess of 90% should be achievable by processing through a conventional cyanide leach circuit. Alliance and previous explorers have compiled a comprehensive density database for the Wilcherry Project. This database consists of more than 6,400 measurements collected across all rock types relevant for a Mineral Resource Estimate.
<i>Further work</i>	<i>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.</i>	Refer to main body of this announcement.