6 September 2019

ALLIANCE RESOURCES LTD

ASX: AGS

ABN: 38 063 293 336

Market Cap: $21.6M @ $0.14

Shares on issue: 154,038,332

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

Web:
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

Aircore Drilling Results
Gundockerta South Project

Alliance Resources Ltd (Alliance, the Company) announces the results of the most recent aircore drilling program at the Gundockerta South project, located 72 km east of Kalgoorlie in West Australia.

During June, 66 aircore holes were drilled, for 3,353 metres, on the west side of exploration licence E28/2572 to conclude a larger drilling program commenced in 2018. Gundockerta South is prospective for gold and base metals.

This aircore drilling was designed to test a broad area of sporadic low level gold in-soil anomalism, by using wide spaced aircore drill holes to test for low level gold in regolith anomalism that can be used as a vector towards a primary gold deposit.

The target area overlies a flexure in the interpreted position of the Railway Fault where it truncates mafic and felsic volcanic rocks against younger Penny Dam Conglomerate.

All holes were drilled vertically on a 160 metre by 640 metre spaced grid to blade refusal. The average depth of drilling during the current program was 50.8m.

Assay results from four metre composite scoop samples were received during July and one metre scoop samples collected across gold-anomalous zones.

Significant gold (Au) assay results received from this drilling program are listed in Table 1 and their location illustrated in Figures 1 and 2.

Table 1. Gundockerta South: Significant gold in 4m composite aircore drill samples

Hole ID	From (m)	To (m)	Interval (m)	Au (ppm)	Comments
GSAC074	20	24	4	0.09	Saprolite with minor qtz vein in siltstone
GSAC119	40	41	1	0.34	Siltstone at EOH
GSAC120	4	8	4	0.14	Transported lateritic gravel and top of Archaean
GSAC121	4	8	4	0.71	Transported cover, incl. lateritic gravel, and top of Archaean

The gold assay results received from this drilling program do not indicate the potential for a large gold deposit within the target area, given the type of host rocks present and depth of weathering.

Multi-element portable XRF analysis of the drill sample pulps returned nine samples containing between 1,000 -2,000 ppm Ni and 90-200 ppm Cu. These samples are associated with high magnesian basalt in hole GSAC089 and Penny Dam Conglomerate in holes GSAC102 and GSAC129 (Figure 3). No other significant multi-element results were returned from the drilling program.

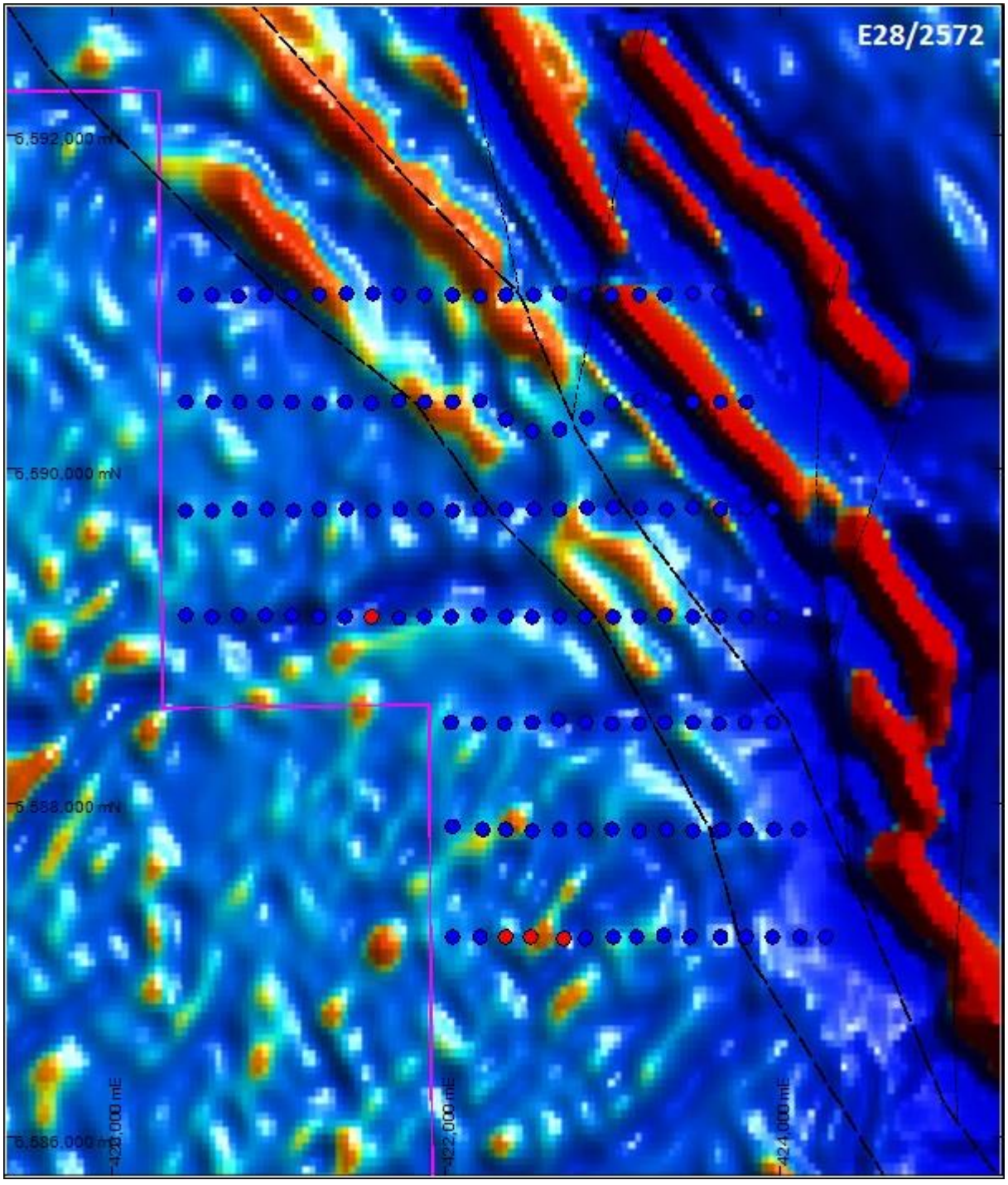

Figure 1. Gundockerta South aircore drilling: +0.1 g/t Gold anomalism on an aeromagnetic image

Legend-
Blue dots: 0 - 0.1 g/t Au
Red dots: + 0.1 g/t Au

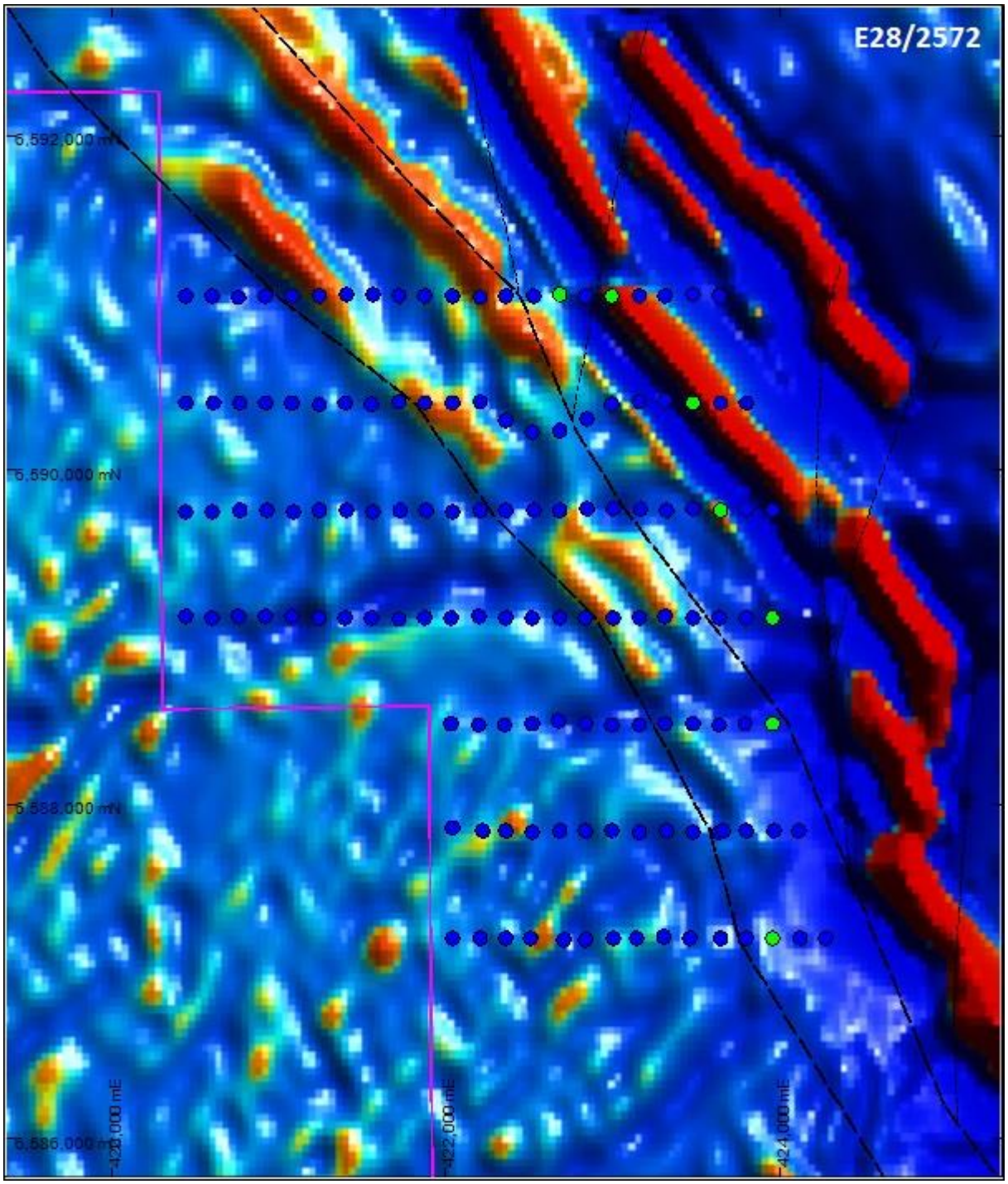

Figure 2. Gundockerta South aircore drilling: +1,000 ppm Ni anomalism on an aeromagnetic image

Legend-

Blue dots: 0 – 1,000 ppm Ni

Green dots: + 1,000 ppm Ni

Table 2. Gundockerta South: Drill hole collar details for significant gold in 4m composite aircore drill samples

Hole ID	MGA_North	MGA_East	Azimuth	Dip	Depth (m)
GSAC074	6589119	421557	0	-90	62
GSAC119	6587196	422361	0	-90	41
GSAC120	6587200	422509	0	-90	33
GSAC121	6587195	422709	0	-90	53

Nickel Exploration Potential

Past exploration has demonstrated the presence of two main corridors of ultramafic rocks within the tenement area that are considered prospective for nickel sulphide mineralisation.

These ultramafic horizons are strongly magnetic in aeromagnetic imagery and structurally complex, with evidence of fault repetition, displacement, and magnetite destruction. GSWA surface geology mapping within the tenement area has identified olivine cumulate textured peridotite, the favourable host for komatiitic nickel sulphide deposits.

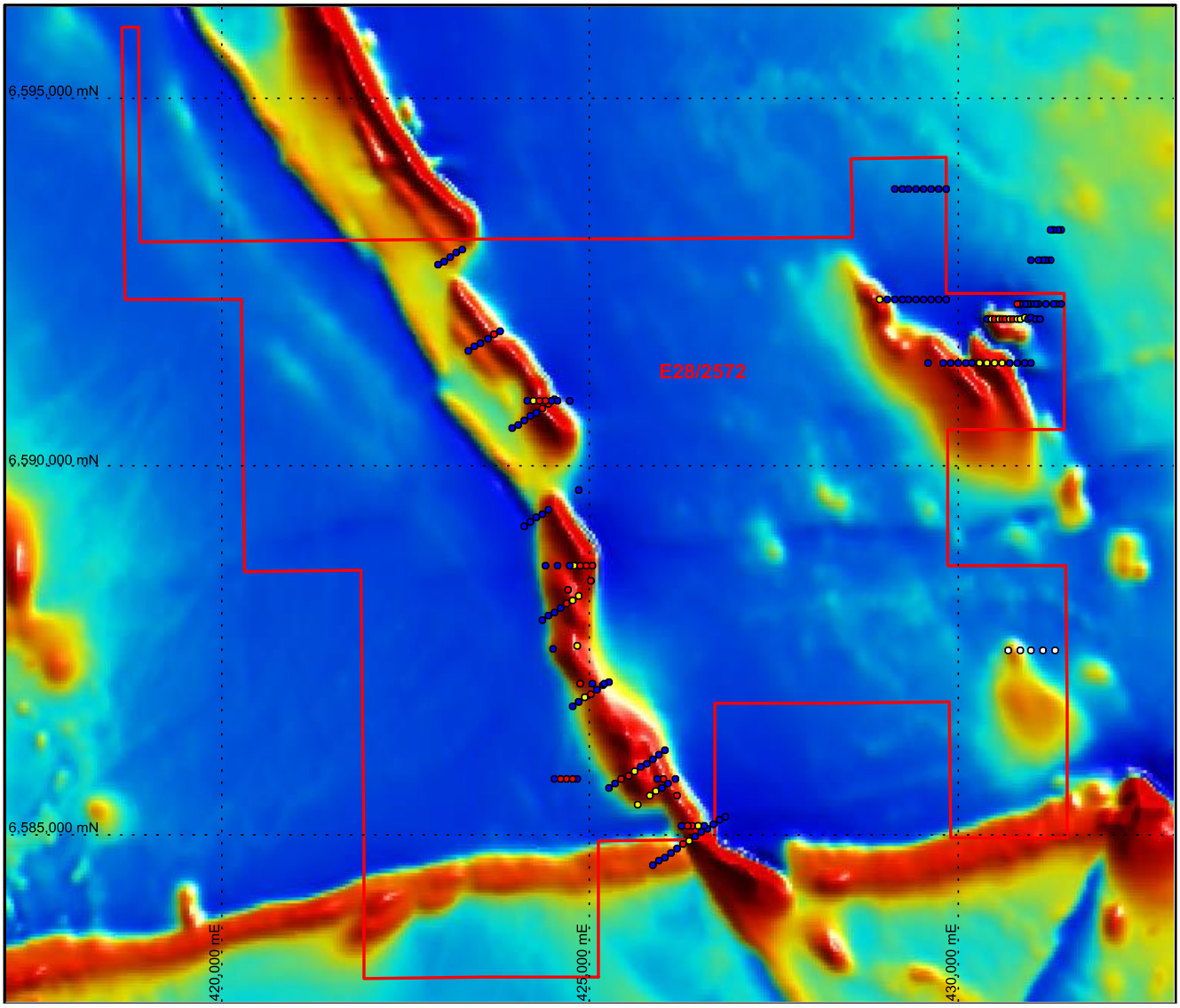

Figure 3. Gundockerta South historic maximum nickel in RAB, aircore, and RC drilling on an aeromagnetic image

Legend-

Blue dots: 0 – 1,000 ppm Ni
Yellow dots: 1,000 – 2,000 ppm Ni
Red dots: > 2,000 ppm Ni
White dots: not analysed for nickel

Regional and infill surface geochemical sampling programs completed by CRAE, Mawson, Mt Kersey, North, Croesus, Heron, and Pioneer for nickel anomalism have not proven to be a very effective exploration tool, with

anomalous results predominantly related to outcropping and sub-cropping ultramafic rocks. In these areas copper results have generally been low and not indicative of nickel sulphide mineralisation.

Past drilling of the two ultramafic horizons has returned a number of holes with elevated nickel and copper anomalism (+2,000 ppm Ni and +100 ppm Cu) potentially indicating fertile ultramafic rocks, while other holes with +2,000 ppm Ni and low copper results are likely the result of lateritic concentration of nickel (Figure 3).

The most efficient means of exploring for massive nickel sulphide deposits is by utilising electromagnetic (EM) techniques to test for conductors that may be caused by massive sulphide accumulations. No EM surveys have been completed within the tenement to test for conductors potentially related to massive nickel sulphide mineralisation.

Future work may include a moving loop EM survey to test the full strike length of the two ultramafic units, followed by a fixed loop EM survey to better define any conductors prior to bedrock drill testing using RC or diamond drilling.

Currently Alliance has no immediate work plans for Gundockerta due to the Company's priority being the Weednanna gold deposit in South Australia.

Steve Johnston
Managing Director

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

About Alliance

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 (classified 49% Indicated and 51% Inferred).

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	*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.*	Sample type was drill cuttings from aircore drilling.
	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 laboratory has 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'	Aircore drilling was used to obtain 1m samples down hole. Four x 1m scoop samples were taken from consecutive 1m samples and composited into a single sample and assayed for gold using a 50g charge fire assay with AAS finish. The samples were also XRF analysed for As, Ca, Cr, Cu, Fe, Mn, Ni, Pb, S and Zn, which is a semi-quantitative scan with precision and accuracy in the order of 20%.
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.).*	Aircore drilling is a reverse circulation drilling technique using a 4.5" diameter drill (blade) bit. The drill holes were oriented vertically.
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.	The majority of drilling was dry and the sample recovery 100%. Where the water table was intersected, the relatively shallow depth of drilling (average 50.8m) allowed the injected air to keep the sample relatively dry in most cases.
	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.	Dry aircore samples have 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 lithology, minerals, colour, weathering, alteration and magnetic susceptibility.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	Sample logging is qualitative (e.g. colour) and quantitative (e.g. % minerals) 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.*	Not applicable.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	One metre samples were collected at the drilling rig using a bucket mounted directly below the cyclone. The majority of samples were dry.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation and analyses was carried out by ALS in Kalgoorlie as described above.
	Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.	Approximately 4% of the analysed samples were in the form of Company submitted standards and blanks.
	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 measures described above ensured the sampling was representative of the in-situ material.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The samples 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.*	For gold, a 50g charge fire assay for gold with AAS finish (AU-AA26). Fire assay is considered to be a total digestion technique for gold. The drill sample pulps were also analysed by XRF for As, Ca, Cr, Cu, Fe, Mn, Ni, Pb, S and Zn (pXRF-30), which is a semi-quantitative scan with precision and accuracy in the order of 20%. The technique is considered to be equivalent to a total digestion technique of the area scanned and, given the early

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		stage of exploration, is considered appropriate for the sample type.
	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.	Not applicable.
	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.	Sample duplicates and sample standards were inserted into the sample sequence every 26 samples by the laboratory. Sample blanks were inserted into the sample sequence every 47 samples by the laboratory. The analyses of the duplicates indicate acceptable levels of accuracy have been established.
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 tabled 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. Sample numbers are used to match analyses from the laboratory to the in-house database containing sampling data.
	Discuss any adjustment to assay data.	Other than arithmetically averaging of repeat analyses, no adjustments have been made to analyses.
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.*	Hole collars were surveyed by handheld GPS. Expected horizontal accuracy is claimed to be <1m in handheld GPS units from 1 July 2017 due to Satellite Based Augmentation System (SBAS) test bed trial in Australia.
	Specification of the grid system used.	MGA94, zone 51.
	Quality and adequacy of topographic control.	RL's were estimated from exiting topographic maps and is considered adequate at this stage of exploration.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Data spacing is listed in Table 2 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.	Not applicable at this stage of exploration.
	Whether sample compositing has been applied.	No sample compositing 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.*	Not applicable at this stage of exploration.
	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.	Not applicable at this stage of exploration.
Sample security	*The measures taken to ensure sample security.*	Samples were transported offsite each day to a secure location prior to transportation to the laboratory.
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 Gundockerta South Project (E28/2572 and E25/569) is owned 100% by Alliance (SA) Pty Ltd (**Alliance**). The Project is centred 70 km east of Kalgoorlie, Western Australia.*
	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 tenements are in good standing with no known impediments to obtaining a licence to operate in the area.*
Exploration	*Acknowledgement and appraisal of exploration by other parties.*	*The area has been explored by companies including CRA*

Section 2 – Reporting of Exploration Results		
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done by other parties		*Exploration Pty Ltd, Union Oil Development Corporation, Jones Mining NL, Amax Exploration (Australia) Ltd, Kennecott Exploration (Australia) Ltd, Mawson Pacific Ltd, Mt Kersey Mining NL, Spinifiex Gold NL, Ramsgate Resources Ltd, Yilgarn Gold Ltd, Croesus Mining NL, Heron Resources Ltd, Avoca Resources Ltd, Minara Resources Ltd, Aruma Resources Ltd and Pioneer Resources Ltd. All previous work has been appraised by Alliance.*
Geology	*Deposit type, geological setting and style of mineralisation.*	*The Gundockerta South project lies within the Kurnalpi Terrane and comprises a series of thin, linear north-northwest trending, fault-bounded domains of dominantly mafic-felsic volcanic sequences with prominent lateral facies changes. Komatiite horizons are thin and more common in the west, with the major occurrence centered on the Bulong Anticline. Locally, the stratigraphic sequence is bounded to the east by the Avoca Fault and to the west by the Railway and Randall faults. In the southwest corner of E28/2572 the Railway Fault truncates mafic rocks against greywackes of the Mt Belches Formation. The project is considered prospective for both komatiitic-hosted nickel sulphide mineralisation and greenstone-hosted orogenic gold mineralisation.*
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 the Table 2 in the body of report for details of the aircore hole collars to which this report relates.*
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.*	*Not applicable.*
	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.	*Not applicable.*
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	*Not applicable.*
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').*	*Not applicable as no significant results are reported.*
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.*	*Not applicable as no significant results are reported.*
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.*	*Not applicable as no significant results are reported.*
Other	*Other exploration data, if meaningful and material, should be*	*All relevant exploration data have been reported.*

Section 2 – Reporting of Exploration Results		
Criteria	***JORC Code explanation***	***Commentary***
substantive exploration data	*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.*	
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 report.*