10 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

Target's Statement

In Respect of the Offer of 19 August 2019

Alliance Resources Ltd (Alliance) refers to the off-market takeover offer by Gandel Metals Pty Ltd to acquire all of the shares in Alliance.

As required by the Corporations Act, attached is a copy of Alliance's Target's Statement which has been lodged with ASIC and sent to Gandel Metals today. The Statement is accompanied by an Independent Expert's Report (including an Independent Technical Report).

The independent directors recommend that shareholders accept the offer in the absence of a superior offer. The independent directors encourage shareholders to read the Target's Statement in full, in which they make some observations which may be relevant to any shareholders who have an atypical risk appetite or a long investment horizon.

Alliance is being advised by HWL Ebsworth Lawyers.

Steve Johnston
Managing Director

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

ALLIANCE RESOURCES LIMITED

ABN 38 063 293 336

TARGET'S STATEMENT

in response to the off-market takeover bid made by
Gandel Metals Pty Ltd
to acquire all of your shares in Alliance Resources Limited

The Offer is $0.14 cash
for every Alliance Share you hold

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION
If you are in any doubt as to its contents, you should promptly consult your legal, financial or other professional adviser immediately.

HWL EBSWORTH LAWYERS

Legal advisor to Alliance Resources Limited

IMPORTANT INFORMATION

Target's Statement

This Target's Statement is dated 10 September 2019 and given by Alliance Resources Limited ACN 063 293 336 (ASX code: AGS) (**Alliance**) under the provisions of Part 6.5 Division 3 of the Corporations Act 2001 (as modified by ASIC) in response to the Offer made by Gandel Metals Pty Ltd ACN 102 347 955 (**Gandel Metals**) under its off-market takeover bid contained in its Bidder's Statement dated 19 August 2019.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and given to ASX on 10 September 2019.

None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Target's Statement.

Investment decision

The information contained in this Target's Statement does not constitute financial product advice. This Target's Statement does not take into account the individual investment objectives, financial situation or any particular needs of any Alliance Shareholder or any other person. Alliance encourages you to seek independent legal, financial and taxation advice before deciding whether or not to accept or reject the Offer.

Forward looking statements

Some of the statements appearing in this Target's Statement are in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events.

You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to matters to which the statements relate. Forward looking statements and statements in the nature of forward looking statements are only predictions and are subject to inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties are not all within the control of Alliance and cannot be predicted with assured accuracy by Alliance and could cause actual values or results, performance or achievements to differ materially from implied values or anticipated results, performance or achievements expressed or implied in those forward looking statements. These risks, variables and factors include matters specific to the industry in which Alliance operates, as well as general economic and financial market conditions, forces of nature and legislative, fiscal or regulatory developments.

Although Alliance believes that the expectations reflected in any forward looking statements included in this Target's Statement are reasonable, no assurance can be given that such expectations will prove to be correct.

None of Alliance, any of its officers, or any person named in this Target's Statement with his or her consent or anyone involved in the preparation of this Target's Statement makes any representation or warranty (expressed or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes expressed or implied in any forward looking statement and any statement in the nature of a forward looking statement, except as required by law.

You are cautioned not to place undue reliance on any forward looking statement or any statement in the nature of a forward looking statement having regard to the fact that the outcome may not be achieved. The forward looking statements and statements in the nature of forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Privacy Statement

Personal information relating to your Alliance Shares may be collected by Gandel Metals in accordance with its rights under the Corporations Act. Furthermore, Gandel Metals may share this information with its advisers and service providers where necessary for the purposes of the Offer. Generally, you have a right to access the personal information which Gandel Metals and its agents may hold about you.

Notice to non-Australian Alliance Shareholders

The distribution of this Target's Statement may, in some countries, be restricted by law or regulation of those countries. Accordingly, persons who come into possession of this Target's Statement should inform themselves of, and observe, those restrictions.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Target's Statement, you should immediately consult with your broker or your legal, financial or other professional adviser.

Should you have any questions about this Target's Statement, please call Alliance on 03 9697 9090 from within Australia or +613 9697 9090 from outside Australia between 9am and 5pm AEST Monday to Friday.

Defined terms

Defined terms used in this Target's Statement are capitalised. Definitions of these terms are set out in the Glossary in section 8.1.

Rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement may be subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value or fractions may differ from the figures set out in this Target's Statement.

Disclaimers as to information in respect of Gandel Metals

The information in respect of Gandel Metals in this Target's Statement has been prepared by Alliance using publicly available information (including that contained in the Bidder's Statement). The information in this Target's Statement concerning Gandel Metals has not been independently verified by Alliance. Accordingly, subject to the Corporations Act, none of Alliance, Alliance's officers and employees, any person named in this Target's Statement with his or her consent nor any person involved in the preparation of this Target's Statement makes any representation or warranty, express or implied, as to the accuracy or completeness of such information and none of them takes any responsibility for that information.

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KEY DATES

Announcement of Offer	19 August 2019
Date of Bidder's Statement	19 August 2019
Offer Period commences	2 September 2019
Date of Target's Statement	10 September 2019
Close of Offer Period (unless withdrawn or extended)	2 October 2019

ALLIANCE CORPORATE DIRECTORY

Directors

Ian Gandel
Stephen Johnston
Anthony Lethlean

Principal Place of Business

Suite 3
51-55 City Road
Southbank VIC 3006
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Company Secretary

Bob Tolliday

Website

www.allianceresources.com.au

Legal adviser

HWL Ebsworth Lawyers
Level 26
530 Collins Street
Melbourne VIC 3000

MANAGING DIRECTOR'S LETTER

Dear Alliance Shareholder,

On 19 August 2019, Gandel Metals Pty Ltd (**Gandel Metals**) announced that it intended to make an off-market takeover offer to acquire all the issued shares of Alliance **(Offer)**. The terms and conditions of the Offer are set out in the Bidder's Statement which you have recently received from Gandel Metals.

Under the Offer, Gandel Metals is offering Alliance Shareholders $0.14 cash for every Alliance Share held.

In order to consider the Offer in detail and comply with the requirements under the Corporations Act, the Independent Directors engaged FTI Consulting to prepare an Independent Expert's Report. A copy of the Independent Expert's Report accompanies this Target's Statement in Annexure A and the Independent Directors encourage Shareholders to consider its contents carefully.

The Independent Expert has concluded that the Offer is fair and reasonable.

Your Independent Directors both recommend that in the absence of a superior proposal you ACCEPT the Offer for all of your Alliance Shares.

Your Independent Directors have made this recommendation in light of the independent valuation of Alliance Shares and the disadvantage of holding relatively illiquid shares in a company with a dominant or controlling shareholder. The Independent Directors do, however, make some observations in Section 1 which may be relevant to any shareholders who have an atypical risk appetite or a long investment horizon.

You are encouraged to read this Target's Statement in full as it sets out your Independent Directors' formal response to the Bidder's Statement, their recommendation and other important information to enable you to consider the Offer having regard to your personal circumstances.

We also encourage you to seek your own independent financial, legal and taxation advice prior to deciding whether to accept the Offer.

If you have any questions regarding this Target Statement please contact Alliance on +613 9697 9090.

Yours faithfully

Steve Johnston
Managing Director

1. Independent Directors' recommendation and reasons

Your Directors both recommend that in the absence of a superior proposal you ACCEPT the Offer for all of your Alliance Shares.

The Independent Directors recommended that you accept the Offer in light of the independent valuation of Alliance Shares and the disadvantage of holding relatively illiquid shares in a company with a dominant or controlling shareholder.

The Independent Directors do, however, make the following observations which may be relevant to any shareholders who have an atypical risk appetite or a long investment horizon.

Net present value of Alliance Shares

The Independent Expert has valued an Alliance Share at between 13.3 and 15.1 cents. The Offer price is 14 cents. In the absence of a superior proposal, the offer should be accepted by shareholders who are concerned to realise a premium to the pre-Offer market price.

Liquidity

Alliance Shares are thinly traded on the ASX and are likely to be even more so if Gandel Metals increases its holding to a controlling position, which is likely given the premium to the pre-Offer market price. The Independent Directors are concerned that small shareholders take the opportunity to avoid being minority shareholders in a company with a dominant or controlling shareholder, possibly even one that is delisted from the ASX.

Uncertain future

The Independent Directors are confident that there is a significant exploration potential upside at the Weednanna gold deposit, but it requires Alliance to raise further capital. Current valuation methodologies, including those used for ASX reporting, mean that the upside value is not sufficiently certain for quantification. It will not be available to any shareholders who accept the Offer (but equally those accepting shareholders would not be subject to a request to contribute further capital or face dilution).

Specifically, in the *Technical Valuation of the Mineral Assets* report by Mining One Pty Ltd (**Technical Valuation**) appended to the Independent Expert's Report, it is reported that approximately 75% of the Inferred mineral resource captured in the latest pit optimisations had to be ignored for the purpose of the Weednanna Gold Project discounted cashflow model in order to satisfy ASX Listing Rules Guidance Note 31. The quantum of the mineral resource that has been ignored may be derived by subtracting the total shown in Table 2-26 in the Technical Valuation from the total shown in Table 2-25. The difference between the two tables is 381,375 tonnes grading 5.0 g/t gold, equivalent to contained gold of 61,503 ounces. Alliance shareholders should form their own view as to the value of this additional resource. The Weednanna Resource Upside Conceptual Target has been assessed in Section 2.1.3 in the Technical Valuation.

Other disadvantages of the Offer

For completeness, the following may be disadvantages of the Offer for some or all of the Alliance Shareholders, regardless of the merits of the Offer. Each shareholder needs to weigh up the extent to which each of the following is relevant to their overall assessment of the net benefit or detriment in their circumstances. Each possible disadvantage does not necessarily imply or suggest a particular course of action for a shareholder:

- At the time of acceptance you may not know if Gandel Metals will acquire control of Alliance.
- You may lose your ability to deal in your Alliance Shares after you accept the Offer.
- You will have a delay in realising the value of your investment if you do not accept but compulsory acquisition occurs.

Any Alliance Shareholder considering retaining their Alliance Shares should also be aware that Gandel Metals has stated that its present intention is that, if it becomes entitled to do so under the Corporations Act, it will proceed with the compulsory acquisition of any outstanding Alliance Shares and seek to delist Alliance from the ASX.

In considering whether to accept or reject the Offer, the Independent Directors encourage you to:

- read the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk-reward profile, portfolio strategy, tax position and financial circumstances; and
- obtain financial advice from your own broker or financial adviser regarding the Offer and obtain taxation advice on the effects of accepting the Offer.

2. Frequently Asked Questions

This section answers some frequently asked questions about the Offer. It is not intended to address all issues relevant to Alliance Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
Who is the Bidder?	Gandel Metals Pty Ltd ACN 102 347 955. Please refer to section 5 for further information on Gandel Metals.
Who is the target?	Alliance Resources Limited, ACN 063 293 336. Please refer to section 4 for further information on Alliance.
What is the Offer?	Gandel Metals Pty Ltd (**Gandel Metals**) is making an offer under an off-market takeover bid to acquire all of your Alliance Shares on the terms and conditions summarised in section 6 and are detailed in section 9 of the Bidder's Statement.
What is Gandel Metals offering for my Alliance Shares?	Gandel Metals is offering $0.14 cash for every Alliance Share (**Offer Price**).
Can Gandel Metals increase the Offer Price?	Yes.
What choices do I have as an Alliance Shareholder?	As an Alliance Shareholder, you can: (a) accept the Offer for all of the Alliance Shares you hold; (b) sell your Alliance Shares (unless you have previously accepted the Offer for those Alliance Shares); or (c) reject the Offer by doing nothing. A detailed explanation as to the choices available to Alliance Shareholders in regard to the Offer is set out in section 3.
What do the Independent Directors recommend?	Your Independent Directors both recommend that you ACCEPT the Offer in the absence of a superior proposal. The reasons for your Independent Directors' recommendation and some accompanying comments are set out in section 1. The Independent Directors can change their recommendation if, in their judgment, there is a material change in the net benefits of the takeover bid proceeding - see section 7.
What do the Independent Directors	The Independent Directors intend to accept the Offer in respect of all the Alliance Shares they own or control in

Question	Answer
intend to do with their Alliance Shares?	the absence of a superior proposal.
What is the Independent Expert's opinion?	The Offer is fair and reasonable.
What is this Target's Statement?	This document is the Target's Statement and is Alliance's formal response to the Offer. It includes the recommendation of the Independent Directors and the opinion of an Independent Expert in relation to the Offer.
What is the Bidder's Statement?	The Bidder's Statement is the document containing, among other things, the terms of the Offer.
How do I reject the Offer?	To reject the Offer you should do nothing. If you decide to do nothing, you should be aware of the rights of Gandel Metals to compulsorily acquire your Alliance Shares in certain circumstances. See section 6.5 for more information on compulsory acquisition.
How do I accept the Offer?	Details are set out in section 9.4 of the Bidder's Statement.
What happens if I do nothing and therefore do not accept the Offer	If you do not accept the Offer, you will remain a holder of your Alliance Shares. However, if Gandel Metals acquires a relevant interest in at least 90% of all Alliance Shares and the conditions to the Offer are satisfied or waived before the end of the Offer Period, Gandel Metals currently intends to compulsorily acquire all Alliance Shares which have not been acquired by it. If compulsory acquisition occurs, you will be paid the Offer Price at the conclusion of the compulsory acquisition process. Please be aware that, in such circumstances, you will receive the Offer Price later than if you had accepted the Offer prior to the end of the Offer Period.
If I accept the Offer now, can I withdraw my acceptance?	No. Under the terms of the Offer, you cannot withdraw your acceptance (but see section 6.4). Further, if you accept the Offer now, you will not be able to sell your Alliance Shares on ASX or to any other bidder that may make a takeover bid (the Alliance Independent Directors are not presently aware of any other possible takeover bid), or deal with your Alliance Shares in any other manner while the Offer remains open.
If I accept the Offer, when will I receive the Offer Price?	If you validly accept the Offer and provide all necessary documents at the time of that acceptance and the Offer becomes unconditional, then you will be paid the Offer Price on or before the earlier of:

Question	Answer
	• within one month after the later of the Offer becoming unconditional and receipt by Gandel Metals of your valid Acceptance Form; and • 21 days after the end of the Offer Period. Please see section 9.6 of the Bidder's Statement for more information.
When do I have to decide what to do?	If you wish to accept the Offer, you need to do so before the Closing Date, which is currently 7:00pm AEST on 2 October 2019, unless extended (see section 6.2).
What are the tax implications of acceptance?	You should consult a financial, tax or other professional adviser on the tax implications of acceptance. Some general comments are offered in section 6 of the Bidder's Statement.
Do I pay brokerage fees or stamp duty if I accept?	You will not pay any brokerage fees or stamp duty on the disposal of your Alliance Shares if you accept the Offer. Please see section 1.14 of the Bidder's Statement for more information.
Can the Bidder extend the Offer Period?	Yes. Subject to the requirements of the Corporations Act, the Offer Period can be extended at Gandel Metals' election at any time before the end of the Offer Period. ASIC will be sent written notice of any extension and any extension will also be announced to ASX.
What happens if the Bidder increases the Offer Price?	In the absence of a competing proposal, Gandel Metals is unlikely to increase the Offer Price. However, if a competing proposal is made and Gandel Metals does increase the Offer Price, all Alliance Shareholders who accept the Offer (whether before or after the increase in Offer Price is announced) will be entitled to receive the increased Offer Price.
Are there any conditions to the Offer?	Yes. See section 6.3 of this Target's Statement for an overview and section 9.7 of the Bidder's Statement where all the conditions to the Offer are listed.
Can the Bidder withdraw the Offer?	Gandel Metals may not withdraw the Offer without the written consent of ASIC.
Can I be forced to sell my Alliance Shares?	You cannot be forced to sell your Alliance Shares unless Gandel Metals acquires a relevant interest in at least 90% of all Alliance Shares during, or at the end of, the Offer Period and proceeds to compulsorily acquire your Alliance Shares under the Corporations Act. If that happens, you will be paid the last price offered by Gandel Metals for Alliance Shares under the Offer before compulsory acquisition commences. However you will receive payment later than Alliance Shareholders who accepted the Offer.

Question	Answer
	See section 6.5 for further details.
What if I require further information?	Call Alliance on 03 9697 9090 from within Australia or +613 9697 9090 from outside Australia between 9am and 5pm AEST Monday to Friday.

3. Your choices as an Alliance Shareholder

3.1 Alternatives for Alliance Shareholders

Alliance encourages you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to whether or not, and if so when, you should reject or accept the Offer in respect of all your Alliance Shares.

As a Alliance Shareholder, you currently have three choices available to you.

What happens if:	Bidder becomes entitled to compulsorily acquire your Alliance Shares following the end of the Offer	Bidder does not become entitled to compulsorily acquire your Alliance Shares following the end of the Offer
You reject the Offer by taking no action	Gandel Metals will not be able to acquire your Alliance Shares unless Gandel Metals and its Associates hold at least 90% of the Alliance Shares at the end of the Offer Period. In this event, Gandel Metals will become entitled to compulsorily acquire those Alliance Shares that it does not already own (see section 6.5 for further information regarding compulsory acquisition).	You will continue to hold your Alliance Shares. You also have the ability to sell those Alliance Shares.
You accept the Offer	You will receive cash in exchange for your Alliance Shares.	
You sell your Alliance Shares	You could receive a cash amount equivalent to the prevailing market value of your Alliance Shares, less any brokerage or other fees. You will not receive any payment under the Offer and you cannot participate in the Offer.	You could receive a cash amount equivalent to the prevailing market value of your Alliance Shares, less any brokerage or other fees. You will not receive any payment under the Offer and you cannot participate in the Offer.

3.2 Timing of your decision

You have a choice, if you decide to accept the Offer, whether to lodge your Acceptance Form immediately or at some later time before the Closing Date. You will be unable to sell your Alliance Shares after lodging your Acceptance Form.

4. Information on Alliance

4.1 Introduction and history

Alliance was listed on ASX on 19 October 1994. Alliance is an Australian gold and base metals exploration company with projects in South Australia and Western Australia.

4.2 Capital structure of Alliance

As at the date of this Target's Statement, Alliance's capital structure comprises 154,038,332 Alliance Shares.

For details of Alliance's substantial shareholders as at the date of this Target's Statement, see section 7.2.

4.3 Financial information

A summary of the audited consolidated financial performance of Alliance for its financial years ended 30 June 2018 and 2017 and for the half year ended 31 December 2018 is as follows:

Financial Years ended 30 June 2018 and 2017 and Half Year ended 31 December 2018

$	30 June 2017	30 June 2018	31 December 2018
Revenue from continuing activities	375,258	150,000	41,000
Expenses	(1,667,026)	(1,423,000)	(639,000)
Loss before income tax expense from continuing operations	(1,291,768)	(1,273,000)	(598,000)
Loss after income tax for the FY/HY attributable to the owners of Alliance	(1,149,576)	(1,273,000)	(598,000)

A summary of the consolidated financial statements of Alliance for its financial years ended 30 June 2018 and 2017 and for the half year ended 31 December 2018 is as follows:

$	30 June 2017	30 June 2018	31 December 2018
Total current assets	9,752,293	5,605,000	3,201,000
Total non-current assets	5,680,362	8,248,000	9,490,000
Total assets	15,432,655	13,853,000	12,691,000
Total current liabilities	467,874	352,000	372,000
Total non-current liabilities	74,278	80,000	82,000
Total liabilities	542,152	432,000	454,000
Net Assets	14,890,503	13,421,000	12,237,000
Net Assets attributable to the owners of Alliance	13,988,566	12,517,000	11,332,000

Copies of the various reports and ASX announcements of Alliance (including the report for the half-year ended 31 December 2018) can be found on Alliance' website at www.allianceresources.com.au. The reports also contain details of Alliance' accounting policies and the notes and assumptions that accompany the financial statements. If you would like to receive a copy of any of these documents, please contact Alliance on 03 9697 9090 from within Australia and +613 9697 9090 from outside Australia between 9.00am to 5.00pm (AEST) Monday to Friday.

4.4 Alliance Directors

The Alliance Directors as at the date of this Target's Statement are listed below. Details of their relevant interests in Alliance Shares as at the date of this Target's Statement are set out in section 7.3.

(a) Ian Gandel (also a director of the Bidder, NOT independent);

(b) Stephen Johnston (Managing Director and Independent Director); and

(c) Anthony Lethlean (Independent Director).

4.5 Key management personnel

The following people are key management personnel (excluding Alliance Directors) of the Alliance Group at the date of this Target's Statement:

(a) Robert Tolliday (employed by Gandel Metals, NOT independent)

4.6 Effects of a change of control

The Directors do not anticipate that Gandel Metals becoming a parent company will materially adversely affect Alliance' relationship with any current business partner or contractor.

5. Information about Gandel Metals

5.1 Overview of Gandel Metals

Gandel Metals acts as a private trustee company for a number of trusts associated with Ian Gandel and members of his family, and holds securities in various public and private companies for investment purposes. The Alliance Shares acquired under the Offer will be held by Gandel Metals as trustee for a discretionary trust being the Gandel Mining Trust.

See section 2 of the Bidder's Statement for information about Gandel Metals, its activities and its financial affairs.

6. Summary of the Offer and other important issues

6.1 Summary of the Offer

The following is a summary only of the key terms of the Offer. The complete terms of the Offer are set out in section 9 of the Bidder's Statement.

The Offer is to acquire all of your Alliance Shares. You may only accept the Offer for all of the Alliance Shares that you hold. You cannot accept the Offer for only some of your Alliance Shares.

The consideration under the Offer is $0.14 cash for each Alliance Share.

The Offer is conditional (see section 6.3) and your acceptance will only result in the payment of cash to you if the Offer becomes unconditional.

6.2 Offer Period

The Offer will be open until 7.00 pm AEST on 2 October 2019, unless extended in accordance with the Corporations Act.

If, within the last 7 days of the Offer Period, the Offer Price is varied to improve the Offer Price the Offer Period will be extended automatically so that it ends 14 days after that event.

6.3 Conditions to the Offer

The Offer, and any contract resulting from acceptance, is subject to following condition:

No prescribed occurrences

Between the period from the date on which the Bidder's Statement is given to Alliance and the end of the Offer Period (each inclusive), none of the following events occur:

(a) Alliance converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;

(b) Alliance or a subsidiary of Alliance resolves to reduce its share capital in any way;

(c) Alliance or a subsidiary of Alliance enters into a buy back agreement or resolves to approve the terms of a buy back agreement under section 257C(1) or 257D(1) of the Corporations Act;

(d) Alliance or a subsidiary of Alliance issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option in each case;

(e) Alliance or a subsidiary of Alliance issues, or agrees to issue, convertible notes;

(f) Alliance or a subsidiary of Alliance disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

(g) Alliance or a subsidiary of Alliance grants, or agrees to grant, a Security Interest in the whole, or a substantial part, of its business or property;

(h) Alliance or a subsidiary of Alliance resolves to be wound up;

(i) a liquidator or provisional liquidator of Alliance or of a subsidiary of Alliance is appointed;

(j) a court makes an order for the winding up of Alliance or of a subsidiary of Alliance;

(k) an administrator of Alliance or of a subsidiary of Alliance is appointed under section 436A, 436B or 436C of the Corporations Act;

(l) Alliance or a subsidiary of Alliance executes a deed of company arrangement; or

(m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Alliance or a subsidiary of Alliance.

To the extent that the condition involves matters within the control of Alliance, Alliance will endeavour to ensure that such condition remains satisfied.

6.4 Effect of acceptance and rights of withdrawal

Accepting the Offer would:

(a) prevent you from accepting any higher takeover bid for your Alliance Shares that may be made by a third party or any alternative transaction proposal; and

(b) prevent you from selling your Alliance Shares.

If you accept the Offer, you do not have a right to withdraw your acceptance (unless the Offer Period is extended by one month or more in certain circumstances).

The effect of acceptance of the Offer is set out in more detail in sections 9.5 to 9.11 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Alliance Shares and the representations and warranties that you are deemed to give to Gandel Metals by accepting the Offer.

6.5 Compulsory acquisition

Gandel Metals has stated in section 4.3 of the Bidder's Statement that it intends to compulsorily acquire all Alliance Shares under the Corporations Act if it becomes entitled to do so.

Gandel Metals will be entitled to compulsorily acquire all outstanding Alliance Shares at the Offer Price if, by the end of the Offer Period, it has acquired a relevant interest in at least 90% (in number) of Alliance Shares and has acquired at least 75% (in number) of Alliance Shares which Gandel Metals offered to acquire under the Offer.

Compulsory acquisition is commenced by lodging a compulsory acquisition notice with ASIC and sending the notice to ASX and all Alliance Shareholders who did not accept the Offer. Alliance Shareholders have statutory rights to challenge compulsory acquisition. However, if Gandel Metals establishes to the satisfaction of a court that the consideration being offered for the shares sought to be compulsorily acquired represents fair value, the court must approve the compulsory acquisition on those terms. Alliance Shareholders should be aware that, if their Alliance Shares are compulsorily acquired, they are not likely to receive the Offer Price until at least one month after the compulsory acquisition notice is issued by Gandel Metals.

6.6 Consequences of Gandel Metals acquiring less than 90% but more than 50% of the Alliance Shares

Gandel Metals has stated in section 4.4 of the Bidder's Statement that its intentions if Gandel Metals acquires more than 50% but less than 90% of the Alliance Shares are that:

(a) Alliance will be controlled by Gandel Metals and its Associates;

(b) Gandel Metals intends to undertake a review of the strategy, operations, activities, assets and employees of Alliance (**Review**), and subject to the outcome of the Review, Gandel Metals will implement the accelerated mining program referred to in section 4.2 of the Bidder's Statement;

(c) subject to the Corporations Act and the Review, Gandel Metals proposes to seek the appointment of a majority of Gandel Metals nominees to the Alliance Board although it has not made any decision as to who would be nominated;

(d) subject to the Corporations Act and the Review, Gandel Metals may also seek to add to, replace or reorganise the roles of a proportion of the members of the Alliance Board;

(e) Gandel Metals may seek to remove Alliance from the Official List of ASX (if Gandel Metals does not acquire the required level of acceptances under the Offer to delist Alliance without shareholder approval, Gandel Metals may in the future find itself in a situation where it has accumulated voting power above 75% in Alliance due to transactions allowed under section 611 of the Corporations Act and at that time Gandel Metals may be in a position to pass a special resolution to approve the delisting of the Target);

(f) Gandel Metals may, at some later time, acquire further Alliance Shares in a manner consistent with the Corporations Act;

(g) if Gandel Metals becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, it may exercise those rights; and

(h) Gandel Metals intends to undertake the activities referred to in section 4.6 of the Bidder's Statement to the extent permitted by its control of Alliance.

6.7 Consequences of Gandel Metals acquiring 50% or less of the Alliance Shares

Gandel Metals has stated in in section 4.5 of the Bidder's Statement that if it does not achieve a relevant interest in, or voting power of, more than 50% of Alliance, to the extent possible through its non-controlling holding of Alliance Shares, Gandel Metals will endeavour to give effect to the intentions set out in section 4.4 of the Bidder's Statement.

6.8 Risk factors if you do not accept the Offer

A number of specific risk factors that may impact the business strategies, future performance and financial position of Alliance and its controlled entities are described below. It is not possible to identify every risk that could affect Alliance' business, and while Alliance implements risk mitigation measures to the extent possible, actions taken by Alliance to mitigate the risks described below cannot provide absolute assurance that a risk will not materialise.

Before you decide whether to accept the Offer, you should read this Target's Statement in its entirety and carefully consider the following risk factors. You should also have regard to your own investment objectives and financial circumstances.

Specific risk factors relating to Alliance

These include, and may not be limited, the following:

(a) **Exploration and production risks –** The future viability and profitability of Alliance as a gold and base metals exploration company will be dependent on a number of factors, including, but not limited to, the following:

(i) commodity prices and exchange rates;

(ii) successful exploration and exploitation of mineral reserves;

(iii) satisfactory performance of mining operations and competent management; and

(iv) the accuracy of assumptions made by Alliance and its advisors and consultants in the calculations and studies they have conducted.

(b) **Environmental management risks –** The environmental management issues with which Alliance may be required to comply with from time to time and the potential risk that regulatory environmental requirements or circumstances could impact on the economic performance of Alliance's operations.

(c) **Economic risks –** The general economic conditions in Australia and in the countries of Alliance' potential trading partners and, in particular, inflation rates, interest rates, exchange rates, royalty rates, commodity supply and demand factors and industrial disruptions.

(d) **Dependence upon key personnel –** Alliance depends on the talent and experience of its key management and staff. It is essential that appropriately skilled persons, in sufficient numbers, be available to support the Alliance business. The loss of any number of key personnel may adversely impact the performance of Alliance's operations.

(e) **Taxation** – Changes in tax law or changes in the way tax laws are interpreted may impact the tax liabilities of the Alliance Group. The ability of the Alliance Group to obtain the benefit of existing tax losses and claim other beneficial tax

attributes will depend on future circumstances and may be adversely affected by changes in ownership, business activities, levels of taxable income and any other conditions relating to the use of the tax losses.

Possible volatility of Alliance Share price if the Offer does not proceed

While the Independent Directors are unable to predict the price at which Alliance Shares will trade in the future, the Independent Directors believe that the Share price may fall after the close of the Offer if Gandel Metals does not become entitled to compulsorily acquire all outstanding Alliance Shares and no other takeover offer is made for Alliance.

General macroeconomic conditions

The performance of businesses in the gold and base metals exploration industries is affected by macroeconomic conditions.

6.9 Tax Implications

Section 6 of the Bidder's Statement sets out a general overview of the Australian tax implications of an Alliance Shareholder accepting the Offer. However, you should not rely on it as advice in respect of your own affairs. It does not deal with the position of all Alliance Shareholders.

You should seek your own independent financial and taxation advice, which takes into account your personal circumstances, before making a decision as to whether or not to accept the Offer for your Alliance Shares.

7. Additional Information

7.1 Other material information

This Target's Statement is required to include all the information that Alliance Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept or not accept the Offer, but only:

(a) to the extent to which it is reasonable for Alliance Shareholders and their professional advisers to expect to find this information in this Target's Statement; and

(b) if the information is known to any Alliance Director.

The Independent Directors are of the opinion that the information that Alliance Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is the information contained in:

(a) the Bidder's Statement;

(b) Alliance's statements to Alliance Shareholders prior to the date of this Target's Statement (which are available on its website www.allianceresources.com.au); and

(c) this Target's Statement.

The Independent Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). In deciding what information should be included in this Target's Statement, the Independent Directors have had regard to the:

(a) nature of the Alliance Shares;

(b) matters that Alliance Shareholders may reasonably be expected to know;

(c) fact that certain matters may reasonably be expected to be known to Alliance Shareholders' professional advisers; and

(d) the time available to Alliance to prepare this Target's Statement.

7.2 Substantial shareholders

Based on the substantial holding notices provided to Alliance as at the date immediately before the date of this Target's Statement, the substantial holders of Alliance Shares, the number of Alliance Shares in which they have a relevant interest and their voting power in Alliance are set out below:

Substantial holder	Number of Alliance Shares	%
Abbotsleigh Pty Ltd (the parent company of Gandel Metals)	55,452,032	36.00%

Substantial holder	Number of Alliance Shares	%
Sandon Capital Pty Ltd	16,367,751	10.7%
Phoenix Portfolios Pty Ltd	11,564,125	7.56%

7.3 **Alliance Directors' interests and dealings in Alliance Shares**

As at the date of this Target's Statement, the number of Alliance Shares in which each of the Alliance Directors (or a related entity of a director) has a relevant interest is as follows:

Directors	Fully Paid Ordinary Shares
Ian Gandel	55,452,032
Stephen Johnston	3,117,669
Anthony Lethlean	881,252

During the four months ended on the date immediately before the date of this Target's Statement, the Alliance Directors have acquired or agreed to acquire, or disposed of or agreed to dispose of, a relevant interest in the following Alliance Shares:

Directors	Number of Alliance Shares	Acquired / Disposed	Date
Ian Gandel	6,015,875	Acquired	21 August 2019 to 9 September 2019
Stephen Johnston	1,000,000	Acquired	30 August 2019
Anthony Lethlean	0	N/A	

7.4 **Conditional agreements**

There is no agreement made or arrangement between any Independent Director and any other person in connection with or conditional upon the outcome of the Offer.

7.5 **Benefits to Alliance Directors**

No benefit has been, or will be, given to a person in connection with the retirement of a person from a board or managerial office in Alliance or a related body corporate of Alliance or who holds, or has held a board or managerial office in Alliance or a related body corporate of Alliance, or a spouse, relative or Associate of such a person, in connection with the transfer of the whole or any part of the undertaking or property of Alliance.

7.6 Material litigation

Alliance is not party to any material litigation.

7.7 Consents and disclaimers

HWL Ebsworth Lawyers has given its consent to being named in this Target's Statement as legal adviser to Alliance and has not withdrawn that consent before the lodging of this Target's Statement with ASIC.

Each person named in this section 7.7 as having given its consent to the inclusion of a statement or being named in this Target's Statement:

(a) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than as specified in this section; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and a statement included in the Target's Statement with the consent of that party as specified in this section; and

(c) has not caused or authorised the issue of this Target's Statement.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by Gandel Metals with ASIC or given to ASX, or announced on ASX by Gandel Metals. Under the Class Order, the consent of Gandel Metals is not required for the inclusion of such statements in this Target's Statement. Any Alliance Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge and within 2 Business Days of the request being made) during the Offer Period by contacting Alliance on +613 9697 9090 between 9am and 5pm AEST Monday to Friday.

Copies of announcements by Alliance may also be obtained from Alliance's website www.allianceresources.com.au.

In addition, as permitted by ASIC class order 13/523, this Target's Statement may include or be accompanied by certain statements:

(a) fairly representing a statement by an official person; or

(b) from a public official document or published book, journal or comparable publication,

where the statement was not made or published in connection with the Offer, Gandel Metals or Alliance or any business property or person the subject of the Bidder's Statement or this Target's Statement. In those circumstances, the consent of the persons to whom those statements are attributed is not required for such statements to be included in this Target's Statement.

7.8 Continuous Disclosure

Alliance is a disclosing entity under the Corporations Act and subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require Alliance to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, Alliance has an obligation (subject to limited exceptions) to notify

ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Alliance Shares.

Copies of the documents filed with ASX may be obtained from the ASX website at www.asx.com.au (ASX code: AGS) and Alliance's website at www.allianceresources.com.au/site/investor-centre/asx-announcements1/ASX-Announcements.

7.9 Date of Target's Statement

This Target's Statement is dated 10 September 2019, which is the date on which it was lodged with ASIC.

7.10 Approval

This Target's Statement has been approved by a resolution of the Alliance Board.

Signed for and on behalf of Alliance Resources Limited:

Steve Johnston
Managing Director

8. Glossary

8.1 Definitions

The following defined terms are used throughout this Target's Statement unless the context otherwise requires.

Defined Term	Definition
Acceptance Form	the acceptance form accompanying the Bidder's Statement and which forms part of the Offer, or any replacement or substitute acceptance form provided by the Bidder.
AEST	Australian Eastern Standard Time
Alliance	Alliance Resources Limited ACN 063 293 336, ASX listed company (ASX:AGS)
Alliance Board	the board of Alliance Directors, as constituted from time to time
Alliance Director	a director of Alliance as at the date of this Target's Statement
Alliance Group	Alliance and each of its related bodies corporate or controlled entities
Alliance Share	a fully paid ordinary share in the capital of Alliance
Alliance Shareholder	a person registered in the register of members of Alliance as the holder of one or more Alliance Shares
Announcement Date	means 19 August 2019.
ASIC	Australian Securities and Investments Commission
Associate	has the same meaning given to that term for the purposes of Chapter 6 of the Corporations Act
ASX	ASX Limited ABN 98 008 624 691 or, where the context requires, the financial market operated by it known as Australian Securities Exchange
ASX Settlement	means ASX Settlement Pty Ltd (AB 49 008 504 532).
ASX Settlement Operating Rules	means the operating rules of the settlement facility provided by ASX Settlement.
Bidder's Statement	the bidder's statement in respect of the Offer issued by Gandel Metals as bidder under Part 6.5 of the Corporations Act dated 19 August 2019
Closing Date	the date on which the Offer Period ends (see section 6.2 for further details)

Defined Term	Definition
Corporations Act	*Corporations Act 2001* (Cth)
CHESS Holding	means a holding of Alliance Shares on the CHESS Subregister of Alliance.
CHESS Subregister	has the meaning given in the ASX Settlement Operating Rules.
Controlling Participant	has the meaning given in the ASX Settlement Operating Rules. Usually your Controlling Participant is a person, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules).
Gandel Metals	Gandel Metals Pty Ltd ACN 102 347 955.
Holder Identification Number	means the number used to identify a Alliance Shareholder on the CHESS Subregister of Alliance.
Independent Directors	means the following Alliance Directors: a) Anthony Lethlean; and b) Steve Johnston.
Issuer Sponsored Holding	means a holding of Alliance Shares on the Issuer Sponsored Subregister of Alliance.
Issuer Sponsored Subregister	has the meaning given in the ASX Settlement Operating Rules.
Offer	the offer by Gandel Metals set out in section 9 of the Bidder's Statement, or the off-market takeover bid constituted by that offer and each other offer by Gandel Metals for Alliance Shares in the form of that offer, including in each case as varied in accordance with the Corporations Act.
Offer Period	The period during which the Offer is open for acceptance, being 2 September 2019 to the Closing Date
Offer Price	Gandel Metals is offering $0.14 cash for every Alliance Share
Public Authority	means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.
related body corporate	has the same meaning given to that term in section 50 of the Corporations Act
relevant interest	has the same meaning given to that term in sections 608 and 609 of the Corporations Act

Defined Term	Definition
Review	has the meaning given to that term under section 4.2 of the Bidder's Statement.
Securityholder Reference Number	means the number allocation by Alliance to identify a Alliance Shareholder on the Issuer Sponsored Subregister of Alliance.
subsidiary	has the same meaning as given to that term in section 46 of the Corporations Act
Target's Statement	this Target's Statement which is issued by Alliance in response to the Offers and otherwise in accordance with the requirements of the Corporations Act
voting power	has the meaning given to that term in section 610 of the Corporations Act

8.2 **Interpretation**

In this Target's Statement, unless the context otherwise requires:

(a) headings used in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement;

(b) words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;

(c) a reference to dollars, A$, AUD, $ and cents is a reference to Australian currency;

(d) a reference to time is a reference to AEST;

(e) a reference to a section is a reference to a section of this Target's Statement;

(f) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and any consolidations, amendments, re-enactments or replacements of any of them;

(g) the singular includes the plural and vice versa; and

(h) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency.

Annexure A Independent Expert's Report

FTI CONSULTING

ALLIANCE RESOURCES LTD

TAKEOVER OFFER

INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE

10 SEPTEMBER 2019

EXPERTS WITH IMPACT

10 September 2019

The Independent Directors
Alliance Resources Ltd
Suite 3/51 -55 City Road
Southbank
Melbourne VIC 3006

Dear Independent Directors

Independent expert's report for Alliance Resources Ltd

1. Introduction

The directors (**Directors**) of Alliance Resources Ltd (**Alliance** or the **Company**) have received an off-market cash takeover offer of 14 cents per share (**Offer**) from Alliance's major shareholder, Gandel Metals Pty Ltd (**Gandel Metals** or the **Bidder**), for the balance of shares not owned or controlled by Gandel Metals. Gandel Metals is offering to acquire the 66.63%[1] of the issued shares of Alliance that it currently does not own.

There is a common director and common shareholder between Alliance and Gandel Metals, being Ian Gandel, a director and non- executive chairman of Alliance and director of Gandel Metals.

In order to assist shareholders of Alliance (**Shareholders**), that are not associated with Gandel Metals, evaluate the Offer, the Independent Directors of Alliance have engaged FTI Consulting (Australia) Pty Ltd (**FTI Consulting**) to prepare an independent expert's report (**IER** or **Report**) to assess whether the Offer is fair and reasonable to the Shareholders, as a whole.

All references to $ in this report are Australian dollars.

2. Purpose of the report

This IER has been prepared pursuant to Section 640 (**Section 640**) of the Corporations Act (*cth*) 2001 (**Act**) and must state whether, in the opinion of the independent expert, the takeover offer is fair and reasonable to the target company's Shareholders and provide the reasons for forming that opinion.

Our IER is to accompany the Target's Statement to be prepared by Alliance in response to the Offer by Gandel Metals.

We have undertaken this engagement in accordance with Accounting Professional & Ethical Standards Board Limited professional standard APES 225 Valuations Services (**APES 225**).

APES 225 defines three types of valuation engagements. This engagement is a Valuation Engagement as defined by this standard. APES 225 requires that if we become aware, during performing the valuation, of a limitation or restriction that could have a material impact on the estimate of value, then the engagement will become a Limited Scope Valuation Engagement as defined by APES 225.

Further information regarding the purpose of this report is provided in Section 2 of our detailed report.

[1] Per Form 604 2 Sept 2019

3. The Offer

On 19 August 2019, Alliance announced that it had received the Offer from Gandel Metals to acquire the 67.8% [2]of the issued shares that Gandel Metals and its associates does not already own. The consideration offered is 14 cents per share held in Alliance.

The Offer is only subject to the condition that "no prescribed occurrences" occur.

Further details regarding the Offer is set out in Gandel Metal's Bidder's Statement dated 19 August 2019.

4. Transaction costs

Alliance is expecting to incur transaction costs of approximately $110,000 in connection with the Offer, including for engaging the independent expert, technical expert for the valuation of the mineral assets and legal fees.

5. Summary of opinion

We have considered the terms of the Offer as we have outlined in our Report, and in the absence of a superior offer, we have concluded that the Offer is fair and reasonable to Shareholders.

Further information regarding the purpose and scope of this IER is provided in Section 2 of our Report, that is attached.

6. The Offer is fair

In forming our opinion in relation to the fairness of the Offer, we have compared the fair market value of an issued share of Alliance, on a controlling basis, to the Offer consideration of 14 cents (cash) per share.

In undertaking our fairness assessment, we have had regard to the Australian Securities and Investments Commission (**ASIC**) Regulatory Guide 111 *Content of expert reports* (**RG 111**).

RG 111.11 indicates that an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison must be made assuming:

- a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
- 100% ownership of the target company, irrespective of the percentage holding of the bidder or its associates in the target company.

In accordance with ASIC's guidance and interpretation of RG 111.11, we have assessed the value of Alliance before the Offer on a control basis.

Our valuation of Alliance involved the following:

- assessment of the value of Alliance before the Offer on a sum of the parts basis (**SOTP**), which estimates the value of a company by separately valuing each of its assets and liabilities. The value of Alliance's interest in the Wilcherry Project was assessed using the discounted cash flow (**DCF**) method, having regard to the independent technical assessment of the Wilcherry Project undertaken by Mining One Pty Ltd (**Mining One**).
- used the quoted market price (**QMP**) as our secondary or cross check method. Alliance's shares are listed on the Australian Securities Exchange (**ASX**), which is a regulated and observable market where Alliance's shares are traded. We note, however, that trading of Alliance's shares has been relatively illiquid, with only 25.3% of total issued shares being traded in the 12 months prior to the Offer. We also note that the QMP of a company's shares is reflective of a minority interest. Where applicable, we have incorporated a premium for control in our analysis.

[2] Decreased from 67.7% to 66.63% per Form 604 2 Sept 2019 when Gandel Metals acquired additional shares

Our concluded estimate of the value of an issued share of Alliance summarised below.

Value of an issued share in Alliance

Table 1: Summary valuation of an issued share of Alliance compared to the Offer

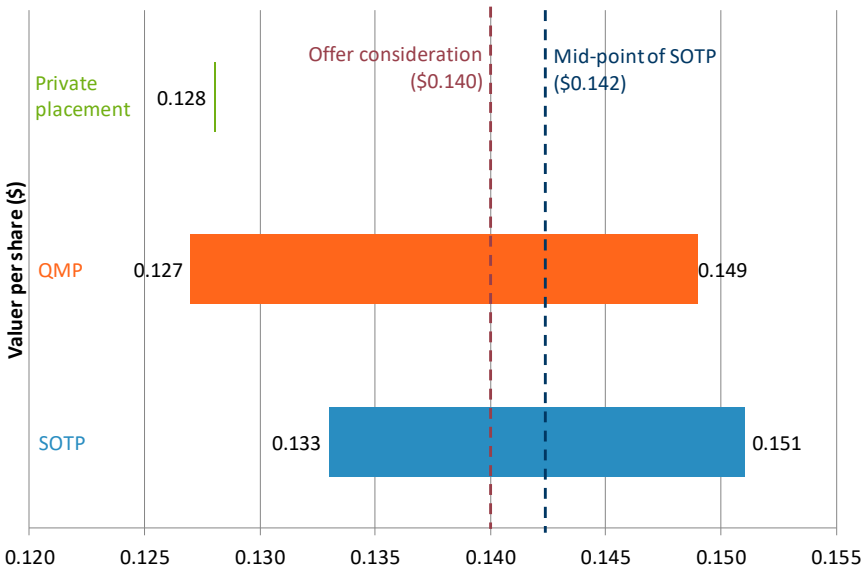
$	Report Reference	Low	High
FTI Consulting concluded value per Alliance share (control basis)	Section 8	$0.133	$0.151
Offer consideration		$0.140	$0.140

Source: FTI Consulting analysis

Fairness conclusion

A summary of our fairness assessment is set out in the table below.

Figure 1: Valuation Summary of fairness assessment



Source: FTI Consulting analysis.

The Offer consideration is within our valuation range of an Alliance share on a controlling basis. Accordingly, we conclude that the Offer is fair to Alliance shareholders that elect to accept the Offer.

The Offer consideration represents a premium of 5.4% and a discount of 7.4% to the low and high end of our assessed range, respectively.

Shareholders should be aware that our assessment of the value per share does not reflect the price at which Alliance Shares will trade if the Offer lapses. The price at which Alliance Shares will ultimately trade depends on a range of factors including the liquidity of Alliance shares, macro-economic conditions, commodity prices, exchange rates and the financial performance of Alliance.

Sensitivity of the fairness conclusion

Our valuation of an Alliance share is based on and sensitive to the following assumptions:

- **Gold prices** – The value of the Weednanna Gold Project is sensitive to the assumption of the gold price. Any change in the assumptions for gold price has a direct impact on the projected cash flows of the Weednanna Gold Project, without any additional costs. For example, a decrease in gold price from $2,200/oz to $2,100/oz would reduce the value of Alliance per share significantly from $0.133 - $0.151, to $0.104 - $0.121.

- **Discount rate** - The valuation of the Weednanna Gold Project is also sensitive to changes in the real discount rate. For example, an increase in real discount rate by 0.5%, from 8.5% - 10.0% to 9.0% - 10.5%, would reduce the value of Alliance per share from $0.133 - $0.151, to $0.127 - $0.145.
- **Residual value of the plant** – A portion of our valuation of the Weednanna Gold Project ($15.1 million to $18.0 million) derives from the discounted residual value of the plant of $2.5 million to $2.9 million, making up 16.4% and 16.2% of the total value. Our valuation of the residual value of the plant is based on residual value assumptions advised by the Management. We note that Alliance has not conducted an independent valuation of the plant to be built as at the date of this report
- **Value of the Kimba camp** – the value of Kimba camp (included in the value of property, plant and equipment), of $3.134 million, comprises a large portion of our assessed equity value for Alliance, at 15.4% and 13.5% of our equity value range. Our valuation is therefore sensitive to the value of the Kimba camp.

7. The Offer is reasonable

RG 111 defines the Offer as being reasonable if it is fair, or if despite not being fair, overall, the advantages of the offer outweigh its disadvantages to Shareholders. Given the Offer is fair, it is also considered to be reasonable.

To assist Shareholders in assessing the Offer, we have considered the key advantages and disadvantages to Shareholders of the Offer.

Advantages and disadvantages

We have identified the following significant advantages and disadvantages to Shareholders of accepting the Offer. The advantages and disadvantages of not accepting the Offer will be the inverse.

Advantages	Report reference
The Offer is fair, and RG 111 states that an offer is also reasonable if it is fair.	Section 9.3
The Offer represents a premium to Alliance share price prior to the Offer.	Section 9.3
The likelihood of a superior offer emerging is low.	Section 9.4
The Offer of $0.14 per share provides Shareholders with cash certainty and an immediate liquidity event with respect to their investment which is an important consideration given that Alliance's shares exhibit low levels of liquidity (25.3% over 12 months before to the Offer).	Section 9.4
Acceptance of the Offer removes the risks that Shareholders may be exposed to in continuing to hold Alliance shares, inclusive of, but not limited to: the successful development of the Wilcherry Project, whether Alliance will have access to sufficient funds to sustain its funding requirements and develop the Wilcherry Project; and the volatility of the gold price.	Section 9.4
Shareholders will not be exposed to the risks of being minority shareholders in an unlisted entity if Gandel Metals achieves control. Gandel Metals will most likely obtain control over Alliance, with other non-associated shareholders remaining as minority shareholders in the Company. Shareholders will have limited control over the future direction and operations of Alliance if Gandel Metal becomes the majority shareholder.	Section 9.4
Disadvantages	
If a Shareholder accepts the Offer, they will no longer hold an interest in the Company, and will forego any potential future upside from the development or potential expansion of the Wilcherry Project.	Section 9.4

Conclusion on reasonableness

As the Offer is fair it is also reasonable.

Reasonableness opinion

In our opinion, the Offer is reasonable to Shareholders.

This opinion should be read in conjunction with our detailed report which sets out our scope, analysis and findings in more detail.

8. Opinion

In our opinion, the Offer is fair and reasonable to Shareholders.

This opinion should be read in conjunction with our detailed report that sets out our scope, analysis and findings in more detail.

9. General requirements for an IER

In preparing an IER, ASIC requires the independent expert to decide on the form of analysis and to bear in mind the main purpose of the report, that is to adequately consider the concerns that could reasonably be anticipated by the persons that may be affected by the Offer. In preparing this IER, we have considered ASIC's Regulatory Guides and commercial practice.

The IER includes disclosures of the following:

- particulars of any relationship, pecuniary or otherwise, whether existing presently or at the time in the past between FTI Consulting and any other parties to the Offer
- the nature of any fee or pecuniary interest or benefit, whether direct or indirect that FTI Consulting has received or will or may receive for or in connection with the preparation of the IER
- FTI Consulting has been appointed as independent expert to prepare this IER in relation to the Offer
- FTI Consulting has been provided financial information and explanations by the Independent Directors of Alliance.

  Our procedures in preparing our IER included discussions with the Independent Directors on the Alliance business and its outlook. We also provided a draft copy of our IER to the Independent Directors for factual accuracy before finalising. We have also received written representations from the Independent Directors in relation to the completeness and accuracy of the information set out in our IER
- FTI Consulting has relied on information provided by the Independent Directors and management of Alliance. We have not carried out any form of an audit or independent verification of the information provided by the directors.

10. Note regarding forward-looking statements and forecast financial information

Certain statements in this IER may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of Alliance, to be materially different from any future results, performance and achievements expressed or implied by such forward-looking statements. Such factors include, among other things the following:

- general economic conditions
- future movements and changes in interest rates and taxes
- impact of environmental and other related factors
- changes in laws, regulations or government policies or the interpretation of those laws, and the impact on Alliance
- other factors referenced in the IER.

11. General market conditions

FTI Consulting's opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time.

Changes in those conditions may result in any valuation or other opinion becoming quickly out of date and in need of revision. FTI Consulting reserves the right to revise any valuation or other opinion, in light of material information existing at the valuation date that subsequently becomes known to FTI Consulting.

12. Sources of information

Appendix B to the IER summarises the information used, referred to and relied upon for the purpose of the preparation of this IER and in forming our opinion.

Statements and opinions contained in this IER are given in good faith and are based on our considerations and assessment of the information provided by the Directors and management of Alliance.

Under the terms of FTI Consulting's engagement, Alliance has agreed to indemnify the directors and staff of FTI Consulting and its associated entities, against any claim, liability, loss, expense, costs or damages arising out of reliance on any material, information or documentation provided by Alliance that is false or misleading or omits any material particulars or arising from the failure to supply relevant information.

13. Other matters

Limitations

This IER has been prepared at the request of the Independent Directors of Alliance for the sole benefit of the Directors and Shareholders of Alliance to assist them with their decision to accept or reject the Offer. This IER is to accompany the Target's Statement to be sent to Shareholders to consider the Offer and has not been prepared for any other purpose.

We have consented to the inclusion of the IER with the Target's Statement. Apart from this IER, we are not responsible for the contents of the Target's Statement or any other document associated with the Offer. We acknowledge that this IER may be lodged with regulatory authorities.

Financial services guide

FTI Consulting holds an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues. The financial services guide can be found in Part 1 of this document.

Shareholders' circumstances

In forming our view on the Offer, we have considered the interests of Shareholders, as a whole. We have not considered the financial situation, objectives or needs of individual shareholders. It is not practical or possible to assess the implications on individual Shareholders of the Offer as their financial circumstances are unknown to us.

The decision as to whether or not to accept the Offer is a matter for each Shareholder to decide, based on their own views as to the value of a share of Alliance, risk profile and investment strategy.

Shareholders should carefully review the Target's Statement. If Shareholders are in any doubt as to the action that they should take in relation to the Offer, they should seek their own professional advice.

Summary

This letter should be read in the context of the attached full report that that sets out the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

Yours faithfully

FTI Consulting (Australia) Pty Limited

Fiona Hansen
Senior Managing Director
Authorised Representative
AR Number 246371

Enc.

Part 1 - Financial Services Guide

About FTI Consulting

FTI Consulting (Australia) Pty Ltd ABN 49 160 397 811 (**FTI Consulting** or **we** or **us** or **our** as appropriate) has been engaged by Alliance Resources Limited (**Alliance or the Company**) to provide an Independent expert's report (**IER** or **Report**) for inclusion in the Target's Statement dated 9 September 2019 and provided to you as a retail client because you are a shareholder of the Company.

Financial Services Guide

In providing the IER, we are therefore required to issue this Financial Services Guide (**FSG**) to you as a retail client.

This FSG is dated 9 September 2019 and has been prepared in accordance with the *Corporations Act (Cth) 2001*, and provides information about FTI Consulting generally, the financial services we are licensed to provide, the remuneration FTI Consulting may receive in connection with the preparation of the IER, and how complaints against us will be dealt with.

Financial Services FTI Consulting is Licensed to Provide

FTI Consulting is an Australian Financial Services (**AFS**) authorised representative number 001269325, which authorises us to provide financial product advice in relation to basic deposit products, securities (such as shares and debentures), interests in managed investment schemes and derivatives to wholesale and retail clients.

FTI Consulting provides financial product advice by virtue of our engagement to issue this IER in connection with a financial product. Our IER includes a description of the circumstances of our engagement and the party who has engaged us. The IER is provided on our own behalf as a financial service licensee authorised to provide the financial product advice contained in the IER.

You have not engaged us directly and cannot provide us instructions but have been provided with a copy of the IER because of your connection to the matters set out in the IER.

General Financial Product Advice

Our IER provides general financial product advice only, and not personal financial product advice, because it has been prepared without taking into account your personal circumstances, objectives, (financial or otherwise) financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You should seek personal financial product advice from a suitable Australian financial service licensee to assist you in this assessment.

Remuneration

FTI Consulting will receive a negotiated and agreed fee from the Company who engaged us to provide the IER. Fees are agreed on either a fixed fee or time cost basis. FTI Consulting is entitled to receive a fee of approximately $50,000 plus GST and out-of-pocket expenses for preparing the IER. This fee is not contingent upon the outcome of the subject of the IER.

Except for the fees referred to above, neither FTI Consulting, nor any of its directors, consultants, employees or related entities, or associates of any of them, receive any remuneration or any other benefit, directly or indirectly, for or in connection with the provision of the IER. FTI Consulting does not pay commissions or provide any other benefits to any person in connection with the reports that FTI Consulting is licenced to provide.

All our employees receive a salary and may be eligible for bonuses which are not based on the outcomes of any specific engagement or directly linked to the provision of the IER. Our directors and consultants receive remuneration based on time spent on matters.

Independence and Associations

FTI Consulting is not aware of any actual or potential matter or circumstance that would preclude us from preparing the IER on the grounds of independence under regulatory or professional requirements. In particular, FTI Consulting has had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and the Australian Securities and Investments Commission.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we might from time to time provide professional services to financial product issuers in the ordinary course of business.

Complaints Resolution

As an AFS authorised representative, we are required to have a system for handling complaints from persons to whom we have provide financial services. All complaints to FTI Consulting regarding the IER must be in writing, addressed to The Compliance Officer, FTI Consulting (Australia) Pty Limited, Level 21 Bourke Place, 600 Bourke Street, Melbourne VIC 3000.

On receipt of a written complaint, we will record the complaint, acknowledge receipt and seek to resolve the complaint as quickly and fairly as possible. If you do not receive a satisfactory outcome, you have the option of raising your concern with the Australian Financial Complaints Authority (**AFCA**). AFCA is an independent body established to provide advice and assist in resolving complaints relating to the financial services industry. This service is provided free of charge. FTI Consulting is a member of AFCA (No. 41617). AFCA can be contacted at the following address:

Australian Financial Complaints Authority

GPO Box 3
Melbourne, VIC 3001

Telephone: 1800 931 678

Email: info@afca.org.au

Insurance

FTI Consulting has professional indemnity insurance in place that satisfies the compensation arrangement requires under section 912B of the Corporations Act. This insurance will cover claims in relation to the conduct of representatives and employees who no longer provide services to FTI Consulting (but who did at the time of the relevant conduct).

FTI Consulting (Australia) Pty Ltd (ACN 160 397 811)

AFS Authorised Representative No: 001269325

Contents

1. Summary of the Offer

1.1 Summary

The directors (**Directors**) of Alliance Resources Ltd (**Alliance** or the **Company**) have received an off market cash takeover offer (**Offer**) from the Alliance's major shareholder, Gandel Metals Pty Ltd (**Gandel Metals**), for the balance of the shares not owned or controlled by Gandel Metals. This offer is for approximately 66.63%[3] of the issued shares of Alliance.

There is a common director and common shareholder between Alliance and Gandel Metals, being Ian Gandel. Gandel Metals and its associates hold 32.3% interest in Alliance.[4]

In order to assist shareholders that are not associated with Gandel Metals (**Shareholders**), evaluate the Offer, the Independent Directors of Alliance have engaged FTI Consulting (Australia) Pty Ltd (**FTI Consulting**) to prepare an independent expert's report (**IER** or **Report**) to assess whether the Offer is fair and reasonable to the Shareholders, as a whole.

1.2 Key terms

The key terms of the Offer are as follows:

- on 19 August 2019 Gandel Metals made an off market bid under Chapter 6 of the Corporations Act (*cth*) 2001 (**Act**) to acquire all the shares of Alliance which it does not currently own
- the cash consideration to be paid to Shareholders will be 14 cents per share
- the offer will be open for 21 days (subject to Gandel Metals' right to extend the offer period under the Act).

Once Gandel Metals holds an interest in Alliance of more than 90%, Gandel Metals is entitled to proceed to compulsory acquisition of the remaining Alliance shares under the Act.

1.3 Condition precedent

The only condition of the Offer is that there are no prescribed occurrences. The prescribed occurrences condition is set out in Section 9.7 of the Bidders Statement. We note that condition (iv) has occurred, whereby shares were issued to Steve Johnston, director of Alliance[5].

For further details on the Offer, refer to the Target's Statement prepared by the Directors.

1.4 Rationale for the Offer

Gandel Metals is of the view that Alliance's strategy is not the most capital efficient for the development of the Wilcherry Project. It is of the view that further drilling and exploration activities will deplete Alliance's financial resources and the Company will most likely need to undertake further capital raisings. With its recent low share price and low participation in the recent entitlement offer, Gandel Metals believes that the Company will be able to better develop the Wilcherry Project more efficiently as an unlisted entity.

If Gandel Metals is successful in its bid for Alliance, it will focus the Company's business operations on activities that will expedite development of known resources rather than investing in exploration activities.

[3] Per Form 604 dated 2 Sept 2019, where Gandel Metals acquired additional shares since 19 August 2019
[4] As at 2 September 2019, Abbotsleigh had increased its shareholding to 33.37%.
[5] Per Appendix 3Y dated 4 Sept 2019 where 1 million options were exercised for the issue of shares

Gandel Metals also proposes that the Offer will make it easier in the future for Alliance to raise funding as a private company and will provide greater operating flexibility.

1.5 Gandel Metal's intentions

On 19 August, Gandel Metals issued its Bidder's Statement that, among other things, disclosed its intentions with regard to Alliance's business, operations, employees and assets.

The general intentions of Gandel Metals based on the information known to it are set out below.

If 90% or more of Alliance's shares is acquired

Gandel Metals will proceed with:

- the compulsory acquisition of outstanding Alliance's shares in accordance with Chapter 6A of the Act
- arranging for Alliance to be removed from official listing of the ASX
- the replacement of all non-executive directors of the Alliance board with its own nominees, other than Ian Gandel
- a strategic review of the business, and possibly an accelerated mining program.

If more than 50% but less than 90% or more of Alliance's shares is acquired

Gandel Metals will proceed with:

- controlling Alliance
- a strategic review of the business, and possibly an accelerated mining program
- seeking to appoint majority of Gandel Metals' directors to the board of the Alliance to reflect its ownership interest
- possibly arranging for Alliance to be removed from official listing of the ASX
- seeking to acquire further shares in Alliance
- continuing and not making major changes to the Alliance business
- not making changes to the employment terms of the Alliance employees.

If 50% or less of Alliance's shares is acquired

Gandel Metals will proceed with:

- considering acquiring further shares in Alliance under the 'creep' provisions (ie up to 3% every 6 months) until it reaches majority voting power
- not participating in future capital raisings if it does not agree with Alliance's business strategy, and hence Alliance may experience significant difficulties in maintaining its operations and further develop its mining programs.

2. Scope and limitations

2.1 Purpose and scope of the report

The Independent Directors of Alliance have appointed FTI Consulting to prepare this IER for inclusion in its Target's Statement to assess whether the Offer is fair and reasonable to the Alliance Shareholders.

The scope of procedures we have undertaken has been limited to those procedures we believe are required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards.

We have adopted the tests of whether the Offer is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111 *Content of expert reports* (**RG 111**).

This report is for Alliance Shareholders to assist them in deciding whether to accept or reject the Offer.

We have undertaken this engagement in accordance with Accounting Professional & Ethical Standards Board Limited professional standard APES 225 Valuations Services (**APES 225**).

2.2 Valuation date

The Valuation Date we have used in this report is 19 August 2019.

2.3 Regulatory guidance

The Act

Section 640 of the Act requires the Target's Statement to include an independent expert's report in relation to a takeover offer if either:

- the bidder's voting power in the target is 30% or more, or
- the bidder and target have one or more common directors.

At the date of the Offer, Gandel Metals and its associates had an interest in Alliance of 32.3% of the issued shares.[6]

Alliance and Gandel Metals have a common director, namely Ian Gandel.

Therefore, an IER is required to accompany the Target's Statement, and must state whether, in the independent expert's opinion, the takeover offer is fair and reasonable and give the reasons for forming that opinion.

Accordingly, the Independent Directors of Alliance have engaged FTI Consulting to prepare an IER for inclusion in the Target's Statement to assess whether the Offer is fair and reasonable to the Alliance Shareholders in accordance with section 640 of the Act.

Australian Securities and Investment Commission Regulatory Guides

RG 111 provides guidance in relation to a range of transactions and provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

ASIC Regulatory Guide 112 *Independence of experts* (**RG 112**) sets out examples where an expert's independence may be compromised: "*an expert taking instruction from, or holding discussions with, a commissioning party, its advisers or any interested party on the choice of methodologies for the report or evaluation of the transaction*…".

We confirm that we are independent according to RG 112.

[6] As at 2 September 2019, Abbotsleigh had increased its shareholding to 33.37%.

Neither the ASX Listing Rules nor the Act define the meaning of 'fair and reasonable'. In determining whether the Offer is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111.

RG 111 suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it.

In our opinion, the Offer is a control transaction as defined by RG 111 and we have therefore assessed the Offer as a control transaction to consider whether, in our opinion, it is fair and reasonable to Alliance Shareholders.

2.4 Basis of evaluation

Introduction

Section 640 requires an independent expert to assess whether a takeover offer is fair and reasonable to Shareholders.

RG 111 provides guidance in respect of independent expert reports under the Act. RG 111 establishes the two criteria for an expert analysing a control transaction. The criteria are:

- Is the offer 'fair'?
- Is it 'reasonable'?

The terms fair and reasonable are regarded as separate and are not regarded as a compound phrase.

Fairness

In accordance with RG 111, the Offer is fair, if the value of a share in the entity before the Offer (on a control basis) is equal to or less than the value of the Offer consideration.

The comparison must be made assuming:

- A knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 100% ownership of the target company, irrespective of the percentage holding of the bidder or its associates in the target company.

In accordance with RG 111.11, we have assessed the value of an issued share of Alliance before the Offer, on a control basis, and compared it to the cash Offer of 14 cents.

Reasonableness

As per RG 111.12, if the Offer is fair, it will be reasonable.

An offer could also be considered 'reasonable' if there are valid reasons to accept it (in the absence of any higher bid before the close of the offer), notwithstanding that it may not be regarded as 'fair'.

ASIC suggests that an expert should consider the following factors, if relevant to the Offer:

- the bidder's pre-existing voting power in securities in the target
- other significant security holding blocks in the target
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target
- any special value of the target to the bidder
- the value to an alternative bidder and likelihood of an alternative offer being made.

Shareholders may consider alternative approaches to assessing the merits of the Offer.

2.5 Definition of value

The assessment of whether the Offer is fair and reasonable to Shareholders, as a whole, involves determining the fair market value of the issued shares of Alliance before the Offer.

The definition of fair market value that we have used is commonly used for IERs and is set out below:

"*the price at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length*"

By its very nature, the formation of a valuation assessment necessarily contains significant uncertainties and the conclusions arrived at in many cases will be subjective and dependent on the exercise of judgement. Therefore, there is no disputable value and we normally express our valuation opinion as falling within a likely range.

Special value

We have not included special value in forming our opinion.

Special value is the amount that a potential acquirer may be prepared to pay for an asset in excess of the fair market value. This premium represents the value to the potential acquirer of various factors that may include potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally.

Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchasers.

2.6 Shareholders decisions

This IER has been prepared specifically for the Directors and the Shareholders of Alliance. FTI Consulting, including any members or employees thereof, are not responsible to any person, other than the Shareholders and Alliance, in respect of this Report, including for any errors or omission however caused.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Offer to Shareholders, as a whole. We have not considered the potential impact of the Offer on individual Shareholders. Individual Shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Offer on all of the individual Shareholders. The decision of whether or not to accept or reject the Offer is a matter for Shareholders based on their own views as to the value of Alliance and their expectations about future market conditions, Alliance's performance, and risk profile and investment strategy.

If Shareholders are in doubt as to the action they should take in relation to the Offer, they should seek their own professional advice.

FTI Consulting has prepared an FSG in accordance with the Act. The FSG is included as Part 1 of the Report.

2.7 Consent and other matters

This IER is to accompany the Target's Statement and is prepared for the exclusive purpose of assisting Shareholders in their consideration of the Offer.

This report should not be used for any other purpose. FTI Consulting's opinion is based on economic, market and other external conditions prevailing at the date of this Report. These conditions can change significantly over a relatively short period of time.

This report has been based on financial and other information provided by Alliance in relation to the Offer. FTI Consulting has considered and relied upon this information. FTI Consulting consents to the issue of this report in its form and context and consents to its inclusion in the Target's Statement.

Refer to Section 10 for limitations and disclosures regarding the basis of preparation and use of this Report.

2.8 Sources of information

In preparing this report, we have relied on information as summarised in Appendix B, some of which was provided by Alliance and some was obtained from public sources. All documents relied on in support of our opinion are either referred to in the body of this report, identified by way of footnote, or are referred to in the appendices to this report.

We have had discussions with the Directors and management of Alliance (**Management**) in relation to the Offer, operations, financial position and outlook for Alliance.

In forming our opinion, we have made the following assumptions and summarised these throughout our IER:

- We have performed our analysis in this Report on the basis that the conditions precedent to Offer are satisfied.
- Title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed.
- Information about the Offer sent to Shareholders or any regulatory or statutory body is complete, accurate and fairly presented in all material respects.
- Publicly available information relied on by us is accurate, complete and not misleading.
- There are no undue changes to the terms and conditions of the Offer or complex issues unknown to us.

3. Overview of Alliance

3.1 Background

Alliance was incorporated in 1994 and is headquartered in Southbank, Australia.[7] It is a publicly listed Australian gold and base metals exploration company with projects in South Australia and Western Australia.[8]

3.2 Overview of operations

The Company's flagship asset is its wholly owned Wilcherry Project located within the southern part of the Gawler Craton, approximately 45 km north of the township of Kimba, South Australia. Alliance's ownership of the Wilcherry Project is via its wholly owned subsidiary Alliance Craton Explorer Pty Ltd (**ACE**).[9] The Wilcherry Project comprises of seven exploration licenses covering 1,200 km^2 which are prospective for gold and base metals. The Weednanna Gold Deposit is the most advanced gold deposit of the project and is a shallow high-grade gold system under thin cover. On 6 September 2018, a Mineral Resource estimate confirmed Weednanna as a quality gold deposit with outstanding economic potential and is the first step towards establishing the Wilcherry Project as an emerging gold-producing district in South Australia.[10]

Alliance also owns 100% of the Gundockerta South Project, located 72 km east of Kalgoorlie and is prospective for both komatiitic-hosted nickel sulphide deposits and greenstone-hosted orogenic gold deposits.[11] In 2018. it recently completed 66 air-core holes for 3,007 meters over the northern part of the target zone at the Gundockerta South to test for low-level gold in regolith beneath a large zone of sporadic gold in soil anomalism.[12]

Other than the above projects, Alliance also owns a few other projects in Western Australia and South Australia. As at the Valuation Date, the projects in South Australia had been written off as the respective tenement licenses had been relinquished.

Alliance also has investments in three publicly listed Australian companies, namely, Centennial Mining Limited (ASX:CTL), SciDev Ltd (ASX:SDC) and Tyranna Resources Limited (ASX:TYX).[13] Centennial Mining Limited is currently under a deed of company arrangement.

3.3 Group structure

As at July 2019, the corporate structure of Alliance comprises the Company and four wholly-owned subsidiaries, which are:[14]

- ACE, a company incorporated in Australia, which owns 100% of the Wilcherry Project;
- Alliance (SA) Pty Ltd, a company incorporated in Australia, which owns 100% of the Western Australia projects;
- Alliance (Chile) Pty Ltd, a company incorporated in Australia; and
- Alliance (NSW) Pty Ltd, a company incorporated in Australia.

[7] S&P Capital IQ
8 http://www.allianceresources.com.au/site/corporate/corporate-overview
[9] Bidder's statement, p4
[10] Alliance 2018 annual report, pp2 and 3
[11] http://www.allianceresources.com.au/site/projects/western-australia
[12] Alliance ASX announcement dated 6 September 2019: p1.
[13] http://www.allianceresources.com.au/site/projects/investments
[14] Alliance management and Alliance 2018 annual report, p41

3.4 Key personnel

Table 2: Summary key personnel

Name	Position	Description
Ian Gandel	Independent Non-executive Chairman	Appointed in October 2003. Ian is a mining entrepreneur with extensive experience in retail and retail property management including Gandel Shopping Centres, Priceline Retail Chain and the Corporate Executive Offices serviced office chain. Ian has been an investor in the mining industry since 1994 and is currently a substantial shareholder of a number of publicly listed Australian companies and is involved in privately funded exploration in his own right. Ian is also Non-executive Chairman of Alkane Resources Ltd (appointed 1 September 2017 and has been a non-executive director since 24 July 2006)
Tony Lethlean	Independent Non-executive Director	Appointed in October 2003. Tony is a geologist with more than 10 years mining experience specialising in underground operations, including Kalgoorlie's Golden Mile (WMC & KCGM) and Bellevue. For over 16 years he has been in banking and stock broking, including the global mining group at CIBC World Markets. Tony is also a non-executive director of Alkane Resources Ltd (appointed 30 May 2002).
Steve Johnston	Managing Director	Appointed in October 2011. Steve is a geologist with extensive exploration and mining experience within Australia for commodities including gold, base metals and uranium. He has been employed by Alliance since 2003 in varying capacities including as General Manager and Chief Executive Officer. Prior to joining Alliance, Steve held executive roles with ASX listed Croesus Mining NL then Exco Resources NL. Steve is a Corporate Member of the Australasian Institute of Mining and Metallurgy and a Member of the Society of Economic Geologists Inc. On 19 August 2019, Alliance announced that Steve intends to step down as MD. Steve will continue as MD until the replacement commences – anticipated to be in November 2019. After stepping down, Steve will remain on the Board as a non-executive director.
Bob Tolliday	Chief Financial Officer ("CFO")/Company Secretary	Appointed in November 2012. Bob is a Chartered Accountant with over 30 years' experience in business including accounting, audit, corporate finance, corporate recovery, treasury, HR, office management and company secretarial. Bob works for Gandel Metals Pty Ltd providing CFO and Company Secretarial Services to a number of listed Mining entities under a management services agreement.
Dallas Gebert	Financial Controller/Company Secretary	Dallas works for Gandel Metals Pty Ltd. He is the financial controller/company secretary of Alliance under a management services agreement.
Anthony Gray	Exploration Manager	Anthony works for Gandel Metals Pty Ltd providing Exploration Managerial Services to all of Alliance's projects under a management services agreement.

Source: Alliance management

3.5 Capital structure and shareholders

At the 19 August 2019 Alliance had 153 million ordinary shares on issue as is summarised in the table below:

Table 3: Summary capital structure

	Shares held	% of total shares issued
Abbotsleigh Pty Ltd (Abbotsleigh)/ Gandel Metals related parties	49,436,157	32.3%
Sandon Capital	16,367,751	10.7%
Phoenix Portfolios	11,564,125	7.6%
Debuscey Pty Ltd	6,166,480	4.0%
Home Ideas Show Pty Ltd	3,293,012	2.2%
Mr Avinash Lakhan	1,828,585	1.2%
Longtemps Pty Ltd	1,600,000	1.0%
Mr Peter and Mrs Suzanne Lemmen	1,578,750	1.0%
Minlink Pty Ltd	1,354,776	0.9%
JP Morgan Nominees Australia Pty Limited	1,263,670	0.8%
Top 10 shareholders	**94,453,306**	**61.7%**
Other shareholders	58,585,026	38.3%
Total	**153,038,332**	**100%**

Source: Alliance management.
Note: As at 2 September 2019, Abbotsleigh had increased its shareholding to 33.37%.

We provide the capital structure of the number of shares held by Gandel Metals and its associates and Key Management personnel at Valuation Date:

Table 4: Summary shares held by Gandel Metals

Directors	Entity Director role	Shares held	% of total shares issued
Abbotsleigh/Ian Gandel	Chairman	49,436,157	32.3%

Source: Alliance management; Alliance 2018 annual report, p15.
Note: As at 2 September 2019, Abbotsleigh had increased its shareholding to 33.37%.

Gandel Metals is a subsidiary of Abbotsleigh. Abbotsleigh acts as a trustee of a number of trusts associated with Ian Gandel and members of his family. The directors of Abbotsleigh are Ian Gandel and Linda Gandel. Ian Gandel is the sole director of Gandel Metals.[15]

[15] Bidder's statement, pp3 and 4

3.6 Options outstanding

The Company has a number of options outstanding. They are summarised below:

Table 5: Summary options outstanding

Grant date	Expiry	Exercise price ($)	Number of options
30 November 2016	31 August 2019	0.12	1,000,000
30 November 2016	31 August 2020	0.16	1,000,000
30 November 2016	31 August 2021	0.20	1,000,000
30 November 2016	31 August 2022	0.24	1,000,000
2 April 2017	31 March 2020	0.12	550,000
2 April 2017	31 March 2021	0.16	550,000
2 April 2017	31 March 2022	0.20	550,000
2 April 2017	31 March 2023	0.24	550,000
20 June 2019	31 January 2022	0.12	50,000
20 June 2019	31 January 2023	0.16	50,000
20 June 2019	31 January 2024	0.20	50,000
20 June 2019	31 January 2025	0.24	50,000
Total			**6,400,000**

Source: Appendix 3B released on 20 June 2019, Alliance 2018 annual report, p44.
Note: On 6 September 2019, the 1 million options expiring at 31 August 2019 had been exercised by Steve Johnston on 30 August 2019 (see Alliance's ASX announcement (Appendix 3B) on 4 September 2019).

3.7 Recent capital raisings

The Company has undertaken one capital raising in the period from 1 January 2018 to the Valuation Date, as summarised in the table below.

Table 6: Summary recent capital raisings

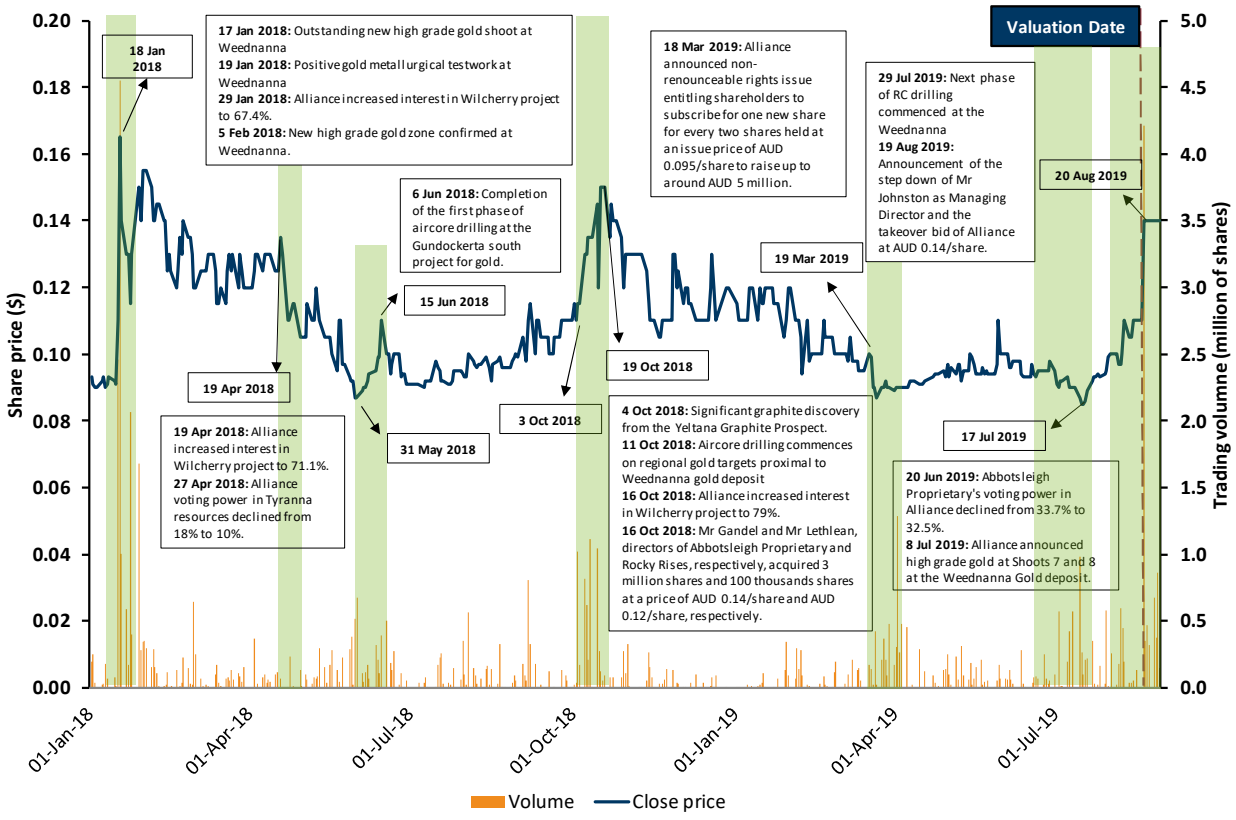
`	Details	Issue price	Approximate maximum number of shares to be issued	Number of shares issued
18 March 2019	Partially underwritten non renounceable rights issue	$0.095	52,146,962	48,744,409

Source: ASX announcements, Alliance management

3.8 Share trading history

Alliance's ordinary shares are listed on the ASX. Alliance's share price performance and trading volumes from 1 January 2018 to 29 August 2019 are summarised below in Figure 2.

Figure 2: Alliance's ASX daily share price and trading volume history



Source: S&P Capital IQ.

During this period, Alliance's share price was quite volatile. Its share price increased from $0.093 on 2 January 2018 to $0.165 on 18 January 2018 and declined to $0.087 on 31 May 2018. Subsequently, the share price increased to $0.150 on 19 October 2018 before declining gradually to $0.095 on 13 March 2019, the last trading day before a trade halt pending announcement of the Entitlement Offer on 18 March 2019. A capital raising was undertaken at $0.095 on 3 May 2019.

Following the capital raising, the share price increased gradually from $0.095 on 13 March 2019 to $0.110 on 16 August 2019, the last trading day before the announcement of the Offer by Gandel Metals on 19 August 2019.

The table below shows a summary of range of share prices and VWAP of Alliance's shares for periods leading up to 19 August 2019.

Table 7: Summary of range of share prices and VWAP of Alliance's shares for periods leading up to 19 August 2019.

Period prior to 19 August 2019	Low ($)	High ($)	VWAP ($)	Average daily volume traded[1] (000)	Avg daily vol as a % of average issued shares	Total volume of shares traded (000)	Total volume of shares traded as a % of average issued shares	Number of trading days with no trading volume	
								Number of days	As a % of total number of trading days
1 week	0.105	0.115	0.110	45.9	0.03%	229.7	0.2%	-	-
1 month	0.089	0.115	0.099	150.6	0.10%	3,163.2	2.1%	1	4.8%
3 months	0.084	0.115	0.094	135.8	0.09%	8,826.6	5.8%	6	9.2%
6 months	0.084	0.115	0.093	139.8	0.11%	17,477.0	13.2%	13	10.4%
1 year	0.084	0.150	0.105	118.8	0.10%	29,942.8	25.3%	41	16.3%

Source: S&P Capital IQ.
Note: (1) The average daily volume traded is calculated using total volume of shares traded divided by the number of trading days for the stated period prior to 19 August 2019.

3.9 Overview of Wilcherry Project

Ownership

In October 2016, the Company through its wholly owned subsidiary, Alliance Craton Explorer Pty Ltd (**ACE**), acquired 51% of the equity in the Wilcherry Project Joint Venture (**Wilcherry Project**), located in the mineral rich Gawler Craton, South Australia from Trafford Resources Pty Ltd (**Trafford**), a wholly owned subsidiary of Tyranna Resources Limited (**Tyranna**) (ASX Code: TYX) for $2 million.

Both ACE and Trafford were to contribute to expenditure in accordance with their percent equity interest in the Wilcherry Project or diluted using a standard dilution formula. Trafford elected not to contribute to the FY2018 and FY2019 Programme and Budget.

Accordingly, ACE, as the sole contributor, increased its interest from 75.01% at 1 July 2018 to 81.41% as at 31 December 2018. As a result, Trafford had an 18.59% interest in the Wilcherry Project.

In January 2019, Alliance entered into an agreement with Tyranna and its subsidiary Trafford for ACE to acquire Trafford's remaining interest (approximately 18.59%) in the Wilcherry Project and an 80-person camp on leasehold land located in the township of Kimba, South Australia for a total consideration of $1.5 million cash. Settlement of the transaction occurred on 13 March 2019.

The agreement provides Alliance with 100% ownership of the Wilcherry Project, which includes the high-grade Weednanna Gold Deposit where a mining and processing scoping study was completed and announced to the ASX on 18 April 2018.

Location

The Wilcherry Project area is located within the southern part of the Gawler Craton in the northern Eyre Peninsula. The Wilcherry Project has been explored by a number of companies for uranium, lead, zinc, copper and gold since 1970. It comprises the Weednanna gold deposit located some 40 km north of the township of Kimba in South Australia.

The Weednanna gold prospect is one of the most advanced mineralisation targets within the broader Wilcherry Project. The Wilcherry Project comprises six exploration licences, across 1,097 km^2, within the central-southern region of the mineral-rich Gawler Craton in South Australia. The area is prospective for gold, tin, copper, zinc, lead, silver, iron, bismuth, tungsten and uranium in a variety of mineralisation styles.

Figure 3: Exploration licences of Wilcherry Project

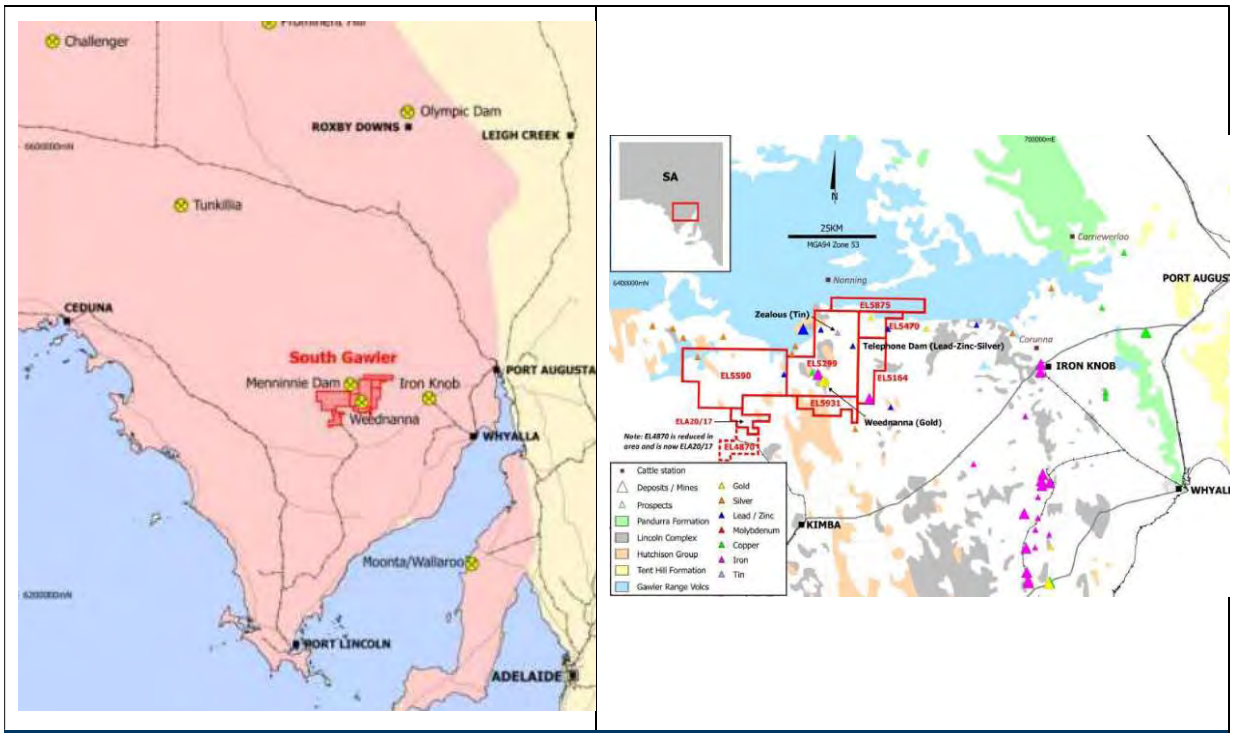
Tenement	Name	Location	Area (km2)	Granted	Expiry	Rent/Area Fee	Expenditure (per annum)	Expl. Reg. Zone	Report Due	Comment
South Australia (Alliance Craton Explorer)										
Wilcherry Project (ACE 100%)										
EL6072	Eurila Dam	80 km W of Whyalla	115	13-Nov-17	12-Nov-19	$ 1,602	$ 320,000	1	Combined ATR due 31/12	formerly EL5164
EL6188	Wicherry Hill	45 km N of Kimba	387	1-Jul-18	30-Jun-20	$ 5,002	$ 560,000	2		formerly EL5299
EL6379	Uno/Valley Dam	105 km WSW of Port Augusta	66	29-Jul-19	28-Jul-21	$ 989	$ 280,000	2		formerly EL5470
EL5590	Peterlumbo	140 km W of Port Augusta	408	21-Jan-15	20-Jan-20	$ 5,264	$ 280,000	1		
EL5875	Mount Miccollo	100 km W of Port Augusta	81	10-Jun-16	9-Jun-21	$ 1,389	$ 160,000	2		Partial surrender 3/04/19
EL5931	Maratchina Hill	20 km N of Kimba	40	23-Mar-17	22-Mar-22	$ 1,214	$ 35,000	1		
Sub-Total			**1,097**			**$ 15,459**	**$ 1,635,000**		**AEA Total**	

Source: "6.1 - Capital Expenditure - Tenements Schedule".

The Weednanna gold deposit is located within the south-eastern region of the Gawler Craton, in the northern Eyre Peninsula of South Australia. The Weednanna deposit is contained within tenement EL 6188 (previously EL 5299), and is approximately 200 km, by road, to the west of the regional city of Port Augusta (see Figure 4 (LHS)).

The deposit is situated on Uno pastoral station and is accessible via the sealed Eyre Highway (A1), which passes through Kimba, and then via some 40 km of graded service roads and pastoral station tracks (see Figure 4 (RHS)).

Figure 4: Location of Weednanna



Source: Alliance annual reports 2017 and February 2018

Recent developments

In September 2018, the Company announced a maiden mineral resource estimate for the Weednanna Gold Deposit of 1,097,000 t grading 5.1 g/t gold for 181,000 ounces gold, consisting of 590,000 t grading 4.6 g/t gold (Indicated) and 507,000 t grading 5.7 g/t gold (Inferred). The reported Mineral Resource is that proportion of gold contained within $2,000 pit shells (>0.5 g/t gold) and >2.0 g/t gold underground potential. Refer to ASX announcement dated 6 September 2018 for further details.

An independent scoping study was undertaken by Mining One Pty Ltd. Refer to ASX announcement dated 18 April 2019. An independent scoping study update was subsequently undertaken by Mining One Pty Ltd in September 2019. Refer to Appendix G.

A 3D Induced Polarisation survey was completed at the Weednanna Gold Deposit in the September quarter 2018 and final data received, and interpretation of the data commenced in the December quarter 2018.

The completion of 106 reverse circulation (**RC**) holes for 15,739 metres at the Weednanna Gold Deposit targeting Shoots1, 4, 5, 5E, 7, 8, 11 and target SGC8. The completion of 85 air core holes for 3,101 metres at the Weednanna East prospect to extend known gold in regolith anomalism.

Life of mine

As at the Valuation Date, Alliance had not obtained all the relevant licenses to develop the project relating to the Weednanna Gold Deposit (the **Weednanna Gold Project**). Alliance has been advised by the South Australian Department of Minerals and Energy (**DEM**) that a Mining Licence Application (**MLA**) typically takes 6 months until grant provided there is no missing or inadequate information from the applicant. However, to be conservative, for the purposes of this IER, Alliance has estimated 9 months.

Assuming Alliance Craton Explorer Pty Ltd lodges the MLA by 31 March 2020, then it should be granted by 31 December 2020. The applicant must be able to demonstrate commercial viability to the DEM before an application will be considered. Assuming ASX has no issue with the Technical Valuation and it is released to the announcements platform, the updated scoping study cash flow summary should suffice for this purpose.

Alliance appointed Mining One Pty Ltd (**Mining One**) to assist with the valuation of the Wilcherry Project. Mining One prepared a life of mine model for the Weednanna Gold Project (**Weednanna Gold Project LOM Model** or **Model**). The Model includes a 25% inferred mineralisation in the total production target. The Model reflects financial projections in real Australian dollars, with the projected revenues and costs estimated in real terms (i.e. they have not been adjusted for inflation).

We note that Alliance's current ore reserve estimate would support a mine life of approximately 4.5 years at the production rates adopted in the Model.

Production volumes

Mining One has estimated the following production target (a JORC Code term) (taking into account factors like gold recovery rate at the mill, as summarised below):

Table 8: Summary production target (open pit)

	Unit	Year 1 1 Oct 2020 to 30 Sep 2021	Year 2 1 Oct 2021 to 30 Sep 2022	Year 3 1 Oct 2022 to 30 Sep 2023	Year 4 1 Oct 2023 to 30 Sep 2024	Year 5 (1 quarter) 1 Oct 2024 to 31 Dec 2024	Total
Tonnes mined	t	57,032	333,080	223,043	174,889	-	788,044
Tonnes processed	t	57,032	225,231	250,000	250,000	5,781	788,044
Recovered gold	oz	8,186	20,862	22,814	38,766	713	91,341

Source: Mining One Report, Table 2-32.

Forecast gold prices

Mining One has used a gold price of $2,200/oz based on the spot gold price in the Model. We note that the gold spot price was $2,211/oz as at the Valuation Date (see Section 5).

Recovery rate

Mining One has assumed a base case recovery rate of 92.9% for the amount of gold recovered.

Royalty / sales cost

The reduced royalty of 2% in South Australia is being discontinued from 1 July 2020. Any mines approved prior to this date will be eligible for the concession for up to five years. Alliance is aiming to apply for a mining lease by the end of this calendar year, at which time an application for a reduced royalty for a new mine will be submitted.

The royalty to Aquila Resources Ltd is 2% of the Net Smelter Return across all Wilcherry tenements, including EL6188 where Weednanna is located.

To be conservative, Alliance has requested Mining One that a 5% royalty would be appropriate. At a gold price of $2200/oz, this equates to $110/oz.

Processing plant

Mining One has assumed a capital cost estimate for the processing plant at Weednanna of approximately $36 million as summarised below, and reflects the initial capital cost:

Table 9: Summary capital costs – Process plant

	$'000
Crushing	1,263
Milling	2,673
Cyanide leaching and absorption	2,522
Elution and carbon reactivation	3,525
Gold room	625
Tailings	2,680
Services – water, steam and air	1,613
Reagents	886
Associated site construction	11,988
Commissioning and startup	2,457
Direct plant costs	**30,232**
Indirect costs and detailed design	5,744
Total	**35,976**

Source: Mining One Report, Table 2-30.

Mining One has assumed that the plant has a nameplate capacity of 250,000 tonnes (**t**) per annum (or 62,500 t per quarter) and will commence operations in the quarter ended 30 September 2021. It has also been assumed that the plant will be constructed over a period of six months. As a result, the direct plant capital cost to be incurred has been split evenly over a six-month period from 1 January 2021 to 30 June 2021 .

The total estimate of $36 million for the processing plant includes $1.77 million for the tailings storage facility (**TSF**). The capital cost for the TSF is split into the following three components:

- Initial construction: $1.76 million
- TSF raise: $0.56 million
- Closure: $0.92 million.

Initial construction is treated as initial capital, with the remaining two items treated as sustaining capital. It has been assumed that the initial construction will occur over the same six-month period as that of the process plant construction.

Operating costs

In the April 2019 scoping study undertaken by Mining One, the open pit mining costs were taken from the Wilcherry Hill Iron Project. The mining costs for waste is $11.89 /bcm and $13.32 /bcm for run-of-mine (**ROM**), equating to a weighted average mining cost of $4.64 /t. Although updates have been made (for example to the mining rate and stripping ratio), no time was available to review the fleet requirements or costing. Therefore, a weighted average mining cost of $4.64 /t is used.

Processing costs

The processing cost of $46.83/t milled was provided by Alliance from an independent scoping study and includes plant general and administration (**G&A**) and refinery charges.

General and administrative costs

Management's estimate for fixed costs of $500,000 per annum has been included as G&A costs.

Residual value

Mining One has not included any residual value of the plant. Management of Alliance has advised that the plant may have a residual value of approximately 20% in 10 years.

Depreciation

The Model does not include depreciation for the plant or Kimba camp. Alliance has assumed a useful life for the plant of 10 years with a residual value of 20% of cost after 10 years.

Corporate tax

The Model does not include corporate tax.

Funding

The Model assumes that the project will be funded through equity and debt funding and the capital costs and operating costs will be fully funded.

Projects other than the Weednanna Gold Project

Apart from the Weednanna Gold Project, Mining One has examined and provided values of the other projects (**Other Projects**) within the Wilcherry Project – (i) Wilcherry Hill Magnetite, (ii) Yeltana Graphite, and (iii) Zealous Tin Prospect.

The completion of two HQ sized diamond holes at the Yeltana Graphite Prospect for 555.8 m to provide information to better model the size and geometry of a strong moving-loop electromagnetic conductor that was undertaken in 2017, to provide empirical data to support the estimation of an Exploration Target and to provide samples for metallurgical test work to better assess the economic potential of the prospect. This test work was completed during the December quarter 2018.

The announcement of an exploration target for the Yeltana Graphite Prospect of between 24.5 Mt and 59 Mt 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. Refer to ASX announcement dated 4 October 2018 for further details.

A regional high-resolution airborne magnetic survey was completed in the September quarter 2018 and interpretation of the data commenced in the December quarter 2018.

3.10 Overview of the Other Projects

Apart from the Wilcherry Project, Alliance also owns 100% of other smaller projects in Western Australia and South Australia based on its interim report ended 31 December 2018. As at the Valuation Date, the smaller project in South Australia had been relinquished.

The Gundockerta South Project, situated in Western Australia, is located 72 km east of Kalgoorlie and is prospective for greenstone-hosted orogenic gold deposits.[16]

[16] Alliance FY2018 annual report, p6

3.11 Consolidated financial performance

The audited consolidated statements of financial performance for the financial year ended 30 June (**FY**) 2016, 2017 and 2018, and the management accounts for FY2019 and the budgeted earnings for FY2020 are summarised below:

Table 10: Consolidated Group – P&L Statement

$'000	FY2016 audited	FY2017 audited	FY2018 audited	FY2019 management	FY2020 forecast
Revenue[1]	**696**	**375**	**150**	**-**	**-**
Total expenses	**(2,385)**	**(1,651)**	**(1,410)**	**(1,648)**	**(1,856)**
Share options expense	-	(81)	(49)	(20)	(3)
Underwriting fees	-	-	-	0	(300)
Financial and insurance[2]	-	-	-	(137)	(152)
Labour[2]	-	-	-	(780)	(588)
Tenement costs abandoned	(1,763)	(230)	(85)	(417)	0
Occupancy expenses	(19)	(34)	(25)	(20)	(24)
Administration expenses	(1,088)	(965)	(924)	(94)	(115)
Travel costs[2]	-	-	-	(20)	(17)
Equipment hire[3]	-	-	-	(1)	-
Legal expenses	(171)	(69)	(5)	(13)	(24)
Director fees[4]	(280)	(138)	(165)	-	(481)
Company secretarial	(169)	(115)	(58)	(96)	(152)
Marketing expenses	(4)	(20)	(99)	(50)	-
Reversal of expense accrual	1,109	-	-	-	-
EBITDA	**(1,688)**	**(1,275)**	**(1,260)**	**(1,648)**	**(1,856)**
Depreciation & Amortisation	(11)	(16)	(13)	(13)	(36)
EBIT	**(1,699)**	**(1,292)**	**(1,273)**	**(1,661)**	**(1,892)**

Source: Alliance FY2017 to FY2018 annual reports and Alliance management.
Notes: (1) Revenue for FY2016 to FY2018 was derived from interest income. Revenue for FY2019 was derived from managements fees. (2) Financial and insurance, labour and travel costs were not explicitly shown in the FY2016 to FY2018 annual reports. (3) Equipment hire costs were not explicitly shown in the FY2016 to FY2018 and FY2020 accounts. (4) Director fees were not explicitly shown in the FY2019 management accounts. (5) In FY2016, there was a large amount of other income of $49.6 million relating to the gain on disposal of an asset, which is not shown in the table above.

We summarise below our comments on Alliance's financial performance:

- Alliance earned minimal revenue historically in FY2016 to FY2019, mainly from interest income and management fees;
- Alliance incurred total expenses of $1.3 million to $1.7 million per annum in FY2016 to FY2019, with the main expenses being G&A and labour expenses, and tenement costs abandoned;
- Alliance incurred losses at the EBIT level of around $1.3 million to $1.7 million per annum in FY2016 to FY2019.

3.12 Consolidated financial position

Alliance's audited Consolidated Statement of Financial Position as at 30 June 2016 to 30 June 2018, unaudited Consolidated Statement of Financial Position as at 30 June 2019 and budgeted Consolidated Statement of Financial Position for 30 June 2020 are summarised below.

Table 11: Statement of Financial Position

$'000	30 June 16 audited	30 June 17 audited	30 June 18 audited	30 June 19 management	30 June 20 forecast
Current Assets					
Cash and cash equivalents	24,687	9,497	5,408	3,706	3,333
Trade and other receivables	43	238	120	95	91
Other current assets	-	18	77	21	15
Total Current Assets	**24,730**	**9,752**	**5,605**	**3,822**	**3,440**
Non-Current Assets					
Property, plant & equipment	29	13	56	817	796
Other receivables	20	-	15	90	20
Exploration and evaluation	69	4,148	6,942	9,517	12,966
Financial assets	189	1,500	1,250	295	648
Total Non-Current Assets	**287**	**5,680**	**8,248**	**10,644**	**14,500**
Total Assets	**25,017**	**15,433**	**13,853**	**14,466**	**17,940**
Trade and other payables	111	444	331	265	195
Employee benefits	28	24	21	93	132
Total Current Liabilities	**139**	**468**	**352**	**358**	**327**
Employee benefits[1]	82	74	80	-	-
Total Non-Current Liabilities	**82**	**74**	**80**	**-**	**-**
Total Liabilities	**220**	**542**	**432**	**358**	**327**
Net Assets	**24,796**	**14,891**	**13,421**	**14,108**	**17,613**
Total Equity	**24,796**	**14,891**	**13,421**	**14,108**	**17,613**

Source: Alliance FY2017 to FY2018 annual reports and Alliance management. Note: (1) Employee benefits were not apportioned to current and non-current liabilities for FY2019 and FY2020.

We summarise our comments in relation to the financial position:

- cash and cash equivalents include cash at bank and cash on deposit from the Company's equity raising activities;
- trade and other receivables comprise of trade receivables, other receivables, accrued revenue and GST receivable;
- exploration and evaluation are mainly costs carried forward for projects in Western Australia, New South Wales and the Wilcherry Project;
- financial assets comprise of investments in listed securities and revaluation of investments to fair value;
- trade and other payables comprise of trade payables, accrued expenses and PAYG payable;
- employment benefits are in relation to annual leave and long service leave.

3.13 Going concern

In the 31 December 2018, half year accounts, it was noted that the current forecast for the Company indicates that the cash on hand will not be sufficient to fund the planned exploration, asset acquisition and operational activities during the next 12 months to maintain the Company's tenements in good standing. The directors were of the view that an additional equity raising is required or alternative funding options should be explored.

The 31 December 2018 financial statements were prepared on a going concern basis as supported by:

- The Company having a history of successfully raisings funds. The last capital raising occurred in March 2019 when the Company raised about $4.6 million (before costs).
- The Company had prepared a cash flow budget (up to September 2020) which includes the cash required for the exploration activities.

3.14 Financial forecasts

Overview

Management, with the assistance of Mining One prepared the LOM Model for a period of 22 quarters (5.5 years). The Model includes estimated future cash flows until the quarter ended 31 December 2024.

Alliance engaged Mining One to prepare a report, dated 9 September 2019, providing a technical assessment of the Weednanna Gold Project (**Mining One Report**). Mining One's scope included the review and provision of input on the assumptions adopted in LOM Model, including but not limited to:

- resources and reserves assumed in the LOM Model;
- mining physicals (including tonnes of gold mined, product recovery rate and mine life);
- processing physicals (including ore processed and produced based on effective utilisation rate and availability rate);
- pricing expectations for gold ore;
- production and operating costs (including drilling and blasting, mining, haulage, processing, transport, barging, subcontractor production costs, general administration, distribution and marketing, contingencies and royalties or levies); and
- capital expenditure (including project capital costs and sustaining capital expenditure).

A copy of Mining One's Report is included in Appendix G. The assumptions summarised below have been extracted from Mining One Report.

Given that Mining One was appointed to undertake an independent technical assessment of the Weednanna Gold Project including pricing and cost forecasts, sales forecasts, capital expenditure profile etc, we have relied on the Mining One Report for the below mentioned key assumptions underpinning the forecast cash flows as reflected in the LOM Model.

Weednanna Gold Project resource estimate

Alliance's latest estimates show that the Weednanna Gold Project had a total of 180,509 ounces of indicated and inferred gold resources suitable for mining, with a breakdown of the indicated and inferred resource estimates provided below. The amount of indicated and inferred gold resources that are contained within pit shells at 0.76 g/t cut-off, targeting 25% inferred resources in compliance with JORC 2012 code, is 100,567 ounces.

Table 12: Summary of indicated and inferred resource estimates (as at 30 August 2018)

Reserve category	Total		Contained within pit shells at 0.76 g/t cut-off, targeting 25% inferred resources in compliance with JORC 2012 code	
	Tonnes	Ounces	Tonnes	Ounces
Indicated	589,759	87,627	583,594	79,548
Inferred	506,875	92,882	195,596	21,019
Total	**1,096,634**	**180,509**	**779,190**	**100,567**

Source: Mining One Report, Tables 2-17 and 2-26.

4. Overview of Gandel Metals

4.1 Background

Gandel Metals is a private trustee company for some trusts linked to Ian Gandel and members of his family. It holds securities in various public and private companies for investment purposes. The Alliance Shares acquired under the Offer will be held by Gandel Metals as trustee for a discretionary trust being the Gandel Mining Trust. Ian Gandel is the sole director of Gandel Metals.

Gandel Metals is a subsidiary of Abbotsleigh, which also acts the trustee for a number of trusts associated with Ian Gandel and members of his family, including as trustee for the Abbotsleigh Superannuation Fund and the I Gandel Share Investment Trust. Abbotsleigh holds 51,069,524[17] Alliance Shares in its capacity as trustee and its directors are Ian and Linda Gandel.

As at the Valuation Date, Gandel Metals does not have a relevant interest in Alliance Shares. However, as it is the subsidiary of Abbotsleigh, Gandel Metals has a voting power in Alliance of approximately 33.37%.[18,19]

[17] Per form 604 dated 2 Sept 2019
[18] Bidder's Statement, pp3 to 4 – 32.3%.
[19] As at 2 September 2019, Abbotsleigh had increased its shareholding to 33.37%.

5. Industry analysis

5.1 Introduction

Alliance is an Australian gold and base metals exploration company with projects in South Australia and Western Australia. Alliance has several projects with the Wilcherry Project being the largest. These projects relate to the exploration of mainly gold and some iron ores.

The Australian gold ore mining industry comprise companies mining gold-bearing ore, carrying out gold ore beneficiation processes, processing gold through flotation extraction methods and dredging for gold or reworking tailings for gold.

This section provides an introduction to the gold mining industry in Australia, including:

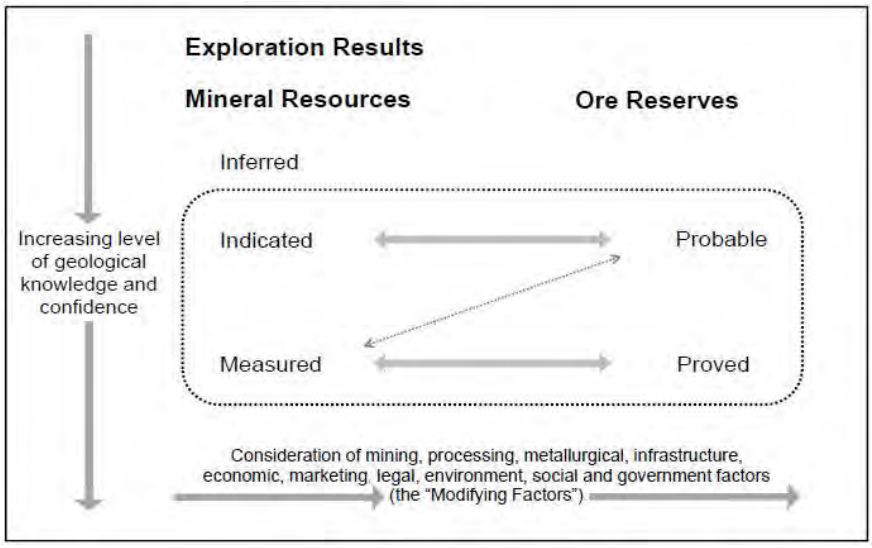
- a brief overview of the technical terms used in the industry; and
- the industry's past performance, products and markets, competitive landscape, key growth drivers and the general outlook. For these information, we have referred to the IBISWorld industry report titled "Gold Ore Mining in Australia" dated March 2019 (the **IBISWorld Report**).

5.2 Technical terms

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**the JORC Code**) sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.

According to the JORC Code (2012 edition), Public Reports dealing with Exploration Results, Mineral Resources or Ore Reserves must only use the terms set out in the figure below.

Figure 5:: General relationship between Exploration Results, Mineral Resources and Ore Reserves



Source: JORC Code (2012 edition).

The JORC Code also provides definitions for the terms above, as follows:

- A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including

sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

- An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

  An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

- An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

  Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered.

  An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.

- A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

  Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered.

  A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

- An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

- A 'Probable Ore Reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve.

- A 'Proved Ore Reserve' is the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors.

5.3 Industry drivers

Table 13: Gold ore mining industry drivers

Drivers	Details
Domestic price of gold	Domestic gold prices directly affect the revenue generated by Australian gold mining operations. When the value of gold is high or increasing, gold mining firms are more likely to commit to viable gold mining projects. Increases in the domestic price of gold therefore provide the industry with an opportunity to expand.
Demand from gold and other non-ferrous metal processing	Higher demand from gold processors positively affects the industry.
US dollars per Australian dollar	The US to Australian dollar exchange rate directly affects the Australian dollar returns received by local gold ore producers. A weaker Australian dollar benefits the industry by reducing prices in the export markets. As gold is denominated in US dollars, a weak Australian dollar raises domestic gold prices, hence, supporting rising volumes.
World GDP	Global demand for gold is inversely related to global economic performance. Gold is widely regarded as a store of value, particularly during periods of weak economic growth and political turbulence. Stronger global GDP growth therefore reduces demand for gold and threaten industry growth.

Source: IBISWorld Industry Report: Gold Ore Mining in Australia, March 2019.

5.4 Market Share concentration

The Gold Ore Mining industry displays medium concentration, with the four largest companies estimated to account for 42.3% of industry revenue in 2018- 19. However, the industry also includes many small gold mining companies that each only make up a small proportion of revenue. Larger players can sometimes acquire firms that discover and begin to develop promising ore bodies, with ownership changes and restructuring being common across the industry. Industry concentration has decreased over the past five years, with the four largest firms accounting for more than half of industry revenue in 2013 14. This concentration decline has mainly stemmed from revenue falls from Newmont Australia Holdings, and low growth from Newcrest Mining, due to volume declines and some divestments. Industry concentration is projected to increase over the next five years as the largest industry companies acquire smaller firms to increase production volumes.

5.5 Current and future industry performance

In Australia, gold ore is generally becoming more difficult and expensive to mine as ore quality diminishes. Production costs for gold ore mining are typically high. Many of these costs are fixed, at least over the short term, as it is almost impossible to significantly alter costs once a mine is operating at or near capacity. In addition, the industry is highly capital-intensive, and firms incur many indirect costs for exploration, royalties, overheads, marketing, legal services, and research and development.

Due to these significant fixed costs, the world price of gold and the value of the Australian dollar largely determine the industry's performance and profitability. Increases in industry production costs and decreases in ore quality can reduce industry profit margins over time.

Industry revenue is expected to increase at an annualised rate of 5.7% over the five years through 2018-19. Higher gold mining volumes and stronger domestic gold prices contributed to increased exploration activity from 2015-16, with further strong growth likely over the current year. Industry revenue is expected to grow by 2.7% in 2018-19, to $18.0 billion. Strong revenue growth over the past five years has reflected the industry's tendency to partly run counter-cyclical to general economic conditions, as gold is widely viewed as a safe-haven asset during periods of economic uncertainty. These trends have generally increased gold demand, prices and production volumes in Australia and globally over the period. Industry profit is anticipated to account for 19.9% of industry revenue in the current year, having grown strongly over the past five years due to wage and input costs falling as a proportion of industry revenue. Higher domestic gold prices have also increased margins over the period. Furthermore, industry exports are expected to

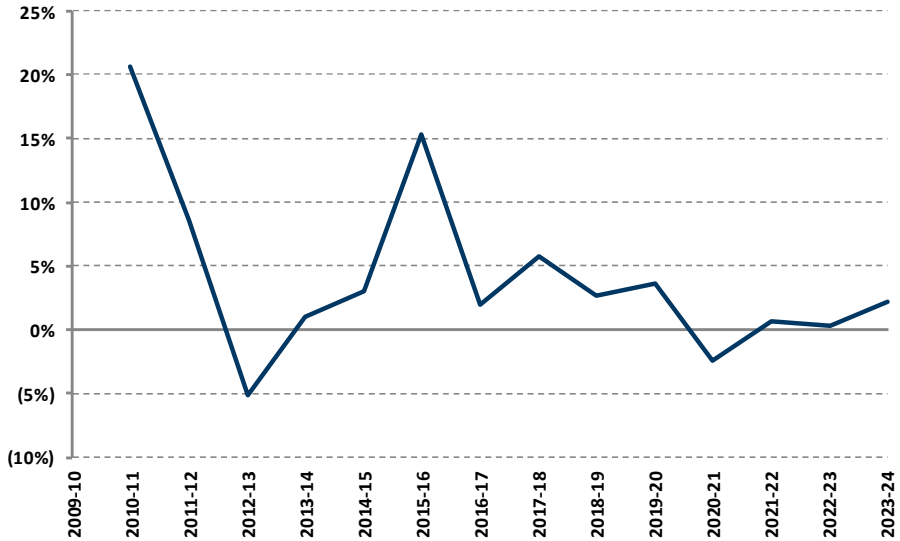
grow at an annualised 11.8% over the five years through 2018-19, due to a higher number of overseas companies refining gold dore bars. Competing gold imports are likely to be almost nil in the current year.

Over the five years through 2023-24, the Gold Ore Mining industry's performance will likely continue to follow trends in gold pricing, production volumes, and the value of the Australian dollar. Partly offsetting higher volumes, domestic gold prices are forecast to decrease over the period, leading to low industry revenue growth. Furthermore, higher gold output growth is likely to offset an improvement in global economic conditions, contributing to revenue increases.

Over the next five years, the lower price of gold in Australian dollars is anticipated to coincide with higher industry output, increasing revenue by an annualised rate of 0.8% over the five years through 2023-24, to $18.8 billion. Exports are anticipated to grow at an annualised 1.7% over the same period, to account for 10.5% of revenue as foreign demand rises. Imports are likely to remain negligible through 2023-24. Profit is projected to decrease as a proportion of revenue over the next five years due to pricing falls and industry wages increasing as a share of revenue. Industry firms are projected to face several operating risks, including higher costs associated with deeper mines, lower ore grades, more complex geological formations, and higher royalty rates. Industry revenue is projected to increase by 3.6% in 2019-20 due to higher domestic gold price and output increases. Revenue is then forecast to decline in most other years through 2023-24, due to lower prices and weak output growth.

The following graph provides an overview of historical and forecast industry revenue change for the period 2011 to 2025.

Figure 6: Historical and forecast industry revenue for 2011 to 2025

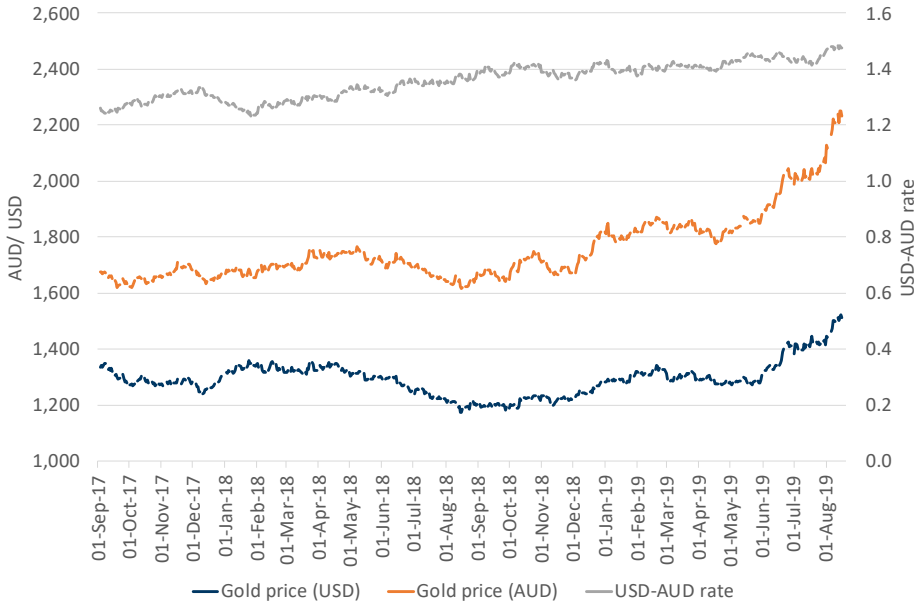


Source: IBISWorld Report.

5.6 Gold prices

The chart below sets out the historical spot gold prices in AUD and USD. The gold prices had increased from September 2017 to the Valuation Date, driven by increases in gold prices in USD and depreciation of AUD against USD.

Figure 7: Historical gold spot prices



Source: Bloomberg.

The forecast consensus gold spot rates in USD based on Bloomberg data are summarised in the table below.

Table 14: Forecast gold spot prices

USD	Q3 2019	Q4 2019	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Median	1,383	1,390	1,410	1,410	1,423	1,400
Mean	1,368	1,390	1,415	1,419	1,430	1,426
High	1,450	1,500	1,500	1,500	1,550	1,550
Low	1,250	1,275	1,320	1,325	1,300	1,300
Forward rate	1,473	1,515	1,515	1,522	1,529	1,533

Source: Bloomberg.

6. Valuation Methodology

6.1 Fairness assessment

The Offer is fair if the fair market value of an issued share of Alliance before the Offer (on a control basis) is less than or equal to the cash Offer.

Therefore, in this comparison, we have valued the shares in Alliance before the Offer on a controlling basis.

In accordance with RG 111.15, we have determined the fair market value of Alliance on the basis of a knowledgeable and willing, but not anxious seller that is able to consider alternative options to accepting the Offer.

This approach does not take into account the particular circumstances of a specific transaction, and therefore we have not considered the likelihood or otherwise of any potential financial distress of the Company in our fairness assessment.

The valuation methodologies we have considered are discussed below:

6.2 Valuation methodologies

RG 111 sets out the valuation methodologies that a valuer should generally consider when valuing assets or securities for the purposes of transactions such as share capital returns, selective capital reductions, schemes of arrangements, takeovers and prospectuses. The following methodologies are:

- the discounted cash flow (**DCF**) method and the estimated fair market value of any surplus assets
- the capitalisation of future maintainable earnings (**CFME**) method, capitalising the estimated future maintainable earnings or cash flows, using an appropriate earnings multiple, and adding any surplus assets
- the net assets method (**NAV**), being the amount available for distribution to security holders on an orderly realisation of assets
- any recent genuine offers received by the target for any business units or assets as a basis for the valuation of those business units or assets. This method is typically used as a cross check to any of the above methods
- the quoted market price (**QMP**) method for the listed securities when there is a liquid and active market. This method is typically used as a cross check to any of the above methods.

Each of the above methodologies may be appropriate in certain circumstances. The decision as to which method to apply generally depends on the nature of the business being valued, the availability of appropriate information and the methodology most commonly adopted in valuing such a business. Further details on these methodologies are set out in Appendix C of this Report.

RG 111 does not prescribe these methods as the method(s) that the expert should use in preparing the Report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

Different methodologies are appropriate for valuing particular companies, based on the individual circumstances of that company and available information. It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies.

6.3 Selection of valuation methodology

Overview

In selecting the appropriate methodology with which to assess the value of Alliance, we have considered the various valuation methodologies above, the nature of the business and the nature of the financial information available.

Primary methodology

We consider it appropriate to adopt a Sum of the Parts (**SOTP**) method. The SOTP method estimates the fair market value of a company by separately valuing each asset and liability of the company.

- We have applied the DCF method to value the Weednanna Gold Project using the independent technical report prepared by Mining One and cross checked our valuation by reference to implied resource multiples.
- We have considered the valuation of the Other Projects, other than the Weednanna Gold Project based on the independent technical report prepared by Mining One, which uses the implied resource transaction multiples and Kilburn Geoscience methods.
- Alliance's investments in other listed entities were valued using a QMP methodology.
- Other assets and liabilities were valued using a cost approach under the NAV methodology.

We consider these methodologies appropriate for the following reasons:

- The DCF method was considered for the Weednanna Gold Project, as its core value is in the future cash flows to be generated from the sale product and the development of the project and long term forecasts and a LOM Model has been prepared and used by Mining One.
- Alliance has funding to meet the capital costs of the Weednanna Gold Project until end October 2019, with additional funding projected to be required in November 2019. The Company has a history of successfully raising equity funding
- Cash flows from the Weednanna Gold Project have a finite life of 22 quarters and they vary substantially from year to year.
- The cash flows can be reasonably estimated as an open pit mine has been modelled in the LOM Model.
- Alliance has sufficient indicated and inferred resources to apply the DCF method for the life of mine.
- The resource multiple valuation method was used as a cross check, noting that there is a limited number of relevant benchmark transactions involving gold projects.
- The other exploration or development projects other than the Weednanna Gold project are mainly in exploration and pre-development stages and are smaller in size than the Weednanna Gold project. Mining One used the implied resource transaction multiples and Kilburn Geoscience methods as per VALMIN and the JORC codes
- Other assets and liabilities of Alliance are not included in the DCF analysis and have to be valued separately.

We have valued the Weednanna Gold Project, the Other Projects, and the investments in listed entities as at the Valuation Date. For the other assets and liabilities, we have valued them as at 30 June 2019, being the latest balance sheet available, except for cash which we have based on the budget as at 31 July 2019 and 31 August 2019 (we have used the mid-point) prepared by the management of Alliance.

Cross check

We have used the QMP and the issue price of the recent capital raising in March 2019 as cross checks to our overall SOTP method.

Alliance is listed on the ASX, which is a regulated and observable market where Alliance's shares are traded. However, in order for the QMP methodology to be appropriate, the Company's shares should be relatively liquid, and the market should be fully informed on Alliance's activities. We note that Alliance's shares are relatively illiquid, with only 0.09%

and 0.10% of its shares being traded daily within the 3 months and 12 months periods prior to the Offer respectively.[20] Nevertheless, we have considered the QMP of Alliance's share up to the date of the announcement of the Offer.

6.4 Other considerations

Premium for control

We have valued Alliance on a controlling interest basis (incorporating a control premium).

We have reviewed the control premiums paid by acquirers of mining companies listed on the ASX. Further details are contained in Appendix D. Based on our analysis, we consider an appropriate control premium to be between 30% and 40%. We have adopted the midpoint of 35% in our valuation analysis.

The DCF methodology and the NAV methodology derive controlling interest valuations for a business. Therefore, no further premium for control is required.

Unaudited accounts at 30 June 2019

For the other assets and liabilities of Alliance other than the exploration, evaluation and development assets, we have relied on the book values in the unaudited accounts as at 30 June 2019.

As per RG 111.94, we have sought to assess the reasonableness of the unaudited balance sheet at 30 June 2019 and sought the assistance of Alliance's auditor. The auditor verified (i) trade and other payables, (ii) financial assets (listed share investments) and (iii) capitalised exploration expenditure (excluding the Wilcherry Project). We reviewed the auditor's procedures, held discussions with the auditor in relation to their procedures and findings. We subsequently formed the view that there are reasonable grounds to rely on the assets and liabilities as reflected in the unaudited balance sheet at 30 June 2019 for the purposes of our valuation analysis.

LOM Model

As per RG 111.96, we have sought to assess the reasonableness of the LOM Model by undertaking the following procedures:

- Test checked the model for arithmetic accuracy.
- Reviewed and tested the logic of the model.
- Held discussions with management of Alliance and Mining One in relation to the financial forecasts.
- Reviewed supporting documents such as independent valuation reports and other publicly available information
- Conducted sensitivity analysis and testing.

Going concern

At the Valuation Date, Management confirmed that Alliance is a going concern and has headroom to develop the Weednanna Gold Project and has plans to undertake future equity fund raisings. We have therefore undertaken our valuation analysis of Alliance on a going concern basis.

Future events

Future growth potential which may result from the development of the Weednanna Gold Project, business initiatives, acquisitions which are not capable of estimation, is not included in the scope of this valuation.

[20] Table 7.

The forecast cash flows relate to the future and may be affected by unforeseen events. They depend, at least in part, on management's implementation of the Company's plans for the Weednanna Gold Project, on which the forecasts and LOM Model is based.

Accordingly, actual results may vary from the forecasts included in the LOM Model, as it is often the case that some events and circumstances do not occur as expected, or are not fully anticipated, and those differences may be material.

Mining specialist

In performing our valuation of the Wilcherry Project using the DCF method we have relied on the technical report prepared by Mining One dated 9 September 2019, that includes Mining One's review of the technical assumptions for the LOM Model. We have also relied on the valuations of the Other Projects undertaken by Mining One and presented in their technical report. We held discussions with Mining One and tested the inputs to the LOM Model and their valuations of the Other Projects, where appropriate.

Mining One's technical report has been prepared in accordance with the Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (**Valmin Code**) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (**JORC Code**).

7. Valuation of the Weednanna Gold Project

7.1 Summary

We used the DCF method to value the Weednanna Gold Project. Alliance has 100% interest in the Weednanna Gold Project.

The DCF method estimates the fair market value by discounting the future cash flows from the Weednanna Gold Project to their net present value.

A DCF valuation primarily requires determination of the following:

- The expected future cash flows that the project is expected to generate; and
- An appropriate discount rate to apply to the cash flows.

We have relied on Mining One's Report that includes Mining One's review of the technical assumptions for the Weednanna Gold Project's LOM Model.

7.2 Forecast cash flows

FTI Consulting analysed the LOM Model which has involved the following:

- Confirming its integrity and mathematical accuracy.
- Reviewing the reasonableness of the assumptions adopted by Alliance.
- Discussions with management of Alliance and Mining One regarding the LOM Model.
- Performing sensitivity analysis on the value of the Weednanna Gold Project as a results of flexing selected assumptions and inputs.
- Calculating appropriate discount rates.
- Preparing our own DCF valuation model.

Key cash flow assumptions

The forecast cash flows in the LOM Model have been analysed through enquiry of Alliance management and review for the purposes of forming an opinion as to the value of the Weednanna Gold Project. Our enquiries may not have identified all of the matters that an audit, or due diligence and/or tax investigation may disclose. However, we believe that the information is reasonable for us to form an opinion as to the value of the Weednanna Gold Project and that there are reasonable grounds for the assumptions made in the LOM Model. The LOM Model assumes real Australian dollar cash flows.

The key operating cash flow assumptions in the LOM Model are summarised in Sections 3.9 and 3.14 above. All operating assumptions have been assessed by Mining One. We have incorporated these assumptions into our valuation model.

We have used ungeared real cash flows, i.e. cash flows of the Weednanna Gold Project, which are attributable to both debt and equity providers. We have taken into account Alliance's current cash and additional funding requirements in our valuation of Alliance's shares (see below).

We have used a cash flow period of 22 quarters (from the Valuation Date) based on the following:

- Alliance has assumed cash flows over 22 quarters, including the periods to obtain the necessary licenses and design and build the process plant;

- A 22-quarter cash flow period is supported by Mining One's latest estimate of indicated and inferred resources of 180,509 ounces, or 100,567 ounces for those contained within pit shells at 0.76 g/t cut-off, targeting 25% inferred resources in compliance with JORC 2012 code.[21]

Whilst the Weednanna Gold Project's indicated and inferred resources may support a longer cash flow period, the LOM Model has not considered such a scenario. Accordingly, we have not considered a longer cash flow period and have used management's estimated residual value for the plant (as discussed below).

Depreciation

The LOM Model has not considered depreciation. Management advised that the plant built has a useful life of approximately 20 years and a residual value of 20% after 10 years, or 10% after 20 years.

Corporate tax

The LOM Model does not include corporate tax. We have adopted a tax rate of 30% based on the corporate tax rate in Australia and the carried forward tax losses as per the 30 June 2018 audited financial statements.

As at 30 June 2018, Alliance had $31.9 million of tax losses carried forward.[22] In FY2019, Alliance incurred a net loss before tax of $1.6 million.[23] We have assumed that Alliance can utilise these tax losses carried forward to offset the taxes on profits earned from the Weednanna Gold Project.

Funding needs

The Management estimated that $56.0 million of funding would be required for the Weednanna Gold Project by June 2021 based on the LOM Model. This comprises $38.4 million of capital costs (initial capital costs) and $17.6 million of operating costs by then.

The Directors have indicated that the funding requirements would be met by equity funding of $10 million between 1 October 2019 and 30 June 2020, and the balance by debt funding progressively between 1 July 2020 and 31 March 2021.

Residual value

The LOM Model does not include the residual value for the plant. We have assumed that the residual value of 20% of the plant of the capital cost of the plant (excluding the minor sustaining capital costs) at the end of 10 year of operations, based on the Management's estimates.

Discount rate

The LOM Model is reflected in Australian dollars in real terms, i.e. it does not include any inflation. We have used a real after-tax weighted average cost of capital (**WACC**) denominated in AUD in the range of 8.5% to 10.0% to discount the forecast cash flows from the Weednanna Gold Project to present value.

Details of our discount rate determination are contained in Appendix E.

DCF valuation and sensitivity analysis

Using the projected cash flows in the LOM Model, our adjustments and discount rate range discussed above, our base case valuation of the Weednanna Gold Project is in the range of $15.1 million to $18.0 million, as summarised in the table below.

[21] Table 12.
[22] Auditor correspondence on the 2018 consolidated income tax return of Alliance.
[23] Unaudited management accounts of Alliance as at 30 June 2019

Table 15: Value of Weednanna Gold Project

$000	Low	High
Net present value of cash flows, excluding the residual value of plant	12,601	15,060
Discounted value of the residual value of plant	2,477	2,915
Enterprise value	**15,078**	**17,975**

Source: FTI Consulting analysis.

We have also tested the sensitivity of our DCF valuation to changes in key assumptions in our valuation model.

These sensitivities have been prepared to assist Shareholders in considering the potential impact on the value of the Weednanna Gold Project if our base case assumptions change. A summary of our sensitivity analysis is shown below:

Table 16: Sensitivity analysis

	Enterprise value of Weednanna Gold Project ($ million)		Equity value of Alliance per share ($)	
	Low	High	Low	High
Gold price ($/oz)				
2,000	6.1	8.6	0.075	0.091
2,100	10.6	13.3	0.104	0.121
2,200 (base case)	**15.1**	**18.0**	**0.133**	**0.151**
2,300	19.6	22.7	0.161	0.181
2,400	24.0	27.3	0.189	0.210
Discount rate				
7.5% to 9.0%	17.0	24.7	0.145	0.164
8.0% to 9.5%	16.0	23.5	0.139	0.158
8.5% to 10.0% (base case)	**15.1**	**22.3**	**0.133**	**0.151**
9.0% to 10.5%	14.2	21.2	0.127	0.145
9.5% to 11.0%	13.3	20.1	0.121	0.139

Source: FTI Consulting analysis.

We note the following from the sensitivity analysis:

- The value of the Weednanna Gold Project is sensitive to the assumption of the gold price. Any change in the assumptions for gold price has a direct impact on the projected cash flows of the Weednanna Gold Project, without any additional costs. For example, a decrease in gold price from $2,200/oz to $2,100/oz would reduce the value of the Weednanna Gold Project from $15.1 million - $18.0 million to $10.6 million - $13.3 million, or reduce the value of Alliance per share significantly from $0.133 - $0.151, to $0.104- $0.121.
- The valuation of the Weednanna Gold Project is also sensitive to changes in the real discount rate. For example, an increase in real discount rate by 0.5%, from 8.5% - 10.0% to 9.0% - 10.5%, would reduce the value of the Weednanna Gold Project from $15.1 million - $18.0 million to $14.2 million - $21.2 million, or reduce the value of Alliance per share from $0.133 - $0.151, to $0.127 - $0.145.

In addition, a portion of our valuation of the Weednanna Gold Project ($15.1 million to $18.0 million) derives from the discounted residual value of the plant of $2.5 million to $2.9 million, making up 16.4% and 16.2% of the total value. Our valuation of the Weednanna Gold Project is therefore to some extent sensitive to the assumed residual value of the plant, which we have calculated based on residual value assumptions advised by the Management. We note that Alliance has not conducted an independent valuation of the plant to be built as at the date of this report.

Implied resource multiple cross check

We have researched resource multiples of potentially comparable transactions to cross check the reasonableness of our implied resource multiples for the Weednanna Gold Project.

Information on potentially comparable transactions was extracted from Mining One's Report and S&P Capital IQ. We selected potentially comparable transactions which we considered to be the most comparable to Alliance based on:

- the nature of business activities;
- location of mining activities;
- stage of development of mining activities; and
- similar risks faced with respect to their ongoing business.

The resource multiples were calculated as the enterprise value or the project value, divided by the attributable reserves and resources of the comparable companies or projects. We note that the multiples may include the value of resources as well as other net operating assets. We identified four potentially comparable transactions. The descriptions of these transactions are summarised in Appendix F.

We have conducted a search for potentially comparable transactions involving gold exploration and mining companies. Transactions of comparable assets is the most relevant evidence of value. However, direct comparisons can be difficult due to the specific circumstances of each transaction. In particular:

- where the transaction value incorporates special value to the purchaser;
- if economic conditions and rates of return have changed;
- circumstances of the parties' negotiations; and
- comparability of the assets.

The transactions that have been identified represent controlling interests, and therefore incorporate a premium for control. The transaction multiples have been calculated where adequate information was available. We have also extracted transaction analysis from the Mining One Report. The tables below summarise the enterprise value and resource multiples for comparable transactions that we have identified.

Table 17: Summary comparable transaction multiples

Target project/ company	Announcement date	Transaction value ($ million)	Resources (oz)	Reserves (oz)	Reserves & resources (oz)	$/ Resource oz	$/ Reserve oz	$/ Reserve and resource oz
Mining One transactions								
Marda Gold project	01-Nov-18	13.0	333,525	150,900		38.98	86.26	
Kirkalocka Gold project	18-Mar-19	12.0	548,000	382,000		21.90	31.41	
Pennys Find Gold project	07-May-19	2.1	56,000	NA		37.50	NA	
FTI Consulting transactions								
MacPhersons Resources Limited	11-Dec-18	24.9		222,166	1,109,093		112.15	22.46
Doray Minerals Limited	14-Nov-18	157.6		275,193	1,732,105		572.74	91.00
Dampier Gold Limited	17-Sep-18	4.7		34,000	820,061		137.03	5.68
Explaurum Limited	10-Sep-18	64.7		436,500	625,500		148.33	103.51

Source: S&P Capital IQ, Mining One Report, and FTI Consulting analysis.

Of the transactions identified in Mining One's Report, we note that:

- a few projects are significantly larger than the Weednanna Gold Project;
- the transactions or valuations occurred in the one-year period before the valuation of the Weednanna Gold Project, and market conditions have changed since that time; and
- the range of implied resource multiples varies considerably, and Mining One has indicated this may be attributable to the varying production capacities of the respective gold projects.

Of the transactions identified by FTI Consulting, we note that:

- we were only able to calculate implied resource multiples for five transactions completed in 2019;
- two transactions for which we calculated an implied multiple involve companies that are significantly larger than the Weednanna Gold Project;
- the range of implied resource multiples varies considerably; and
- none of the companies or transactions are directly comparable to the Weednanna Gold Project.

On balance, given the limited number of relevant transactions involving gold mining companies and the wide range of multiples provided, the implied multiple cross check does not provide a significant amount of analytical support for our DCF valuation of the Weednanna Gold Project. Therefore, we find the implied multiples for the Weednanna Gold Project based on our DCF analysis (of $83.53 to $99.58 per total indicated and inferred resource ounce, based on the enterprise value of the project, including the residual value of plant and excluding any value of the Kimba camp) to be not unreasonable.

8. Valuation of Alliance

In this section we have estimated the fair market value of Alliance using the SOTP method being the aggregate of the estimated fair market values of its assets and liabilities, having regard to the following:

- the value of the Weednanna Gold Project using the DCF method, as discussed in Section 7;
- the value of the Other Projects, other than the Weednanna Gold Project; and
- the value of other assets and liabilities of Alliance, as discussed below.

8.1 Value of the other exploration and development projects

Given the early exploration/development stage and the small size of the Other Projects, we have reviewed and tested the values of the projects as assessed by Mining One. Mining One valued the Other Projects using implied resource transaction multiples and Kilburn Geoscience methods.

We have relied on the preferred values as assessed by Mining One, as summarised in the table below.

Table 18: Values of the other exploration and development projects

Project	Comments	Valmin classification	Valuation method	Valuation ($ million)		
				Low	High	Preferred
Wilcherry Hill Magnetite	Part of the Wilcherry Project	Pre-development project	Comparable transactions	0.13	0.21	0.17
Yeltana Graphite	Part of the Wilcherry Project	Pre-development project	Comparable transactions, and Kilburn Geoscience	0.77 – 1.19	3.10 – 6.02	1.57
Zealous Tin Prospect	Part of the Wilcherry Project	Advanced exploration project	Kilburn Geoscience	0.25	1.50	0.40
Gundockerta	West Australia	Exploration project	Kilburn Geoscience	0.02	0.08	0.04

Source: Mining One Report.

8.2 Value of Alliances other assets and liabilities

We have assessed the values of the other assets and liabilities, discussed below, that have not been included in our DCF analysis for the Weednanna Gold Project and the value of the Other Projects above. The other assets and liabilities comprise current assets (cash, receivables and prepayments), non-current assets (performance bonds, property, plant and equipment, and financial assets) and liabilities (provisions and payables).

Current assets

As at 30 June 2019 (the date of the latest actual balance sheet), Alliance had $95k of receivables and $21k of prepayments. We have included these in our valuation.

As at 30 June 2019, Alliance had $3.7 million of cash and cash equivalents. Based on Alliance's budgeted cash position (up to September 2020), its cash and cash equivalents was budgeted to be $3.0 million and $2.4 million as at 31 July 2019 and 31 August 2019, respectively. The mid-point of this figure, reduced by the estimated transaction costs for the takeover transaction of $110k (which we have been advised), is $2.6 million. We have assumed that this amount would be required for working capital for the business, including for the Weednanna Gold Project, and have therefore not added this amount to the enterprise value of the Weednanna Gold Project in our overall valuation of Alliance.

The total value of current assets we have used in our valuation is, therefore $0.116 million.

Performance bonds

As at 30 June 2019, Alliance had $15 thousand of non-current performance bonds. We have considered this in our valuation.

Financial assets

As at the Valuation Date, Alliance held 71.4 million shares in Tyranna Resources Limited, 11 million shares in Centennial Mining Limited, and 95 000 shares in Scidev Limited. The total book value was $0.3 million as at 30 June 2019. These are investments, that are classified as surplus assets and have not been included in the DCF valuation of the Wilcherry Project.

We have obtained the trading prices of these shares as at the Valuation Date, i.e. $0.005 per share for Tyranna Resources Limited, and $0.255 per share for Scidev Limited. We note that the trading prices have remained stable for Tyranna Resources Limited and increased for Scidev Limited since 30 June 2019 to the Valuation Date. We have calculated the fair market value of these investments to be $0.4 million for our valuation of Alliance.

As at the Valuation Date, Centennial Mining Limited was in a deed of company arrangement. We have not ascribed any value to it.

Property, plant and equipment

As at 30 June 2019, the book value of property, plant and equipment was $817k, including $760k for an 80-person camp on leasehold land located in the township of Kimba, South Australia.

The Kimba camp:

- was valued at $4.150 million to $4.725 million, with a preferred value of $4.500 million (excluding GST), based on an independent specialist report dated 27 January 2015, prepared in relation to the proposed merger transaction between Trafford Resources Limited and IronClad Mining Limited then, based on market value in-situ;[24]
- was valued at $3.975 million (excluding GST) based on an independent valuation report dated 7 July 2017 for financial reporting purposes, based on replacement value;
- was valued at $7.848 million (excluding GST) as at 30 August 2019 based on a report for insurance purposes, based on replacement value (new).

For the valuation of the Kimba camp in 2019 for insurance purposes, we have been advised that Alliance currently still does not have an insurer willing to take on the replacement insurance coverage, and that the accounting/ tax valuation is not available yet. We have therefore not used the 30 August 2019 valuation.

For our valuation, we have considered the valuation of $3.975 million based on the July 2017 report, and reduced it by the amount of depreciation (based on an assumed useful life of 10 years, based on Management's estimates) for the period from 7 July 2017 to the Valuation Date.[25] We have been advised that the Management understands, to the best of their knowledge, that no capital expenditure had been incurred on the camp between 7 July 2017 to the Valuation Date.

Based on these, we have calculated a value of $3.134 million for the Kimba camp as at the Valuation Date, and used this value in our valuation of Alliance.

Therefore, total value for property, plant and equipment is $3,191 million for the purposes of our valuation.

Liabilities

As at 30 June 2019, Alliance had $93k of provisions (for holiday pay and long service leave), and $265k of payables (totalling $358 k). We have included these in our valuation.

[24] Source: Scheme booklet for the proposed merger between Trafford Resources Limited and IronClad Mining Limited dated 30 March 2015, which contains the valuation report of plant, equipment, mining camp & powered barge by Henley Valuers dated 27 January 2015.
[25] We have been advised that the Management understands, to the best of their knowledge, that no capital expenditure had been spent on the camp between 7 July 2017 to the Valuation Date.

Control premium

The DCF valuation of the Weednanna Gold Project and the implied resource transaction multiples and Kilburn Geoscience valuations of the Other Projects, and the book values we have attributed to other assets and liabilities represent controlling values. Accordingly, we have not made any adjustments for a control premium.

Options outstanding

As at the Valuation Date, Alliance had 6.4 million options outstanding with different exercise prices (see Section 3.6).[26]

We have used the Black Scholes options valuation method to assess the value of these options as at the Valuation Date, based on our assessed value per share before any dilution from these options and the following inputs:

- Risk free rates based on Australia government bond yields for durations similar to the maturity period of the options
- share price volatility of 80.0%.

We calculate the value of the options to be in the range of $0.3 million and $0.4 million for our valuation .

8.3 Summary SOTP valuation of Alliance

The table below summarises the SOTP valuation of Alliance.

Table 19: Summary SOTP valuation of Alliance

$000	Reference	Low value	High value
Exploration and development projects			
Wilcherry Project			
- Weednanna Gold Project	Section 7	15,078	17,975
- Wilcherry Hill Magnetite	Section 8	170	170
- Yeltana Graphite	Section 8	1,570	1,570
- Zealous Tin Prospect	Section 8	400	400
- Wilcherry Project		17,218	20,115
Gundockerta	Section 8	40	40
Total exploration and development projects		**17,258**	**20,155**
Current assets	Section 8	116	116
Performance bonds	Section 8	15	15
Financial assets	Section 8	381	381
Property, plant and equipment (including Kimba camp)	Section 8	3,191	3,191
Less: Liabilities	Section 8	(358)	(358)
Less: Value of options outstanding	Section 8	(268)	(351)
Equity value (controlling interest basis)		**20,320**	**23,134**
Number of issued shares (undiluted)	Section *3*	*153,038,332*	*153,038,332*
Value per share ($)		**0.133**	**0.151**
Adopted value per share ($)		**0.133**	**0.151**

Source: FTI Consulting analysis.

[26] As at 6 September 2019, the 1 million options expiring at 31 August 2019 had been exercised. We have not considered this exercise of options in our valuation, given that it happened after the Valuation Date.

As per the table above, our fair market value of an issued share of Alliance is in the range of $0.133 to $0.151 (on a control basis).

Sensitivity

As per the table above, the value of Kimba camp (included in the value of property, plant and equipment), of $3.134 million, comprises a large portion of our assessed equity value for Alliance, at 15.4% and 13.5% of our equity value range. Our valuation is therefore sensitive to the value of the Kimba camp.

8.4 Cross check

QMP cross check

Alliance's share trading prices represent trades in minority interests. Accordingly, we have incorporated a premium for control, as summarised below:

Table 20: Summary QMP cross check

$	1-week VWAP	1-month VWAP	3-month VWAP
VWAP to 19 August 2019 (date of Offer)	0.110	0.099	0.094
Control premium	35.0%	35.0%	35.0%
QMP (controlling interest basis)	**0.149**	**0.134**	**0.127**

Source: S&P Capital IQ, FTI Consulting analysis

Alliance shares have traded at levels slightly lower (including the control premium) than our valuation, albeit based on relatively small volumes. In our view, this may be attributable to the following:

- the low level of liquidity in the shares; and
- the longer term forecast cash flows in the LOM Model may not have been incorporated in the share trading prices due to Alliance not being able to disclose the long term forecasts to the market.

Whilst the QMP analysis does support our primary method, we believe our DCF and SOTP valuation of Alliance is more robust, and therefore a more supportable basis to undertake the fairness assessment.

Cross check based on private placement

In March 2019, Alliance announced a non-renounceable pro-rate entitlement offer for new shares at an issue price of $0.095 per new share on the basis of 1 new share for every 2 shares held to raise a maximum of $4.95 million. The issue of new shares was completed in May 2019.

After adjusting the issue price of $0.095 per share for a control premium of 35%, the implied value per share on a control basis is $0.128. This is lower than our assessed value range of $0.133 to $0.151 per share as at the Valuation Date.

9. Assessment of the Offer

9.1 Conclusion

Based on our analysis, as set out above, FTI Consulting is of the opinion that, in the absence of a superior offer, **the Offer is fair and reasonable, to Shareholders, as a whole.**

In accordance with RG 111, the expert is to consider these reasons and the position of Shareholders, as a whole, as part of the reasonableness assessment of the Offer.

9.2 Approach

Fairness

The Offer will be fair to the Shareholders if the fair market value of an issued share in the entity before the Offer (on a control basis) is equal to or less than the value of the consideration offered.

Reasonableness

In assessing the reasonableness of the Offer, we have considered the advantages and disadvantages of the Offer proceeding as well as any other factors that we identified. We have also considered the:

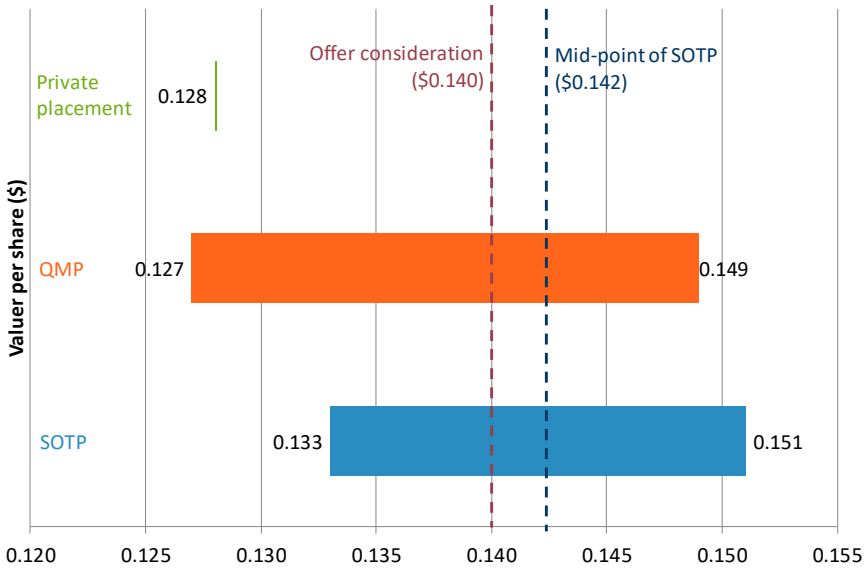
- existence of any premium for control
- the Company's bargaining position
- likelihood of an alternative superior offer being made to Shareholders
- alternatives available to Shareholders.

9.3 The Offer is fair

We have assessed whether the Offer is fair by comparing the fair market value of an issued share in Alliance before the Offer (on a control basis) to the value of the cash Offer.

A summary of our fairness assessment is summarised in the chart below and shows the difference between our assessment of the fair market value of an issued share of Alliance compared to the Cash consideration of the Offer.

Figure 8: Valuation Summary of fairness assessment



Source: FTI Consulting analysis.

The Offer consideration of $0.014 (as depicted by the blue line above (RHS)) is within our valuation range per share (on a control basis) before the Offer. The Offer consideration represents a premium of 5.4% and a discount of 7.4% to the low and high end of our assessed range respectively.

Table 21: Summary of fairness assessment

$	Reference	Low	High
Assessed value of a share in Alliance (control basis)	Section 8	0.133	0.151
Offer per share (cash)	Section 1	0.140	0.140

Source: FTI Consulting analysis

RG 111.11 indicates that an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. A technical interpretation of RG 111.11 would mean that the Offer is fair.

Shareholders should be aware that our assessment of the value per share does not reflect the price at which Alliance Shares will trade if the Offer lapses. The price at which Alliance Shares will ultimately trade depends on a range of factors including the liquidity of Alliance Shares, macro-economic conditions, commodity prices, exchange rates and the financial performance of Alliance.

Shareholders should consider alternative approaches to analyse the Offer and form their own views of the potential for future commercial success of Alliance and their own personal circumstances.

Accordingly, we have determined that the Offer is fair to the Shareholders electing to receive the cash consideration.

9.4 The Offer is reasonable

According to RG 111, the Offer is reasonable if it is fair, or if despite not being fair, the overall advantages of the proposal outweigh its disadvantages to the Shareholders. As we have assessed the Offer to be fair to Shareholders, we also consider it to be reasonable.

We have summarised below some of the relevant factors associated with the Offer. In assessing the reasonableness of the Offer, we have considered the potential advantages and disadvantages to the Shareholders and considered whether the advantages outweigh the disadvantages in the context of the Offer.

Individual Shareholders may interpret these factors differently, depending on their circumstances. We have assessed that the advantages and disadvantages of rejecting the Offer are the inverse of accepting the Offer. The potential advantages and disadvantages to Shareholders arising from the approval of the Offer are summarised below:

Advantages

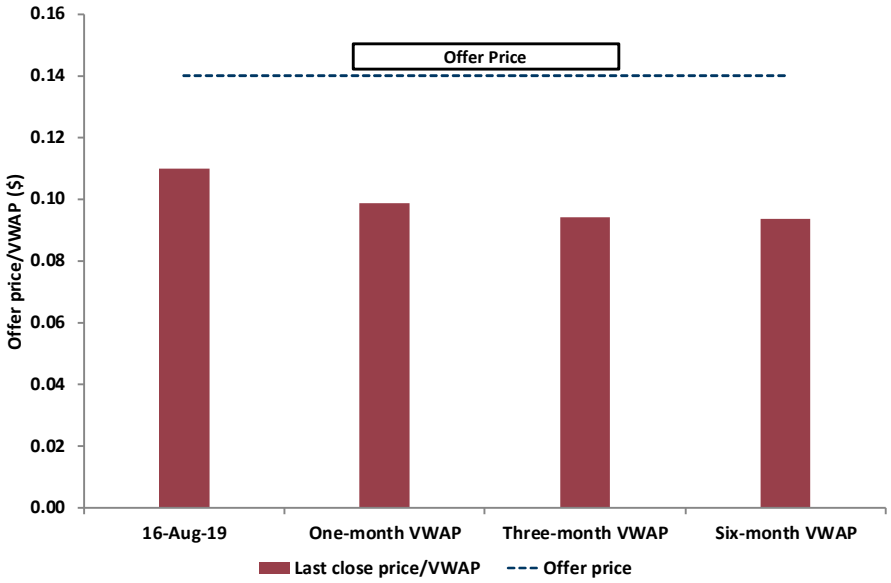
We have identified the following significant advantages to the Shareholders of accepting the Offer:

Premium for loss of control

The Offer of $0.140 per Alliance share, in cash, represents a premium of:

- 27.3% to the last close price of $0.110 per Alliance share, being the price of Alliance shares on ASX at the close of trading on 16 August 2019, the last trading day prior to the announcement date of 19 August 2019;
- 41.8% to the one-month VWAP as at the announcement date, of $0.099 per Alliance share;
- 48.9% to the three-month VWAP as at the announcement date, of $0.094 per Alliance share;
- 49.9% to the six-month VWAP as at the announcement date, of $0.093 per Alliance share.

Figure 9: Summary Offer compared to VWAP



Source: FTI Consulting analysis.

The Offer will provide Shareholders with the opportunity to realise their investment in Alliance

The Offer of $0.14 per share provides Shareholders with cash certainty with respect to their investment returns which is an important consideration in instances where the securities that are the subject of the Offer exhibit low levels of liquidity.

As noted in Section 3, only 0.10% of Alliance's shares were traded daily, on average (or 25.3% in total) during the one-year period leading up to 19 August 2019. This does not represent sufficient cumulative trading over a one-year period to conclude that Alliance's shares exhibit a deep level of liquidity.

This implies that Shareholders may have more difficulty liquidating their respective holdings on-market as opposed to accepting the Offer. This difficulty is further increased for those who hold large parcels of shares, and in the event, they are unable to sell, their respective trades may cause disruptive movements in the quoted price for Alliance's shares.

Therefore, the Offer provides Shareholders with an opportunity to realise their investment in this otherwise illiquid shareholding.

The Offer removes exposure to various risks

The Offer removes the risks that Shareholders bear from continuing to hold Alliance shares. These risks include, but are not limited to, the following:

- Whether Alliance will have access to sufficient funds from both debt and equity markets as and when required to meet its funding requirements on terms which are commercially acceptable;
- The successful development of, and production from the Weednanna Gold Project; and
- The longer-term demand and supply markets for gold and the respective influences on the spot price of gold.

The Offer removes exposure to the risks of being minority shareholders in an unlisted entity

In the event that Gandel Metals achieves a sufficient shareholding to have corporate control over Alliance, the non-associated shareholders will remain as minority shareholders in the Company. Shareholders will then have limited control over the future direction and operations of Alliance if Gandel Metals becomes the controlling shareholder.

The likelihood of a superior offer emerging is low

The board of Alliance has advised there are currently no alternative transactions or re-capitalisation proposals for Alliance, and that it is unlikely an alternative transaction will emerge.

Disadvantages

We have identified the following key disadvantage to the Shareholders of accepting the Offer:

Existing shareholders will not be able to participate in possible future growth of Alliance

We note that Alliance is progressing with its development of the Weednanna Gold Project and will require approximately $56 million in funding by June 2021.

If Shareholders accept the Offer, they will no longer hold an interest in the Company, and will forgo any potential future upside in value once Weednanna Gold Project becomes operational, the impact of which could be material to the value of Alliance's shares.

9.5 Other factors

Post announcement share price

We have analysed movements in Alliance's share price since the Offer was announced. A graph of Alliance's share price since the announcement is summarised below.

Figure 10: Summary Alliance's share price after the announcement of the Offer

Source: S&P Capital IQ, FTI Consulting analysis

The closing share price of Alliance's shares on ASX on 16 August 2019, being the last trading day before the announcement date, was $0.11.

Alliance's share price has been trading at the Offer price after the announcement of the Offer, at $0.14 on each trading day. The trailing 2-week VWAP as at 5 September 2019 was $0.14 (based on total trades representing 3% of issued capital).

Having regard to our valuation of Alliance and the pre-Offer trading prices, in our view it is likely Alliance 's share price will decline if the Offer does not proceed.

Sensitivity of fairness assessment

Our valuation of an Alliance share is based on and sensitive to the following assumptions:

- **Gold prices** – The value of the Weednanna Gold Project is sensitive to the assumption of the gold price. Any change in the assumptions for gold price has a direct impact on the projected cash flows of the Weednanna Gold Project, without any additional costs. For example, a decrease in gold price from $2,200/oz to $2,100/oz would reduce the value of Alliance per share significantly from $0.133 - $0.151, to $0.104- $0.121.
- **Discount rate** - The valuation of the Weednanna Gold Project is also sensitive to changes in the real discount rate. For example, an increase in real discount rate by 0.5%, from 8.5% - 10.0% to 9.0% - 10.5%, would reduce the value of Alliance per share from $0.133 - $0.151, to $0.127 - $0.145.
- **Residual value of the plant** – A portion of our valuation of the Weednanna Gold Project ($15.1 million to $18.0 million) derives from the discounted residual value of the plant of $2.5 million to $2.9 million, making up 16.4% and 16.2% of the total value. Our valuation of the residual value of the plant is based on residual value assumptions advised by the Management. We note that Alliance has not conducted an independent valuation of the plant to be built as at the date of this report.
- **Value of the Kimba camp** – the value of Kimba camp (included in the value of property, plant and equipment), of $3.134 million, comprises a large portion of our assessed equity value for Alliance, at 15.4% and 13.5% of our equity value range. Our valuation is therefore sensitive to the value of the Kimba camp.

9.6 Conclusion

We have considered the terms of the Offer as outlined in this Report and have concluded that the Offer is fair and reasonable to Shareholders

This IER only provides general information. It does not take into account the Shareholders' individual situation, objectives and needs. It is not intended to replace professional advice that should be obtained by individual Shareholders.

Shareholders should consider whether this IER is appropriate for their circumstances, having regard to their individual situations, objectives and needs before relying on or taking action. Shareholders are encouraged to seek their own advice. Whether or not individual Shareholders accept the Offer depends on their own views and circumstances, as well as each Shareholder's view on the reasonableness factors summarised above.

10. Limitations and Disclosures

10.1 Qualifications

FTI Consulting is an Australian Financial Services authorised representative (No. 001269325) under the Act and the Senior Managing Director signing this Report is qualified to provide this Report.

FTI Consulting provides a range of corporate advisory services and has advised on numerous takeovers, valuations, acquisitions and restructures.

This Report is prepared by Fiona Hansen, B Com, Hon Acc Science, CAANZ, CA(SA), CA certified Business Valuations Specialist and a Senior Managing Director at FTI Consulting and head of the Valuation Advisory in Melbourne. Fiona has over 25 years of experience in corporate finance, providing valuation advice and preparing independent expert's reports.

Fiona has been assisted by qualified and experienced valuation professional staff of FTI Consulting including a Senior Managing Director undertaking a technical quality review of the Report and calculations.

10.2 Disclaimers

This report has been prepared at the request of the Directors and was not prepared for any other purpose or for use by any other person. FTI Consulting does not accept any responsibility to any person other than the Directors and Shareholders for the use of the report outside the stated purpose without the written consent of FTI Consulting. Except in accordance with the stated purpose, no extract, quote or copy of this report, in whole or in part, should be reproduced without our prior written consent, as to the form and context in which it may appear.

Approval or rejection of the Offer are matters for individual Shareholders based on their expectations as to various factors including the value and future prospects of Alliance, the terms of the Offer, market conditions and their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. Shareholders should carefully consider the documents. Shareholders who are in doubt as to the action they should take in relation to the Offer should consult their professional adviser.

10.3 Current market conditions

Our opinion is based on economic, market and other conditions prevailing at the Valuation Date. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly out dated and in need of revision. FTI Consulting reserves the right to revise any valuation or other opinion in the light of material information existing at the Valuation Date that subsequently becomes known to FTI Consulting.

10.4 Currency

All references to '$' and 'dollars' are references to Australian dollars unless stated otherwise.

10.5 Independence

Prior to accepting this engagement, FTI Consulting considered its independence with respect to the Offer with reference to the RG 112 and APES 110 Code of ethics for professional accountants issued by the Accounting Professional and Ethics Standards Board. We have concluded that there are no conflicts of interest with respect to Alliance.

FTI Consulting has no involvement with, or interest in, the outcome of the approval of the Offer other than that of independent expert for the Shareholders. We are not aware of any matter or circumstance that would preclude us from preparing this IER on the grounds of independence either under regulatory or professional requirements.

FTI Consulting is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, FTI Consulting will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Offer. FTI Consulting will receive no other benefit for the preparation of this Report.

10.6 Consents

FTI Consulting consents to issuing this report in the form and context in which it is included in the Target's Statement. Apart from the report, FTI Consulting is not responsible for the contents of Target's Statement, or any other document or announcement associated with the Offer.

FTI Consulting acknowledges that its report may be lodged with regulatory bodies.

10.7 Reliance on information

The statements and opinions contained in this report are given in good faith and are based upon FTI Consulting's consideration and assessment of information provided by Alliance.

FTI Consulting believes the information provided to be reliable, complete and not misleading, and we have no reason to believe that any material facts have been withheld. The information provided has been evaluated through analysis, inquiry and review for the purpose of forming our opinion.

The procedures adopted by FTI Consulting in forming our opinion may have involved an analysis of financial information and accounting records. This did not include verification work nor constitute an audit or review in accordance with Australian auditing and Assurance Standards and consequently does not enable us to become aware of all significant matters that might be identified in an audit or review. Accordingly, we do not express an audit or review opinion.

It was not FTI Consulting's role to undertake, and FTI Consulting has not undertaken, any commercial, technical, financial, legal, taxation or other due diligence, or other similar investigative activities in respect of the Offer.

FTI Consulting understands that the Directors have been advised by legal, accounting and other appropriate advisors in relation to such matters, as necessary. FTI Consulting does not provide any warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the directors and/or their advisors. An opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion, rather than an audit or detailed investigation and it is in this context that FTI Consulting advises that it is not in a position, nor is it practical for FTI Consulting, to undertake a detailed investigation or extensive verification exercise.

It is understood that, except where noted, the accounting information provided to FTI Consulting was prepared in accordance with generally accepted accounting principles (including adoption of Australian Equivalents to International Financial Reporting Standards) and prepared in a manner consistent with the method of accounting used by Alliance in previous accounting periods.

APPENDIX A: GLOSSARY OF TERMS

Term	Definition
ACE	Alliance Craton Explorer Pty Ltd
Act	The Corporations Act (*cth*) 2001
AFCA	Australian Financial Complaints Authority
APES 225	Accounting Professional & Ethical Standards Board Limited professional standard APES 225 Valuations Services
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
AUD	Australian Dollar
Bidders Statement	The Statement prepared by Gandel Metals dated 19 August 20a9 outlining the takeover offer for all the shares in Alliance that it does not already own
Board	Board of directors of Alliance
CFME	Capitalisation of future maintainable earnings method
Company or Alliance	Alliance Resources Ltd, the target
DCF	Discounted cash flow method
Directors	The directors of Alliance Resources Ltd
DLOC	Discount for lack of control
DLOM	Discount for lack of marketability
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FSG	Financial Services Guide
FTI Consulting	FTI Consulting (Australia) Pty Ltd
FY	Financial year
Gandel Metals or the Bidder	Gandel Metals Pty Ltd, the Bidder
IBISWorld Report	IBISWorld industry report titled "Gold Ore Mining in Australia" dated March 2019
IER or Report	Independent Expert's Report
Independent Directors	Steve Johnston and Tony Lethlean
IPO	Initial public offering
JORC or Jorc Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
LOM	Life of mine
LOM Model or Model	The Weednanna Gold Project life of mine financial model
LTM	Last twelve months
Management	Directors and management of Alliance
Mining One	Mining One Pty Ltd, independent technical expert
Mining One Report	Alliance engaged Mining One to prepare a report, dated 9 September 2019, providing a technical assessment of the Weednanna Gold Project

Term	Definition
Model	Detailed cash flow model of the Wilcherry Project
NA	Net Assets method
NAV	Net Asset value
NPAT	Net profit after tax
NPV	Net present value
NTA	Net tangible assets
NTM	Next twelve months
Offer	The unconditional takeover offer of 14 cents cash per share received from the Gandel Metals, for the balance of shares not owned or controlled by Gandel Metals and its associates.
Other Projects	The other projects within the Wilcherry Project – (i) Wilcherry Hill Magnetite, (ii) Yeltana Graphite, and (iii) Zealous Tin Prospect
PBT	Profit before tax
PE	Price to earnings
QMP	Quoted market price
RBA	Reserve bank of Australia
Report or IER	Independent Expert's Report
RG	Regulatory Guides
RG 111	Regulatory Guide 111*: Content of Expert Reports*
RG 112	Regulatory Guide 112: *Independence of experts*
ROM	Run of mine
Section 640	Section 640 of Corporations Act (*Cth*) 2001
Shareholders or Alliance Shareholders	Shareholders that are not associated with Gandel Metals
SOTP	Sum of the parts method
t	tonne
Target's Statement	Statement prepared by the Directors of Alliance to assist Shareholders in their decision whether to accept or reject the Offer
Trafford	Trafford Resources Pty Ltd
TSF	tailings storage facility
Tyranna	Tyranna Resources Limited
USD	US dollar
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets
Valuation Date	19 August 2019
VWAP	Volume Weighted Average Price
Weednanna Gold Project	Weednanna Gold Deposit that is part of the Wilcherry Project
Wilcherry Project	the Wilcherry Project Joint Venture in the mineral rich Gawler Craton, South Australia

APPENDIX B: SOURCE OF INFORMATION

We have been provided with the following information that has been used in our Valuation Report:

- ASIC guidance notes and regulatory guides as applicable
- ASX announcements of Alliance
- Audited financial statements of Alliance for the years ended 30 June 2017 and 30 June 2018
- Budget financial statements of Alliance from 30 June 2019 to 30 September 2020
- Discussions with Directors and Management of Alliance
- Document setting out the corporate structure of Alliance
- Draft Target's Statement dated at or about the date of this report
- Gandel Metal's Bidder Statement dated 19 August 2019
- Independent Technical Valuation Report of the mineral assets of Alliance dated 9 September 2019 prepared by Mining One Pty Ltd
- Independent valuation report of Tyranna Resources Limited' mining camp and magnetic separators as at 7 July 2017 prepared by Henley Valuers
- Information sourced from S&P Capital IQ, Connect 4 and Bloomberg
- Interim financial statements of Alliance for the six-month period ended 31 December 2018
- Letter by auditor on the 2018 consolidated income tax return of Alliance
- Publicly available information
- Report on replacement valuation for Kimba accommodation village as at 30 August 2019 prepared by Leary & Partners Pty Ltd
- Schedule of surplus assets as at 30 June 2019
- Schedule of tenements held by Alliance
- Scheme booklet for the proposed merger between Trafford Resources Limited and IronClad Mining Limited dated 30 March 2015, which contains the valuation report of plant, equipment, mining camp & powered barge by Henley Valuers dated 27 January 2015
- The Weednanna Gold Project LOM Model
- Top 20 shareholder list prepared by Alliance
- Unaudited management accounts of Alliance as at 30 June 2019
- Other publicly available information such as ASX announcements

We have also had discussions with Mining One, Management of Alliance and Alliance's auditors

APPENDIX C: VALUATION METHODOLOGIES

Valuation methods for the valuation of a business

Overview

RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the DCF method and the estimated fair market value of any surplus assets
- the CFME method, capitalising the estimated future maintainable earnings or cash flows, using an appropriate earnings multiple, and adding any surplus assets
- the NA Method, being the amount available for distribution to security holders on an orderly realisation of assets
- the QMP method for the listed securities when there is a liquid and active market
- any recent genuine offers received by the target for any business units or assets as a basis for the valuation of those business units or assets.

Each of the methodologies are discussed in the following paragraphs.

DCF method

The DCF method assesses the value of a business by forecasting its future cash flows and then discounting them back to their present value at the valuation date by applying an appropriate discount rate.

The discount rate applied is generally based on the opportunity cost of capital to the investor, reflecting the return that an investor expects to obtain from investments with equivalent risks. The discount rate reflects the time value of money and the risk profile of the cash flow stream being valued.

Where the business (or asset) being valued is assumed to have an infinite life, a terminal value may be incorporated in the DCF, reflecting the future value of a business at the end of the period for which cash flows are projected. The terminal value is estimated at a future point in time where cash flows are expected to be stable going forward and is based on an assumed future growth rate.

The DCF method is appropriate in circumstances where the business has a short history of stable earnings (for example, those in the start-up or growth stages).

Capitalisation of earnings method

The CFME is commonly applied when valuing businesses where a future 'maintainable' earnings can be estimated with a level of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable when a business is in start-up phase, has a finite life, is loss making or is likely to experience a significant change in growth prospects and risks in the future.

Capitalisation multiples can be applied to either estimates of future maintainable operating cash flows, earnings before interest, tax, depreciation and amortisation, EBIT, or net profit after tax. The maintainable earnings are based on forecast results, adjusted for any abnormal or non-recurring items. Historical results can be used as an approximation or estimate of future earnings but may require adjustments.

The appropriate capitalisation rate (or multiple) to be applied to maintainable earnings is usually derived from the stock market trading in shares in comparable companies which provide some guidance as to the value and from transactions involving comparable companies or from initial public offerings of potentially comparable companies.

The multiple should reflect the business outlook including future growth prospects, risks faced by the business, the industry's outlook and expectations, investor expectations and other factors. Multiples derived from these sources need to be reviewed and analysed in the context of the differing profiles and growth prospects between the company being valued and the comparable companies considered. When valuing controlling interests in a company, an adjustment is required to incorporate a control premium. The earnings from any surplus assets or non-trading assets are to be

excluded from the estimate of future maintainable earnings and the value of such assets is determined separately and added to the enterprise value in order to determine the total value of the company before debt.

The CFME method assumes that the most reliable estimate of a company's value is the observed price for transfers of similar businesses and assets.

NAV Method

NAV Methods are applicable in circumstances where neither the DCF nor CFME are appropriate. The NA Methods can be applied when the entity is no longer a going concern, or the orderly realisation of assets and distribution of proceeds is proposed. Using this method, the value of the net assets of the company are adjusted for the time, cost and taxation in realising the assets of the company.

The NA Methods estimate the value of a business by reference to the realisable value of its assets. There are multiple bases for estimating the realisable value of the assets, including based on an orderly realisation, a liquidation (or fire sale), or on a going concern basis.

The NA Methods ignore the possibility that the value of the business may exceed the value of its assets, since the NA Method ignore intangible assets (licences, domain names, customer/subscriber lists), the prospects of the business and its industry, and the performance of its management.

There are three potential assumptions on which asset-based valuations can be undertaken. They are that a company is:

- a going concern
- undertaking an orderly realisation of its assets
- undertaking a "fire sale" of its assets.

Generally, the lowest asset values are derived from a "fire sale" assumption, while the highest asset values are derived from a "going concern" assumption.

The assumption chosen is critical, as it impacts each of the following estimates required under the asset-based approach:

- the value attributed to assets of the company
- liabilities payable by the company
- the costs of undertaking any realisation or sale process.

When valuing a company using an Assets Method, and it can be assumed that the company is a going concern, the value of the issued shares in the company is based on:

- the market value attributed to assets of the company if it is a going concern; less
- the market value of liabilities of the company if it is a going concern.

A going concern assumption implies that a company will continue to trade, albeit generating insufficient returns to investors in at least the short to medium term, and that no realisation of assets will occur.

The carrying value of an asset or liability is generally taken to be representative of its market value under this assumption. However, there may be situations where the market value of an asset exceeds its carrying value, such as when:

- an independent valuation of a freehold property or a specialised item of plant and equipment is available; or
- investments in shares of listed companies are carried at cost, rather than being "marked to market" on a regular basis.

In cases where a market value greater than carrying value is adopted for the valuation for a capital growth asset such as a freehold property or an investment in shares, allowance for income tax should also be made in the valuation. This allowance would be based on the tax payable if the asset was sold at the valuation date for its market value.

There may also be situations where it is appropriate to eliminate the carrying value of goodwill and any identifiable intangible assets, on the basis that the company is deriving insufficient earnings or cash flows to justify any premium in value over net tangible assets.

If a company is considered to be a going concern, no realisation of assets is necessary, so no allowance for realisation costs is made.

APPENDIX D: CONTROL PREMIUM

The value of 100% of the issued shares of a company is normally greater than the sum of values attributable to its individual shares based on transactions in minority shareholdings.

The difference between the value of 100% of the issued shares of a company and the total value of minority shareholdings is referred to as a premium for control that take into account control and synergistic benefits for the acquirer.

Control of a company by a shareholder gives that shareholder rights to which minority shareholders are not entitled, including control, through voting, of the company's policies, strategies and use of cash flows of the company.

The level of premium for control paid in a takeover bid will vary between industries and is dependent upon the specifics of the company being acquired. We have reviewed the control premiums paid by acquirers for gold mining companies listed on the ASX and summarised our findings below.

Table 22: Summary control premium analysis

Year	Number of transactions	Average transaction value ($m)	Average control premium %, compared to period before announcement			Median control premium %, compared to period before announcement		
			1 day	1 week	1 month	1 day	1 week	1 month
2017	3	12.0	39.9	43.7	30.5	36.4	29.9	24.0
2018	3	32.9	45.1	47.5	67.5	47.4	51.3	40.2
2019	4	75.8	43.1	41.5	33.5	39.3	35.3	28.1
2018-2019	**7**	**57.4**	**44.0**	**44.0**	**48.1**	**47.4**	**51.3**	**40.2**
2017-2019	**10**	**43.8**	**42.7**	**43.9**	**42.8**	**41.9**	**40.6**	**32.1**

Source: S&P Capital IQ, FTI Consulting analysis.

Table 23: Details of transactions

Transaction closed date	Target company	Buyer/ Investor	Percent sought (%)	Transaction value ($m)	Control premium %, compared to period before announcement		
					1 day	1 week	1 month
12-Aug-19	Bligh Resources Limited	Saracen Mineral Holdings Limited	100%	38.2	97.0	97.0	88.3
14-Jun-19	MacPhersons Resources Limited	Intermin Resources Ltd (nka:Horizon Minerals Limited)	100%	27.9	(3.0)	(1.8)	(10.6)
05-Apr-19	Doray Minerals Limited	Silver Lake Resources Limited	100%	171.3	(2.2)	(0.8)	0.6
22-Feb-19	Explaurum Limited	Ramelius Resources Limited	100%	65.6	80.7	71.5	55.5
21-Sep-18	Excelsior Gold Limited	Spitfire Materials Limited (nka:Bardoc Gold Limited)	100%	34.0	0.8	(4.0)	(1.7)
24-Apr-18	Primary Gold Limited	Hgm Resources Pty Ltd	92%	33.1	47.4	51.3	40.2
04-Jan-18	Aphrodite Gold Limited	Spitfire Materials Limited (nka:Bardoc Gold Limited)	90%	31.8	87.0	95.2	164.1
13-Oct-17	Kula Gold Limited	Geopacific Resources Limited	85%	7.7	36.4	29.9	24.0
20-Sep-17	Exterra Resources Limited (nka:Anova Metals Australia Pty Ltd)	Anova Metals Limited	100%	22.1	64.5	78.6	48.8
10-Jul-17	Bligh Resources Limited	Zeta Resources Limited	69%	6.2	18.8	22.6	18.8

Source: S&P Capital IQ.

In calculating the appropriate control premium, we note that the observed control premia could vary because of the following factors:

- Market conditions and sentiment at the time of the transactions
- Commodity prices and outlook at the time of the transactions
- Nature and quantum of non-operating assets
- Nature and amount of discretionary expenses
- Perceived quality of the company's management
- Nature and magnitude of business opportunities not currently being exploited
- Ability to integrate the acquiree into the acquirer's business
- Level of pre-announcement speculation of the transaction
- Level of liquidity in the trading of the acquiree's securities.

In the Australian gold mining industry, the control premium paid for effective control transactions since 1 January 2017 to 19 August 2019 were on average 43% and 44%, and a median of 32% and 41% (based on the premia compared to share prices 1 week and 1 month before announcement of the transaction).

The average announced control premium was significantly higher in the year 2018 as a result of the transaction relating to the acquisition of Aphrodite Gold Limited which had a control premium of 164% (based on the premium compared to share price 1 month before announcement of the transaction). In assessing the identified transactions for gold mining companies, included in the table, we noted transactions that appear to be outliers. These outliers include two transactions where the announced control premium was in excess of 90%, and three transactions where the acquirer obtained a controlling interest at a discount (i.e. less than 0%). There are extreme outliers, the median often represents a superior measure of central tendency compared to the mean.

Taking the above factors into account, we have considered that a control premium of between 30.0% and 40.0% to be appropriate in calculating Alliance's quoted market share price on a control basis. We have adopted a control premium of 35.0% in our valuation analysis.

APPENDIX E: CALCULATION OF THE DISCOUNT RATE

Under the DCF method, forecast free cash flows are discounted to the Valuation Date to provide an NPV for the cash flows attributable to the Weednanna Gold Project. This appendix summarises our analysis of the discount rate we have calculated for the valuation of Alliance.

Overview

We have calculated the discount rate based on the WACC for Alliance to be applied to cash flows denominated in real Australian dollars.

A company's WACC is the average of forward-looking estimates of its cost of equity and its cost of debt weighted by the assumed levels of equity and debt, respectively, in its capital structure.

Based on our review of the capital structure of the comparable companies and Alliance, we have assumed 100% equity for Alliance's capital structure in our DCF valuation. Therefore, we have not included a cost of debt, and have used the cost of equity as the WACC. We note that although we have assumed 100% equity for Alliance's capital structure as at the Valuation Date as the Weednanna Gold Project is in pre-development stage, Alliance might consider debt funding in the future once the project is developed.

Cost of equity

The cost of equity is the rate of return that investors require to make an equity investment. It is the minimum rate of return that the company must earn on the equity-financed portion of its capital to leave the market price of its shares unchanged.

Capital Asset Pricing Model (**CAPM**) is the most widely accepted and used methodology for determining the cost of equity capital.

We have estimated the cost of equity based on the CAPM, with the following assumptions:

Risk free rate

- The risk-free rate is the return on a risk-free security, typically for a long-term period. It compensates the investor for the time value of money and the expected inflation rate over the investment period. In practice, longer term government bonds are used as a benchmark for a risk-free security.
- We have assumed a risk free rate of 1.58%, based on the spot nominal yield on 5-year Australia sovereign bond (which is similar in duration as the projected cash flow period in the Model) as at Valuation Date (0.69%), adjusted for the spot inflation rate (1.60%) and the assumed long term inflation (2.50%) using the Fisher Equation.

Market risk premium

- The market risk premium (**MRP**) represents the additional return that investors expect for holding risk in the form of a well-diversified portfolio of risky assets (such as a market index) over risk-free assets. Whilst in the short term, MRPs do change, as investors seek to price the overall equity market, based on the perceived risks associated with it at the time, the long term MRP has generally been found to be quite stable.
- We have assumed a market risk premium of 6.0%.

Beta

- Beta reflects the expected volatility of a company's stock relative to the market. It is a historical measure against the returns of a market portfolio (in general the higher the volatility the higher the beta).
- We have selected the asset beta based on the asset betas of the potentially comparable listed companies of similar size involved in gold mining in Australia. Although we have identified seven potentially comparable listed companies (see Appendix F) that had positive 2-year and 5-year weekly equity betas, only two of the companies had 5-year weekly betas that are statistically significant (i.e. positive t-test results) as at the Valuation Date (see table below). Based on the asset betas for these two companies, we have selected an asset beta of 0.90 to 1.00

for Alliance. Equity beta is the same as the assumed asset beta, as the capital structure for Alliance is assumed to be 100% equity.

Alpha (specific risk premium)

- A specific risk premium of 4.0% to 5.0% is assumed, considering that Alliance had not obtained all the necessary permits to develop the Weednanna Gold Project as at the Valuation Date, and the higher level of uncertainties associated with cash flows from the Weednanna Gold Project because mining operations have not yet commenced, with large net cash outflows in the earlier periods requiring substantial funding.

Based on the above, we have calculated a post-tax cost of equity, or post-tax discount rate, of 11.0% to 12.5%, in nominal terms. After adjusting for the assumed long term inflation rate of 2.50%, the post-tax discount rate in real terms is 8.5%[27] to 10.0%[28] (after rounding).

Table 24: Equity betas (weekly) of comparable companies

	1 Year	2 Year	3 Year	4 Year	5 Year	R-squared	Preferred
DGO Gold Limited	0.00	0.13	0.29	0.52	0.37	0.00	Negative
Gateway Mining Limited	**0.64**	**0.08**	**-0.01**	**0.85**	**1.14**	**0.02**	**Positive**
GME Resources Limited	-0.01	0.48	0.70	0.51	0.48	0.00	Negative
Hawthorn Resources Limited	0.40	0.46	0.54	0.35	0.47	0.00	Negative
Manas Resources Limited	0.85	0.68	0.18	0.50	0.40	0.00	Negative
NTM Gold Limited	0.44	0.42	0.02	0.44	0.02	0.00	Negative
Odin Metals Limited	**1.97**	**1.87**	**1.41**	**1.05**	**0.89**	**0.02**	**Positive**
All companies							
Median	**0.44**	**0.46**	**0.29**	**0.51**	**0.47**	**0.00**	
Mean	**0.61**	**0.59**	**0.45**	**0.61**	**0.54**	**0.01**	
Companies with positive t-test							
Median	**1.31**	**0.98**	**0.70**	**0.95**	**1.02**	**0.02**	
Mean	**1.31**	**0.98**	**0.70**	**0.95**	**1.02**	**0.02**	

Source: S&P Capital IQ; FTI Consulting analysis.
Note: Equity betas are adjusted for Blume adjustment.

Table 25: Asset betas (weekly) of comparable companies

	1 Year	2 Year	3 Year	4 Year	5 Year	R-squared	Preferred
DGO Gold Limited	0.00	0.13	0.29	0.52	0.37	0.00	Negative
Gateway Mining Limited	**0.64**	**0.08**	**-0.01**	**0.85**	**1.14**	**0.02**	**Positive**
GME Resources Limited	-0.01	0.48	0.70	0.51	0.48	0.00	Negative
Hawthorn Resources Limited	0.40	0.46	0.54	0.35	0.47	0.00	Negative
Manas Resources Limited	0.85	0.68	0.18	0.50	0.40	0.00	Negative
NTM Gold Limited	0.44	0.42	0.02	0.44	0.02	0.00	Negative
Odin Metals Limited	**1.97**	**1.87**	**1.41**	**1.05**	**0.89**	**0.02**	**Positive**
All companies							
Median	**0.44**	**0.46**	**0.29**	**0.51**	**0.47**	**0.00**	
Mean	**0.61**	**0.59**	**0.45**	**0.61**	**0.54**	**0.01**	
Companies with positive t-test							
Median	**1.31**	**0.98**	**0.70**	**0.95**	**1.02**	**0.02**	
Mean	**1.31**	**0.98**	**0.70**	**0.95**	**1.02**	**0.02**	

Source: S&P Capital IQ; FTI Consulting analysis.

[27] 8.3% = (1 + 11.0%) / (1 + 2.5%) – 1.
[28] 9.8% = (1 + 12.5%) / (1 + 2.5%) – 1.

APPENDIX F: COMPARABLE TRANSACTION AND LISTED COMPANIES DESCRIPTIONS

This appendix sets out the descriptions of the potentially comparable transactions and listed companies that we have considered in our analysis.

Comparable transactions

Table 26: Details of potentially comparable transactions

Announce-ment date	Completion date	Target company	Buyer	Stakes acquired	Description of target company	Comments on the gold project(s)
11-Dec-18	14-Jun-19	MacPhersons Resources Limited	Intermin Resources Limited	100%	MacPhersons Resources Ltd (MRP) is a Western Australian resource company with its focus on the advanced gold project at Boorara and the nearby Nimbus silver/zinc project is now under review for further metallurgical test work. The company's main assets are located some 10 kilometres (km) due east of Kalgoorlie and are contained in 205 square kilometres of continuous tenements covering 20 km strike north and south of the Boorara Gold Project.	Feasibility started
14-Nov-18	05-Apr-19	Doray Minerals Limited	Silver Lake Resources Limited	100%	Doray Minerals Limited explores for and produces gold and copper in Australia. Its projects include the Deflector gold-copper mine that consists of gold bullion and gold-copper concentrates in the southern Murchison region of Western Australia. The company was founded in 2009 and is based in West Perth, Australia. As of April 5, 2019, Doray Minerals Limited operates as a subsidiary of Silver Lake Resources Limited.	Most mines are in operations
17-Sep-18	04-Jan-19	Dampier Gold Limited	Vango Mining Limited	100%	Dampier is an exploration and mining company, with it's primary focus on gold projects in or near to production and greenfields exploration with the potential for substantial untested upside.	Construction started
10-Sep-18	30-Apr-19	Explaurum Limited	Ramelius Resources Limited	100%	Explaurum Limited is an active mineral exploration and development company with land holdings in Western Australia (WA). The Company holds the Tampia Gold project located in the wheat belt of WA. The total number of tenements held by the Company at 30 June 2018 is eleven granted licences. The three original Tampia tenements are held 90% by the Company subject to Joint Venture, and all other tenements are held 100% by the group.	Feasibility completed

Source: S&P Capital IQ.

Comparable listed companies

Table 27: Details of potentially comparable listed companies

Ticker	Company name	Market capitalisation as at the Valuation Date ($m)	Business description
ASX:DGO	DGO Gold Limited	22.1	DGO Gold Limited engages in the acquisition, evaluation, and exploration of mineral deposits in sediment hosted gold deposits in Australia. It focuses on exploring gold, copper, and cobalt ores. The company was formerly known as Drummond Gold Limited and changed its name to DGO Gold Limited in September 2015. DGO Gold Limited was founded in 2004 and is headquartered in Melbourne, Australia.
ASX:GML	Gateway Mining Limited	18.6	Gateway Mining Limited primarily explores for gold and base metal properties in Western Australia. It also explores for copper, lead, zinc, nickel, and lithium deposits. The company owns a 100% interest in the Gidgee Gold project covering an area of approximately 700 square kilometers located in the township of Sandstone. It also has interests in a portfolio of six exploration projects, including the Bryah Basin, Cunyu, Edjudina, Edna May, Southern Cross, and Sylvania projects located in the Yilgarn, Bryah, and Pilbara districts. Gateway Mining Limited is based in Sydney, Australia.
ASX:GME	GME Resources Limited	30.4	GME Resources Limited engages in the exploration and mining of gold properties in Australia. The company explores for nickel and gold deposits. It owns a 100% interest in the NiWest Nickel Laterite project located at Murrin in the North Eastern Goldfields of Western Australia. The company also owns gold projects in the Leonora–Laverton region. GME Resources Limited is based in Fremantle, Australia.
ASX:HAW	Hawthorn Resources Limited	18.0	Hawthorn Resources Limited operates as a gold and base metal explorer in Western Australia. The company explores for gold, iron ore, nickel, and copper deposits. Its primary project is the Trouser Legs Mine gold project located to the east-north-east of Kalgoorlie and centred on the Pinjin Goldfield. The company is based in Melbourne, Australia.
ASX:MSR	Manas Resources Limited	10.6	Manas Resources Limited engages in the acquisition, exploration, evaluation, and development of gold properties in Australia. Its principal properties include the Mbengué project that covers an area of approximately 400 square kilometers; Eburnea project; and Gonsan project comprising 3 exploration permit applications covering a combined area of approximately 1,000 square kilometers located in Côte D'Ivoire. Manas Resources Limited was incorporated in 2007 and is based in Mount Hawthorn, Australia.
ASX:NTM	NTM Gold Limited	22.5	NTM Gold Limited engages in the exploration of various mineral properties in Australia. Its principal property is the Redcliffe Gold project covering an area of approximately 170 square kilometers located in the Eastern Goldfields region, Western Australia. The company was formerly known as Northern Manganese Limited and changed its name to NTM Gold Limited in November 2016. NTM Gold Limited was incorporated in 2006 and is based in West Perth, Australia.
ASX:ODM	Odin Metals Limited	25.4	Odin Metals Limited engages in mineral exploration activities in Australia. It explores for gold and silver deposits. It holds interests in the Sturgeon Lake Project covering 22.7 square kilometers located in Ontario. The company was formerly known as Lawson Gold Limited and changed its name to Odin Metals Limited in October 2017. Odin Metals Limited was founded in 2010 and is based in Perth, Australia.

Source: S&P Capital IQ.

APPENDIX G: TECHNICAL EXPERT REPORT PREPARED BY MINING ONE

TECHNICAL VALUATION OF

THE MINERAL ASSETS

of

ALLIANCE RESOURCES LTD

Job No.	2668_G
Doc No.	5949v1
Date:	September 2019
Prepared by:	M Van Leuven
	S Hutchin

Mining One Pty Ltd
Level 9, 50 Market Street
Melbourne VIC 3000
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Fax: 03 9600 3944

FINAL REPORT

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EXECUTIVE SUMMARY

FTI Consulting (Australia) Pty Ltd (FTI) and Alliance Resources Limited (Alliance) have commissioned Mining One Pty Ltd (Mining One) to prepare a Technical Assessment Report (Report) containing an Independent Technical Valuation of the various mineral assets controlled by Alliance and its subsidiary entities.

This Report is for use in an Independent Expert Report (IER) to be included in a Target Statement prepared by Alliance, to assist shareholders of Alliance in their decision whether or not to accept the off market takeover by Gandel Metals Pty Ltd.

Key projects controlled by Alliance in the Wilcherry Project include the Weednanna gold deposit, Wilcherry Hill magnetite deposit and the Yeltana graphite project all located in the Gawler Craton region of South Australia. Separately Alliance have a 100% interest in the Gundockerta South Nickel – Gold exploration located near Kalgoorlie, Western Australia.

A technical review was completed using the project data supplied that included resource estimation, scoping studies and pre-feasibility study reports, detailed tenement schedules and other technical reports relating to the studies. An update to the 2018 scoping study was also completed as part of the valuation process to account for the material change in AUD gold price. The updated scoping study results are contained within this report and provide a $24.8M Net Present Value (NPV) for the Weednanna Gold Project.

The A$22.92M value was ascribed based on using an 80% weighting from the DCF model valuation and a 20% weighting of the comparable transaction values. The comparable transaction valuations have been completed using a per dollar resource multiple based on the similar projects defined.

The NPV valuation, comparable transaction and Kilburn Geoscience valuations have being completed in accordance with the JORC and VALMIN guidelines.

The projects were classified as a combination of advanced exploration and pre-development projects under the JORC 2012 and VALMIN guidelines.

Mining One utilised a combination of the Kilburn Geoscience Rating, Comparable transaction and Discounted Cash Flow (DCF) valuation methods to ascribe a technical value to the projects. The technical valuation determined for all projects was estimated to range between $14.14M and $30.94M with a preferred value of $25.10M (assuming 100% of DCF model NPV).

The valuation summary is shown in the table below.

PROJECT	VALUATION METHOD	TECHNICAL VALUATIONS		
		Low ($M)	High($M)	Preferred Value ($M)
SOUTH AUSTRALIA (WILCHERRY HILL)				
Weednanna Gold[1]	Discounted Cash Flow (Using 100% of NPV)	19.84	29.76	**22.92**
	Comparable Transactions	5.51	19.37	
Wilcherry Hill Magnetite[2]	Comparable Transactions	0.13	0.21	**0.17**
Yeltana Graphite[3]	Kilburn Geoscience	0.77	3.10	**1.57**
	Comparable Transactions	1.19	6.02	
Zealous Tin Prospect[4]	Kilburn Geoscience	0.25	1.50	**0.40**
WESTERN AUSTRALIA				
Gundockerta South[5]	Kilburn Geoscience	0.02	0.08	**0.04**
			TOTAL	**$25.10M**

[1] Refer to sections 3.3.1 and 3.3.2 of this report

[2] Refer to section 3.3.3 of this report

[3] Refer to sections 3.3.4 and 3.3.5 of this report

[4] Refer to section 3.3.6 of this report

[5] Refer to section 3.3.73.3.6 of this report

S Hutchin
Geology Manager
MINING ONE PTY LTD

M Van Leuven
Principal Mining Engineer
MINING ONE PTY LTD

G Davison (Project Reviewer)
MD/Principal Mining Engineer
MINING ONE PTY LTD

1 INTRODUCTION

1.1 Commission and Scope

FTI Consulting - Valuation Advisory (FTI) has commissioned Mining One Pty Ltd (Mining One) to prepare a Technical Assessment Report containing a Technical Valuation of the various mineral assets controlled by Alliance Resources Limited (Alliance).

The VALMIN Code 2005 (Ref.3) defines a Technical Value as "an assessment of a Mineral or Petroleum Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by an Expert or Specialist, excluding any premium or discount to account for such factors as market or strategic considerations"

A "Fair Market Value" is defined within the VALMIN Code 2005 as the "value of a Mineral or Petroleum Asset or Security. It is the amount of money determined by the Expert in accordance with the provisions of the VALMIN Code for which the Mineral or Petroleum Asset or Security should change hands on the Valuation Date in an open and unrestricted market between a willing buyer and a willing seller in an ""arm's length"" transaction, with each party acting knowledgeably, prudently and without compulsion. Value is usually comprised of two components, the underlying or "Technical Value" of the Mineral or Petroleum Asset or Security, as defined by the Technical Value, and a premium or discount relating to market, strategic or other considerations"

This report is a Technical Assessment Report as defined in the VALMIN Code and has also been prepared in accordance with the requirements of the Australian Securities and Investments Commission Regulatory Guides 111 and 112 (ASIC, 2011).

1.2 Applicability of the VALMIN Code and JORC Guidelines

1.2.1 Background

This valuation report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, also referred to as the VALMIN Code (2005).

The VALMIN Code is prepared by the VALMIN Committee, a joint committee of the AusIMM (Australasian Institute of Mining and Metallurgy) and AIG (Australian Institute of Geoscientists) and MICA (Mineral Industry Consultants Association).

FTI, as the Independent Expert, has obtained from Alliance Resources, (the Commissioning Entity), verbal confirmation that it will comply with the requirements of Clauses 27-29 of the VALMIN Code. These clauses relate to independence of the Commissioning Entity from the Independent Expert and the Specialist (i.e. Mining One), and the transparency of all reporting by FTI and Mining One.

1.2.2 Relevant Extracts

Other relevant sections of the VALMIN Code are as follows:

VALMIN Clause 12: this applies to the *"Technical Assessment and/or Valuation of Mineral ….assets …for any independent Expert Report intended for public release ….."*

VALMIN Clause 41 (a): The Commissioning Entity has confirmed in writing that "*full, accurate and true disclosure of all Material information will be made to the Expert."*

VALMIN Clause 42: The Expert and/or Specialists "*must enter in to a written agreement with the Commissioning Entity,…..".*

VALMIN Clause 49: Time and cost constraints *"must not be permitted to compromise fundamental compliance with the requirements of the Code. Any restrictions so caused to the depth of analysis or the extent of detail required must be recorded in the report."*

Whilst strict compliance with Clause 41(a) has not occurred, the following should be noted:

- Alliance Resources has given Mining One verbal assurance about the extent of the data provided, and has verbally explained the scope and purpose of the report. This aspect is not considered to be in contravention of Clause 41(A).

Regarding Clause 42, the Commissioning Entity has a written agreement with the Independent Expert (FTI), who in turn have a written agreement with the Specialist (Mining One).

Regarding Clause 49, whilst Alliance Resources have made available all relevant documentation, the opportunity to make site visits to the various projects was precluded by the short time frame available to complete the work although a site visit to the Weednanna Gold project was completed by Stuart Hutchin from the 1-3rd May 2018. This aspect is not considered to be in contravention of said Clause 49.

1.2.3 Classification of Mineral Assets

VALMIN Code clauses D20 and D21, refer respectively to Mineral Assets, and to Mineral Resources and Ore Reserves.

Clause D20 of the VALMIN Code can be summarised to state that most Mineral Assets can be classified as one of the following:

- *Exploration Areas – properties where mineralisation may or may not have been identified, but where a Mineral Resource has not been identified.*
- *Advanced Exploration Areas – properties where sufficient exploration has occurred to enable a good understanding of the type of mineralisation present, and for which the untested potential still warrants extra work. A Mineral Resource may or may not have been identified.*
- *Pre-Development Projects – properties where Mineral Resources have been identified, but where a decision to proceed with development has not been made.*
- *Development Projects – properties for which a decision to proceed with production has been made, but have not yet been commissioned.*
- *Operating Mines – properties with fully commissioned and operating mine.*

Clause D21 of the VALMIN Code is a reference to Mineral Resources and Ore Reserves as defined by the JORC Code (Ref.2), and is one of several links between the JORC and VALMIN Codes.

1.3 Independence, Qualifications and Experience

Mining One Pty Ltd is an independent private consulting company which has been providing consulting services to the international and local mining industry since 2005.

This valuation report has been prepared by Mr S Hutchin and Mr M Van Leuven and was subsequently reviewed by Mr G Davison.

Mr Hutchin is a geologist BSc, with over 21 years of experience in the mining industry and is a member of the Australian Institute of Geoscientists. Mr Hutchin is appropriately qualified and experience to act in the following capacities:

- A Competent Person as defined in the JORC Code (2012).
- An Independent Expert as defined in the VALMIN Code & ASIC Regulatory Guide 111 and 112.

Mr Hutchin does not have any significant pecuniary or beneficial interest in Alliance Minerals or its subsidiaries, or in the outcome of the valuation.

Mr Van Leuven is a Mining Engineer, with over 30 years of experience in the mining industry and is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Van Leuven is appropriately qualified and experienced to act in the following capacities:

- A Competent Person as defined in the JORC Code (2012).
- An Independent Expert as defined in the VALMIN Code & ASIC Regulatory Guide 111 and 112.

Mr Van Leuven does not have any significant pecuniary or beneficial interest in Alliance Minerals or its subsidiaries, or in the outcome of the valuation.

1.4 Disclaimer

This report was prepared using data and information which were available to the author at the time of writing. It is based on data provided which is understood (refer VALMIN Cl 41(a) as discussed in Sec 1.2. above), to be suitably representative of the various mineral properties and projects held by Alliance Resources and its subsidiaries.

This report is provided for the use of FTI, and should only be reproduced, pending relevant consent by Mining One Pty Ltd, in whole and not in part.

2 ALLIANCE RESOURCES – PROJECT TECHNICAL SUMMARY

2.1 Weednanna Gold Project

2.1.1 Location

The Weednanna gold deposit is located within the south-eastern region of the Gawler Craton, in the northern Eyre Peninsula of South Australia. The Weednanna deposit is contained within tenement EL 6188 (previously EL 5299), and is approximately 200 km, by road, to the west of the regional city of Port Augusta (see Figure 2-1).

The deposit is situated on Uno pastoral station, and is accessible via the sealed Eyre Highway (A1), which passes through Kimba, and then via some 40km of graded service roads and pastoral station tracks (see Figure 2-2).

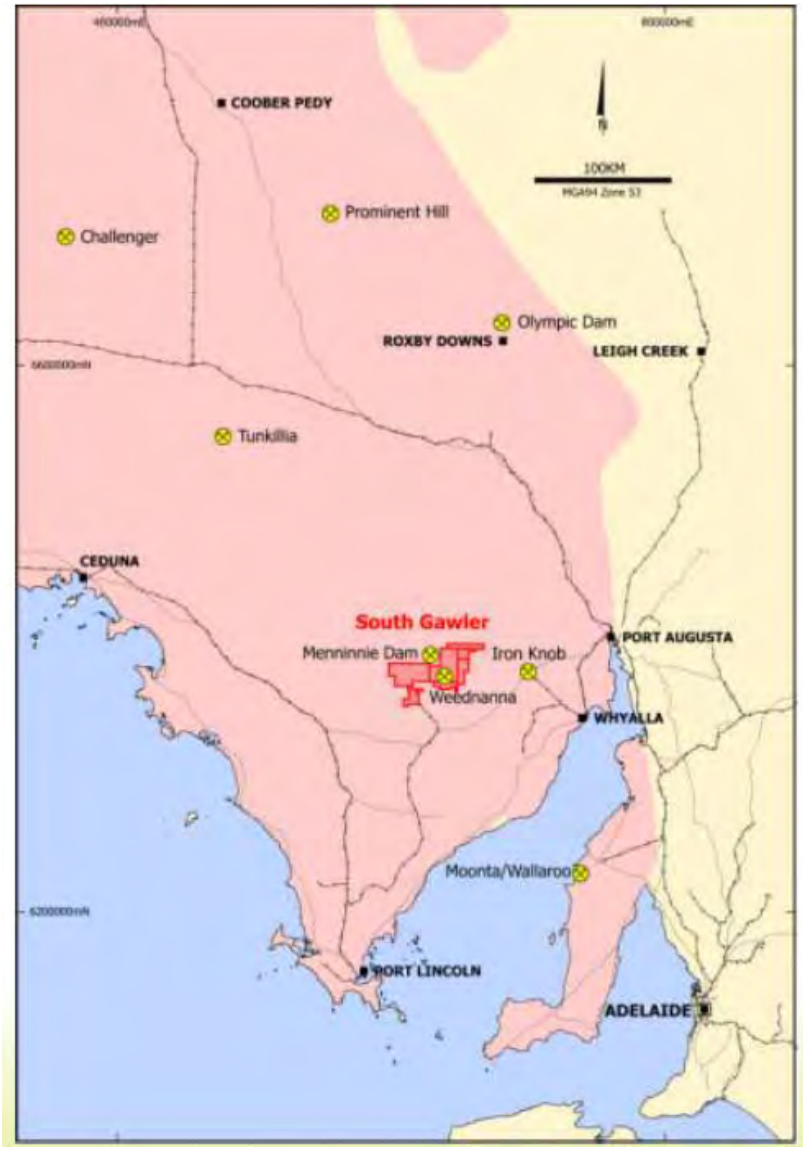

Figure 2-1: Location Plan (Source: Alliance Company Presentation Feb 2018)

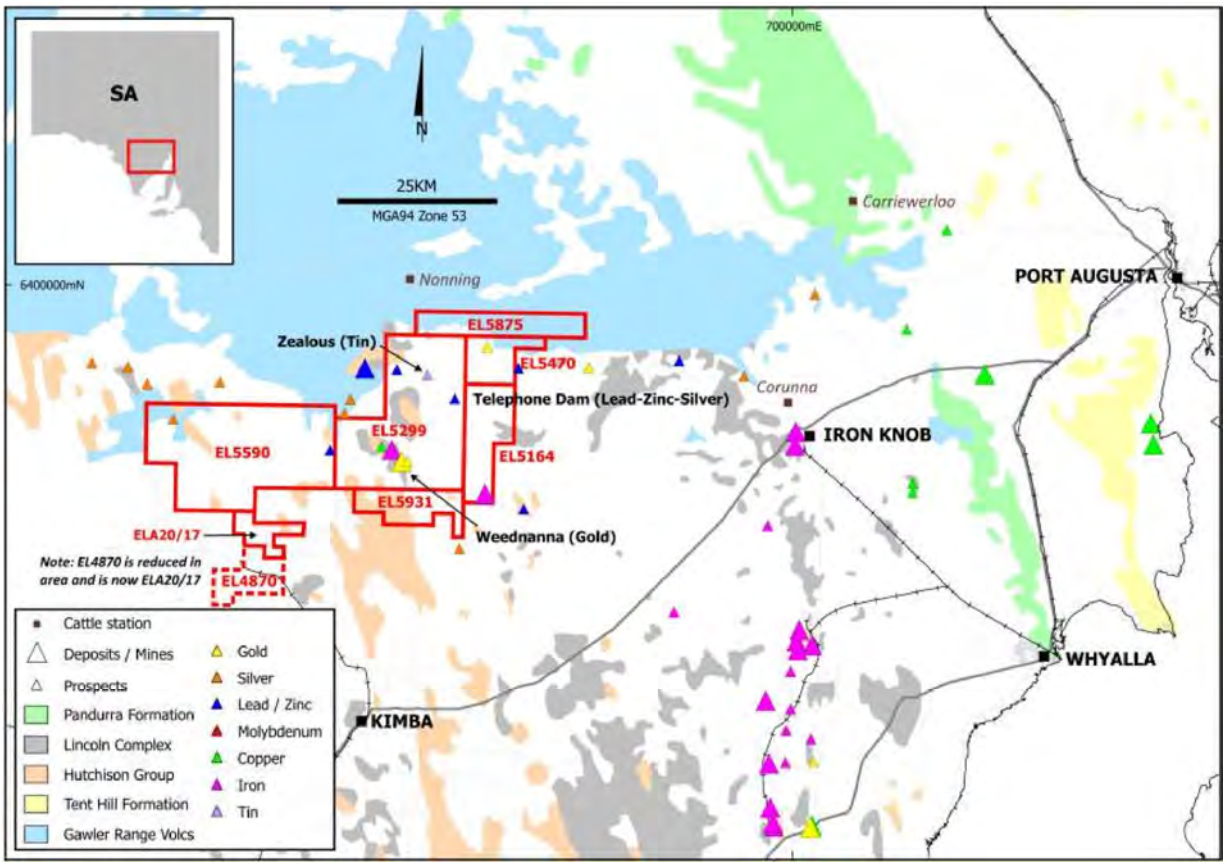

Figure 2-2: Weednanna Project Prospect and Tenement Locations and Regional Geology (Source: Alliance Resources Ltd Annual Report 2017)

2.1.2 Tenure Status

Tenure for the Weednanna gold prospect is held under exploration license EL 6188, which was EL 5299 prior to 1st July 2018. This tenement forms part of the Wilcherry Project Joint Venture, comprising EL's 5590, 5875, 5931, 6072, 6188 and 6379 owned by Alliance (100%) . There is a royalty of 2% of the NSR payable to Aquila Resources Ltd. Tenure details are summarised in Table 2-1.

Table 2-1: Weednanna Prospect Tenure Details

Tenement	Tenement Status	Licensees	Area (sq. km)	Tenement Start Date	Tenement Expiry Date	Previous Tenement
EL5590		Alliance (100%)	408	21/01/2015	20/01/2020	
EL5875	Active	Alliance (100%)	81	10/06/2016	9/06/2021	
EL5931	Active	Alliance (100%)	40	23/03/2017	22/03/2022	
EL6072	Active	Alliance (100%)	115	13/11/2017	12/11/2019	EL 5164
EL6188	Active	Alliance (100%)	387	01/07/2018	30/06/2020	EL 5299
EL6379	Active	Alliance (100%)	66	29/07/2019	28/07/2021	EL5470

2.1.3 Weednanna Regional Geology

The Weednanna gold prospect is one of the most advanced mineralisation targets within the broader Wilcherry Project. The Wilcherry Project comprises six exploration licences, across 1400 km^2, within the central-southern region of the mineral-rich Gawler Craton in South Australia. The Gawler Craton is an ancient crystalline shield of Archaean to Mesoproterozoic-aged metasediments, volcanics and granites that have undergone multiple tectonic, metamorphic and intrusive events. The area is prospective for gold, tin, copper, zinc, lead, silver, iron, bismuth, tungsten and uranium in a variety of mineralisation styles. Several gold prospects in this region suggest the existence of a significant Mesoproterozoic gold province spanning an arcuate region at 300 km in length in the central Gawler Craton, South Australia (Fraser et al. 2007).

The Wilcherry Project spans the Coulta and Cleve domains of the Gawler Craton (Parker, 1993). The Coulter domain comprises Archaean basement metasediments and metavolcanics of the Sleaford Complex. Migmatitic gneiss and mafic granulite, intruded by granite, characterize the Sleaford Complex geology. The Coulta domain is divided from the Cleve domain by a northwest trending shear zone.

The Cleve domain comprises tightly folded metasediments of the Palaeoproterozoic Hutchison Group, which unconformably overlie the early Proterozoic Mitalie Gneiss and Archaean units of the Sleaford Complex. The Hutchison Group consists of metamorphosed clastic marine sediments, banded-iron formations, carbonates and mafic volcanics. Granites of the Moody Suite intruded the Hutchison Group succession during the Kimban Orogeny (1730-1690 Ma), resulting in a complex, deformed, igneous-metamorphic sequence of metasediments, amphibolite, schist, gneiss, and granite.

In the northern regions of the Coulta and Cleve Domains, Mesoproterozoic (1595-1575 Ma) granites of the Hiltaba Suite intrude the older stratigraphy. The emplacement of the Hiltaba granites appears to be structurally controlled by northeast and northwest trending fracture sets; forming ovoid-shaped plutons that have distinct aeromagnetic and gravity signatures. The Hiltaba Suite Granites are associated with widespread gold, uranium and base metal mineralisation in the Gawler Craton.

Palaeoproterozoic units are overlain by the younger Gawler Range Volcanics, and much of the bedrock is obscured by a regolith kaolinised saprolite to an average depth of between 40 and 100m.

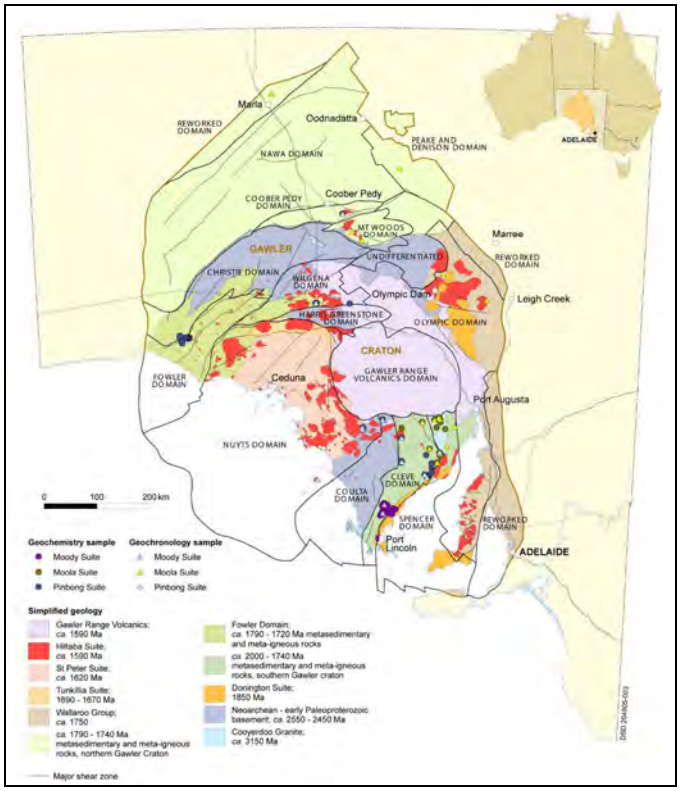

Figure 2-3: Simplified Geology of the Gawler Craton, showing the Tectonic Domains (Wade and McAvaney, 2017)

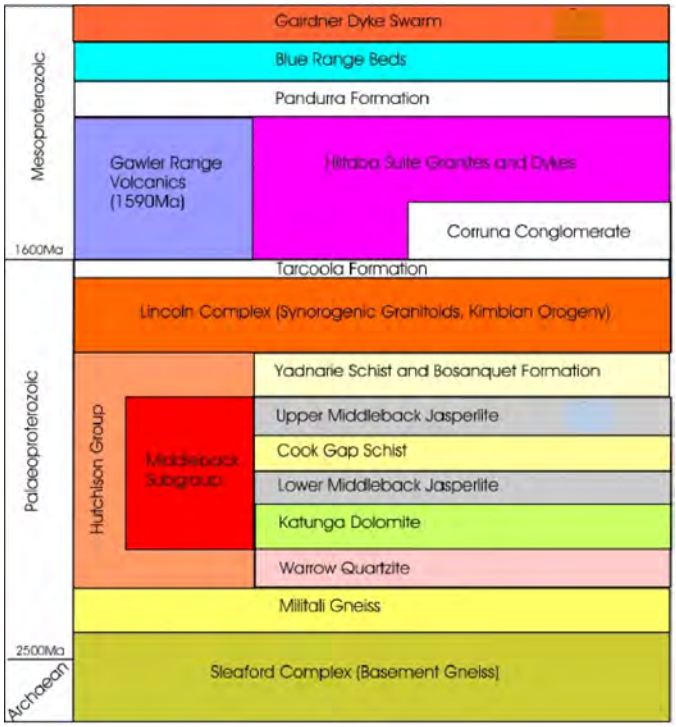

Figure 2-4: Stratigraphy of the Northern Eyre Peninsula (Trafford Resources Wilcherry Hill Prospect Review January 2015)

2.1.4 Weednanna Local Geology

The Weednanna prospect area is largely covered by a regolith of Quaternary colluvial and alluvial clays with a veneer of aeolian sand. The development of iron and manganese cappings on BIF, and calcrete units may be of Tertiary age (Pigott et al., 2004). Historic exploration targeted primary gold-in-calcrete soil anomalies that were coincident with a prominent NNW-trending magnetic high. Successive drilling campaigns identified gold mineralization, associated with calc-silicate and magnetite skarn alteration, and brecciation, in the contact aureole of the adjacent granite.

The skarn is hosted by the Palaeoproterozoic Hutchison Group, which prior to metamorphism and alteration, comprised marl and dolomite and lesser sandstone with minor basalt. This sequence has been metamorphosed under upper-amphibolite facies conditions and altered to produce intercalated calc-silicate and magnetite skarn, with lesser gneiss and amphibolite. These metasediments are generally north-striking and dip moderately steeply to the east.

The Hutchison Group is bound to the east and west by Archaean Sleaford Complex granite and gneiss. To the north and south of the prospect, the Archaean rocks appear to truncate the Hutchison Group metasediments. The Hutchison Group extends below current drilling depths in the central area of the prospect.

Moody Suite granites, granodiorites and granite gneisses intrude the Hutchison Group as lenses throughout the prospect area and are syntectonic intrusives associated with the Kimban Orogeny. These granites are typically non-magnetic but have a magnetic halo in the surrounding host rock from the development of skarns.

Pink, potassium-feldspar rich granites, of the Hiltaba Granite suite, intrude the Sleaford Complex on the eastern side of the prospect area, and all lithologies of the prospect area are underlain by an extensive granitic pluton (Hiltaba Granite). The Hiltaba Suite Granites form the dominant gravity and aeromagnetic anomalies in the tenement area.

2.1.5 Weednanna Mineralization

Gold mineralization at the Weednanna prospect is hosted within the metasediments of the Palaeoproterozoic Hutchison Group and the granite and gneiss of the Archaean Sleaford Complex, and is associated with magnetite and calc-silicate skarn formed near the contact with granite intrusions.

Brecciation, fracturing and alteration accompanied the intrusion of Hiltaba Suite granites into the Palaeoproterozoic metasediments and granites. Gold was deposited in favourable structural and lithological areas during both the peak metamorphic event and as the host rocks have cooled. Gold shoots are often at or near the boundary between calc-silicate/skarn and granitic/gneissic rocks, in particular at apparent flexures. The internal distribution of magnetite-rich skarn lithologies appears to have been a controlling factor for gold shoot location and geometry.

High-grade gold lodes are ovoid to rod-like in geometry and have continuity along strike. Hydrothermal alteration is characterized by intense chlorite-sericite-pyrite alteration. Gold is associated with pyrite and arsenopyrite and minor to trace chalcopyrite.

The prospect was assessed for economic concentrations of iron ore by Ironclad Mining (2007-2012) and also contains sub-economic concentrations of silver, bismuth, tin, uranium, lead, and zinc.

2.1.6 Weednanna Exploration History

Exploration in the Wilcherry Project area has been conducted since the 1970's, for uranium and Broken Hill-style exhalative base metal deposits associated with Palaeoproterozoic Hutchison

Group metasediments and resulting in the discovery of the Menninnie Dam and Telephone Dam Pb-Zn-Ag ore bodies. In the 1980's, Shell Company of Australia considered Weednanna a secondary base metals target to the already discovered Menninnie Dam deposit and suspended interest in the prospect to explore other targets, and progress Menninnie Dam.

Subsequently, Shell (later Acacia Resources) in joint venture with Aberfoyle refocused exploration onto copper and gold and conducted calcrete sampling to identify and prioritise drill targets. In 1997, Acacia defined a strong gold-in-calcrete anomaly coincident with a NNW-trending magnetic anomaly at Weednanna. Successive drilling campaigns by Acacia and AngloGold intercepted gold mineralization associated with skarn alteration and brecciation in the contact aureole of the adjacent granite.

In 2002, Aquila Resources acquired the project from AngloGold and carried out gravity surveys and modelled magnetic and gravity data. Drilling then tested several gravity anomalies and further established a gold mineralization system coincident with a NNW-trending magnetic anomaly. Aquila also drilled a target west of the main magnetic anomaly, Weednanna West, and intersected gold at the bottom of several holes, however the company did not retain the project and Trafford Resources acquired the project in 2006.

Trafford conducted several campaigns of RC drilling at the Weednanna Prospect and intersected gold of relatively low tenor but discovered extensive magnetite mineralization. In 2007, Trafford Resources joint ventured the project to subsidiary Ironclad Mining for iron ore. Ironclad focused their drilling programs on shallow iron mineralization in central Weednanna and defined direct shipping iron ore (DSO) in magnetite skarns, banded iron formations and near surface iron oxide deposits.

Ironclad Mining merged with Trafford Resources in 2015 to become Tyranna Resources, and Alliance subsequently farmed into the Wilcherry Project in October 2016. Alliance has since conducted multiple drilling campaigns in 2017 to present to assess the economic potential of the Weednanna Gold Prospect for development. Alliance became 100% owner of the Wilcherry Hill project in March 2019.

Table 2-2: Weednanna Prospect Tenure Summary

Tenement	Tenement Holder	Start Date	Expiry Date
EL 432	Pancontinental Mining Ltd	13/11/1978	12/11/1979
EL 719	The Shell Company of Australia	08/09/1980	07/09/1982
EL 1057	The Shell Company of Australia	19/10/1982	18/10/1987
EL 1464	The Shell Company of Australia	18/01/1988	17/01/1993
EL 1825	Western Metals Copper Ltd (AngloGold)	15/03/1993	14/03/1998
EL 2508	Aquila SA Pty Ltd	16/04/1998	15/04/2003
EL 3095	Trafford Resources	10/06/2003	09/09/2008
EL 4162	Trafford Resources	01/07/2008	30/06/2013
EL 5299	Alliance Craton Explorer Pty Ltd; and Trafford Resources Pty Ltd	01/07/2013	30/06/2018
EL 6188	Alliance Craton Explorer Pty Ltd	01/07/2018	30/06/2020

2.1.6.1 Magnetic Surveys

During 1998 UTS flew a detailed aeromagnetic survey at Weednanna for Acacia Metals. The survey, totalling 428 line kilometres, was flown in an east-west orientation at 20 metres sensor height using 25 metre line spacing with 5 metre sample density, see Figure 2-5.

This data was re-processed by Southern Geoscience Consultants in 2017 to produce a range of standard linear and non-linear images for structural interpretation and in 2018 3D inversion modelled to accurately map the geometry of the magnetite skarn and identify areas of magnetite destruction that may occur due to sulphide replacement of magnetite during gold mineralisation.

2.1.6.2 Induced Polarization Surveys (IP)

During 2011 a double-offset, dipole-dipole (DODD) induced polarisation (IP) survey was conducted at Weednanna that identified anomalous chargeable zones, see Figure 2-6. A review of this data by Southern Geoscience Consultants in 2018 confirmed that the DODD IP survey successfully identifed chargeable zones that closely match the location of gold shoots 1, 2 and 4, however the orientation of the IP survey lines was not ideal for these shoots (Shoot 1 would be better defined by North-South lines and Shoots 2 and 4 would be better defined by East-West lines).

The 2011 DODD survey was also limited in resolution given the 50m spacing of receiver dipoles and 100m spacing of transmitter dipoles.

Alliance is completing a 3DIP survey over the Weednanna Prospect using the GAP DIAS32 3DIP system in September.

2.1.6.3 Electromagnetic Surveys

In December 2016, a regional helicopter borne electromagnetic (HEM) survey was completed by Alliance over the entire Wilcherry Project area for a total of 1,795 line kilometres. The survey was flown over a broad area of Palaeoproterozoic Hutchison Group metasediments where they are

underlain by Hiltaba Granite (indicated by significant gravity lows). The high resolution HEM survey was completed using the XciteTM system to test for conductors associated with massive sulphide deposits. The survey was initially flown on east-west oriented lines at 800 metre spacing; and then infilled at 400 metre line spacing in areas of significant conductivity. Twenty-six late time conductors were identified in this survey and considered to have potential for base metals. No conductors were identified in the Weednanna Prospect area.

2.1.6.4 Gravity Surveys

A 2,548 station detailed ground gravity survey was completed at Weednanna during April 2018 using a combination of 25m x 25m and 50m x 50m spaced grids.

The objectives of this work were to:

1. Identify the location of mantle-tapping structures that are the conduits for the transport of gold-bearing fluids;
2. Locate the position of low-density buried granites, which may include Hiltaba Granite, that is the source of the skarn mineralisation at Weednanna; and
3. Map the location of higher-density calc-silicate and magnetite skarn.

Further, high-density and low magnetic features may represent the position of calc-silicate and magnetite skarn at depth and high-density and low-magnetic features may represent areas of magnetite destruction (as discussed above) prospective for gold.

During May 2018 the data collected from this survey was used to construct a constrained 3D inversion model using the drill hole density database, see Figure 2-8.

The main gravity high in the dataset is “S” shaped with the central limb striking north and correlating with the denser calc-silicate and magnetite skarn and the western limb associated with the quartz vein (Figure 2-8, left image). It is possible that the quartz vein is associated with a gravity high due to either silica alteration around the vein or an associated deep penetrating structure. The cause for the northeastern extension of the gravity high is unknown.

Figure 2-8 (right) illustrates the position of defined gold shoots relative to the gravity high. Significantly, all gold shoots are either located within or on the margin of gravity highs and several gold shoots (Shoot 1, 3, and 4) are associated with gravity low saddles (or breaks) in the gravity highs.

These observations are significant for using gravity as an exploration tool in regional gold exploration.

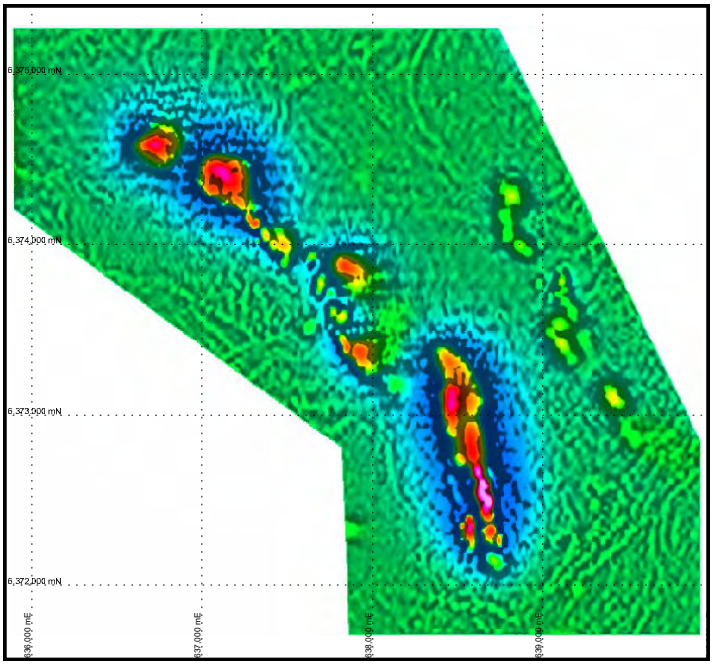

Figure 2-5: Weednanna: Reprocessed 1 VD RTP Aeromagnetic Image

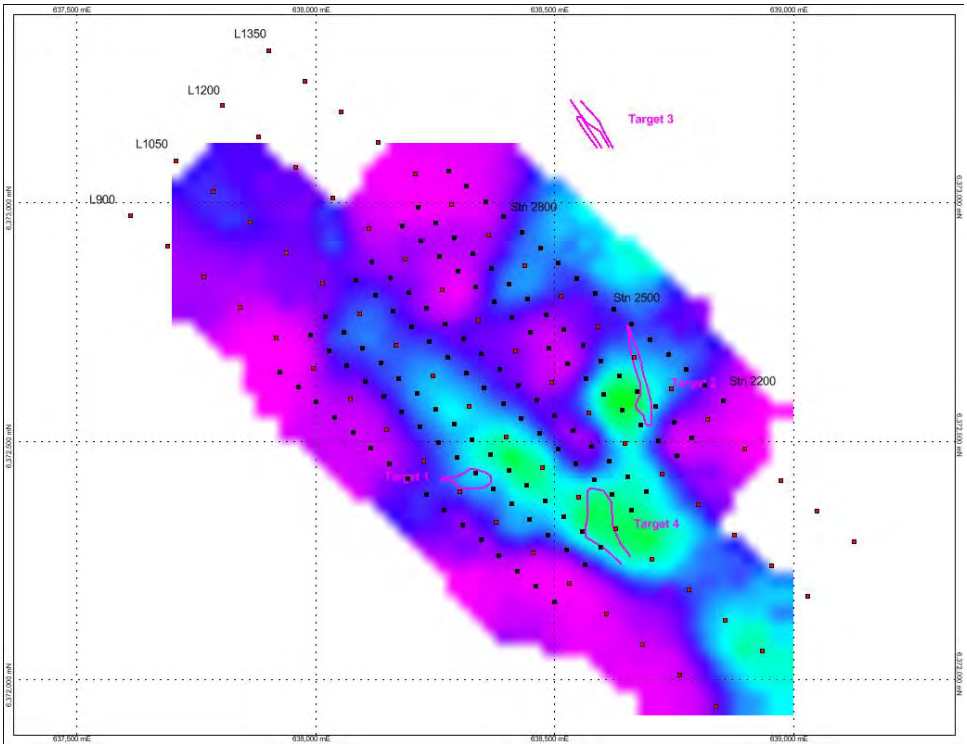

Figure 2-6: Weednanna: DODD IP Survey Electrodes (red: current, black: potential) on 250 m RL Chargeability Slice. Gold targets, shown in magenta

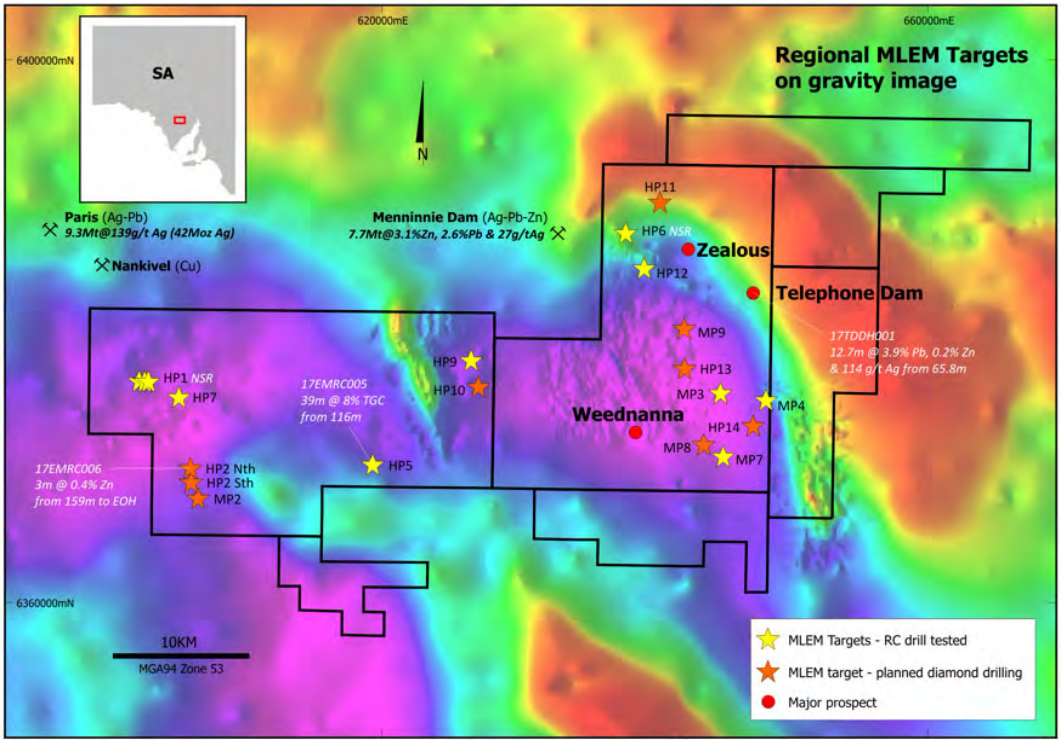

Figure 2-7: Wicherry Project: Location of Prospects and Moving Loop EM Targets on Gravity Image (Source: Alliance Company Presentation May 2018)

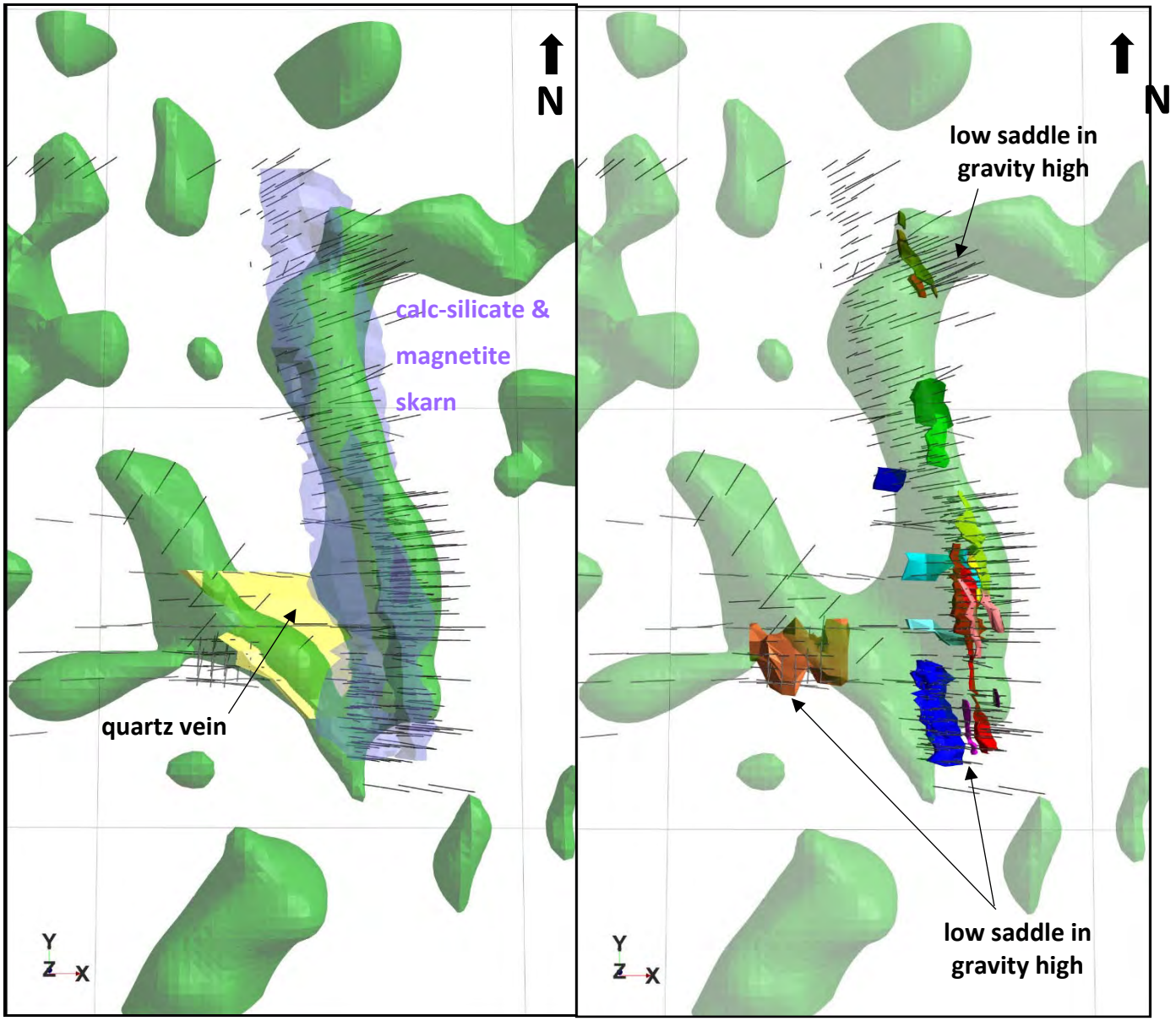

Figure 2-8: Weednanna: 3D Inversion Model Gravity Image (2.72 g/cc surface - green) with Drill Holes. Left image illustrates position of calc-silicate/magnetite skarn and quartz vein. Right image illustrates gold shoots.

2.1.7 Weednanna Drilling Summary

Diamond drilling (DD), reverse circulation (RC), and air core (AC) drilling programs have been completed over multiple campaigns, by several different companies within the deposit area between 1997 and 2018. The focus of drilling campaigns has shifted from gold by Acacia Resources, AngloGold Ltd and Aquila Resources, to iron ore by Ironclad Mining/Trafford Resources (2007-2012) and back to gold by Alliance (2017 – 2018).

A review of the historic Weednanna drilling database has resulted in some of the historic drill holes being removed from the database for the 2018 Weednanna Resource Estimation for the following reasons:

- The collars are from the Weednanna North or Weednanna East areas;
- The collars are RAB or aircore holes that are of questionable sample quality and have uncertain collar locations; or

- The collars were drilled during iron ore exploration and do not contain sufficient or meaningful gold assay results.

A total of 438 drill collars are contained within the 2018 Mineral Resource estimate database, of which 401 collars are RC and 37 are DD collars. Alliance has completed 92 RC holes for 14,345 m across five discrete high-grade gold targets between 2017 and 2018, while the remaining drilling data is compiled from previous drilling campaigns completed by various companies between 1997 and 2012. The drilling database is summarised in Table 2-3, and the location of these holes are shown in Figure 3-3.

Early diamond drill holes were mainly of HQ and NQ diameter, while later diamond drilling conducted by IronClad was of PQ diameter. Reverse circulation drilling was completed using 4 inch, 4 ½ inch and 5 ¾ inch sized hammers with a face sampling bit. All RC drilling completed since January 2017 used a 5 ¾ inch sized hammer.

Weednanna drill hole naming convention is: ddWDttnnn where dd = last two digits of the year, tt = Drilling Method, and nnn = hole number.

Drilling Method codes are: DH = diamond hole, RC = RC hole, GC = iron ore grade control RC hole.

Table 2-3: Drilling Database Summary

Drilling Series	Hole Type	Number of Holes	Total Metres	Avg. Hole Depth (m)	Exploration Company
97WDRC	RC	16	2173	136	Acacia Resources
98WDDH	DD	4	908.05	227	Acacia Resources
98WDRC	RC	32	5544	173	Acacia Resources
99WDRC	RC	20	3218	161	Acacia Resources/AngloGold
00WDDH	DD	2	1020.76	510	AngloGold
00WDRC	RC	15	2534	169	AngloGold
02CAT001-005, 007	RC	6	894	149	Aquila Resources
02CAT006	DD	1	287.9	287.9	Aquila Resources
06WDDH	DD	2	325.1	162.5	Trafford Resources
06WDRC	RC	27	3665	136	Trafford Resources
07WDRC	RC	8	1130	141	Trafford Resources
07WDDH	DD	2	373	186.5	Ironclad Mining
08WDDH	DD	2	205.7	102.9	Ironclad Mining
08WDRC	RC	19	1969	104	Ironclad Mining
09WDRC	RC	19	1386	73	Ironclad Mining
10WDDH	DD	22	1737.95	79	Ironclad Mining
10WDRC	RC	71	6684	94	Ironclad Mining
12WDDH	DD	2	222	111	Trafford Resources
12WDGC	RC	67	2970	44	Ironclad Mining
12WDRC	RC	9	1344	149	Trafford Resources
17WDRC	RC	70	11209	160	Alliance Craton Explorer
18WDRC	RC	22	3132	142	Alliance Craton Explorer
TOTALS		**438**	**52932.5**	**159**	

2.1.8 Weednanna Drill Assaying

Gold analysis of RC and diamond drill samples at the Weednanna Prospect has occurred over a 21 year period between 1997 and 2018. All gold analysis was completed using the fire assay method with aqua regia digest and Atomic Absorption Spectrometry (AAS) finish. This analytical method is considered to be a total digestion technique for gold and is appropriate for mineral resource estimation of gold deposits.

Amdel at Thebarton in South Australia was the analytical laboratory that conducted gold analysis for all of the historic exploration programs between 1997 and 2012. There is some uncertainty around the laboratory that conducted the analysis for Acacia's 1997 RC drilling program, as it was not documented. However, it is very likely that Amdel, Thebarton, was used for the 1997 program as this laboratory was used for the rock chip analysis that was reported in the same statutory report.

Assaying for Alliance's 2017 and 2018 RC drilling samples, as well as the historical pulp re-assaying campaign, was conducted by ALS in Perth, with the sample preparation being conducted by ALS, Pooraka, South Australia.

Sample preparation of historic iron ore pulps later used for gold re-assay by Trafford and Alliance, was carried out at the SGS laboratory in Perth, WA. The gold re-assay of these pulps carried out by Tyranna was conducted at Amdel, while Alliance used ALS to complete the re-assay of pulps.

All of these laboratories are internationally accredited laboratories that satisfy the quality assurance standards defined by the JORC 2012 Code.

Sample preparation at AMDEL and ALS consisted of drying, crushing and pulverising <3kg samples to 85-90% passing -75µm. Gold analysis was completed using the fire assay technique with AAS finish. Most analyses used a 40g charge (AMDEL) or 50g charge (ALS), however some historic iron ore sample pulps were analysed using a 30g charge due to sample size. While the use of a larger charge is preferred, metallurgical test work suggests that this is unlikely to have a significant effect on assay results as the gold is fine grained and relatively homogeneous.

2.1.9 Weednanna Assay QAQC Protocols

Quality control (QC) of gold assaying in the early drilling programs at Weednanna was mainly by repeat gold assaying, with only limited use of duplicate samples, standards and blanks. More detailed QAQC information for drilling campaigns prior to 2017 is not in the database.

Trafford analysed repeat gold assay data from the 1997-2002 RC drilling and showed that repeat gold assays had a correlation coefficient of 0.965, whilst a much smaller combined dataset from 2009-2010 RC and DD drilling showed a 0.996 correlation. Field duplicate sample gold assay data from the 2006-2010 RC programs had a correlation coefficient of nearly one, but contained only 21 samples.

During 2010 Tyranna completed repeat analysis at AMDEL on 1,195 sample pulps from 2007, 2010 and 2012 drilling programs and during 2017 Alliance completed repeat analysis at ALS on 199 (~3%) of RC sample pulps from the 1997 and 1998 drilling programs. Both repeat analysis programs confirmed the accuracy and precision in the original results.

At AMDEL standard QC procedures include routine analysis of blanks, standards, and duplicate samples with each batch and re-assay of anomalous results.

At ALS each fire assay (usually 84 samples) includes one blank, three replicate (repeat) and a minimum of two standards to monitor accuracy and precision of results from the individual fire.

The certified standard reference material used for QAQC of recent analyses on Weednanna samples, in 2010 and 2017 – 2018 were manufactured and supplied by Ore Research & Exploration Pty Ltd. The details of these standards are listed Table 2-4 below. The standards that Alliance used for the analyses of 2017 and 2018 drilling, as well as the 2017 analysis of 07WDDH001-002 and 08WDDH002, were OREAS502 and OREAS67A. The standards that Tyranna used for the repeat analysis of sample pulps from 2007, 2010 and 2012, were OREAS66A and OREAS67A.

Table 2-4: OREAS Standard and Blank Details

OREAS Code	Type	Certified Au Value	1SD	95% Confidence Interval	
				Low	High
OREAS 22B	Quartz Gold & Base Metal Blank	<2 ppb	IND	IND	IND
OREAS 22D	Quartz Blank	<1 ppb	IND	IND	IND
OREAS 22E	Primary Quartz Blank	<1 ppb	IND	IND	IND
OREAS 66A	Au-Ag-Cu Ore	1.237 ppm	0.054 ppm	1.211 ppm	1.263 ppm
OREAS 67A	Au-Ag-Cu Ore	2.238 ppm	0.096 ppm	2.193 ppm	2.282 ppm
OREAS 502	Au-Cu-Mo-Ag-S Ore	0.491 ppm	0.020 ppm	0.482 ppm	0.499 ppm

2.1.9.1 Standards

Alliance 2017 and 2018 Drilling Samples, ALS Minerals

The performance of gold standards inserted into the assay batches for the 2017 and 2018 Alliance drilling programs, as well as the standards submitted as part of Alliance's 2017 analysis of 07WDDH001-002 and 08WDDH002 are shown in Figure 5-1 and Figure 5-2 below. These charts show that apart from three outliers, all standard analyses were within the +/-2 standard deviation confidence limit.

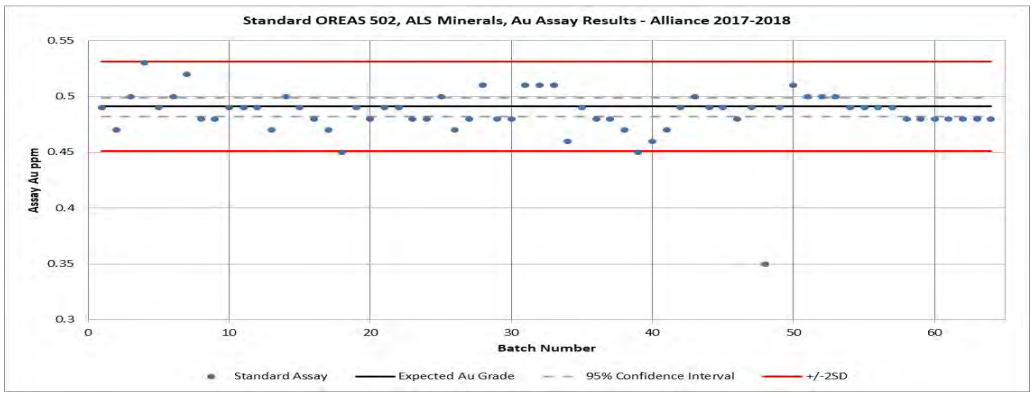

Figure 2-9: Assay Results for Standard OREAS 502, Au ppm

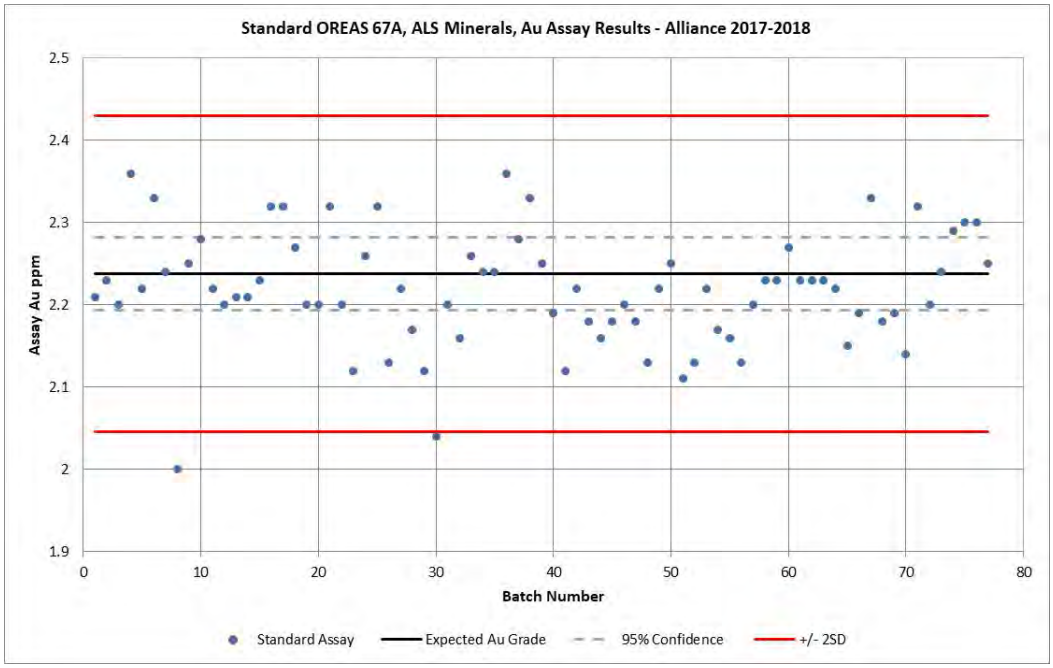

Figure 2-10: Assay Results for Standard OREAS 67A, Au ppm

Tyranna Resources Repeat Analysis on Sample Pulps, Amdel, 2012

Tyranna completed repeat analysis at AMDEL on 1,195 sample pulps from 2007, 2010 and 2012 drilling programs. The performance of the two gold standards submitted as part of this assay program is shown in Figure 5-3 and Figure 5-4. These charts show that all standard analyses were within the +/-2 standard deviation confidence limit, however some non-random patterns are noted for both OREAS 66A and OREAS 67A with multiple samples returning identical gold grades (assay results rounded to the nearest 0.05?).

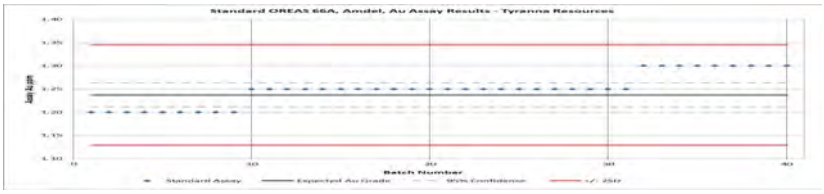

Figure 2-11: Assay Results for Standard OREAS 66A, Au ppm

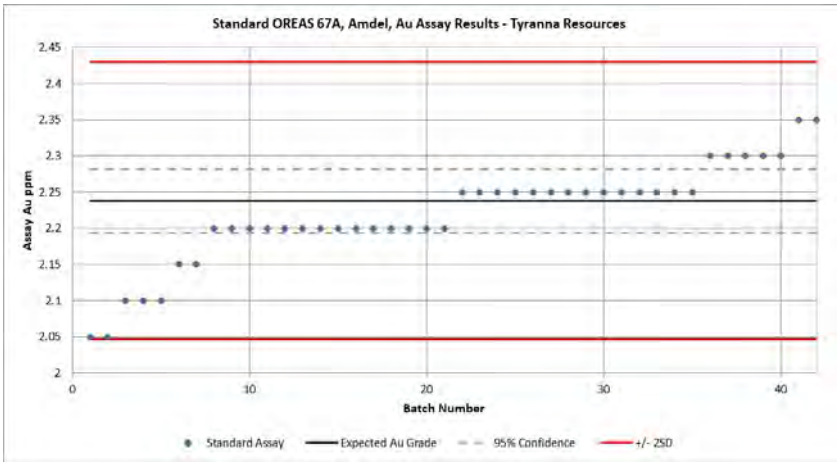

Figure 2-12: Assay Results for Standard OREAS 67A, Au ppm

The results of the standards generally perform to an acceptable level in relation to QAQC support of the resource drilling database.

2.1.9.2 Blanks

For the 2017 and 2018 RC drilling programs completed by Alliance, blank samples were inserted into the assay batches at a ratio of approximately 1 in 50 samples. The assay results for the blank samples do not show any material bias in relation to elevated gold grades through the assaying process.

For the 2012 repeat analysis of sample pulps, Tyranna submitted blank samples at a rate of 1 in 15 samples. Assay results returned for the blank samples were all below detection for gold.

2.1.9.3 Duplicates

Field duplicates were inserted at a ratio of 1 in 96 samples taken from the 2017 and 2018 Alliance RC drilling programs. Duplicate sample data is not available for any of the other historic drilling program at Weednanna. Figure 5-5 shows that the assays for field duplicate samples show a good correlation with the original samples, with a correlation coefficient (R^2) of 0.98.

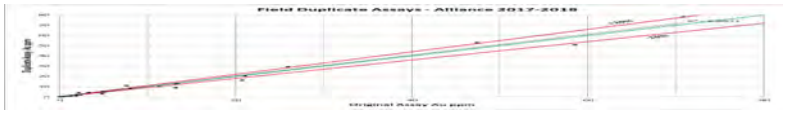

Figure 2-13: Field Duplicate Results from Alliance RC Drilling Programs 2017-2018

2.1.10 Weednanna Reliability of Samples

A review of the historical Weednanna drilling database was conducted by Ebsworth Geological Services in 2017. This review documented the RC and DD drilling completed at Weednanna in terms of company, technique, size, sampling methodology, laboratories used and analytical techniques. The review also assessed the QAQC work undertaken and assessed this data in terms of appropriateness for gold resource estimation according to the JORC 2012 Code. The potential issues arising from this review are outlined below:

- There is a lack of detailed sampling information from the historical drilling campaigns, particularly methods of compositing, and composite sample mass;
- Sample preparation methodology is also lacking for the historical assay data. The lack of data relating to the mass of the sample pulverized prior to splitting for fire assay, could be particularly important where coarse/nuggetty gold is present; and
- The original laboratory files for the first seven historical drilling campaigns are not available, including repeat, duplicate and standard assay data, which means that the data cannot be cross-checked, and the QAQC assessed.

Mining One assess that the resource assay database is supported by sufficient QAQC samples to be used for the estimation of JORC compliant resources.

2.1.11 Weednanna Density Samples

A total of 953 density measurements were used out of a total of 1,123 measurements from samples from within the deposit from downhole depths ranging from 1.1m to 569.2m. The range of samples therefore represents an acceptable coverage of material type variability found within the deposit. The measurements were taken for both mineralized material and waste rock material and were taken via the immersion (waxed and not waxed), pycnometer and the geophysical wireline method. The results of these measurements in relation to each other for each domain type of shown in Figure 2-14 to Figure 2-25 below. The overall location of the density measurements are also shown in Figure 2-26 and Figure 2-27.

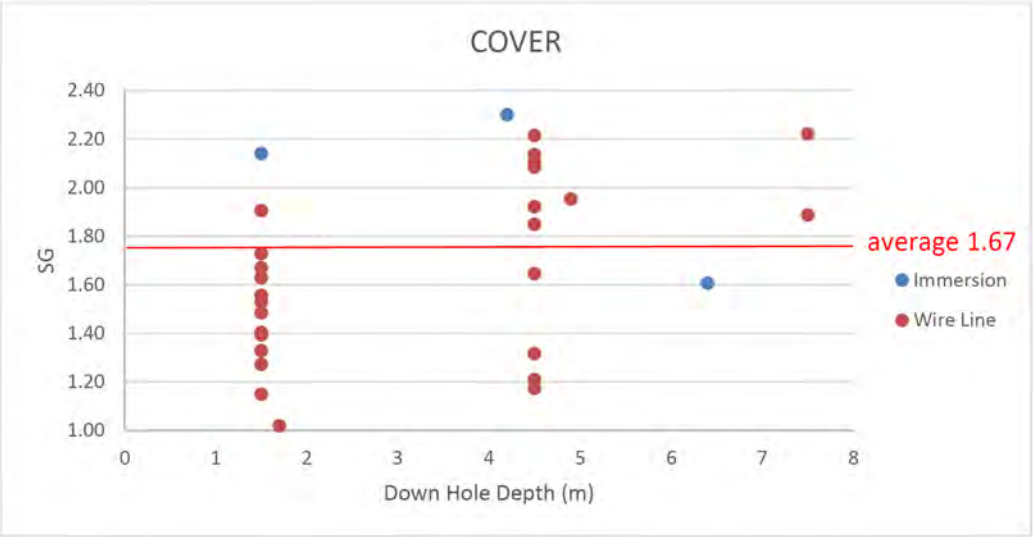

Figure 2-14: Cover Domain Density Measurement Plot

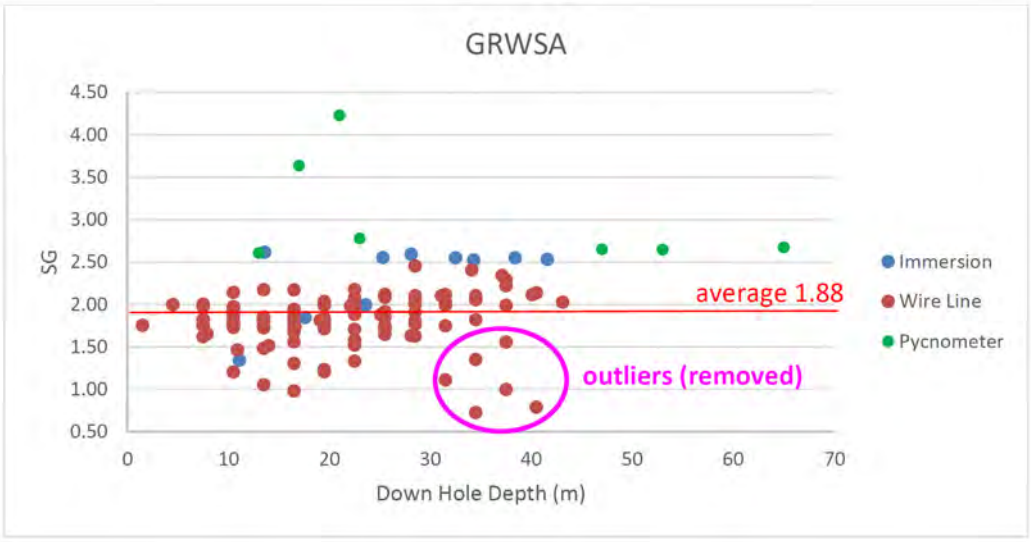

Figure 2-15: Granite/Gniess Waste Saprock Domain Density Measurement Plot

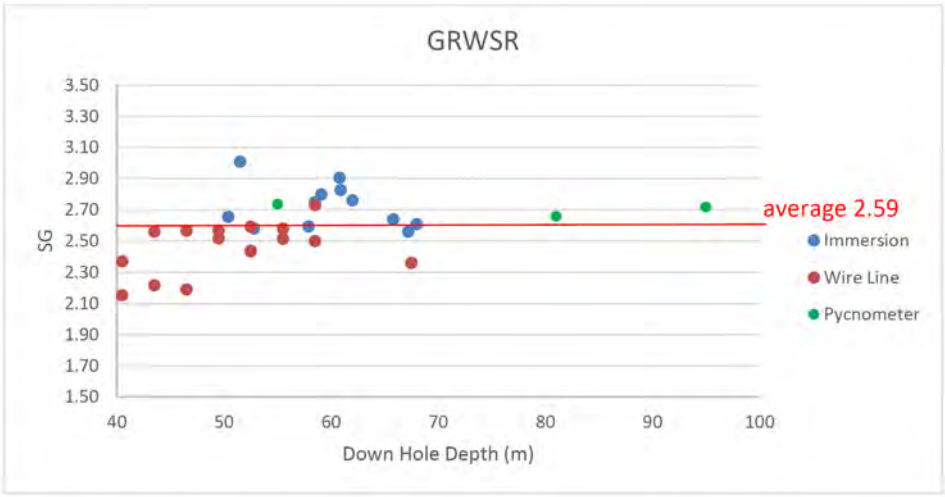

Figure 2-16: Granite/Gniess Waste Saprolite Domain Density Measurement Plot

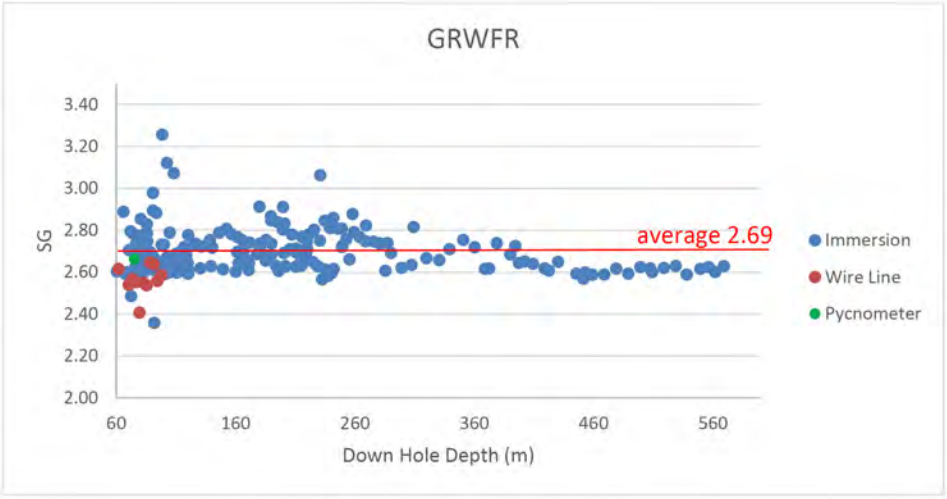

Figure 2-17: Granite/Gniess Waste Fresh Rock Domain Density Measurement Plot

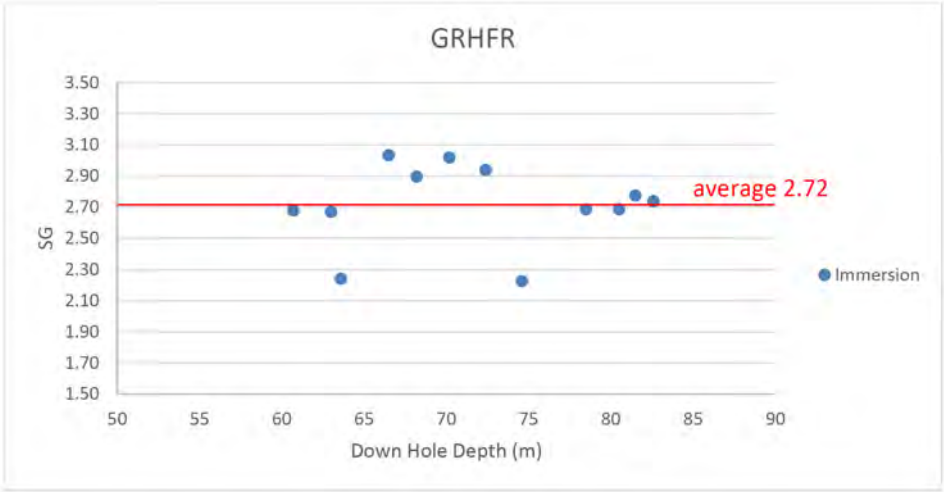

Figure 2-18: Granite/Gniess High Grade Fresh Rock Domain Density Measurement Plot

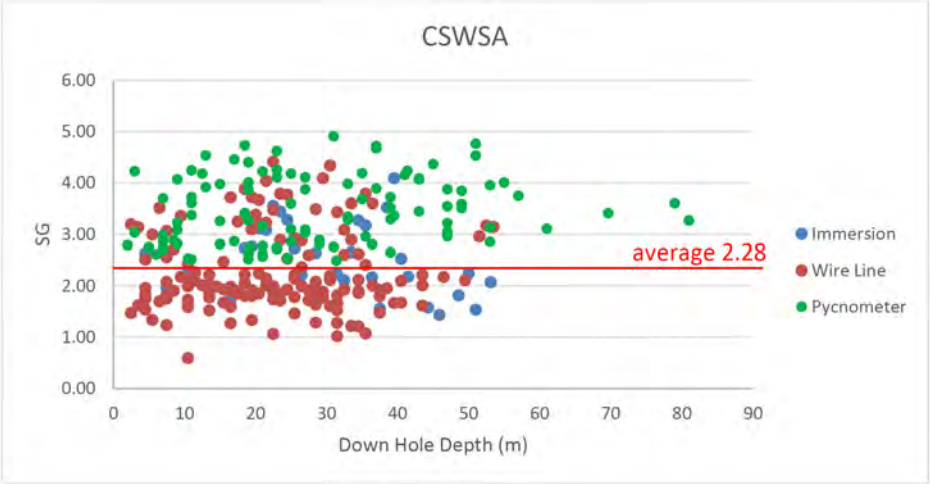

Figure 2-19: Calc Silicate Waste Saprolite Domain Density Measurement Plot

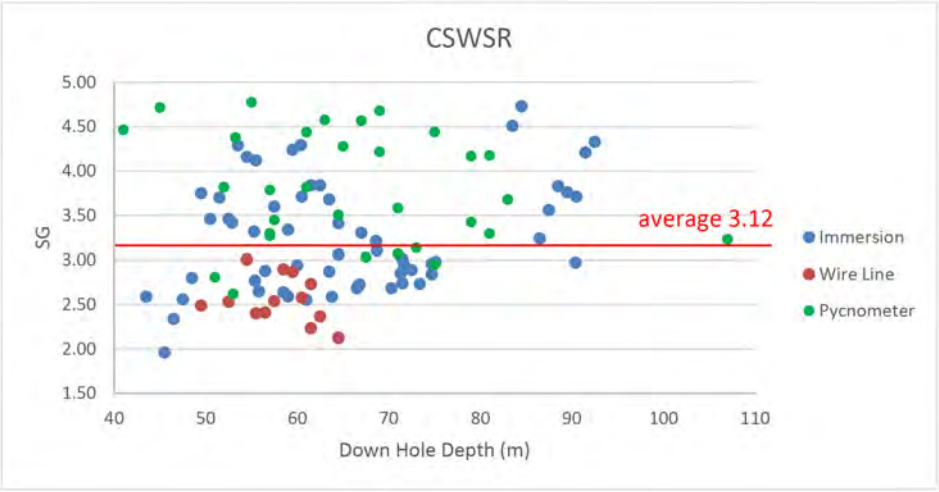

Figure 2-20: Calc Silicate Waste Saprock Domain Density Measurement Plot

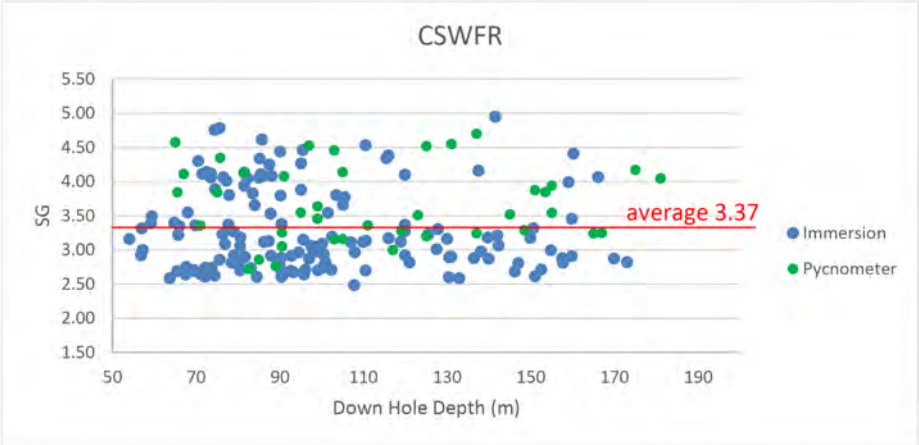

Figure 2-21: Calc Silicate Waste Fresh Rock Domain Density Measurement Plot

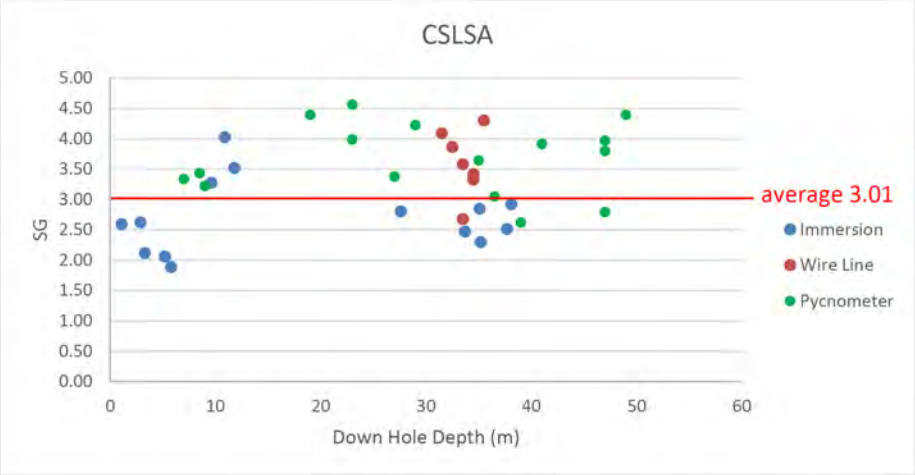

Figure 2-22: Calc Silicate Low Grade Saprolite Domain Density Measurement Plot

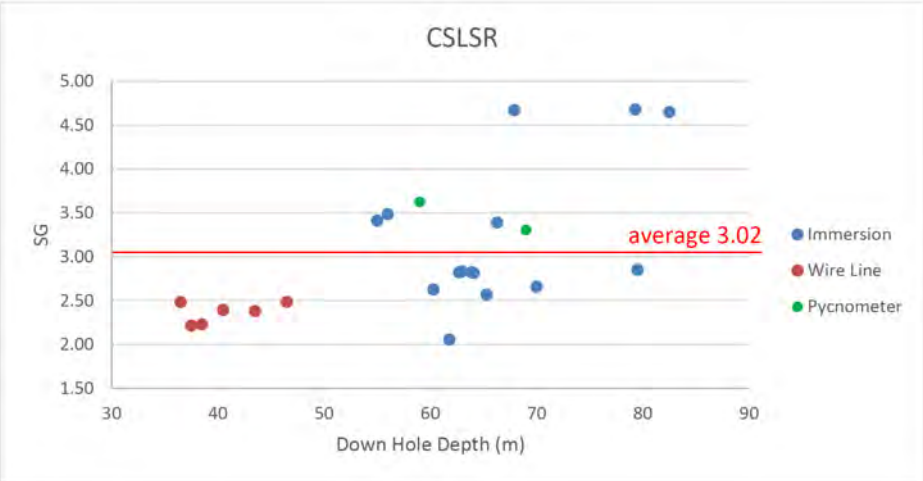

Figure 2-23: Calc Silicate Low Grade Saprock Domain Density Measurement Plot

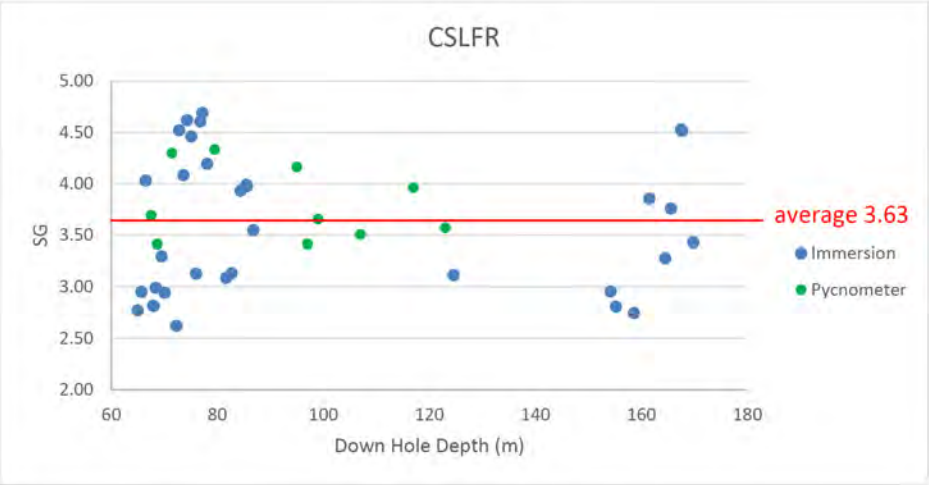

Figure 2-24: Calc Silicate Low Grade Fresh Domain Density Measurement Plot

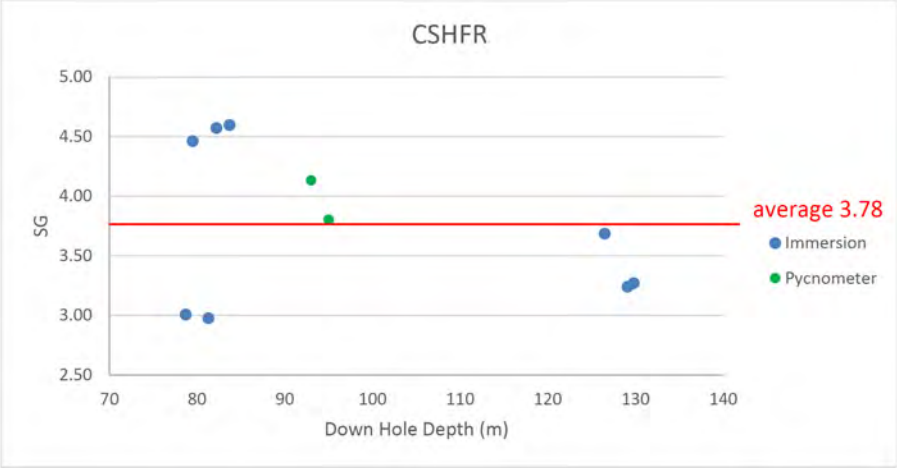

Figure 2-25: Calc Silicate High Grade Fresh Domain Density Measurement Plot

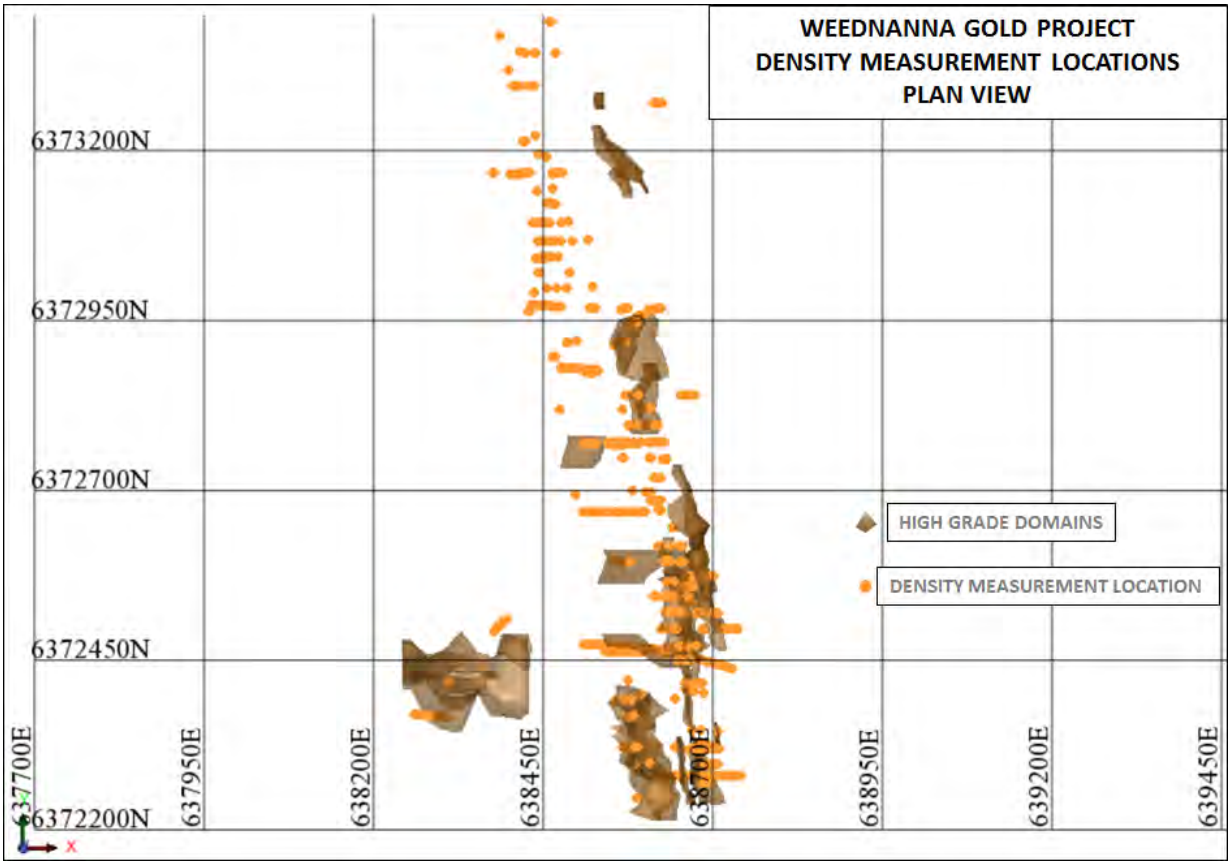

Figure 2-26: Density Measurements Location Plan

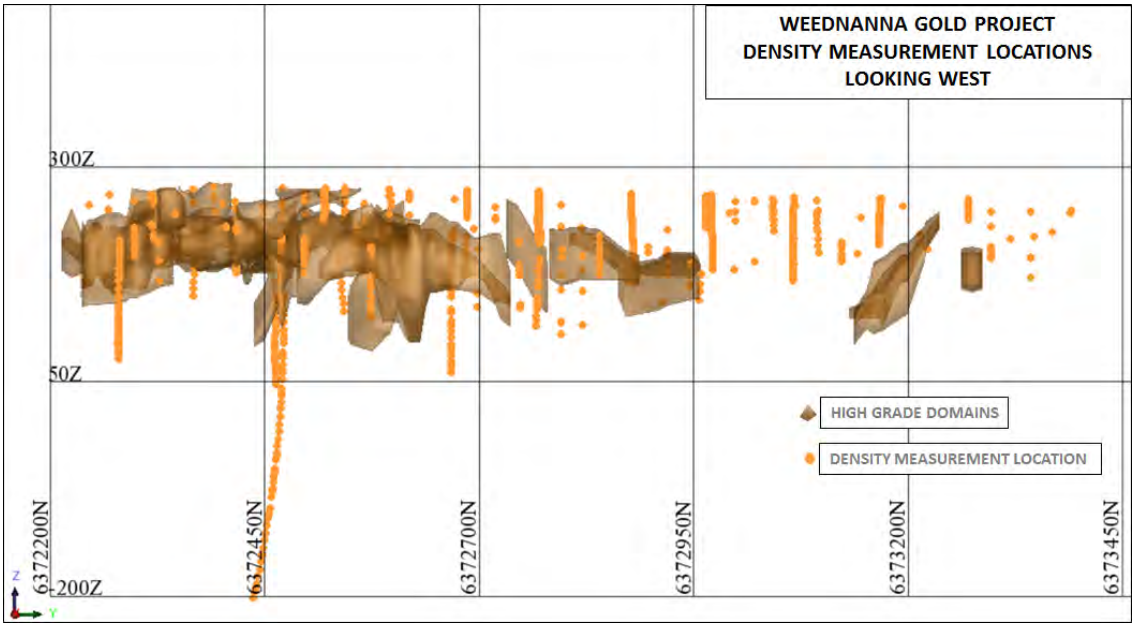

Figure 2-27: Density Measurements Location Plan

Table 2-5: Weednanna Deposit Density Measurements Statistics (Alliance)

Domain			Code	Number of Samples	Density (SG)				Comments
					Minimum	Maximum	Average	2018 MRE	
Cover			COVER	30	1.02	2.30	1.67	1.67	no pycnometer measurements
Granite / gneiss	Waste	Saprolite	GRWSA	103	0.98	2.61	1.88	1.88	excludes pycnometer measurements
		Saprock	GRWSR	30	2.15	3.01	2.59	2.59	
		Fresh	GRWFR	230	2.36	3.26	2.69	2.69	
	Low grade	Saprolite	GRLSA	0	-	-	-	1.88	Same as GRWSA
		Saprock	GRLSR	1	2.61	2.61	2.61	2.61	
		Fresh	GRLFR	3	2.64	2.69	2.66	2.66	
	High grade	Saprolite	GRHSA	0	-	-	-	1.88	Same as GRWSA
		Saprock	GRHSR	0	-	-	-	2.61	Same as GRLSR
		Fresh	GRHFR	12	2.23	3.03	2.72	2.72	
Calc-Silicate	Waste	Saprolite	CSWSA	184	0.60	4.41	2.28	2.28	excludes pycnometer measurements
		Saprock	CSWSR	73	1.96	4.73	3.12	3.12	excludes pycnometer measurements
		Fresh	CSWFR	187	2.48	4.95	3.37	3.37	
	Low grade	Saprolite	CSLSA	21	1.88	4.30	3.01	3.01	excludes pycnometer measurements
		Saprock	CSLSR	17	2.06	4.68	3.02	3.02	
		Fresh	CSLFR	43	2.62	4.69	3.63	3.63	
	High grade	Saprolite	CSHSA	3	3.04	4.07	3.70	3.50	
		Saprock	CSHSR	4	3.27	3.48	3.38	3.50	
		Fresh	CSHFR	12	2.98	4.60	3.78	3.78	

2.1.1 Weednanna Metallurgical Testwork

Past and present metallurgical testwork indicates that gold mineralisation from Weednanna Targets 1, 2, 3 and 4 is amenable to conventional grinding and cyanide recovery techniques.

Alliance has engaged BHM Process Consultants in Perth to undertake a staged program of metallurgical work with the aim of optimising gold recovery and culminating in process design criteria and capital and operating costs for the processing base case.

The outcomes of the process design work will feed into a scoping study in 2H 2018.

Testwork was conducted by ALS Metallurgy Services Australia on two composite RC samples collected from Target 1 (WDMET001) and Target 3 (WDMET003) at Weednanna, with results summarised as follows:

- At a grind size of P_{80} 75µm cyanide bottle roll gold extraction (24 hr) was 89.4% for WDMET001 and 92.8% for WDMET003;
- Finer grind size of P_{80} 38µm incrementally increased gold extraction for WDMET001 to 90.8% and WDMET002 to 95.5%;
- Leaching kinetics relatively fast at both grind sizes;
- Cyanide and lime consumptions are considered low in all cases;
- No visible free gold in the gravity concentrates. Gravity recoveries for WDMET001 were 9.2% for gold and 4.1% for silver and for WDMET003 were 13.8% for gold and 12.2% for silver; and
- Cyanide leaching of the gravity concentrate for each sample increased total gold extraction by only 0.9% for WDMET001 and 0.6% for WDMET002.

2.1.1.1 Sample Details

One composite sample from each of the exploration areas at Targets 1 and 3 were collected for the metallurgical testing, as follows:

- WDMET001 was composited from hole 17WDRC003 from 45 to 94 metres down hole, which returned 49m @ 6.3g/t Au; and

- WDMET003 was composited from hole 17WDRC017 from 118 to 132 metres down hole, which returned 14m @ 36.1g/t Au

The samples were sourced from the 1m RC drill hole samples still in plastic bags and split two times using a 12.5% splitter into 20 litre plastic buckets to produce sub-samples of 54.8 kg for WDMET001 and 61.3 kg for WDMET003.

2.1.1.2 Historical Testwork

One composite sample from each of the exploration areas at Targets 1 and 3 were collected for the metallurgical testing

In 1999, preliminary metallurgical testwork was conducted by Metcon Laboratories Pty Limited on two composite RC samples from Weednanna *[Target 2]*, for Acacia Resources Ltd[1], as follows:

- 99WM1 was composited from hole 98WDRC032 from 71-85m down hole; and
- 99WM2 was composited from hole 98WDRC044 from 87-100m down hole.

The metallurgical testwork results are summarised as follows:

1. Calculated head grades averaged 4.62 g/t Au for 99WM1 and 9.71 g/t Au from 99WM2;
2. Total gold extraction by the combination of gravity and cyanide leaching was 85.3% and 91.8%, respectively;
3. Fast leaching kinetics; and
4. Cyanide and lime consumptions were moderate and low, respectively.

The results of both the 1999 and 2017 metallurgical testwork indicate that Weednanna Targets 1, 2 and 3 mineralisation is well suited to conventional grinding and cyanide recovery techniques.

Preliminary metallurgical testwork was conducted by ALS Metallurgy Services Australia on a composite RC sample collected from Target 4 (WDMET004), with results summarised as follows:

- Average head assay was 16.6 g/t gold and 2 g/t silver;
- The calculated gold assays for all test work correspond well with the initial head assay value and confirmed the homogenous nature of the sample;
- At grind sizes of P80 75µm and P80 38µm, cyanide bottle roll gold extractions (24 hr) were 80.87% and 83.36%, respectively;
- Cyanide leaching of the gravity concentrate for the P80 75µm sample increased total gold extraction to 86.73%; and
- Gold leach kinetics indicates the majority of the leaching was completed after 24 hours. The mineralisation displayed reasonable reagent consumption with sodium cyanide and lime usage at 1.4 kg/t and 4.6 kg/t respectively in Perth tap water.

These results indicate that acceptable gold recoveries are achieved with a grind of P_{80} 75µm and a pre-leach gravity separation stage.

Past and present metallurgical testwork indicates that gold mineralisation from Weednanna Targets 1, 2, 3 and 4 is amenable to conventional grinding and cyanide recovery techniques with gold extractions ranging between 85.3% and 92.8% at a grind size of P_{80} 75µm.

2.1.1.3 2018 Testwork Status

Alliance has engaged BHM Process Consultants in Perth to undertake a staged work program of metallurgical testwork with the aim of optimising gold recovery and culminating in process design criteria and capital and operating costs for the processing base case. This work is continuing.

2.1.2 Weednanna Resource Estimation

2.1.2.1 Previous Estimates

No previous estimates are available for the gold component of the deposit.

2.1.2.2 Source Data

The drilling and sampling data used for the 2018 resource estimate was taken as a subset of the database supplied by Alliance in the format of a Microsoft Excel (CSV) and Microsoft Access formats named as follows;

Table 2-6: Weednanna Source Database Details

File Name	Data Type	Records
Weednanna_DB_Jul18.mdb	*Collar Data*	*438*
	DH Survey Data	*15,617*
	Assay Data	*43,416*

2.1.2.3 Geological & Mineralization Modelling

The mineralization and geological domain models are based on the surface drilling information. Geological domain wireframes were created for the Calc Silicate and Quartz vein zones in addition to domain solids for the low grade and high grade gold mineralization defined within the deposit area.

Strings were created on regular sections throughout the deposit to enable creation of the 3D domain shapes to constrain the geology and mineralization. A combination of geology, drill assays and general confidence level in continuity were used as the basis for the domain boundary.

A summary of the volume for each solid are shown in Table 8-2.

Table 2-7: Weednanna Deposit Geological and Mineralisation Domain Volumes

Domain	Type	Volume (m^3)
Calc Silicate	Geology	19,553,210
Quartz Vein		505,130
Low Grade	Mineralization	1,071,925
High Grade		139,728

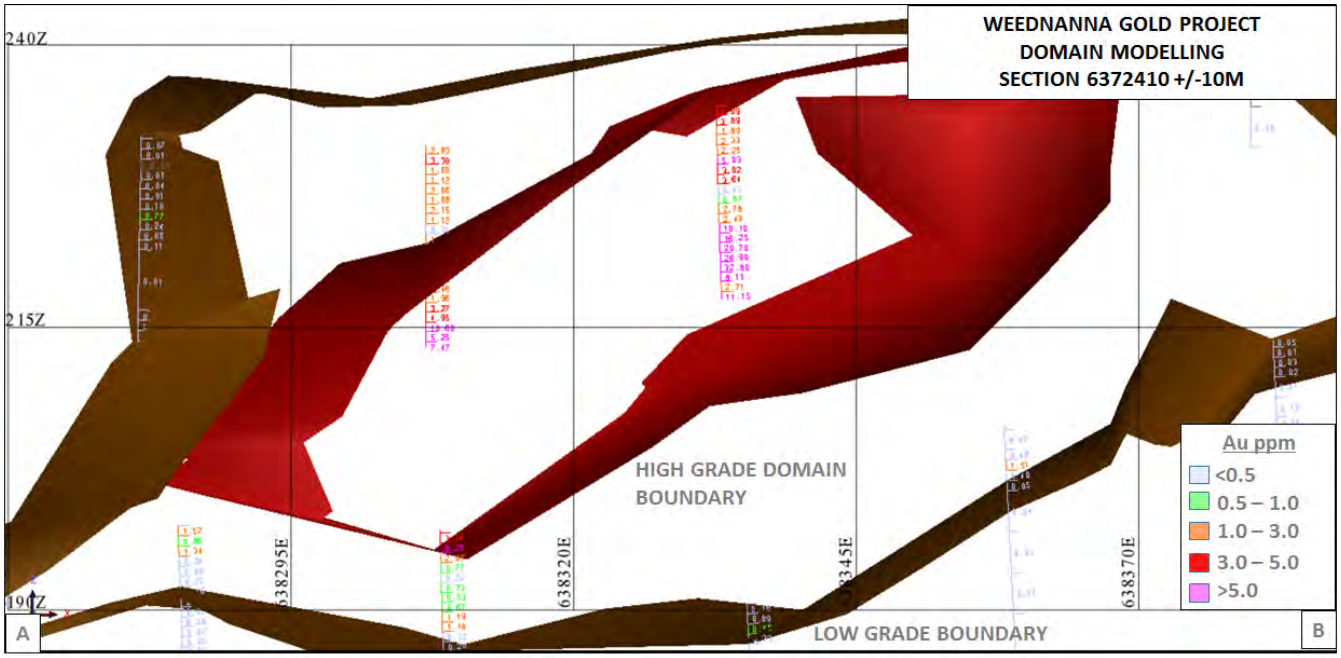

Figure 2-28: Domain Modelling – Section 6372410N +/- 10m

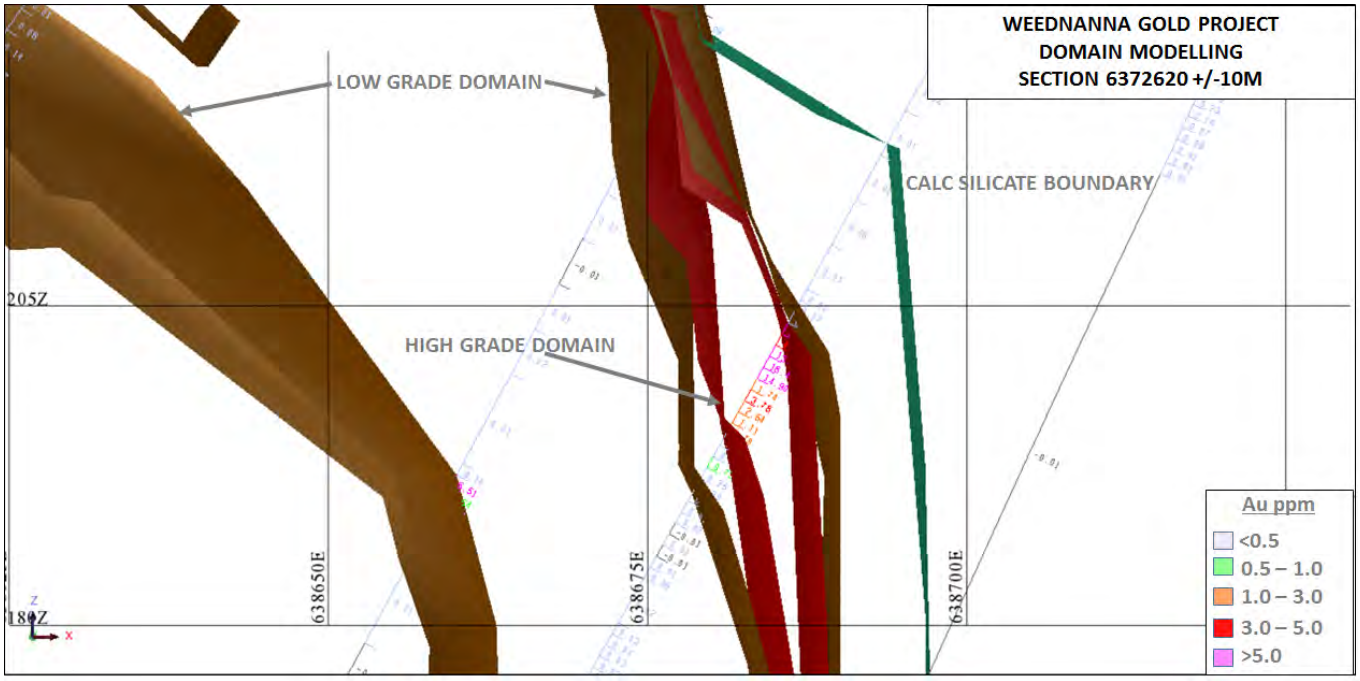

Figure 2-29: Domain Modelling – Section 6372620N +/- 10m

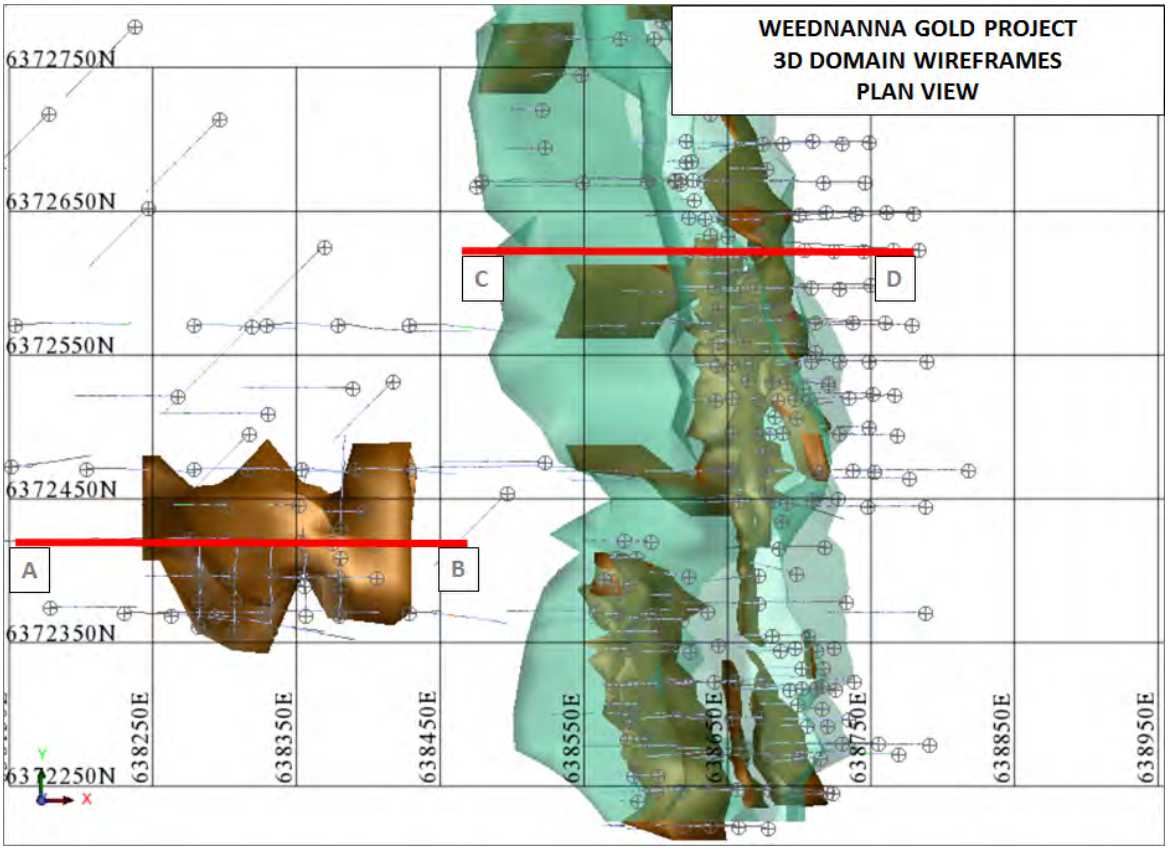

Figure 2-30: Domain Modelling – Plan View

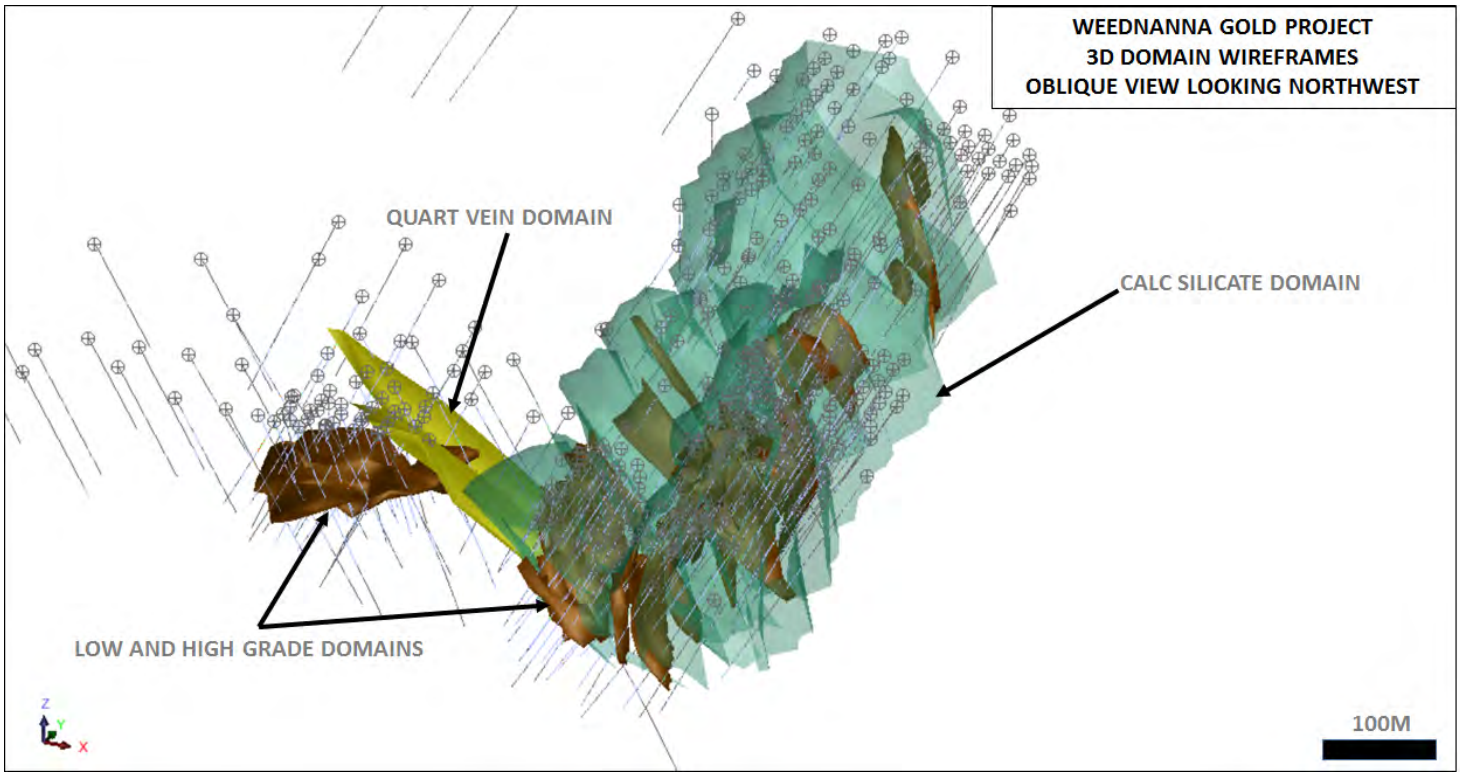

Figure 2-31: Domain Modelling – Oblique View Looking Northwest

2.1.2.4 Compositing

The median sampling interval contained within the source assay dataset is 1m. Given that 1m is the most common sample length and that the deposit is most likely to be mined via a combination of open pit and underground methods a composite length of 1m was selected as the basis for the resource estimation.

The composite files were created for the modelled domains using the downhole compositing function in Surpac. The ore domain wireframes were used via the 3DM drillhole intersection tool to code a field created in the assay database as ore or waste (inside or outside the wireframe and also for each individual low grade and high grade domain). This code was then used a filter during the compositing routine, the composite files therefore only contain data located within the mineralisation domain wireframes. The composite files contained the assay data as summarised in Table 2-9 below, the attributes contained within each description field are also shown in Table 2-8.

Table 2-8: Composite Data File Fields – Weednanna Gold Deposit

D Field	Attribute	Unit
D1	*Au*	*ppm*

Table 2-9: Composite Data File Names and Statistics

Domain	File Name	#Comps	Attribute	Min	Max	Mean	Var	Std	CV
Quartz	*wd_qv_comps0.str*	*256*	*Au ppm*	*0.01*	*9.64*	*0.31*	*0.91*	*0.95*	*3.1*
Low Grade	*wd_low_comps_final.str*	*2481*	*Au ppm*	*0.01*	*110*	*0.87*	*8.41*	*2.90*	*3.3*
High Grade	*shoot1_highgrade_nth.str*	*11*	*Au ppm*	*2.06*	*40.07*	*10.54*	*123.7*	*11.12*	*1.05*
	shoot1_highgrade_sth.str	*220*	*Au ppm*	*0.06*	*58.5*	*5.61*	*48.61*	*6.97*	*1.24*
	shoot2_highgrade.str	*74*	*Au ppm*	*0.01*	*117.8*	*9.91*	*251.8*	*15.9*	*1.60*
	shoot3_lower_highgrade.str	*7*	*Au ppm*	*3.31*	*40*	*17.73*	*144.6*	*12.0*	*0.68*
	shoot3_north_highgrade.str	*3*	*Au ppm*	*3.09*	*8.14*	*5.36*	-	-	-
	shoot3_upper_highgrade.str	*21*	*Au ppm*	*0.15*	*262*	*31.25*	*3332*	*57.72*	*1.85*
	shoot4_highgrade.str	*67*	*Au ppm*	*0.11*	*74.2*	*9.64*	*231*	*15.2*	*1.58*
	shoot5_highgrade.str	*30*	*Au ppm*	*0.02*	*63.9*	*6.54*	*149*	*12.2*	*1.89*
	shoot5e_north_highgrade.str	*16*	*Au ppm*	*2.55*	*9.16*	*3.87*	*2.50*	*1.58*	*0.41*
	shoot5e_south_highgrade.str	*9*	*Au ppm*	*0.12*	*74.8*	*17.38*	*510*	*22.57*	*1.30*
	shoot6_highgrade.str	*8*	*Au ppm*	*2.68*	*21.6*	*6.43*	*34.19*	*5.85*	*0.91*
	shoot7_highgrade.str	*11*	*Au ppm*	*2.68*	*7.75*	*5.47*	*3.27*	*1.81*	*0.34*
	shoot7a_highgrade.str	*5*	*Au ppm*	*3.02*	*8.9*	*6.26*	*6.73*	*2.59*	*0.42*

The statistical populations for each of these composite files are shown in the figures below.

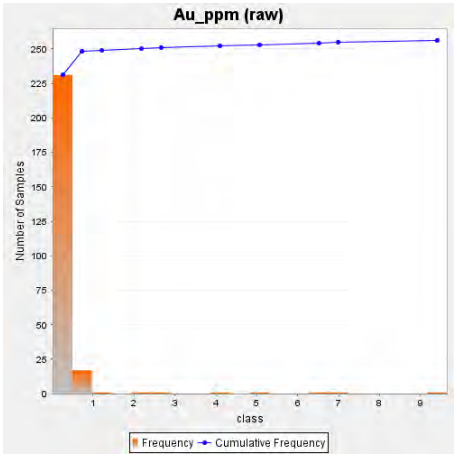

Figure 2-32: Au ppm Composites Histogram – Quartz Vein

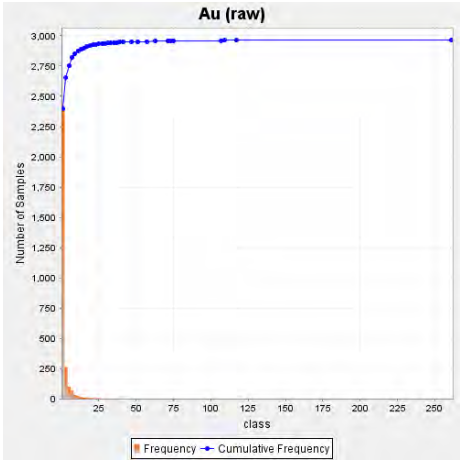

Figure 2-33: Au ppm Composites Histogram – Low Grade Domain

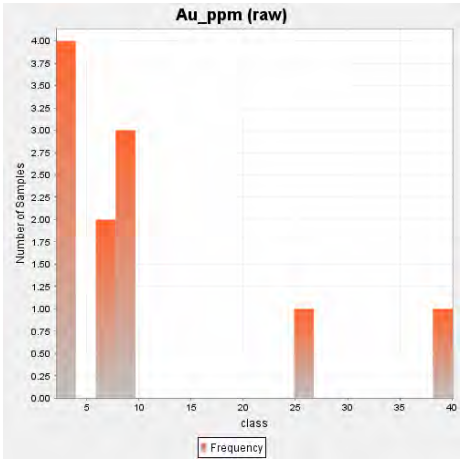

Figure 2-34: Au ppm Composites Histogram – Shoot 1 High Grade North Domain

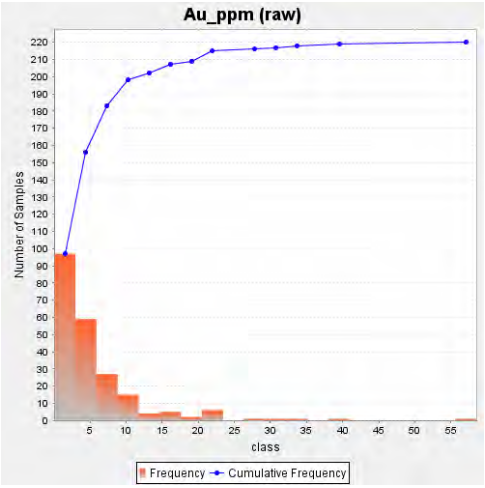

Figure 2-35: Au ppm Composites Histogram – Shoot 1 High Grade South Domain

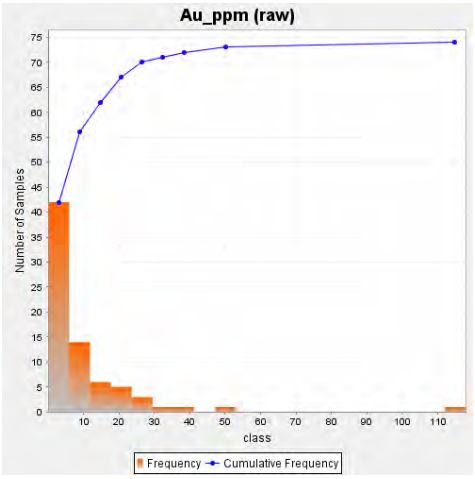

Figure 2-36: Au ppm Composites Histogram – Shoot 2 High Grade Domain

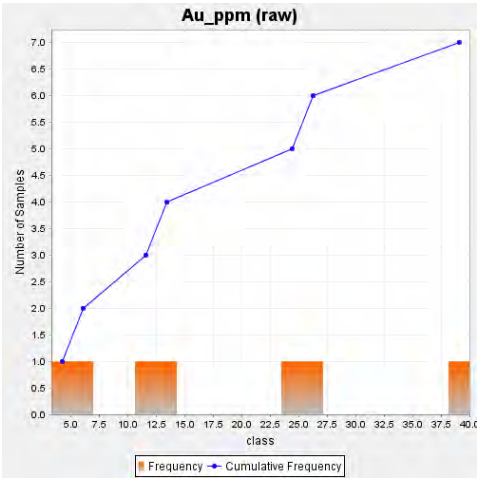

Figure 2-37: Au ppm Composites Histogram – Shoot 3 Lower High Grade Domain

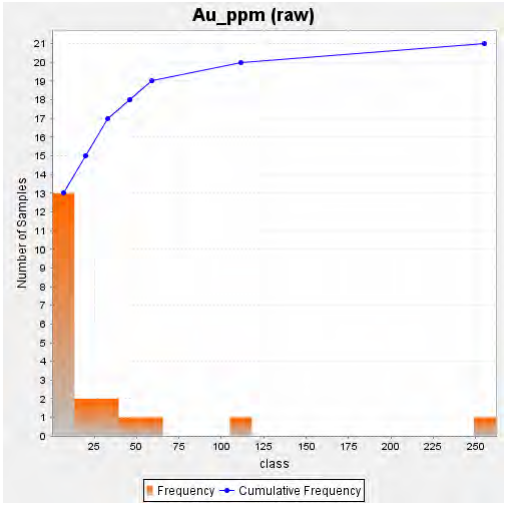

Figure 2-38: Au ppm Composites Histogram – Shoot 3 Upper High Grade Domain

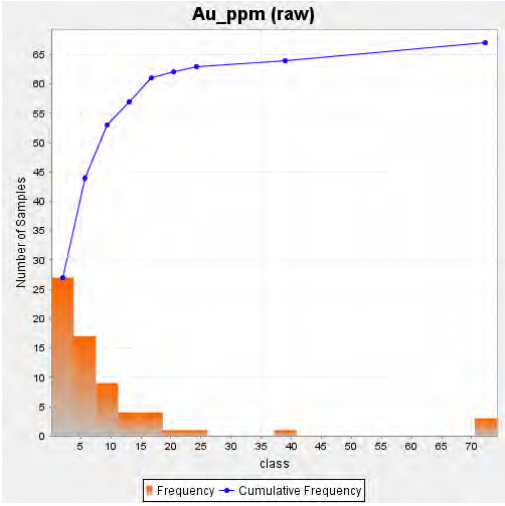

Figure 2-39: Au ppm Composites Histogram – Shoot 4 High Grade Domain

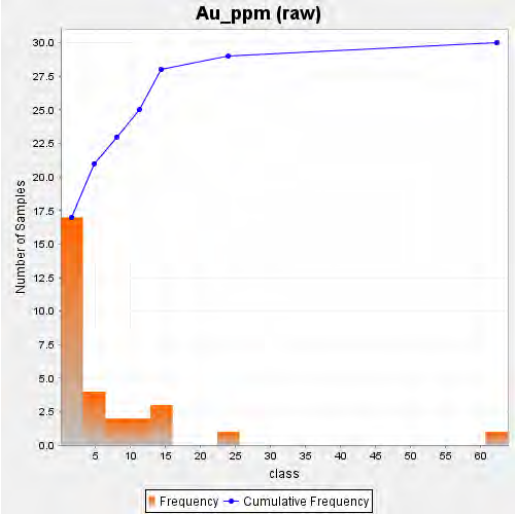

Figure 2-40: Au ppm Composites Histogram – Shoot 5 High Grade Domain

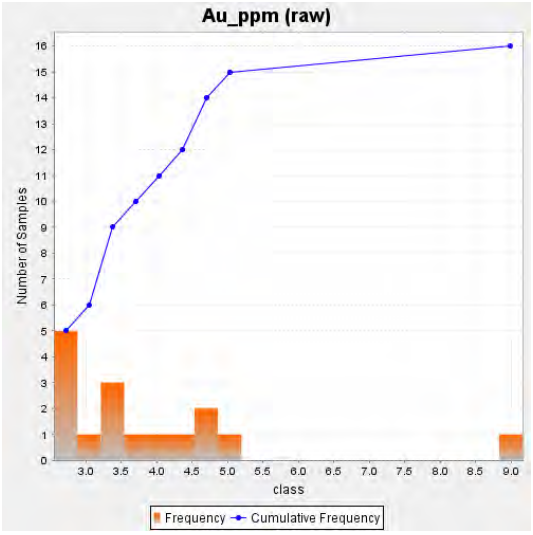

Figure 2-41: Au ppm Composites Histogram – Shoot 5e High Grade Domain

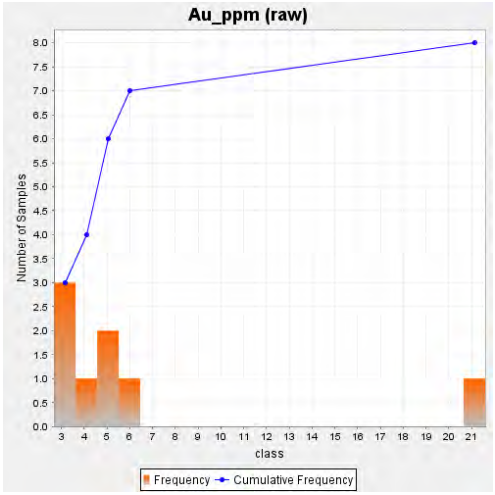

Figure 2-42: Au ppm Composites Histogram – Shoot 6 High Grade Domain

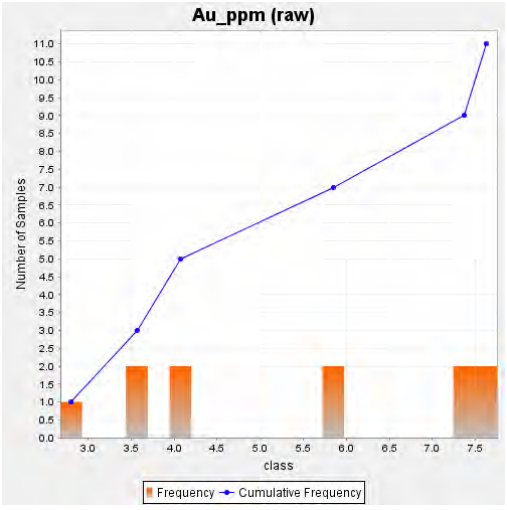

Figure 2-43: Au ppm Composites Histogram – Shoot 7 High Grade Domain

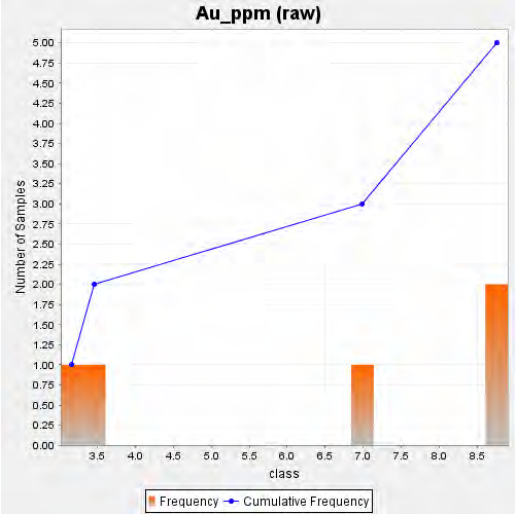

Figure 2-44: Au ppm Composites Histogram – Shoot 7a High Grade Domain

2.1.2.5 Grade Capping

High grade outliers within the resource assay dataset can lead to an overestimation of the block grades if not appropriately accounted within the resource modelling process.

The Weednanna gold deposit contains fine gold with metallurgical testwork indicating that a significant percentage of gold is less than 45 micron in size. There are however significant high grade assays contained within the resource assay dataset.

Given the particle size and distribution of gold mineralization within the deposit Mining One determined that the best approach to limiting the influence of high grade outliers was to restrict the search radii applied to gold grades above each high grade outlier threshold for each mineralization domain.

The high grade outlier values used to limit the search radii for each domain are summarized in Table 2-10 below. These values were limited to a 25m search radii when applied during the estimation process.

Table 2-10: High Grade Outliers – Weednanna Gold Deposit

Domain	High Grade Threshold Value	Number of Assays Affected
Shoot 1 High Grade North	*32 ppm*	*1*
Shoot 1 High Grade South	*25 ppm*	*5*
Shoot 2 High Grade	*41 ppm*	*2*
Shoot 3 Lower High Grade	*None required*	*0*
Shoot 3 North High Grade	*None Required*	*0*
Shoot 3 Upper High Grade	*150 ppm*	*1*
Shoot 4 High Grade	*40 ppm*	*3*
Shoot 5 High Grade	*30 ppm*	*1*
Shoot 5e North High Grade	*None Required*	*0*
Shoot 5e South High Grade	*60 ppm*	*1*
Shoot 6 High Grade	*20 ppm*	*1*
Shoot 7 High Grade	*None Required*	*0*
Shoot 7a High Grade	*None Required*	*0*

The estimation process ignores the values above each high grade threshold at search radii greater than 25m. This method therefore limits the influence of high grade data in regions where data is limited and therefore decreases the risk of high grades smearing through the estimation process.

The high grade threshold values were selected based on either the histogram or probability plots where separate outlier assay populations were evident. Some examples used are shown in Figure 2-45 and Figure 2-46 below.

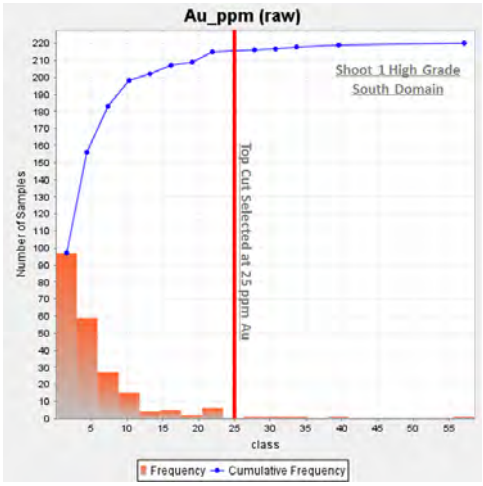

Figure 2-45: Shoot 1 High Grade South Domain Outlier Selection

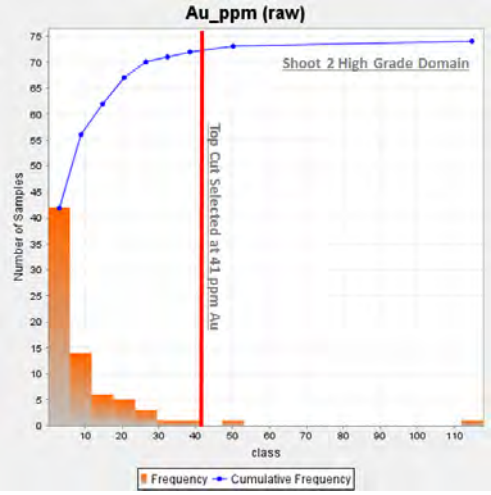

Figure 2-46: Shoot 2 High Grade Domain Outlier Selection

2.1.2.6 Variography & Estimation Search Parameters

Variogram analysis was completed for each domain to determine if valid variograms could be constructed to determine the spatial relationship between sample pairs. Given the limited number of sample pairs in the majority of the high grade domains is was not possible to form valid variograms. The assessment therefore directed the estimation process to use Inverse Distance Squared (ID^2) instead of ordinary kriging.

2.1.2.7 Block Model Construction

The block model was constructed in Surpac software with the parent block size chosen based on a factor of the drill spacing and overall potential open pit and underground mining methods for the deposit. Sub-blocking was also used to ensure appropriate block definition on the boundaries of the modelled domains.

The parameters used to construct the base block model are summarized in Table 2-11.

Table 2-11: Block Model Construction Parameters

Model Coordinates			
	Local North (X)	Local East (Y)	Local RL (Z)
Min	638,160	6,372,120	-50
Max	638,860	6,373,460	320

Model Orientation			
	Bearing	Dip	Plunge
Rotation	0	0	0

Block Size (m)			
	(X)	(Y)	(Z)
Parent Block	10	10	5
Sub-blocking	0.3125	0.3125	0.15625

Table 2-12: Block Model Attribute Fields

Model Attributes		
Attribute Name	Type	Attribute Description
au_id2_ppm	Float	Inverse distance squared gold estimate
ave_dist_comps	Float	Average distance to composite values from centroid
dist_nearest_comp	Float	Distance from centroid to nearest composite
domain	Integer	HG=1, LG=2, CS=3, QV=4
hg_domain	Integer	Individual codes for each high grade domain
in_1600aud_pit	Integer	1=inside $1,600AUD pit shell, 0=outside
in_2000aud_pit	Integer	1=inside $2,000AUD pit shell, 0=outside
lg_domain	Integer	Individual codes for the low grade domains
num_comps	Integer	Number of composites used to estimate the block
res_cat	Integer	1=Measured, 2=Indicated, 3=Inferred
topography	Integer	1=above topo surface
weathering	Integer	10=cover, 20=saprolite, 30=saprock, 40=Fresh

2.1.2.8 Estimation Technique

The inverse distance squared estimation method was used to estimate gold grades into the block model. The discretisation used was 3 x 3 x 3. Inverse distance was used due to the lack of valid variograms in most of the domains due to sufficient sample pairs.

The domain boundaries for the mineralized zone were honored by the estimate as a hard boundary; that is no composite data from outside of each individual domain was used to inform the grade estimation of blocks within the model.

2.1.2.9 Grade Interpolation Parameters

Grades were estimated into the blocks based on the 1m composite files. Four estimation passes were run with the mineralisation domains using the composite files. Details of the parameters used for each estimation pass are summarised in Table 2-13. The search ellipse parameters were determined based on the orientation of each modelled domain within the deposit area.

Table 2-13: Weednanna Estimation Parameters

Domain	Attribute	Pass	Type	Azimuth	Plunge	Dip	Major-Semi Axis Ratio		Search Radius	Samples		Outlier Threshold
										Min	Max	
Qz Vein	Au ppm	1	ID2	320	0	-45	1	2	10m	5	25	N/A
		2	ID2	320	0	-45	1	2	25m	5	25	
		3	ID2	320	0	-45	1	2	50m	5	25	
		4	ID2	320	0	-45	1	2	100m	2	10	
Low Grade	Au ppm	1	ID2	180	0	-60	1	4	10m	5	25	100 ppm
		2	ID2	180	0	-60	1	4	25m	5	25	
		3	ID2	180	0	-60	1	4	50m	5	25	
		4	ID2	180	0	-60	1	4	100m	2	10	
Shoot 1 High Grade North	Au ppm	1	ID2	90	0	-60	1	4	10m	3	25	32 ppm
		2	ID2	90	0	-60	1	4	25m	3	25	
		3	ID2	90	0	-60	1	4	50m	3	25	
		4	ID2	90	0	-60	1	4	100m	2	10	
Shoot 1 High Grade South	Au ppm	1	ID2	90	0	-60	1	4	10m	3	25	25 ppm
		2	ID2	90	0	-60	1	4	25m	3	25	
		3	ID2	90	0	-60	1	4	50m	3	25	
		4	ID2	90	0	-60	1	4	100m	2	10	
Shoot 2 High Grade	Au ppm	1	ID2	350	0	-50	1	4	10m	3	25	41 ppm
		2	ID2	350	0	-50	1	4	25m	3	25	
		3	ID2	350	0	-50	1	4	50m	3	25	
		4	ID2	350	0	-50	1	4	100m	2	10	
Shoot 3 Lower High Grade	Au ppm	1	ID2	325	0	-40	1	4	10m	3	25	N/A
		2	ID2	325	0	-40	1	4	25m	3	25	
		3	ID2	325	0	-40	1	4	50m	3	25	
		4	ID2	325	0	-40	1	4	100m	2	10	
Shoot 3 North High Grade	Au ppm	1	ID2	360	0	-60	1	4	10m	3	25	N/A
		2	ID2	360	0	-60	1	4	25m	3	25	
		3	ID2	360	0	-60	1	4	50m	3	25	
		4	ID2	360	0	-60	1	4	100m	2	10	
Shoot 3 Upper High Grade	Au ppm	1	ID2	320	0	-60	1	4	10m	3	25	150 ppm
		2	ID2	320	0	-60	1	4	25m	3	25	
		3	ID2	320	0	-60	1	4	50m	3	25	
		4	ID2	320	0	-60	1	4	100m	2	10	
Shoot 4 High Grade	Au ppm	1	ID2	350	0	-50	1	4	10m	3	25	40 ppm
		2	ID2	350	0	-50	1	4	25m	3	25	
		3	ID2	350	0	-50	1	4	50m	3	25	
		4	ID2	350	0	-50	1	4	100m	2	10	
Shoot 5 High Grade	Au ppm	1	ID2	350	0	-90	1	4	10m	3	25	30 ppm
		2	ID2	350	0	-90	1	4	25m	3	25	
		3	ID2	350	0	-90	1	4	50m	3	25	
		4	ID2	350	0	-90	1	4	100m	2	10	
Shoot 5e North High Grade	Au ppm	1	ID2	360	0	-70	1	4	10m	3	25	N/A
		2	ID2	360	0	-70	1	4	25m	3	25	
		3	ID2	360	0	-70	1	4	50m	3	25	
		4	ID2	360	0	-70	1	4	100m	2	10	
Shoot 5e South High Grade	Au ppm	1	ID2	347	0	-70	1	4	10m	3	25	60 ppm
		2	ID2	347	0	-70	1	4	25m	3	25	
		3	ID2	347	0	-70	1	4	50m	3	25	
		4	ID2	347	0	-70	1	4	100m	2	10	
Shoot 6 High Grade	Au ppm	1	ID2	180	0	-70	1	4	10m	3	25	20 ppm
		2	ID2	180	0	-70	1	4	25m	3	25	
		3	ID2	180	0	-70	1	4	50m	3	25	
		4	ID2	180	0	-70	1	4	100m	2	10	
Shoot 7 High Grade	Au ppm	1	ID2	15	0	-30	1	4	10m	3	25	N/A
		2	ID2	15	0	-30	1	4	25m	3	25	
		3	ID2	15	0	-30	1	4	50m	3	25	
		4	ID2	15	0	-30	1	4	100m	2	10	
Shoot 7a High Grade	Au ppm	1	ID2	10	0	-20	1	4	10m	3	25	N/A
		2	ID2	10	0	-20	1	4	25m	3	25	
		3	ID2	10	0	-20	1	4	50m	3	25	
		4	ID2	10	0	-20	1	4	100m	2	10	

2.1.2.10 Weathering Surface Coding

Weathering surfaces were supplied by Alliance to represent the base of the cover sequence, base of saprolite and base of saprock. These surfaces are based on the geological logging within each of the drillholes.

Figure 2-47 and Figure 2-48 show the extent of the base of cover and base of saprolite surfaces. The weathered domains were coded into the model as summarized in Table 2-14 .

Table 2-14: Weathering Surface Coding into Block Model

Weathering Domain	Model Code
Cover	10
Saprolite	20
Saprock	30
Fresh	40

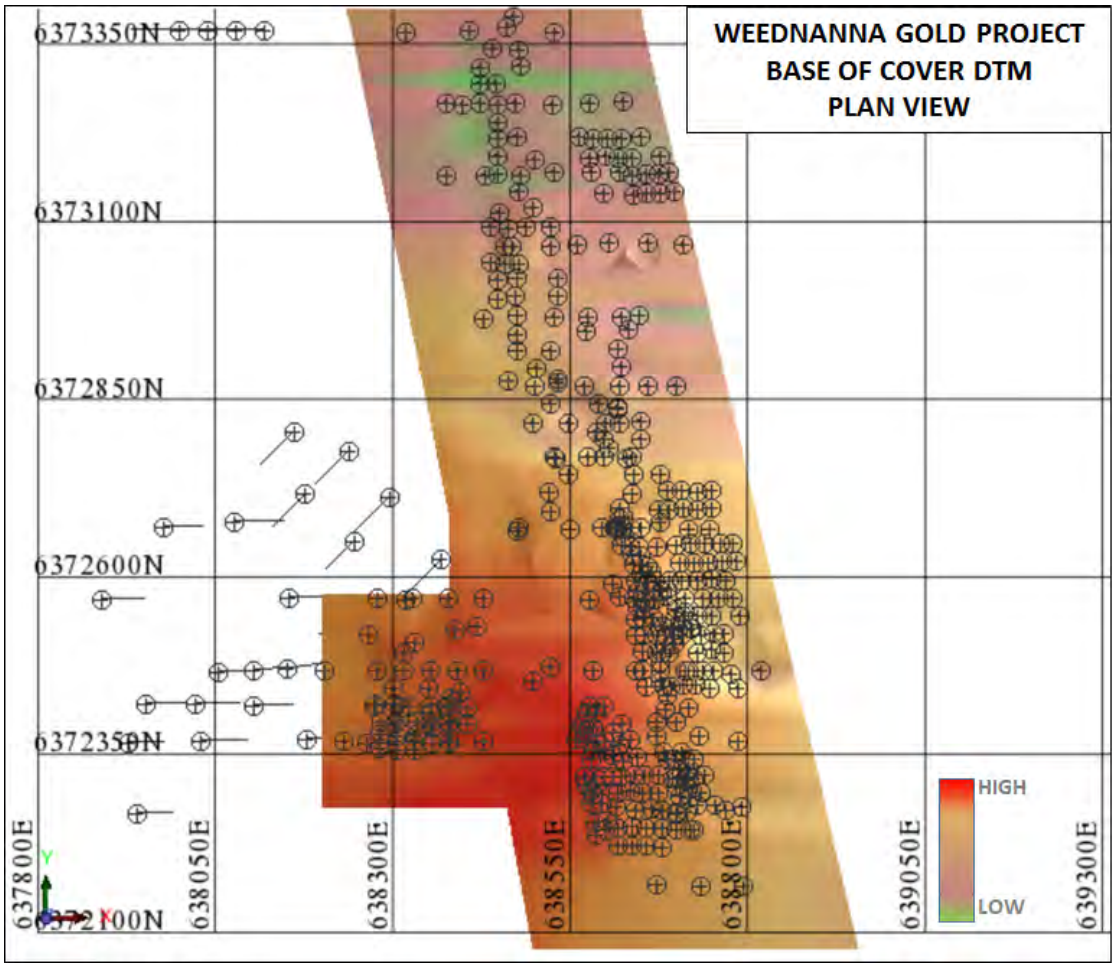

Figure 2-47: Base of Cover DTM Surface – Plan View

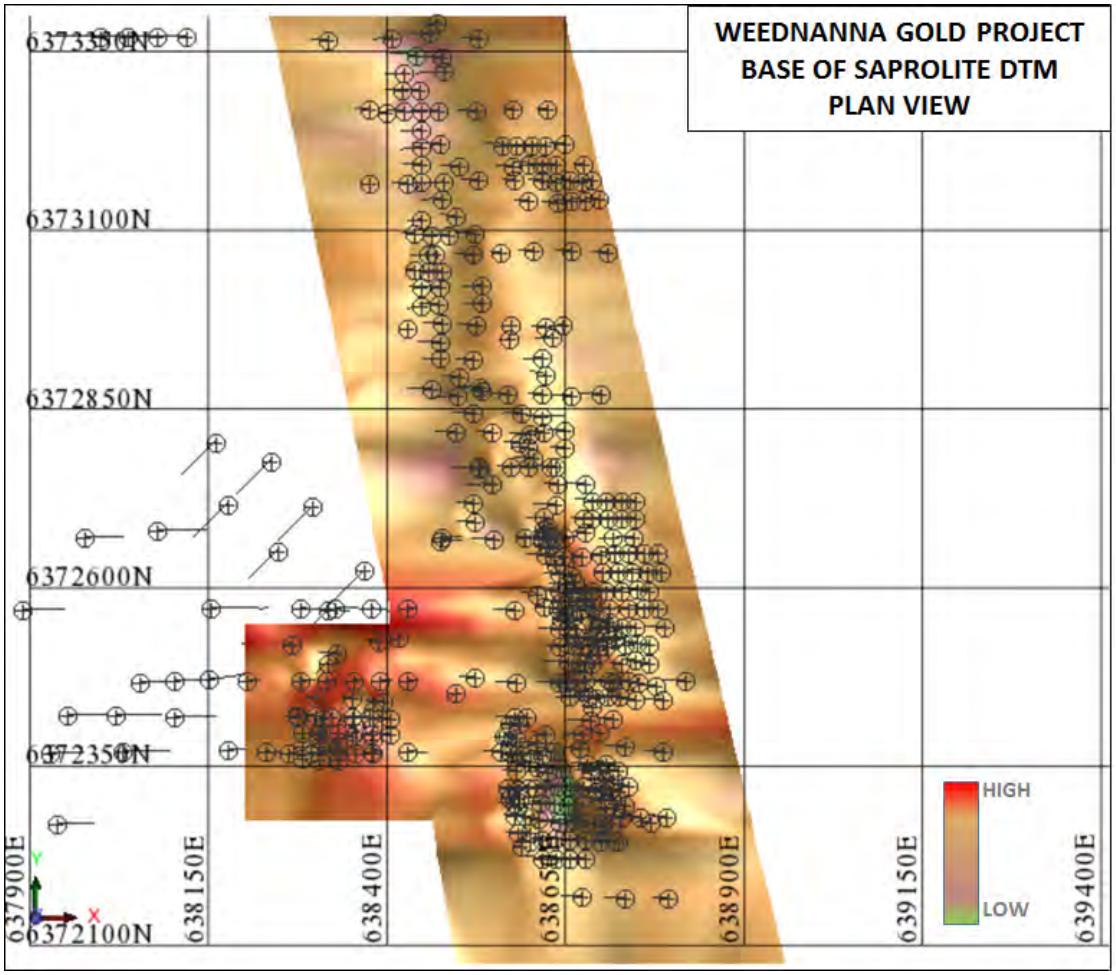

Figure 2-48: Base of Saprolite DTM Surface – Plan View

2.1.2.11 Mineral Resource Classification

The Mineral Resources were classified into Indicated and Inferred categories, no Measured blocks were reported within the resource area. The classification was based on confidence in geological continuity and drill data spacing. The model was coded for resource classification as summarized in Table 2-15 below.

Table 2-15: Resource Classification Coding Parameters

Resource Class	Criteria		Model Code
	Ave Distance to Composites	Number of Composites	
Indicated	0-20m	10	2
Inferred	0-40m	3	3

The coding of the model for resource classification using the distance to composites produces a "spotted dog" effect for resource class coding. To improve the consistency of resource class coding an extra step was completed where 3D wireframes were created for the Indicated and Inferred classified material, based on the automated resource coding and also the confidence in the continuity of the mineralization within each domain.

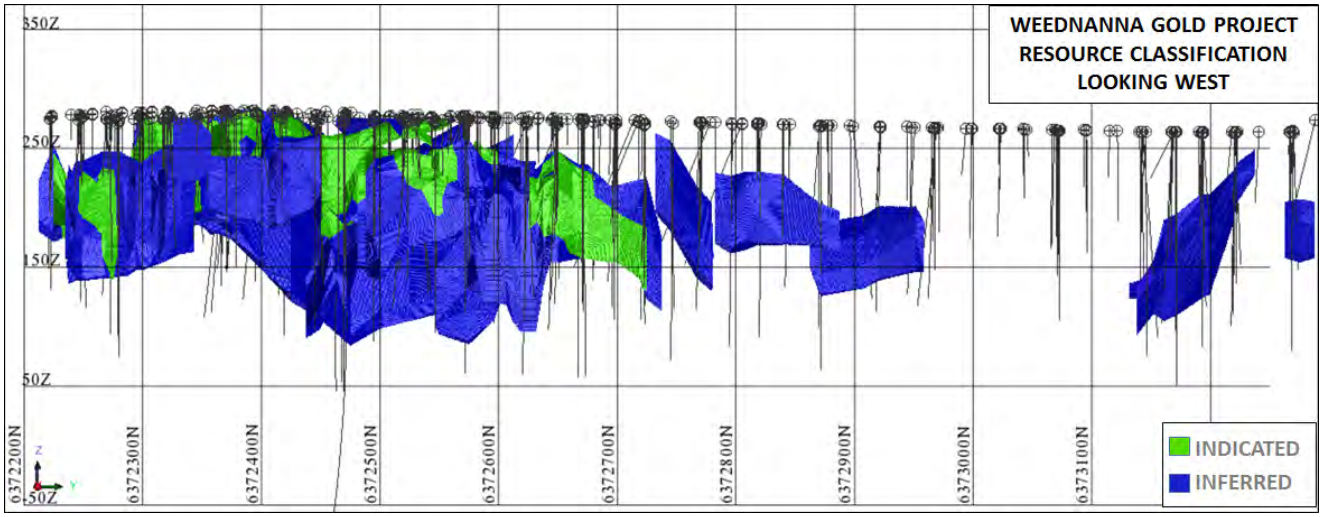

Figure 2-49: Weednanna Resource Category Block Model Coding – Looking West

2.1.2.12 Pit Shell Optimizations

To establish the component of the mineral inventory that has the potential to be economic within an open pit mining scenario a series of pit optimizations were run within Whittle software. These were run at Australian dollar gold prices ranging between $1,200 and $2,500. For the purposes of reporting Mineral Resources the $2,000 AUD gold price case was selected as appropriate for resource reporting purposes given the August 2018 gold price of approximately $1,600 AUD. The assumptions used for the basis of the pit optimizations are summarized in Table 2-16. The $2,000 AUD pit shells produced are shown in Figure 2-50.

Table 2-16: 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)

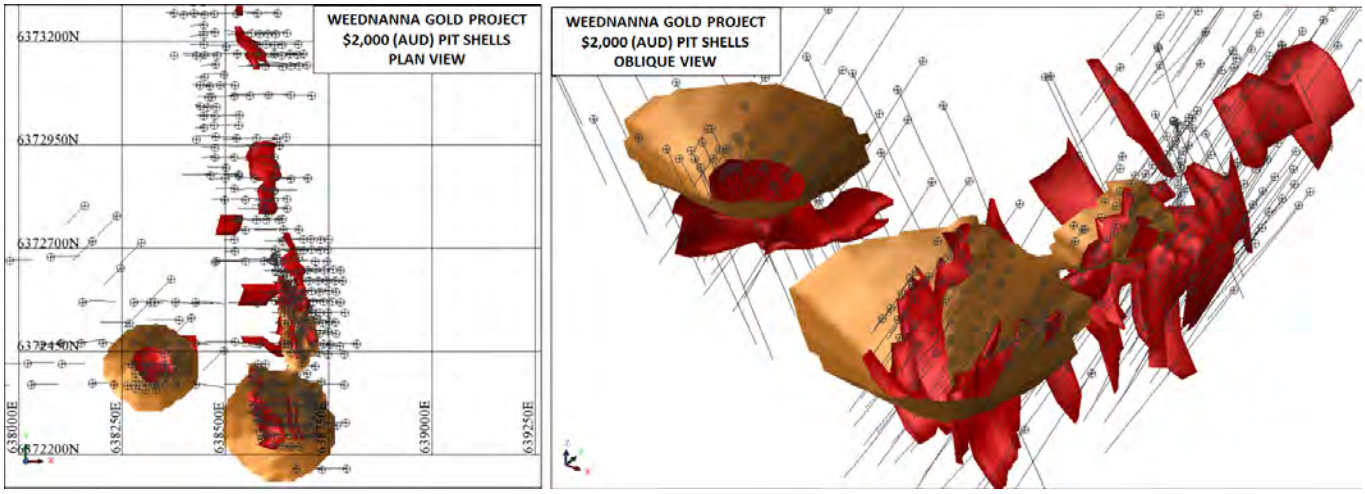

Figure 2-50: Weednanna $2,000 (AUD) Pit Shells – Plan and Oblique Views

2.1.2.13 Estimation Results

Block Model reports were run by reporting blocks within the mineralization domains with resource class less than or equal to 3 with blocks only above 0.5 ppm Au within a $2,000 AUD optimized pit shell to obtain a potential open pitable resource and then above a 2.0 ppm Au cut-off below the pit shell to define potential underground resources. Global Resources reported above cut-offs between 0.5ppm and 2.0 ppm without using the $2,000 pit shell constraint are also summarized in Table 2-18. A 2.0 ppm Au cut-off was used for the deeper Resources as a realistic Resource cut-off grade in a potential underground mining scenario.

Grade tonnage curves in Section 2.1.2.14 demonstrate the effect of raising the Au ppm cut-offs on the global resources, the same constraints were used on the source data to construct the curves that were used to filter the reported resources in Table 2-17.

Table 2-17: Weednanna JORC Resources Summary 30th August 2018

REPORTING CRITERIA	RESOURCE CLASS	DOMAIN	VOLUME	TONNES	Au (ppm)	Au (Oz)
Inside Pit Shell ($2,000AUD) & >0.5 ppm Au	INDICATED	LOW GRADE	82,609	285,140	1.16	10,625
		HIGH GRADE	54,018	203,019	7.43	48,455
		SUBTOTAL	136,627	488,149	3.77	59,116
	INFERRED	LOW GRADE	55,291	192,669	2.22	13,740
		HIGH GRADE	4,512	16,415	9.55	5,036
		SUBTOTAL	59,804	209,084	2.79	18,739
Outside Pit Shell ($2,000AUD) & >2.0 ppm Au	INDICATED	LOW GRADE	5,416	19,032	2.92	1,785
		HIGH GRADE	22,023	82,568	10.09	26,762
		SUBTOTAL	27,439	101,600	8.75	28,557
	INFERRED	LOW GRADE	40,313	137,543	2.92	12,901
		HIGH GRADE	42,543	160,248	11.89	61,205
		SUBTOTAL	82,856	297,791	7.75	74,136
All Areas Total	INDICATED	LOW GRADE	88,025	304,172	1.27	12,410
		HIGH GRADE	76,041	285,587	8.20	75,217
		SUBTOTAL	164,066	589,759	4.63	87,627
	INFERRED	LOW GRADE	95,604	330,212	2.51	26,641
		HIGH GRADE	47,055	176,663	11.67	66,241
		SUBTOTAL	142,659	506,875	5.70	92,882

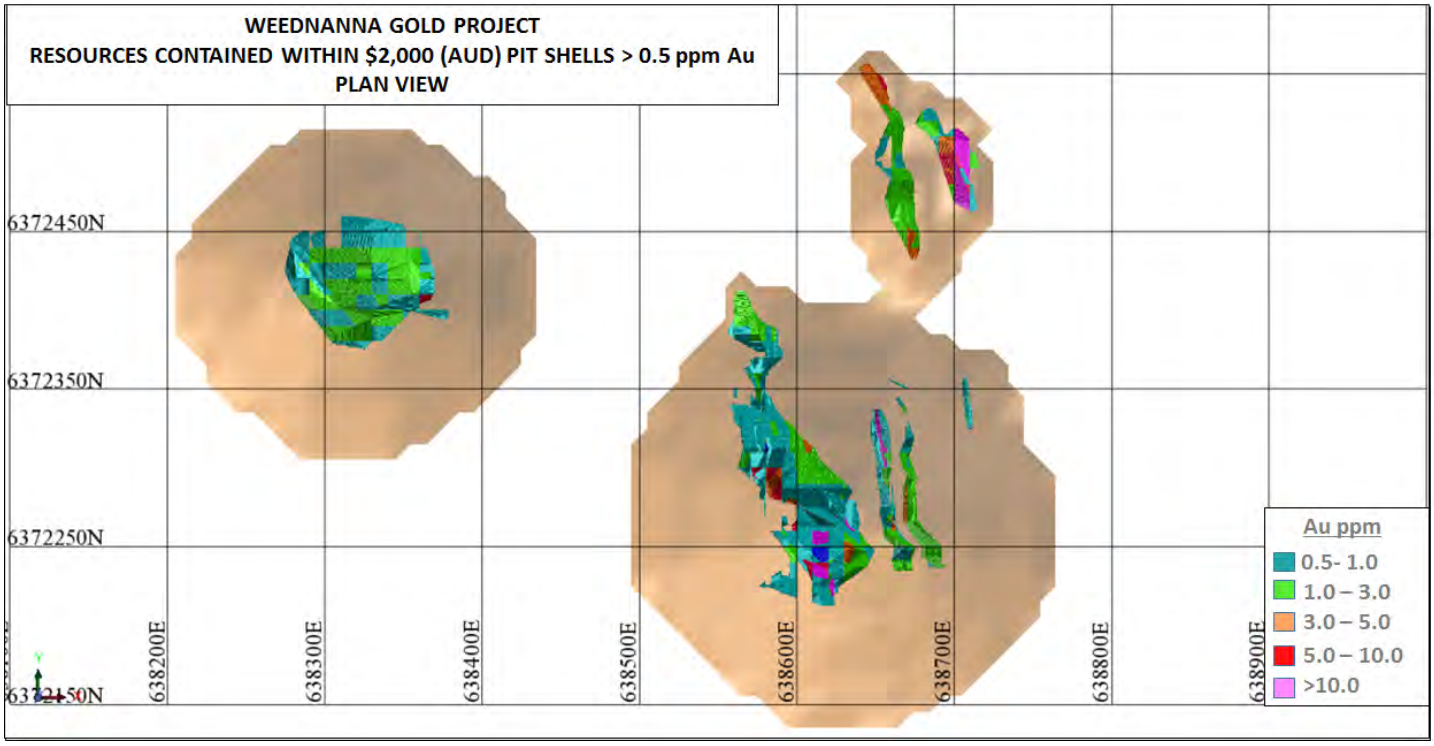

Figure 2-51: Resource Blocks (Au ppm) within $2,000 AUD Pit Shell – Plan View

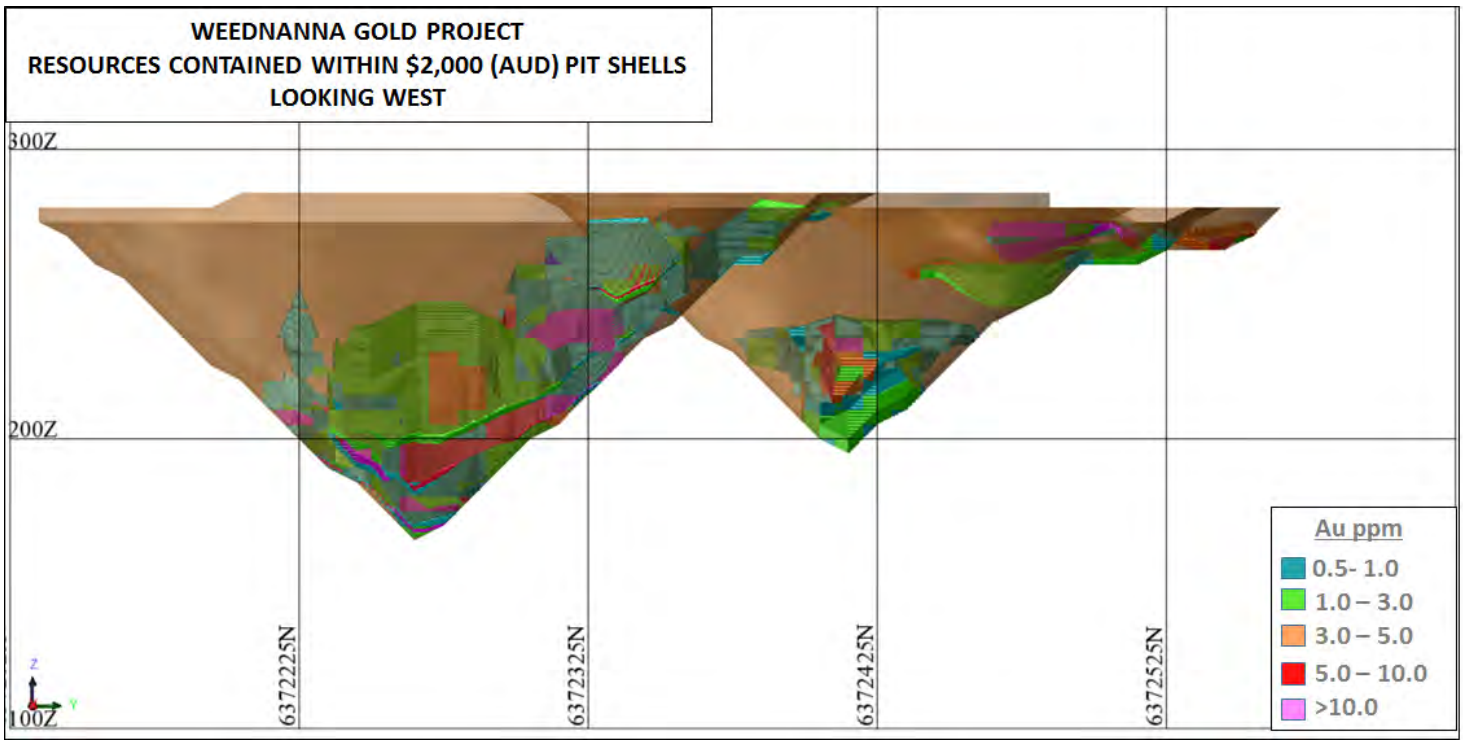

Figure 2-52: Resource Blocks (Au ppm) within $2,000 AUD Pit Shell – Looking West

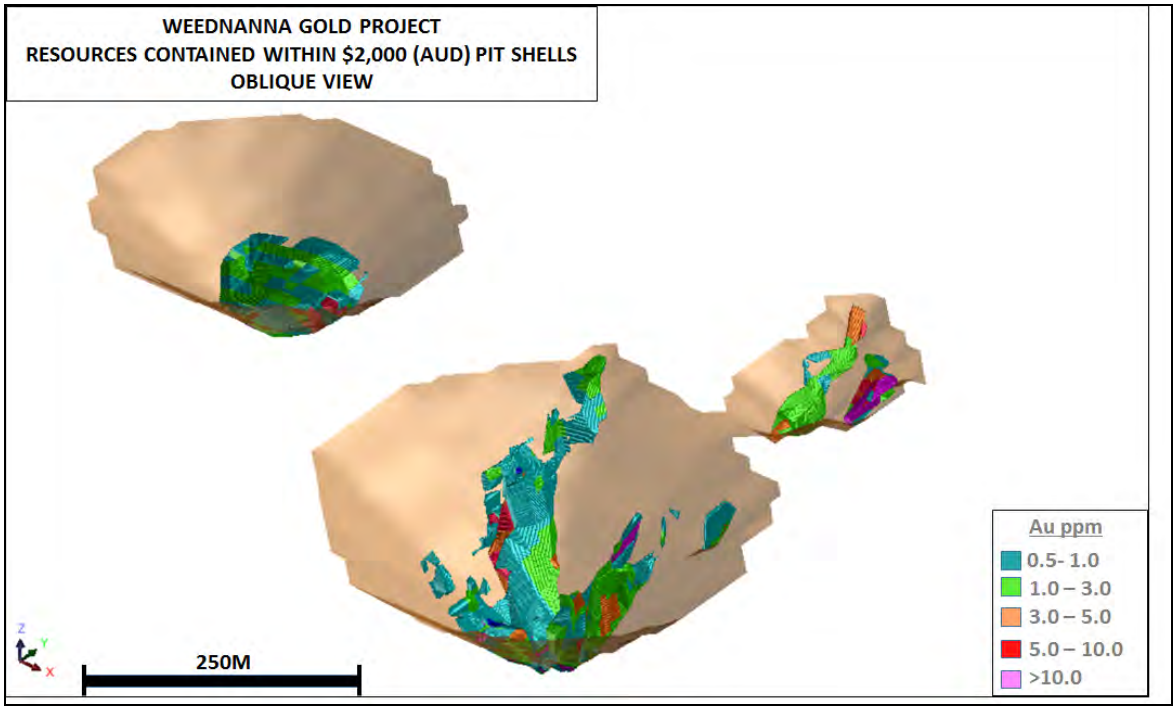

Figure 2-53: Resource Blocks (Au ppm) within $2,000 AUD Pit Shell – Oblique View

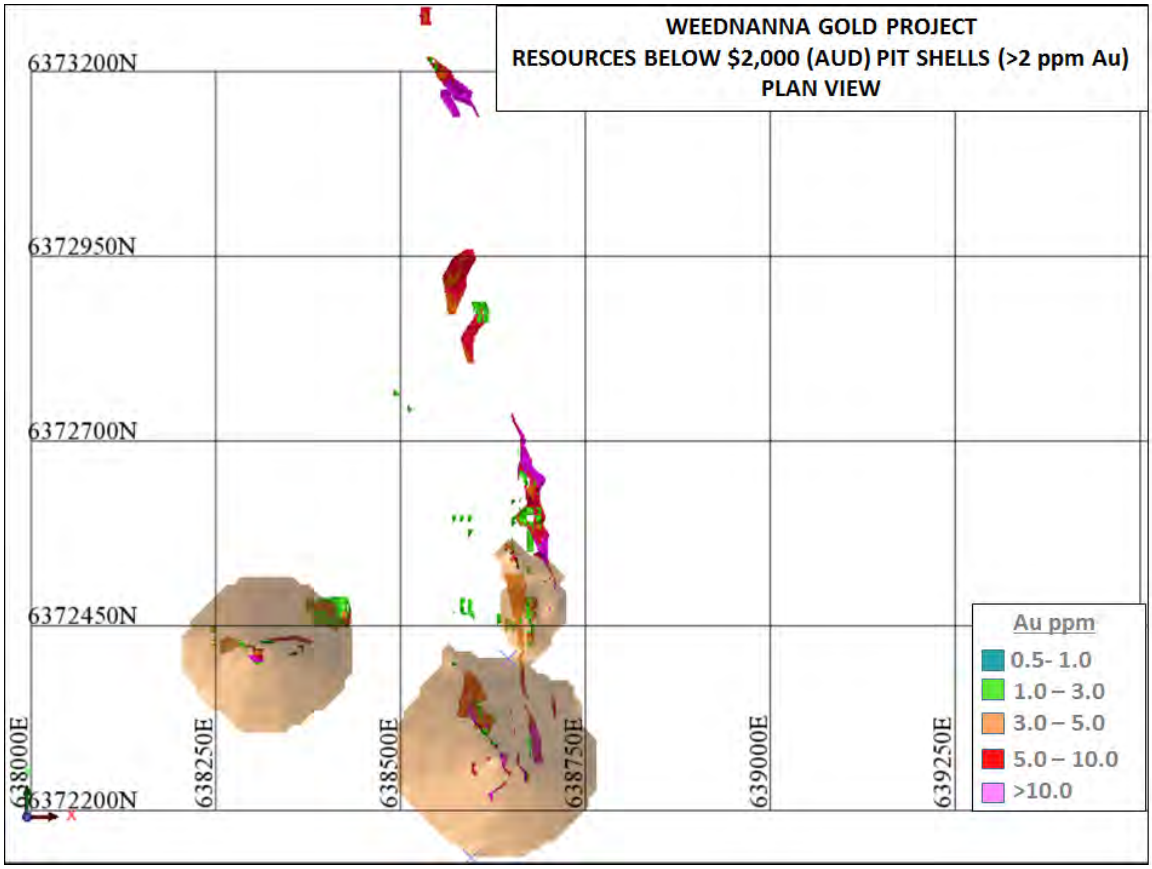

Figure 2-54: Resource Blocks (Au ppm) outside $2,000 AUD Pit Shell – Plan View

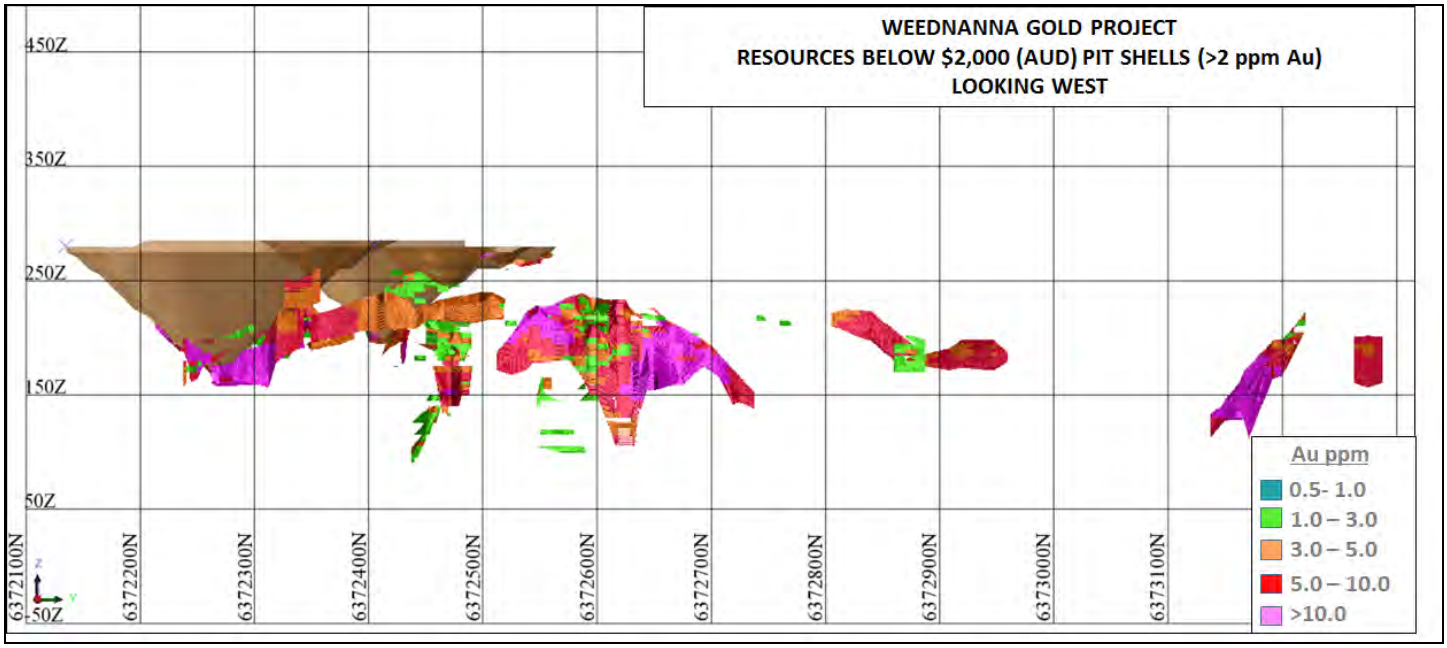

Figure 2-55: Resource Blocks (Au ppm) outside $2,000 AUD Pit Shell – Looking West

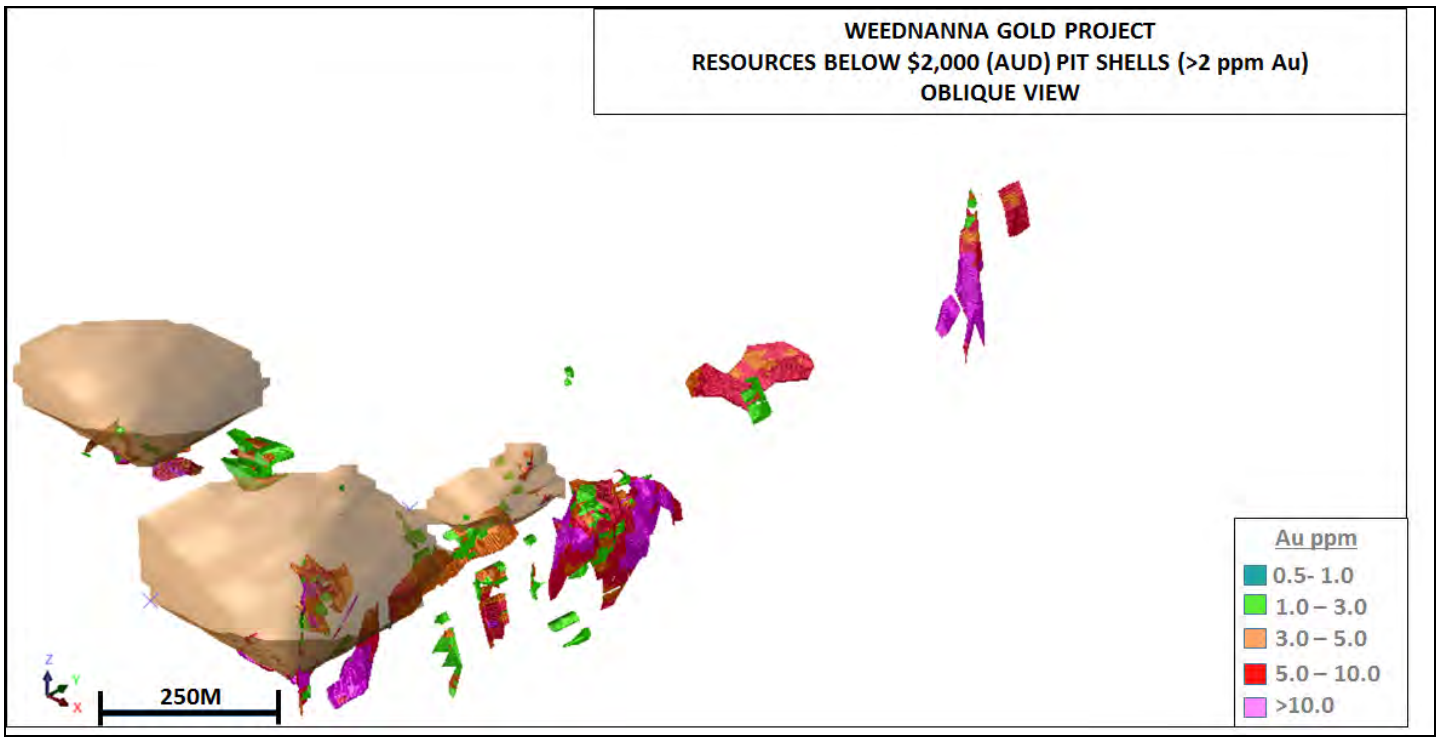

Figure 2-56: Resource Blocks (Au ppm) outside $2,000 AUD Pit Shell – Oblique View

Table 2-18: Weednanna Global Resources (Using gold cut-off grade only)

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

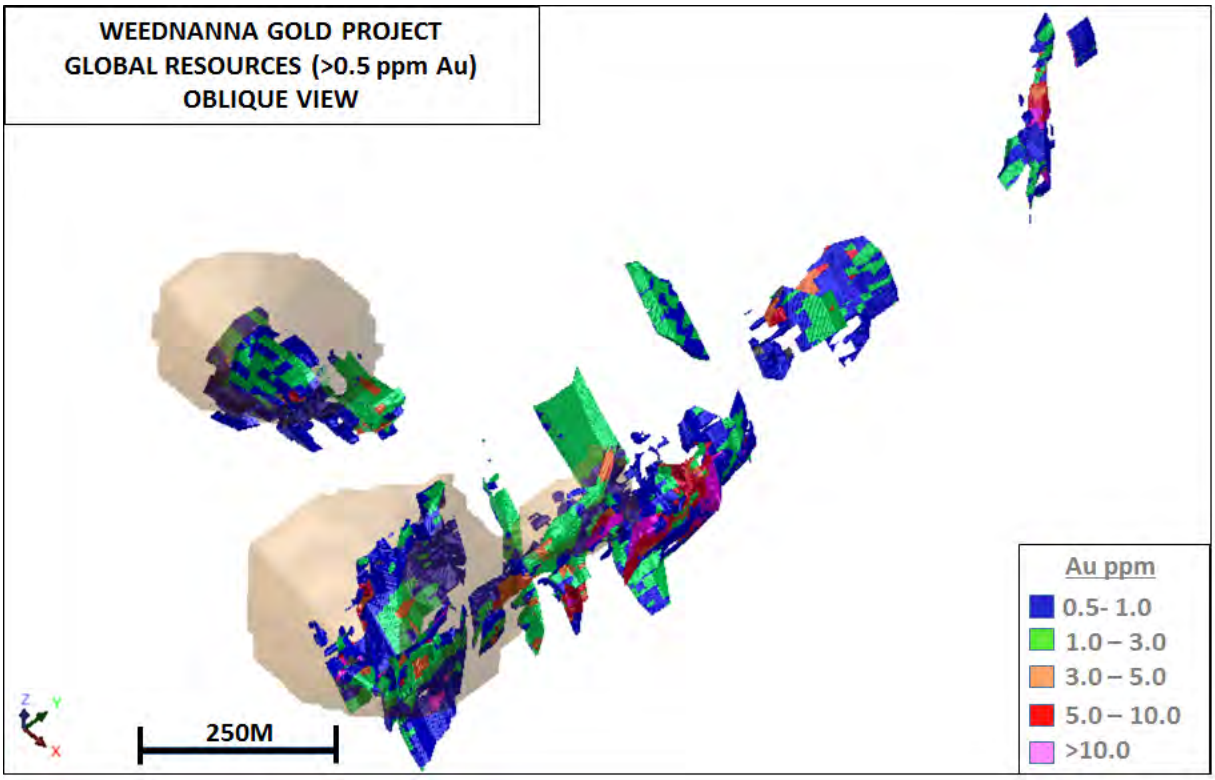

Figure 2-57: Global Resource Blocks (Au ppm) > 0.5 Au ppm – Oblique View

2.1.2.14 Grade Tonnage Curves and Ounces per Vertical Metre

Grade tonnage curves were created for Au ppm to include all Indicated and Inferred blocks both within the $2,000 AUD pit shell and below the pit shell. These curves confirm that a uniform decrease in tonnage as cut-off grades are increased.

The grade tonnage curve for gold is shown in Figure 2-58.

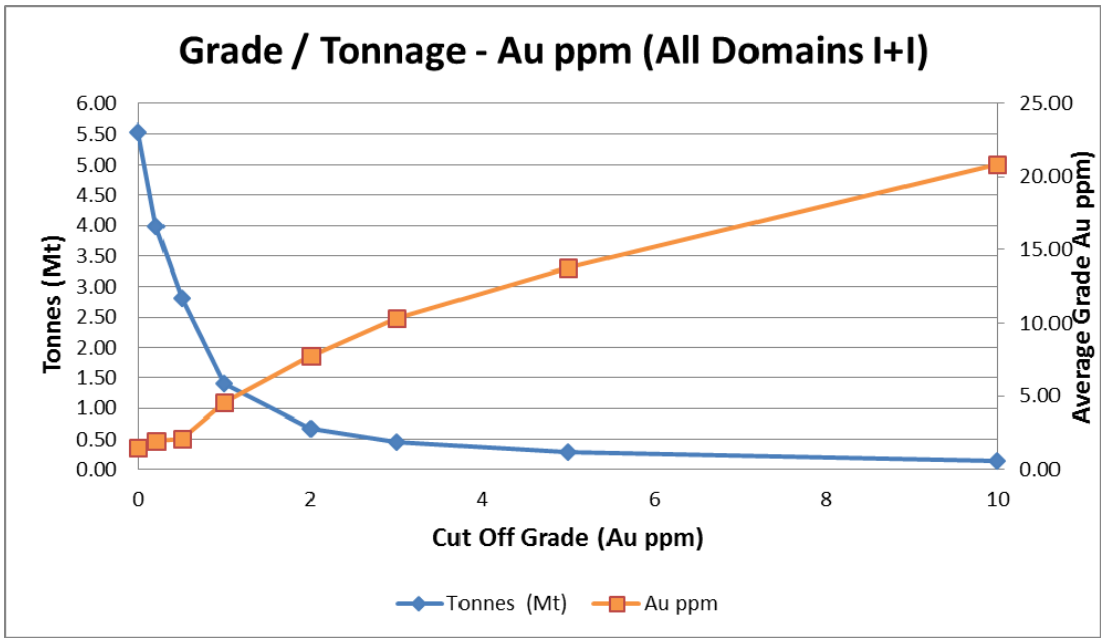

Figure 2-58: Au ppm Grade Tonnage Curve – All Domains (I+I)

The ounces per vertical metre is also an important metric in determining the potential of the deposit particularly in relation to underground mining potential. The average ounces per vertical metre through the resource area is 900 oz/vm, between 280mRL and 80mRL. A plot of the ounces distribution is shown in Figure 2-59. There occurs more ounces per vertical metre between 225mRL and 175mRL due to greatest density of drilling occurring in this area and the most volume of modelled mineralization within the Resource.

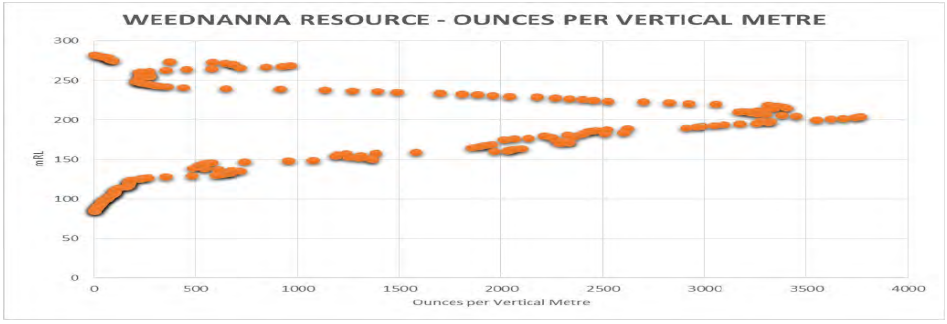

Figure 2-59: Weednanna - Au Ounces per Vertical Metre Plot

2.1.2.15 Resource Model Validation

2.1.2.15.1 Wireframe vs Block Model Volume Check

A volume was calculated for the low grade domain (excluding the internal high grade volume) and the high grade domain to compare with the volume reported for these zones within the block model. All blocks constrained within the wireframe were selected. Results are shown in Table 2-19.

Table 2-19: Wireframe vs Block Model Volume Check

Domain	Wireframe Volume	Block Model Volume	Variance
Low Grade	1,071,925 m^3	1,064,047 m^3	<1%
High Grade	139,728 m^3	139,721 m^3	<1%

The results show a good correlation between the two volumes, this confirms that the model has been coded correctly using the ore domain wireframes as a constraint.

2.1.2.15.2 Composite Assays vs Block Grades

Given the estimate is based on the composite file containing assay data for gold ppm, an additional check is to compare the global average block grades with the average composite values for this attribute. Typically there will be some variance given the estimation techniques used and search parameters used, however values should be comparable. The comparison results for the low and high grade domains are shown in Table 2-20.

Table 2-20: Composite Values vs Global Block Grades for the Weednanna Deposit

Domain	Attribute	Ave Composite Value	Average Block Grade
Low Grade	Au ppm	0.82	0.72
High Grade		8.47	8.80

The results of this comparison indicate that the estimate has provided comparable results to the average composite values.

An example of the visual validation checks completed is shown in Figure 2-60 below. Although there is often the off section hole effects the comparison between raw assay data and block grades represents an valid representation of the insitu mineralization.

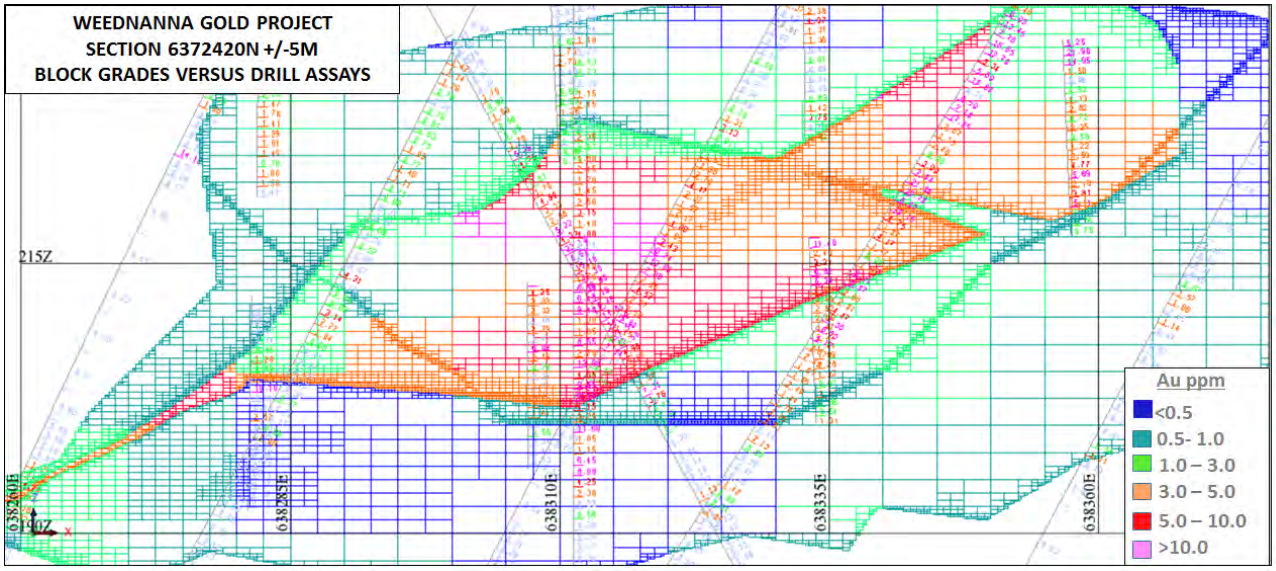

Figure 2-60: Weednanna – Raw Assay Data versus Block Grades for Section 6372420N

2.1.2.16 Resource Upside Targets

The upside potential of the Weednanna resource is assessed as down dip extensions and as yet unidentified repeats of the high grade shoots. There also exists significant potential to discover new mineralization within the tenement package where the favorable geological setting may host repeats of the Weednanna style of mineralization.

Conceptual tonnage and grade targets have not yet been finalized and will be the subject of future work programs within the resource area.

2.1.3 Weednanna Resource Upside Conceptual Target

Drilling is ongoing within the Weednanna Gold Project area with the aim of drilling to expand the currently defined resource envelope.

Alliance Resources has announced significant drilling results in a series of ASX announcements between the 29/11/2018 and the 8/7/2019 that summarize the drilling results and implications on the known extents of the currently defined resource.

The results indicate that the resource will potentially be expanded down dip and along strike once the results of modelled and the resource is updated. An example of the new drilling results returned are shown in Figure 2-61 below where 20m @ 12.44 g/t Au from 104m was intersected in hole 18WDR027 indicating that potential exists for significant extensions to the currently defined mineralized envelope.

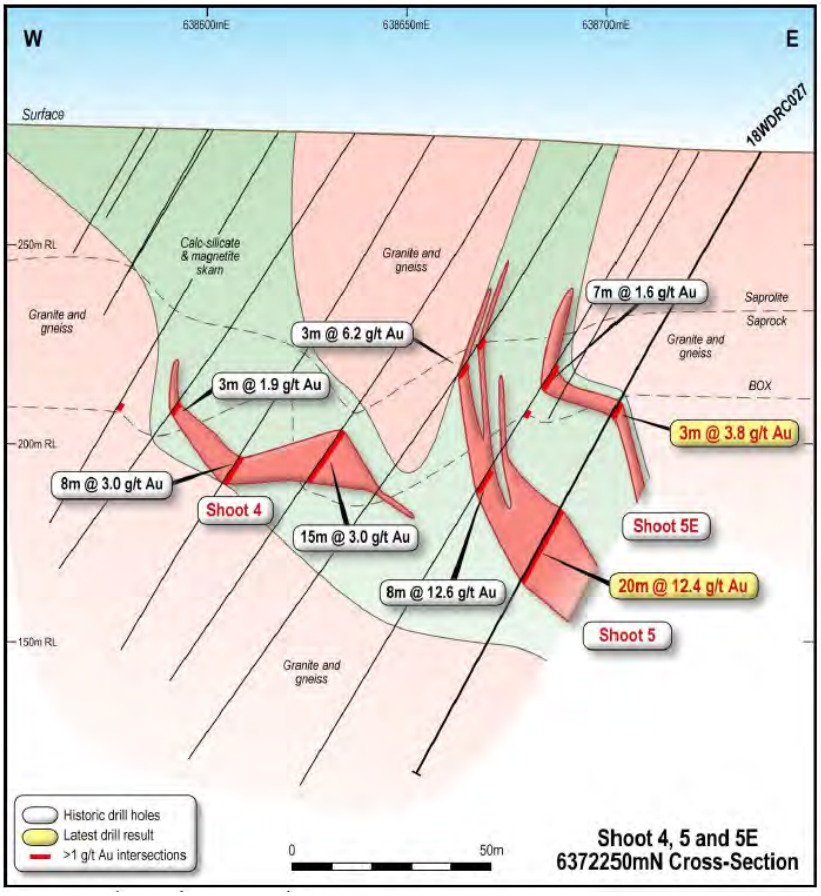

Figure 2-61: Weednanna – 2019 Drilling Results on Section 6372250mN

On the basis of the significant results returned since the 2018 Weednanna Resource Estimate Mining One assess that a conceptual exploration target can be assigned to the project. Mining One have ascribed a conceptual exploration upside of between 20-30% of the current resource based on the recent drilling results. The upside has been calculated based on a average 200m strike extent with a range of depth extensions between 75m and 110m and an average thickness of 5m. The average density used was 3.00 kg/m^3. The conceptual upside equates to between 29 koz and 71 koz additional gold content to the existing JORC resource. The conceptual target is therefore summarized in **Table 2-21** below.

Table 2-21: Weednanna Gold Project Conceptual Exploration Upside

Deposit Area	Mt		Au g/t	
JORC Resource	1.10		5.12	
Conceptual Upside	Low	High	Low	High
	0.22	0.33	4.10	6.66
Conceptual + Resource	**1.32**	**1.43**	**4.56**	**5.99**

2.2 Weednanna Updated Scoping Study

2.2.1 Scope of Work and Background

The scope of work for the Weednanna Gold Deposit Scoping Study update includes:

- Re-run pit optimisations using a higher gold price of $2200 per ounce.
- Identify a scenario that consists of a Mineral Resource split of 75% Indicated and 25% Inferred Mineral Resource.
- Create mining schedules from the updated optimisations and pit designs.
- Update the cashflow model
- Update the Weednanna Gold Deposit Scoping Study report.

The original studies done by IronClad were for an open pit iron resource.

Mining One Pty Ltd (Mining One) were previously engaged by Alliance Craton Explorer Pty Ltd (ACE) to complete a JORC 2012 compliant Mineral Resource estimation for the Weednanna gold deposit located some 40 km north of the township of Kimba in South Australia. The Weednanna deposit is the most advanced gold prospect in the broader Wilcherry Project, owned by Alliance and comprises six exploration licences covering 1097 km^2 and is prospective for gold and base metals.

The Mineral Resource estimate has previously been reported in *JORC Resource Estimation of the Weednanna Deposit for Alliance Craton Explorer Pty Ltd,* Mining One, 4/09/2018.

This scoping study is based on the gold Mineral Resource estimate at the same project area. Mining One considered both the open pit and underground options and the associated interface.

2.2.2 Pit Optimisation Study

The mineral resource at Weednanna consists of mineralised zones that can be mined by open pit and underground mining methods. Mining One have conducted conceptual mine designs for both mining methods and combined the results of both in an overall mining inventory and mine schedule.

2.2.2.1 Pit Optimisation

The pit optimisation has been performed using modelling information for the Wilcherry Hill area, and incorporates geological, geotechnical, metallurgical and financial data. The data used has been provided by Alliance Resources and is based on previous studies performed for the Wilcherry Hill Iron Project. Where no data is available, Mining One has used data from known projects with similar attributes to the Wilcherry Hill Gold Project to provide reasonable assumptions and benchmarks.

2.2.2.2 Block Model

The block model used for the pit optimisation was produced by Mining One in July 2018, and the Mineral Resource Estimate of this block model was reported in accordance with the JORC code. The block model was generated in Surpac and imported into Datamine RM for mine planning purposes. The waste model was regenerated at a larger block size to create a more manageable block model. The model incorporates sub blocks, the latest topographic information and resource categories. The geometry of the block model is shown in Table 2-22.

Table 2-22: Block Model Geometry

Parameter	Min	Block Dimensions	Sub Block	# Blocks
X Origin	638160.0	2.5	Y	280
Y Origin	6372120.0	2.5	Y	536
Z Origin	-50.0	1.25	Y	296

2.2.2.3 Optimisation Parameters

Optimisation parameters for the Wilcherry Hill Gold Project are based on Scoping Level costs that will require confirming and validation at the next study level. The data has been formatted so that it is suitable for use in Whittle and has been cross checked for logic and data integrity purposes. A summary of the optimisation parameters used in the optimisation are presented in Table 2-23.

Table 2-23: Optimisation Parameters

INPUT PARAMETERS	Notes	Unit	Source	
BLOCK MODEL File			M1	**weednanna_aug18.mdl**
Density	Specific Gravity	t/m^3		
Mineralization	Au	g/t (Au)		
Material Classification	WTYPE			Class, Oxidation
Mining Cost Adjustment Factor		numeric		Not used
Processing Cost Adjustment Factor		numeric		Not used
Overall Slope Angle			WHIP	
Weathered		degrees		38.9
Fresh		degrees		41.5
MINING PARAMETERS			WHIP	
Mining Recovery		%		98
Dilution		%		2
Mining Cost (BCM) - Ore		AUD		13.32
Mining Cost (BCM) - Waste		AUD		11.89
Mining Cost Adjustment Factor (Depth Penalty)				As per SG change
PROCESSING PLANT PARAMETERS			BHM Report	
Processing Cost	Processing Cost = $/t	$/tonne milled (AUD)		46.83
MILL RECOVERY	-	-	BHM Report	-
Au		%		92.9
SCHEDULE PARAMETERS			BHM Report	
Mining Limit		Mtpa		Not used
Processing limit		Mtpa		0.25
FINANCIAL PARAMATERS				
Sell Price	Au	AU$/oz		2,200
Royalty	Estimate	%	Alliance	5.0
Discount Rate (annual)		%		10
CONVERSION FACTORS				
ounces -> grams				31.103477

2.2.3 Block Model Preparation

The block model was prepared for Whittle optimisation by ensuring all relevant optimisation parameters were coded into the model prior to import into Whittle. These optimisation parameters are as follows:

- Mining Costs

- Processing Costs
- Material type (incorporating resource category, rock type and stope information) and
- Geotechnical parameters

The geotechnical parameters were based on weathering zones which were already provided within the model.

The material types used in the Whittle optimisation are presented in Table 2-24.

Table 2-24: Material Type

`	Low Grade	High Grade	Quartz Vein	Calc Silicate
Indicated	IDLG	IDHG	IDQV	IDCS
Inferred	IFLG	IFHG	IFQV	IFCS
Stopes	STPE			

2.2.4 Operational Considerations on Geotechnical Parameters

The wall angles used for the optimisation have been based on the geotechnical analysis performed by Mining One for the WHIP in 2011. Based on the size and shape of the mineralised zones, it is expected that smaller, shallower pits will be generated from the optimisation, therefore conservative overall slope angles will be used for the optimisation. This allows for a better translation of berm / batter configurations to overall slope angles.

As such, the overall slope angle used for the entire optimisation is 39 degrees.

2.2.5 Pit Optimisation Results

In order to understand the impact of an increased gold price compared to the results reported in the April 2019 Weednanna Gold Deposit Scoping Study, pit optimisations were re-run at $2200 per ounce.

Three pits were delineated, the North, Central and West pits, as depicted in Figure 2-62. Based on a cut-off of 0.76 g/t Au, the mineral resources contained within the three pits is reported in Table 2-25. Note that the Inferred component represents 44.6% of the total tonnes.

Table 2-25: Mineral Resources Contained within Pit Shells and using a 0.76 g/t cut-off

Category	Pit	Tonnes (t)	Grade (g/t) Au	Contained Au (oz)	Split
Indicated	Central	397,499	4.3	54,532	
	West	245,810	3.9	30,640	
	Subtotal	643,309	4.1	85,172	55.4%
Inferred	Central	203,374	5.0	32,843	
	West	269,984	2.1	18,063	
	North	43,898	18.4	25,991	
	Subtotal	517,256	4.6	76,898	44.6%
Total					
		1,160,565	4.3	162,070	100.0%

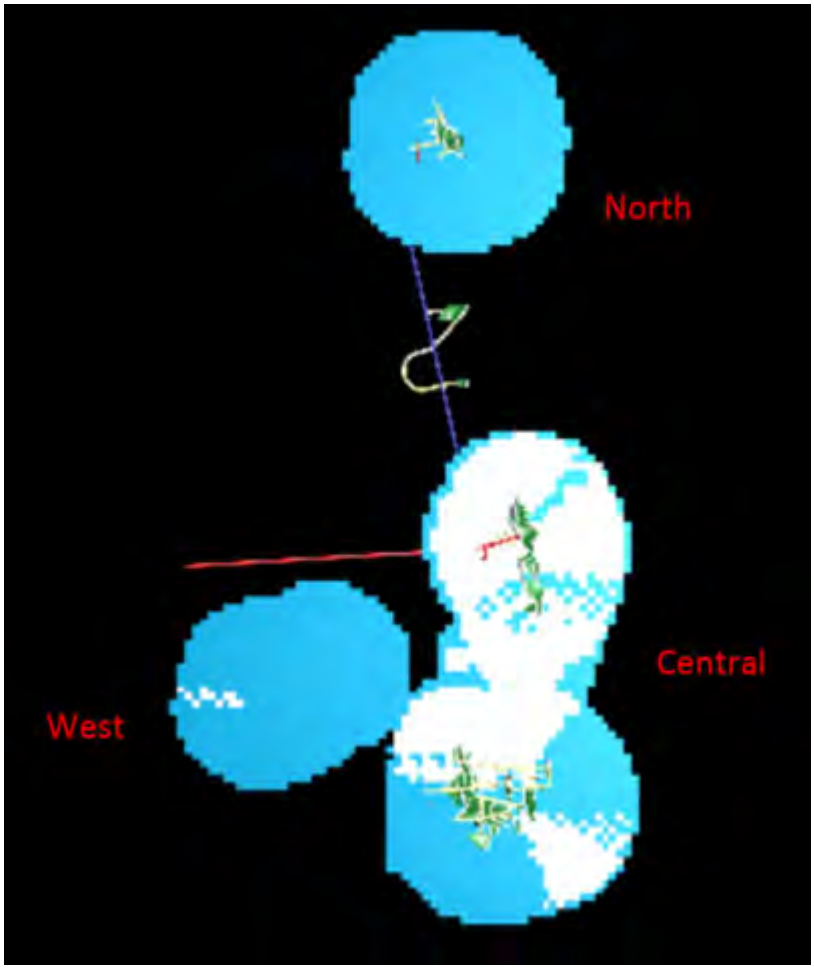

Figure 2-62: Optimal Pit Shells

In order to provide an appropriate estimate of the valuation, Mining One selected an option that would be close to the 75:25 split that is recommended in the ASX Listing Rules Guidance Note 31. This involved ignoring the North pit altogether as it is 100% Inferred resource.

The re-optimised shell targeting 25% Inferred resources is depicted in Figure 2-63 and summarised in Table 2-26.

Note that there is a slight difference in the total tonnes reported in Table 2-26 (779 190 t) and the total tonnes reported in Table 2-32: Cash Flow Summary and Table 2-33: Weednanna Gold Project Production Target Summary (788 044 t). The reason for this is Table 2-26 is reporting the mineral resources contained in the pit shells as created by the Whittle software, whereas the tonnages reported in the cash flow summary and the production target summary are the tonnes contained within the pit that was designed using the Whittle shells as a guide. The difference between the Whittle shells and the designed pits are depicted in Figure 2-67 and Figure 2-68.

Table 2-26: Mineral Resources Contained within Pit Shells at 0.76 g/t cut-off, targeting 25% Inferred Resources in compliance with JORC 2012 code.

Category	Pit	Tonnes (t)	Grade (g/t) Au	Contained Au (oz)	Split
Indicated	Central	367,959	4.2	50,042	
	West	215,635	4.3	29,506	
	Subtotal	583,594	4.2	79,548	74.9%
Inferred	Central	82,550	5.8	15,346	
	West	113,046	1.6	5,673	
	North				
	Subtotal	195,596	3.3	21,019	25.1%
Total					
		779,190	4.0	100,567	100.0%

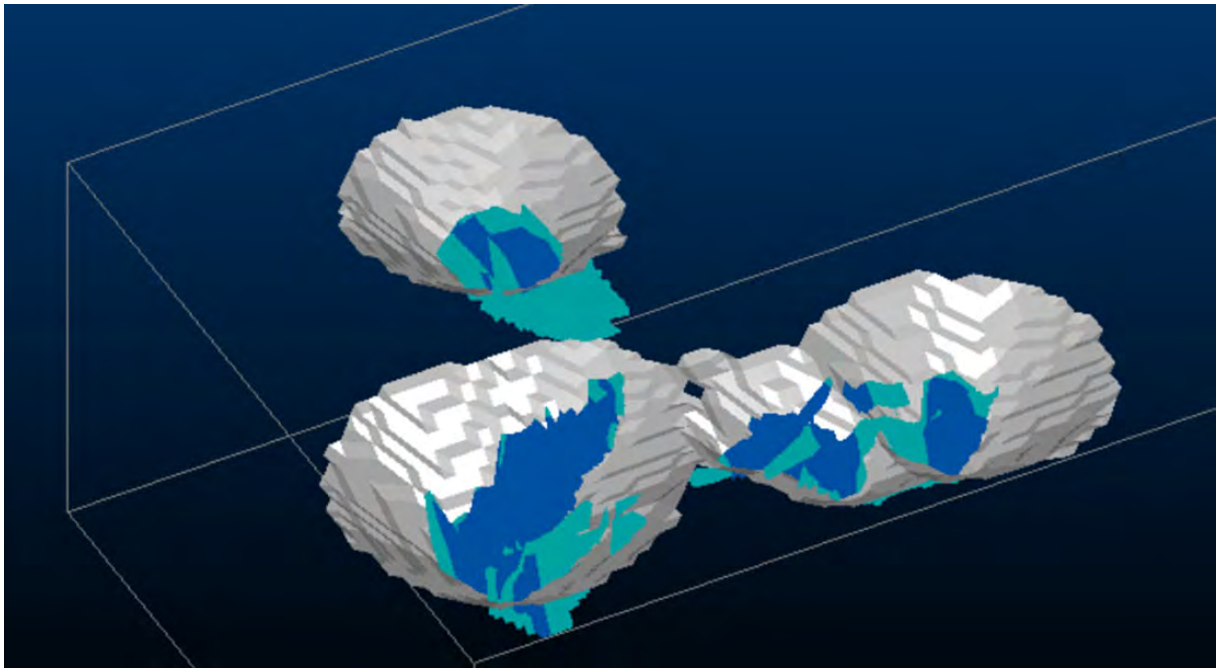

Figure 2-63: Optimised Pit Shells targeting 25% Inferred Resources at 0.76 g/t Au

2.2.5.1 Potential Underground Mineral Resources

The April 2019 Scoping Study included mineral resources that were designed and evaluated to be mined from underground via an in-pit ramp. The new pit optimisations discussed above have incorporated the majority of the resources that would have been mined from underground.

An oblique view of the pit shells and underground stopes is depicted in Figure 2-64 and a long section is presented in Figure 2-65.

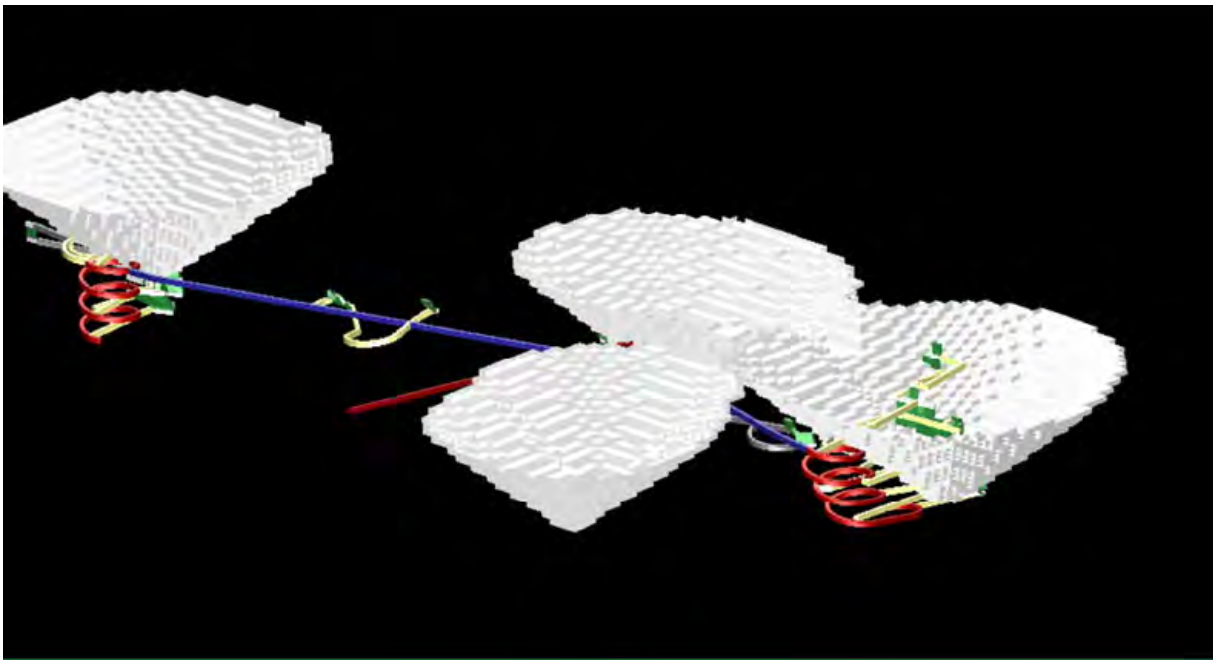

Figure 2-64: Oblique view of pit shells at $2200/oz with Underground Stopes from April 2019 Study, looking northeast

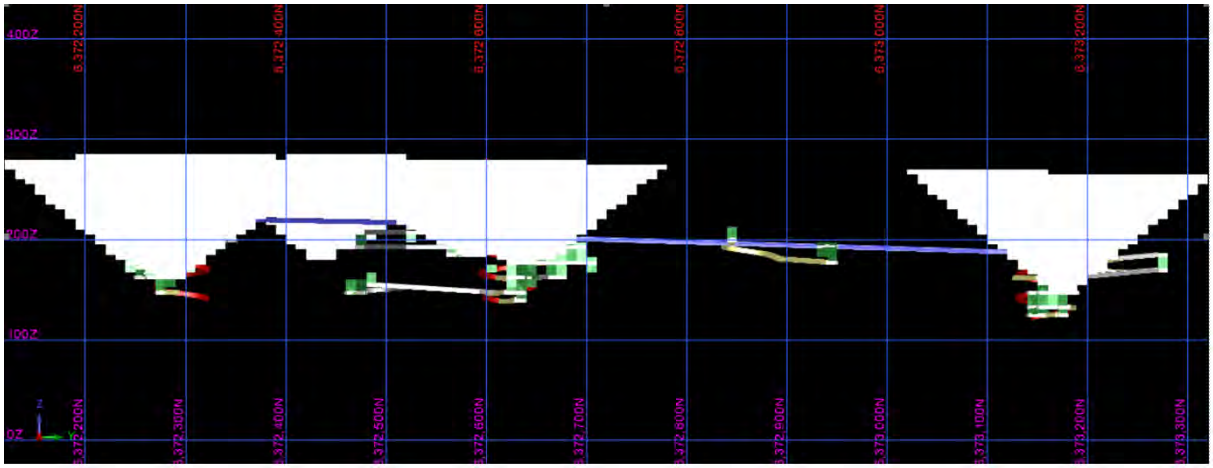

Figure 2-65: Long Section of pit shells at $2200/oz with Underground Stopes from April 2019 Study, looking west

Mining One has reviewed the stope shapes that are outside the new pit shells and estimated that these stopes contain approximately 35 000 t as summarised in Table 3-6. As discussed above, the North Pit has been excluded from the evaluation in order to maintain a 75%:25% split between Indicated and Inferred Mineral Resources, therefore the Inferred underground resources have also been excluded from this evaluation.

The Indicated component of the stopes outside the new pit shells represents 10 000 t or 2448 oz. To mine this via underground methods a “crown” pillar or pit “floor” pillar would be required between the pit(s) and the underground workings. Also a “good bye cut” in the pits has not been incorporated into the Scoping Study estimation. In order to access these underground resources a decline developed from the pit ramp, approximately two-thirds of the way down the ramp would be required. The cost of this decline is likely to negate the value of the mineralisation it would access. Due to these factors and the consequential small tonnage involved, it is highly unlikely that a

mining contractor could be engaged to extract these resources, should mining be technically achievable. As a result, this relatively small Indicated Resource has also been excluded from this evaluation.

Table 2-27: Sterilised Underground Mineral Resources

Category	Tonnes (t)	Au (g/t)	Au (oz)
Indicated	10,383	7.3	2,448
Inferred	24,961	10.6	8,499

2.2.5.2 Pit Design

Pit designs have been completed using the geotechnical parameters, shown in Table 2-28. The designs aim to minimise the variance of ROM and waste tonnage compared to the pit optimisation results.

Table 2-28: Pit Design Parameters

GEOTECHNICAL/PIT PARAMETERS	Unit	Value
Ramp Width – Single Lane	metre	12
Ramp Grade	Gradient	1:9
Batter Height	metre	15
Berm Width	metre	6
Batter Slope - Weathered	degrees	60
Batter Slope - Fresh	degrees	75

The West Pit Design is depicted in plan view in Figure 2-66 and an isometric view looking north in Figure 2-67.

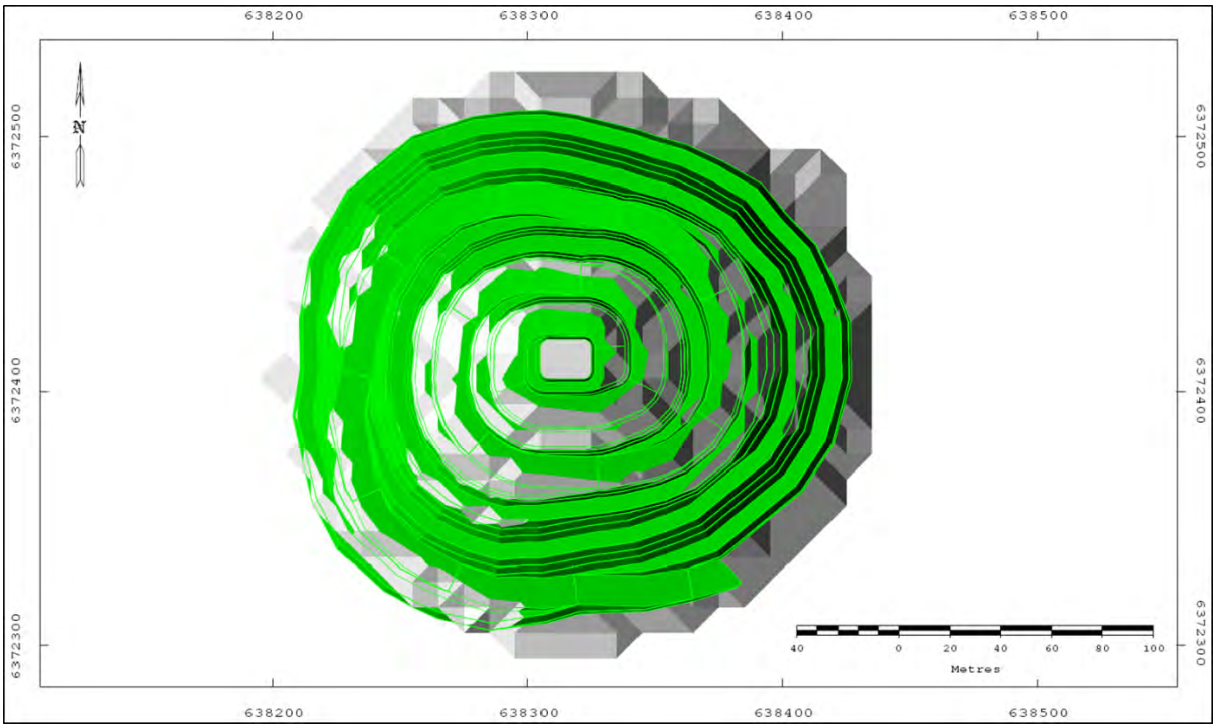

Figure 2-66: West Pit Design – Plan View

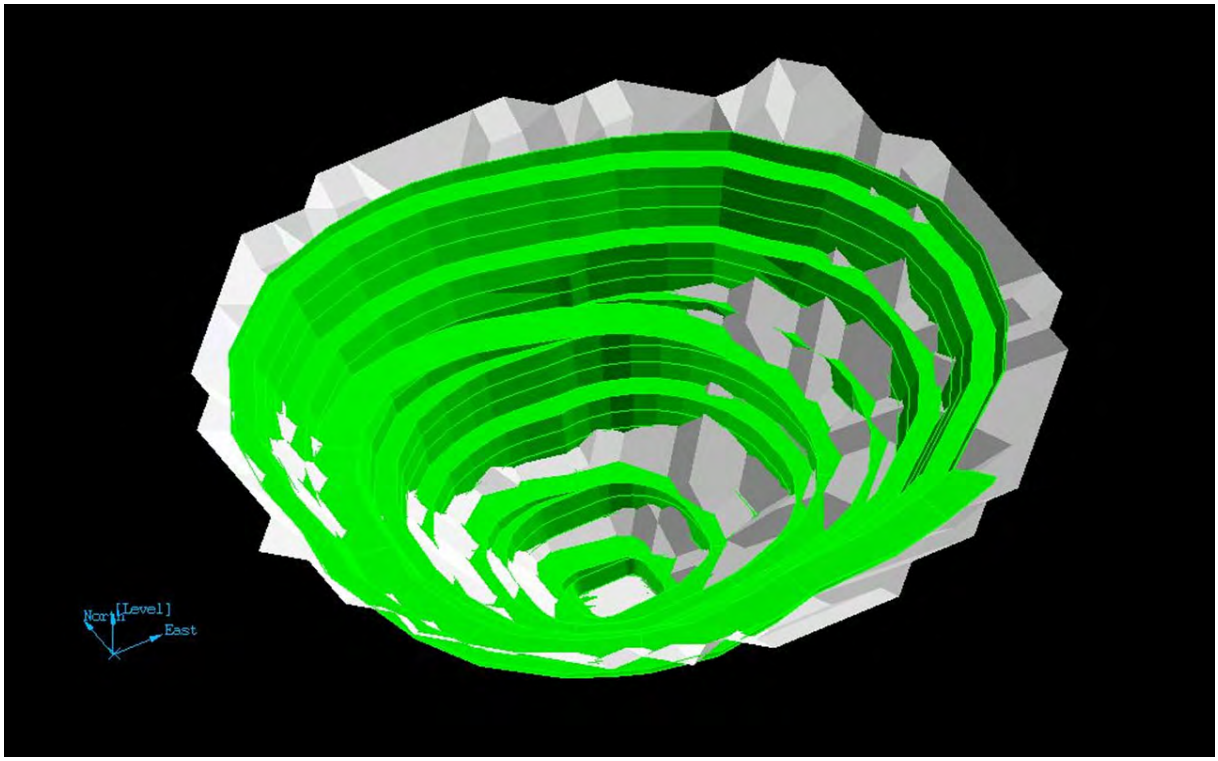

Figure 2-67: West Pit – Isometric View Looking North

An isometic view of the Central pit design, looking northeast is presented in Figure 2-68 and a plan view is presented in Figure 2-69.

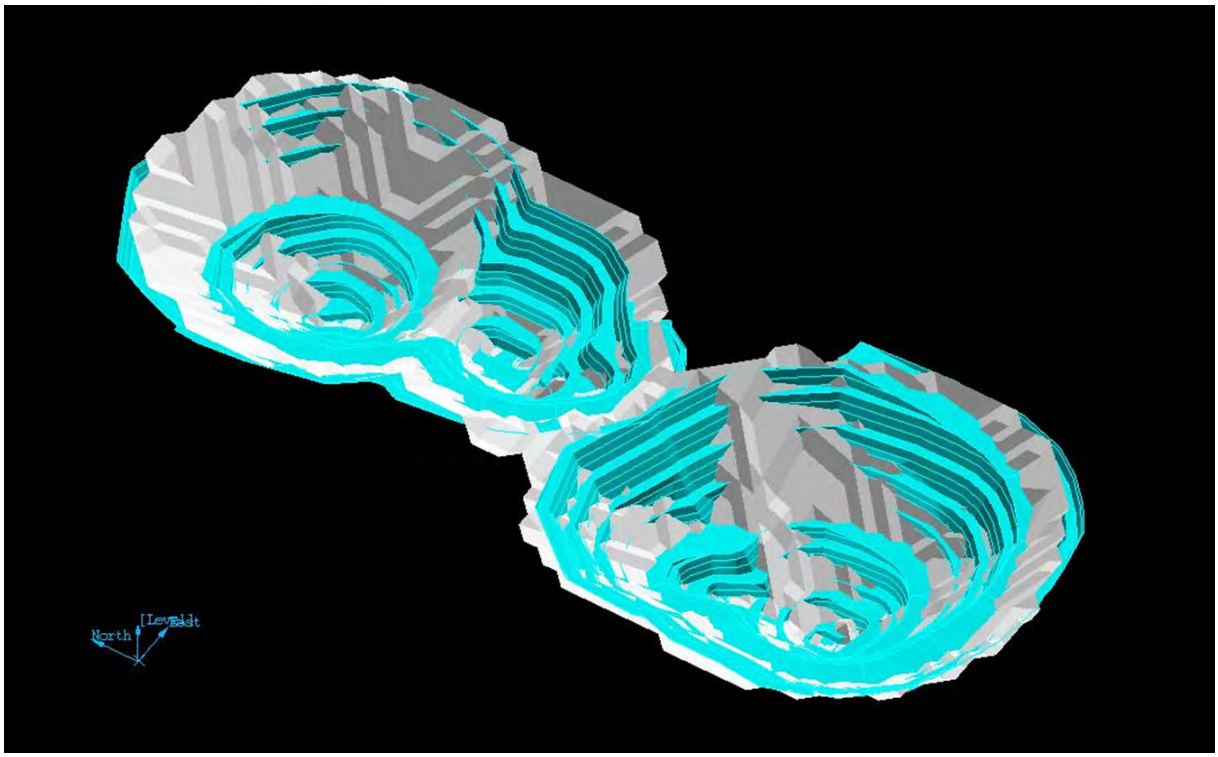

Figure 2-68: Central Pit Design – Looking Northeast

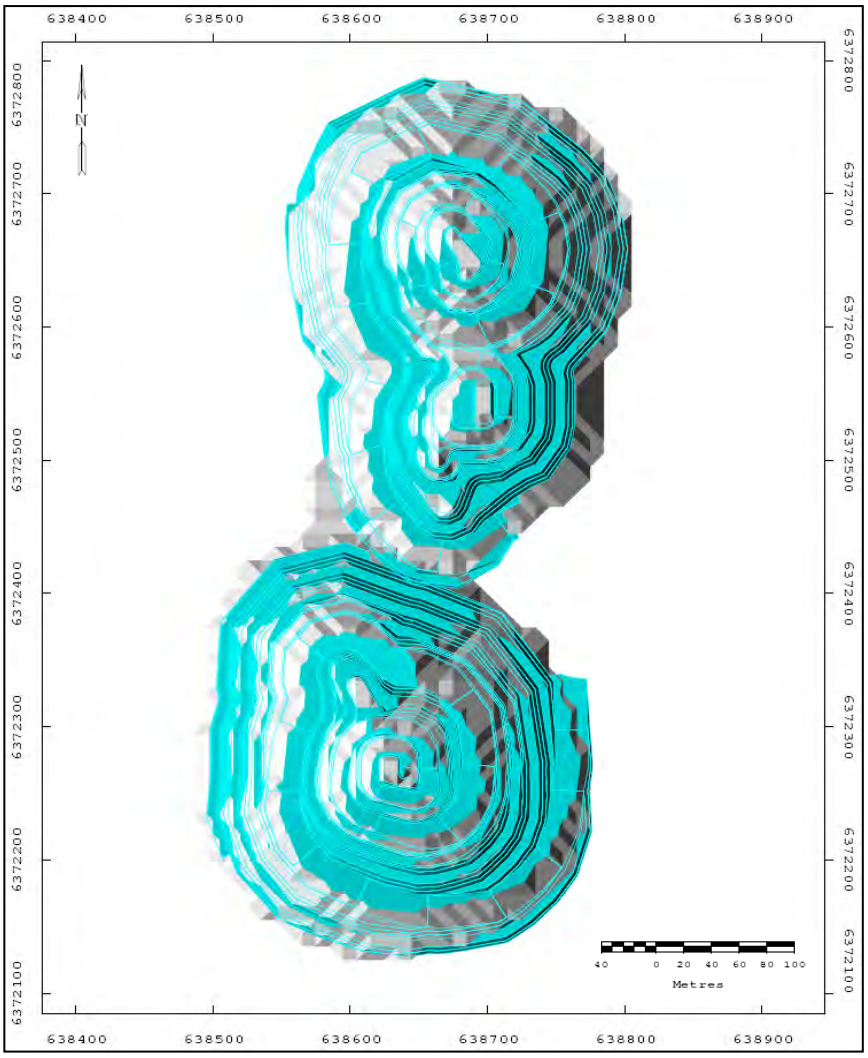

Figure 2-69: Central Pit Design – Plan View

2.2.6 Mine Layout

The surface layout of the Weednanna gold project takes into consideration Alliance's preferred locations and is based on general flood plain information, cultural heritage exclusion zones and any potential for underground interaction.

Waste dumps have not been designed for this scenario. The waste dump depicted in Figure 2-74 to the west of the West Pit is the design presented in the original April 2019 Scoping Study. An additional waste dump for the Central Pit would be located to the east of the Central Pit The mine infrastructure (tailings storage facility, process plant and waste dump) has been located with the option of implementing an iron project in the future, with the process plant and TSF located outside a 600 m blast exclusion zone for the Central Pit. The previous IronClad iron ore pit footprint is delineated by the blue dotted outline in Figure 2-74.

The process plant and tailings storage facility should be located outside of potential flooding areas, however, should future studies show otherwise, it will be possible to relocate this infrastructure. They are also located outside a nominal 600 m radius blast exclusion zone, depicted in brown in Figure 2-74.

2.2.7 Production Schedule

A quarterly mining and processing production schedule and associated financial model have been created to show that the operation is economically viable and to provide guidance on the next steps for the project.

The total waste and ROM movement in the schedule is depicted in Figure 2-70.

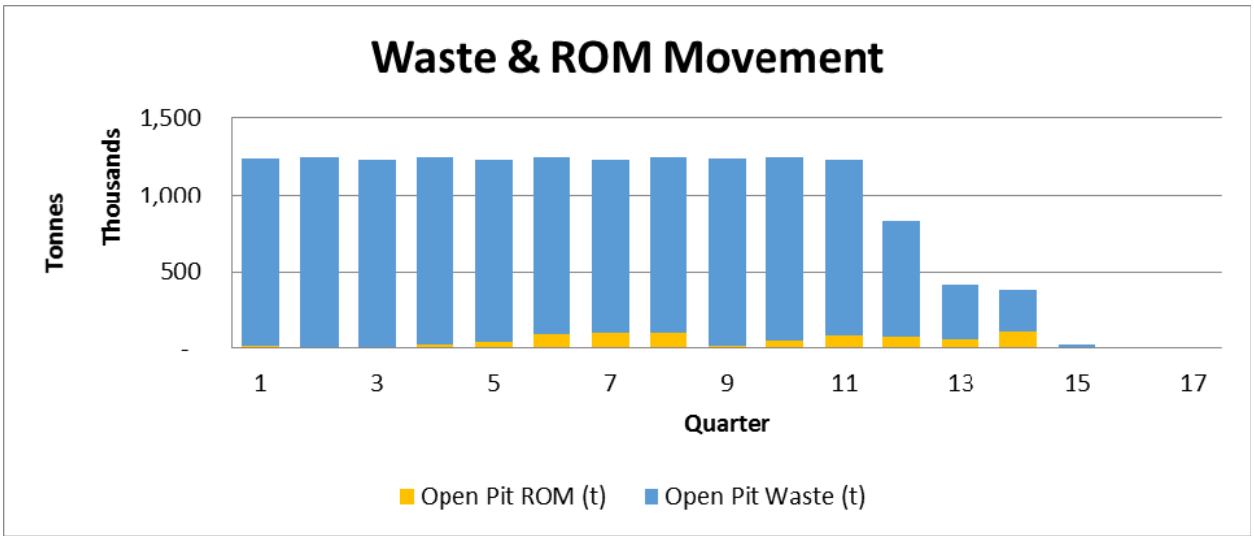

Figure 2-70: Combined Waste and ROM Movement

The total material delivered to the ROM is presented in Figure 2-71. As discussed above, a more detailed design and schedule will enable the material delivered to the ROM stockpile to be better levelled, particularly towards the end of the mine life.

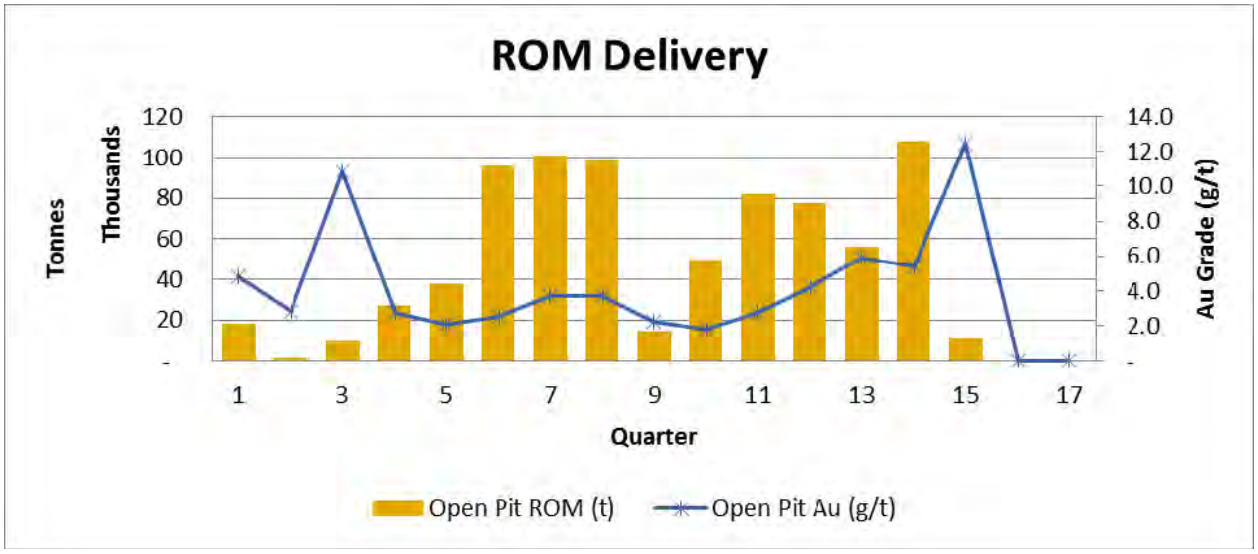

Figure 2-71: Total Material Delivered to ROM Stockpile

With the current production schedule, the ROM stockpile peaks at approximately 119 000 t as depicted in Figure 2-72.

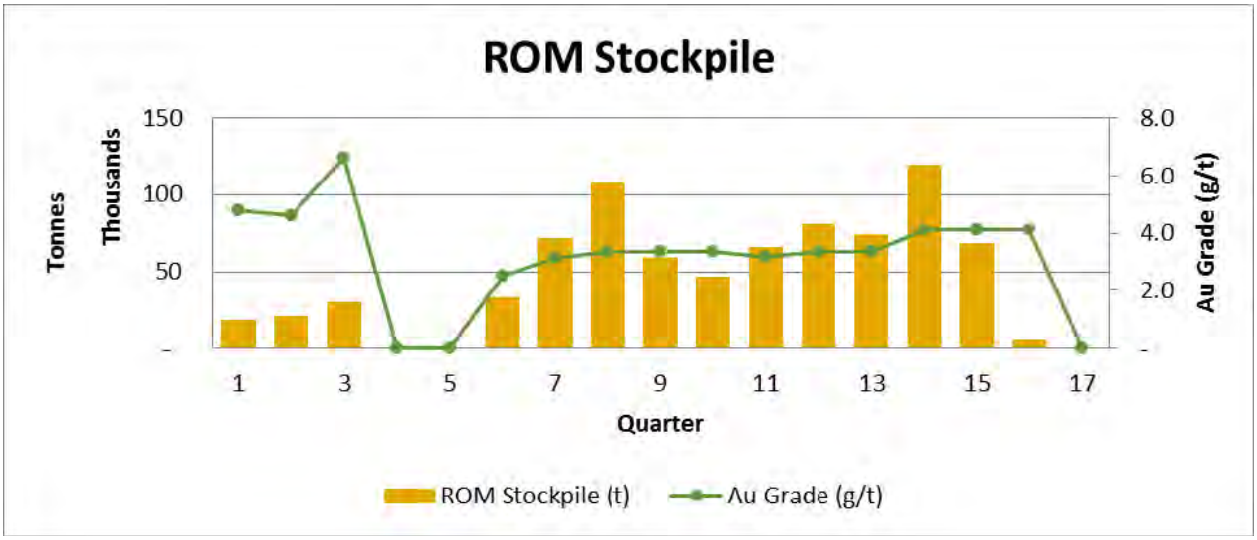

Figure 2-72: ROM Stockpile Monthly Balance

For this study it has been assumed that the process plant has a nameplate capacity of 250 000 t/a, (62 500 t/qtr. Based on the ROM production schedule, as depicted in Figure 2-71, a process plant start-up in the fourth quarter of the first year has been selected. This will allow the plant to operate at full capacity for most of the life of the operation.

The process plant schedule is depicted in Figure 2-73, showing the blend of direct feed and stockpiled ROM. The current production of 788 000 t would be processed over a 3.5 year period.

Total gold produced is approximately 91 000 oz, averaging about 7000 oz per quarter.

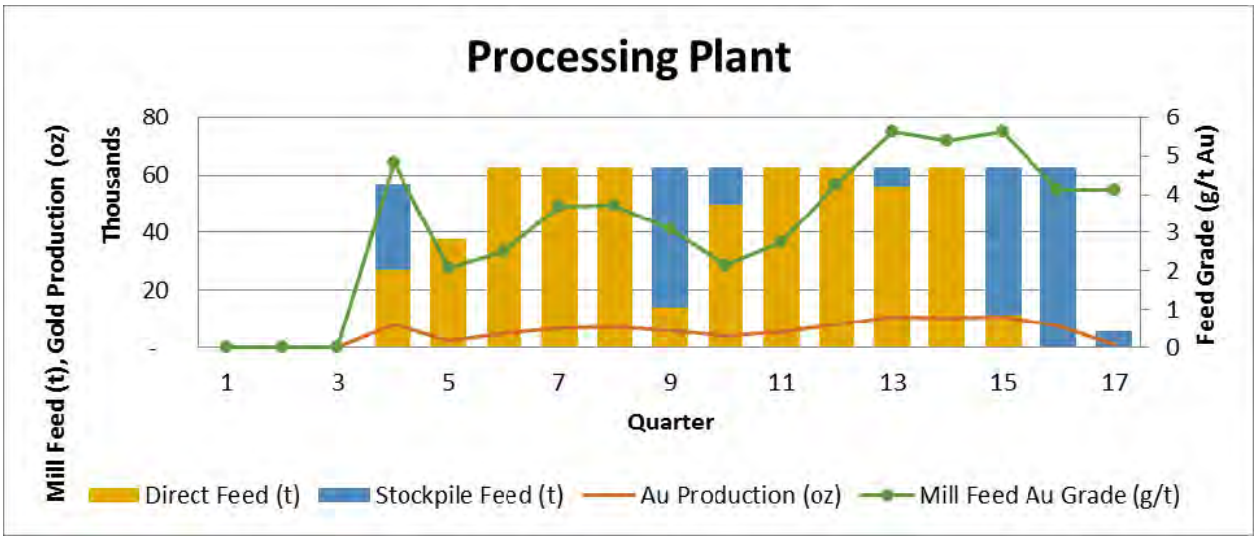

Figure 2-73: Process Plant Production Schedule

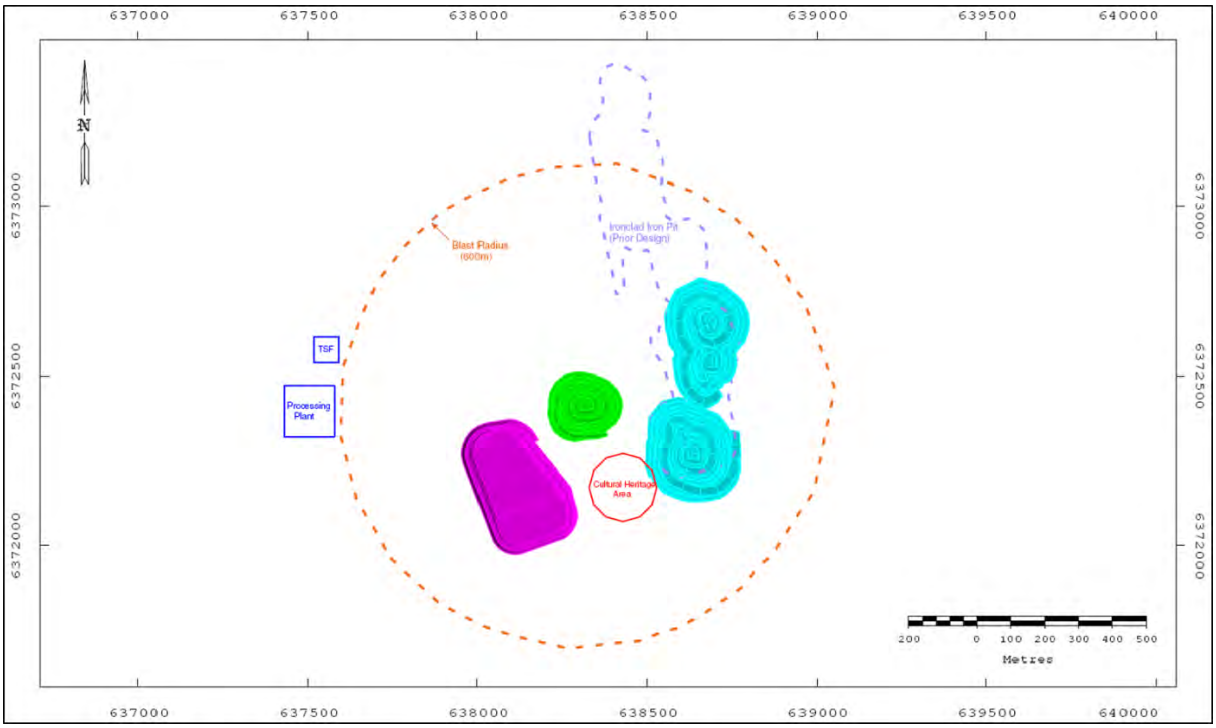

Figure 2-74: Site surface layout

2.2.8 Financial Model

2.2.8.1 Model Structure

A high-level financial model has been created to determine if the project is likely to be financially viable and to aid Alliance Craton Explorer in determining the next steps in the project. The model has been set up to estimate the C1[2] and All-in sustaining costs (AISC[3]).

The project has a mine life of approximately 4.5 years.

It should be noted that the financial model includes approximately 27% Inferred resource tonnes and 22% inferred Resource gold ounces within the total production target.

There is a low level of geological confidence associated with Inferred mineral resources and there is no certainty that further exploration work will result in the determination of Indicated mineral resources or that the production target itself will be realised.

A scenario where only Indicated mineralisation within the production target has not been evaluated at this stage.

2.2.8.2 Operating Costs

In the April 2019 scoping study the open pit mining costs were taken from the Wilcherry Hill Iron Project. The mining cost for waste was $11.89 /bcm and $13.32 /bcm for ROM, equating to a weighted average mining cost of $4.64 /t, as presented in Table 2-29.

[2] C1 costs are defined as direct operating costs produced, divided by the amount of payable gold produced. Direct cash operating costs include all mining, processing, transport, treatment and refining costs and smelter recovery deductions through to refined metal.

[3] AISC includes C1 plus sustaining capital, indirect costs and royalties.

Table 2-29: Weednanna Open Pit Mining Cost

Weednanna Open Pit Mining Cost					
Material	t	t/bcm	$/bcm	$/t	$
Waste	2,413,308	2.5	$ 11.89	$ 4.73	$ 11,426,382
ROM Inventory	243,228	3.6	$ 13.32	$ 3.70	$ 899,943
Total	2,656,536			$ 4.64	$ 12,326,325

In the April 2019 study, a total mining rate of 2.5 Mt/a at a stripping ratio of 10:1 was used. In this updated scenario, the mining rate has been doubled to 5.0 Mt/a and the stripping ratio has increased to 18:1. The make-up of the mining fleet for this scenario has not been re-evaluated. The same mining cost has been used in this scenario, which is deemed conservative, however no time was available to review the fleet requirements or costing.

2.2.9 Capital Costs

2.2.9.1 Processing Cost

The processing cost of $46.83/t milled was taken from an Independent Consultants Scoping Study provided by Alliance and includes plant G&A and refinery charges.

2.2.9.2 Royalty / Sales Cost

The reduced royalty of 2% in South Australia is being discontinued from 1 July 2020. Any mines approved prior to this date will be eligible for the concession for up to five years. Alliance is aiming to apply for a mining lease early in CY 2020, at which time an application for a reduced royalty for a new mine will be submitted.

The royalty to Aquila Resources Ltd is 2% of the Net Smelter Return across all Wilcherry tenements, including EL6188 where Weednanna is located.

To be conservative, Alliance have requested that a 5% royalty would be appropriate. At a gold price of A$2200/oz), this equates to $110/oz.

2.2.9.3 General and Administration

A nominal fixed cost of $500 000 per annum has been included as a general and administration (G&A) cost.

2.2.9.4 C1 Cost Schedule

The C1 operating cost schedule is depicted in Figure 2-75.

The life of mine average C1 cost is $1205 per ounce.

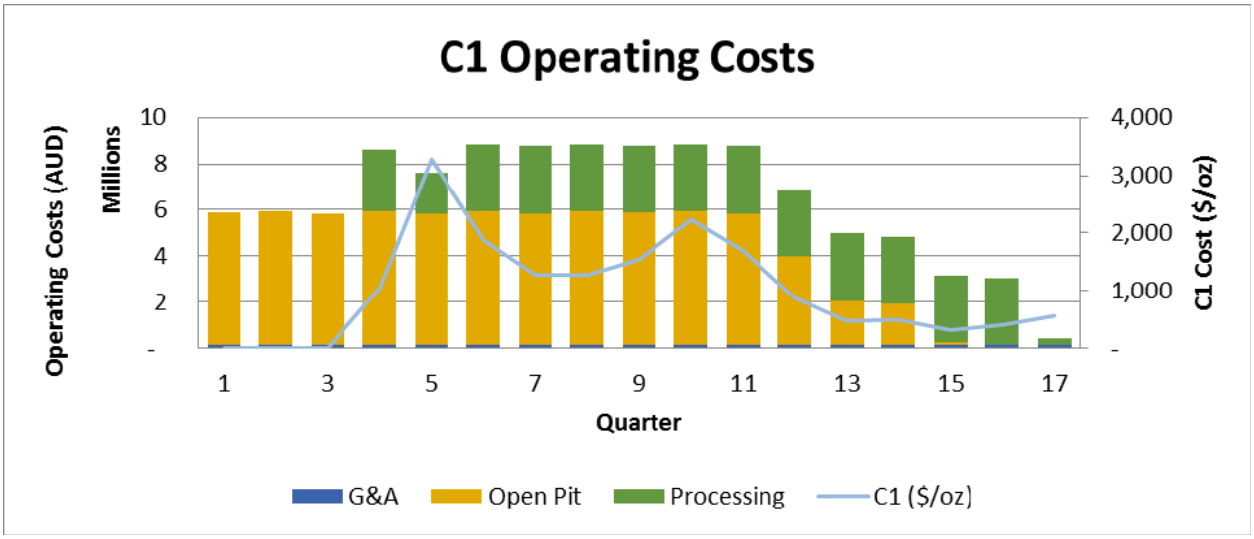

Figure 2-75: Weednanna Operating Cost Schedule

2.2.9.5 Process Plant

BHM Process Consultants have provided a capital cost estimate for the process plant at Weednanna. The total capital cost of ~ $36 million is summarised in Table 2-30, and is treated as initial capital.

Table 2-30: Capital Cost Estimate – Process Plant [capacity ??]

Area	CIL
Crushing	$1,263,130
Milling	$2,672,972
Cyanide Leaching and adsorption (CIL)	$2,522,364
Elution and carbon reactivation	$3,525,250
Gold Room	$624,879
Tailings	$2,679,938
Services – Water, Steam and Air	$1,613,080
Reagents	$886,239
Associated Site and Construction	$11,987,668
Commissioning & Start Up	$ 2,456,645
Plant Total Direct Costs	**$30,232,165**
Indirect Costs & Detailed Design	$5,744,111
Total	**$35,976,276**

Source: External Independent Consultants Report (2018)

This estimate for the process plant includes $1.77 million for the tailings storage facility (TSF). Mining One have undertaken a more detailed analysis of the tailings management and the TSF design. A capital estimate for the TSF is included in Section 2.2.13.10 - Bill of Quantities and Cost Estimate.

This $1.77 million has been deducted from the plant capital cost and is included separately under the TSF line item within the cost model.

Based on the ROM production schedule as depicted in Figure 2-71, Mining One has assumed that the plant will commence operation in the fourth quarter of the first year. It has also been assumed that the plant will be constructed over a period of six months. As a result, the total plant capital cost has been split evenly over a six-month period from Qtr 2 to Qtr 3 inclusively.

2.2.9.6 Tailings Storage Facility

The capital cost for the TSF, as discussed in Section 2.2.13.10 - Bill of Quantities and Cost Estimate, is split into the following three components:

1) Initial construction $1.76 million
2) TSF Raise $0.56 million
3) Closure $0.92 million

Initial construction is treated as initial capital, with the remaining two items treated as sustaining capital.

It has been assumed that the initial construction will occur over the same six-month period as that of the process plant construction.

2.2.9.7 Capital Cost Schedules

The initial capital cost schedule is depicted in Figure 2-76, sustaining capital in Figure 2-77 and the total capital in Figure 2-78.

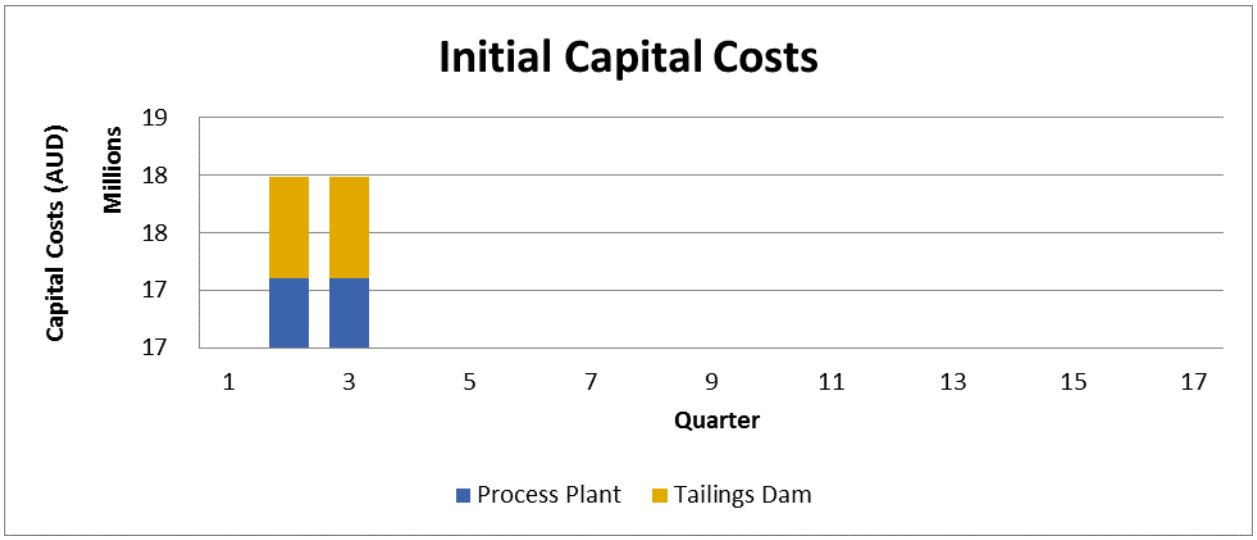

Figure 2-76: Initial Capital Cost Schedule

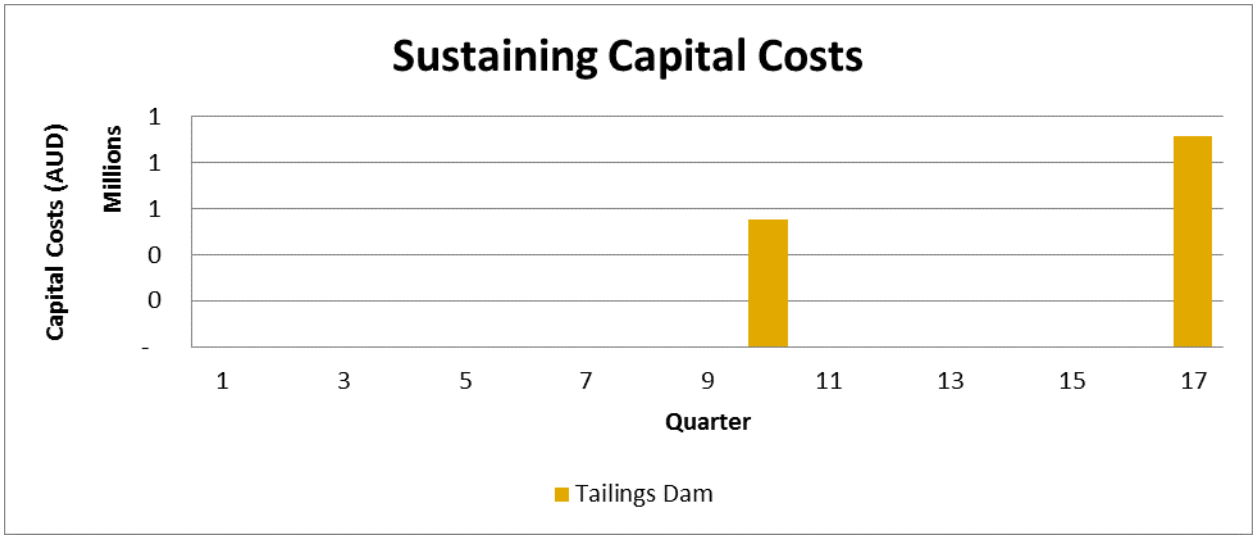

Figure 2-77: Sustaining Capital Cost Schedule

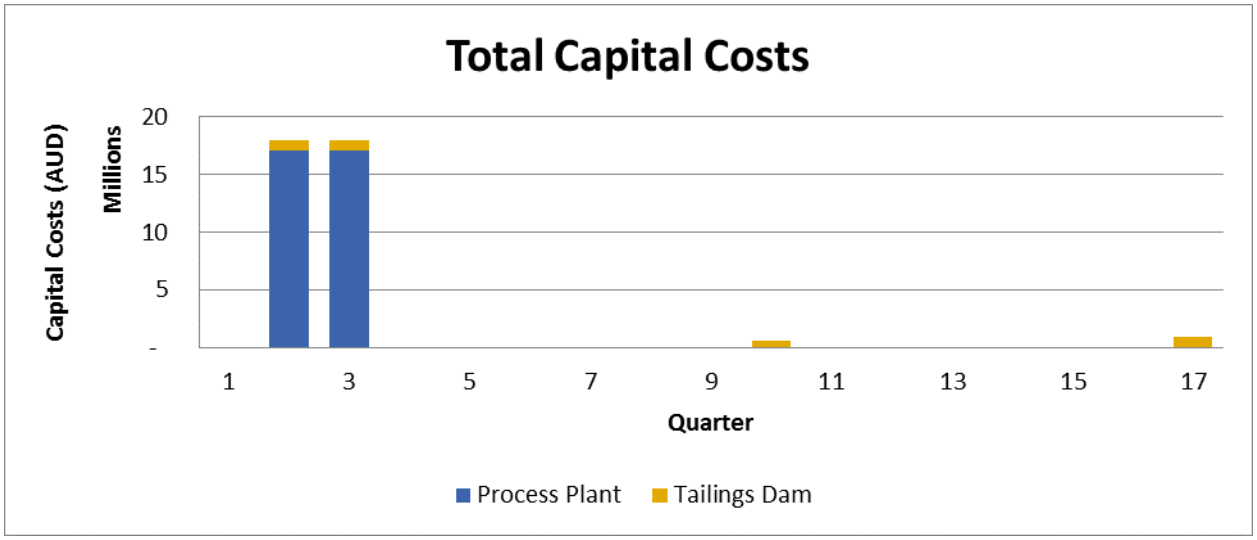

Figure 2-78: Total Capital Cost Schedule

2.2.10 Cash Flow Model

Mining One have created a cash flow model of the mining operations.

The all-in sustaining costs (AISC) include C1 costs, plus sustaining capital, indirect costs and royalties. The AISC schedule for the life of mine is presented in Figure 2-79. The life of mine average AISC is $1331/oz.

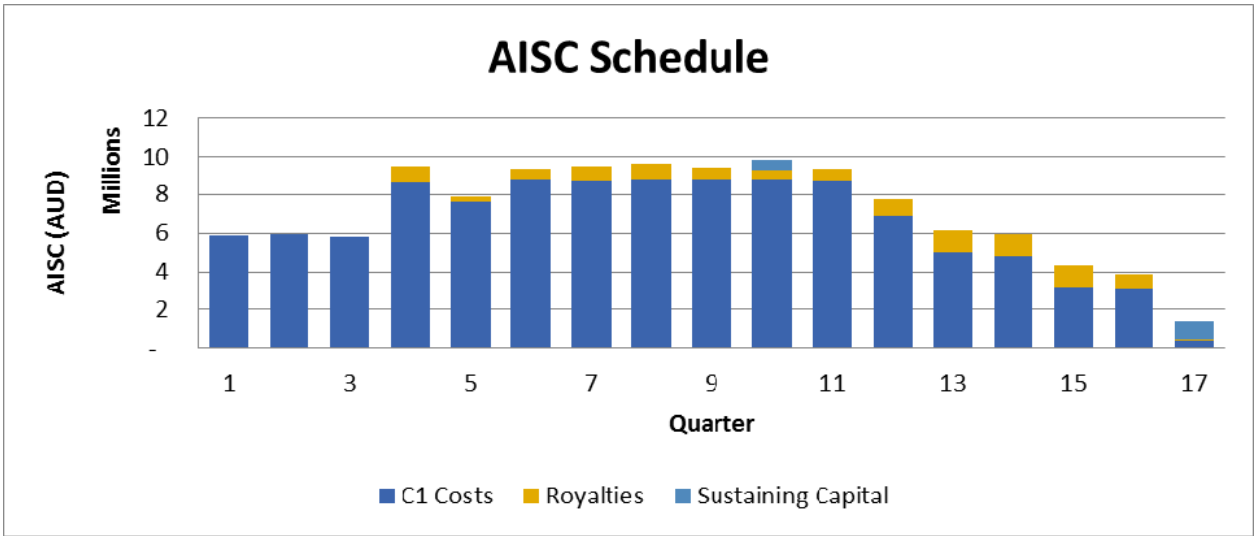

Figure 2-79: All-In Sustaining Cost Schedule

Quarterly revenue based on A$2200/oz is presented in Figure 2-80.

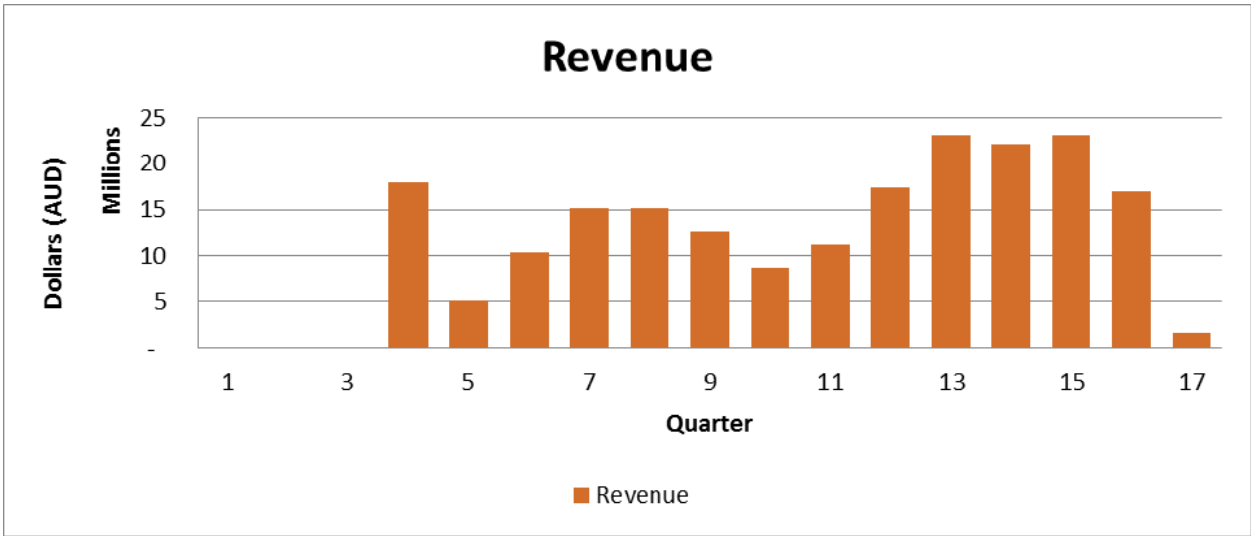

Figure 2-80: Life of Mine Monthly Revenue

The undiscounted total costs and revenue are presented in Figure 2-81 and the undiscounted cash flow schedule is presented in Figure 2-82.

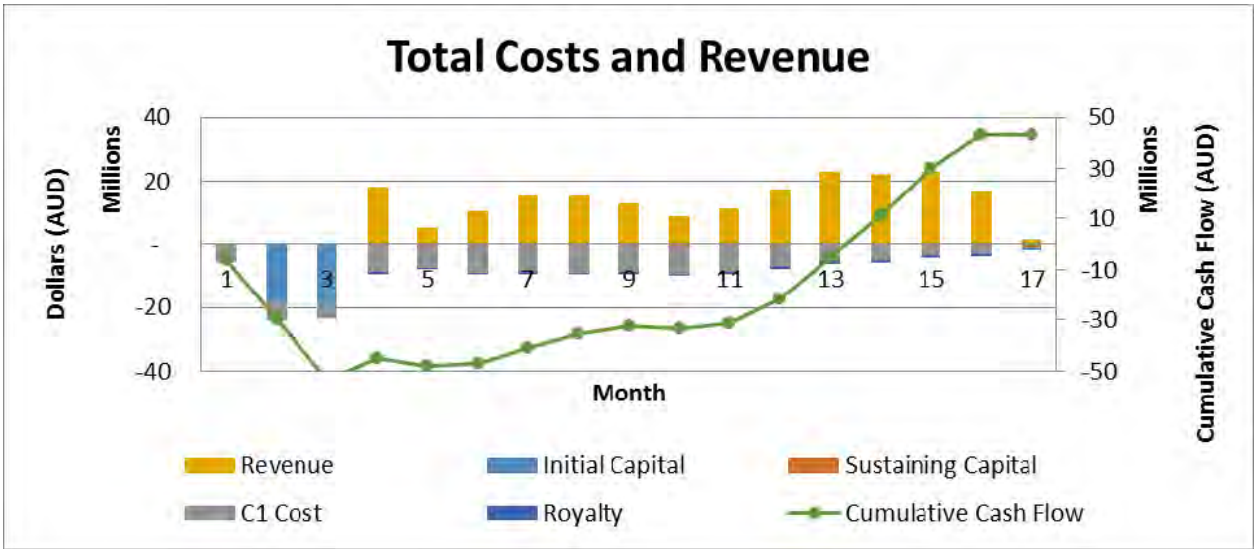

Figure 2-81: Weednanna Cashflow model – Total Costs and Revenue

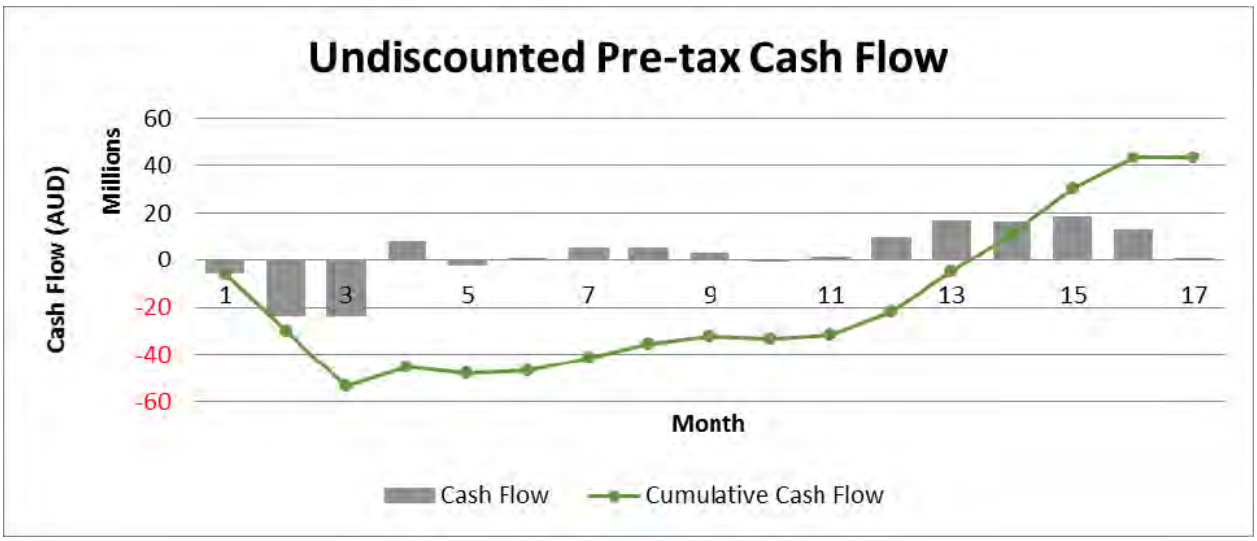

Figure 2-82: Undiscounted Cash Flow – Combined Operation

No depreciation or tax has been applied to these cash flows; however an annual discount rate of eight percent has been used to estimate a high-level net present value (NPV) and internal rate of return (IRR).

A cash flow summary is presented in Table 2-32. From the summary it can be seen that a positive undiscounted cash flow of ~ $43 million is estimated. Over the 4.5 year mine life this provides an NPV_8 of ~ $24.8 million with an IRR of 25%. The maximum cash drawdown is $54 million in Qtr 3 of the first year.

2.2.11 Sensitivities

The base case undiscounted cash flow discussed in the previous section and depicted in Figure 2-82 is $43.4 million, equating to an NPV of $24.8 million at an annual discount rate of 8%.

In order to determine the sensitivity of the LOM NPV to various key inputs, each input was flexed one at a time by +/- 10%. The only key input that was not flexed at 10% was the maximum metallurgical recovery. With a base case recovery of 92.9%, a 10% increase would provide a

recovery of >100%. The maximum rate for metallurgical recovery was set at +7.5%, effectively setting the maximum recovery at 100%.

The results of the single variable sensitivity analysis are presented in Table 2-31.

As an example, a 10% reduction in the gold price drops the NPV by $15.4 million to a value of $9.4 million, whereas a 10% reduction in the operating costs increases the NPV by $10.2 million to a value of $35.1 million.

Table 2-31: NPV Sensitivity to Key Inputs

Input	Minimum			Maximum		
	Factor	NPV ($M)	Variance ($M)	Factor	NPV ($M)	Variance ($M)
Au Price	0.9	9.4	-15.4	1.1	40.3	15.4
Met Recovery	0.9	9.4	-15.4	1.075	36.4	11.6
Opex	0.9	35.1	10.2	1.1	14.6	-10.2
Capex	0.9	28.3	3.5	1.1	21.3	-3.5

The output from the single variable sensitivity analysis is also displayed graphically in Figure 2-83. Note that the steeper the gradient of a factor, the higher the sensitivity to that variable.

The project is most sensitive to the gold price, which is effectively a proxy for the gold grade and the gold recovery, see Table 2-31.

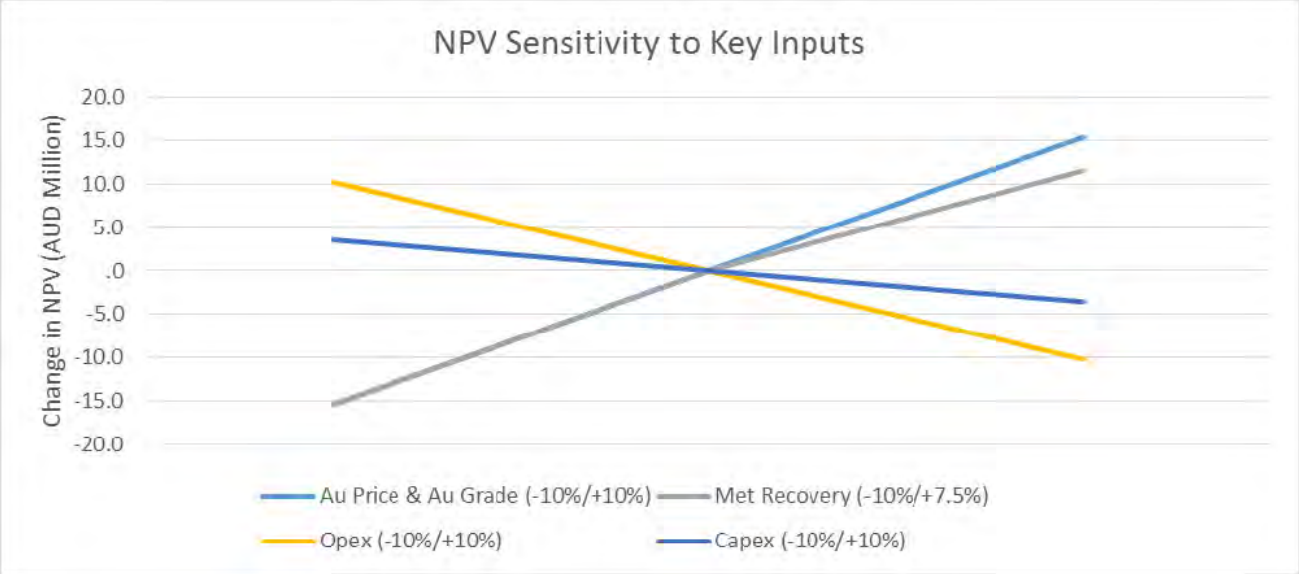

Figure 2-83: NPV Sensitivity to Key Inputs

Table 2-32: Cash Flow Summary

YEAR			YR1				YR2	YR3	YR4	YR5
QUARTER			1	2	3	4				
Description	**Units**	**Total**								
REVENUE										
Open Pit										
Tonnes Mined	t	788,044	18,372	1,969	9,777	26,914	333,080	223,043	174,889	-
Grade	g/t	3.9	4.8	2.8	10.8	2.8	3.2	3.0	6.0	-
Tonnes Processed	t	788,044	-	-	-	57,032	225,231	250,000	250,000	5,781
Grade	g/t	3.9	-	-	-	4.8	3.1	3.1	5.2	4.1
Recovered Gold	oz	91,341	-	-	-	8,186	20,862	22,814	38,766	713
Revenue	$M	$200.9	$.0	$.0	$.0	$18.0	$45.9	$50.2	$85.3	$1.6
Underground										
Tonnes Mined	t	-								
Grade	g/t	-								
Tonnes Processed	t	-								
Grade	g/t	-								
Recovered Gold	oz	-								
Revenue	$M	$.0								
Total Rec Au	oz	91,341	-	-	-	8,186	20,862	22,814	38,766	713
Total Revenue	$M	$200.9	$.0	$.0	$.0	$18.0	$45.9	$50.2	$85.3	$1.6
COSTS										
Open Pit										
Capital	$M	$0.0								
Operating	$M	$71.0	$5.7	$5.8	$5.7	$5.8	$23.0	$21.1	$3.8	$0.0
Underground										
Capital	$M	$0.0								
Operating	$M	$0.0								
Processing										
Capital	$M	$37.4	$0.0	$18.0	$18.0	$0.0	$0.0	$0.6	$0.0	$0.9
Operating	$M	$36.9	$0.0	$0.0	$0.0	$2.7	$10.5	$11.7	$11.7	$0.3
G&A + Royalty	$M	$12.2	$0.1	$0.1	$0.1	$1.0	$2.8	$3.0	$4.8	$0.2
CASHFLOW										
Total Revenue	$M	$200.9	$.0	$.0	$.0	$18.0	$45.9	$50.2	$85.3	$1.6
Total Costs	$M	$157.5	$5.9	$23.9	$23.8	$9.5	$36.4	$36.4	$20.3	$1.4
Undiscounted CF	$M	$43.4	-$5.9	-$23.9	-$23.8	$8.5	$9.5	$13.8	$65.0	$0.2
Discounted CF	$M	$24.8	-$5.8	-$23.0	-$22.4	$7.9	$8.1	$11.0	$48.8	$0.1
Cumulative Undiscounted CF	$M		-$5.9	-$29.8	-$53.6	-$45.1	-$35.6	-$21.8	$43.2	$43.4
NPV at 8% discount rate	**$M**	**$24.8**								
Internal Rate of Return	**%**	**25%**								

All costs and revenue have not been adjusted for inflation.

Although there is a positive cashflow, it should be noted that the cumulative cashflow does not become positive until the 14th quarter of the project, effectively providing a payback period of approximately three and a half years, see Figure 2-82.

In future studies, as a better understanding and confidence of the mineralised zones is achieved, a more detailed design and schedule can be created with the associated optimisation to extend the mine life, improve the NPV and reduce the payback period.

2.2.12 Production Target

As this study has been completed to a scoping study level of accuracy, an ore reserve estimate cannot be stated, even though there is a component of an Indicated Mineral Resource from a JORC compliant Mineral Resource Estimate.

As a result, Mining One created a production target based on the Mineral Resource used in this study. This inventory is presented in Table 2-33, with the breakdown on a quarterly basis presented in Figure 2-84.

The Inferred mineral resource represents 22% of the production target contained gold and 27% of the tonnes.

Table 2-33: Weednanna Gold Project Production Target Summary

Location	Indicated Resource			Inferred Resource [2]			Total		
	t	g/t	oz	t	g/t	oz	t	g/t	oz
Open Pit [1]	577,018	4.1	76,470	211,026	3.2	21,851	788,044	3.9	98,322
Ind : Inf Split	73%		78%	27%		22%	100%		100%

[1] Cut-off is 0.76 g/t Au

[2] There is an additional 300,000 t of Inferred Resources reported in the JORC Resource Statement (Table 2-17) that have not been included in this production target.

There is a low level of geological confidence associated with Inferred mineral resources and there is no certainty that further exploration work will result in the determination of Indicated mineral resources or that the production target itself will be realised.

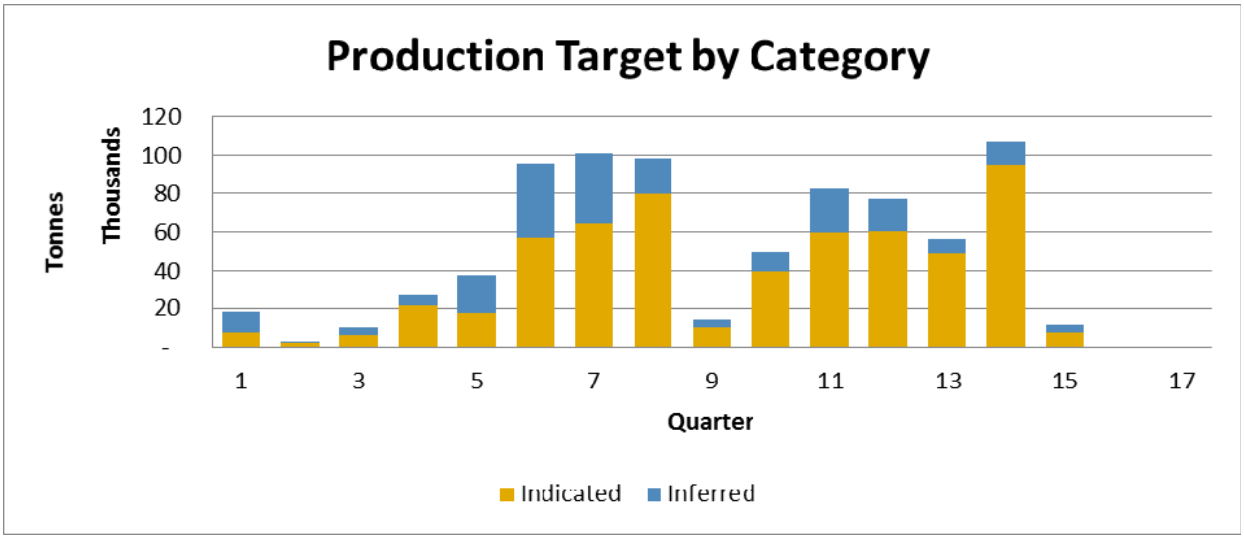

Figure 2-84: Combined Open Pit and Underground Production Target by Mineral Resource Category

There is a low level of geological confidence associated with Inferred mineral resources and there is no certainty that further exploration work will result in the determination of Indicated mineral resources or that the production target itself will be realised.

2.2.13 Tailings Management

2.2.13.1 Available Documents

There are no documents available on the project relating directly to tailings management for the gold deposit. The most pertinent source of information is a Golder Associates scoping study on the Wilcherry Hill Iron Ore Project. Information was taken from this report to inform this study where appropriate to do so. The sections below discuss key assumptions or limitations associated with adapting the Golder Associates work to this study and with the available data in general. Recommendations on further studies in later feasibility studies are made in this section.

The relevant documents available for this study are:

- Golder Associates, June 2012. Wilcherry Hill project. Tailings Storage Facility Scoping Study.
- Ironclad Mining Ltd. November 2011. Overburden and Stockpile Management Plan.
- Ironclad Mining Ltd. November 2011. Stormwater Management Plan.
- SKM. July 2011. Wilcherry Hill Stormwater management Plan.
- Ironclad Mining Ltd. January 2014. Wilcherry Hill Iron Project Stage 1 Feasibility Study Report.
- BHM Process Consultants Cost Estimates.

2.2.13.2 Design Assumptions

2.2.13.2.1 Production Rates and Mine Life

For the purposes of this scoping study an average annual tailings production rate of 250,000 tonnes was assumed and a mine life of 7 years resulting in a total of 1.75 Million tonnes of dry tailings production over the mine life.

2.2.13.2.2 Tailings Properties

There are no tailings available for the proposed gold tailings. Properties are estimated based on the information contained in Golders Associates 2012.

2.2.13.2.3 Geotechnical, Beach and Density

It is assumed the tailings slurry will be in the order of 55% solids by weight. No tailings thickener is assumed although this may be considered in further studies dependent on water supply criticality. The grind is assumed to have a P80 of at least 80%.

An initial maximum settled density soon after deposition of 1.35 t/m^3 is assumed. A longer-term average settled density of 1.5 t/m^3 is assumed with rotating spigot deposition and thin layer deposition of the tailings in the tailings storage facility (TSF). A beach angle of 1:100 is assumed. These assumptions will require confirmation as the project proceeds to feasibility level and include tailings testwork. No underdrainage is included for this scoping study. The advantages of including any underdrainage could be considered in future feasibility stages.

The tailings are likely to have a relatively low permeability with 10^{-8} m/s to 10^{-9} m/s for any oxide material. Unweathered material may have a permeability of one to two orders of magnitude greater.

2.2.13.2.4 Environmental

Potentially Acid Forming (PAF) materials were noted in the iron ore body associated with sulphides (Golder Associates, 2012). Therefore, it is not unreasonable to assume at least part of the gold mineralised zones will be Potentially Acid Forming.

It was also noted that asbestos may be present in the iron orebody. It is therefore assumed this may also occur in the gold mineralised zones and hence in the tailings.

The geochemistry of the tailings and any potentially for acid forming minerals or other adverse minerals or reagents should be assessed as part of the next stage of the feasibility studies for the project.

2.2.13.2.4.1 Environmental Considerations

The general considerations in TSF siting include:

- Not sited where impacts to any cultural heritage sites are possible.
- Impacts to flora and fauna minimised.
- Controls on dust will be implemented if required particularly if asbestos is present.
- Siting will be to minimise impacts on surface and groundwater systems. This includes minimising and monitoring for any seepage.
- The TSF will be stable and allow for rehabilitation consistent with the surrounding environment.

2.2.13.3 Storage Concept

2.2.13.3.1.1 Above Ground

An above ground TSF is adopted for this study forming a “Turkeys nest” type structure. Given the gently sloping terrain this type of storage is considered technically feasible.

The site of the TSF is assumed to be within one kilometre of the plant to minimise tailings delivery and return water pumping costs.

The TSF should be located to minimise earthworks and any stream diversions. The total footprint will be in the order of 40 hectares including all tracks and clearing adjacent to the TSF. The maximum height will be approximately 15 m assuming a 1.5 t/m^3 average settled density and five years production at 250,000 tonnes per annum. It is envisaged there will be an initial starter embankment and then one raise to the final height. The relative heights of the starter embankment and the raise can be reviewed in later feasibility stages as can the number of raises.

Upstream raises are envisaged assuming the tailings are spigotted in thin layers to facilitate drying. The annual evaporation exceeds rainfall by at least a factor of eight. Upstream raising will require placing material over deposited tailings and will disturb the surface. Management procedures would be required to be in place if it was confirmed the tailings may contain asbestos. Alternatively, downstream raises could be adopted involving greater quantities of fill. The staging and configuration of the starter embankment and subsequent raises should be further considered in the next stages of feasibility.

A full geotechnical investigation program should also be undertaken to confirm founding conditions and available borrow materials.

2.2.13.3.1.2 In Pit

No details are available of the proposed open pit mine. Hence this option is not considered further in this study. As the project progresses this option could be reconsidered particularly for later stages of the mine life and adopting a smaller surface TSF for the early mine years.

2.2.13.4 Adopted Concept

2.2.13.4.1.1 Embankment Configuration

A two-zone embankment is envisaged comprising a lower permeability Zone 1 and a shoulder Zone 3. Zone 1 would comprise clayey soils and Zone 3 selected waste or overburden. It is assumed there is sufficient volume of both zones on site and they are geochemically suitable (asbestos and PAF suitability).

A conceptual sketch of the embankment section is shown in Figure 2-85. The sketch includes a cutoff to a suitable foundation. The local geology of the area suggests alluvial or colluvial sediments may be present and this may provide higher permeability flow zones below the

embankment. Hence the cutoff is critical as is the geotechnical investigation to locate any such permeable zones.

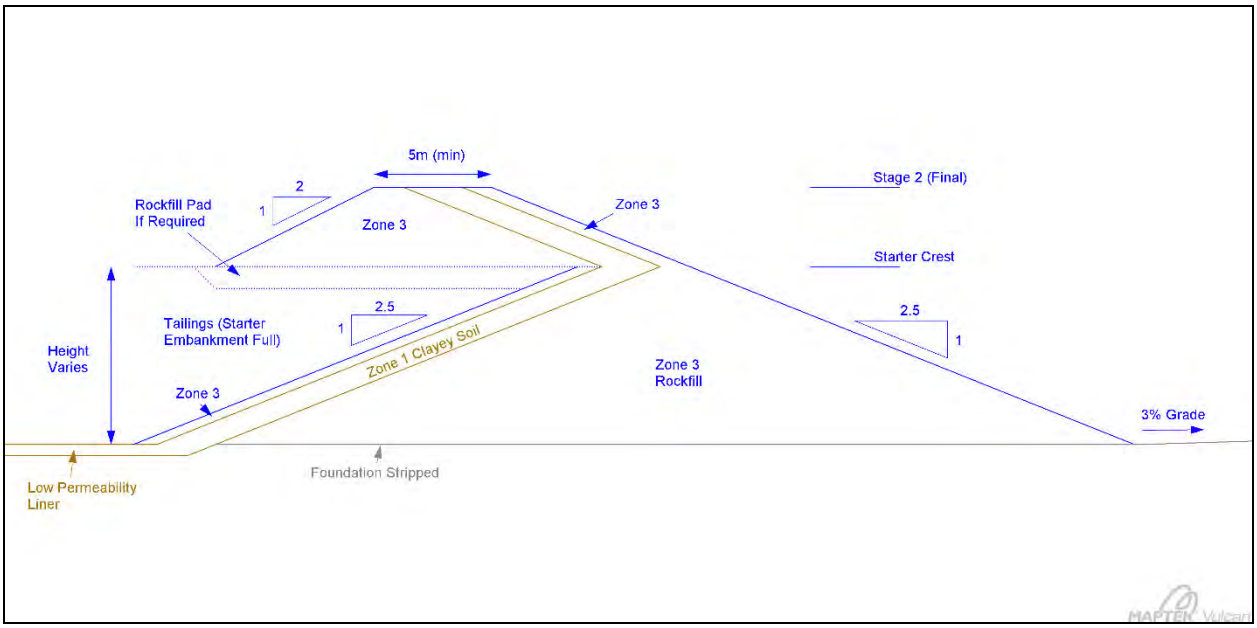

Figure 2-85: TSF Embankment Configuration

The TSF would be approximately 400 m by 400 m in area including embankments and have an average height of about 8 m to 9 m to accommodate the total mine production.

It is assumed that there will be sufficient overburden to form the majority of the TSF embankments for the starter and subsequent lifts.

Within the iron ore body it was estimated that approximately 3.1% of the waste rock may be PAF and that the upper 50 metres of the iron ore body is oxidised and contains no PAF. It is therefore assumed that the TSF embankments can utilise mine overburden for construction[4]. For later TSF raises this may require some segregation of waste rock to provide a non PAF construction material. This assumption should be confirmed in later feasibility stages of this project.

2.2.13.5 Seepage Management

Given the potential that seepage from the TSF may be impacted by acidity or other adverse chemistries, lining of the TSF has been adopted. A clay liner using in situ, or nearby materials from a dedicated borrow or the mine overburden have been allowed for. If suitable materials are not cost effectively available locally, a synthetic liner may be required although this is not included in this study. The availability of suitable lining materials should be part of the next feasibility stages of the project.

Three monitor bores have been allowed for on the margins of the TSF downgradient.

[4] Pit 2B has ~40 m of kaolinite + quartz overburden with no PAF or possible asbestos. This would likely be the Zone 3 construction material.

2.2.13.6 Water Recovery/Management

Supernatant water will be recovered from the TSF via a central decant tower with a groyne to provide access. The tower will be raised as the TSF is raised. The return water will be pumped back to the plant for reuse.

2.2.13.7 Tailings Deposition

It is assumed the tailings will be pumped to the storage without thickening. The tailings will be distributed around the storage via a HDPE pipe with spigots located at approximately 20 m – 30 m centres. It is envisaged about four to six spigots will be in use at any one time. The number of active spigots and the spacing of the spigots will be adjusted as the storage is operated based on experience.

Discharge will be managed to control the supernatant water pond in the centre of the storage with discharge cycled around the storage in layers up to 300 mm thick to allow maximum drying.

2.2.13.8 Flood Management/Freeboard

The TSF is assigned a consequence category of Low as per the ANCOLD guidelines. This requires there is not any expected loss of life in the event of a failure. Given there is some potential for asbestos to be in the tailings the design flood for the TSF is the 1:100 AEP 72 event. It is proposed to contain this without release to the environment. No spillway is required as the design event will be contained in the TSF. At Kimba this event would occur with 145 mm of rainfall. Therefore, a minimum freeboard of 200 mm is proposed. No allowance for wave runup is made as per ANCOLD Tailings Dams Guidelines 2012.

The design flood should be confirmed in later feasibility stages of the project.

The TSF should be located to not be in any potential water courses that may flood and impact the TSF. If this is unavoidable there may need to be some diversion works although they are not allowed for in this study. A table drain directing water away from the TSF should be included in the design.

2.2.13.9 Seismicity

The site is an area of relatively low seismic activity. However, the presence of any potentially liquefiable materials should be confirmed at the geotechnical Investigation and treated/removed if required below the embankment footprint.

2.2.13.10 Bill of Quantities and Cost Estimate

A Bill of Quantities for this scoping study is included as **Table 2-34** and contains only major items commensurate with the level of accuracy for this study. The volumes and items should be refined as future feasibility studies are undertaken. This costing is for the TSF only and not the tailings delivery, thickening, pumping and return water systems. These are costed in the BHM Process Consultants 2018 cost estimates and are included in the process plant capital cost within the cost model.

Table 2-34: TSF Bill of Quantities and Cost Estimate

Item	Description	Rate (AUD)	Units	Quantity			Totals		
				Initial TSF	Raise	Closure	Initial TSF	Raise	Closure
1	Site establishment/ disestablishment	$50,000	item	1	1	1	$50,000	$37,500	$15,000
2	TSF Site Preparation								
2.1	Clearing, grubbing	$2.5	m^2	160,000	-	-	$400,000		
2.2	Topsoil stripping to stockpile (150mm)	$3	m^3	24,000	-	-	$72,000		
2.3	Excavate cut-off trench (average 1.0m depth)	$3	m^3	4,800	-	-	$14,400		
2.4	Win, haul, condition and place Zone 1 embankment	$10	m^3	22,400	16,800	-	$224,000	$168,000	
2.5	Win, haul, condition and place Zone 3 embankment	$5	m^3	116,800	58,400	-	$584,000	$292,000	
2.6	Win, haul, condition and place Zone 1 clay liner (300mm)	$8	m^3	36,750	-	-	$294,000		
3	Decant								
3.1	Decant tower section incl. rockfill	$50,000	Item	1	0.5	-	$50,000	$25,000	
3.2	Decant groyne	$3	m^3	21,875	10,938	-	$65,625	$32,813	
4	Tailings Pipeline	Included in BHM costing.							
5	Return water pipeline	Included in BHM costing.							
6	Monitoring Bores	$5,000	Item	3	-	-	$9,000		
7	Closure								
7.1	Rockfill incl. capillary break	$3	m^3	-	-	245,000			$735,000
7.2	Topsoil spreading from stockpile	$2	m^3	-	-	24,000			$48,000
7.3	Drains, revegetation	$100,000	Item	-	-	1			$100,000
7.4	Decommission pipes. dispose in TSF.	$20,000	Item	-	-	1			$20,000
						Totals:	$1,763,025	$555,312	$918,000

The cost estimate assumes all borrow will be sourced locally and synthetic (HDPE) lining of the TSF is not required.

Two stages of construction i.e. one upstream raise is assumed over the operational life of the TSF. Closure rockfill placement could be scheduled during operations to avoid double handling of overburden/waste rock. It is assumed the mine fleet would do most of the earthworks at closure.

Rates are based on experience and rely heavily on earthfill materials being available within 500 m of site and the use of mine waste rock.

2.2.14 Closure Concept

The closure concept of the TSF involves placement of a rock cover over the TSF creating a domed surface that sheds water. Additional rockfill will need to be placed to allow for any settlements of the tailings post closure to maintain a water shedding cover. Final closure slopes will be relatively flat to minimise erosion and to be compatible with the surrounding environment. In addition, capillary break layers and topsoiling will be required using materials stockpiled from the original construction of the mine and clearing of the TSF site. The intent will be to create an erosion resistant, cover that can support long term vegetation growth.

2.2.15 Scoping Study Conclusions and Recommendations

From the cash flow model, Mining One have identified that a financially viable project is possible (undiscounted cash flow of $43.4 million), however based on a 3.5 year payback period on a 4.5 year project, there is substantial risk.

Mining One make the following recommendations:

- Additional resource drilling be conducted in order to improve the confidence in the resource and potentially increase the size of the resource and hence extend the possible mine life.
- With an updated resource model, a more detailed open pit design and sequencing can be undertaken to optimise delivery of ore to the plant.
- Run additional scenarios at different mining rates in conjunction with the mineral processing team to identify the best process plant size and throughput.

2.3 Wilcherry Hill Magnetite Project

2.3.1 Project Location

The Wilcherry Hill Iron Project (WHIP) comprises four exploration tenements and one mining lease covering an area of 976 square km located some 45km north of the township of Kimba as shown in Figure 5-1. The WHIP was, at the time, a joint venture between IronClad Mining Ltd and Trafford Resources Ltd from 2008 to 2015.

The exploration tenements at the time were, from west to east, EL4421 (now EL5990) Peterlumbo, EL5299 (now EL6188) Wilcherry Hill, EL4286 (now EL 6379) Valley Dam and EL5164 (now EL 6072) Eurilla Dam. The current Resource comprising three deposit areas is situated within mining lease ML6390 (surrendered by Tyranna Resources Ltd in 2016) which sits within the central tenement EL5299 (now EL6188) (Wilcherry Hill). The three deposits from which mining will commence are named Weednanna (WDA), Weednanna North (WDN) and Ultima Dam East (UDE).

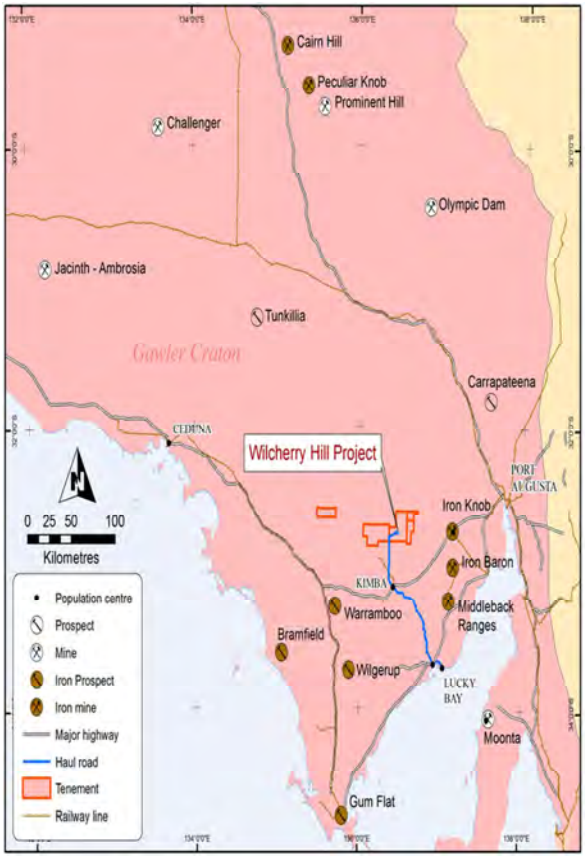

Figure 2-86: Wilcherry Hill Iron Project Location

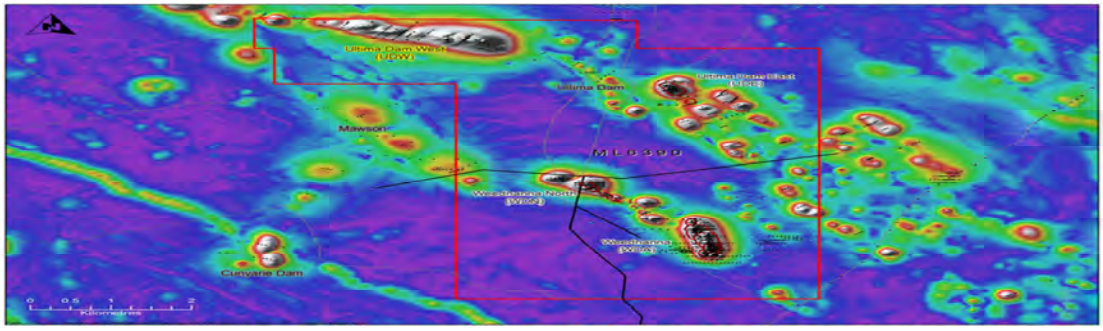

Figure 2-87: Wilcherry Hill Deposits Located within Mining Lease 6390

2.3.2 Wilcherry Hill Regional Geology

The Wilcherry Hill Iron Project area is situated in the south-eastern part of the Gawler Craton, an ancient crystalline shield comprising Archaean to Mesoproterozoic age metasediments, volcanic sediments and granites (Figure 5-3). The craton is host to a number of major mineral deposits, including Olympic Dam, Prominent Hill and the Middleback Range iron deposits. The mineral deposits are typically associated with the intrusion of Hiltaba Suite granites of around 1600 Ma.

In the northern Eyre Peninsula region, the oldest rocks are attributed to the Sleaford Complex, which comprise largely of ortho- and para-gneisses deformed and metamorphosed to granulite facies during the ~2440 Ma Sleaford Orogeny. In the Wilcherry Hill Iron Project area, the host rocks for iron mineralisation are the Palaeoproterozoic Hutchison Group, which consist of tightly folded, metamorphosed clastic marine sediments, carbonates, iron formations and mafic volcanics. The Hutchison Group sediments were deposited between 1950 and 1840 Ma within an extensional basin along what is now the eastern margin of the Gawler Craton.

The Kimban Orogeny (1850–1700 Ma) caused the collision of the nucleus of the Gawler Craton (Mawson Continent) and the North Australian Craton. Deformation and metamorphism during the Kimban Orogeny caused fold-thrusting of the Hutchison Group, and was accompanied by the syntectonic intrusion of Lincoln Suite granites (~1700 Ma). The result is a complex interleaving of gneissic, schistose and granitic rock types in which individual stratigraphic units and sequences can be difficult to recognise. Approximately 1620 Ma a hotspot is thought to have evolved beneath the subducting Gawler slab. This hotspot was subsequently dragged north with the slab when the over-riding North Australian Plate changed from an extensional to a compressional regime during the Olarian/Isan Orogeny.

A magmatic hiatus followed, during which the subducting slab was assimilated into the mantle. Crustal extension of the North Australian Plate resumed ca. 1595 Ma, resulting in the subduction of the Gawler Plate beneath it once again. By this point, the hot spot had assimilated with the North Australian Plate, causing thermal upwelling and possibly inducing the commencement of yet another extensional regime.

Mesoproterozoic (1600-1585 Ma) Hiltaba Suite granites later intruded the older basement and deformed sediments; their emplacement appears to have been structurally controlled by both northeast and northwest trending fracture sets. Co-magmatic Gawler Range Volcanics were extruded during the 1600–1595 Ma event, forming a prominent range of hills along the northern margin of the Wilcherry Hill Iron Project area. These events were derived from partial digestion of the crust by the mantle plume; it is this mixing of a fertile mantle with a complex tectonic history and an upwelling plume (possibly rich in metals) which is believed to be responsible for the diverse array of deposits throughout the Gawler Craton.

2.3.3 Wilcherry Hill Local Geology

The project area is dominated by metasediments of the Palaeoproterozoic Hutchison Group which unconformably overlie early Palaeoproterozoic Miltalie Gneiss and Archaean granulites and gneisses of the Sleaford Complex. The Hutchison Group consists of metamorphosed clastic marine sediments, carbonates, iron formations and mafic volcanics. Locally, the Hutchinson Group is represented by the basal Warrow Quartzite, overlain by dolomitic marble and calc-silicates (the Katunga Dolomite) and amphibolites, cherty BIF and pelitic schists (the Middleback Subgroup). Deformation and metamorphism during the Kimban Orogeny (1850-1700 Ma) was accompanied by the syntectonic intrusion of the Moody Suite granites. The result is a northwest trending igneous - metamorphic complex of metasedimentary rocks, amphibolites, 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 precious metal, uranium and base metal mineralisation.

A strong gravity low in the southern half of the Wilcherry Hill tenement reflects a buried Hiltaba granite intrusion, which has been located by previous explorers at about 500m depth at the Weednanna prospect. This granite is significant, as it has been interpreted as the heat source for the magnetite skarn mineralisation at Weednanna. Thin granitic intrusives have also been noted in drilling at both Weednanna North and Ultima Dam East, often at the contact margins of magnetite mineralisation.

Widespread surficial cover obscures much of the bedrock whilst weathering has produced a saprolitic regolith to an average depth of between 40 - 100m. The ground water is saline and there is strong geochemical depletion in the regolith throughout the area. Calcrete is well developed in the soils and upper regolith.

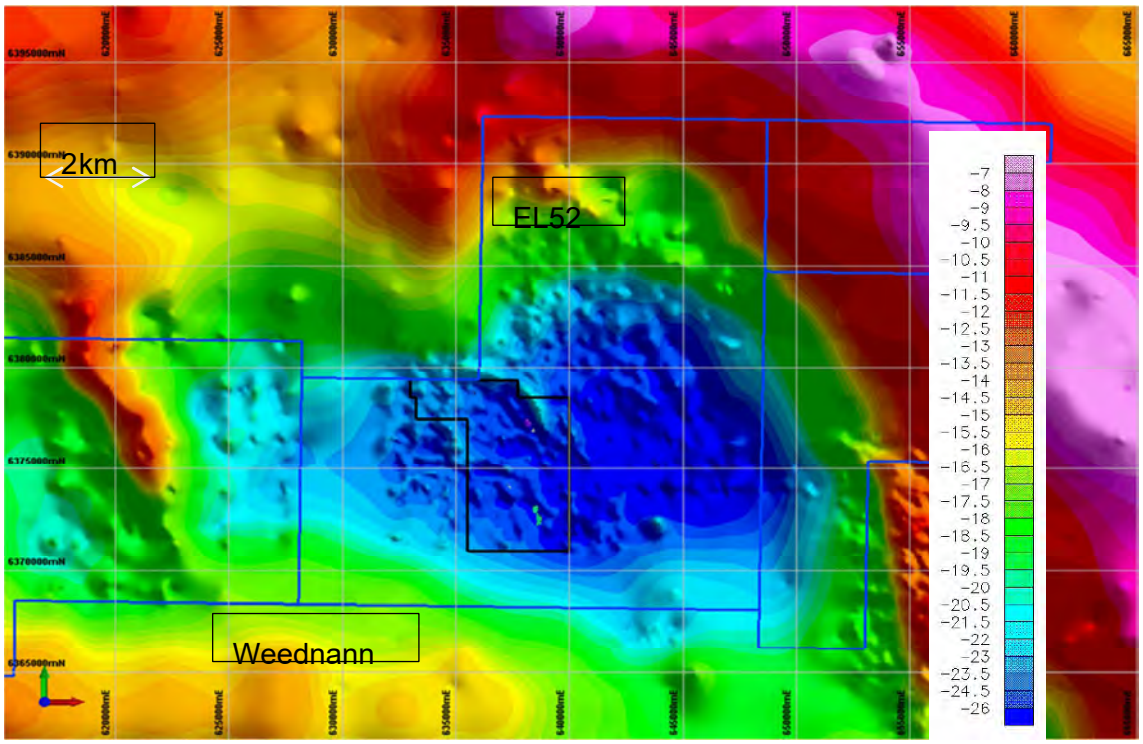

Figure 2-88: Wilcherry Hill Area Bouger Gravity Anomalies

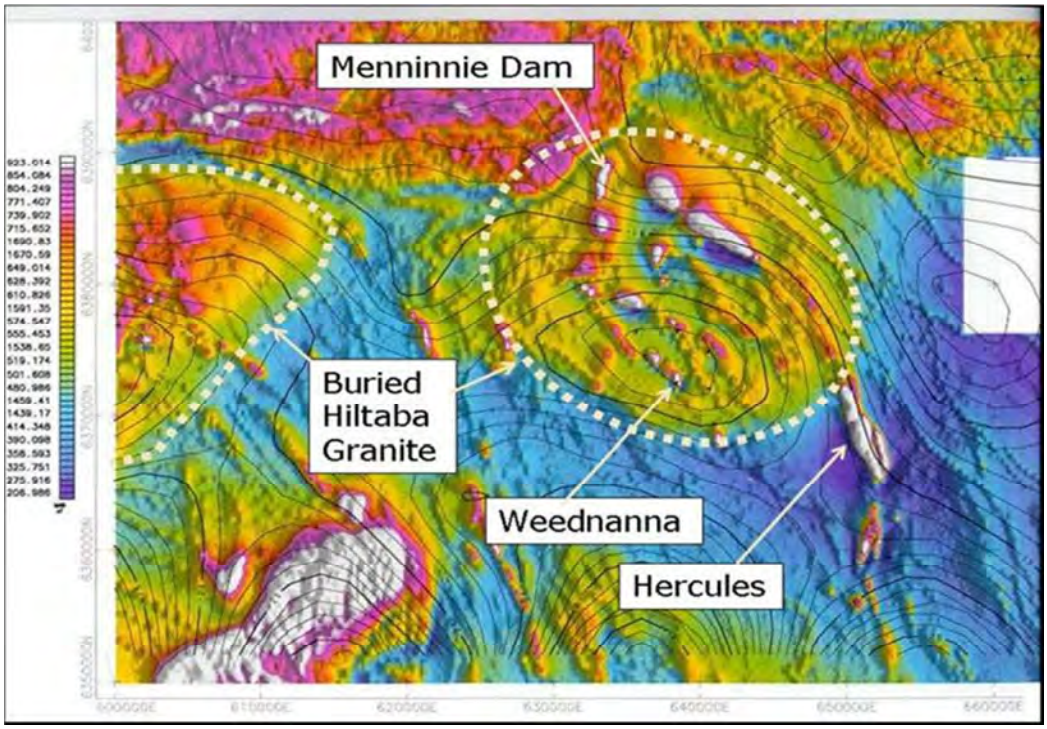

Figure 2-89: Wilcherry Hill Magnetic Image and Hiltaba Granite

2.3.4 Wilcherry Hill Iron Mineralization

Brecciation, fracturing and alteration accompanied the intrusion of the Hiltaba Suite granites into the older Palaeoproterozoic metasediments and granites. At Wilcherry Hill, the primary control on iron ore mineralisation is interpreted to be the intrusion of Hiltaba Suite granites into brecciated, metasomatically altered carbonate members of the Middleback Subgroup, resulting in skarn mineralisation.

The typical characteristics of an ore-bearing skarn deposit begin with a calcium and/or magnesium silicate bearing host rock that has been produced by the replacement of protolith limestone/dolomite along a heated granitic margin. The silicates include such minerals as garnet and pyroxene and are formed proximal to the granite during interaction of hot (>3000°C) metal rich hydrothermal fluids within a suitable host rock. The skarn deposits in Wilcherry Hill formed when a mantle derived, metal rich pluton intruded into an impure dolomitic marble/marl host sequence, thought to once have been the Katunga Dolomite.

Aeromagnetic imaging shows there to be an abundance of magnetic anomalies throughout the tenement with varying strengths of magnetic signature (Figure 5-4 and Figure 5-5). The signature at Weednanna is particularly strong and drilling has proven the iron content within the magnetite skarn to account for this. It is interpreted that this east dipping body was intrusive in its inception as an offshoot from the fractionating Hiltaba Granite. A pulse of Fe-rich fluid was injected into the surrounding country rock and precipitated into the fractured Katunga Dolomite host. The margins of the magnetite unit appear as a fine grained calc-silicate where metasomatic alteration has been intense. This baked margin however is extremely broad relative to the size of the magnetite body which probably indicates a series of overprinting events which began with the emplacement of the granitic pluton.

The weak magnetic signature over most of the Wilcherry Hill tenement EL5299 (Figure 5-5) suggests an underlying roughly circular granitic body at a relatively shallow depth; the signature most likely developed from fluid and thermal interaction of the granite with the surrounding country

rock. The lack of a gravity signature in the very same area supports this theory. Geochemical analysis of the Wilcherry Hill granites in comparison to known nearby Hiltaba Suite granites shows correlation between the two data sets.

Intense argillic alteration is evident across the entire Wilcherry Hill region and is thought to have occurred at low temperatures after the initial mineralisation event. Kaolin clay associated with quartz is often found in the upper weathered zone in areas distal to outcrop and mineralisation, and can continue to a depth of up to 50m. The kaolinisation is thought to have occurred due to the bleaching of feldspars. In zones closer to magnetite mineralisation, argillic alteration coupled with oxidisation has created zones of limonite, goethite and hematite clays.

2.3.4.1 Principal Iron Ore Types (Iron Domains)

Iron primarily existed within the Wilcherry Hill deposits in the form of black, coarse crystalline magnetite as observed at depth. During the weathering process, magnetite reverted to the more stable mineral species hematite, which further altered to the stable hydrous oxide minerals of limonite and goethite. The formation of oxidised ores from magnetite is almost entirely dependent on the degree of weathering, suggesting that oxidised ores are simply weathered versions within the same iron system.

The iron mineral species occur throughout the deposit in differing amounts. Their presence ranges from single end members to more complex assemblages in variable quantities and grain sizes.

The classification of material is made more problematic due to the gradational changes induced by weathering. Through logging of diamond core, metallurgical testwork, coupled with assay analysis five (5) ore domains have been identified.

Table 2-35 below shows iron ore types identified at Wilcherry Hill throughout the three deposits, with associated numeric Domain codes.

Table 2-35: Median Values of Iron Ore Types (Domains) within Whicherry Hill

WILCHERRY HILL ORE TYPES													
DEPOSIT	Ore Type	DOMAIN	Magsusc	FE%	SiO2%	Al2O3%	S%	P%	MgO%	CaO%	K2O%	NA2O%	Mn%	LOI
UDE	Fresh crystalline Magnetite	1	47,300	38.10	21.50	1.69	0.024	0.030	12.00	1.54	0.50	0.11	0.480	3.43
WDA	Fresh crystalline Magnetite	1	61,590	37.55	19.06	3.31	0.049	0.014	10.60	2.40	0.12	0.08	0.180	4.23
WDN	Fresh crystalline Magnetite	1	37,307	35.70	18.20	3.95	0.025	0.016	10.17	2.32	0.23	0.08	0.330	4.77
UDE	Oxidised Magnetite +/- Hematite	2	17,750	59.40	6.95	2.91	0.015	0.061	1.24	0.22	0.03	0.19	0.600	2.44
WDA	Oxidised Magnetite +/- Hematite	2	44,300	58.33	7.80	3.16	0.035	0.017	1.09	0.04	0.04	0.13	0.099	2.34
WDN	Oxidised Magnetite +/- Hematite	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
UDE	Highly Ox. Magnetite with Hem/Goe	4	5,345	49.46	12.40	5.95	0.040	0.048	0.50	0.07	0.04	0.22	0.430	5.15
WDA	Highly Ox. Magnetite with Hem/Goe	4	8,986	47.27	15.60	5.01	0.080	0.032	0.86	0.08	0.12	0.31	0.324	5.76
WDN	Highly Ox. Magnetite with Hem/Goe	4	2,745	46.88	16.82	4.92	0.062	0.042	0.94	0.10	0.08	0.32	0.220	6.44
UDE	competent Goethite	5a	76	39.10	16.93	6.71	0.054	0.177	0.24	0.17	0.08	0.30	0.700	11.16
WDA	competent Goethite	5a	529	41.82	19.65	6.95	0.103	0.050	0.59	0.06	0.24	0.36	0.110	8.47
WDN	competent Goethite	5a	234	32.50	29.15	8.49	0.098	0.053	1.23	0.14	0.39	0.46	0.163	8.38
UDE	Limonite +/- Goethite	5b	80	30.54	25.92	9.83	0.070	0.136	0.33	0.21	0.10	0.40	0.610	11.20
WDA	Limonite +/- Goethite	5b	153	31.03	28.06	12.56	0.100	0.053	0.69	0.09	0.65	0.50	0.076	10.00
WDN	Limonite +/- Goethite	5b	153	32.67	26.23	10.20	0.108	0.067	0.85	0.08	0.20	0.54	0.150	9.14

Principal iron ore variants, known as Ore Domains, are described below:

2.3.4.2 Fresh Magnetite

This style represents the primary iron formation at Wilcherry Hill. The fresh disseminated to coarsely crystalline magnetite is the primary skarn mineralisation event from which all other ore

domains are derived. Contained within the calc-silicate host (Katunga Dolomite) it is defined by very high magnetic susceptibility values averaging 57,000 SI-5 units and moderate to high Fe grades. Although averaging 38.5% Fe throughout the three deposit areas, fresh magnetite is regularly intersected at depth in its purest form, with iron values exceeding 60% Fe. Metamorphism often results in very high associated Mg values exceeding 11%. Fresh magnetite has been coded as Domain 1.

2.3.4.3 Oxidised Magnetite

Represents the residual weathered version of Domain 1 (fresh magnetite) identified within the oxidised zone. The carbonate and silicate minerals have been leached, thereby concentrating the magnetite and increasing the Fe grade. The material is very hard and fine grained with significant voids throughout the ore as evidence of leaching. Magnetite can be weathered to hematite (Figure 5-9), particularly on grain boundaries.

This domain is largely limited to the southern zone of Weednanna with only minor zones identified in mappable quantities through the other deposits. It can be defined by very high Fe grades averaging 57% (median 59.6% Fe) and high magnetic susceptibility values averaging 40,300 SI-5 units. LOI, Mg and contaminants Si, Al and P are typically low.

Oxidised magnetite is coded as Domain 2.

2.3.4.4 Weathered Magnetite +/- Hematite/Goethite

This domain is characterised by the continued weathering of magnetite to more stable Fe mineral assemblages of Fe phases hematite and goethite (with minor associated limonite). The increased weathering results in increased replacement of magnetite to a hematite/goethite product, producing magnetite dominant and hematite/goethite dominant end members. It is important to note that weathering of the magnetite does not necessarily result in a reduction in Fe grade; it is not removing the iron, but re-ordering it. It does however result in a reduction in magnetism, as magnetic potential reduces with increase hematite and goethite replacement.

Fe grades remain high, averaging 48.8%, but magnetic susceptibility values decrease to an average of 13,400 SI-5 units. Moderate LOI and high porosity (30%) but contaminants Al, S and P are again low. Weathered Magnetite +/- Hematite/Goethite is coded as Domain 4.

2.3.4.5 Competent Geothite

Magnetite that has completely altered to a non-magnetic Fehydroxide can be identified as goethite or limonite. Although typically co-existing in varying proportions it can be noted that a distinct separation occurs where competent goethite, altered from hematite and/or magnetite has yet to weather completely to a clay based product (such as limonite). This unit retains an average Fe grade of 43%, magnetic susceptibility averages 3,400SI-5 units and high LOI and porosity. This unit is coded as Domain 5a.

2.3.4.6 Limonite/Geothite Clay

Completely weathered, non-magnetic clay product that may be present as yellow/brown limonite or brown goethite, this unit is entirely clay based, with no remnant magnetite, hematite or competent goethite remaining. It retains a low to moderate Fe grade averaging 33%, with high Fe / Al ratio and very high LOI values >10%. Although the unit represents the outer margins of the iron system, and has not shown an ability to be suitably upgraded via any beneficiation method, it has still been included due to its relevance within the iron system. Coding for this unit is Domain 5b.

2.3.5 Wilcherry Hill Principal Rock Types (Waste)

Within the skarn metamorphic system, various mineral assemblages were often noted for a lithological unit, indicating metamorphic end members for each unit. However, for simplification, these mineralogical and metamorphic variants were categorized together wherever suitable.

Through logging of diamond core, coupled with assay analysis nine (9) un-mineralised waste domains were identified. The five main types are described below

2.3.5.1 Katunga Dolomite

The Katunga Dolomite is not readily recognised in outcrop because it is usually highly weathered. Outcrops may be silicified to chert breccia or as magnetite ironstones. It is a massively bedded grey to pink dolomitic marble with interbedded units of graphite schist, sillimanite-garnet schist, calc-silicate gneiss and amphibolite (Figure 5-14). It interlayers with the Lower Middleback Jaspilite. It appears to be the principal rock unit in the Wilcherry Hill area, and is identified as the principal mineralised iron host. It can be defined by extremely high Mg and Ca values. The Katunga Dolomite unit is coded as Domain 7.

Intensive weathering of the Katunga Dolomite has produced a deeply weathered regolith showing strong geochemical depletion, dominated by kaolinised to iron stained saprolite. Intensity of iron alteration is related to proximity to the iron system. Both kaolinised saprolite and the iron-stained equivalent can be seen. For simplicity both variants have been combined and coded as Domain 8.

2.3.5.2 Lower Middleback Jaspilite

The Lower Middleback Jaspilite consists of interlayered oxide and silicate iron formation, impure marble/calc-silicate, magnetite chert, graphitic schist and amphibolite. This unit is not identified within the three deposit areas.

2.3.5.3 Cook Gap Schist

The Cook Gap Schists consist of layered pelitic schists (quartz-biotitegarnet schist, chlorite schist and graphite schist), calc-silicate gneiss, magnetite gneiss and amphibolite. Although identified elsewhere on the tenements via drilling it is not recognised in the three deposit areas.

2.3.5.4 Warrow Quartzite

Forms the dominant outcrop in the project area. The generally coarse grained massive quartzite (Figure 5-16) can be interbedded with pelitic schist and contain micaceous and feldspar rich units with a foliated gneissic texture. It is the basal unit of the Hutchison Group metasediments, and can be defined by low Fe grades and high Si, K and Na values. It is coded as Domain 10.

2.3.5.5 Hiltaba Suite Granite

Hiltaba Suite granites form the dominant gravity anomalies in the project area. Occurring as a suite of oxidised K-feldspar rich granites that range in composition from adamellite to hornblende granodiorite, the Hiltaba Suite granite is typically a red, coarsely crystalline unfoliated rock (Figure 5-18) that shows a variety of aeromagnetic signatures. The outcropping granites at Buckleboo and at Cunyarie have distinct magnetic signatures that correspond with gravity lows. The strong gravity low at Wilcherry Hill most probably reflects a Hiltaba granite body intersected at depth below the Weednanna deposit. Brecciation, fracturing and alteration accompanied the intrusion of Hiltaba Suite granites into the Hutchison Group metasediments. It can be identified by high Si, K and Na values.

For simplification, the Hiltaba Suite granites have been jointly coded with the Warrow Quartzite as Domain 10. Although clearly identifiable as distinct, separate units, these populations proved

difficult to model as continuous separate populations due to complex inter fingering and intrusive relationships.

2.3.5.6 Quaternary Units

The widespread surficial cover is mainly colluvial and alluvial clays with a veneer of aeolian sands. Pedogenic calcrete is well developed in the soils and upper regolith throughout the area. Deeper hard to friable sandstone is also noted in some areas, principally in the southern UDE deposit area. Contact with the underlying in situ Hutchison Group metasediments appears non-conformable. Colluvial and alluvial clays and calcrete are coded as Domain 13, whereas the non-conformable sandstone unit, being quite distinct and easily mappable, has been identified separately as Domain 12.

2.3.6 Wilcherry Hill Iron Deposits Geology

The Wilcherry Hill Iron Project consists of three main deposits and numerous underexplored prospects. A brief overview and geological interpretations are provided for all three main deposits below.

2.3.6.1 Weednanna

Weednanna covers a north-south strike of approximately 1.2km and consists of two large and several smaller magnetic pods cut centrally by a NE-SW trending fault. It is a typical example of the Wilcherry Hill style of skarn mineralisation, and is comprised predominantly of magnetite (Domain 1) and the oxidised equivalent (Domain 2). Along the margins oxidation is increased, converting Domain 2 ore into a more weathered form (Domain 4) with increased goethite but still with remnant magnetite present. In areas of extreme weathering and along the margins of the iron system magnetite is completely replaced to the hydrous oxide forms goethite and limonite (Domain 5a & 5b).

The northern deposit consists of numerous sub-parallel ore lenses dipping at 50-60 degrees to the east (Figure 5-20). Most trend to the surface but do not outcrop due to the overlying non-conformable sandstone cap (Domain 12). Ore lenses are generally between 10-20m thick. The oxidation profile is significantly deeper and more pronounced in the north, resulting in a dominant goethite and limonite (Domain 5a & 5b) iron system. Oxidation appears bounded by the NE-SW trending fault, resulting in reduced levels of oxidation to the south.

The southern deposit differs in that it is largely comprised of a single, thicker ore system dipping at 55-70 degrees to the east surrounded by smaller, discontinuous iron bodies (Figure 5-21). Widths of the larger iron system typically average 30m but may increase to thicknesses greater than 50m. As mentioned above, weathering is reduced towards the south of WDA, resulting in shallower oxidation depths and an increase in high grade oxidised magnetite (Domain 2) material, almost exclusively interpreted in the south. Small areas of iron outcrop occur where the thin calcrete and sandstone units are not present.

The system is bounded on both sides by feldspathic quartzite and weakly foliated gneisses identified as Warrow Quartzite basement, with occasional mafic or granitic intrusions into the host and bounding units also noted.

Representative cross-sections are shown below.

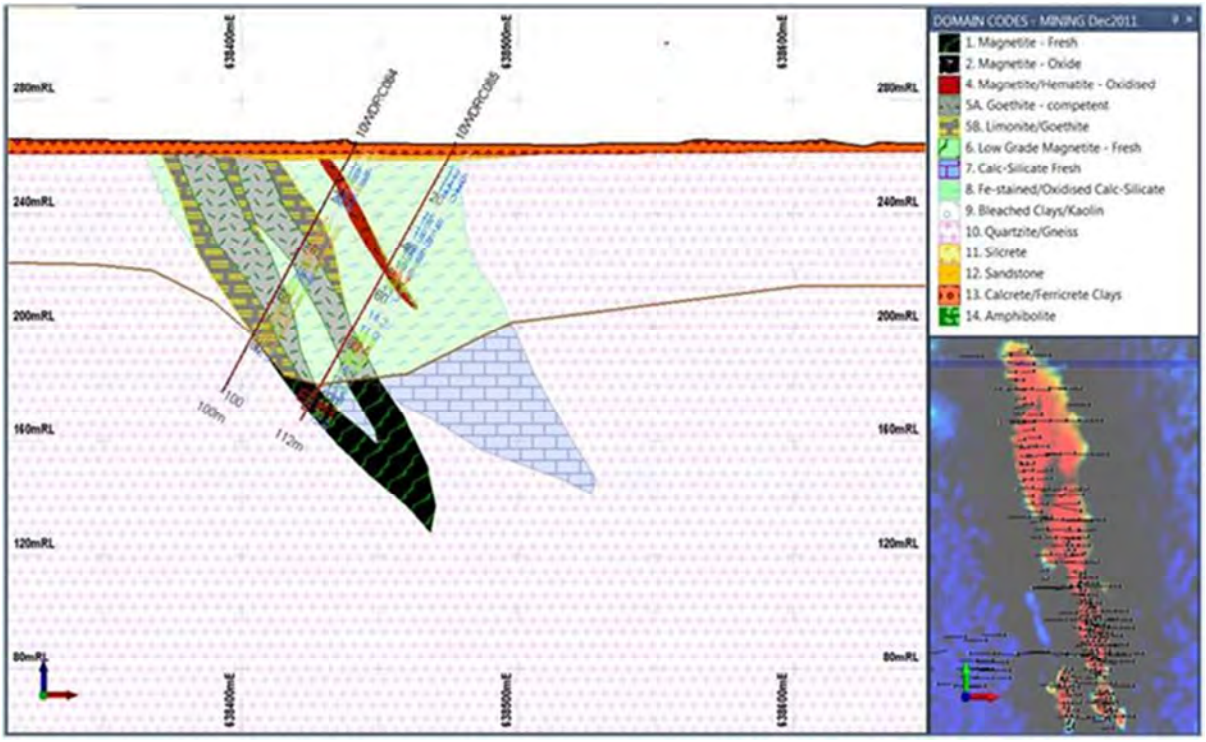

Figure 2-90: Wilcherry Hill Example Cross Section – Weednanna Area

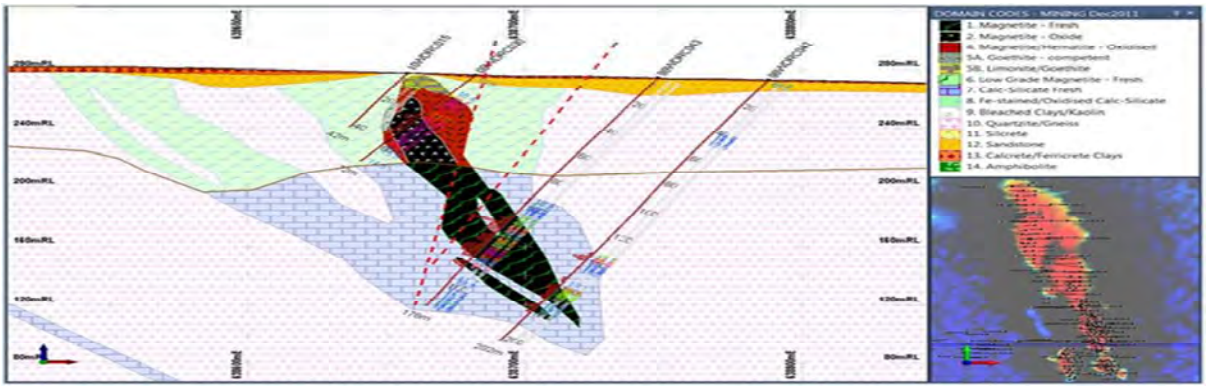

Figure 2-91: Wilcherry Hill – Section 6372445mN

2.3.6.2 Ultima Dam East

Ultima Dam East as a prospect is an area approximately 10km^2 consisting of over twenty NNW striking magnetic anomalies of varying sizes. The Ultima Dam East deposit however is limited to the most intense magnetic anomaly only. It is a discontinuous 1.1km long deposit comprised predominantly of magnetite (Domain 1) and oxidised magnetite +/- hematite/goethite (Domain 4) to the north and deeply weathered goethite/limonite (Domain 5a & 5b) to the south. Much like Weednanna and Weednanna North, UDE iron mineralisation occurs within a calc-silicate host and is bounded by altered quartz-felspathic gneissic material. Occasionally gneissic granite lenses intrude into the northern half of the deposit and are interpreted to be offshoots of the underlying Hiltaba granite.

The northern deposit consists of one main body dipping at 45-55 degrees to the westIn areas, it separates to form two smaller, sub-parallel ore bodies. The dip of the ore body does not change where this occurs. It is dominated by fresh magnetite (Domain 1) and oxidised magnetite +/- hematite/goethite (Domain 4). Although present, only minor Domain 2 has been noted. The outer margins of the mineralised iron system are reflected in lesser zones of goethite +/- limonite clays (Domain 5a and to a lesser extent, Domain 5b).

The deposit to the south is very different, comprised almost entirely of nonmagnetic goethite and limonite. The single ore body exhibits varying dip, from sub horizontal to 30–40 degrees to the west. The distinct lack of remnant magnetite suggests a higher level of oxidation has occurred in this area. The similarity in shape between the interpreted ore body and the overlying sandstone unit (Domain 12) suggests that later stage iron enrichment may be responsible for some of the goethitic clays, with the sandstone acting as an overlying ‘trap’. The movement of iron within the system appears to have been limited vertically, thus resulting in a sub-horizontal dipping ore body as shown.

The depth of weathering at UDE is generally deeper and more extensive than the two Weednanna deposits, with depths to fresh rock regularly in excess of 100m in the southern half of the deposit. Drilling has suggested that the western margin of the deposit is bounded by a NNW orientated fault running parallel to the strike of the deposit, and this, coupled with the broad fault separating the north and south deposits may be responsible for the deeper weathering profile to the south.

Representative cross-sections are shown below.

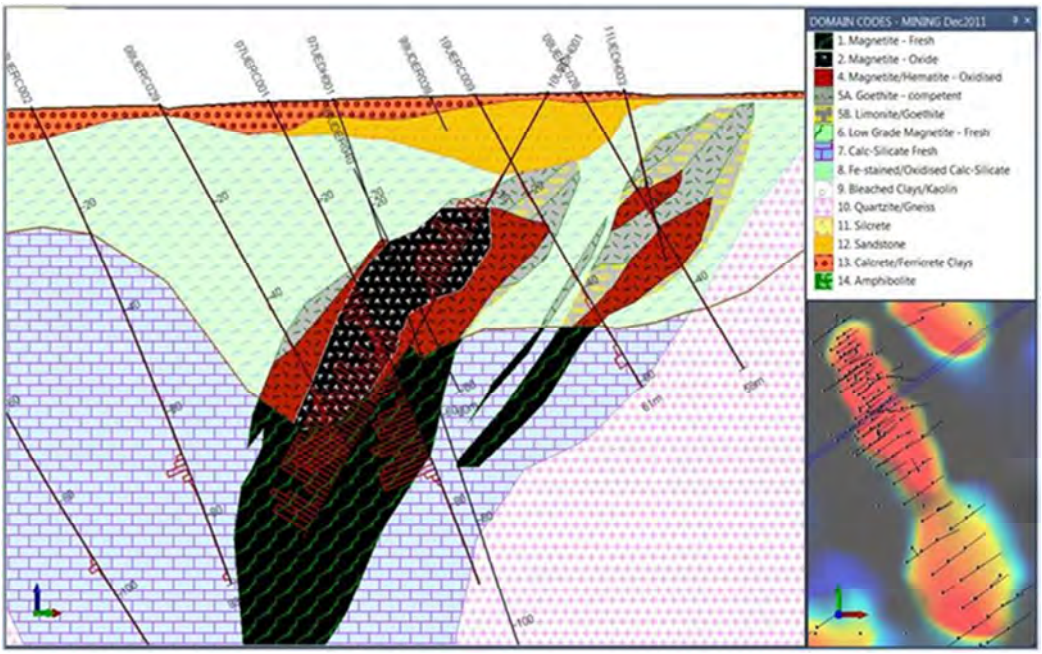

Figure 2-92: Wilcherry Hill Section 3 UDE North – Looking Northwest

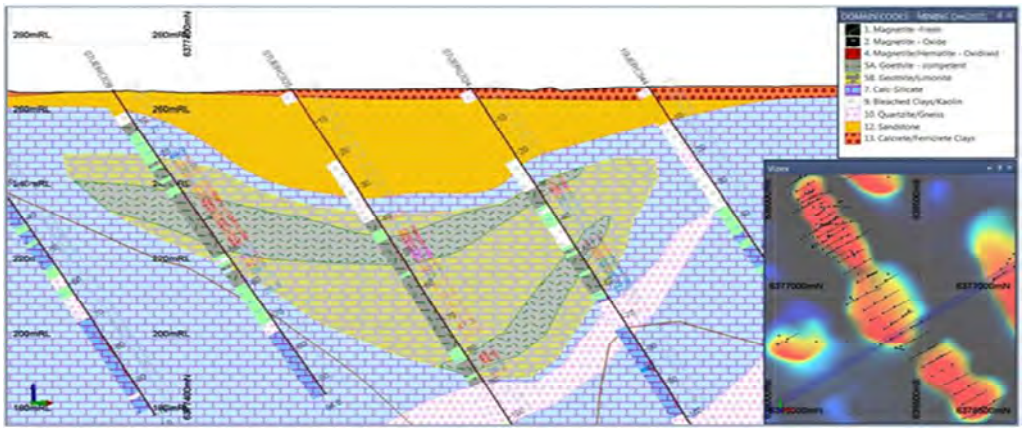

Figure 2-93: Wilcherry Hill Section 1 UDE South – Looking North West

2.3.6.3 Weednanna North

Occurring in a similar geological setting to that of Weednanna, the Weednanna North prospect area is a NW-SE striking structure featuring six larger and three smaller, separate magnetic highs. These discontinuous magnetic bodies are almost certainly structurally controlled, possibly as fault

bounded repetitions. They range in size from approximately 100-300m in length and extend along a strike length of 1.8 km. The similarities between the two deposit areas are clearly evident, with the aeromagnetic data indicating sharp contact boundaries between the mineralised skarn units and the surrounding quartzite gneiss basement.

The iron mineralisation at Weednanna North appears stratigraphically bound in moderately east to northeast dipping carbonate rich calc-silicate surrounded by weakly foliated quartzfelspathic gneisses and intrusive granitoids. Much like Weednanna, the suggestion is that the skarn mineralisation lies within an anticlinal fold surrounded by a basement quartzitic unit. Deformation of the basement quartzites is variable, ranging from entirely undeformed, massive quartzites to foliated and moderately altered. The mineralised carbonate unit is suggested to be a more metasomatically retrogressed version of a calcsilicate skarn, characterised by large zones of massive white carbonate

(ankerite/dolomite/calcite) and soft pale grey/green/yellow chlorite-talc-sericite zones. The massive carbonate zones are typically unmineralised whereas the chlorite-talc-sericite zones are generally associated with massive magnetite at grades typically between 2040% Fe.

The northern two anomalies exhibit sub parallel iron lenses dipping at 45-60 degrees to the east, varying in thickness from 20-40m (Figure 5-24). Further south the anomalies generally consist of one broad, shallow ore body dipping at 35-40 degrees surrounded by several smaller, discontinuous bodies (Figure 5-25). Here widths typically vary from 2035m thick.

Intrusive granites are noted throughout the mineralised skarn, often bounding areas of exceptional iron grades. It is suspected that the granitic intrusives, often appearing as “fingers” throughout the high iron magnetite zones, either act as a conduit for the hydrothermal fluids during iron emplacement, or possibly as a trap for the enriched fluids. It has been suggested at Weednanna that the controls on iron mineralisation are directly related to Hiltaba Suite granites and mafic intrusives, and this would appear to also coincide with iron formation at Weednanna North. Although the control of these intrusives is not yet entirely clear, their clear spatial association with magnetite mineralisation cannot be ignored.

Tertiary cover is limited to a thin calcrete horizon. The depth of oxidation is consistently about 50m vertical depth.

Representative cross-sections are shown below.

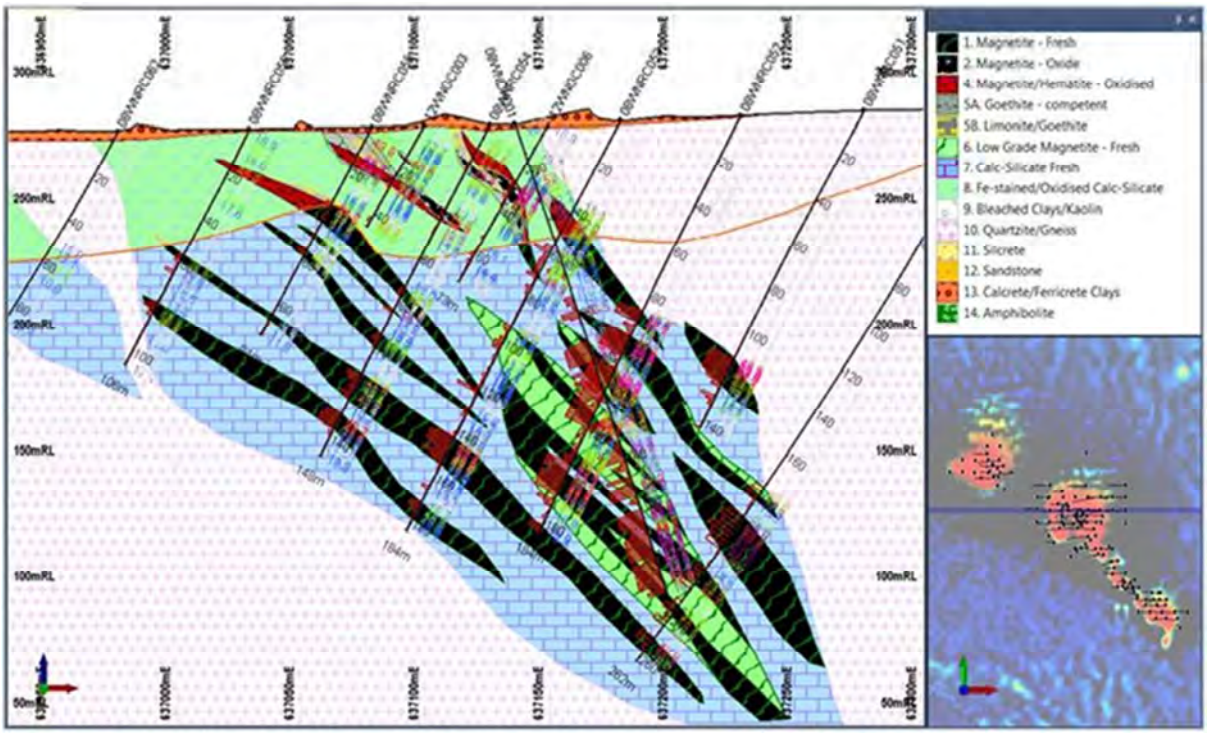

Figure 2-94: Wilcherry Hill Section 6374420mN Weednanna North – Looking North

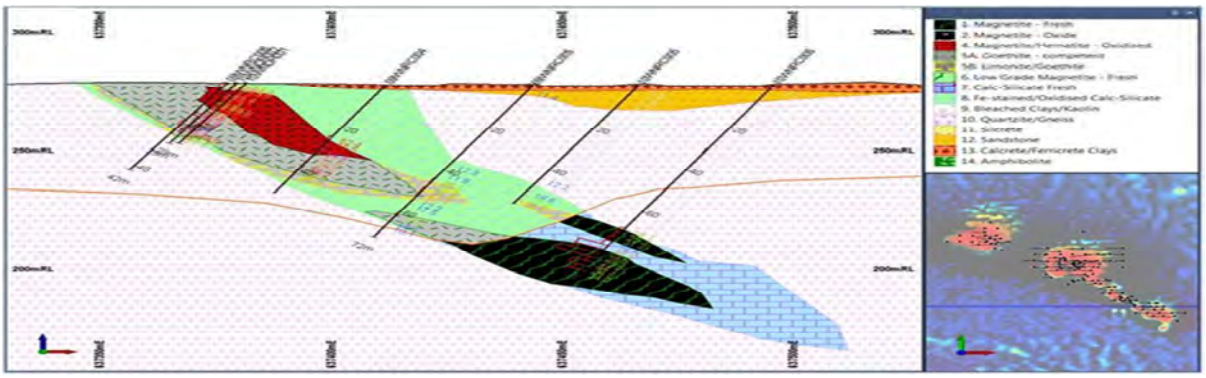

Figure 2-95: Wilcherry Hill Section 6374070mN Weednanna North – Looking North

2.3.7 Wilcherry Hill Iron Resource Estimation

JORC compliant Mineral Resources have been estimated for the three Wilcherry Hill deposits. At a cut-off of 25% Fe, the total Mineral Resource is 26.6Mt @ 40.4% Fe. Table 5-3 provides the Resource breakdown by deposit and category. All geological modelling and Resource estimation was done in-house.

A full description of the geological modelling and Resource estimation process is contained in the "Revised Resource Report for Wilcherry Hill Iron Project, May 2013" which is provided in Appendix A1. The Competent Person Sign Off is a part of that report.

The May 2013 update is the 7th Resource update since 2007 when the maiden Resource of 44Mt @ 36.4% Fe was released (Maprock). This historical information tracks the evolution of geological and geometallurgical understanding of the deposits and is available in the IronClad files for review on request.

Data gathered and derived from a total of 54,373m of combined diamond and reverse circulation drilling underpins this Resource. With drill drilling spacing in some areas down to 12.5m x 12.5m required to delineate high grade ore continuity, the geological interpretation is robust.

Salient points from the May 2103 report are summarised below.

Table 2-36: Wilcherry Hil Resource Summary

Domain	Classification	Tonnes (millions)	Fe%	Al_2O_3%	SiO_2%	S%	P%	LOI%	SG
WDA	MEASURED	2.3	45.76	4.75	16.07	0.41	0.03	4.75	3.7
	INDICATED	7.9	40.35	5.1	19.11	0.45	0.03	4.95	3.61
	INFERRED	1.0	46.1	5.34	14.89	0.36	0.03	3.95	3.82
	TOTAL	11.2	41.97	5.05	18.11	0.43	0.03	4.82	3.65
WDN	MEASURED	1.2	43.67	5.28	15.63	0.33	0.03	5.73	3.73
	INDICATED	5.4	40.88	5.84	17.51	0.31	0.03	5.39	3.67
	INFERRED	2.7	34.05	2.97	17.92	0.33	0.02	8.78	3.46
	TOTAL	9.4	39.25	4.93	17.39	0.32	0.03	6.43	3.62
UDE NORTH	MEASURED	0.6	47.14	3.84	15.68	0.07	0.04	4.52	3.57
	INDICATED	1.7	43.1	4.4	18.86	0.07	0.04	4.99	3.72
	TOTAL	2.3	44.16	4.26	18.03	0.07	0.04	4.87	3.61
UDE SOUTH	INDICATED	3.7	36.35	8.91	21.42	0.12	0.19	12.26	2.6
	INFERRED	0.1	32.9	3.57	29.86	0.23	0.15	8.37	3
	TOTAL	3.8	36.29	8.82	21.56	0.12	0.19	12.2	2.61
WH	MEASURED	4.1	45.33	4.78	15.88	0.34	0.03	5.01	3.69
	INDICATED	18.7	39.96	6.01	19.08	0.31	0.06	6.53	3.44
	INFERRED	3.8	37.16	3.60	17.33	0.34	0.02	7.52	3.55
	GRAND TOTAL	26.6	40.39	5.47	18.34	0.32	0.05	6.44	3.49

2.3.7.1 Drillhole Compositing

The drillhole samples were composited to 2m intervals. Although 1 m samples are more common in the WDA database, to minimise variability in the variogram calculation the longer length was used. A 2m composite length has also been used in the previous three JORC Resource estimates. The samples were composited within each individual domain ore type wireframe, using the "best fit" option in SURPAC, in order to avoid the occurrences of residual composites. The minimum percentage of sample to be included in the composite was set to 50%. The short composites created were assessed and excluded from further analysis.

2.3.7.2 Statistics

The statistical analysis was carried out using SUPERVISOR v8 software. Analysis was based on six assay variables: Fe, SiO2, Al2O3, P, S, and LOI. The 2m composites were flagged to the geological interpretations for each deposit and statistical analyses were then performed by ore domain type (Domain1, Domain 1 high grade, 2, 4, and 5a). Resulting histograms and statistical results are compiled in the May 2013 Resource report.

2.3.7.3 Variogram Modelling

Experimental variograms of the 2m composites were calculated, using SUPERVISOR, for each of the domains separately within each deposit. The variograms were calculated using 18 rays in a fan, using an angle of tolerance of 10° and unlimited bandwidth. The nugget effect was determined using downhole variograms. Directional grade variography was completed for all domains to provide parameters for the ordinary kriging (OK) method used for Resource estimation.

For each deposit, variograms were calculated for Fe, Al2O3, SiO2, S, P and LOI. Models were fitted aligned with the orientation of the direction of maximum continuity.

2.3.7.4 Block Model

The drill spacing allowed for the block models to be based on a parent cell size of 6.25m NS by 6.25m EW by 5m RL. The sub-bock size was set to half the block size in each direction, which gave a good representation of the wireframes to allow for effective volume representation.

2.3.7.5 Grade Estimation

The Ordinary Kriging interpolation method was used to estimate the variables Fe, Al2O3, SiO2, P, S, and LOI using the modelled variography.

For the estimation, the anisotropy of the search ellipse was set to 1 for the major/semimajor ratio and 5 for the major/minor ratio. The orientation of the search ellipses, as determined through the variogram calculations, conform to the geometry of the deposits for each of the 3 prospect areas.

For each deposit a minimum of 5 and a maximum of 25 composites were used and the weighting applied to each of the selected samples was based on the results from the variogram models.

Because the domain boundaries were regarded as "hard" boundaries, in controlling the interpolation it was not seen as necessary to restrict the search distances. For all deposits, the blocks were filled using 2 passes: 40 m (50m at UDE) and 300m. Visual validation of the block model shows that the high and low grade zone encountered in the drill holes is honoured in the estimate.

2.3.7.6 JORC Classification

The Resource is classified as MEASURED where blocks were estimated using an average search distance equal to 25m, which is equivalent to 2/3 of the sill in the variogram of interest. An INDICATED classification was assigned for all blocks that were populated using the full range of the variogram, and the remainder is classified as INFERRED. In addition, each ore wireframe was given the classification of the majority of its blocks. Small ore wireframes that are defined by less than two drill holes were also classified as INFERRED.

2.4 Yeltana Graphite Project

2.4.1 Project Location and History

The Yeltana Graphite Prospect is located 40 kilometres north-northwest of Kimba, on the northern Eyre Peninsula in South Australia as shown below.

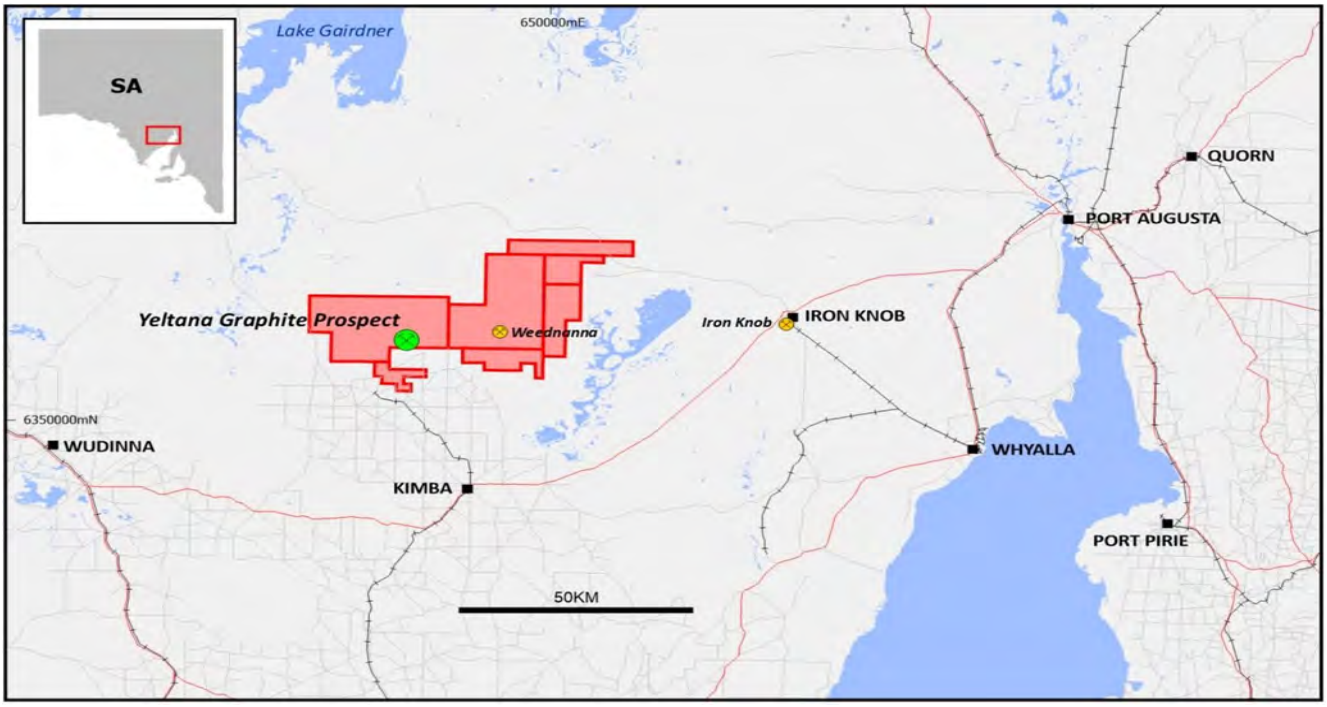

Figure 2-96: Yeltana Graphite Project Location Map

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.

2.4.2 Yeltana Diamond Drilling

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.

Diamond hole 18EMDH006 was drilled 220 metres to the south-southeast of RC hole 17EMRC001 (Figure 2) 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, 131.55132.8m, and 234.1-251.3m depth.

Diamond hole 18EMDH007 was positioned 23 metres to the west of RC hole 17EMRC001 (Figure 2) 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 2-37 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; and**
- **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 2-37: Yeltana Drilling Significant 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										

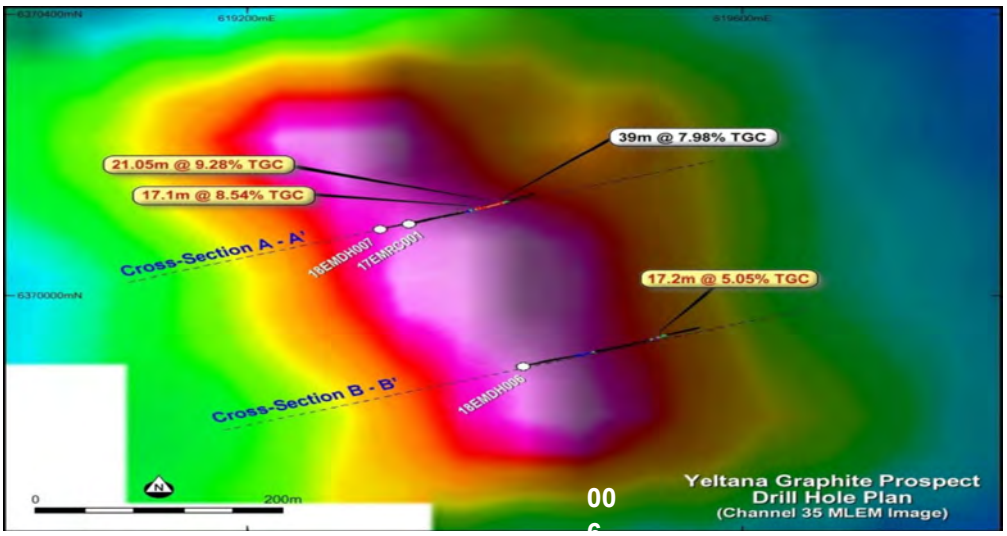

Figure 2-97: Yeltana Drillhole Location Plan

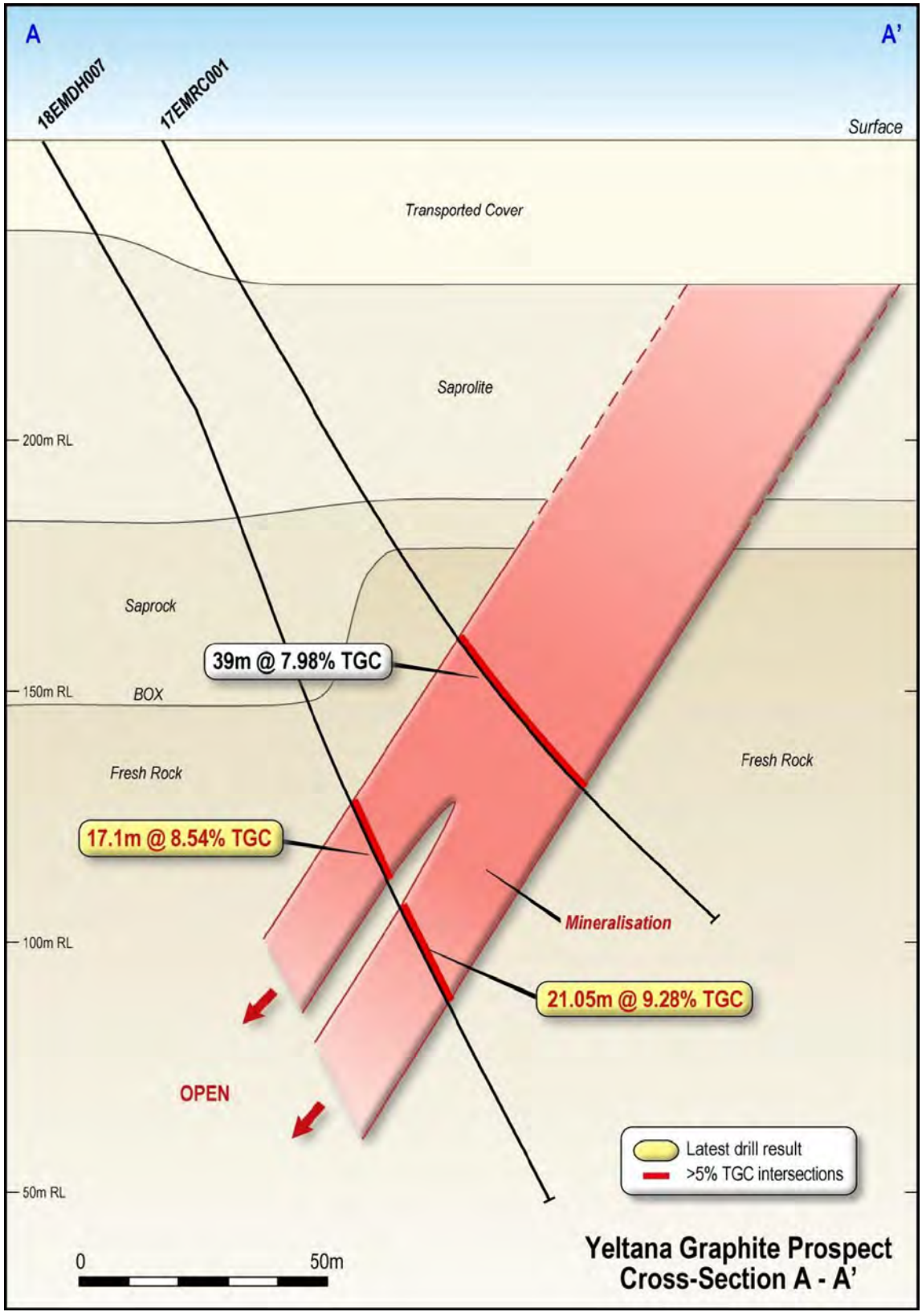

Figure 2-98: Yeltana Cross Section A-A

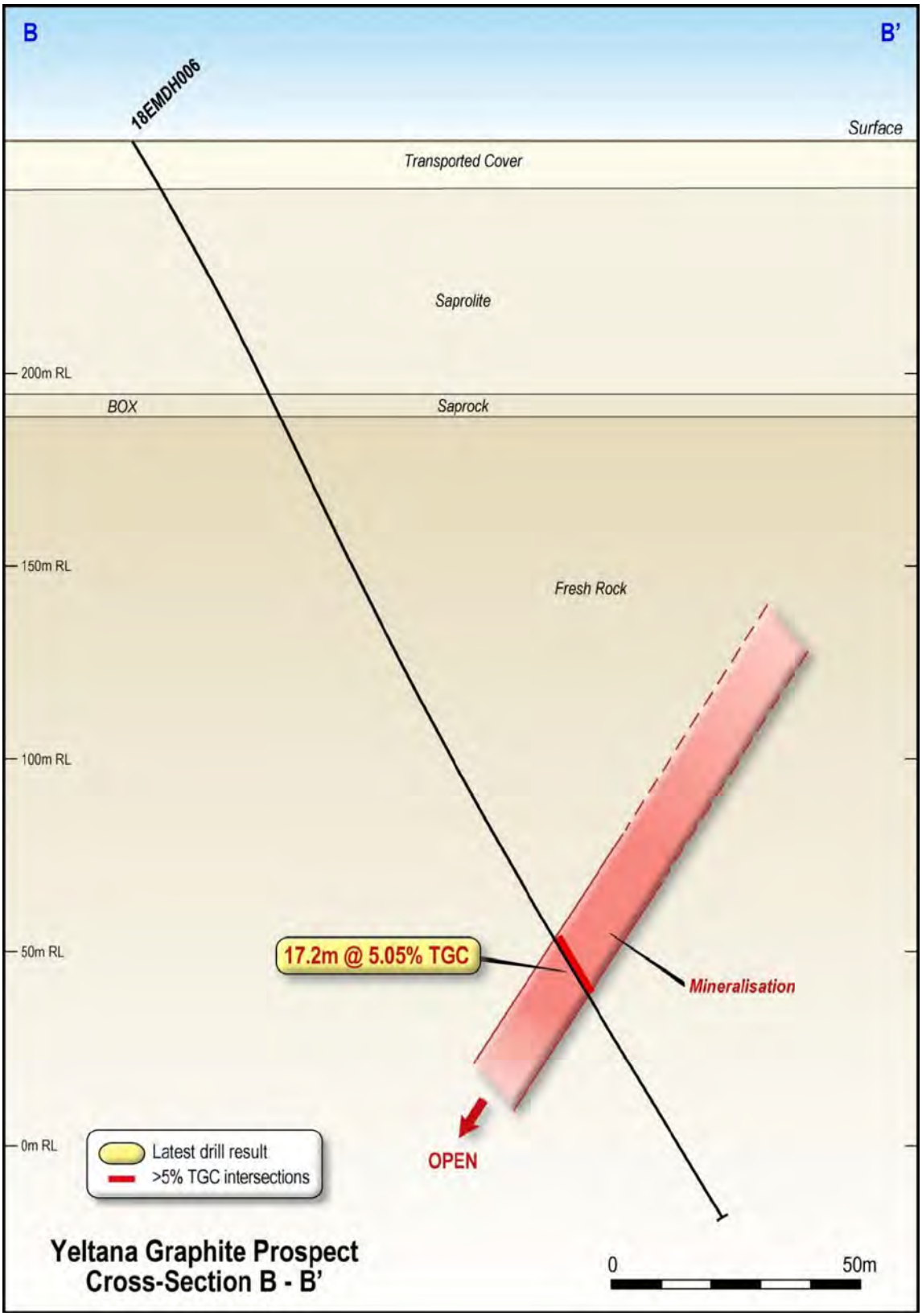

Figure 2-99: Yeltana Cross Section B-B

2.4.3 Yeltana Electro-Magnetic Surveys

During August 2018 high-powered systematic DHEM surveys were completed 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 ~225250 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 neighboring 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 onservatively estimated to be ~400 metres by 800 metres, conductance ~15,000S+, and dip/geometry ~60-70 degrees southwest to west-southwest.

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 neighboring 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 5 illustrates the position of the modelled DHEM conductors with respect to the drill hole locations and the original MLEM conductor plate.

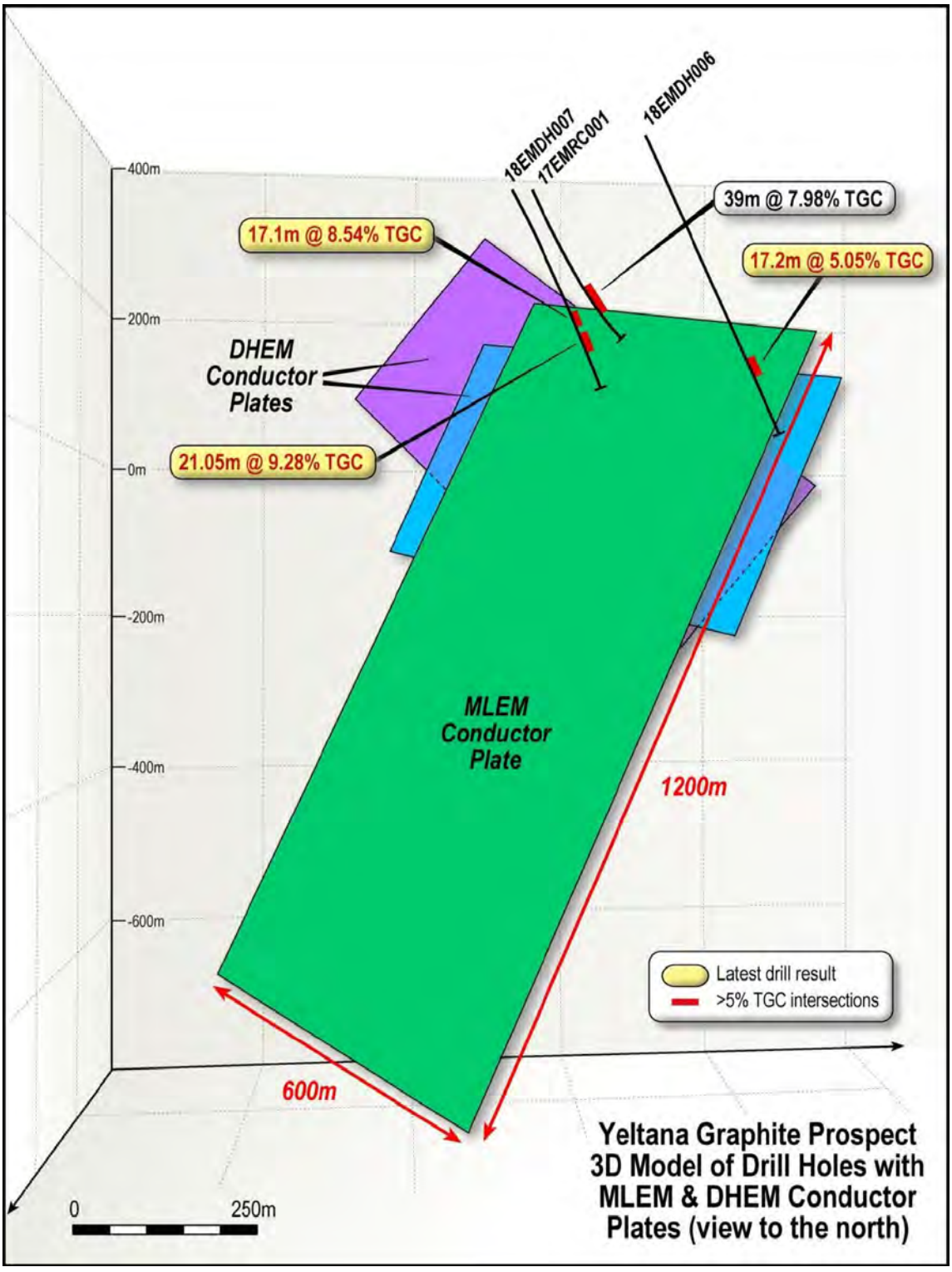

Figure 2-100: Yeltana Graphite Prospect: 3D Model of Drill Holes with MLEM and DHEM Conductor Plates (View to the North)

2.4.4 Yeltana 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 2). 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 Exploration Target estimate is based on the following empirical data and assumptions (refer to Tables 2 and 3).

Area: estimated based on conductor plate modelled by Southern Geoscience Consultants using data from a HP MLEM survey completed in May and June 2017 and HP DHEM surveys completed in diamond holes 18EMDH006 and 007 during August 2018 (refer to Down Hole Electromagnetic Surveys section in this report);

Width: estimated based on the average estimated true thickness of graphite intersections in holes 17EMRC001, 18EMDH006, and 18EMDH007. The Exploration Target width is estimated over a range of plus and minus 20% of the average estimated true thickness of graphite intersections (Average Estimated True Thickness = 28.4 metres – refer to Table 3);

Tonnage: estimated using the average of 57 density measurements collected by Alliance using the immersion (wet/dry) method on diamond core from the graphite mineralised intersections in holes 18EMDH006 and 18EMDH007 (Average SG = 2.88). Exploration Target tonnage has been rounded up or down to the nearest half million tonnes; and

Graphite grade: estimated based on the weighted average TGC % grade intersected in holes 17EMRC001, 18EMDH006, and 18EMDH007 (refer to Diamond Drilling section in this report and AGS ASX Announcement dated 30 November 2017). The Exploration Target graphite grade is reported over a range of plus and minus 30% of the weighted average grade of the three drill hole intersections rounded up or down to one decimal place (Weighted Average Grade = 7.84 % TGC)

Table 2-38: Yeltana Conceptual Exploration Target

	Length	Depth	Width	SG	Mt	TGC%
Minimum	500	750	22.7	2.88	24.5	5.5
Maximum	600	1000	34.1	2.88	59.0	10.2

2.5 Zealous Tin Exploration Project

In 2012-13, drilling programs by IronClad to test an outcrop of high grade hematite at the Zealous prospect, 13km NE of Wilcherry Hill, intersected high grade tin (cassiterite) hosted by a magnetite skarn which has been weathered to goethite and limonite. The best intercepts

from these programs returned 7m @ 3.28 % Sn from 52m in 12ZLRC007 and 5m @ 2.29 % Sn from 128m in 13ZLRC001. The host rocks are Palaeoproterozoic sediments adjacent to a granite footwall. Drilling results reported in August 2016 by Tyranna Resources are summarised in Figure 2-102 below. The Zealous prospect is located within the EL5299 that makes up part of the overall Weednanna gold and magnetite projects.

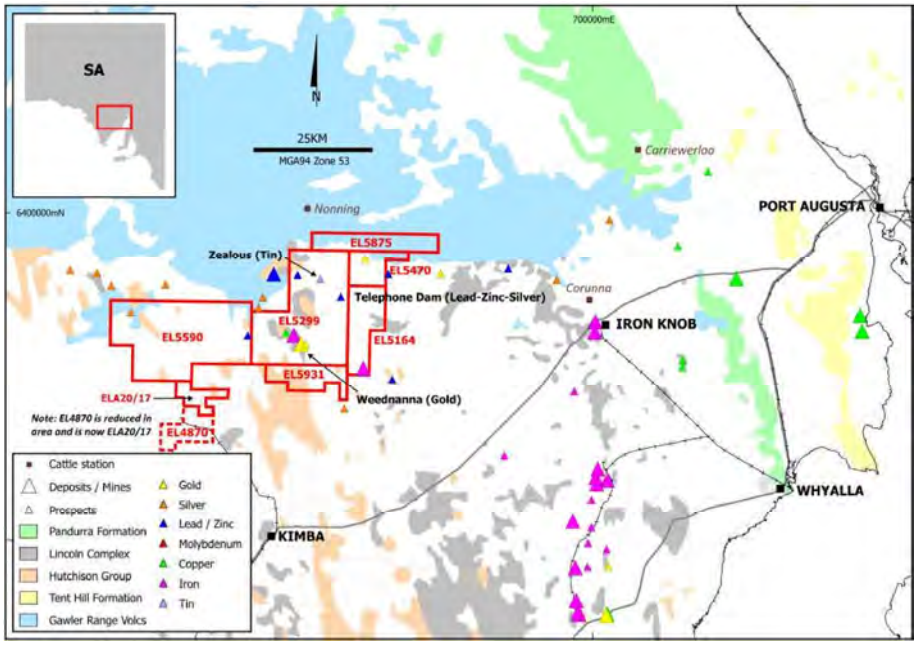

Figure 2-101: Zealous Tin Prospect – Location Plan (EL5299)

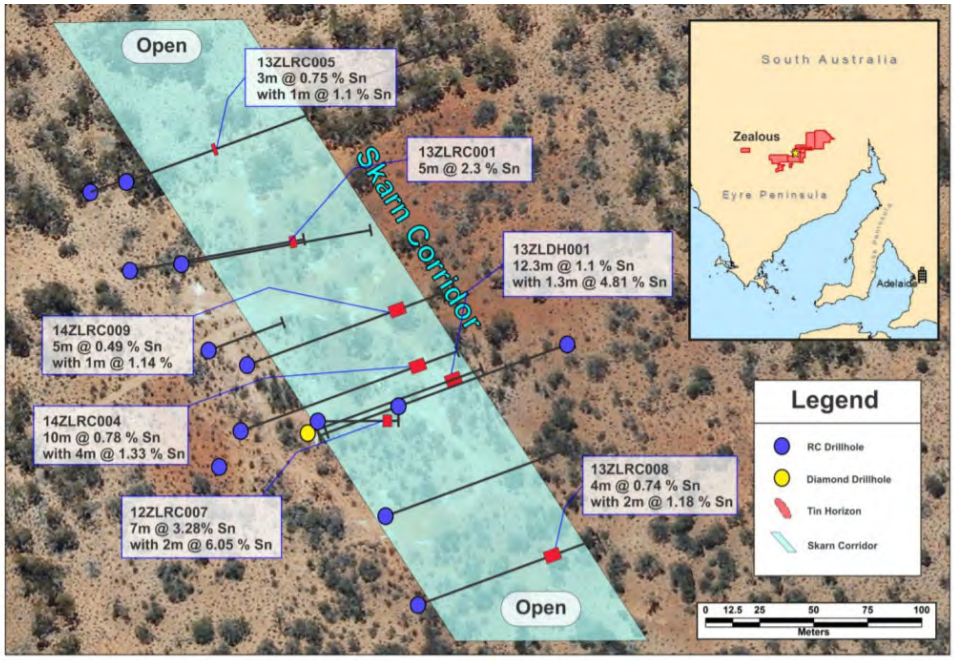

Figure 2-102: Zealous Tin Prospect – Drilling Results (August 2nd Tyranna Resources ASX)

2.6 Gundockerta Nickel - Gold Project

The Gundockerta South Project is located 72 km east of Kalgoorlie and is prospective for both komatiitic-hosted nickel sulphide deposits and greenstone-hosted orogenic gold deposits.

The exploration project consists of two licences namely E28/2572 and E25/569. The licenses cover an area of 37 km^2. These licenses are shown in Figure 2-103 below.

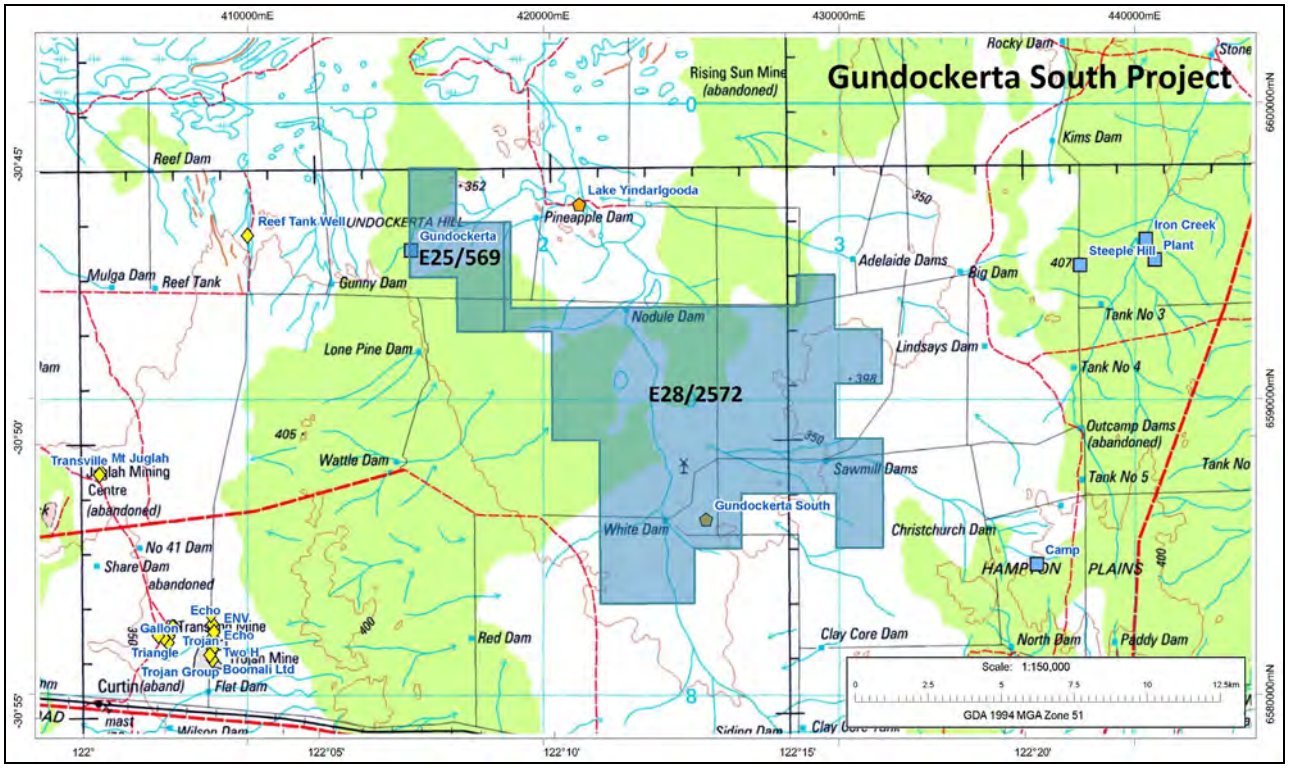

Figure 2-103: Gundocerkta South Tenement Plan

A detailed literature review of historic exploration within the project area was completed during 2017, including compilation of the historic surface geochemical sampling. This work indicates several areas of anomalous gold results, including a large (approximately 8 km x 3.5 km) zone of sporadic gold-in-soil anomalism located in the northwest of the tenement area.

In H1 2018, Alliance completed a 66 holes aircore drilling program to test for gold over the northern part of this target zone with no significant results.

3 ALLIANCE RESOURCES – TECHNICAL VALUATION

3.1 Tenement Overview – Alliance Resources

Alliance Resources and its subsidiaries control 10 licenses across South Australia and Western Australia. Mining One has reviewed the technical information for each of these tenements and provides a summary of this review and the technical valuation within this section of the report.

A review was completed of each tenement held by Alliance Resources. The review included an assessment of tenement location and status and then an assessment of the geological setting, historical exploration and overall prospectivity for economic mineralization. The information for each project area is therefore included below.

3.1.1 Alliance Resources – South Australian Tenements

The South Australian projects consists of 6 exploration tenements. These are referred to as the Eurila Dam (EL6072), Wilcherry Hill (EL6188), Uno/Valley Dam (EL6379), Peterlumbo (EL5590), Mount Miccollo (EL5875) and the Maratchina Hill (EL5931). A total of 1097 km^2 is covered by these exploration licenses. JORC compliant resources have been reported for gold mineralization and also magnetite contained within the Weednanna deposit located within EL6188. The Zealous tin prospect is also located within EL6188 and the Yeltana graphite prospect is located within EL5590.

Projects are classified (VALMIN) as summarized in **Table 3-1** below;

Table 3-1: Alliance Resources Project Classifications (VALMIN) – South Australia

PROJECT	VALMIN CLASSIFICATION	DATA
Weednanna Gold	Pre-Development Project	JORC Resources
Wilcherry Hill Magnetite	Pre-Development Project	JORC Resources
Yeltana Graphite	Advanced Exploration Project	Drilling Results, Geophysical Surveys
Zealous Tin	Exploration Project	Drilling Results, Geophysical Surveys

3.1.2 Alliance Resources – Western Australian Tenements

The Western Australian projects consists of 2 exploration licenses and 2 prospecting licenses. These are referred to as the Gundockerta South (E28/2572), Yindarlgooda (E25/569) and South Kalgoorlie (P26/4460 and P26/4463). No JORC resources have been reported within these licenses with only limited drilling and sampling being completed. The VALMIN project classification for these is summarized in

Table **3-2**.

Table 3-2: Alliance Resources Project Classifications (VALMIN) – Western Australia

PROJECT	VALMIN CLASSIFICATION	DATA
Gundockerta South	Exploration Project	Drilling Results, Geophysical Surveys
Yindarlgooda	Exploration Project	Drilling Results, Geophysical Surveys
Kalgoorlie South (2)	Exploration Project	No Data Available

3.2 Technical Valuation Methodology

The valuation methodologies used to value the Alliance projects were the discounted cashflow (DCF) comparable transaction and Kilburn Geoscience rating methods. The methods used for each project are summarized in **Table 3-3** below.

Table 3-3: Valuation Methodologies per Project

Project	Valuation Methodology
SOUTH AUSTRALIA	
Weednanna Gold	DCF, Comparable Transactions
Wilcherry Hill Magnetite	Comparable Transactions
Yeltana Graphite	Comparable Transactions, Kilburn Geoscience
Zealous Tin	Comparable Transactions, Kilburn Geoscience
WESTERN AUSTRALIA	
Gundockerta South	Comparable Transactions, Kilburn Geoscience
Yindarlgooda	Comparable Transactions, Kilburn Geoscience
Kalgoorlie South (2)	Comparable Transactions, Kilburn Geoscience

3.3 Technical Valuation – Weednanna Gold Project

The Weednanna Gold project has been valued using a combination of the discounted cash flow and comparable transaction methods. A JORC Resource and scoping study is available for the project that allows for the use of the discounted cash flow from the financial model provided. These technical valuations are described as follows;

3.3.1 Weednanna Gold Project – Discounted Cash Flow Valuation

A cash flow model was created based on updated pit optimisation runs that included detailed cost profiles for a potential mining operation of the project resources. The project proposed open pit mining of the Weednanna gold deposit Vein deposit over a period of 7 years with total

a total production target forecast to be 788 Kt @ 3.9 g/t Au. Key assumptions were inserted into the model and Mining One included a range of these values to determine the effect on the project Net Present Value as shown in

Table 3-4 and Table 3-5 below.

Table 3-4: Cash Flow Model Assumptions– Weednanna Gold Project

INPUT PARAMETERS	Notes	Unit	Source	
BLOCK MODEL File			M1	**weednanna_aug18.mdl**
Density	Specific Gravity	t/m^3		
Mineralization	Au	g/t (Au)		
Material Classification	WTYPE			Class, Oxidation
Mining Cost Adjustment Factor		numeric		Not used
Processing Cost Adjustment Factor		numeric		Not used
Overall Slope Angle			WHIP	
Weathered		degrees		38.9
Fresh		degrees		41.5
MINING PARAMETERS			WHIP	
Mining Recovery		%		98
Dilution		%		2
Mining Cost (BCM) - Ore		AUD		13.32
Mining Cost (BCM) - Waste		AUD		11.89
Mining Cost Adjustment Factor (Depth Penalty)				As per SG change
PROCESSING PLANT PARAMETERS			BHM Report	
Processing Cost	Processing Cost = $/t	$/tonne milled (AUD)		46.83
MILL RECOVERY	-	-	BHM Report	-
Au		%		92.9
SCHEDULE PARAMETERS			BHM Report	
Mining Limit		Mtpa		Not used
Processing limit		Mtpa		0.25
FINANCIAL PARAMATERS				
Sell Price	Au	AU$/oz		2,200
Royalty	Estimate	%	Alliance	5.0
Discount Rate (annual)		%		10
CONVERSION FACTORS				
ounces -> grams				31.103477

Table 3-5: Cash Flow Model Results– Weednanna Gold Project

YEAR			YR1				YR2	YR3	YR4	YR5
QUARTER			1	2	3	4				
Description	**Units**	**Total**								
REVENUE										
Open Pit										
Tonnes Mined	t	788,044	18,372	1,969	9,777	26,914	333,080	223,043	174,889	-
Grade	g/t	3.9	4.8	2.8	10.8	2.8	3.2	3.0	6.0	-
Tonnes Processed	t	788,044	-	-	-	57,032	225,231	250,000	250,000	5,781
Grade	g/t	3.9	-	-	-	4.8	3.1	3.1	5.2	4.1
Recovered Gold	oz	91,341	-	-	-	8,186	20,862	22,814	38,766	713
Revenue	$M	$200.9	$0.0	$0.0	$0.0	$18.0	$45.9	$50.2	$85.3	$1.6
Underground										
Tonnes Mined	t	-								
Grade	g/t	-								
Tonnes Processed	t	-								
Grade	g/t	-								
Recovered Gold	oz	-								
Revenue	$M	$0.0								
Total Rec Au	oz	91,341	-	-	-	8,186	20,862	22,814	38,766	713
Total Revenue	$M	$200.9	$0.0	$0.0	$0.0	$18.0	$45.9	$50.2	$85.3	$1.6
COSTS										
Open Pit										
Capital	$M	$0.0								
Operating	$M	$71.0	$5.7	$5.8	$5.7	$5.8	$23.0	$21.1	$3.8	$0.0
Underground										
Capital	$M	$0.0								
Operating	$M	$0.0								
Processing										
Capital	$M	$37.4	$0.0	$18.0	$18.0	$0.0	$0.0	$0.6	$0.0	$0.9
Operating	$M	$36.9	$0.0	$0.0	$0.0	$2.7	$10.5	$11.7	$11.7	$0.3
G&A + Royalty	$M	$12.2	$0.1	$0.1	$0.1	$1.0	$2.8	$3.0	$4.8	$0.2
CASHFLOW										
Total Revenue	$M	$200.9	$0.0	$0.0	$0.0	$18.0	$45.9	$50.2	$85.3	$1.6
Total Costs	$M	$157.5	$5.9	$23.9	$23.8	$9.5	$36.4	$36.4	$20.3	$1.4
Undiscounted CF	$M	$43.4	-$5.9	-$23.9	-$23.8	$8.5	$9.5	$13.8	$65.0	$0.2
Discounted CF	$M	$24.8	-$5.8	-$23.0	-$22.4	$7.9	$8.1	$11.0	$48.8	$0.1
Cumulative Undiscounted CF	$M		-$5.9	-$29.8	-$53.6	-$45.1	-$35.6	-$21.8	$43.2	$43.4
Net Present Value	**$M**	**$24.8**								
Internal Rate of Return	**%**	**25%**								

To ascribe a value based on project cash flows there needs to be consideration taken for what percentage of the NPV would a buyer would be willing to pay in an arm's length transaction. Mining One have reported the value as 100% of the NPV. For the purposes of reporting a production target Mining One have also applied a +/-20% factor to the NPV to account for the scoping study level of accuracy.

The NPV of the project based on the updated scoping study is $24.8M AUD. Applying the +/-20% factor to account for the scoping study level of detail the potential value range on a 100% NPV basis is therefore ascribed between $19.84M and $29.76M to the project that a willing buyer may pay a willing seller in an arm's length transaction. The preferred value on a 100% NPV basis is therefore $24.8M, this value however does not take into account the comparable transaction valuation data that is explained below.

Table 3-6: Project Valuation – DCF – Weednanna Gold Project

Valuation Method	Deposit	
	Weednanna Gold	
	LOW	HIGH
Discounted Cash Flow	$19.84M	$29.76M
PROJECT PREFFERED VALUE	**$24.8M**	

3.3.2 Weednanna Gold Project – Comparable Transaction Valuation

Mining One have identified three comparable transactions that have been used to ascribe a technical valuation for the Weednanna Gold project. The comparable transactions used are summarised as follows:

A) Ramelius Resources – Marda Gold Project Acquisition (Western Australia)

*Source:*https://www.rameliusresources.com.au/wp-content/uploads/bsk-pdf-manager/20180913_Ramelius_to_Acquire_the_Marda_Gold_Project_594.pdf

On 1st November 2018 Ramelius Resources announced a transaction to acquire the Marda Gold Project from Black Oak Minerals (Administrators Appointed). The Marda project consists of four pits (Dolly Pot, Dugite, Python and Goldstream) within the Central Marda area and two outlying pits, Golden Orb and King Brown, located 13 and 20km away respectively.

JORC compliant resources total 333,525 ounces at an average grade of 1.96 g/t Au are attributed to the deposits with JORC reserves also reported that total 150,900 ounces at an average grade of 2.30 g/t Au.

Consideration for the acquisition totalled $13M AUD and was funded in cash.

The transaction value equates to $38.98 per resource ounce or $86.26 per reserve ounce. The Marda Gold project JORC resources are represented by 44% as measured, 29% as indicated and 27% as inferred.

Table 3-7: Marda Gold Project – Comparable Transaction Summary

Project	Transaction Date	Location	Consideration	$/Resource oz	$/Reserve oz
Marda	1/11/2018	Western Australia	$13M AUD	$38.98	$86.26

B) Adaman Resources – Kirkalocka Gold Project Acquisition (Western Australia)

Source:https://thewest.com.au/business/mining/big-name-buyers-see-kirkalocka-as-new-thunderbox-ng-b88838161z

On 18th March 2019 Adaman Resources announced a transaction to acquire the Kirkalocka Gold Project from Minjar Gold. The Kirkalocka project consists of an open pit project and satellite deposits that is currently being refurbished with a view to re-commencing production in October 2019.

JORC compliant resources total 548 koz at an average grade of 1.10 g/t Au are attributed to the deposits with JORC reserves also reported that total 382 koz at an average grade of 1.08 g/t Au.

Consideration for the acquisition totalled $12M AUD and was funded in cash.

The transaction value equates to $21.90 per resource ounce or $31.41 per reserve ounce. The Kirkalocka Gold project JORC resources are represented by 75% as indicated and 25% as inferred.

Table 3-8: Kirckalocka Gold Project – Comparable Transaction Summary

Project	Transaction Date	Location	Consideration	$/Resource oz	$/Reserve oz
Kirkalocka	18/03/2019	Western Australia	$12M AUD	$21.90	$31.41

C) Orminex – Pennys Find Gold Project Acquisition (Western Australia)

Source: https://orminex.com.au/acquisition-completed-pennys-find-gold-mine/

On 7th May 2019 Orminex announced a transaction to acquire the Penny's Find Gold Project from Empire Resources. The Penny's Find Gold project consists of a completed open pit project and potential underground project that is currently subject to a study to determine the viability of commencing underground operations.

JORC compliant resources total 56 koz at an average grade of 7.04 g/t Au are attributed to the deposit.

Consideration for the acquisition totalled $600K AUD plus a 5% Net Smelter Royalty (NSR) on the first 50 koz produced and then reverting to a 2.5% NSR after the production milestone has been reached. The NSR is valued at $1.5M AUD.

The transaction value equates to $37.50 per resource ounce. The Penny's Find Gold project JORC resources are represented by 59% as indicated and 41% as inferred.

Table 3-9: Penny's Find Gold Project – Comparable Transaction Summary

Project	Transaction Date	Location	Consideration	$/Resource Oz
Penny's Find	07/05/2019	Western Australia	$2.1M AUD*	$37.50

*Including NSR value

The comparable transaction data show a range of values in relation to the per resource gold ounce paid for the projects. These values are often influenced by the status of the project, accessibility of resources in relation to conversion to reserves and the proportions within each confidence classification.

Table 3-10: Comparable Transaction Values - Summary

Transactions	Value Range ($/Resource/Reserve Oz)		
	Low	High	Average
3	$21.90	$86.26	$54.08

Applying these comparable transaction values to the Weendanna Gold project currently stated JORC Resources gives a range of valuations between $3.94M and $15.53M with an average of $9.73M.

Since the comparable transaction valuations have been equated to a per resource/reserve gold ounce dollar value it is important to take consideration of the resource classification ratios for each project. Typically, a higher value is ascribed to a resource where a higher percentage of the resource falls within the measured and indicated categories in relation to the inferred category. Although there are no reserves quoted for the Weednanna project a detailed scoping study has been completed, using the per ounce reserve values from the comparable transaction have therefore also been used to guide the valuation process.

Mining One have selected the average per ounce value from the comparable transactions to ascribe a preferred per resource ounce value of $54.08 the Weednanna Gold project JORC Resources are therefore ascribed a technical value of $9.73M. The conceptual exploration upside has also been incorporated based on the recent significant drilling results as explained in 2.1.3 of this report. Conceptual exploration upside to the resource is currently estimated at between 29 koz and 71 koz. The technical value is based on actual comparable transaction data that denotes what a willing buyer has paid a willing seller in an arm's length transaction for similar assets. The Weednanna Gold project valuation ranges are summarized in Table 3-11 below using the comparable transaction method.

Table 3-11: Comparable Transaction Valuation Summary – Weednanna Gold Project

Comparable Transaction Method	Weednanna Gold Project Value Range		
	Low	High	Average
Weednanna JORC Resources	$3.94M	$15.53M	$9.73M
Conceptual Exploration Upside	$1.57M	$3.84M	$2.71M
PREFFERED VALUE (Using $54.08/Resource oz)	**$12.44M**		

3.3.3 Wilcherry Hill Magnetite Project – Comparable Transaction Valuation

Mining One have identified two comparable transactions that have been used to ascribe a technical valuation for the Wilcherry Hill Magnetite project. The comparable transactions used are summarised as follows:

D) FIJV – Bilberatha Hill Magnetite Project Acquisition (Western Australia)

Source: https://www.proactiveinvestors.com.au/companies/news/221606/venus-metals-sells-remaining-50-interest-in-yalgoo-iron-ore-project-221606.html

On 6th June 2019 Private company FIJV Pty Ltd announced a transaction to acquire the 50% stake owned by Venus Metals. The Bilberatha Hill project is located 180km from Geraldton.

JORC compliant resources total 698.2 million tonnes at 29.3% iron are attributed to the deposit.

Consideration for the acquisition totalled $2.5M AUD and was funded in cash.

The transaction value equates to $0.008 per resource tonne. The Bilberatha Hill project JORC resources are represented by 100% as inferred.

Table 3-12: Bilberatha Hill Magnetite Project – Comparable Transaction Summary

Project	Transaction Date	Location	Consideration	$/Resource Tonne
Bilberatha Hill	06/06/2019	Western Australia	$2.5M AUD	$0.008

E) Mt Alexander Iron Ore – Mt Alexander Magnetite Project Acquisition (Western Australia)

Source: https://www.nationalresourcesreview.com.au/projects/zenith-reports-sale-of-mt-alexander-iron-project/

On 26th June 2019 Mt Alexander Iron Ore Pty Ltd announced a transaction to acquire the Mt Alexander Magnetite project from Zenith Minerals. The Mt Alexander project consists of a magnetite hosted iron ore deposit located 120km south of Onslow in Western Australia.

JORC compliant resources total 565.7 million tonnes at 30% iron are attributed to the deposit.

Consideration for the acquisition totalled $2.75M AUD and was funded in cash.

The transaction value equates to $0.005 per resource tonne. The Mt Alexander Iron Ore project JORC resources are represented 100% as inferred.

Table 3-13: Mt Alexander Magnetite Project – Comparable Transaction Summary

Project	Transaction Date	Location	Consideration	$/Resource Tonne
Mt Alexander	26/06/2019	Western Australia	$2.75M AUD	$0.005

The comparable transaction data show a range of values in relation to the per resource tonne paid for the projects. These values are often influenced by the status of the project, accessibility of resources in relation to conversion to reserves and the proportions within each confidence classification.

Table 3-14: Wilcherry Hill Magnetite Comparable Transaction Values - Summary

Transactions	Value Range ($/Resource Tonne)		
	Low	High	Average
2	$0.005	$0.008	$0.0065

Applying these comparable transaction values to the Wilcherry Hill Magnetite project currently stated JORC Resources gives a range of valuations between $0.13M and $0.21M with an average of $0.17M.

Since the comparable transaction valuations have been equated to a per resource/reserve gold ounce dollar value it is important to take consideration of the resource classification ratios for each project. Typically, a higher value is ascribed to a resource where a higher percentage of the resource falls within the measured and indicated categories in relation to the inferred category. The Wilcherry Hill deposit has a JORC resources in Measured, Indicated and Inferred categories whereas the comparable transaction projects quoted inferred resources.

Using the preferred per resource tonne value of $0.0075 selected at the higher end of the range due to reporting of measured and indicated resources the Wilcherry Hill Magnetite project Resources are ascribed a technical value of $0.2M. The technical value is based on actual comparable transaction data that denotes what a willing buyer has paid a willing seller in an arm's length transaction for similar assets. The Wilcherry Hill Magnetite project valuation ranges are summarized in Table 3-15 below using the comparable transaction method.

Table 3-15: Comparable Transaction Valuation Summary – Wilcherry Hill Magnetite Project

Comparable Transaction Method	Wilcherry Hill Magnetite Project Value Range		
	Low	High	Average
Weednanna JORC Resources	$0.13M	$0.21M	$0.17M
PREFFERED VALUE (Using $0.0075/Resource Tonne)	**$0.2M**		

3.3.4 Yeltana Graphite Project – Comparable Transaction Valuation

The Yeltana graphite project has been valued based on the conceptual exploration target assessment compared to two comparable transactions.

The comparable transaction value calculation is as described as follows;

A) Renascor Resources – Siviour Graphite Project Acquisition (South Australia)

Source: https://renascor.com.au/wp-content/uploads/2018/11/181122-100-Acquisition-of-Siviour-Graphite-Project-Completed.pdf

On 23rd April 2018 Renascor Resources announced a transaction to acquire a 100% interest in the Siviour Graphite project from Ausmin Development Pty Ltd. The Siviour Graphite project is the largest undeveloped graphite project in Australia and is located on the Eyre Peninsula in South Australia.

JORC compliant resources total 80.6 million tonnes at 7.6% TGC for 6.4Mt of graphite are attributed to the deposit.

Consideration for the acquisition totalled $5.63M AUD and was funded via an allocation of shares to Ausmin.

The transaction value equates to $0.88 per resource graphite tonne. The Sivour graphite project JORC resources are represented 64% indicated and 36% as inferred.

Table 3-16: Sivour Graphite Project – Comparable Transaction Summary

Project	Transaction Date	Location	Consideration	$/Graphite Tonne
Sivour	23/04/2018	South Australia	$5.63M AUD	$1.14

B) Mineral Commodities – Munglinup Graphite Project Acquisition (Western Australia)

Source: https://www.australianmining.com.au/news/mineral-commodities-acquire-stake-munglinup-graphite-project/

On 11th September 2017 Mineral Commodities (MRC) announced a transaction to acquire a 90% interest in the Munglinup graphite project from Gold Terrance Ltd. The Munglinup Graphite project is located near Esperance in Western Australia.

JORC compliant resources total 3.625 million tonnes at 15.3% TGC for 554kt of graphite are attributed to the deposit.

Consideration for the acquisition totalled $4M in cash and 40M MRC shares and to Gold Terrace. Total consideration was there $8.8M using a $0.12 MRC share price.

The transaction value equates to $15.88 per resource graphite tonne. The Munglinup graphite project JORC resources are represented 80% indicated and 20% as inferred.

Table 3-17: Munglinup Graphite Project – Comparable Transaction Summary

Project	Transaction Date	Location	Consideration	$/Graphite Tonne
Munglinup	11/09/2017	Western Australia	$8.8M AUD	$15.88

The comparable transaction data show a large range of values in relation to the graphite tonne paid for the projects. These values are often influenced by the status of the project, accessibility of resources in relation to conversion to reserves and the proportions within each confidence classification.

Table 3-18: Yeltana Graphite Project Comparable Transaction Values - Summary

Transactions	Value Range ($/Resource Graphite Tonne)		
	Low	High	Average
2	$0.88	$15.88	$8.51

The Yeltana deposit is more analogous to the Sivour deposit and therefore Mining One have assigned a value of $0.88 per graphite tonne to ascribe a technical value. The use of a conceptual exploration target also leads to the use of a lower per tonne value for the project.

Using the preferred per graphite tonne value of $0.88 the Yeltana project is ascribed a technical value range between of $1.19M and $6.02M based on the conceptual exploration target tonnage ranges. The technical value is based on the conceptual exploration target and the actual comparable transaction data that denotes what a willing buyer has paid a willing seller in an arm's length transaction for similar assets. The Yeltana project valuation ranges are summarized in Table 3-19 below using the comparable transaction method.

Table 3-19: Comparable Transaction Valuation Summary – Yeltana Graphite Project

Comparable Transaction Method	Yeltana Graphite Project Value Range		
	Low	High	Average
Yeltana Conceptual Target	$1.19M	$6.02M	$3.78M
PREFFERED VALUE (Using $1.14/Graphite Tonne)	**$1.19M**		

3.3.5 Yeltana Graphite Project – Kilburn Geoscience Valuation

EL 5990 represents an exploration license that contains the Yeltana Graphite deposit. The tenement has the potential to contain a significant quantity of graphite mineralisation as shown by the drilling completed within the license area.

Given the preliminary nature of exploration completed within EL 5990 it is appropriate to assign a valuation based on the Kilburn Geoscience Rating method in conjunction with the comparable transaction valuation that was summarised in 3.3.4 of this report.

The Kilburn Geoscience Rating Method is deemed suitable as a valuation technique for the project and is based on four main assessment criteria outlined as follows:

- *Basic Acquisition Cost (BAC)*

In South Australia the grant of an exploration license is contingent on the following:

- An application fee - $1323.80
- Annual rent - $125.25/Block/Yr
- Minimum expenditure Term 1 - $15,000 (2-6 Blocks)

The EL 5990 exploration license is 408 Km^2 in size.

The basic acquisition cost for this license is therefore calculated as:

$1322.80 + ($125.25 * 40) + ($15,000) = $21,342.80

- *Proximity to (Off-Property) Geophysical and Geochemical Anomalies and Mineralisation*

Consideration is given to any geophysical and geochemical anomalies that exist in the proximity of the tenements to be valued.

In relation to the EL 5990 tenement there exists significant graphite mineralisation. The host lithologies and structural setting at these projects show some similarities to those encountered at other graphite deposits within South Australia. There are geophysical targets that have been identified within EL5990.

The Kilburn rating system ranks prospects using a factor between 1 and 5 in relation to the presence of off property mineralisation. Mining One has applied a factor ranging from of 4 for EL5990 given the historical graphite intercepts encountered.

- *Mineralisation and Prospectivity Characteristics of the Properties*

The style, extent and significance of any defined mineralization is assessed, along with geophysical and geochemical anomalism on the prospects is taken in account in this part of the assessment.

The ranking for on property mineralisation ranges between 1 and 5. Mining One have applied a factor of 4 for this license given the graphite results encountered in the exploration drilling activity to date.

Another aspect in completing the Kilburn rating is to determine to relevance of geological setting within the prospect area. These are given a factor of between 2 and 4 dependent on how

favourable the geological patterns are. Given that the lithologies are known to host graphite mineralisation within the tenement area Mining One have assigned a factor of 3 for EL 5990.

- *Calculated Technical Valuation for EL 5990 – Kilburn Method*

The combination of the basic acquisition cost, off property mineralisation, actual mineralisation, and anomalism within the tenements is calculated to form an overall Kilburn Technical Valuation for EL 5990.

Application of Modified Kilburn Ratings EL 5990 results in a range of estimated Technical Values from $0.77M to $3.10M with a preferred value of $1.0M.

3.3.6 Zealous Tin Prospect – Kilburn Geoscience Valuation

EL 6188 represents an exploration license that contains the Zealous Tin prospect. The tenement has the potential to contain a significant quantity of tin mineralisation as shown by the drilling completed within the license area. The Weednanna gold deposit is also located within this tenement however this Kilburn valuation is focussed on the tin prospect.

Given the preliminary nature of exploration completed on the Zealous tin prospect within EL 6188 it is appropriate to assign a valuation based on the Kilburn Geoscience Rating method.

The Kilburn Geoscience Rating Method is deemed suitable as a valuation technique for the project and is based on four main assessment criteria outlined as follows:

- *Basic Acquisition Cost (BAC)*

In South Australia the grant of an exploration license is contingent on the following:

- An application fee - $1323.80
- Annual rent - $125.25/Block/Yr
- Minimum expenditure Term 1 - $15,000 (2-6 Blocks)

The EL 6188 exploration license is 387 Km^2 in size.

The basic acquisition cost for this license is therefore calculated as:

$1322.80 + ($125.25 * 39) + ($15,000) = $21,217.30

- *Proximity to (Off-Property) Geophysical and Geochemical Anomalies and Mineralisation*

Consideration is given to any geophysical and geochemical anomalies that exist in the proximity of the tenements to be valued.

In relation to the EL 6188 tenement there exists tin mineralisation encountered in historical drilling. The host lithologies and structural setting at these projects show some similarities to those encountered at other skarn hosted tin deposits. There are geophysical targets that have been identified within EL 6188.

The Kilburn rating system ranks prospects using a factor between 1 and 5 in relation to the presence of off property mineralisation. Mining One has applied a factor ranging from of 2 as no records of off property tin mineralisation are apparent.

- *Mineralisation and Prospectivity Characteristics of the Properties*

The style, extent and significance of any defined mineralization is assessed, along with geophysical and geochemical anomalism on the prospects is taken in account in this part of the assessment.

The ranking for on property mineralisation ranges between 1 and 5. Mining One have applied a factor of 4 for this license given the tin assays encountered within the drilling and the favourable skarn host lithology.

Another aspect in completing the Kilburn rating is to determine to relevance of geological setting within the prospect area. These are given a factor of between 2 and 4 dependent on how favourable the geological patterns are. Given that the lithologies are known to host tin mineralisation within the tenement area Mining One have assigned a factor of 3 for EL 6188.

- *Calculated Technical Valuation for EL 6188 – Kilburn Method*

The combination of the basic acquisition cost, off property mineralisation, actual mineralisation, and anomalism within the tenements is calculated to form an overall Kilburn Technical Valuation for EL 6188.

Application of Modified Kilburn Ratings EL 6188 (Tin prospect only) results in a range of estimated Technical Values from $0.25M to $1.5M with a preferred value of $0.40M.

3.3.7 Gundockerta South Gold-Nickel Prospect – Kilburn Geoscience Valuation

E28/2572 and E25/569 represent exploration licenses that contains the Gundockerta South gold and nickel prospect. The tenement has the potential to contain gold and nickel mineralisation. An aircore program of 66 holes was completed however no significant results were returned.

Given the preliminary nature of exploration completed on the prospect within E28/2572 and E25/569 it is appropriate to assign a valuation based on the Kilburn Geoscience Rating method.

The Kilburn Geoscience Rating Method is deemed suitable as a valuation technique for the project and is based on four main assessment criteria outlined as follows:

- *Basic Acquisition Cost (BAC)*

In South Australia the grant of an exploration license is contingent on the following:

- An application fee - $1323.80
- Annual rent - $125.25/Block/Yr
- Minimum expenditure Term 1 - $15,000

The E28/2572 and E25/569 exploration licenses are 37 blocks in size.

The basic acquisition cost for this license is therefore calculated as:

$1322.80 + ($125.25 * 37) + ($15,000) = $20,957.05

- *Proximity to (Off-Property) Geophysical and Geochemical Anomalies and Mineralisation*

Consideration is given to any geophysical and geochemical anomalies that exist in the proximity of the tenements to be valued.

In relation to the tenements there are numerous gold and nickel deposits within the adjacent areas. There are no geophysical targets that have been identified within the tenements.

The Kilburn rating system ranks prospects using a factor between 1 and 5 in relation to the presence of off property mineralisation. Mining One has applied a factor ranging from of 3 as there are significant gold and nickel projects in the region.

- *Mineralisation and Prospectivity Characteristics of the Properties*

The style, extent and significance of any defined mineralization is assessed, along with geophysical and geochemical anomalism on the prospects is taken in account in this part of the assessment.

The ranking for on property mineralisation ranges between 1 and 5. Mining One have applied a factor of 2 for this license as although a gold in soil anomaly was defined aircore drilling completed did not return any significant results.

Another aspect in completing the Kilburn rating is to determine to relevance of geological setting within the prospect area. These are given a factor of between 2 and 4 dependent on how favourable the geological patterns are. Given that the lithologies are known to host tin mineralisation within the tenement area Mining One have assigned a factor of 2 for the licenses.

- *Calculated Technical Valuation for E28/2572,E25/569 – Kilburn Method*

The combination of the basic acquisition cost, off property mineralisation, actual mineralisation, and anomalism within the tenements is calculated to form an overall Kilburn Technical Valuation for the licenses.

Application of Modified Kilburn Ratings E28/2572 and E25/569 results in a range of estimated Technical Values from $0.02M to $0.08m with a preferred value of $0.04M.

4 TECHNICAL VALUATION SUMMARY – ALL TENEMENTS

4.1.1 Technical Valuation Overview

A technical valuation is required that covers all tenements held by Alliance Resources and its subsidiaries. Mining One has calculated a technical value for each project area depending on the valuation method used. A combination of the Kilburn, Discounted Cash Flow and Comparable Transaction methods were used to ascribe a total technical value.

4.1.2 Technical Valuation Ranges and Preferred Value

The technical valuation ranges that were calculated for each project are summarized in

Table 4-1 below. Mining One have then selected a preferred value within this range which is either derived from the mid-point of the range or selected according to technical considerations relating to individual project areas. Where a combination of the discounted cash flow value and comparable transaction value has been used as is the case with the Weednanna Gold project then an 80/20 weighting has been applied respectively. For the Yeltana Graphite project a 50/50 weighting was used between the preferred comparable transaction value of $1.19M and the average Kilburn Geoscience valuation of $1.94M.

The combined technical valuation for all tenements held by Alliance and its subsidiaries ranges between $14.14M and $30.94M. Mining One have selected a preferred technical value for these projects of **$25.10M**

Table 4-1: All Projects – Technical Valuation Summary

PROJECT	VALUATION METHOD	TECHNICAL VALUATIONS		
		Low ($M)	High($M)	Preferred Value ($M)
Weednanna Gold	Discounted Cash Flow (100% of NPV)	19.84	29.76	**22.92**
	Comparable Transactions	5.51	19.37	
Wilcherry Hill Magnetite	Comparable Transactions	0.13	0.21	**0.17**
Yeltana Graphite	Kilburn Geoscience	0.77	3.10	**1.57**
	Comparable Transactions	1.19	6.02	
Zealous Tin Prospect	Kilburn Geoscience	0.25	1.50	**0.40**
Gundockerta South	Kilburn Geoscience	0.02	0.08	**0.04**
			TOTAL	**$25.10M**

Appendix 1
Kilburn Valuation Tables

Table A-1: Alliance Resources EL 5990 - Kilburn Valuation Matrix

ALLIANCE RESOURCES - EL 5990																					
MODIFIED KILBURN RATINGS - SOUTH AUSTRALIAN EXPLORATION LICENSE																					
Exploration/Retention Licence			BAC	Joint	Proximity to Off-Property :			Property Features												Technical Valuation		
				Venture	Geophys or	Mineralisation		Geophysical		Geochemical		Geological		Mineralisation								
Name	No	Sqr. Km	$	Factor	Geochem	rank	metals	Targets		Targets		Patterns		Rank		Metals	Resources			$		Notes
					Targets			low	high	low	high	low	high	low	high		low	high	Class	low	high	
				a	b	c		d1	d2	e1	e2	f1	f2	g1	g2		h1	h2		i1	i2	
	EL 5990	408	21,343	1	1	1	TGC%	2	3	2	3	3	4	3	4	TGC%	1	1	N/A	768,341	3,073,363	1
TECHNICAL VALUE RANGES																				768,341	3,073,363	
MINING ONE PREFERRED KILBURN TECHNICAL VALUATION																				$1.0M		

Table A-1: Alliance Resources EL 5990 - Kilburn Valuation Matrix

ALLIANCE RESOURCES - EL 6188 (Zealous Tin Prospect)																					
MODIFIED KILBURN RATINGS - SOUTH AUSTRALIAN EXPLORATION LICENSE																					
Exploration/Retention Licence			BAC	Joint	Proximity to Off-Property :			Property Features												Technical Valuation		
				Venture	Geophys or	Mineralisation		Geophysical		Geochemical		Geological		Mineralisation								
Name	No	Sqr. Km	$	Factor	Geochem	rank	metals	Targets		Targets		Patterns		Rank		Metals	Resources			$		Notes
					Targets			low	high	low	high	low	high	low	high		low	high	Class	low	high	
				a	b	c		d1	d2	e1	e2	f1	f2	g1	g2		h1	h2		i1	i2	
	EL 6188	387	21,217	1	1	1	Sn	1	2	2	3	3	4	2	3	Sn	1	1	N/A	254,604	1,527,624	1
TECHNICAL VALUE RANGES																				254,604	1,527,624	
MINING ONE PREFERRED KILBURN TECHNICAL VALUATION																				$0.4M		

Table A-3: Alliance Resources E28/2572 and E25/569 - Kilburn Valuation Matrix

ALLIANCE RESOURCES - E28/2572 and E25/569 (Gunadockerta Prospect)

MODIFIED KILBURN RATINGS - WESTERN AUSTRALIAN EXPLORATION LICENSE

Exploration/Retention Licence			BAC	Joint	Proximity to Off-Property :			Property Features												Technical Valuation		
				Venture	Geophys or	Mineralisation		Geophysical		Geochemical		Geological		Mineralisation								
Name	No	Sqr. Km	$	Factor	Geochem	rank	metals	Targets		Targets		Patterns		Rank		Metals	Resources			$		Notes
					Targets			low	high	low	high	low	high	low	high		low	high	Class	low	high	
				a	b	c		d1	d2	e1	e2	f1	f2	g1	g2		h1	h2		i1	i2	
	E28/2572 & E25/569	37	20,952	1	1	1	Sn	1	1	1	2	1	2	1	1	Sn	1	1	N/A	20,952	83,808	1
																			TECHNICAL VALUE RANGES	20,952	83,808	
																			MINING ONE PREFERRED KILBURN TECHNICAL VALUATION	$0.03M		

5 REFERENCES

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5) JORC 2012: Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Prepared by Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia

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