



# **Alliance Resources Limited**

**ABN 38 063 293 336**

**Annual Report - 30 June 2019**

**Alliance Resources Limited**  
**Corporate directory**  
**30 June 2019**

Directors	Ian J Gandel (Chairman) Stephen F Johnston (Managing Director) Anthony D Lethlean (Non-executive Director)
Company secretary	Robert P Tolliday
Notice of annual general meeting	The details of the annual general meeting of Alliance Resources Limited are: 10.30am, 28 November 2019 HWL Ebsworth Lawyers Level 23, 530 Collins Street Melbourne VIC 3000
Registered office	Suite 3, 51 - 55 City Road Southbank Victoria 3006 Telephone +61 3 9697 9090 Facsimile +61 3 9697 9091
Share register	Computershare Investor Services GPO Box 2975 Melbourne, VIC 3001 Telephone: 1300 850 505 Facsimile: +61 3 9473 2500
Auditor	BDO East Coast Partnership Collins Square, Tower 4, Level 18 727 Collins Street Melbourne, VIC, 3008
Solicitors	HWL Ebsworth Lawyers Level 26, 530 Collins Street Melbourne VIC 3000
Bankers	Australia and New Zealand Banking Group Limited (ANZ)
Stock exchange listing	Alliance Resources Limited shares are listed on the Australian Securities Exchange (ASX code: AGS)
Website	<a href="http://www.allianceresources.com.au">www.allianceresources.com.au</a> E-mail: <a href="mailto:info@allianceresources.com.au">info@allianceresources.com.au</a>

**Alliance Resources Limited**  
**Directors' report**  
**30 June 2019**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of Alliance Resources Limited (referred to hereafter as the 'company' or 'parent entity' or 'Alliance') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

**Directors**

The following persons were directors of Alliance Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ian J Gandel (Non-Independent Non-Executive Chairman)  
Anthony D Lethlean (Non-Executive Director)  
Stephen F Johnston (Managing Director)

**Principal activities**

The principal activities of the consolidated entity during the year ended 30 June 2019 were exploring its projects in South Australia (Wilcherry Project) and Western Australia for gold and base metals.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$1,650,000 (30 June 2018: \$1,273,000).

A review of the group's operations and financial position for the financial year and up to the date of this report is included in the annual report and should be read as part of the Directors' Report.

**Increase of interest in the Wilcherry Project to 100%**

Alliance through its wholly owned subsidiary, Alliance Craton Explorer Pty Ltd (ACE), in late 2016 acquired 51% equity in the Wilcherry Project Joint Venture (Wilcherry Project) 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). The Wilcherry Project area is located within the southern part of the Gawler Craton in the northern Eyre Peninsula and currently comprises six exploration licences covering 1,097 km<sup>2</sup>. Over the past few years as a result of Trafford not contributing towards the project ACE's interest had increased to approximately 83% by mid-March 2019.

On 13 March 2019, ACE purchased the balance of the Wilcherry Project from Trafford for \$730,000, plus an 80 person camp located on leased land in the township of Kimba for \$760,000 and motor vehicle for \$10,000.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

**Matters subsequent to the end of the financial year**

Matters or circumstances that have arisen since 30 June 2019

*Off-market Takeover Bid*

On 19 August 2019, pursuant to item 5 of subsection 633(1) of the Corporations Act 2001 (Cth) (Corporations Act), Gandel Metals Pty Ltd (Gandel Metals), a company associated with director Ian Gandel, announced its off-market takeover bid for all of the fully paid ordinary shares in Alliance Resources Limited (ASX: AGS). As at the date of this report the bid is still open however, it is expected to close in early October 2019.

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*Resignation of Managing Director*

On 19 August 2019, Alliance announced that Mr Stephen Johnston was stepping down as Managing Director (MD) in order to pursue personal interests. Mr Johnston will continue as MD until his replacement commences, with the intention that Mr Johnston will thereafter remain on the Board as a non-executive director.

*Appointment of new Managing Director*

On 10 September 2019, Alliance announced the appointment of Kevin Malaxos as the incoming MD for Alliance. Mr Malaxos will formally commence employment on 1 December 2019 however, he will be involved with Alliance prior to this date to ensure a smooth transition.

*Exercise of Options by Managing Director*

On 30 August 2019, the current MD, Mr Stephen Johnston, exercised 1,000,000 of his unlisted employee options at the exercise price of \$0.1192 resulting in the allotment and issue of 1,000,000 ordinary shares to Mr Johnston by Alliance having received the proceeds of \$119,200.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Likely developments and expected results of operations**

The Boards' strategy for the immediate future is to explore the Company's existing projects and to progress the Wilcherry Project towards the development stage.

**Environmental regulation**

Exploration activities at the group's projects in SA and WA are conducted in accordance with relevant guidelines appropriate to those jurisdictions.

**Occupational Health & Safety**

The group has in place policies to cover Induction of New Employees, Duty of Care, Safety, Environment, Return to Work, Harassment, Fitness for Work and Privacy, and to ensure Quality Assurance and Control of its operations.

The group is committed to providing a safe working environment for employees, contractors and others who may be affected directly or indirectly by its activities, protection of the environment and respect for the indigenous cultures and communities in which it operates.

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**Information on directors**

**Name:** Ian Jeffrey Gandel (Appointed a director on 15 October 2003)  
**Title:** Non-Independent Non-Executive Chairman (Appointed on 23 June 2016)  
**Qualifications:** LLB, BEc, FCPA, FAICD  
**Experience and expertise:** Ian Gandel 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 is a former Director of Gandel Retail Trust. Ian has been an investor in the mining industry since 1994, is a substantial shareholder of a number of publicly listed Australian companies and is also involved in privately-funded exploration in Victoria and Western Australia.  
**Other current directorships:** 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).  
**Former directorships (last 3 years):** N/A  
**Special responsibilities:** Ian is a member of the Nominations, Remuneration and Audit & Risk Committees (appointed 5 August 2010).  
**Interests in shares:** 49,436,157 as at 30 June 2019 (2018: 29,957,438)  
**Interests in options:** Nil (2017: Nil)

**Name:** Anthony (Tony) Dean Lethlean (Appointed on 15 October 2003)  
**Title:** Independent Non-Executive Director  
**Qualifications:** BAppSc(Geology)  
**Experience and expertise:** Tony Lethlean is a geologist with over 10 years mining experience specialising in underground operations, including Kalgoorlie's Golden Mile (WMC & KCGM) and Bellevue. For over 18 years he has been in banking and stock broking, including the global mining group at CIBC World Markets.  
**Other current directorships:** Tony is also a non-executive director of Alkane Resources Ltd (appointed 30 May 2002).  
**Former directorships (last 3 years):** N/A  
**Special responsibilities:** Tony is the chairman of the Nominations, Remuneration and Audit & Risk Committees (appointed 5 August 2010).  
**Interests in shares:** 881,252 as at 30 June 2019 (2018: 487,501)  
**Interests in options:** Nil (2017: Nil)

**Name:** Stephen (Steve) Frederick Johnston (Appointed 19 October 2011)  
**Title:** Managing Director  
**Qualifications:** BAppSc(App. Geol.), MAusIMM, SEG  
**Experience and expertise:** Steve Johnston 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. Between 1993 to 2001 Steve held executive roles with ASX listed Croesus Mining NL and 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.  
**Other current directorships:** N/A  
**Former directorships (last 3 years):** N/A  
**Special responsibilities:** N/A  
**Interests in shares:** 2,117,669 as at 30 June 2019 (2018: 1,411,779)  
**Interests in options:** 4,000,000 as at 30 June 2019 (2018: 4,000,000)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

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**Company secretary**

Robert (Bob) Tolliday 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 has worked for Gandel Metals Pty Ltd for the past 7 years providing CFO & Company Secretarial Services to a number of listed Mining entities under a management services agreement. Prior to this Bob worked for over 10 years as the Company Secretary / GM Finance & Admin for the Professional Golfers Association of Australia Ltd (PGA), and before that he was a Senior Manager and spent over 13 years working for Chartered Accounting practices KPMG and Pitcher Partners in both Australia and the UK. Bob was also a former director and Company Secretary of Octagonal Resources Ltd.

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board		Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr I Gandel	7	7	1	1	3	3
Mr T Lethlean	7	7	1	1	3	3
Mr S Johnston	7	7	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

**Remuneration report (audited)**

The remuneration report, which has been audited, outlines the director and senior management/executives (Key Management Personnel) remuneration arrangements for the consolidated entity and the company for the financial year ended 30 June 2019, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

***Principles used to determine the nature and amount of remuneration***

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel. The committee did not engage the services of a remuneration consultant during the year.

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The Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration are separate.

*Non-executive director remuneration*

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Remuneration Committee. The Remuneration Committee has also agreed in the past to the advice of independent remuneration consultants or remuneration publications to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors did not receive share options or other incentives during the reporting period.

ASX listing rules require that the aggregate non-executive director remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 20 November 2018, where the shareholders approved an aggregate remuneration of \$500,000.

*Executive remuneration*

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remuneration.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional cost to the consolidated entity and adds additional value to the executive.

The short-term incentive ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and exploration management.

The long-term incentives ('LTI') includes long service leave and share-based payments. These include an increase in shareholders' value relative to the entire market and an increase when compared to the consolidated entity's direct competitors.

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*Consolidated entity performance and link to remuneration*

The company's remuneration policy seeks to reward staff members for their contribution to achieving significant milestones but there is no direct link between remuneration paid and growth in the company's share price or financial performance.

*Voting at the company's 2018 Annual General Meeting ('AGM')*

The company received 95.91% of 'for' votes in relation to its remuneration report for the year ended 30 June 2018. The company did not receive any specific feedback at the AGM regarding its remuneration policies.

**Details of remuneration**

*Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of Alliance Resources Limited and the following person:

- Mr R Tolliday (Chief Financial Officer & Company Secretary)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Termination benefits	Total
	Cash salary and fees \$	Consulting Fees \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	Termination payments \$	
<b>2019</b>								
<i>Non-Executive Directors:</i>								
Mr I Gandel	85,000	-	-	8,075	-	-	-	93,075
Mr T Lethlean	80,000	-	-	7,600	-	-	-	87,600
<i>Executive Directors:</i>								
Mr S Johnston	271,005	-	-	25,000	(13,207)	13,949	-	296,747
<i>Other Key Management Personnel:</i>								
Mr R Tolliday*	-	-	-	-	-	3,715	-	3,715
	<u>436,005</u>	<u>-</u>	<u>-</u>	<u>40,675</u>	<u>(13,207)</u>	<u>17,664</u>	<u>-</u>	<u>481,137</u>

\* The Gandel Metals Trust employed Mr Tolliday. The Gandel Metals Trust is an entity associated with Mr I Gandel. Included in the fees paid in terms of The Gandel Metals management service agreement to The Gandel Metals Trust are professional fees of \$310,200 for accounting and company secretarial services including services provided by Mr Tolliday. All charges were on commercial terms.



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	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Termination benefits	Total
	Cash salary and fees \$	Consulting Fees \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	Termination payments \$	
<b>2018</b>								
<i>Non-Executive Directors:</i>								
Mr I Gandel	85,000	-	-	8,075	-	-	-	93,075
Mr T Lethlean	80,000	6,000	-	7,600	-	-	-	93,600
<i>Executive Directors:</i>								
Mr S Johnston	271,976	-	-	25,000	2,701	32,404	-	332,081
<i>Other Key Management Personnel:</i>								
Mr R Tolliday*	-	-	-	-	-	7,531	-	7,531
	<u>436,976</u>	<u>6,000</u>	<u>-</u>	<u>40,675</u>	<u>2,701</u>	<u>39,935</u>	<u>-</u>	<u>526,287</u>

\* The Gandel Metals Trust employed Mr Tolliday. The Gandel Metals Trust is an entity associated with Mr I Gandel. Included in the fees paid in terms of The Gandel Metals management service agreement to The Gandel Metals Trust are professional fees of \$310,200 for accounting and company secretarial services including services provided by Mr Tolliday. All charges were on commercial terms.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2019	2018	2019	2018	2019	2018
<i>Non-Executive Directors:</i>						
Mr I Gandel	100%	100%	-	-	-	-
Mr T Lethlean	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
Mr S Johnston	95%	90%	-	-	5%	10%
<i>Other Key Management Personnel:</i>						
Mr R Tolliday	-	-	-	-	100%	100%

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**Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Steve Johnston
Title:	Managing Director (Effective 19 October 2011)
Agreement commenced:	1 May 2016
Term of agreement:	3 Years (note: Mr Johnston has confirmed he will step down as Managing Director effective 30 November 2019)
Details:	<ul style="list-style-type: none"> <li>• Remuneration - \$271,005 (excluding Superannuation) this excludes - Benefits of Employment (including Options) and reimbursement of various expenses including parking, memberships &amp; subscriptions and mobile phone charges (capped).</li> <li>• Termination – The contract is capable of termination on standard employment terms, which include 6 months' notice if terminated by the Company (without cause) or by Mr Johnston. The Board retains the discretion to make a payment in lieu of notice equal to 3 months' salary plus all accrued benefits up to the end of the notice period.</li> </ul>

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

**Share-based compensation**

*Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

*Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
30 Nov 2016	30 Nov 2016	31 August 2019	\$0.1192	\$0.028
30 Nov 2016	1 Sept 2017	31 August 2020	\$0.1592	\$0.028
30 Nov 2016	1 Sept 2018	31 August 2021	\$0.1992	\$0.028
30 Nov 2016	1 Sept 2019	31 August 2022	\$0.2392	\$0.028
2 April 2017	2 April 2017	31 March 2020	\$0.1192	\$0.020
2 April 2017	1 April 2018	31 March 2021	\$0.1592	\$0.019
2 April 2017	1 April 2019	31 March 2022	\$0.1992	\$0.019
2 April 2017	1 April 2020	31 March 2023	\$0.2392	\$0.019

Options granted carry no dividend or voting rights.

Executives, staff and approved specialist advisors/contractors who are involved with the business are all entitled to participate in the Employee Share Options Plan (ESOP).

As at 30 June 2019 there were 4,000,000 (2018: 4,000,000) unlisted options issued over ordinary shares of Alliance Resources Limited granted to the Managing Director and 2,400,000 (2018: 2,200,000) unlisted options granted to Executives, Staff and Contractors.

Note: Pursuant to ASX Listing rule 6.22 and Alliance's ESOP rules there was a \$0.0008 reduction in the exercise price of all existing options following the entitlement offer and shortfall placement exercise which concluded in June 2019 and resulted in the issue of 48,744,409 new ordinary shares. The net impact on fair value of the options modifications on KMP's was \$1,425 which was fully expensed in the financial year ended 30 June 2019.

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The number of options over ordinary shares granted to and vested by directors and other key management personnel during the year ended 30 June 2019 are set out below:

Name	Number of options granted during the year 2019	Number of options granted during the year 2018	Number of options vested during the year 2019	Number of options vested during the year 2018
Mr S Johnston	-	-	1,000,000	1,000,000
Mr R Tolliday	-	-	250,000	250,000

- \* The Terms of the options are as follows:
- The Options were granted for no consideration
  - Options granted carry no dividend or voting rights
  - The exercise price of the Options was determined by the directors
  - Each Option converts to one ordinary share
  - The vesting date was the date that the options are able to be exercised

Details of options over ordinary shares granted, vested and lapsed for directors and other key management personnel during the year ended 30 June 2019 are set out below:

Name	Grant date	Vesting date	Number of options granted	Value of options granted \$	Value of options vested \$	Number of options lapsed	Value of options lapsed \$
S Johnston	30 Nov 2016	1 Sept 2018	-	-	28,000	-	-
R Tolliday	2 April 2017	1 April 2019	-	-	4,775	-	-

**Additional information**

The earnings of the consolidated entity for the five years to 30 June 2019 are summarised below:

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
Revenue and other income	60	150	375	50,316	221
EBITDA	(1,613)	(1,260)	(1,133)	47,931	(3,129)
EBIT	(1,650)	(1,273)	(1,150)	47,920	(3,126)
	2019	2018	2017	2016	2015
Share price at financial year end (cents)	9.80	9.10	8.80	4.00	8.20
Basic earnings/(loss) per share (cents per share)	(1.16)	(1.22)	(1.10)	11.61	(0.86)

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***Additional disclosures relating to key management personnel***

***Shareholding***

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Mr I Gandel	29,957,438	-	19,478,719	-	49,436,157
Mr T Lethlean	487,501	-	393,751	-	881,252
Mr S Johnston	1,411,779	-	705,890	-	2,117,669
Mr R Tolliday	62,500	-	37,500	-	100,000
	<u>31,919,218</u>	<u>-</u>	<u>20,615,860</u>	<u>-</u>	<u>52,535,078</u>

***Option holding***

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Mr S Johnston	4,000,000	-	-	-	4,000,000
Mr R Tolliday	1,000,000	-	-	-	1,000,000
	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>

***This concludes the remuneration report, which has been audited.***

**Shares under option**

Unissued ordinary shares of Alliance Resources Limited held under option as at 30 June 2019 are as follows:

Grant date	Expiry date	Exercise price	Number under option
30 Nov 2016*	31 August 2019	\$0.1192	1,000,000
30 Nov 2016	31 August 2020	\$0.1592	1,000,000
30 Nov 2016	31 August 2021	\$0.1992	1,000,000
30 Nov 2016	31 August 2022	\$0.2392	1,000,000
2 April 2017	31 March 2020	\$0.1192	550,000
2 April 2017	31 March 2021	\$0.1592	550,000
2 April 2017	31 March 2022	\$0.1992	550,000
2 April 2017	31 March 2023	\$0.2392	550,000
20 June 2019	31 January 2022	\$0.1192	50,000
20 June 2019	1 February 2023	\$0.1592	50,000
20 June 2019	1 February 2024	\$0.1992	50,000
20 June 2019	1 February 2025	\$0.2392	50,000
			<u>6,400,000</u>

\* Exercised by Mr Johnston on 30 August 2019 (refer "Matters subsequent to the end of the financial year")

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

### **Shares issued on the exercise of options**

There were no ordinary shares of Alliance Resources Limited issued on the exercise of options during the year ended 30 June 2019.

### **Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### **Corporate Governance Statement**

In recognising the need for the highest standard of corporate behaviour and accountability, the Directors of Alliance support the principle of good corporate governance. As such, Alliance Resources Limited have adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014. The Directors advise that it is their intention to adopt the fourth edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council and becomes effective from January 2020.

The consolidated entity's annual Corporate Governance Statement has been published and released to ASX separately. The Corporate Governance Statement is available on the Alliance website at <http://www.allianceresources.com.au/site/corporate/corporate-governance>.

### **Indemnity and insurance of auditor**

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

### **Risk management**

The company takes a proactive approach to risk management including monitoring actual performance against budgets and forecast and monitoring investment performance. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the consolidated entity's objectives and activities are aligned with the risks and opportunities identified by the Board.

### **Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

### **Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

**Alliance Resources Limited**  
**Directors' report**  
**30 June 2019**

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

**Officers of the company who are former partners of BDO East Coast Partnership**

There are no officers of the company who are former partners of BDO East Coast Partnership.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

**Auditor**

BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



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Ian Gandel  
Chairman

30 September 2019  
Melbourne

## DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF ALLIANCE RESOURCES LIMITED

As lead auditor of Alliance Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Alliance Resources Limited and the entities it controlled during the period.



Wai Aw  
Partner

**BDO East Coast Partnership**

Melbourne, 30 September 2019

## **Alliance Resources Limited**

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**30 June 2019**

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### **General information**

The financial statements cover Alliance Resources Limited as a consolidated entity consisting of Alliance Resources Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Alliance Resources Limited's functional and presentation currency.

Alliance Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3, 51-55 City Road  
Southbank, VIC, 3006  
Tel: +61 3 9697 9090  
Fax: +61 3 9697 9091

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2019. The directors have the power to amend and reissue the financial statements.



**Alliance Resources Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2019**

	Note	Consolidated 2019 \$'000	2018 \$'000
<b>Revenue</b>	4	60	150
<b>Expenses</b>			
Depreciation expense	5	(37)	(13)
Expense of share options granted	16	(22)	(49)
Tenement costs abandoned		(441)	(85)
Occupancy expenses		(20)	(25)
Administration expenses		(836)	(924)
Legal expenses		(13)	(5)
Director fees		(196)	(165)
Company secretarial		(59)	(58)
Marketing expenses		(86)	(99)
<b>Loss before income tax expense</b>		(1,650)	(1,273)
Income tax expense	6	-	-
<b>Loss after income tax expense for the year attributable to the owners of Alliance Resources Limited</b>	17	(1,650)	(1,273)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in fair value of equity instruments at FVOCI	9	(956)	(250)
Other comprehensive income for the year, net of tax		(956)	(250)
<b>Total comprehensive income for the year attributable to the owners of Alliance Resources Limited</b>		<u>(2,606)</u>	<u>(1,523)</u>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	30	(1.16)	(1.22)
Diluted loss per share	30	(1.16)	(1.22)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Alliance Resources Limited**  
**Statement of financial position**  
**As at 30 June 2019**

	Note	Consolidated 2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	3,693	5,408
Trade and other receivables	8	153	120
Other assets		22	77
<b>Total current assets</b>		<u>3,868</u>	<u>5,605</u>
<b>Non-current assets</b>			
Other receivables		15	-
Financial assets at fair value through other comprehensive income	9	294	1,250
Property, plant and equipment	10	794	56
Exploration and evaluation	11	9,810	6,942
<b>Total non-current assets</b>		<u>10,913</u>	<u>8,248</u>
<b>Total assets</b>		<u>14,781</u>	<u>13,853</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	264	331
Employee benefits	13	92	21
<b>Total current liabilities</b>		<u>356</u>	<u>352</u>
<b>Non-current liabilities</b>			
Employee benefits	14	1	80
<b>Total non-current liabilities</b>		<u>1</u>	<u>80</u>
<b>Total liabilities</b>		<u>357</u>	<u>432</u>
<b>Net assets</b>		<u>14,424</u>	<u>13,421</u>
<b>Equity</b>			
Contributed equity	15	51,815	47,498
Reserves	16	(2,511)	(1,577)
Accumulated losses	17	(34,880)	(33,404)
Equity attributable to the owners of Alliance Resources Limited		14,424	12,516
Non-controlling interest	18	-	904
<b>Total equity</b>		<u>14,424</u>	<u>13,421</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Alliance Resources Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2019**

<b>Consolidated</b>	<b>Contributed Equity \$'000</b>	<b>Non- controlling Interest \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Reserves \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2017	47,495	902	(32,131)	(1,376)	14,890
Loss after income tax expense for the year	-	-	(1,273)	-	(1,273)
Other comprehensive income for the year, net of tax	-	-	-	(250)	(250)
Total comprehensive income for the year	-	-	(1,273)	(250)	(1,523)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 31)	-	-	-	49	49
Joint venturers' interest received	3	2	-	-	5
Balance at 30 June 2018	<u>47,498</u>	<u>904</u>	<u>(33,404)</u>	<u>(1,577)</u>	<u>13,421</u>

<b>Consolidated</b>	<b>Contributed Equity \$'000</b>	<b>Non- controlling Interest \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Reserves \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2018	47,498	904	(33,404)	(1,577)	13,421
Loss after income tax expense for the year	-	-	(1,650)	-	(1,650)
Other comprehensive income for the year, net of tax	-	-	-	(956)	(956)
Total comprehensive income for the year	-	-	(1,650)	(956)	(2,606)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 15)	4,320	-	-	-	4,320
Share-based payments (note 31)	-	-	-	22	22
Transfer of JV interest received	(3)	-	-	-	(3)
Acquisition of Non-controlling interest	-	(904)	174	-	(730)
Balance at 30 June 2019	<u>51,815</u>	<u>-</u>	<u>(34,880)</u>	<u>(2,511)</u>	<u>14,424</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Alliance Resources Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2019**

	<b>Note</b>	<b>Consolidated</b>	
		<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (inclusive of GST)		(1,219)	(1,371)
Interest received		59	144
		<hr/>	<hr/>
Net cash used in operating activities	29	(1,160)	(1,227)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	10	(775)	(56)
Payments for exploration and evaluation		(3,309)	(346)
(Payments for) / refunds of security deposits		(15)	20
Contributions to Wilcherry Project exploration and evaluation		-	(2,602)
Proceeds from JV interest		-	3
Purchase of NCI (Wilcherry Project)	11	(730)	-
Contributions from JV partner		-	117
Interest earned by JV partner		-	2
		<hr/>	<hr/>
Net cash used in investing activities		(4,829)	(2,862)
<b>Cash flows from financing activities</b>			
Capital raising	15	4,584	-
Capital raising transaction costs	15	(310)	-
		<hr/>	<hr/>
Net cash from financing activities		4,274	-
Net decrease in cash and cash equivalents		(1,715)	(4,089)
Cash and cash equivalents at the beginning of the financial year		5,408	9,497
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	7	<u>3,693</u>	<u>5,408</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

### **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

#### **New and amended standards**

During the financial year ended 30 June 2017 the consolidated entity early adopted AASB 9 *Financial Instruments* as it provided more reliable and relevant information for users to assess the amounts, timing and uncertainty of future cash flows.

#### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Going Concern*

For the year ended 30 June 2019, the consolidated entity made a loss after taxation of \$1,650,000, had net cash outflows from operating activities of \$1,160,000, net cash outflows from investing activities of \$4,829,000 and net cash inflows of \$4,274,000 from financing activities. At 30 June 2019, the consolidated entity reported cash and cash equivalents of \$3,693,000.

The directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activity, the realisation of assets and the settlement of liabilities through the normal course of business for the following reasons:

- The consolidated entity has a history of successfully raising funds. As detailed in Note 15, in the later part of the financial year the group successfully raised approximately \$4.6 million from a non-renounceable entitlement offer.
- The consolidated entity has prepared a twelve-month cash flow budget which includes additional cash outflows for exploration activity, which can be deferred in part if there are delays in raising capital or insufficient capital is raised to fund forecast expenditure.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might be necessarily incurred should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through other comprehensive income.

#### **Critical accounting Estimates**

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

## **Note 1. Significant accounting policies (continued)**

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Alliance Resources Limited ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Alliance Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity.

### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

### **Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars (apparent differences may occur due to rounding), or in certain cases, the nearest dollar.

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

**Note 1. Significant accounting policies (continued)**

*AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

The consolidated entity adopted this standard from 1 July 2018 however, its impact was minimal as the group is an exploration entity with no revenue contracts with external customers.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

*AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The consolidated entity will adopt this standard from 1 July 2019 but has currently assessed the impact of its adoption to be minimal as there are currently no operating lease transactions that the entity is involved in.

## **Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Fair value measurement hierarchy*

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### *Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

## **Note 3. Operating segments**

### *Identification of reportable operating segments*

The consolidated entity operates in the mineral exploration and mining industry in Australia.

The consolidated entity has adopted AASB 8 Operating Segments whereby segment information is presented using a 'management approach'. Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The consolidated entity operates predominately in one geographical location. The consolidated entity does not have any operating segments with discrete financial information. The consolidated entity does not have any customers, and all the consolidated entity's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cashflows. As a result no reconciliation is required because the information as presented is what is used by the Board of Directors to make strategic decisions including assessing performance and in determining the allocation of resources.

### *Accounting policy for operating segments*

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Board / Managing Director who are the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.



**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest	60	150

*Accounting policy for revenue recognition*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Note 5. Expenses**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	37	13
<i>Superannuation expense</i>		
Defined contribution superannuation expense	45	41
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	335	307

**Note 6. Income tax**

The income tax expense or benefit for the period is the tax payable/receivable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

\* When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

\* When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

**Note 6. Income tax (continued)**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Tax Consolidation**

Alliance Resources Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>The components of Income tax expense/(benefit) comprise:</i>		
Current income tax benefit	(1,085)	(1,145)
Adjustments in respect of previous years	(2)	22
Deferred tax relating to origination and reversal of temporary differences	637	808
Deferred tax assets not brought to account	450	315
	<u>          </u>	<u>          </u>
Income tax expense / (benefit)	<u>          -          </u>	<u>          -          </u>
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Loss before income tax expense (excluding non-controlling interest)	(1,650)	(1,273)
	<u>          </u>	<u>          </u>
Tax at the statutory tax rate of 27.5% (2018: 27.5%)	(454)	(350)
	<u>          </u>	<u>          </u>
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payment expense	6	13
	<u>          </u>	<u>          </u>
	(448)	(337)
	<u>          </u>	<u>          </u>
Adjustments in respect of prior years	(2)	22
Deferred tax assets not brought to account	450	315
	<u>          </u>	<u>          </u>
Income tax expense / (benefit)	<u>          -          </u>	<u>          -          </u>

**Alliance Resources Limited**  
**Notes to the financial statements**  
**30 June 2019**

**Note 6. Income tax (continued)**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	35,833	31,880
Potential tax benefit @ 27.5%	9,854	8,767

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

*Deferred tax assets and liabilities not recognised*

Deferred tax liabilities comprises:		
Exploration and evaluation	(2,043)	(1,102)
Accrued income	(1)	(2)
Total deferred tax liabilities	(2,044)	(1,104)
Deferred tax assets comprises:		
Provisions and accruals	39	51
Equity raising costs	95	17
Tax losses	9,854	8,767
Total deferred tax assets	9,988	8,835

The above net potential tax benefit has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

**Note 7. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	3,618	2,333
Cash on deposit	75	3,075
	<u>3,693</u>	<u>5,408</u>

*Accounting policy for cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Note 8. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	1	1
Other receivables	60	1
	<u>61</u>	<u>2</u>
Accrued revenue	4	6
GST receivable	88	112
	<u>153</u>	<u>120</u>

*Accounting policy for trade and other receivables*

Classification as receivables

Receivables are recognised initially at fair value and then subsequently measured at amortised costs, less provision for expected credit losses.

In determining the recoverability of a trade or other receivable using the expected credit loss model, the group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

Fair value of receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

Impairment and risk exposure

Information about the impairment of receivables, their credit quality and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 20.

*Accounting policy for Goods and Services Tax ('GST') and other similar taxes*

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Note 9. Non-current assets - financial assets at fair value through other comprehensive income**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - listed securities	3,984	3,984
Revaluation of investments to fair value	(3,690)	(2,734)
	<u>294</u>	<u>1,250</u>

*Reconciliation*

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	1,250	1,500
Movement in fair value	(956)	(250)
Closing fair value	<u>294</u>	<u>1,250</u>

Refer to note 21 for further information on fair value measurement.

Note: The ordinary shares are listed equity securities in SciDev Ltd (ASX Code: SDV) (formerly known as Intec Limited), Tyranna Resources Ltd (ASX Code: TYX) and Centennial Mining Ltd (ASX Code: CTL) (formerly known as A1 Consolidated Gold Limited). The SDV shares were acquired on sale of investment in Encore Pty Ltd on 23 October 2006. The CTL shares were obtained on the delisting of Octagonal Resources Ltd ("Octagonal") on 23 February 2016, at which time Alliance received CTL shares and cash as consideration for the disposal of its Octagonal shares, and also obtained pursuant to a rights issue in August 2016. On 21 March 2019 Administrators were appointed to CTL and the company subsequently entered into a Deed of Company Arrangement (DOCA) on 17 May 2019. As such, CTL shares have been valued at \$Nil pending the final outcome of the DOCA. The TYX shares were purchased in September and October 2016 via on-market purchases and also an off-market purchase. Shares in TYX and SDV are valued by reference to the quoted market price at the close of business on balance date and are classified as financial assets at fair value through other comprehensive income.

*Accounting policy for financial assets at fair value through other comprehensive income*

*Investments and other financial assets*

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

**Note 9. Non-current assets - financial assets at fair value through other comprehensive income (continued)**

*Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

*Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

*Equity instruments*

The consolidated entity subsequently measures all equity investments at fair value. Where management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

**Note 10. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Plant and equipment - at cost	917	143
Less: Accumulated depreciation	(123)	(87)
	794	56
	794	56

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Plant & Equipment \$'000
Balance at 1 July 2017	13
Additions	43
	56
Balance at 30 June 2018	56
Additions	775
Depreciation expense	(37)
	794
Balance at 30 June 2019	794

On 13 March 2019, ACE purchased from Trafford an 80 person camp located on leased land in the township of Kimba and a motor vehicle. The amount attributable under the contract to these assets were \$760,000 and \$10,000 respectively.

**Note 10. Non-current assets - property, plant and equipment (continued)**

*Accounting policy for property, plant and equipment*

All classes of property, plant and equipment are stated at cost less accumulated depreciation and any impairment write-downs. Depreciation is calculated on a reducing balance basis to write off the net cost of each item of property, plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets.

**Note 11. Non-current assets - exploration and evaluation**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Exploration and evaluation costs carried forward - WA	261	519
Exploration and evaluation costs carried forward - ACE	-	14
Exploration and evaluation costs carried forward - Wilcherry Project	9,549	6,409
	<u>9,810</u>	<u>6,942</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Exploration \$'000
Balance at 1 July 2017	4,148
Expenditure during the year	2,879
Tenement costs abandoned	(85)
Balance at 30 June 2018	6,942
Expenditure during the year	3,309
Tenement costs abandoned	(441)
Balance at 30 June 2019	<u>9,810</u>

Notes:  
The recoverability of the carry forward amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

The Wilcherry Project area is located within the southern part of the Gawler Craton in the northern Eyre Peninsula and currently comprises six exploration licences covering 1,097 km<sup>2</sup>. Over the past few years as a result of Trafford not contributing towards the project ACE's interest had increased to approximately 83% by mid-March 2019.

On 13 March 2019, ACE purchased the residual interest of the Wilcherry Project from Trafford for \$730,000.

**Note 11. Non-current assets - exploration and evaluation (continued)**

*Accounting policy for exploration and evaluation assets*

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

**Note 12. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	201	229
Accrued expenses	50	91
PAYG payable	13	11
	<u>264</u>	<u>331</u>

Refer to note 20 for further information on financial instruments.

*Accounting policy for trade and other payables*

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Note 13. Current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee entitlements	7	21
Long service leave	85	-
	<u>92</u>	<u>21</u>

*Accounting policy for employee benefits*

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.



**Note 14. Non-current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee entitlements	<u>1</u>	<u>80</u>

*Accounting policy for other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Note 15. Equity - contributed equity**

	<b>Consolidated</b>			
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>153,038,332</u>	<u>104,293,923</u>	<u>51,815</u>	<u>47,498</u>

On 18 March 2019, an Offer Document was issued pursuant to section 708AA of the Corporations Act 2001 (Cth) (Corporations Act) for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. Alliance undertook a non-renounceable entitlement offer to Eligible Shareholders of New Shares at an issue price of \$0.095 per New Share on the basis of 1 New Share for every 2 Shares held on the Record Date. The non-renounceable entitlement offer closed on 26 April 2019.

As at 30 June 2019, \$4.584 million had been raised at a cost of approximately \$310,320. A further \$46,469 was raised in July 2019 from the on-market sale of ineligible shareholders share entitlements, which completed the capital raising process with a total of 48,744,409 New Shares issued under the offer at balance date.

Funds raised through the Entitlement Offer are to be applied to drilling, metallurgical test work, feasibility study, offer costs and working capital.

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	30 June 2017	104,293,923		47,495
Joint Venturers' (ACE) interest	30 June 2018	-	\$0.0000	3
Balance	30 June 2018	104,293,923		47,498
Non-renounceable entitlement offer	30 June 2019	48,255,263	\$0.0950	4,584
Ineligible shareholders	30 June 2019	489,146	\$0.0950	46
Costs associated with the capital raising	30 June 2019	-	\$0.0000	(310)
JV (ACE) interest	13 March 2019	-	\$0.0000	(3)
Balance	30 June 2019	<u>153,038,332</u>		<u>51,815</u>

**Note 15. Equity - contributed equity (continued)**

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment.

The consolidated entity is not subject to any financing arrangement covenants.

The capital risk management policy remains unchanged from the 30 June 2018 Annual Report.

*Accounting policy for issued capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Note 16. Equity - reserves**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
FVOCI reserve	(2,663)	(1,707)
Share-based payments reserve	152	130
	<u>(2,511)</u>	<u>(1,577)</u>

*FVOCI reserve*

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

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**Note 16. Equity - reserves (continued)**

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

<b>Consolidated</b>	Share-based payments reserve* \$'000	FVOCI reserve** \$'000	Total \$'000
Balance at 1 July 2017	81	(1,457)	(1,376)
Revaluation - gross	-	(250)	(250)
Cost of share options issued	49	-	49
Balance at 30 June 2018	130	(1,707)	(1,577)
Revaluation - gross	-	(956)	(956)
Cost of share options issued	22	-	22
Balance at 30 June 2019	<u>152</u>	<u>(2,663)</u>	<u>(2,511)</u>

\* The Share-based payments reserve is used to recognise the fair value of options issued to directors and employees.

\*\* The FVOCI reserve is used to recognise the increase and decrease in fair value of the equity investments.

**Note 17. Equity - accumulated losses**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Accumulated losses at the beginning of the financial year	(33,404)	(32,131)
Gain on acquisition of non-controlling interest	174	-
Loss after income tax expense for the year	(1,650)	(1,273)
Accumulated losses at the end of the financial year	<u>(34,880)</u>	<u>(33,404)</u>

**Note 18. Equity - non-controlling interest**

As detailed in note 11, ACE acquired the residual interest of the Wilcherry Project on 13 March 2019.

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Contributed equity	-	1,046
Accumulated losses	-	(142)
	<u>-</u>	<u>904</u>

### **Note 19. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

### **Note 20. Financial Instruments**

#### ***Financial risk management objectives***

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

#### ***Market risk***

##### *Foreign currency risk*

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the group's functional currency.

The group currently operates in Australia only, thus at present it has minimal foreign exchange exposure. The group will potentially have greater exposure in the future as most commodities the group explores for are traded in US Dollars.

##### *Interest rate risk*

Interest rate risk is the risk that the group's financial position will be adversely affected by movements in interest rates. Interest rate risk on short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

At 30 June 2019 the group had the following cash instruments exposed to interest rate risk - Cash and cash equivalents totalling \$3,692,825 (2018: \$5,407,960).

The sensitivity of the fair value of financial instruments held at balance date, following a movement in interest rates, with all other variables held constant. A 1% interest rate change sensitivity is based on reasonably possible changes over a financial year. The post-tax gain or loss and effect on equity assuming a 1% interest rate change is \$36,928 (2018: \$54,080).

**Note 20. Financial Instruments (continued)**

As at the reporting date, the consolidated entity had the following variable rate items outstanding:

<b>Consolidated</b>	<b>2019</b>		<b>2018</b>	
	<b>Weighted average interest rate %</b>	<b>Balance \$'000</b>	<b>Weighted average interest rate %</b>	<b>Balance \$'000</b>
Cash and cash equivalents	1.27%	<u>3,693</u>	2.01%	<u>5,408</u>
Net exposure to cash flow interest rate risk		<u><u>3,693</u></u>		<u><u>5,408</u></u>

**Price risk**

The group is exposed to equity securities price risk. This arises from investments at fair value through other comprehensive income. The listed investments are traded on the ASX.

The following table sets out the carrying amount of the consolidated entity's equity securities price risk. Also included is the effect on profit and equity after tax if these prices at that date had been 25 basis points higher or lower with all other variables held constant as a sensitivity analysis.

Given the current volatility in both Australian and international stock markets a sensitivity of 25% has been selected and is considered reasonable.

<b>Consolidated - 2019</b>	<b>Impact of basis points increase</b>		<b>Impact of basis points decrease</b>	
	<b>Basis points change -%</b>	<b>Effect on equity</b>	<b>Basis points change - %</b>	<b>Effect on equity</b>
Financial assets - SDV	25	2,051	(25)	(2,051)
Financial assets - TYX	25	<u>71,394</u>	(25)	<u>(71,394)</u>
		<u><u>73,445</u></u>		<u><u>(73,445)</u></u>

<b>Consolidated - 2018</b>	<b>Impact of basis points increase</b>		<b>Impact of basis points decrease</b>	
	<b>Basis points change -%</b>	<b>Effect on equity</b>	<b>Basis points change - %</b>	<b>Effect on equity</b>
Financial assets - CTL	25	25,117	(25)	(25,117)
Financial assets - SDV	25	1,909	(25)	(1,909)
Financial assets - TYX	25	<u>285,575</u>	(25)	<u>(285,575)</u>
		<u><u>312,601</u></u>		<u><u>(312,601)</u></u>

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

In determining the recoverability of a trade or other receivable using the expected credit loss model, the group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

**Note 20. Financial Instruments (continued)**

**Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Financing arrangements*

No financing facilities are currently in place.

*Hedging*

No hedging is currently in place.

*Remaining contractual maturities*

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

<b>Consolidated - 2019</b>	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	201	-	-	-	201
Accrued expenses	-	50	-	-	-	50
PAYG Payable	-	13	-	-	-	13
<b>Total non-derivatives</b>		<b>264</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>264</b>

<b>Consolidated - 2018</b>	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	229	-	-	-	229
Accrued expenses	-	91	-	-	-	91
PAYG Payable	-	11	-	-	-	11
<b>Total non-derivatives</b>		<b>331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>331</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

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**Note 21. Fair Value Measurement**

*Fair value hierarchy*

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

<b>Consolidated - 2019</b>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Ordinary shares	294	-	-	294
Total assets	294	-	-	294

<b>Consolidated - 2018</b>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Ordinary shares	1,250	-	-	1,250
Total assets	1,250	-	-	1,250

There were no transfers between levels during the financial year.

*Accounting policy for fair value measurement*

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

**Note 22. Key Management Personnel Disclosures**

*Directors*

The following persons were directors of Alliance Resources Limited during the financial year:

Chairman - Non-executive and Non-independent  
 Mr I Gandel  
 Executive Director  
 Mr S Johnston  
 Non-executive Directors  
 Mr T Lethlean

**Note 22. Key Management Personnel Disclosures (continued)**

*Other key management personnel*

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Name	Position
Mr S Johnston	Managing Director
Mr R Tolliday	Chief Financial Officer & Company Secretary

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	436,005	442,976
Post-employment benefits	40,675	40,675
Long-term benefits	(13,207)	2,701
Share-based payments	17,664	39,935
	<u>481,137</u>	<u>526,287</u>

The following transactions occurred with key management personnel and their related parties:

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Payment for goods and services:</b>		
Transactions with Gandel Metals Pty Ltd (an entity associated with director, Ian Gandel):		
Financial & Company Secretarial support services	310,200	310,200
Office & Administration costs	65,412	80,747
Geological services	240,960	248,890
	<u>616,572</u>	<u>639,837</u>
Gandel Metals Pty Ltd total	<u>616,572</u>	<u>639,837</u>



**Alliance Resources Limited**  
**Notes to the financial statements**  
**30 June 2019**

**Note 23. Remuneration of Auditors**

During the financial year the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the company:

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - BDO East Coast Partnership</i>		
Audit or review of the financial statements	53,543	46,935
<i>Other services - BDO East Coast Partnership</i>		
Preparation of the tax return	14,080	12,800
Provision of tax advice in respect to the acquisition of the remaining interest in the mining tenements associated with WPJV and the Kimba accommodation village	2,744	-
Employment matters incl. re employee share options plan	-	1,192
Auditing the Wilcherry Project JV special purpose financial report	-	12,900
	16,824	26,892
	70,367	73,827

**Note 24. Commitments**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Exploration commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,358	1,776
One to five years	593	1,403
	1,951	3,179

Exploration commitments - The consolidated entity must meet tenement expenditure commitments to maintain them until they expire, are otherwise disposed of, or are renegotiated. Exploration licenses have been granted for between 1 and 5 years for all States that the group operates in.

**Note 25. Related Party Transactions**

*Parent entity*

Alliance Resources Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 27.

Interests in joint ventures are set out in note 28.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the directors' report.

**Note 26. Parent Entity Information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax	(1,472)	(1,284)
Total comprehensive income	(1,472)	(1,284)

*Statement of financial position*

	<b>Parent</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Total current assets	3,773	5,138
Total assets	14,552	12,601
Total current liabilities	208	91
Total liabilities	209	171
Equity		
Contributed equity	51,815	47,493
FVOCI reserve	(2,663)	(1,706)
Share-based payments reserve	152	130
Accumulated losses	(34,959)	(33,487)
Total equity	<u>14,345</u>	<u>12,430</u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 other than Alliance (NSW) Pty Ltd for which a deed of cross guarantee exists. Alliance (NSW) trade creditors at 30 June 2019 amounted to \$Nil (2018: \$Nil).

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2019 (2018: \$Nil).

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2019 (2018: \$Nil).

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Alliance Resources Limited**  
**Notes to the financial statements**  
**30 June 2019**

**Note 27. Interest In Subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in the notes:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019 %	2018 %
Alliance (NSW) Pty Ltd	Australia	100%	100%
Alliance (SA) Pty Ltd	Australia	100%	100%
Alliance Craton Explorer Pty Ltd	Australia	100%	100%
Alliance (Chile) Pty Ltd	Australia	100%	100%

**Note 28. Interests in Wilcherry Project**

Interests in Wilcherry Project is accounted for using the consolidation method as the consolidated entity holds a controlling interest. Information relating to Wilcherry Project that are material to the consolidated entity are set out below.

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019 %	2018 %
Wilcherry Project	Exploration - South Australia	100.00%	75.01%

In 2016 ACE acquired 51% equity in the Wilcherry Project from Trafford, a wholly owned subsidiary of Tyranna.

On 13 March 2019 Alliance announced the completion of the sale and purchase agreement to acquire the balance of the Wilcherry Project (approximately 17% at that time).

**Alliance Resources Limited**  
**Notes to the financial statements**  
**30 June 2019**

**Note 28. Interests in Wilcherry Project (continued)**

*Summarised financial information*

	<b>2018</b>
	<b>\$'000</b>
<i>Summarised statement of financial position</i>	
Cash and cash equivalents	169
Other current assets	224
Exploration and evaluation	4,382
Motor vehicle	56
	<hr/>
Total assets	4,831
	<hr/>
Other current liabilities	385
	<hr/>
Total liabilities	385
	<hr/>
Net assets	<u>4,446</u>
<i>Summarised statement of profit or loss and other comprehensive income</i>	
Management fee	(392)
Audit fee	(13)
	<hr/>
Loss before income tax	(405)
	<hr/>
Other comprehensive income	-
	<hr/>
Total comprehensive income	<u>(405)</u>
<i>Reconciliation of the consolidated entity's carrying amount</i>	
Net cash used in operating activities	(405)
Net cash used in investing activities	(2,510)
Net cash from financing activities	3,011
	<hr/>
Net increase/(decrease) in cash and cash equivalents	<u>96</u>

**Note 29. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax expense for the year	(1,650)	(1,273)
Adjustments for:		
Depreciation and amortisation	37	13
Share-based payments	22	49
Tenement costs abandoned	441	85
Change in operating assets and liabilities:		
Decrease in trade and other receivables	14	-
Decrease in prepayments	55	10
Decrease in trade and other payables	(71)	(114)
Decrease/(increase) in employee benefits	(8)	3
	<hr/>	<hr/>
Net cash used in operating activities	<u>(1,160)</u>	<u>(1,227)</u>

**Note 29. Reconciliation of loss after income tax to net cash used in operating activities (continued)**

**Note 30. Loss per share**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax	<u>(1,650)</u>	<u>(1,273)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic loss per share	<u>142,443,187</u>	<u>104,293,923</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>142,443,187</u>	<u>104,293,923</u>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(1.16)	(1.22)
Diluted loss per share	(1.16)	(1.22)

*Accounting policy for loss per share*

*Basic loss per share*

Basic loss per share is calculated by dividing the loss attributable to the owners of Alliance Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted loss per share*

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. As the company has incurred a loss per AASB133 no adjustments have been made regarding the granted options as a reduction of the loss would be anti-dilutive.

**Note 31. Share-Based Payments**

An Employee Share Option Plan (ESOP) has been established by the company and approved by shareholders at a general meeting, whereby the company may, at the discretion of the Remuneration Committees, grant options over ordinary shares in the company to certain key management personnel of the company. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Remuneration Committee.

**Alliance Resources Limited**  
**Notes to the financial statements**  
**30 June 2019**

**Note 31. Share-Based Payments (continued)**

Set out below are summaries of options granted under the plan:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
30/11/2016*	31/08/2019	\$0.1192	1,000,000	-	-	-	1,000,000
30/11/2016**	31/08/2020	\$0.1592	1,000,000	-	-	-	1,000,000
30/11/2016***	31/08/2021	\$0.1992	1,000,000	-	-	-	1,000,000
30/11/2016****	31/08/2022	\$0.2392	1,000,000	-	-	-	1,000,000
02/04/2017	31/03/2020	\$0.1192	550,000	-	-	-	550,000
02/04/2017	31/03/2021	\$0.1592	550,000	-	-	-	550,000
02/04/2017	31/03/2022	\$0.1992	550,000	-	-	-	550,000
02/04/2017	31/03/2023	\$0.2392	550,000	-	-	-	550,000
20/06/2019	31/01/2022	\$0.1192	-	50,000	-	-	50,000
20/06/2019	31/01/2023	\$0.1592	-	50,000	-	-	50,000
20/06/2019	31/01/2024	\$0.1992	-	50,000	-	-	50,000
20/06/2019	31/01/2025	\$0.2392	-	50,000	-	-	50,000
			<u>6,200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>6,400,000</u>

\* Unlisted options issued to the Managing Director, Mr S Johnston, exercisable at \$0.1192, vesting on issue. Expiry 31 August 2019

\*\* Unlisted options issued to the Managing Director, Mr S Johnston, exercisable at \$0.1592 vesting on 1 Sept 2017. Expiry 31 August 2020

\*\*\* Unlisted options issued to the Managing Director, Mr S Johnston, exercisable at \$0.1992, vesting on 1 Sept 2018. Expiry 31 August 2021

\*\*\*\* Unlisted options issued to the Managing Director, Mr S Johnston, exercisable at \$0.2392, vesting on 1 Sept 2019. Expiry 31 August 2022

Note: Pursuant to ASX Listing rule 6.22 and Alliance's ESOP rules there was a \$0.0008 reduction in the exercise price of all existing options following the entitlement offer and shortfall placement exercise which concluded in June 2019 and resulted in the issue of 48,744,409 new ordinary shares. The net impact on fair value of the options modification was \$1,815.

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
30/11/2016*	31/08/2019	\$0.1200	1,000,000	-	-	-	1,000,000
30/11/2016**	31/08/2020	\$0.1600	1,000,000	-	-	-	1,000,000
30/11/2016***	31/08/2021	\$0.2000	1,000,000	-	-	-	1,000,000
30/11/2016****	31/08/2022	\$0.2400	1,000,000	-	-	-	1,000,000
02/04/2017	31/03/2020	\$0.1200	550,000	-	-	-	550,000
02/04/2017	31/03/2021	\$0.1600	550,000	-	-	-	550,000
02/04/2017	31/03/2022	\$0.2000	550,000	-	-	-	550,000
02/04/2017	31/03/2023	\$0.2400	550,000	-	-	-	550,000
			<u>6,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,200,000</u>

\* Unlisted options issued to the Managing Director, Mr S Johnston, exercisable at \$0.12, vesting on issue. Expiry 31 August 2019

\*\* Unlisted options issued to the Managing Director, Mr S Johnston, exercisable at \$0.16, vesting on 1 Sept 2017. Expiry 31 August 2020

\*\*\* Unlisted options issued to the Managing Director, Mr S Johnston, exercisable at \$0.20, vesting on 1 Sept 2018. Expiry 31 August 2021

**Alliance Resources Limited**  
**Notes to the financial statements**  
**30 June 2019**

**Note 31. Share-Based Payments (continued)**

\*\*\*\* Unlisted options issued to the Managing Director, Mr S Johnston, exercisable at \$0.24, vesting on 1 Sept 2019. Expiry 31 August 2022

Set out below are the options exercisable at the end of the financial year:

Exercisable date	Expiry date	2019 Number	2018 Number
30/11/2016	31/08/2019	1,000,000	1,000,000
02/04/2017	31/03/2020	550,000	550,000
01/09/2017	31/08/2020	1,000,000	1,000,000
01/04/2018	31/03/2021	550,000	550,000
01/09/2018	31/08/2021	1,000,000	-
01/04/2019	31/03/2022	550,000	-
20/06/2019	31/01/2022	50,000	-
		<u>4,700,000</u>	<u>3,100,000</u>

Set out below are the valuation model inputs used to determine the fair value at grant date of options granted during the current financial year

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
20/06/2019	31/01/2022	\$0.0930	\$0.1192	70.00%	-	2.00%	\$1,738
20/06/2019	31/01/2023	\$0.0930	\$0.1592	70.00%	-	2.00%	\$1,756
20/06/2019	31/01/2024	\$0.0930	\$0.1992	70.00%	-	2.00%	\$1,837
20/06/2019	31/01/2025	\$0.0930	\$0.2392	70.00%	-	2.00%	\$1,946

*Accounting policy for share-based payments*

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

**Note 31. Share-Based Payments (continued)**

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Note 32. Contingent Liabilities (Group)**

The group had no contingent liabilities as at 30 June 2019 (2018:\$Nil)

**Note 33. Events after the reporting period**

Matters or circumstances that have arisen since 30 June 2019

*Off-market Takeover Bid*

On 19 August 2019, pursuant to item 5 of subsection 633(1) of the Corporations Act 2001 (Cth) (Corporations Act), Gandel Metals Pty Ltd (Gandel Metals), a company associated with director Ian Gandel, announced its off-market takeover bid for all of the fully paid ordinary shares in Alliance Resources Limited (ASX: AGS). As at the date of this report the bid is still open however, it is expected to close in early October 2019.

*Resignation of Managing Director*

On 19 August 2019, Alliance announced that Mr Stephen Johnston was stepping down as Managing Director (MD) in order to pursue personal interests. Mr Johnston will continue as MD until his replacement commences, with the intention that Mr Johnston will thereafter remain on the Board as a non-executive director.

*Appointment of new Managing Director*

On 10 September 2019, Alliance announced the appointment of Kevin Malaxos as the incoming MD for Alliance. Mr Malaxos will formally commence employment on 1 December 2019 however, he will be involved with Alliance prior to this date to ensure a smooth transition.

*Exercise of Options by Managing Director*

On 30 August 2019, the current MD, Mr Stephen Johnston, exercised 1,000,000 of his unlisted employee options at the exercise price of \$0.1192 resulting in the allotment and issue of 1,000,000 ordinary shares to Mr Johnston by Alliance having received the proceeds of \$119,200.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.



**Alliance Resources Limited**  
**Directors' declaration**  
**30 June 2019**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Ian Gandel  
Chairman

30 September 2019  
Melbourne

## INDEPENDENT AUDITOR'S REPORT

To the members of Alliance Resources Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Alliance Resources Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## EXPLORATION AND EVALUATION COSTS

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group has incurred significant exploration and evaluation expenditures which have been capitalised. As the carrying value of exploration and evaluation expenditures represents a significant asset of the Group, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p><i>AASB 6 Exploration for and Evaluation of Mineral Resources</i> contains detailed requirements with respect to both the initial recognition of such assets and ongoing requirements to continue to carry forward the assets.</p> <p>Note 11 to the financial statements contains the accounting policy and disclosures in relation to exploration and evaluation expenditures.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditures by obtaining independent searches;</li> <li>• Confirming whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;</li> <li>• Agreeing a sample of the additions to capitalised exploration expenditures during the year to supporting documentation, and ensuring that the amounts were permissible and capitalised correctly;</li> <li>• Reviewing the directors' assessment of the carrying value of the exploration and evaluation expenditures, ensuring that management have considered the effect of potential impairment indicators, commodity prices and the stage of the Group's project; and</li> <li>• Reviewing public (ASX) announcements and reviewing minutes of directors' meetings to ensure that the Group had not decided to discontinue activities in any of its areas of interest.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors' report and Shareholder information for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's address and Review of Operations, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's address and Review of Operations, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

### **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 5 to 11 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Alliance Resources Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.



### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### **BDO East Coast Partnership**

BDO  


Wai Aw  
Partner

Melbourne, 30 September 2019

**Alliance Resources Limited**  
**Shareholder information**  
**30 June 2019**

The shareholder information set out below was applicable as at 25 September 2019.

**Ordinary shares**

154,038,332 fully paid ordinary shares are held by 1,865 shareholders.

**Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

<b>Range of units as of 25 September 2019</b>	<b>Number of holders of ordinary shares</b>	<b>Number of holders of options over ordinary shares</b>
1 to 1,000	390	-
1,001 to 5,000	593	-
5,001 to 10,000	330	-
10,001 to 100,000	437	-
100,001 and over	115	5
	<u>1,865</u>	<u>5</u>
Holding less than a marketable parcel	<u>731</u>	<u>-</u>

**Alliance Resources Limited**  
**Shareholder information**  
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**Equity security holders**

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	% of total shares issued
ABBOTSLEIGH PTY LTD / GANDEL METALS PTY LTD / IAN GANDEL	73,452,907	47.68
NATIONAL NOMINEES LIMITED	15,435,498	10.02
JP MORGAN NOMINEES AUSTRALIA LIMITED	10,269,913	6.67
ONE MANAGED INVT FUNDS LTD (SANDON CAPITAL INV LTD A/C)	7,378,684	4.79
DEBUSCEY PTY LTD	6,166,480	4.00
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-A/C 2	2,000,100	1.30
MR AVINASH LAKHAN (ARYAN FIRST A/C)	1,828,585	1.19
LONGTEMPS PTY LTD (K L & C P BURROW S/F A/C)	1,600,000	1.04
JETOSEA PTY LTD	1,226,875	0.80
MR PETER LEMMEN (CRENTIN P/L A/C)	1,001,250	0.65
MR YURI ALEXANDER ZYLEWICZ	1,000,000	0.65
MR RICHARD BATRACHENKO + MRS JACQUELINE BATRACHENKO (BATRACHENKO SUPERFUND A/C)	882,677	0.57
ABBAWOOD NOMINEES PTY LTD (ABBOTT FAMILY S/F NO 1 A/C)	600,000	0.39
MR PETER LEMMEN+MRS SUZANNE LEMMEN (SOPLAX SUPERFUND A/C)	578,750	0.38
MR STEPHEN ALEXANDER LILLEY+MRS MARGARET ORMOND LILLEY (STEPHEN LILLEY S/FUND A/C)	577,128	0.37
MRS JACKIE JUNE MCDONALD (MCDONALD FAMILY A/C)	535,001	0.35
TIMOTHY JOSEPH DE GOLDI	530,000	0.34
MR WARREN ANDREW MCDONALD	500,000	0.32
MR DAVID SHANE MILLER	500,000	0.32
MR MICHAEL ALAN ZICKERT	500,000	0.32
	<u>126,563,848</u>	<u>82.16</u>

**Employee Share Option Plan (ESOP)**

	Options over	
	ordinary shares	ordinary shares % of total options
SF JOHNSTON	3,000,000	-
RP TOLLIDAY	1,000,000	-
AR GRAY	1,000,000	-
DM GEBERT	200,000	-
M LINTON	200,000	-
	<u>5,400,000</u>	<u>-</u>

**Alliance Resources Limited**  
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**Substantial holders**

Substantial holders in the company are set out below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
Abbotsleigh Proprietary Limited / Gandel Metals Pty Ltd / Ian Gandel	73,452,907	47.68
Sandon Capital Pty Ltd	16,367,751	10.63
Phoenix Portfolios Pty Ltd	11,564,125	7.51

**Voting rights**

The voting rights attached to ordinary shares are set out below:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.